

CRÉDIT MUTUEL GROUP

# INNOVATION AND DEVELOPMENT TO BETTER SERVE CUSTOMERS

THE BANK OF THE FUTURE



2016  
ANNUAL  
REPORT

2016 ANNUAL REPORT  
CRÉDIT MUTUEL GROUP

# INNOVATION AND DEVELOPMENT TO BETTER SERVE CUSTOMERS

THE BANK OF THE FUTURE

To learn more about  
our actions on the  
ground,



AUTREMENT DIT

Crédit Mutuel  
newsletter

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# CHAIRMAN'S MESSAGE

CRÉDIT MUTUEL,  
THE BANK OF THE FUTURE

**I**n an unprecedented economic environment marked by negative interest rates and a near-flat rate curve, increased regulatory pressure, heightened and diversified competition from companies from sectors other than ours and profound changes brought about by digital technology, in 2016 Crédit Mutuel successfully endeavored to strengthen its unity while respecting the diversity of its 19 federations and six federal banks and live up to the trust placed in it by its mutualist directors, members and customers. This trust was confirmed in 2016: "Crédit Mutuel" remains the preferred bank of French people. "A bank owned by its customers, that changes everything!" means, first and foremost, having a direct link to our customer-members, which requires us to listen, serve and be responsible.

This close proximity at the ground level allows us to focus our investments in a way that best meets the needs and expectations of customers and the regions, and to understand, before all other banks, the business sectors that will directly benefit customer-members in the future.

**Crédit Mutuel was the soundest bank in France in 2016 and the fourth soundest in Europe** based on the European Central Bank's most recent stress tests in July 2016.

Our ratings tell a similar story, and are among the highest for French and European banks. This recognized financial soundness is a result of the commitment of all the group's employees and mutualist elected directors and secures the trust of all our partners.

**In 2016, the Crédit Mutuel Group comprised 2,107 local banks, 19 federations and six federal banks** that find the right balance between responsible independence, unity and solidarity. The National Confederation, which is responsible for prudential coherence, owns and guarantees the proper use of the "Crédit Mutuel" brand and defends collective interests, and ensures the smooth operation and cohesion of the group.

**In 2016, Crédit Mutuel was a strong model of mutualism**, which I am convinced is a resolutely modern idea. Through the variety of services that we offer, we are much more than a bank, thanks to the strength of our organization that fits with the world of networks, because we are also a network of local banks, and because we are constantly focused on using technological innovation in support of people, ethics, responsibility, professional conduct and the example we set through our governance.

Remaining the bank of the future means continuing to bring together seemingly contradictory values:

- **Performance and proximity** to be close to customers and members, including remotely, and to unite regional groups around the values of mutualism – subsidiarity, solidarity and soundness – and around our "Crédit Mutuel" brand. In this way, we can actively, responsibly and effectively finance the development and vitality of the regions and respond to tomorrow's economic and societal challenges;
- **Innovation and responsibility**, because being a modern bank means combining technology and responsibility to make innovation and technology work for people. Our choice is clear: make the local bank the center of the physical, telephone and digital relationship with our customers. Innovation and employment, investment and service, virtual and real go hand in hand thanks to the commitment and competence of our employees.

• **Soundness and solidarity** to ensure that all the federations and federal banks continue to enjoy the balanced development and financial security that they currently have. In a world marked by fragmentation and the pursuit of individual strategies, Crédit Mutuel is developing a socially responsible and future-oriented approach.

We are committed to securing the trust of our customers and members, our mutualist elected directors and our employees.

The unity of the Crédit Mutuel Group, while respecting the independence of its local banks, federations and regional banks, is the appropriate response to their needs and our contribution to economic and social development.

**NICOLAS THÉRY**  
CHAIRMAN, CONFÉDÉRATION  
NATIONALE DU CRÉDIT MUTUEL

**"WE ARE COMMITTED  
TO SECURING THE TRUST  
OF OUR CUSTOMERS AND  
MEMBERS, OUR MUTUALIST  
ELECTED DIRECTORS AND  
OUR EMPLOYEES"**



# BOARD OF DIRECTORS

## OF CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL

AT JUNE 30, 2017

### Chairman

**NICOLAS THÉRY**  
CHAIRMAN, CONFÉDÉRATION  
NATIONALE DU CRÉDIT MUTUEL

### Vice-Chairmen

**GÉRARD CORMORÈCHE,**  
CHAIRMAN OF CRÉDIT MUTUEL SUD-EST

**ANDRÉ HALIPRÉ,**  
CHAIRMAN OF CRÉDIT MUTUEL NORD EUROPE

### Directors

**CATHERINE BARBAROUX,**  
INDEPENDENT DIRECTOR

**JEAN-LOUIS BOISSON,**  
VICE-CHAIRMAN OF  
CRÉDIT MUTUEL CENTRE EST EUROPE

**GÉRARD BONTOUX,**  
CHAIRMAN OF CRÉDIT MUTUEL MIDI-ATLANTIQUE

**ÉRIC CHARPENTIER,**  
CHIEF EXECUTIVE OFFICER OF CRÉDIT MUTUEL  
NORD EUROPE

**DAMIEN LIEVENS,**  
CHAIRMAN OF CRÉDIT MUTUEL CENTRE

**JEAN-FRANÇOIS JOUFFRAY,**  
VICE-CHAIRMAN OF CRÉDIT MUTUEL ILE-DE-FRANCE

**ANNE LEITZGEN,**  
INDEPENDENT DIRECTOR

**JEAN-LUC LE PACHE,**  
DIRECTOR OF CRÉDIT MUTUEL BRETAGNE

**DANIEL LEROYER,**  
CHAIRMAN OF CRÉDIT MUTUEL MAINE-ANJOU,  
BASSE-NORMANDIE

**GÉRARD LINDACHER,**  
DIRECTOR OF  
CRÉDIT MUTUEL CENTRE EST EUROPE

**ANDRÉ LORIEU,**  
CHAIRMAN OF CRÉDIT MUTUEL OCÉAN

**LUCIEN MIARA,**  
CHAIRMAN OF CRÉDIT MUTUEL  
MÉDITERRANÉEN

**ALAIN TÊTEDOIE,**  
CHAIRMAN OF CRÉDIT MUTUEL LOIRE-ATLANTIQUE  
ET CENTRE-OUEST



### Non-voting members

**JEAN-LOUIS BAZILLE,**  
CHAIRMAN OF CRÉDIT MUTUEL AGRICOLE ET RURAL

**HERVÉ BROCHARD,**  
CHAIRMAN OF CRÉDIT MUTUEL NORMANDIE

**LUC CORTOT,**  
CHIEF EXECUTIVE OFFICER OF CRÉDIT MUTUEL OCÉAN

**ROGER DANGUEL,**  
DIRECTOR OF CRÉDIT MUTUEL CENTRE EST EUROPE

**JEAN-LOÏC GAUDIN,**  
CHIEF EXECUTIVE OFFICER OF CRÉDIT MUTUEL  
MAINE-ANJOU, BASSE-NORMANDIE

**JEAN-LOUIS GIRODOT,**  
CHAIRMAN OF CRÉDIT MUTUEL ILE-DE-FRANCE

**PHILIPPE TUFFREAU,**  
CHAIRMAN OF CRÉDIT MUTUEL D'ANJOU

**MAURICE LOIZEAU,**  
VICE-CHAIRMAN OF CRÉDIT MUTUEL  
LOIRE-ATLANTIQUE ET CENTRE-OUEST

**MICHEL LUCAS,**  
FORMER CHAIRMAN OF CRÉDIT MUTUEL  
CENTRE EST EUROPE

**DANIEL ROCIPON,**  
CHAIRMAN OF CRÉDIT MUTUEL SAVOIE-MONT BLANC

**DENIS SCHITZ,**  
VICE-CHAIRMAN OF CRÉDIT MUTUEL CENTRE EST EUROPE

**MICHEL VIEUX,**  
CHAIRMAN OF CRÉDIT MUTUEL DAUPHINÉ-VIVARAIS

**ALEX WEIMERT,**  
CHAIRMAN OF CRÉDIT MUTUEL ANTILLES-GUYANE

### The following people also sit on the Board

**PASCAL DURAND,**  
CHIEF EXECUTIVE OFFICER

**GILLES LE NOC,**  
DEPUTY CHIEF EXECUTIVE OFFICER

**GUILLAUME SAUVAIRE,**  
BOARD SECRETARY

**PERFECT**

**AN INNOVATIVE  
BUSINESS MODEL  
BUILT AROUND  
ITS NETWORK**

**Crédit Mutuel**



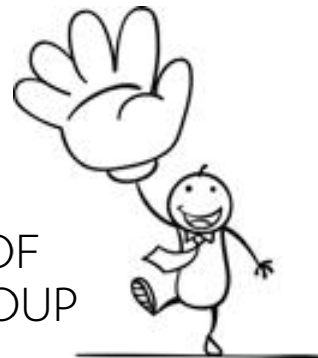
# AN INNOVATIVE BUSINESS MODEL BUILT AROUND ITS NETWORK

WWW.CREDITMUTUEL.COM

**O**ne of France's leading bankinsurers, the Crédit Mutuel Group offers a diversified range of services to private individuals, locally-based professionals and companies of all sizes. More than 82,000 employees and 24,000 directors offer their expertise, enthusiasm and attentiveness to nearly 31 million customers. Every day, throughout the regions, the group combines values that other banks keep separate: performance and proximity, innovation that benefits people, soundness and solidarity. These values reflect a different kind of bank, one that affirms the relevance of its growth model year after year: the effectiveness of cooperation to better serve all its customers and the economy. Its primary objective is customer relationship and service quality. Its strategy is one of controlled growth based on local banking, bankinsurance and technological innovation in support of customers and the regions.

## A FOCUS ON CUSTOMER RELATIONSHIP AND SERVICE QUALITY

### 1 BUSINESS PROFILE OF THE CRÉDIT MUTUEL GROUP



#### A MULTI-SERVICES GROUP

The Crédit Mutuel Group offers its members and customers a comprehensive, innovative range of diversified banking and insurance services, along with mobile phone, remote surveillance, car lease-to-purchase, real estate and other services.

It delivers its products and services through its two main brands – Crédit Mutuel and CIC – as well as those of Targobank and Cofidis. This network includes nearly 6,000 points of sale in France and Europe.

#### A SOUND group

Crédit Mutuel's strength lies in a combination of factors: a cooperative and mutualist organization, a policy of product and service diversification, network decentralization that allows the delivery of local services, a strong, well-known brand, a growing international presence and skilled employees who receive ongoing training.

All the Crédit Mutuel Group entities, with their specific characteristics and united within the protective framework of Confédération Nationale du Crédit Mutuel, the group's shared home, work every day to build the bank of the future.



## A MORE FLEXIBLE AND EFFECTIVE BANK THAT OFFERS A NEW KIND OF PROXIMITY



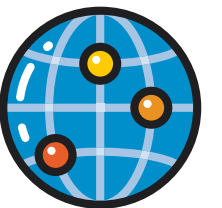
In response to new customer behaviors and practices, new simple, innovative and secure products and services along with high-quality advice are regularly introduced in order to provide even better service through a new kind of proximity.

#### INNOVATION THAT BENEFITS PEOPLE

The Crédit Mutuel Group responds to the new needs and practices of all its members and customers by offering the best banking technology with the highest level of security. Remote and mobile banking, mobile phone services, remote home surveillance, electronic payment solutions and mobile payment services support the physical network to offer members and customers faster response times and a new kind of proximity.

#### Employment centered on employee training

With a focus on employment and to meet the many technological and competitive challenges faced, training for employees and elected directors is crucial. Each year, more than two out of three people receive training that leads to qualification.



## AN INNOVATIVE COMPANY PRESENT THROUGHOUT FRANCE AND EUROPE

# 2 KEY FIGURES

## OF THE CRÉDIT MUTUEL GROUP

AT 12/31/2016



### A SOUND, VIBRANT GROUP



**BEST BANKING GROUP  
IN FRANCE**  
for the 5<sup>th</sup> time  
(World Finance)



**NO. 1 IN THE BANKING CATEGORY  
IN THE CUSTOMER RELATIONS  
PODIUM AWARDS**  
for the 10<sup>th</sup> time  
(BearingPoint - TNS Sofres)

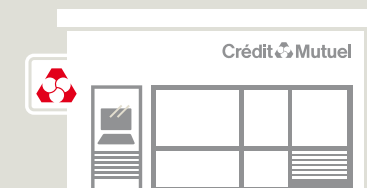


**TOP FRENCH  
BANK**  
"Best Bank in Western Europe France"  
for the 4<sup>th</sup> time (Global Finance)

### AN EXTENSIVE AND ENTERPRISING NETWORK



**5,846**  
points of sale<sup>(1)</sup>  
(1) including 5,247 in France.



**2,107**  
Crédit Mutuel  
local banks



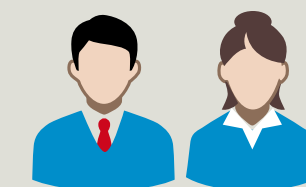
**30.7**  
million customers



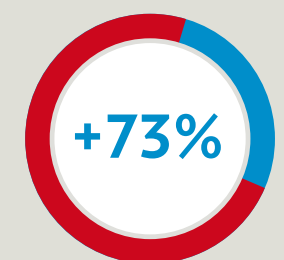
**680,000**  
business customers



**24,000**  
elected directors



**81,657**  
employees



of employees  
received  
training at  
least once  
in 2016  
5% of total  
payroll

# 2...

ONE OF FRANCE'S LEADING RETAIL BANK INSURERS



**17.1%**  
market share  
in **bank loans**

**15.5%**  
market share  
in **deposits**

SUPPORTING REGIONAL DEVELOPMENT



**€801.4**  
billion in  
**savings**

**€358.2**  
billion in  
**deposits**

**€415.1**  
billion in  
**loans**

INSURANCE THAT MEETS EACH PERSON'S NEEDS



Over  
**14**  
million  
**policyholders**

More than  
**38**  
million  
**policies**

Insurance  
accounts for  
**30%**  
of the group's  
**net income**

A STRONG FINANCIAL BALANCE SHEET

NET BANKING  
INCOME

**€16.824**  
billion

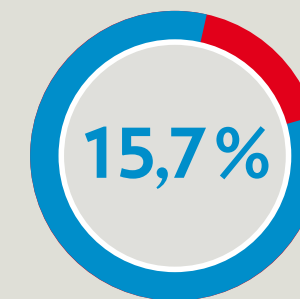
NET INCOME (LOSS)  
ATTRIBUTABLE  
TO OWNERS OF  
THE COMPANY

**€3.253**  
billion

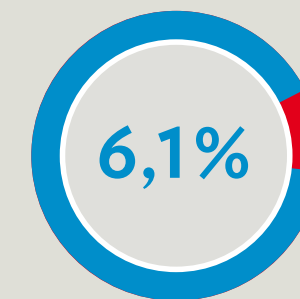
A STRENGTHENED  
FINANCIAL  
STRUCTURE

**€49.540**  
billion  
in shareholders' equity  
attributable to the owners  
of the company

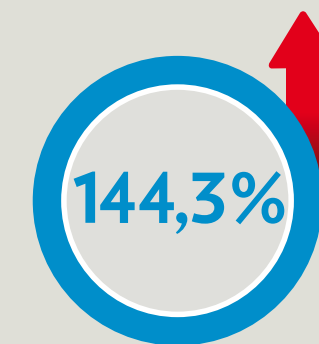
ONE OF FRANCE'S TOP BANKS



15,7%  
Common  
Equity Tier 1 ratio



6,1%  
Leverage ratio



144,3%  
Liquidity  
coverage ratio

2016 STRESS TESTS, CRÉDIT MUTUEL RANKED:

**1<sup>st</sup>**  
among **French**  
**banks**

**4<sup>th</sup>**  
in the  
**euro zone**

A HIGH-QUALITY ISSUER



STANDARD & POOR'S  
with a stable  
outlook



FITCH  
with a stable outlook<sup>(1)</sup>  
(1) rating assigned to BFCM.



MOODY'S  
with a  
stable outlook<sup>(1)</sup>

**TRUST BUILT ON  
PERFORMANCE AND  
SOUNDNESS**

In 2016, the group again strengthened its financial position. Thanks to the quality and strength of its assets, its Common Equity Tier 1 (CET1) ratio was 15.7%, one of the best for French banks. This financial soundness, which ensures security for members and customers as well as long-term development – a condition for tomorrow's profits and jobs – is reflected in the ratings assigned to the group. With an A rating from Standard & Poor's, stable outlook, an Aa3 rating from Moody's, stable outlook (BFCM) and an A+ rating from Fitch, stable outlook (BFCM), it remains one of France's top-rated banks.



# 3 OUTLOOK AND STRATEGY OF THE CRÉDIT MUTUEL GROUP



**INTERVIEW**  
WITH PASCAL DURAND,  
CHIEF EXECUTIVE OFFICER OF CNCM

## HOW WOULD YOU DESCRIBE TODAY'S MAJOR ECONOMIC AND FINANCIAL TRENDS IN EUROPE AND AROUND THE WORLD?

The basic trend is the speed at which technological advances are spreading. This creates real disruption in terms of competition. It profoundly changes the sources of value creation for companies and allows consumers to benefit from new services. At the same time, citizens are asking for greater protection in response to changes that they do not understand and that challenge their knowledge. The issue, therefore, is to define an economic system that combines the benefits of technological progress with protection for confused citizens. Without that, it will be difficult to regain solid confidence, which is essential to renewed long-term economic growth. Against this backdrop of uncertainty, it is clear that central banks will be very cautious in their monetary tightening policy and that interest rates will only increase modestly.

**“SERVICE QUALITY, DIGITAL TECHNOLOGY AND PROXIMITY ARE THE ADVANTAGES THAT OUR CUSTOMERS APPRECIATE”**

## WHAT ARE THE KEY ELEMENTS OF THE 2016 RESULTS FOR THE CRÉDIT MUTUEL GROUP?

Results that remain strong despite relatively strong headwinds. It is true that our interest margin declined due to low interest rates, but this decline is partly offset by an increase in service fees. The group also benefits from the diversification of its activities beyond retail banking, such as insurance which posted satisfactory results.

## IN 2016, CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL AMENDED ITS BYLAWS. WHY WERE THESE CHANGES MADE AND WHAT DID THEY ENTAIL?

The Confederation responded to requests from the ACPR and ECB banking supervisors, which asked that the Board of Directors be made stronger with two independent directors and that Executive Management be completely separate from that of the regional groups. These new bylaws meet the requirements of the supervisors while preserving the independence of the regional groups.

## NEW BEHAVIORS, NEW PRACTICES, NEW BUSINESSES, EXPANSION OF DIGITAL TECHNOLOGY, MOBILITY AND DISINTERMEDIATION: HOW DOES THE CRÉDIT MUTUEL GROUP RESPOND TO THESE PROFOUND CHANGES?

The group has implemented digital technology for a long time. Nowadays, the press makes a big deal about “fintechs”, but all banks already offer extremely powerful digital solutions and the Crédit Mutuel Group is far ahead of the curve in this area. Subsidiarity, which is a cornerstone of our group, means that many approaches are developed within it. It is clear that our model favors initiative, which is vital to success in today's economy. Our strength is that these initiatives can be developed within the protective framework of solidarity.

## MORE SPECIFICALLY, WHAT IS THE FUTURE OF RETAIL BANKING AND, BEYOND THAT, THE LOCAL BANK?

Retail banking must be rethought in a more open world where its competitors are no longer simply other banks. Customers are now better informed and freer to go elsewhere. The nature of the customer relationship is therefore changing profoundly because it can be called into question more easily. The function of banks is also to allow the development of the economy by assuming responsibility for managing certain risks, such as credit, interest-rate, liquidity, etc. The future of retail banking depends on its ability to take these two requirements into account: integrate new technologies into its distribution model and manage new risks to allow new types of economies to develop. In this respect, the local bank as a neighborhood cooperative bank provides a tremendous advantage. As an on-the-ground bank, it has the best knowledge of its local economy and is in the best position to select risks.

## WHAT ARE THE GROUP'S MAIN AREAS OF DEVELOPMENT IN THE MEDIUM TERM?

Our subsidiarity-based organization allows the group to manage numerous development projects. In an industry characterized by uncertainty, having a project portfolio ensures successful medium-term development. These projects satisfy the requirements described above, and in managing them, security will be a major concern in an increasingly digital environment.

## “A BANK OWNED BY ITS CUSTOMERS, THAT CHANGES EVERYTHING!”: WHAT SETS THE CRÉDIT MUTUEL GROUP APART FROM OTHER BANKS TODAY? HOW DOES BEING A MUTUAL BANK MAKE IT DIFFERENT?

We are the only bank that is structured in the form of a network of more than 2,100 neighborhood cooperative banks. Our goal is to better unite this network and promote subsidiarity, solidarity and responsibility through our common values.

**“THE FUTURE OF RETAIL BANKING DEPENDS ON ITS ABILITY TO MANAGE NEW RISKS TO ALLOW NEW TYPES OF ECONOMIES TO DEVELOP”**

**PASCAL DURAND**  
CHIEF EXECUTIVE OFFICER OF CNCM.

# 4 2016: A YEAR INSIDE THE CRÉDIT MUTUEL GROUP



## January 2016

→ **The Chambre Syndicale of Crédit Mutuel Centre Est Europe appoints Nicolas Théry as Chairman of the Federation, at the recommendation of Michel Lucas.** In a letter sent to all staff members, Nicolas Théry paid tribute to him: *"As you all know, Michel Lucas built Crédit Mutuel as we now know it. We are all indebted to him. Myself in particular, given the trust he has placed in me. You can count on my commitment to support Crédit Mutuel and, of course, Crédit Mutuel Centre Est Europe, its values and its development. We have a lot to do together!"*

## February

→ **Crédit Mutuel, No. 1 in the Banking category in the 2016 BearingPoint - TNS Sofres Customer Relations Podium Awards.** This award, won for the 9<sup>th</sup> time, attests to the strong relationship of trust between Crédit Mutuel and its customers and members.

## March

→ **Record net income of €3.095 billion for the Crédit Mutuel Group in 2015 (+2.2%).** Underpinned by the vitality of its networks, the group continued to grow by offering its members and customers – the backbone of its cooperative organization – competitive, high-quality, personalized service. Its strong sales activity, the steadfast commitment of its 78,800 employees to customers and its fast response time allowed it to strengthen its positions in its various business lines, namely banking, insurance and technological services. With net income attributable to the owners of the company of €3.020 billion (+2.2%), total net income of €3.095 billion (+2.2%), shareholders' equity attributable to the owners of the company of €47.055 billion (+7.1%) and a CET1 ratio of 15.8%, the group's financial position was sound.

→ **Confédération Nationale du Crédit Mutuel: reform of the central body and appointments.** Confédération Nationale du Crédit Mutuel further reformed its bylaws and appointed Nicolas Théry as Chairman, Pascal Durand as Chief Executive Officer, Gilles Le Noc as Deputy Chief Executive Officer, and new directors and non-voting directors.

## April

→ **The Crédit Mutuel Group named best French banking group by Global Finance.** For the 3<sup>rd</sup> time, the Crédit Mutuel Group was ranked as the best French bank in the category "The world's best developed markets banks 2016" by Global Finance magazine, an international leader in financial news.

## May

→ **New appointments to the confederation council on May 18.** The Board of Directors of Confédération Nationale du Crédit Mutuel (CNCM) met on May 18, 2016, together with representatives of the supervisory authorities (ECB and ACPR). The Board was pleased to note the approval of the Confederation's new bylaws by Michel Sapin, Minister of Finance and Public Accounts. The creation of the bodies referred to in these bylaws continued. The Board of Directors appointed the following:

- **Vice-Chairmen of the Confederation:** Mr. Gérard Cormorèche, Chairman of Crédit Mutuel du Sud-Est, and Mr. André Halipré, Chairman of Crédit Mutuel Nord Europe.
- Mr. Le Pache, director representing Crédit Mutuel Bretagne, declined the position of Vice-Chairman offered to him;
- **Chairman of the Risks Committee:** Mr. Lucien Miara, Chairman of Crédit Mutuel Méditerranéen;
- **Chairman of the Audit Committee:** Mr. Jean-Louis Boisson, director of Crédit Mutuel Centre Est Europe;
- **Chairman of the Appointments Committee:** Mr. André Halipré, Chairman of Crédit Mutuel Nord Europe;
- **Chairman of the Compensation Committee:** Mr. Daniel Leroyer, Chairman of Crédit Mutuel Maine-Anjou, Basse-Normandie;
- **Chairman of the Group Committee:** Mr. Gérard Bontoux, Chairman of Crédit Mutuel Midi-Atlantique.

## June

→ **Bank cards: the Crédit Mutuel-CM11 Group extends its acceptance network to include JCB International.** JCB International (JCBI) and Caisse Fédérale de Crédit Mutuel (CFCM) announced the signing of an agreement to expand the acceptance of JCB cards in France. In July 2016, Caisse Fédérale de Crédit Mutuel added acceptance of JCB cards to its electronic payment services, bolstering its position as the French leader in acquisition in terms of transaction volume. Merchants that have a payment acceptance agreement with CIC or the Crédit Mutuel-CM11 Group can boost their sales with customers from Japan, Asia-Pacific (including China, Korea and Taiwan) and Russia.

→ **Fivory stepped up the pace of its countrywide roll-out.** Auchan Retail France, Oney (Auchan Holding banking subsidiary) and MasterCard joined Fivory, the digital wallet supported by Crédit Mutuel, to speed up the adoption and rollout of mobile payment and cashless purchases. In this way, they are contributing to the development of a new ecosystem that is open and tailored to all retailers, particularly those in the mass retail sector.

## July/August

→ **BFCM acquires General Electric's leasing and factoring businesses in France and Germany.** Following the authorization of the European Commission with respect to merger control and the authorizations of the ECB, the APCR and BaFin, BFCM announced that, on July 20, 2016, it had acquired General Electric's leasing and factoring businesses in France and Germany. These businesses will be operated in Germany under the name Targo Commercial Finance and in France under the names CM-CIC Leasing Solutions and Factofrance. This acquisition allows the Crédit Mutuel Group to increase its market share in the specialized corporate financing sector and boost its presence in Germany, its second largest market. It also makes the group the 2<sup>nd</sup> largest player in this sector in France.

→ **The Crédit Mutuel Group was ranked 36<sup>th</sup> in The Banker's Top 1,000 worldwide banks.** It remained in 5<sup>th</sup> place in France.

→ **Crédit Mutuel was named best banking group in France for the 5<sup>th</sup> time by World Finance magazine.** The British magazine underscored Crédit Mutuel's performance, balanced development and soundness.

## September

→ **European stress tests: Crédit Mutuel confirms its financial soundness and the relevance of its growth model.** When put in a very high-impact stress situation, the group's CET1 ratio fell from 15.5% at December 31, 2015 to 13.5% at December 31, 2016, thereby illustrating its strong ability to withstand difficult situations. These results ensure the group's security and long-term development and secure the trust of its 30.7 million customers and members. They confirm the strength of a cooperative model that ensures the security and development of each of its 19 federations and their subsidiaries, while respecting their diversity.

## October

→ **Fivory and Wa join forces to create a shared mobile payment solution.** Fivory and Wa, the two digital wallets supported by Crédit Mutuel (CM11, CMNE, CMMABN, CMO and CMAG), Auchan, MasterCard, Oney and Total, on the one hand, and by BNP Paribas and Carrefour, on the other hand, opted to pool their expertise to develop a single secure, multi-service mobile payment app. This solution is a response to the strategic requirements of digital retail. It accelerates the formation of an ecosystem of leading economic players and builds on the expertise acquired through these two initiatives. Available in early 2017, this solution will be operational at French retailers Carrefour, Auchan and Total (20,000 stores in France) and at more than 600 small retail establishments.

## November

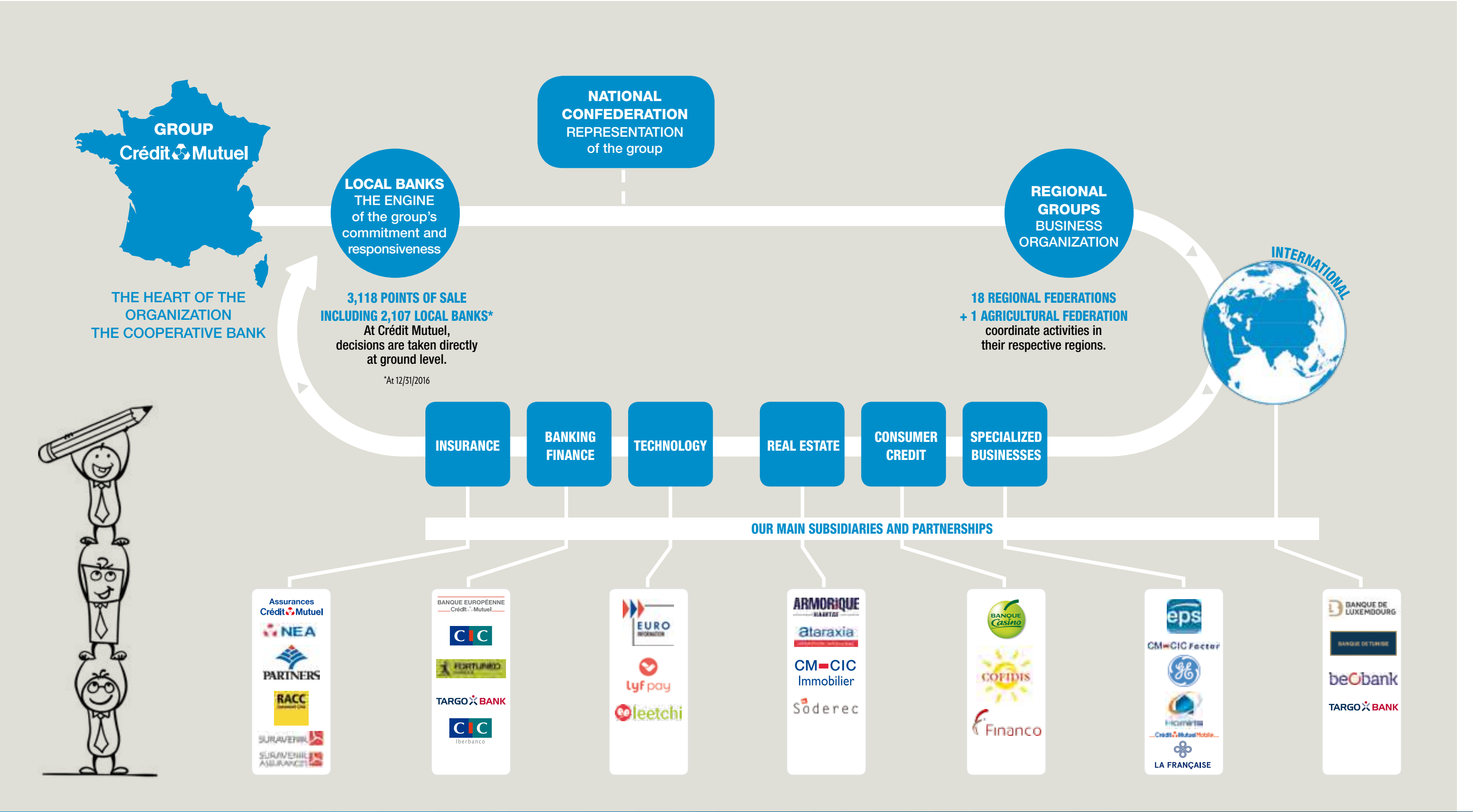
→ **Watson, a new innovative solution that supports the network.** A new "cognitive" IT solution, Watson is currently being tested at some 20 local banks and branches. Email analyzer or virtual assistant, Watson's job is first and foremost to support the adviser, who remains in control of transactions and is the customer's only point of contact. Watson will be rolled out gradually at all the federations and banks that use the Euro-Information system available to some 20,000 advisers.

## December

→ **The group's third training center located in Carquefou, a suburb of Nantes, became operational.** This new center features 19 classrooms, a modular amphitheater and more than 100 rooms to accommodate employees and elected directors.



# 5 CLOSE-UP LOOK AT THE CRÉDIT MUTUEL GROUP'S ORGANIZATION





# FINANCIALS

**STRONG  
FINANCES  
AND SOLID  
PERFORMANCE**

# STRONG FINANCES AND SOLID PERFORMANCE

**T**he Crédit Mutuel group had another excellent year in 2016: It achieved a record performance for the third consecutive year, with profit attributable to owners of the company of €3,253 million (+7.7%), and a solid financial foundation of €49.5 billion in shareholders' equity attributable to owners of the company. The fiscal year also witnessed new technological innovations, continued industrialization of tools, accountability devolving to the local banks and autonomy for the regional groups. The keys to this success are: dynamic networks, a focus on training, and convenience, whether physical and digital, to better serve members and customers.

In a landscape shaped by opposing pressures, disrupted by low interest rates and heightened competition and regulation, the Crédit Mutuel group maintains its course with a single goal: to remain united in diversity and affirm the distinctiveness of its model for building the bank of tomorrow. The group continues to be recognized for excellence in the sector: it is France's favorite banking brand in the Posternak/Ilop survey and earned first prize in the banking category in the BearingPoint TNS Sofres Customer Relations awards. It was also ranked as the top French bank by the US magazine Global Finance and best French banking group by British magazine World Finance.

## NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

**€3,253**  
million



## 1 2016 OUTSTANDING PERFORMANCE

Despite the economic environment, net banking income rose 3.1% to €16.8 billion, primarily thanks to the retail banking (+0.7%), corporate and investment banking (+2.5%) and asset management/private banking (+1.6%) sectors.

In a punishing environment of low interest rates, interest margin is impacted (-2.5%), while net fees and commissions rose €59 million, driven by fees for accounts and services.

General operating expenses rose by €364 million (+3.5%) to €10.7 billion, through the combined effect of changes in scope (acquisition of General Electric's leasing and factoring businesses in France and Germany, exclusive takeover of Targobank Spain by the Crédit Mutuel-CM11 group), and other operating expenses (including taxes and levies). General operating expenses remain stable on a like-for-like basis.

The cost-to-income ratio was virtually flat at 63.5% compared with 63.2% at December 31, 2015.

Global net additions to/reversals from provisions for loan losses registered €937 million, an overall decrease of €39 million (-4.0%), but a reduction of €144 million restated for changes in scope. This situation confirms the high quality of the group's assets and its rigorous risk management. The decrease is seen in both individual and collective provisions. The proportion of impaired loans also continued its downward trend to 3.9%, compared with 4.1% in 2015.

Corporate income tax expense (€1,695 million) fell by €146 million, primarily due to the reduction in the tax rate (34.4% compared with 38%). Visa capital gains was €319 million. Net profit attributable to the owners amounted to €3,253 million (+7.7%), while total net income was €3,278 million (+5.9%), with bankinsurance accounting for around 85%.

**“OUR 2016 FINANCIAL PERFORMANCE REFLECTS THE DYNAMIC ACTIVITY OF THE REGIONAL GROUPS IN ALL THEIR DIVERSITY. IT IS A TESTIMONY TO THE SUCCESS OF THEIR MANY INITIATIVES, THE QUALITY OF THEIR DIGITAL TRANSFORMATION, AND OF COURSE THE TRUST OF THEIR MEMBERS AND CUSTOMERS.”**

NICOLAS THÉRY,  
CHAIRMAN, CONFÉDÉRATION NATIONALE  
DU CRÉDIT MUTUEL



### THE TOP FRENCH BANK

Strengthening shareholders' equity is a central concern for the Crédit Mutuel group, as this determines its financial strength and ability to finance its growth. At December 31, 2016, shareholders' equity had increased by 5.3% to €49,540 million.

The quality and solidity of its equity and assets enabled it to achieve a Common Equity Tier One (CET1) solvency ratio with no transitional measures of 15.7%.

This financial strength was again confirmed by the European stress tests published in September 2016, which ranked it as the top French bank and one of the leading European banks.

Its financial strength is also reflected in the group's ratings, which place it among the highest ranking French banks. Standard & Poor's improved the group's long-term rating outlook on October 12, 2016 (from A negative outlook to A stable outlook). The Moody's and Fitch ratings remain the same, at Aa3 and A+, respectively, with a stable outlook (BFCM). The Moody's rating for Crédit Mutuel Arkéa was placed under negative watch on May 31, 2016.

### A SOLID ECONOMIC MODEL

The key data for the fiscal year indicate the solidity of the group's economic model and the dedication of its 24,000 elected directors and 81,657 employees. Financial results in 2016 demonstrate the strength of the cooperative model that provides each of the 2,107 local banks, 19 federations and six federal banks with a safe foundation for growth within their diversity. As a local bank, the group operates across the entire country (more than 5,800 points of sale). It has an international outlook with locations in 13 European countries.

The group entered into new agreements in 2016, in France and abroad:

- acquisition by BFCM of General Electric's leasing and factoring businesses in France and Germany. These businesses will strengthen BFCM's market share in specialized financing services for corporate customers and increase its presence in Germany, its second-largest market. It has become the number two player in the sector in France;
- acquisition by Crédit Mutuel Arkéa of Keytrade Bank, online banking and investment leader in Belgium;
- controlling majority in Targobank Spain by BFCM.

## A STRENGTHENED FINANCIAL STRUCTURE

**€49,540**  
million  
in shareholders' equity attributable to owners of the company



## 2 ROBUST SALES AND ACTIVE SUPPORT TO REGIONAL ECONOMIES

The commitment of all the group's employees and the relationships of trust they have established with their almost 31 million customers have allowed Crédit Mutuel to offer the highest standard of service to individuals, associations, professionals and businesses.

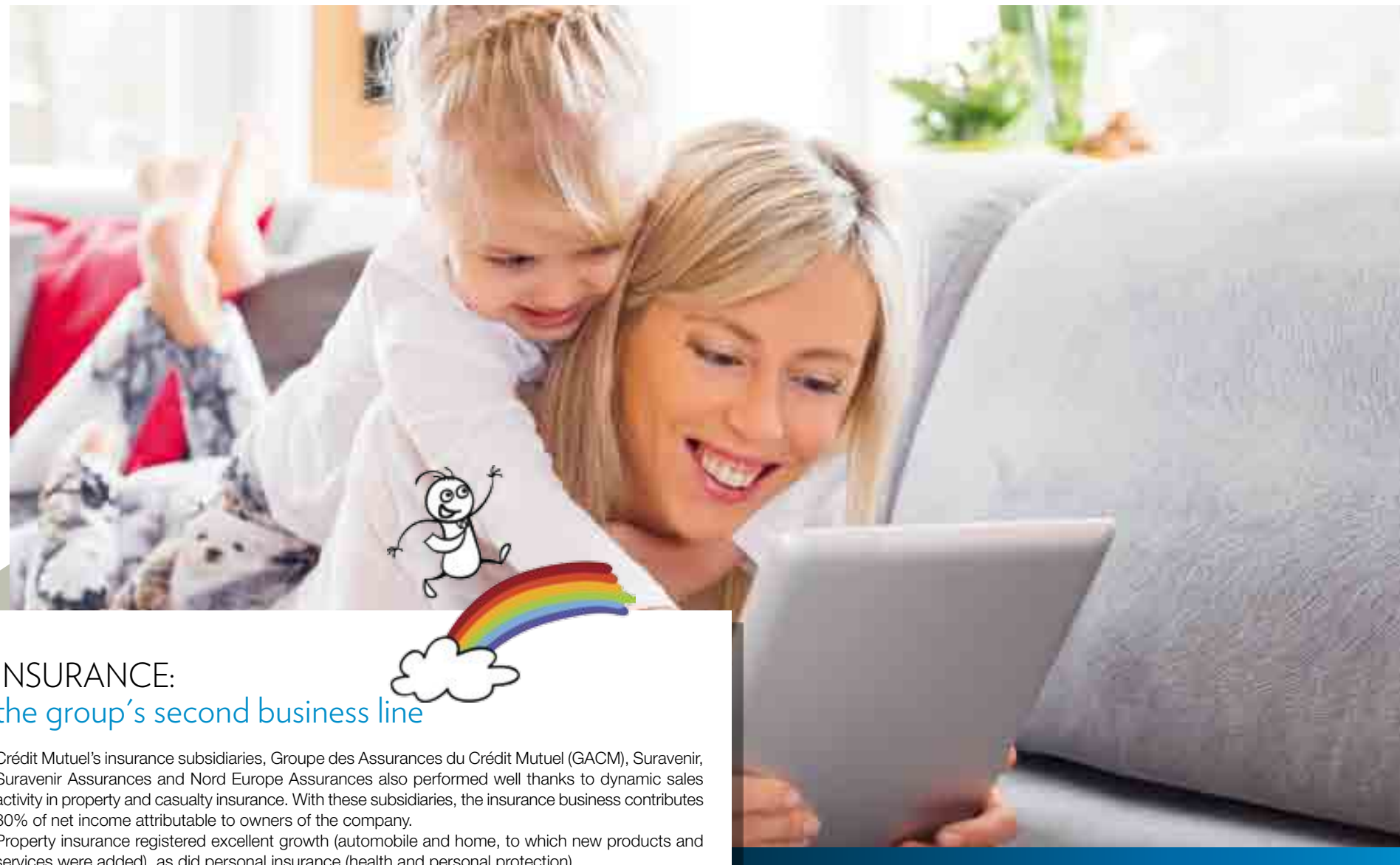
Despite heightened competition and continued low interest rates, sales efforts by the local banks and branches contributed to the growth in the number of members and customers, to whom they were also able to offer new products and services.

This performance once again benefited from the group's strong regional attachment, its decentralized cooperative organization, its local network, digital tools, and a quality range of products and services.



**“RISING 2016 INCOME CONFIRMS THE VALUE OF MEMBERSHIP IN THE CRÉDIT MUTUEL GROUP AS A PROTECTIVE FRAMEWORK THAT ENABLES THE LOCAL BANKS AND FEDERATIONS TO BENEFIT FROM THE GROUP'S FINANCIAL STRENGTH AND SOLIDARITY. THIS IS A DECISIVE ADVANTAGE IN THE FACE OF ECONOMIC AND GEOPOLITICAL UNCERTAINTY.”**

**PASCAL DURAND,**  
CHIEF EXECUTIVE OFFICER OF CNCM



### INSURANCE: the group's second business line

Crédit Mutuel's insurance subsidiaries, Groupe des Assurances du Crédit Mutuel (GACM), Suravenir, Suravenir Assurances and Nord Europe Assurances also performed well thanks to dynamic sales activity in property and casualty insurance. With these subsidiaries, the insurance business contributes 30% of net income attributable to owners of the company.

Property insurance registered excellent growth (automobile and home, to which new products and services were added), as did personal insurance (health and personal protection).

Life insurance premium income showed a slight decrease.

(See also page 72)

### SAVINGS: STEADY GROWTH

Crédit Mutuel's total savings deposits showed robust growth (+6.3%) across all components, to more than €800 billion. The acquisitions made in 2016 (General Electric and Keytrade Bank entities) contributed to this growth.

Customer deposits account for €358.2 billion (+8.9%) of this result, continuing the strong momentum of recent years. Part of this growth is driven by current accounts (€126.2 billion, +13.3%), as customers choose to play a waiting game with respect to interest rates. The group is also particularly active in areas such as home savings (€42.4 billion, +10.1%) and passbook savings accounts (€112.6 billion, +11.3%).

*The networks' share of the French deposit market continued to grow, reaching 15.5%.*

Off-balance sheet financial savings amounted to €443.2 billion, up 4.3% due to the growth of insurance savings and financial savings.

### LOANS: A KEY ROLE IN FINANCING THE ECONOMY

Total lending came in at €415.1 billion, up by 7.5%. This growth once again demonstrates the group's commitment to supporting its customers by meeting their personal and professional financing needs.

Home loans, which account for 50.1% of the total, rose 3.8% to €208.1 billion.

Equipment loans were up by 23.1% to €88.4 billion. The acquisition of General Electric's factoring and leasing entities in France and Germany (representing total outstandings of €10 billion) contributed to the strong growth in leasing outstandings (€15.7 billion) and cash facilities (€33.5 billion). At €39.9 billion, consumer credit was up 6.6% due to dynamic production by the networks and specialized subsidiaries.

*The networks' share of the French loan market came to 17.1%.*

The continued improvement in the loan-to-deposit ratio (115.9% compared with 152% eight years previously) shows that the group is less reliant on the markets for refinancing.

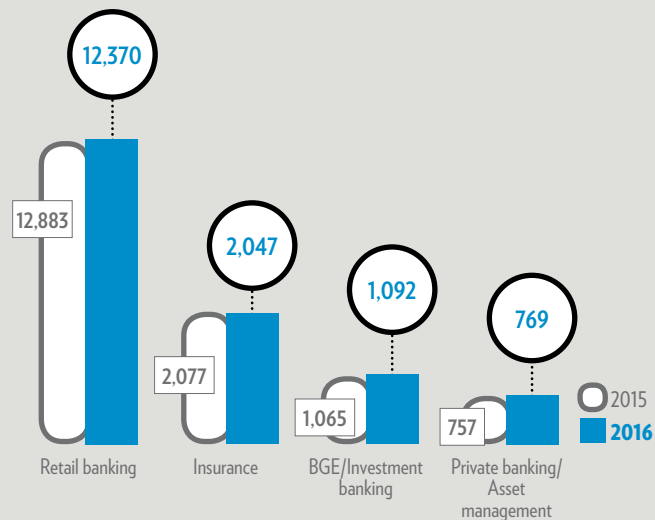


# 3 FOCUS ON BUSINESS

FIGURES AT 12/31/16

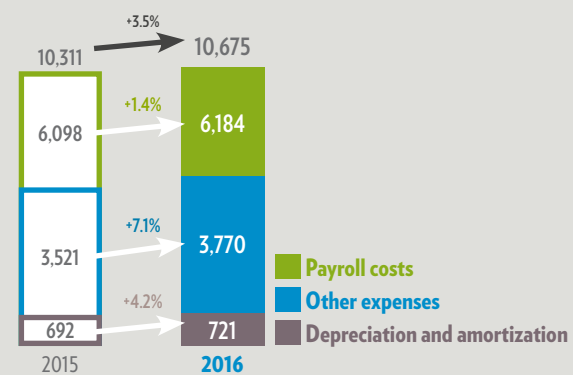
## NBI BY BUSINESS LINE

in € millions



## GENERAL OPERATING EXPENSES \*

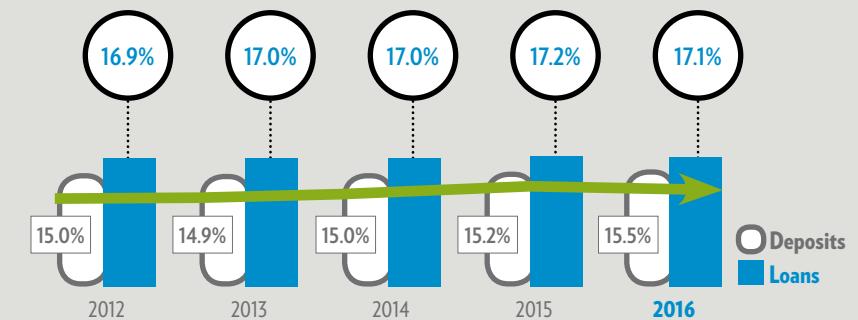
€m



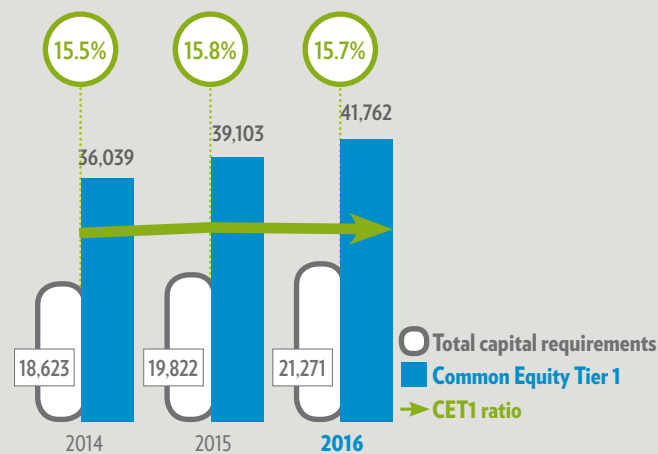
\* On a like-for-like basis €10,513 million (+1.8%)

## CRÉDIT MUTUEL AND CIC NETWORK MARKET SHARE

as a %

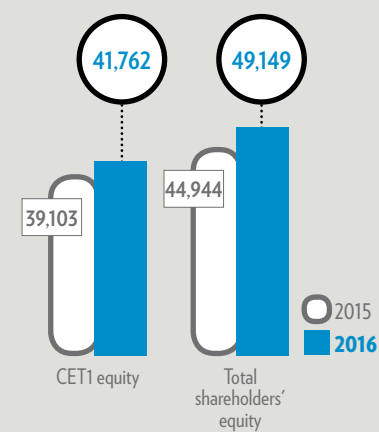


## THE FINANCIAL STRUCTURE



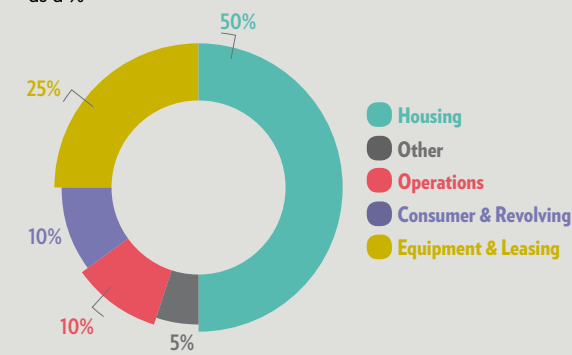
## SHAREHOLDERS' EQUITY

€m



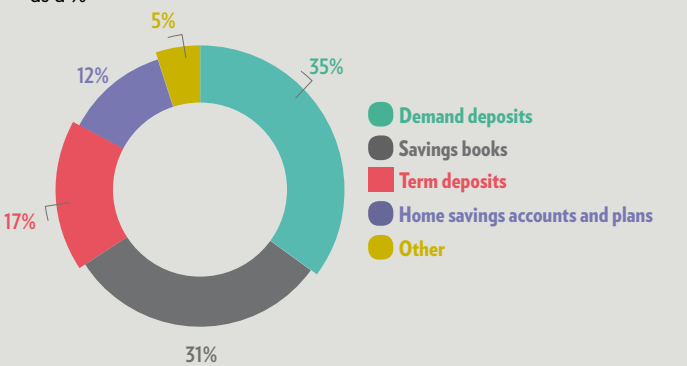
## 2016 NET LOANS STRUCTURE

as a %



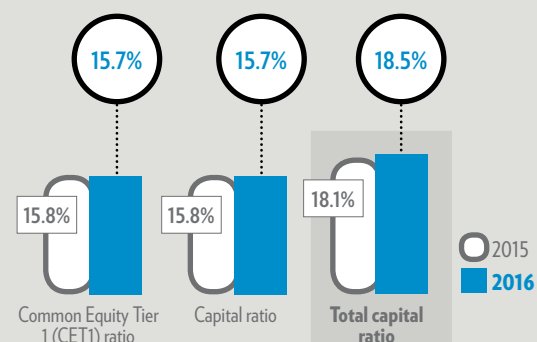
## 2016 BANKING DEPOSITS STRUCTURE

as a %



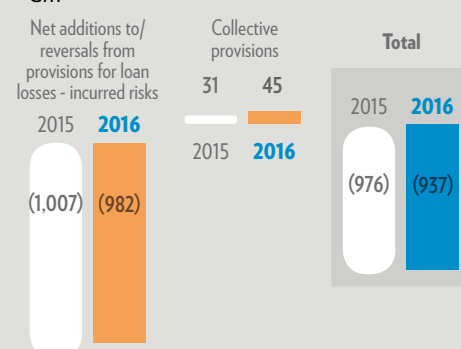
## SOLVENCY RATIOS (TARGET)

as a %



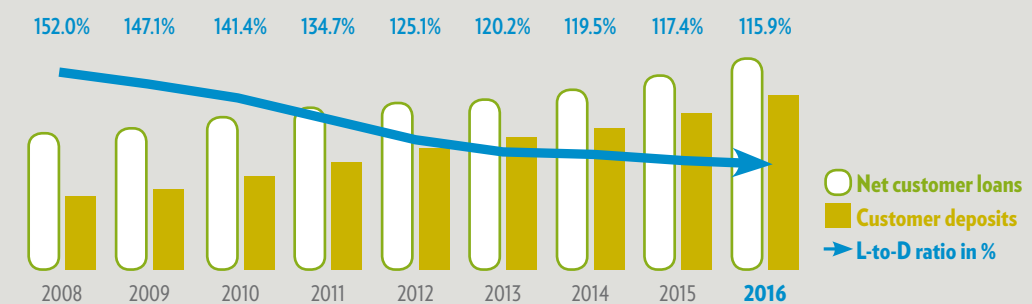
## NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES

€m



## TREND IN LOAN-TO-DEPOSIT RATIO

as a %



Y  
E  
E  
Z  
E  
D

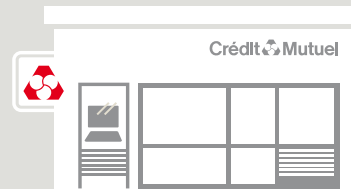
A BANK THAT  
BELONGS TO  
ITS CUSTOMERS,  
THAT CHANGES  
EVERYTHING!

—Crédit  Mutuel—

# A BANK THAT BELONGS TO ITS CUSTOMERS, THAT CHANGES EVERYTHING!

**T**he heart of the group is **Crédit Mutuel**, a cooperative bank governed by the French Act of September 10, 1947. It belongs exclusively to its members, who own its capital and determine its strategy within a framework of democratic methods. As a mutual bank, **Crédit Mutuel** makes all decisions with its members in mind. In its development it remains true to its founding values of local proximity, solidarity, and social responsibility. These are **Crédit Mutuel's** hallmarks, setting the bank apart and ensuring the relevance of its development model. Grounded in this identity, **Crédit Mutuel** supports its customers – individuals, professionals, farmers and associations – with a range of innovative services adapted to their daily needs. It aims above all to meet their expectations by offering quality products and services for every stage of life.

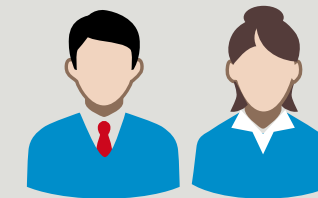
## THE 2016 —Crédit Mutuel— NETWORK



**3,118**  
points of sale



**11.7 million**  
individual customers



**29,000**  
employees  
(Crédit Mutuel regulatory scope)

**2,107**  
local mutual  
banks

**7.7 million**  
members

**24,000**  
elected directors

### HELPING AND SERVING, THE KEYS TO A UNIQUE ORGANIZATIONAL MODEL

Crédit Mutuel is independent and permanently rooted in local economies, contributing to job creation and regional economic vitality.

As a partnership company that is not listed on the stock exchange, Crédit Mutuel does not seek to enrich a group of shareholders, but rather to provide the best possible service to all.

Its development model, designed to meet the needs of all economic players, demonstrates the power of individual initiative and its collective expression: cooperation.

## 1 SHARED TRUST



### FAVORITE FRENCH BANK

Ipsos-Posternak barometer, Q4 2016

#### OUR IDENTITY IS OUR STRENGTH

Crédit Mutuel combines sustainable development and solidarity to serve its members and customers, as well as society<sup>(1)</sup>. It is historically and authentically a bank that creates social connections, notably through initiatives to support local financing and society's most vulnerable members.

Crédit Mutuel is a partnership company that is not listed on the stock exchange. As a social economy player, its sustainable development strategy is not tied solely to a goal of short-term profitability.

Sound management, crucial to the company's durability, is not geared towards the enrichment of a group of shareholders; rather it serves to ensure growth and first-rate service quality in the most cost-effective way.

Crédit Mutuel allocates all annual profits not used to pay dividends on its members' shares to strengthening its shareholders' equity. Strong equity is the foundation for the shareholders' community responsibility, the security of the bank's savings customers and its financing of sustainable growth. Shares held by members constitute the capital classified as prudential own funds. They can be redeemed only at their face value. As a financial cooperative, Crédit Mutuel is inalienable, meaning it can neither be sold nor taken over.

#### PROXIMITY IS OUR ADVANTAGE

Crédit Mutuel's decentralized organization fosters strong employee involvement at every level – local, regional and national – for better responsiveness and service quality. It supports a short decision-making process, good risk diversification and effective quality control.

The organization's three levels operate according to the principle of subsidiarity: the local banks, the closest to members, carry out all the key functions of bank branch offices, while the other two levels exercise only those functions for which the local entities are not equipped.

Crédit Mutuel is independent and permanently rooted in local economies, contributing to job creation and regional economic vitality.

Its development model, designed to meet the needs of all economic players, demonstrates the power of individual initiative and its collective expression: cooperation.



#### DEVELOPMENT

**SÉBASTIEN BAUDELET,**  
Marketing and  
Communication Director,  
Crédit Mutuel Océan

#### CROWDFUNDING FOR REGIONAL DEVELOPMENT

Crédit Mutuel Océan partners with [jadopteunprojet.com](http://jadopteunprojet.com). This original solution for business creators or buyers combines participatory financing and bank loans.

Goal: optimize financing plans.  
"This alliance is a partnership with people who share our values, that contributes to regional and human development."

(1) Crédit Mutuel's Corporate Social Responsibility (CSR) report and the weekly CSR newsletter are available at [www.creditmutuel.com](http://www.creditmutuel.com).



## AN EFFECTIVE MODEL ROOTED IN MODERNITY

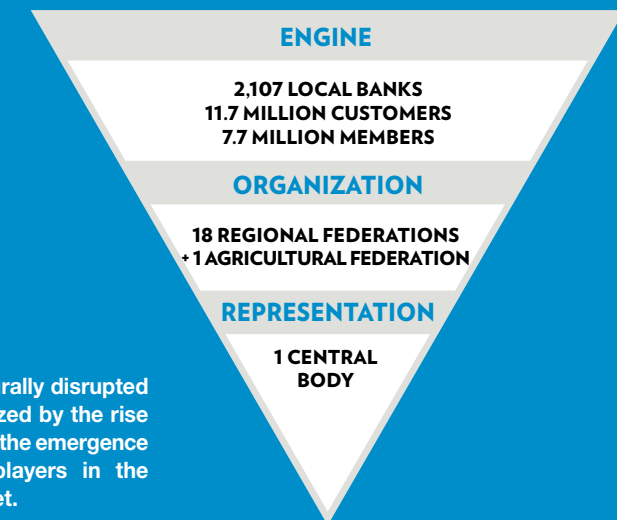
Crédit Mutuel has a decentralized network structure based on more than 2,100 local mutual banks, which are all cooperatives closely involved in their regions.

Its cooperative and mutualist model has proven its relevance and effectiveness for more than one hundred years. Crédit Mutuel continuously adapts while remaining rooted in its identity. It is able to change and reinvent itself to benefit its members and customers. It pursues a single goal: to provide the best service. By sharing resources, risks and expertise, and pooling investments, it has the agility it needs to succeed in

a restrictive and structurally disrupted environment characterized by the rise of disintermediation and the emergence of new non-banking players in the financial services market.

Its cooperative model allows it to place the major share of its annual profits in reserve each year. Its healthy balance sheet secures the trust of its members and provides the effective means for its development. Its cooperative values of social responsibility, equity and solidarity are an incomparable advantage when aligned with an efficiency imperative. These values inspire its work and guide its purpose.

### THE CRÉDIT MUTUEL ORGANIZATION



## LOCAL BANKS MAKING DECISIONS FROM WITHIN THE REGIONS

### ENGINE

#### 1. THE LOCAL MUTUAL BANKS

**2,107 local banks** spread across France  
**7.7 million** members  
**24,000** directors

The first level of Crédit Mutuel's structure is made up of the 2,107 local mutual banks. Classified as credit institutions under French banking law, they are the engine for the group's local involvement and responsiveness.

### ORGANIZATION

#### 2. THE REGIONAL FEDERATIONS

(see below)

**Eighteen regional federations** are spread across every French region. Alongside these 18 regional federations is a national federation specific to the farming sector, Fédération du Crédit Mutuel Agricole et Rural (FCMAR).

These 19 federations are all affiliated with the Confédération Nationale du Crédit Mutuel (CNCM).

### REPRESENTATION

#### 3. THE CONFEDERATION NATIONALE DU CRÉDIT MUTUEL (CNCM)

**CNCM is the network's central body.** Its missions are to defend the group's collective interests, to protect and promote the Crédit Mutuel brand, which it owns, and to ensure the group's prudential consistency.

**The central financing bank (Caisse Centrale),** is the confederation's financial instrument, managing liquidity for the regional groups and organizing Crédit Mutuel's financial solidarity.

## 2 A DECENTRALIZED ORGANIZATION

### 2,107 LOCAL MUTUAL BANKS

As the physical and digital core of the customer relationship, the local banks bring together Crédit Mutuel's expertise for all its customers.

Capital is owned by the members and customers. Financially independent, the local banks take deposits, distribute loans and provide a full range of financial services.

Each local bank is governed by a board of directors and/or a supervisory board made up of unpaid members elected at general meetings on a "one person, one vote" principle.

Each local bank is a member of its regional federation.

### 18 REGIONAL GROUPS

The next level of Crédit Mutuel is the regional groups, each of which comprises a regional federation and a federal and/or interfederal bank.

The regional federation represents Crédit Mutuel in its region and handles developments affecting the regional group.

The federal bank is responsible for financial functions and providing technical and IT services. Federations and federal banks are governed by boards elected by the local banks.

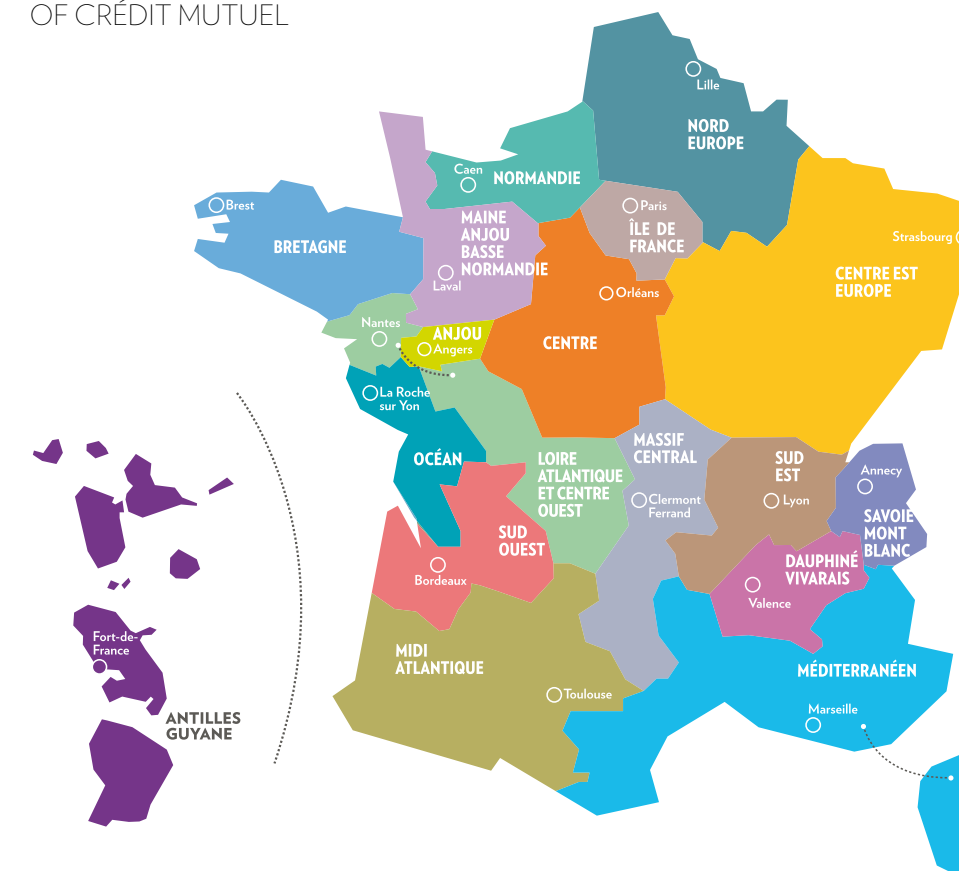
### 1 CENTRAL BODY

The Confédération Nationale du Crédit Mutuel (CNCM) is the third level of the Crédit Mutuel organization. As the central body for the network, it represents the group at the national level, defending the bank's overarching interests and protecting and promoting the Crédit Mutuel brand, which it owns.

#### Updated governance

CNCM modified its by-laws and governance in 2016. Approved by the French Economy and Finance Ministry, the ECB and the APCR, the new governance is compatible with ECB rules and applies to all Crédit Mutuel affiliates. This structural reform allows the Confederation to be in legal compliance while retaining its values and development model, in France and across Europe.

### THE 18 REGIONAL FEDERATIONS OF CRÉDIT MUTUEL



**97%**  
of financing  
decisions  
processed locally

## COOPERATIVE GOVERNANCE, FOUNDATION FOR THE GROUP'S STRENGTH

Participation and democracy are the foundations of Crédit Mutuel's cooperative governance.

Any customer can subscribe to A shares and become a member of a local bank, earning the right to vote at the general meeting on a "one person, one vote" basis. Members can also subscribe to additional shares (B shares), which earn interest at a rate set by the general meeting but do not carry voting rights.

## 3 PARTICIPATORY AND COORDINATED-OPERATION

### Crédit Mutuel NETWORK



**24,000**  
elected directors

### PARTICIPATION AND DEMOCRACY

The 7.7 million Crédit Mutuel members supervise the management of the local mutual banks and elect the directors at annual general meetings, ensuring genuinely democratic governance.

The 24,200 elected volunteer directors present at all three levels of the organization – local, regional and national – are responsible for the group's management and oversight. Attentive to the needs and aspirations of the members they represent, these directors are themselves committed, active members and participate in the administration of the local mutual banks alongside employees. As members of the local communities, they also exemplify and promote the values that Crédit Mutuel stands for.

Particular attention is paid to balanced representation, the appointment of directors from diverse social backgrounds, and the participation of women in the democratic life of Crédit Mutuel.

Employees help to implement the group's strategic decisions, supervised by the elected directors. Together with the directors, they are responsible for proper cooperative operation.

### OPERATIONS

Crédit Mutuel's decentralized structure, with decision-making processes kept at the regional and local levels, favors entrepreneurship, accountability and solidarity. The ties between the local mutual banks and the regional federations and federal banks create strong cohesion. Regional groups cooperate freely to streamline resources and costs.

Regional groups' membership in the Confédération Nationale and the Caisse Centrale ensures cohesion and shared responsibility at the national level.

As the group's central body, the Confédération Nationale approves the appointment of chief executives at the federations and managers at the regional audit teams, and takes all necessary steps to ensure the group's

proper operation, assuming responsibility for oversight and sound business development.

This shared governance steers the group as a whole. It is expressed in multiple consultation bodies, in the application of various codes and charters in the group's companies, and via an effective system to combat money laundering and terror financing.

The Confédération Nationale's Board of Directors comprises representatives of all the federations, elected by the general meeting of Confédération Nationale shareholders; its Chair is elected for a five-year term by the general meeting.

Thus, the 7.7 million members are represented at three levels of the organization by the directors they elect.

### Crédit Mutuel NETWORK



**7.7million**  
members

## GENERAL MEETING "ONE PERSON, ONE VOTE"

Local bank members are invited to the general meeting, the foundation of Crédit Mutuel's internal democracy, each year.

This is an opportunity to listen and learn, as well as a forum to engage in discussion and share suggestions with employees and directors, to improve the quality of services offered. It is an event that highlights how Crédit Mutuel stands out from other banks.

A statutory portion includes the business and management report, testifying to the group's specificities and its mutualist actions, as well as a member vote on the accounts, information on current affairs, and the election of representatives to the bank board following the "one person = one vote" principle.

Between February and May of every year, nearly 500,000 members and customers attend the shareholders' meetings held at the local and regional levels.

AVAILABLE

OUR  
COMMITMENT  
IN ACTION,  
IN CLOSE  
PROXIMITY TO  
PEOPLE AND  
THE REGIONS





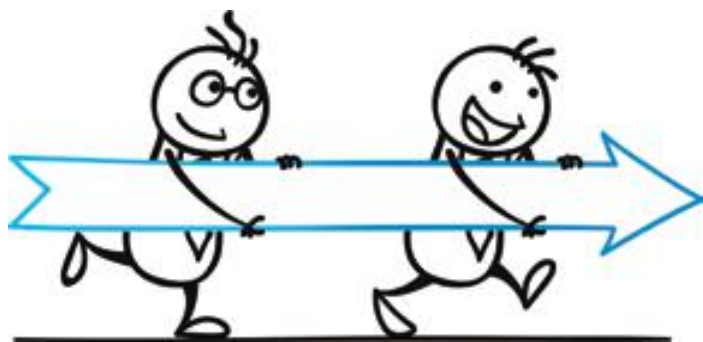
# OUR COMMITMENT IN ACTION, IN CLOSE PROXIMITY TO PEOPLE AND THE REGIONS

**E**conomic and social challenges guide the group in its choices to prioritize development, adapt constantly to new needs and habits, and affirm its cooperative and mutualist identity through the concrete expression of its values.

*Crédit Mutuel is a socially responsible, community-minded bank that supports social cohesion through socially responsible initiatives and solidarity-driven aims, implemented directly at ground level.*



## 1 OUR COOPERATIVE VALUES GUIDE OUR ACTIONS



### A DIFFERENT BANK

True to its values of proximity, social responsibility and solidarity, Crédit Mutuel continues to support all its customers, in particular those who are most vulnerable.

Its cooperative and mutualist structure is the foundation for an authentic community approach, expressed in profits placed in reserve every year to serve current and future members, a strong regional presence in support of economic development, and close relationships with businesses and the non-profit sector.

The relevance of its development model is reflected in its financial results and solidity. This model is part of what makes it a different kind of bank, one that serves the community as a whole.

### SOLIDARITY, A PRIMARY VALUE

Crédit Mutuel was born of mutual assistance. In 1849, in response to usury practices, Frédéric-Guillaume Raiffeisen founded the "Relief society for Impecunious farmers of Flammersfeld" (Germany). Its members collectively guaranteed the capital borrowed and re-loaned to some among them. This foundational solidarity laid the groundwork for Crédit Mutuel's operations. Today it is expressed in the personalized assistance provided to members in difficulty. It takes the form within the bank of an internal financial solidarity mechanism between local mutual banks and the regional federations. Each local bank expresses solidarity in their team spirit, by sharing knowledge and expertise, and in the absence of individual commissions.

### SOCIAL RESPONSIBILITY, PART OF THE GROUP'S DNA

At Crédit Mutuel, corporate social responsibility is not a new idea. Principles of mutual assistance, local responsibility and contributing to economic development presided over Crédit Mutuel's creation and have been foundational to the group's practices since the beginning.

Responsibility is notably expressed in the promotion of popular savings, assistance for first-time home buyers, microcredit and assistance with business creations, as well as in solidarity funds for members in difficulty, a national Foundation and the importance accorded to training elected directors. Responsibility is also knowing and anticipating new business lines, easy access to training and mobility, and fostering quality labor relations, as well as a decentralized structure that supports local autonomy and initiative.

### PROXIMITY: A BANK PRESENT THROUGHOUT FRANCE, 24/7

To support the network of some 6,000 points of sale, including more than 5,000 in France, remote banking offers a complete range of innovative services via the group's main websites and their tablet and smartphone versions. Advisors and customers can communicate through a confidential and secure message system. Site content is customized in terms of menus, information and recommendations based on the information provided by each of our customers. This creates a smoother, simpler banking relationship, where customers can choose their preferred communication channels based on their needs at the time. They can sign up remotely for basic products and services (savings books, savings deposits), go to their local bank or branch for more complex matters (such as home loans), discuss an insurance issue on the phone, transfer money through the website, and withdraw cash or get statements and balances anywhere in the country.

## 2 SOCIAL ENGAGEMENT IS AN INTEGRAL PART OF OUR PRACTICES

A COMMITTED GROUP, CRÉDIT MUTUEL FOCUSES ON MAINTAINING THE SOCIAL COHESION OF ALL THE MEN AND WOMEN WHO MAKE UP THE LOCAL ECONOMY.

### INTEGRATION AND REINTEGRATION: OUR PRIORITY!

Crédit Mutuel works to meet the needs of all classes of society, including via its social and professional microcredit activity, implemented directly or through close partnerships with integration assistance organizations.

#### SOLIDARITY



#### EMPLOYMENT INITIATIVES, HELPING WITH A FRESH START

With more than €2 million in annual disbursements, the Crédit Mutuel Arkéa group's Ark'ensol Foundation has created an exemplary solidarity system.

#### Personal microcredit:

##### A boost to get back in the game

These microloans granted by Crédit Mutuel, on its own or in partnership with the non-profit sector, are intended for people who have little or no access to credit, lack stable employment or are living on social welfare, but are actively committed to reentering the workforce.

The group has signed more than 200 regional agreements throughout France with non-profit organizations promoting job or social assistance such as Secours Catholique, Coorace, UDAF, family support networks such as Familles Rurales, Emmaüs and Restos du Cœur, as well as local employment agencies, numerous community action centers and local integration organizations.

Its goal is to develop a joint approach to helping people in financial difficulty implement a project that will enable them to find a job.

#### Professional microcredit:

##### encouraging micro-entrepreneurs

The group works with three networks: ADIE (Association pour le Droit à l'Initiative Economique), France Active and Initiative France.

In 2016, ADIE financed projects for 15,200 people, of which 1,620 with financing from Crédit Mutuel.

The group is also involved in the network structure for France Active and supports all its economic integration initiatives, with representation on half of the loan approval committees. In 2016, €28.1 million of the guarantees extended by France Active were for projects backed by Crédit Mutuel.

The group has partnered with Initiative France, the leading non-profit network supporting local development through help for business start-ups and buyouts, for more than 20 years. It contributes to Initiative France's strategic work and is involved in 60% of its 231 local initiative platforms. The group granted more than 3,500 loans in 2016.

#### ECONOMY



#### CREATING YOUR OWN BUSINESS?

Crédit Mutuel helps you fund your personal stake for your business start-up or buyout plan.



CRÉDIT MUTUEL  
**235 million**  
business  
microloans  
granted in 2016

### MUTUAL ASSISTANCE : SPECIFIC REGIONAL SYSTEMS

The examples that follow are far from exhaustive, but serve to illustrate the diversity of assistance available, as well as the group's social engagement on behalf of groups of people and members in difficulty.

#### ASSOCIATIONS



#### THE LEADING PARTICIPATORY FINANCING PLATFORM FULLY DEDICATED TO THE NON- PROFIT SECTOR

Green loans to finance environmental projects, loans for housing renovation, photovoltaic panels, methanization installations, etc. – Crédit Mutuel opens up a wealth of possibilities.

#### FINDING WORK



#### TRANSFORMING APPARENT DRAWBACKS INTO STRENGTHS

Together with the association NQT (*Nos Quartiers ont des Talents*), Crédit Mutuel Ile-de-France helps young bachelor-level graduates from disadvantaged neighborhoods look for work.

#### YOUTH



#### VALUE IS NOT MEASURED BY A NUMBER OF YEARS

The Youth who Dare (*Les jeunes qui osent*) contest is a call for local, community minded, job-creating projects from youth aged 16 to 26. It is supported by 11 regional Crédit Mutuel federations with €80,000 in annual funding.

#### AGING POPULATION



#### ESCALYS, A TEMPORARY HOUSING SOLUTION IN LA MANCHE

In May 2016, the Crédit Mutuel Maine-Anjou, Basse-Normandie corporate foundation opened the first temporary housing establishment in La Manche.

In the wake of this successful experience, a second establishment is being considered to further support local regional development.

#### DISABILITY



#### SIGN LANGUAGE TO COMMUNICATE, QUITE SIMPLY!

Crédit Mutuel is working with Deafi to improve communication and access to services for deaf and hard-of-hearing customers. Sign language specialists offer support to customers with disabilities free of charge using the DeafiLine platform, via chat or video functions.

#### HOUSING



#### A DECENT HOME AT LOW RENT TO GET BACK ON YOUR FEET

Founded in Lyon in 1985 with the support of Crédit Mutuel du Sud-Est, Habitat et Humanisme helps single people and families in difficulty gain access to a decent, low-rent home.



## 3 SOLIDARITY EXPRESSED IN OUR CORPORATE GIVING

### CRÉDIT MUTUEL FOUNDATION solidarity in actions



The Crédit Mutuel Foundation, created in early 2009 under the aegis of Fondation de France, targets solidarity and general interest needs and houses the various facets of Crédit Mutuel's national sponsorship initiatives:

- the creation and ongoing support of mutual savings and loan networks to help people work towards financial independence in emerging countries that submit a request through the Centre International du Crédit Mutuel (CICM);
- support for literacy and the French language in all its forms, with the Literacy division;
- support for research and action around economic and social exclusion with the Solidarity Research and Action division, which became the Research and Integration division at the end of 2016.

Since 2010, the Crédit Mutuel Foundation has also been supporting the "Together, Let's Rebuild Haiti" (*Ensemble, reconstruisons Haïti*) program, whose aim is twofold: to maintain the activity of the Hôpital Français de Port-au-Prince and build a housing complex that meets seismic and anti-cyclone standards in Lafiteau.

#### SOLIDARITY



#### THE STORY LAB IS ON THE MOVE!

The Story Lab (*Labo des Histoires*) offers free reading and writing workshops to youth under the age of 25. Initially located in Paris, the organization has since gained footing across the country with twelve regional outposts. The Foundation has supported its mobile space since 2016. This refurbished commercial van brings the story lab to more remote areas without cultural infrastructure, at the request of local municipalities and with the support of local organizations.

#### LITERACY DIVISION

The Literacy division has been working at the grassroots level since 1992 to launch, support and develop practical and sustainable initiatives to encourage people in all stages of life to start or return to reading. The mission of the Foundation for Literacy is focused on three key areas:

- **Reading the City (*Lire La Ville*)** brings reading and writing to thousands of school children, rooted in a specific curriculum item and related to their immediate environment and heritage. Supported by teachers, writers, architects, etc., these students learn more about where they live by gaining access to new facets of knowledge.
- **Preventing Illiteracy (*Prévenir l'illettrisme*)** works to combat reading exclusion. Relying on existing structures, early childhood services, libraries and more, the goal is to connect with families and bring awareness of reading and therefore of learning to children.
- **Voice of Letters (*La Voix des Lettres*)** supports innovative projects in reading. Its flagship Incorruptibles awards have more than 350,000 students from 6,200 schools and daycare facilities across France read selected books and vote for their favorite, under the "one child, one vote" principle.

#### CICM

Centre International du Crédit Mutuel (CICM) is a non-profit created in 1979, with the participation of all 18 Crédit Mutuel regional groups. Its mission is to ensure that people excluded from traditional banking systems in developing countries have access to financial services, and are given opportunity to improve their living conditions by taking charge of their own lives.

CICM's assistance is provided via existing cooperative movements. Its actions are guided by cooperative and mutualist values.

- The organization pays particular attention to:
- democracy, through which every person has the opportunity to subscribe to a member share and become both beneficiary and co-owner of their bank;
  - subsidiarity, giving the local mutual bank the power to delegate some of its competencies to the federation;
  - solidarity, cornerstone of the mutual model, enabling pooling and redistribution of bank deposits in the form of loans.

CICM's key goal in the coming years is to assist its partner networks towards full autonomy. In 2016, CICM supported seven networks in Asia and Africa.



AUTREMENT DIT

### SUPPORTING PEOPLE WITH DISABILITIES

The association Job Coach 53 is supported in Laval by Crédit Mutuel Maine-Anjou, Basse-Normandie. The goal: mutual assistance to people with disabilities and to companies to open up new employment opportunities.



#### RESEARCH THE ADVENTURE CONTINUES

Together Against Melanoma (*Ensemble contre le mélanome*) is an ongoing program with around 20 partners started by MTRL, a mutual healthcare partner of Assurances du Crédit Mutuel (ACM), and Crédit Mutuel. The project is led from the Gustave Roussy Institute, Europe's leading cancer research center.

#### RESEARCH AND SOLIDARITY ACTION DIVISION

The Research and Solidarity Action division, founded in 2009 and renamed Research and Integration in June 2016, organizes three categories of actions:

- **Support for think tanks** such as Mouvement Européen France and the Jacques Delors Institute (Notre Europe).
- **Research aid.** This takes the form of the Cooperative Research Award launched by Crédit Mutuel, as well as financing for Recma and various research teams working on topics important to Crédit Mutuel (mutualism, cooperation, CSR, etc.);
- **Support for non-profit integration projects** in collaboration with the Crédit

Mutuel regional federations. This new category opens up support for projects that promote access to employment, involving education, training or workplace integration measures.

Projects include the Crépi regional organizations of companies partnering with integration, which work to connect job-seekers with the business sector, Job Coach 53 which assists people with disabilities in finding employment (Laval), Passerelles et Compétences, through which professionals share their expertise with solidarity organizations, etc.

#### SOLIDARITY



#### PROGRESSING TOGETHER TO GO FURTHER

The Passerelles & Compétences association brings professional expertise to solidarity organizations. Professionals volunteer their services for digital needs, locating financing, tax questions, graphic design and more, as an integral part of the supported projects.



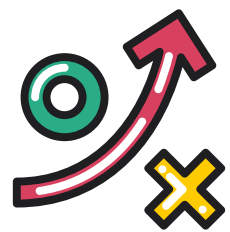


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**PERFORMANCE  
AND PROXIMITY  
TO BETTER SERVE  
OUR CUSTOMERS**

# PERFORMANCE AND PROXIMITY TO BETTER SERVE OUR CUSTOMERS

## 1 BANKINSURANCE FOR ALL



**OUR GOAL IS  
TO OFFER OUR  
CUSTOMERS  
HIGH-QUALITY,  
SIMPLE,  
INNOVATIVE,  
SECURE  
AND EFFECTIVE  
PRODUCTS  
AND SERVICES.  
THAT IS WHAT  
MAKES US THE  
BANK OF THE  
FUTURE.**

**B**ankinsurance, the group's core business, comprises its retail banking, life insurance and property and casualty insurance activities. Retail banking is carried out through the group's networks in France and Europe: Crédit Mutuel, CIC, Banque Européenne du Crédit Mutuel, CIC Iberbanco, and Targobank branches in Germany and Spain. It also includes the specialized retail banking subsidiaries' businesses of factoring, consumer credit, real estate and leasing, etc.

The Crédit Mutuel Group supports its customers with all of their projects, with investment and borrowing services, payment and technology services, insurance and personal protection, real estate services and wealth management.

As a leading bankinsurer, it offers one of the broadest ranges of innovative services and solutions on the market, from mobile phone services to remote surveillance, leasing, factoring, car lease-to-purchase plans, and more.

In the digital era, a revolution that is transforming customer habits and relationships, the group is reinventing proximity by offering the best connected banking technologies and services for ever more efficient service.

This expanded offer that benefits all customers across all regions, complements the physical network of almost 6,000 points of sale. It enhances trust, responsiveness and the advisory role.

These changes are transforming banking practices without changing its core missions to offer the best possible support to customers for their own projects, advise them, anticipate their needs and facilitate their everyday life. All with one objective in mind: the quality of service and of the customer relationship, the key to growth.



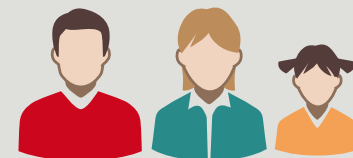
**No.1**  
in the banking  
category in the  
Customer Relations  
Podium awards

for the tenth time  
(BearingPoint - TNS Sofres)

## AN EXTENSIVE AND ENTERPRISING NETWORK

**5,846**  
points of sale<sup>(1)</sup>

(1) including 5,247 in France.

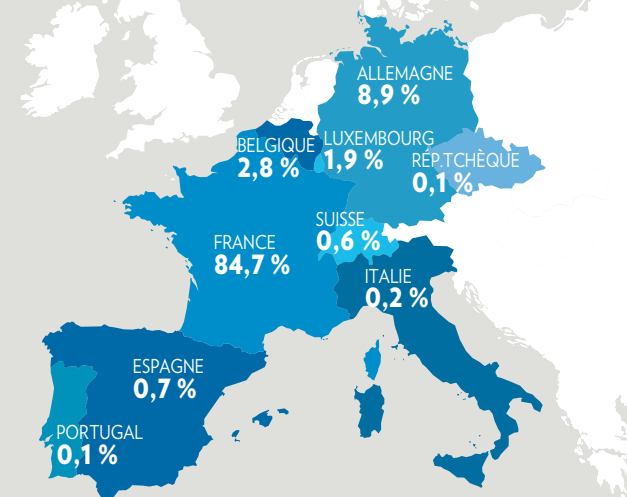


**30.7**  
million customers

More than

**14**  
million  
policyholders

GROUP CUSTOMERS	2015	2016
Group customers (in millions)	30.3	30.7
Crédit Mutuel network	11.7	11.7
CIC network	4.9	5.0
Targobank Germany	3.9	3.8
Cofidis (incl. Sofemo)	7.7	7.8
Other subsidiaries	2.1	2.6
France customers	21.9	22.4
Customers outside France	8.3	8.4

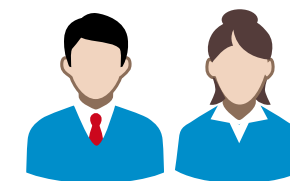


2016 SHARE OF IFRS NBI

## HUMAN RESOURCES POLICY GROUNDED IN TRAINING AND LABOR DIALOGUE

Employee training is a crucial part of tackling the many technological and competitive challenges facing the group. It responds to the fundamental customer expectations of expertise, quality and proximity from banks, branches and account managers. It allows the bank to adapt to new forms of customer relationship and new customer behaviors.

In 2016, Crédit Mutuel dedicated more than 5% of total payroll to the training budget. More than 1,900 professional training initiatives (contracts and sessions) were signed up for within the Crédit Mutuel scope. The bank uses vocational contracts to train young people with a view to hiring them, while training sessions help experienced employees adapt their skills to changing roles.



**81,657**  
employees

**>73%**  
of employees  
took at least one training  
course in 2016.  
5% of payroll



# SERVICES AND INNOVATIONS THAT MEET THE NEEDS OF CUSTOMERS AND THE REGIONS

Crédit Mutuel offers one of the broadest ranges of innovative services and solutions in the market, from mobile phone services to remote surveillance, car lease-to-purchase plans, and a full array of remote and mobile banking functions.

**eps** **No. 1**  
in France

## WE PROTECT OUR CUSTOMERS WITH REMOTE SURVEILLANCE SERVICES AT THE CUTTING EDGE OF THE MARKET

Group subsidiary EPS is the leading remote surveillance company in France, with 415,000 customers (+6.5%) and a 31% market share. In addition to security, EPS's core business and the heart of the connected home, the group offers new home automation services related to domestic risks (carbon monoxide alarms, water leak detection systems, etc.).

REMOTE SURVEILLANCE

FARMING

ASSOCIATIONS

FACTORING



## WE HELP BUSINESSES

to manage and finance their trade receivables. With CM-CIC Factor, Facto France and the acquisition of General Electric France's businesses, the group currently holds 25% of the factoring market in France.



## WE SUPPORT SOCIAL COHESION

and the creation of new forms of solidarity. Partner to more than 490,000 associations and non-profits, the group managed almost €21 billion in savings and €3.7 billion in loans in 2016.

A specific banking offer and an ongoing presence among families and community-based federations at the local, regional and national levels also demonstrate the bank's commitment!

**associatheque.fr**

**490,000**  
customer associations

SERVICES

**A multi-services bank, Crédit Mutuel works with all economic players**

REAL ESTATE



## WE HELP OUR CUSTOMERS BECOME HOMEOWNERS THROUGH A REAL ESTATE DIVISION WITH A DIVERSE RANGE OF ACTIVITIES

Sales, development, property trading, project management, land development and real estate management: the group offers a wide array of expertise in all real estate activities.

In 2016, CM-CIC Agence Immobilière had a net number of almost 9,000 housing units in contract, a 34% increase. CM-CIC Gestion Immobilière had a total of 4,540 leases (+14%). CM-CIC Aménagement Foncier recorded 1,110 building lots in contract (+17%). In terms of development, Ataraxia Promotion posted 403 housing units in contract in 2016, compared with 439 in 2015.

MOBILE PHONE SERVICES



## WE CREATE FLEXIBLE AND EFFICIENT MOBILE PHONE SOLUTIONS

When bankinsurance and mobile phone solutions come together, the result is a simple, flexible solution that matches the needs and budgets of our customers.

With five brands – Crédit Mutuel Mobile, CIC Mobile, Cofidis Mobile and Auchan Telecom – the group's full MVNO is the only operator to combine mobile phone services with banking products and services. It is the only MVNO with 2G/3G/4G connections to the three major network operators, Orange, SFR and Bouygues Telecom.

**1.6 million**  
customers



**680,000**  
business customers

## WE REWARD ENTREPRENEURIAL INITIATIVES

**The Talents contest** created by BGE\* in 1997 highlights entrepreneurship in all its geographic, social, economic and human diversity. Most importantly, it confirms that the staying power of new companies depends in large part on the quality of support their creators receive. Nearly 1,600 entrepreneurs participated in the 2016 contest.

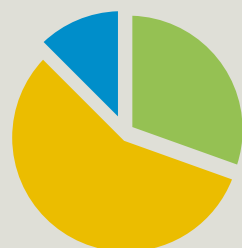
## AND SUPPORT SMALL-SCALE BUSINESSES

The Confédération Nationale du Crédit Mutuel offered €8,000 to the winner in the artisans' segment, which was awarded to Maxime Tanguy, founder of the company Kervacrêpes in Plonéis, Finistère, who came up with a new snacking concept. This ingenious idea promotes local production and is already finding a market in the rest of the country.

\* (Boutique de Gestion pour Entreprendre, a national network that supports entrepreneurs).



## 2 RETAIL BANKING FOR ALL



**17.1%**  
market share in  
bank loans

**15.5%**  
market share in  
deposits



**NET BANKING INCOME**  
**€12.370**  
billion

**OPERATING INCOME  
BEFORE PROVISIONS:**  
**€3.972**  
billion

**NET INCOME ATTRIBUTABLE  
TO THE OWNERS OF  
THE COMPANY**  
**€1.883**  
billion

  
AUTREMENT DIT



### CUSTOMER RELATIONSHIPS ARE BUILT THROUGH DIGITIZATION AND PERSONALIZATION

**Crédit Mutuel Nord Europe offers solutions in sync with customer needs and behaviors. The idea is to turn digital channels into relationship, and not just transactional, channels.**

**CMNE uses its customers' pathways on its website to offer them solutions that meet their needs of the moment.**

#### **SUPPORTING ALL CATEGORIES OF CUSTOMERS...**

Crédit Mutuel offers its members and customers a range of competitive and environmentally friendly financial solutions. These products and services allow them to save, protect their families and property, buy a home, spread their expenses over time or pay for home improvement work, particularly for energy saving. Effective account management solutions are offered on the group's websites and their mobile versions.

#### **...WITH A DIVERSIFIED AND EFFICIENT OFFER...**

Crédit Mutuel continued to diversify its offer to meet its retail customers' needs, from the simplest to the most sophisticated, and fulfill the expectations of all its customer segments: young people, a priority area of growth, seniors, with a focus on key life milestones, as well as self-employed professionals, small and medium-sized enterprises, the non-profit sector, farmers and local authorities. The group also implements specialized online banking tools with Monabanq and Fortuneo.

#### **...EVER CLOSER AND MORE MOBILE...**

In the era of digital services, mobility and rising customer autonomy, the group offers new, secure and innovative services to ensure ever more efficient service. With its cutting edge technology, it brings suitable responses to new customer behaviors in banking and the world of connected objects.



## INDIVIDUALS TAILORED SERVICES

With today's customer-consumer making choices from a multitude of products offered across every channel, the group is evolving to develop a long-term vision of relationship quality that is the key differentiator in both traditional and emerging channels.



**28  
million**  
individual customers

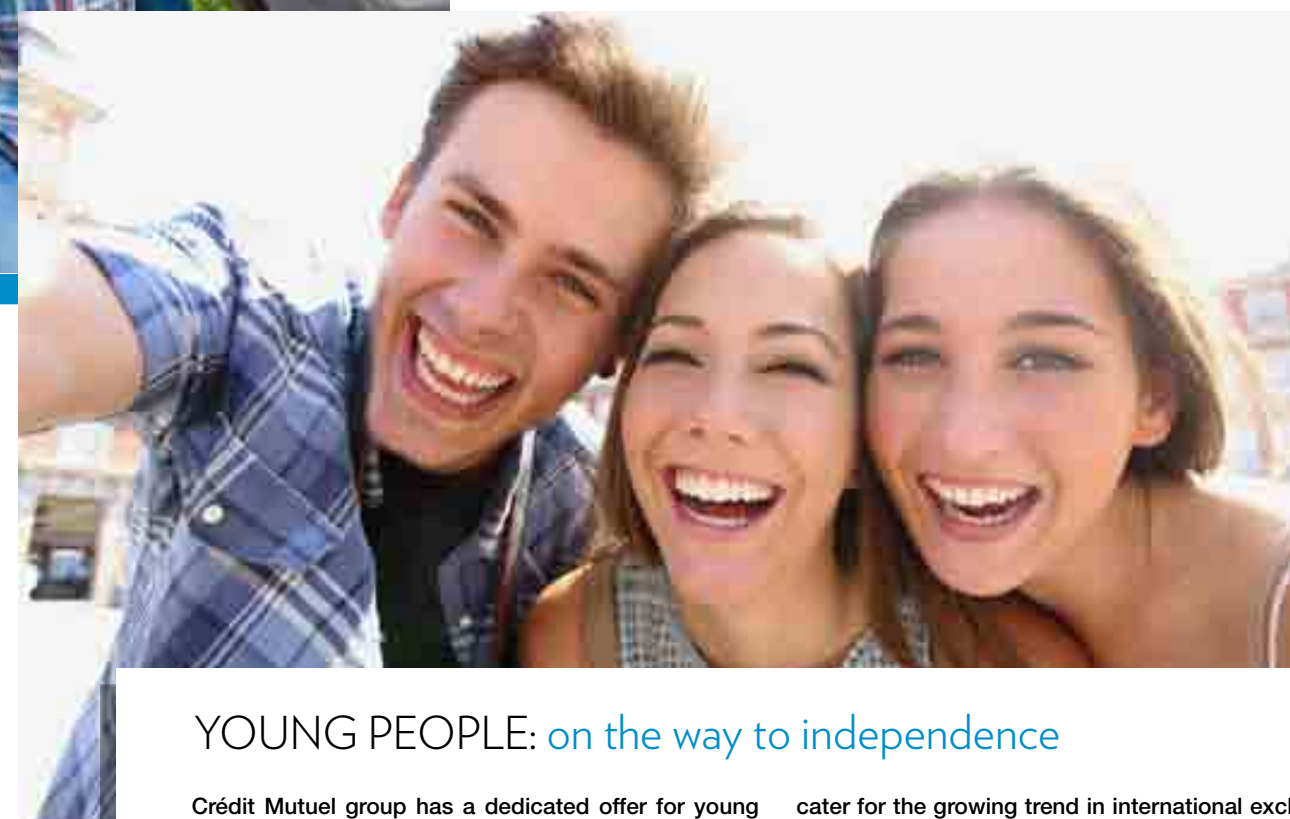


**DANIEL LEROYER**  
Chairman of  
Crédit Mutuel  
Maine-Anjou,  
Basse-Normandie

AUTREMENT DIT

[WWW.BOOSTEZVOSPROJETS.FR](http://WWW.BOOSTEZVOSPROJETS.FR)

A free crowdfunding platform for projects of the youth in our regions. "The crowdfunding platform is used to approve youth projects by local banks and by the crowd, following the "self-help" principle that is dear to Crédit Mutuel.



## CREATE SIMPLE, INNOVATIVE SOLUTIONS TO BENEFIT MEMBERS AND CUSTOMERS



AUTREMENT DIT

### CALL ME WATSON

A virtual assistant to support an augmented advisor email analyzer or virtual assistant, Watson's job is first and foremost to support the advisor, who remains in control of the transactions and is the customer's only point of contact. Watson enables greater responsiveness in processing emails, faster service, and more relevant and expert advisor responses. This new "cognitive" IT solution frees up time for advisors to nurture a more personalized relationship with customers.

Crédit Mutuel seeks to keep its product range simple and easy to grasp:

- **in the savings arena** it promotes guaranteed-rate products such as savings books and home savings accounts, and life insurance products with steady returns;
- **for loans**, customers are encouraged to take out fixed- or capped-rate mortgages, while consumer loans distributed through the network of mutual banks and branches all have a tightly controlled risk profile;

- **the borrowers' insurance policies offered** are the most generous in the market, both in terms of the low level of exclusions and the range of coverage offered. The borrowers' insurance reform, which has now been fully implemented, prompted the group to further segment its range based on project profiles and the needs of the groups concerned, without compromising its fundamental principles;
- **in consumer credit**, loans are designed to prevent customers from taking on too much debt by providing them with clear, tailored loan agreements.

## YOUNG PEOPLE: on the way to independence

Crédit Mutuel group has a dedicated offer for young people from birth until they join the workforce. Teaching day-to-day banking skills, encouraging savings from an early age, assisting young account holders along the road to independence until they enter the workforce: these are the main facets of the bank's offer for the under-30 segment which represents nearly 30% of the Crédit Mutuel and CIC retail customer base.

Sociological changes, and particularly later entry to working life, have prompted the group to adapt its approach for young customers. Focusing on the under-29s, it takes account of the concerns associated with starting work and suits a range of career choices and lifestyles. With tailored products, services and charges, this offering is flexible in terms of card choices, remote banking and advantageous lending terms, as well as offering banking and medical assistance abroad to

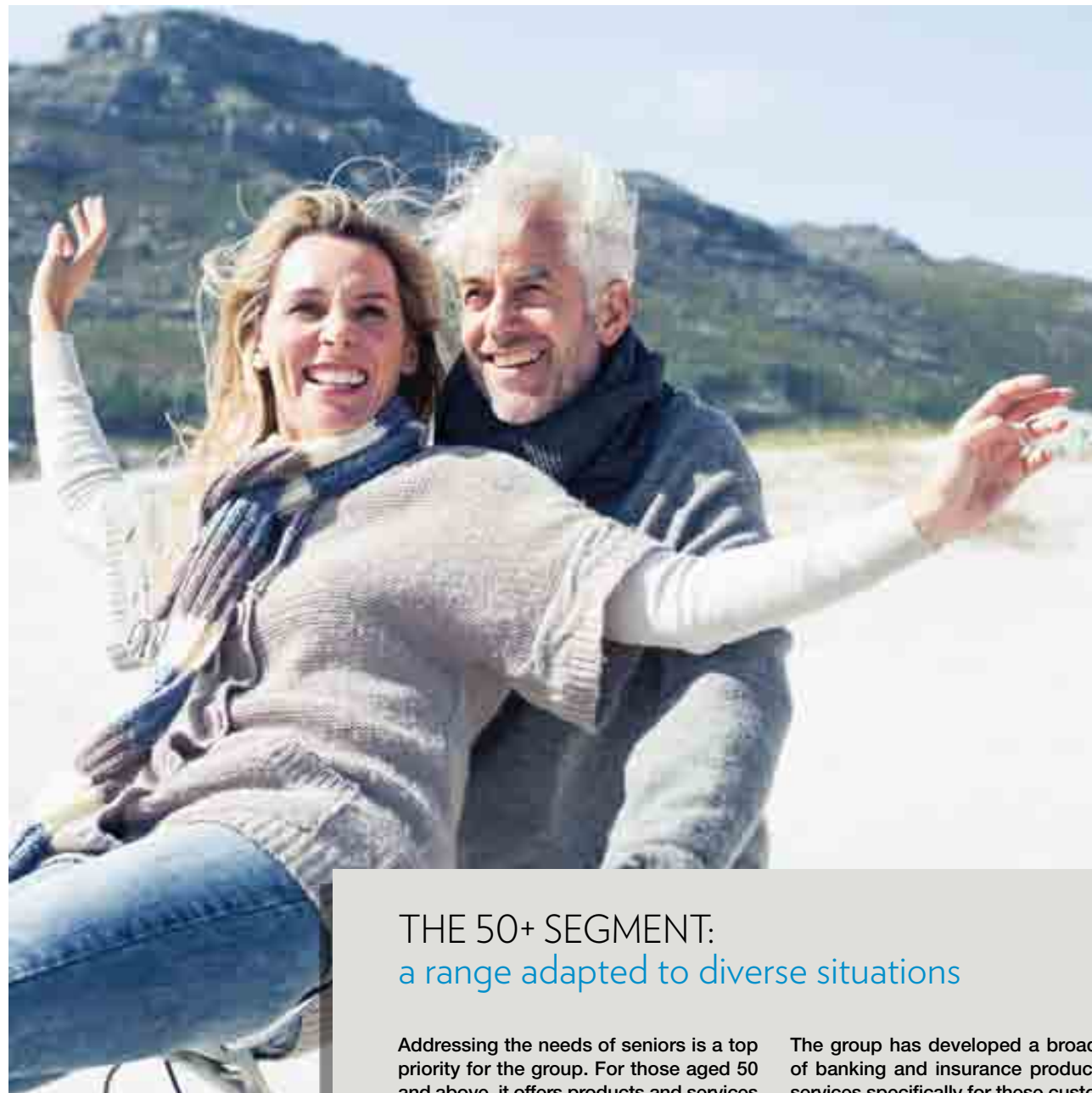
cater for the growing trend in international exchanges and mobility. As a genuine source of support for young people, it includes non-banking services that are open to all, such as practical information and advice on career and study choices, and seeks to address the concerns of the 18-to-29-year-old segment about work, housing, health, mobility, money and leisure.

In some of the national federations, the group's young customers can have access to additional assistance with initial careers advice and finding internships, work-study programs and summer jobs. There is also help available with finding a first job and career management, as well as practical information. Everything has been put in place, at each key stage, to make young people's transition to independence as easy as possible.

[www.objectif-emploi-orientation.fr](http://www.objectif-emploi-orientation.fr)  
[www.tipsntricks.fr](http://www.tipsntricks.fr)



## TAILORING THE OFFER TO SPECIFIC NEEDS



### THE 50+ SEGMENT: a range adapted to diverse situations

Addressing the needs of seniors is a top priority for the group. For those aged 50 and above, it offers products and services that are tailored to their specific situations, expectations and interests.

This customer group can have very different situations and needs depending on their age, personal journeys, home and professional life (still working or retired), and health. This category notably includes the large baby boomer generation, which has been a driving force in changing many aspects of society, and is now reaching retirement age with expectations and behaviors that are not the same as previous generations.

The group has developed a broad array of banking and insurance products and services specifically for these customers. This range addresses the issues of aging, loss of autonomy and desire to remain socially connected and continue living at home for as long as possible (long-term care insurance policies and remote assistance services).

Seniors particularly appreciate the support and advice they receive from the network during important phases or events in their lives (preparation for retirement, moving house or adapting their homes, supporting elderly parents, inheritance/gifts, etc.).

### MEDIATION

#### Listening carefully to our customers

Alternative dispute resolution arrangements for consumers took effect on January 1, 2016 (transposition of the European Directive on consumer ADR)

This has brought a profound change in how mediation operates. The Crédit Mutuel Group's mediator was appointed by the joint collective body of the financial sector advisory committee on the recommendation of the central council. She now intervenes after internal resolution pathways have been exhausted. Most cases are sent to the banks for processing.

The Crédit Mutuel mediator has expanded resources, with a dedicated team and their own website, in particular for online submission of dispute resolution requests. Although the mediator's opinion is not binding for the network, it has been followed in all cases by Crédit Mutuel's regional federations and CIC's regional banks.

### CRÉDIT MUTUEL PROFESSIONS DE SANTÉ: specialized mutual banks

Created by and for medical professionals more than 30 years ago, CMPS is a network of branches dedicated exclusively to healthcare sector workers.

Representatives from all segments of the medical and paramedical sectors sit on the boards and supervisory bodies of these mutual banks.

The banks assist practitioners with their strategic and financial decisions, whether work-related or private. In each case they offer personalized solutions, including bankinsurance, electronic payments, financing packages, wealth management from a savings strategy perspective, retirement planning and tax planning. In addition to banking expertise, CMPS has developed active partnerships with professional associations, unions, specialized management associations, professional guilds and regional and national institutional bodies.

### CRÉDIT MUTUEL ENSEIGNANT: the partner of choice

The Union Nationale du Crédit Mutuel Enseignant (UNCME) has more than 40 mutual banks throughout France.

These mutual banks offer a service that combines clear terms and conditions, product quality and cooperative values to staff working in the French national departments of education, research, youth affairs, and sports and culture. Membership is also open to teachers and non-teaching staff in the private education sector under partnership agreements with the government. CME supports the mutualist values that have made it so successful with its members.



**ÉRIC  
CHARPENTIER,**  
Chief Executive  
Officer of Crédit  
Mutuel Nord Europe

AUTREMENT DIT

#### CŒUR DES FLANDRES\* NEXT-GENERATION SENIOR SERVICES RESIDENCE

*"CMNE is proud to be a part of this project, which meets the needs of today's seniors: preventing isolation while protecting their real estate assets. With its investment choices, CMNE wants to support innovative projects that align with societal challenges, today and into the future."*

\*In Lille Capinghem



# BRINGING PEOPLE TOGETHER WITH MUSIC

## “PRODIGES - Le Grand Concert”



### A MOMENT OF GRACE IN THE CITY...

Crédit Mutuel Nord Europe is actively engaged with people in its communities, and is proud of this exceptional partnership. Ten thousand choir members from schools in the Lille region took part in a special concert with major classical artists at the Pierre Mauroy Stadium in Lille. Involvement in music and in civic life, that too is the Crédit Mutuel difference...

Crédit Mutuel has been **THE** bank for every kind of music for 15 years. Pooling energies, developing the ability to listen and promoting individual talents and goals are just some of the values reflected in music that justify the group's commitment to this form of expression.

→ **In the media**, it sponsors some of the leading music events and programs on television and radio, such as the Victoires de la Musique Awards, the Fête de la Musique, *Prodiges* on France 2 and Radio France music broadcasts.

→ **On the ground**, Crédit Mutuel works with France's main festivals countrywide: Le Printemps de Bourges, Les Francofolies de La Rochelle, Main Square Festival in Arras, Beauregard in Hérouville Saint-Clair, Musilac in Aix-les-Bains, La Fiesta des Suds in Marseille, Les Vieilles Charrues in Carhaix and Les Déferlantes in Argelès-sur-Mer.

The group has been an official partner to the Fête de la Musique alongside the French Culture and Communication Ministry since 2008, and is a major sponsor for the new Seine Musicale launched in April 2017 on Île Seguin in Boulogne-Billancourt, a center

with national and international standing in terms of both performances and musical creativity and practice.

→ **Open to ideas from the public**, Crédit Mutuel has also extended its support to musical performances. From *Roi Soleil* to *Three Musketeers*, and including *Stars 80*, *Robin Hood* and *Timéo*, the group seeks to cover various genres to **meet a range of preferences**. Crédit Mutuel also supports associations and projects that promote access to music for all. This commitment is behind its partnership with the Confédération Musicale de France, which brings together more than 700,000 musicians in 6,000 music academies.

→ Music is also a way for Crédit Mutuel to **get involved in important causes**. It notably contributes to the fight against cancer by backing music events that build awareness through collective action.

**Pooling energies, developing the ability to listen and promoting individual talents and goals are just some of the values reflected in music that justify the group's commitment to this form of expression.**

## PARTNER to major classical events

*Crédit Mutuel is a partner and founder of the Festival de Pâques in Aix-en-Provence, launched in 2013 with a five-year commitment by the group.*

This major international musical event aims to attract both confirmed music lovers and the general public. CIC also supports young performers through its patronage, since 2003, of the Victoires de la Musique Classique classical music awards, which is broadcast on France 3. This event not only enables talented young musicians to build a reputation, in Paris and the rest of the country, but also helps promote classical music to an increasingly wide audience. CIC has been the official partner of the Folle Journée de Nantes since 2015.



### MONABANQ & MICROCULTURES



### THINGS ARE IN SWING AT MONABANQ!

Monabanq has joined forces with the Microcultures crowdfunding platform, an independent production company founded in 2010 and its well-known music label.

Under the terms of this new partnership, once a project chosen by Monabanq collects €1,000 from fans, Monabanq matches these funds with its own €1,000 payment.

The first project chosen by the online bank is the album *Tout doux* by Bertrand Betsch, with an initial fundraising goal of €3,800.



## CRÉDIT MUTUEL, MAJOR PARTNER TO SEINE MUSICALE

As a sponsor of major musical events for television and radio for more than 15 years, and partner to the main festivals in France, Crédit Mutuel is also associated with the Seine Musicale project, a music center that is unique in France and in the world. Lodged at the downstream end of Île Seguin in Boulogne-Billancourt (Hauts-de-Seine), this new center is a spectacular architectural achievement of national and international standing, in terms of both performances and artistic creativity.



## SUPPORTING HOME OWNERSHIP

Meeting demand for loans to purchase main residences and providing finance for quality rental investments is a priority for the Crédit Mutuel Group.

In 2016, the group was the third largest residential lender, with a market share of close to 20% and €208 billion in outstanding home loans (+3.8%). It prefers a direct approach, recommendations and service quality, supported by a short and responsive decision-making process.



## WE HELP OUR CUSTOMERS BECOME HOMEOWNERS THROUGH A REAL ESTATE DIVISION WITH A DIVERSE RANGE OF ACTIVITIES

### HOUSING



#### SOLUTIONS FOR EVERY BUDGET

Atlantique Habitations, a Crédit Mutuel subsidiary, manages 10,000 residential units across 100 municipalities in Loire-Atlantique and Morbihan. For new construction, repurchased housing, renovations, property sales, new services (management of retirement homes and residences)... Its role is to offer diversified solutions to meet the needs of people with limited financial resources.

#### MAJOR PLAYER IN SOCIAL HOUSING

The group is a leading banking partner for first-time home buyers.

It has extensive experience in government-subsidized loans, including the new interest-free loan scheme and PAS and PSLA subsidized loans. It is also playing an increasing role in financing affordable rental housing by distributing PLS subsidized rental loans, and now PLI intermediate rental loans.

In the area of regulated loans (PLS, PLI, PSLA), Crédit Mutuel is the second-largest source of social housing financing: in 2016, it distributed €243 million in PSLA loans, or more than one-third of the amount made available to banks (€600 million).

The group is active in a number of regions where its activities take various forms:

- it has **capital stakes in around 40 subsidized housing organizations (ESH)**; the Crédit Mutuel Arkéa group has set up a partnership with the ESH federation and created an observatory of social practices in the areas of employee savings and retirement benefits;
- it **contributes its expertise** in social housing sales through subsidized home-buyer loans;
- it is a **close partner of social housing cooperatives** for first-time homebuyer construction programs (financed through tenant home purchase schemes, interest-free loans, etc.) and for cohousing support programs;
- it works with **the federation of local public enterprises (EPL)**, a professional body that represents in particular the 188 real estate EPLs managing a stock of 549,000 homes.



**A GROUP OF EXPERTS READY TO ADVISE YOU**

CM-CIC Immobilier

LAND DEVELOPMENT

ATARAXIA PROMOTION

REAL ESTATE AGENCY

REAL ESTATE MANAGEMENT

REAL ESTATE CONSTRUCTION

REAL ESTATE INVESTMENT

Soderec  
groupe Crédit Mutuel

## REAL ESTATE DEVELOPMENT FOR THE REGIONS

[www.lasoderec.com](http://www.lasoderec.com)

Soderec, a nationwide Crédit Mutuel subsidiary, works with real estate contractors in the public and private sectors, representing the contracting authority or acting as lead contractor. It can also represent these parties as the project owner for rental solutions.

Soderec continues to expand its activity with new projects, including: an exhibition and conference center in Bordeaux, residential facilities for dependent seniors in Saint-Geniez-d'Olt, Bollène and Rueil-Malmaison, a business incubator in Clermont-Ferrand, underground parking in Brive-la-Gaillarde, and the first phase of reconstruction of Reims CHU, etc.

Various operations were delivered in 2016: the Brignais aquatic center, a retirement home in Levier, the Cébazat music incubator, Altkirch police station, Emile Duclaux high school in Aurillac, a long-term care center in Boulogne-Billancourt, and a flexible-use childcare center in Ostwald.

(See also page 71.)

As a long-time partner to the French agency for housing improvement (ANAH), the group aims to work more closely with social housing bodies in disadvantaged urban areas covered by the French national urban renovation agency (ANRU) programs.

A recognized player in the social housing market, particularly through regulated subsidized housing loans, the group has developed attractive offers to help social housing rental organizations (OPH, ESH, HLM cooperatives, SEM, etc.) optimize their cash management.

#### PARTNERING WITH LOCAL AUTHORITIES

As a partner on the ground, Crédit Mutuel has been sharing its expertise and services with local authorities for almost 40 years. It is a non-centralized banking organization, deeply committed to local economic and social development, and as such a natural partner to the main civic decision-makers via its specialized regional teams. A considerable number of elected representatives sit on the boards of its local mutual banks.

The new European regulatory framework has had a major impact on local authority funding, leading some Crédit Mutuel federations to offer alternative solutions. For example, they have launched a securitization

fund to finance regional and departmental councils as well as towns with populations of more than 10,000. Crédit Mutuel Arkéa called on its insurance subsidiary Suravenir for a large share of contributions to this fund.

In 2016, the Crédit Mutuel group was fully engaged in its role of **supporting local investment financing**: it steadily increased its loan production and outstandings to more than €2 billion and €9 billion, respectively.

The group is also a distributor of public sector purchasing cards, instruments specially adapted to public sector accounting requirements to facilitate the payment of local authorities' running expenses. With its subsidiary EPS, it now sells remote surveillance solutions for public buildings, as well as a dedicated telephony range via its El-Telecom subsidiary.

Crédit Mutuel is a partner to the APVF small French cities association, and the federation of local public enterprises (EPL). It also works with real estate contractors in the public sector through Soderec, one of its subsidiaries.

**3<sup>rd</sup>**  
**largest**  
**lender**  
**for housing**



## ASSOCIATIONS SUPPORTING THOSE WHO CREATE SOCIAL COHESION

*The group serves the needs of a sector that plays a key role in reinforcing social cohesion and creating new forms of solidarity.*



## CRÉDIT MUTUEL STANDING ALONGSIDE YOUTH ASSOCIATIONS

Crédit Mutuel supports young people in their undertakings and commitments, in particular in the non-profit sector, via three national partnerships: Familles Rurales, Fédération Sportive et Culturelle de France (FSCF) and Réseau National des Juniors Associations (RNJA).

Its partnership with Familles Rurales (rural families) is based mainly on the "Trophées J. PASS" call for projects, through which the group provides financial support for humanitarian, ecological, social and community projects handled by young people aged 12-25.

As a partner to the FSCF's young managers and young leaders awards, Crédit Mutuel recognizes the initiative of young people involved in the FSCF and their commitment to taking action.

Crédit Mutuel has partnered with the RNJA national network of youth associations since its creation in 1999, and continues to support this network, which enables young people under 18 to organize projects and gain familiarity with the non-profit sector. As RNJA's leading banking partner, Crédit Mutuel also contributes to the financing of the many practical guides it publishes for young people.

Several of the bank's other partnerships also give priority to youth initiatives, particularly those with UNHAJ and UGSEL.



The associ@theque website provides customer non-profits with practical, complete and easy-to-access guides (on creating a non-profit, sustainable development, fundraising, management responsibility, etc.) for managing their associations. It also allows non-profit customers to promote themselves online through a mini-website, classified ads, articles, photos, etc. Since 2015, the outlet for this self-promotion has been the Village Associatif (Mag'associathèque), the website blog where users can post their reactions, contribute their own content and share articles with their community. The site has a very strong social media presence (Facebook, Twitter and YouTube), and also communicates monthly via its newsletter. With more than a million visitors and almost 285,000 page views per month, Crédit Mutuel is the benchmark bank for the non-profit sector.

[www.associatheque.fr](http://www.associatheque.fr),  
THE WEBSITE FOR  
NON-PROFITS

### STRENGTHENING SOCIAL COHESION AS AN ANCHOR POINT

Specific banking products and an ongoing presence among families and community-based federations at the local, regional and national levels, help make Crédit Mutuel the partner of choice for non-profits and underpin its continued expansion in this segment.

Crédit Mutuel complements its banking offer with expert advice to give associations the assistance they need in terms of skills, information and project backing, and to help managers assume their responsibilities and meet any difficulties that arise.

Tools are made available to all non-profits, from the smallest to the largest, to help with legal, tax, social, financial, organizational, governance and day-to-day management needs.

### A BANK THAT SHOWS ITS COMMITMENT

Crédit Mutuel supports numerous networks that serve children, young people, the elderly, families, work integration, and social, cultural and sporting activities, under multi-year agreements.

It is notably partner to the French federation of physical education and volunteer gymnastics (FFEPGV), the national youth housing union (UNHAJ), UNIOPSS and ADMR.



### BEING USEFUL TO THE RESIDENTS OF OUR REGIONS

**DIDIER  
FAIVRE**  
Public relations  
Crédit Mutuel Océan

AUTREMENT DIT

### VIBR' ACTIONS 2.0

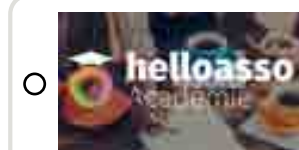
Launched by Crédit Mutuel

Océan,

Vibr'actions 2.0 lets people who dare to make a difference stay connected.

This project contributes to better community in areas related to the economy, sports, culture and social endeavor.

*"Community life is very rich and we honor it by communicating on initiatives of all sizes. We are talking about "real proximity."*



### FIRST DIGITAL SUMMER UNIVERSITIES

Partner to HelloAsso, Associathèque joined this major launch organized in Bordeaux in July 2016, the first event of its type to train non-profits in digital issues and web tools.



**SMES**

PARTNER TO THOSE WHO  
FORM THE REGIONAL  
ECONOMY

## THE GROUP WORKING ALONGSIDE BUSINESSES

*The Crédit Mutuel group provides support on the ground to all those who make up the regional economy: independent professionals, microbusinesses and SMEs. It ranks as the number three bank for the sector with more than €83 billion in outstanding loans to professionals and SMEs.*

*Overall funds lent by Crédit Mutuel to microbusinesses and independent SMEs rose by 4.15% in 2016.*

*Loan outstandings increased by 4.12% for businesses as a whole (i.e. including SMEs, intermediate-sized enterprises and large companies).*

# 3<sup>rd</sup> leading bank for SMEs

**LIVRET A/BLEU/LDD****THE GROUP CONTRIBUTES  
STRONGLY TO SME FINANCING**

Livret A, Livret bleu and LDD (sustainable development) regulated savings accounts remain products that guarantee security and liquidity in an uncertain economic environment. Total funds in these tax-free accounts amounted to €54 billion at end-2016, putting the group's share of the regulated savings market at 15.1%.

Regulatory requirements for the use of non-centralized funds were amply complied with: loans granted by the group to SMEs amounted to more than double the decentralized funds that remained on its balance sheet (200% utilization rate).

**PROFESSIONALS  
AND BUSINESSES:  
DEDICATED ENTITIES**

The group's business financing activities are carried out by the network and specialized subsidiaries: **Banque Européenne du Crédit Mutuel (BECM)**, a subsidiary of Crédit Mutuel Centre Est Europe; **Arkéa Banque Entreprises et Institutionnels**, a subsidiary of the Crédit Mutuel Arkéa group; and **Banque Commerciale du Marché Nord Europe (BCMNE)**, holding company for the business banking division of Crédit Mutuel Nord Europe – the majority shareholder of SA Crédit Professionnel, the central body for Crédit Professionnel Belge.

CIC also implements a system to ensure the local presence of account managers and rapid response times thanks to short decision-making channels.

**PROFESSIONALS  
AND MICROBUSINESSES:  
SPECIFIC SUPPORT**

The group is a key player in financing for self-employed professionals – small retailers, artisans, independent professionals and microbusinesses in the services and light manufacturing sectors, with nearly 680,000 customers and a market share of nearly 16%. It plays a major role for business start-ups, in particular through partnerships with Initiative France, France Active, BGE and ADIE.

The group's guarantee activity continued to grow with Bpifrance, Siagi and France Active Garantie.

**LOANS TO  
MICROBUSINESSES  
AND SMES**

# +4.15%

in 2016

**CREATING JOBS AND WEALTH  
EFFICIENT PARTNERSHIPS**

Crédit Mutuel partners with **BGE**, the country's leading independent network for business start-up assistance with 430 branches nationwide. It helps businesses from the initial ideas stage through to their third anniversary.

BGE initiates and manages a variety of schemes to encourage job creation, initiative-taking, wealth creation and social cohesion.

**MICROENTREPRENEURS:  
EXPANDED ENGAGEMENTS**

The group financed 9.2% of all 2016 lending by ADIE to micro-entrepreneurs. Nine Crédit Mutuel regional federations and six CIC regional banks granted **ADIE** credit lines for a total of nearly €7.5 million (compared with €5.5 million in 2015).

**LOCAL DEVELOPMENT AND BUSINESS START-UPS:  
NATIONWIDE INVOLVEMENT!**

The group is involved in 60% of **Initiative France's** local initiative platforms.

**SOCIAL INCLUSION THROUGH ECONOMIC INITIATIVES:  
STRONG INCREASE IN GUARANTEES**

Crédit Mutuel is represented on half of **France Active's** loan approval committees. In 2016 it represented 26% of total guarantee granted.

**INNOVATIVE SOLUTIONS**

AUTREMENT DIT

**THE BEST IN DIGITAL RELATIONS  
BETWEEN RETAILERS AND  
CONSUMERS**

Lyf Pay, created from the merger of Fivory (Crédit Mutuel-CM11 group) and Wa (BNPP group), offers mobile payment and secure products and services in a single app. This innovative solution is already operational at French retailers Carrefour, Auchan and Total (20,000 stores in France) as well as at more than 600 small retailers (see page 88).



## BUSINESSES: CHOOSE YOUR SUPPORT

### BUSINESS ANGELS



#### TAKING A PROJECT FROM IDEA TO EXECUTION, WITH EXTRA CONFIDENCE!

In 2009, Eco-Dex was created by two men who wanted to combat medication wastage. Their project was to create a repackaging robot. In 2011, Eco-Dex opened up its capital and met Volney Développement. In 2012, Eco-Dex shifted to industrial production *'Without the trust of Volney Développement and of its director Michel Fourcade, our project would not have gone forward.'*

**LOÏC BESSIN,**  
CEO of Eco-Dex

### FACTORING



**LUC  
DYMARSKI,**  
CEO of the  
factoring division



#### HELPING BUSINESSES MANAGE THEIR TRADE RECEIVABLES

With CM-CIC Factor, Facto France and the acquisition of General Electric France, the group currently holds 25% of the French factoring market. The Crédit Mutuel Group's strategy, historically visionary (a pioneer in bank insurance, the role of IT, etc.) is to pursue a proactive investment policy to become the leader in its market for managing and financing receivables.

### NANOMEDICINE, A BREAKTHROUGH INNOVATION



**LAURENT  
LÉVY,**  
Chairman of the  
board and  
founder of  
Nanobiotix



#### THE STRENGTH OF VIRTUOUS SUPPORT

Nanobiotix is a global pioneer in nanomedicine. Its NanoXray technology aims to improve radiotherapy efficiency. CM-CIC Innovation is supporting the development of this breakthrough innovation.

### FINANCING INNOVATION



**ÉMILIE  
LIDOME,**  
Deputy  
Chief Executive  
Officer  
CM-CIC Innovation



#### FOCUSING ON FLEXIBILITY

*"For technology companies, gaining equity investors is a determining factor for success. However, the timing of their exit is even more critical."*

### BREATHING AIR INTO THE BUSINESS PLAN



**FRANCK  
ZAL,**  
founder and  
CEO of Hemarina



#### THE KEYS TO SUCCESSFUL SUPPORT

Founded in 2007, today Hemarina is known worldwide for its universal therapeutic oxygen carriers derived

from marine worms. CM-CIC Innovation took a stake in Hemarina in 2014, and is helping the company structure itself and become a genuine industrial therapeutic company. *"CM-CIC Innovation's teams support us in numerous areas, from advising us on our business plan to helping us take advantage of their network. It's important that our contact is a scientist herself, which makes things easier."*

## 2016 TALENTS CONTEST: Crédit Mutuel supporting business start-ups

Created in 1997 by BGE\* to showcase entrepreneurial success, the Talents contest recognizes entrepreneurial initiatives at all levels – geographic, social, economic and human. Most importantly, it confirms that the staying power of new companies depends in large part on the quality of support their creators receive.

Nearly 1,600 entrepreneurs participated in the 2016 contest. Only ten of them won national awards in ten categories, including the prize for the artisans' segment funded by Crédit Mutuel.

The 2016 national Talents awards ceremony was held in Bercy at the start of November.

The Confédération Nationale du Crédit offered €8,000 to the winner in the artisans' segment and chaired the jury for this category. This award went to Maxime Tanguy, founder of the company Kervacrêpes in Plonéis, Finistère, who came up with a new snacking concept: small chip-sized buckwheat crepes traditional to the region, sold in bags to be served with spreads as an appetizer. A clever idea that promotes local production and has already found a market in Paris specialty groceries, soon to expand to supermarket chains.

\* (Boutique de Gestion pour Entreprendre, a national network that supports entrepreneurs)



## NUMBER 2 BANK FOR THE FARMING SECTOR

*Crédit Mutuel confirmed its position as the number two bank in the farming sector with 16% of the medium- and long-term loan market. The group remains a key player in the face of the profound transformations affecting the sector and the crises impacting the French countryside.*



### METHANIZATION

**RÉGIS THOLONIÂT**  
Head of the farming segment at Crédit Mutuel Sud-Est



### CRÉDIT MUTUEL SUPPORTS

**TOMORROW'S AGRICULTURE**  
Crédit Mutuel is a trusted partner of the farming sector, helping farmers create a new business, generate stable additional income, manage waste and improve farmyard manure.



### KEY INFORMATION FOR FARMERS JUST A FEW CLICKS AWAY

The Agrisalon.com website, which has been addressing the needs of farmers for more than 15 years, provides key information such as weather forecasts for every town, agricultural prices, and technical and economic information. Farmers can also keep up with the site's news by downloading the app, subscribing to its newsletters or following it on Twitter.

### LOYAL PARTNER TO THE FARMING SECTOR

For more than 20 years, the group has been working closely with the farming community throughout France. It meets the specific requirements of livestock farmers, crop producers and wine growers at all stages of a farm's life, from set-up to succession.

With almost 20% of its local mutual banks in towns or villages with fewer than 2,000 inhabitants, and a dedicated nationwide entity run by directors who are farmers (CMAR federation), Crédit Mutuel is particularly attentive to developments in the agricultural sector and in touch with all types of farming and related needs.

Given the economic difficulties some farmers experience, Crédit Mutuel is committed to finding the right solution for each situation and to utilizing all the tools and products needed to create sustainable businesses. It is alongside its members and customers more than ever as they face major structural changes, including the steady erosion of the number of farms (from 350,000 in 2013 to an expected 300,000 in 2020), an increase in their average size, and the growth of wage workers.

Faced with challenges related to demand, competitiveness and price volatility, as well as quality, environmental and climate change issues, the group continues to adapt to support its members in all their diversity. It maintains a local network augmented with online services, trains account managers and offers relevant products for financing, personal protection and professional insurance.

Far more than the second leading bank for the farming sector, Crédit Mutuel is a trusted partner of the farming industry, whose values it shares: an understanding of the land, responsibility, the long view, the unexpected and risk, as well as a sense of solidarity.



## A COMPLETE AND DIVERSIFIED RANGE

Crédit Mutuel's financing solutions ensure that rapid and adequate responses are **provided to the full spectrum of farming projects**. They include loans with adjustable maturities enabling borrowers to tailor repayments to their cash flow. Other solutions involve offering farm equipment financing directly through dealers.

Farmers have access to a range of short-term cash facilities to cover urgent financing needs. These loans can be distributed directly through the trading companies that market farmers' production.

When it comes to investment and cash management products, Crédit Mutuel's range enables customers to balance their requirements in terms of asset availability, profitability and security.

Life insurance solutions are available to farmers as well as their spouses or family members who help operate the farm without being employees. Policyholders can enjoy steady additional income when they retire.

A range of flexible savings products is available to help farmers build up a rainy day fund, offering readily accessible capital and, in some cases, tax benefits implemented under the Dotation pour Aléas freak events provision fund legislation. Crédit Mutuel also offers solutions designed to offset production fluctuations caused by climate and economic factors. Bundled into rainy day savings packages, these policies protect against grain and grape harvest failures for the most common weather-related problems. Prévisis provides access to the grain and milk futures markets, allowing users to manage price risks independently online.



### GOING ORGANIC

#### SUPPORTING FARMERS WITH THEIR INNOVATIVE PROJECTS

François Pichonneau, a young farmer, decided in 2015 to convert the family farm he inherited in 2009 to organic methods.

Crédit Mutuel supported him with this project. "...My Crédit Mutuel account manager wasn't only focused on the books; he knows me and he knows the quality of my work. He sought to understand the project to be able to evaluate its potential. Your account manager wants to help projects come to fruition for everyone's benefit..."



### CRÉDIT MUTUEL PARTNERING WITH FARMING EDUCATION

Every year, Crédit Mutuel organizes a contest for students in agricultural schools encouraging them to show off their farming skills through videos. The competition is sponsored by the French Academy of Agriculture and backed by the main farming education networks. The winning classes receive help financing their study trips. The successes on show in this context each year reflect the quality and trust of the relationship between Crédit Mutuel and these schools, which are training the working rural population of the future.

## RETAIL BANKING SUBSIDIARIES

### FACTORING AND MANAGEMENT OF TRADE RECEIVABLES

**CM-CIC Factor** is the subsidiary of the Crédit Mutuel-CM11 Group specialized in the management and financing of accounts receivable and payable. It provides short-term financing for companies, in France and abroad, with a line of factoring and assignment solutions for disclosed trade receivables.



In 2016, gross banking income for this subsidiary was €124 million (+7%) due to the increase in management fees and a drop in refinancing costs, resulting from the market's reduced indexation rates.

Overall profitability was €42 million (+3%), with major investments in the IT area in particular. Net income rose to €4.3 million (+69%).

Overall, in the factoring and receivables management market, CM-CIC Factor registered:

- a 17% increase in the volume of purchased receivables, to €33.8 billion;
- €3.7 billion in export revenues (up +49%);
- average financed assets of €3.8 billion (the annual average amount of receivables assigned and purchased excluding reserves and guarantees), a 15% increase;
- almost 11,000 active customers.

### EQUIPMENT LEASING

► In 2016, **CM-CIC Bail** (Crédit Mutuel Centre Est Europe), **Bail Actéa** (Crédit Mutuel Nord Europe), **Arkéa Crédit Bail** as well as **CM-CIC Leasing Solutions** and **Targobank Leasing** (General Electric entities acquired in 2016) managed global finance leasing outstandings of €10.4 billion, a 38.3% increase.

### PROPERTY LEASING

► In addition to medium- and long-term loan financing, corporate customers are offered specialized property leasing products through: **CM-CIC Lease**, a joint subsidiary of Crédit Mutuel Centre Est Europe and CIC, **Arkéa Crédit Bail** (Crédit Mutuel Arkéa) and **Nord Europe Lease** (Crédit Mutuel Nord Europe). Assets managed by the group's subsidiaries rose by 2.9% to €5.2 billion.



### CONSUMER CREDIT

► The consumer credit products marketed through the network are supplemented by those of the specialized subsidiaries: **Targobank** Germany, the **Cofidis** group in France and seven other European countries, and **Financo**, subsidiary of Crédit Mutuel Arkéa.

The growth in consumer credit continued in the networks and subsidiaries, with loan outstandings up 6.6% to €39.9 billion.



## REAL ESTATE (See also page 60/61.)

Crédit Mutuel is active in all areas of the real estate market from sales, development and trading through to contract management, land development and property management.

The main subsidiaries are **CM-CIC Agence Immobilière**, **CM-CIC Immobilier** (Crédit Mutuel Centre Est Europe), **La Française AM** (Crédit Mutuel Nord Europe) and **Soderec**.

CM-CIC Immobilier 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 for investors through CM-CIC Gestion Immobilière. It also participates in financing rounds related to real estate development through CM-CIC Participations Immobilières.

Taken together, the subsidiaries recorded 8,804 sales in 2016 (+34%).

La Française Global Real Estate Investment Management houses the real estate activities of the La Française group and offers a comprehensive range of real estate solutions for institutional and individual investors, in France and abroad.

\* In terms of capitalization at 6/30/16. Source:IEIF

La Française Global REIM platform offers collective funds (SCPI, OPCI, SCP, funds of funds, GFV, etc.), closed-end funds, club deals, and special investor funds.

Continuing its international growth, La Française, – acquired a majority share (80%) in La Française Forum Securities (investment consulting firm for internationally listed long-only real estate securities),

– increased its participation in the international real estate platform La Française Real Estate Partners International to 85%,

– opened a representative office in Seoul (La Française Real Estate Partners Korea Limited) and continued to apply an active approach in the Middle East.

With management centers based in France, Germany and the United Kingdom, La Française Global REIM has strong management capabilities (leader in SCPI, top real estate management company in France\*), substantial investment capacity and undeniable sourcing capacity.

Two promising areas for La Française are reflected in its subsidiary GREIM, socially responsible investment (green real estate, a traditional focus) and the Grand Paris (greater Paris) region (local investment and international financing capacity).



# 3 INSURANCE

## THE GROUP'S SECOND-LARGEST BUSINESS

**I**nsurance is the second-largest business for Crédit Mutuel, a major non-life bankinsurer. It generated net banking income of €2.047 billion (12% of the total) and net income attributable to owners of the company of €976 million (30% of the total). Groupe des Assurances du Crédit Mutuel (GACM), Suravenir and Suravenir Assurances and Assurances du Crédit Mutuel Nord Europe (ACMN) manage the insurance business for more than 14 million policyholders.



More than  
**14**  
million  
policyholders

More than  
**38**  
million  
policies



Insurance  
accounts for  
**30%**  
of net income  
attributable to  
owners of the  
company



### MAINTAINING MEDICAL ACCEPTANCE

**PIERRE  
REICHERT,**  
Chief Executive  
Officer  
ACM



### MUTUALIST VALUES IN ACTION

Assurances du Crédit Mutuel (ACM) offers a unique vision of borrower's insurance with maintenance of medical acceptance. This system simplifies the lives of borrowers insured by Crédit Mutuel for a first loan based on their primary residence and who want additional financing.

### INSURANCE TO MEET EVERY- ONE'S NEEDS

The insurance subsidiaries maintained a good level of business thanks to brisk sales in the property and casualty insurance segment. P&C insurance grew strongly, primarily in property insurance (automobile and home, to which new products and services were added), as did personal insurance (health and personal protection). Only life insurance premium income showed a slight decrease.

Assurances  
Crédit Mutuel

### GREATER STRENGTH TO FACE THE FUTURE

The standard-bearer for the bankinsurance concept invented by Crédit Mutuel 45 years ago, **Groupe des Assurances du Crédit Mutuel** is 52.8% owned by Banque Fédérative du Crédit Mutuel, 20.5% by CIC and 26.7% by the Crédit Mutuel federal banks. The ACM range of insurance products and services is marketed by 15 Crédit Mutuel federations and all of the CIC regional banks, representing nearly 5,000 points of sale in total. Most policies in the range can be found in the insurance section of the network bank remote banking websites, perfectly complementing the work done by the branches. In 2016, the overall portfolio of policies for ACM insurance companies, across all segments, numbered 28.6 million, with 10.3 million policyholders. Driven by dynamic activity in property and casualty insurance, premium income rose 2.3% to €10.8 billion.

At December 31, 2016, GACM's shareholders' equity amounted to €9.6 billion, up 3.0% over 2015. GACM continues to maintain a strong balance sheet structure. This solidity enables it to cope with the current competitive environment and the low interest rates that will continue to weigh on life insurance and financial returns.

[www.groupe-assurances-creditmutuel.fr](http://www.groupe-assurances-creditmutuel.fr)

NEA  
NORD EUROPE ASSURANCES

### CUSTOMERS AT THE HEART OF THE VALUE CHAIN

Crédit Mutuel Nord Europe distributes life, personal and non-life insurance products offered by the **NEA** holding company, which includes ACMN Vie and ACMN IARD in France, Nord Europe Life Luxembourg in Luxembourg and North Europe Life Belgium in Belgium.

In 2016, ACMN Vie conducted several large-scale projects with respect to both products and network support. The year was particularly focused on optimizing service quality, revising the management of flagship policies and marketing new products. For ACMN IARD, the year was stable, with premium income of €154 million and the second-best profit in its history at €16.4 million. Personal protection and healthcare products now account for 22% of annual production.

NEA's 2016 premium income was €1.012 billion. Savings accounted for 72.5% of the total at €731 million, personal insurance was stable at €158 million and accounted for 15.7% of business, and property insurance amounted to €119 million (11.8%).

[www.creditmutuel.fr/cmne](http://www.creditmutuel.fr/cmne)

SURAVENIR  
SURAVENIR  
ASSURANCES

### SERVICES ADAPTED TO NEEDS

**Suravenir**, a life and personal insurance subsidiary of the Crédit Mutuel Arkéa Group, specializes in the design, production and management of life and personal insurance policies, marketed by a large number of distributor partners, including banking networks, the internet channel, independent wealth management advisors, brokers and other key partners.

At end-2016 the company registered almost €37 billion in life insurance assets under management and nearly €36 billion in capital-at-risk.

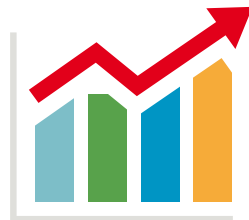
**Suravenir Assurances**, a wholly owned subsidiary of the Crédit Mutuel Arkéa Group, manages a portfolio of more than two million policies covering a comprehensive range of property and personal insurance products for more than 600,000 customers. Premium income was more than €300 million.

[www.suravenir.fr](http://www.suravenir.fr)  
[www.suravenir-assurances.fr](http://www.suravenir-assurances.fr)

## 4 INVESTMENT BANKING AND ASSET MANAGEMENT

### SUPPORTING GROWTH AND INVESTMENT BY LARGE COMPANIES

*This activity generated net banking income of more than €1 billion, or 6.5% of the overall total and net income attributable to owners of the company of €515 million, or 16% of the group total.*



#### NET BANKING INCOME

**€1.092**  
billion

#### OPERATING INCOME BEFORE PROVISIONS:

**€709**  
million

#### NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

**€515**  
million

(1) Crédit Mutuel-CM11 Group

(2) This information concerns the central treasury department of the Crédit Mutuel-CM11 Group excluding Targobank Germany and Spain and excluding CIC's foreign subsidiaries and branches.

#### MAJOR ACCOUNTS AND STRUCTURED FINANCING

France experienced low economic growth and moderate investment in 2016. The biggest French groups responded by pursuing growth across all global markets.

#### Favorable financial conditions

Liquidity remained abundant in the markets. This prompted most large companies to renegotiate their credit lines under more favorable financial terms and to give preference to bond financing. Bond financing now accounts for most of their long-term resources and continued to increase in 2016. In this environment, the group<sup>(1)</sup>, whose solidity has been verified by the ECB and rating agencies, participated in a larger number of bond issues (Technip, Rexel, Air Liquide, Tereos, Atos, APRR, etc.).

#### Expertise and know-how

In electronic payments, the group\* consolidated its expertise in *European cash-management* and cross-border electronic payment acquisition.

In addition, the corporate banking division continued to promote the group's range of know-how to customers, particularly in employee benefits (including bond and diversified funds), and in equipment and property leasing.

Internationally, sales activity intensified to support our large business customers, driven by the expertise of our branches abroad in Asia and North America.

#### Capital markets activity – refinancing

In 2016 the group was able to refinance its activity under good market conditions. Low interest rates and the steady presence of investors with a strong interest in the group's issues formed a favorable framework. External resources totaled €132.8 billion at end-2016 (+7.2%).

#### Expanded loan availability to businesses

The EIB modified the framework for its loans to SMEs in 2016, expanding access to the loans to include mid-market companies. The group<sup>(2)</sup> finalized a new contract for €500 million under the new designation of "loans to SMEs and MMCs" based on broader potential and a sustained interest in this type of assistance. This comfortable liquidity situation was reflected at end-December 2016 in:

- an LCR buffer held by the central treasury department of €68 billion (compared with €58 billion at end-2015);
- a Crédit Mutuel-CM11 Group LCR of 140%;
- 159% hedging of market deposits falling due in the next 12 months by liquid and ECB eligible assets.

#### SERVICES FOR BUSINESSES, MANAGEMENT COMPANIES AND INSTITUTIONAL INVESTORS

Following the merger of the CM-CIC Securities and CIC businesses, a new organization for commercial market activities was implemented with effect from January 1, 2016. This department is called CM-CIC Market Solutions. These activities provide businesses, institutional investors and asset management companies with investment, hedging, transaction and market financing solutions, as well as post-trade services.

CM-CIC Market Solutions is structured around five units:

- secondary market solutions (execution and direct sales solutions);
- primary market solutions (primary bond, primary equity, issuer services financial reporting);
- investment solutions (structured EMTNs ; Cigogne funds);
- custody solutions (accounts keeping, mutual fund custodian);
- global research (economic and strategy research, equity research, credit research).

#### CM-CIC Market Solutions

**1,200** institutional investor clients in Europe

**6,000** corporate clients

**100,000** transactions with our corporate clients per year

**130** independent investment companies under custody

**€5 billion** of structured EMTN product assets

**600** European stocks covered

**AT THE CENTRE OF ECONOMIC FLOWS,  
WE SUPPORT COMPANIES'  
COMPETITIVENESS THAT IS HOW  
WE BECOME THE BANK OF TOMORROW**



## LONG-TERM PARTNER FOR YOUR BUSINESS PROJECTS

### PRIVATE EQUITY

**CM-CIC Investissement** offers a comprehensive range of solutions (venture capital, growth capital, buyout capital and M&A advisory services) for equity investments ranging from €1 million to €100 million to support companies' development plans in France and abroad.

CM-CIC Investissement and its subsidiaries (CM-CIC Investissement SCR, CM-CIC Innovation, CM-CIC Capital Privé and CM-CIC Conseil) employ nearly 120 people working at six locations in France (Paris headquarters, Lyon, Nantes, Bordeaux, Lille, Strasbourg) and seven international locations (Frankfurt, Zurich, Geneva, London, Montreal, New York and Boston).

CM-CIC Investissement and its subsidiaries contributed €149 million to CIC's consolidated net profit (up 17% compared with 2015). Crédit Mutuel also operates through dedicated entities: **Arkéa Capital Investissement**, **Arkéa Capital Partenaire** and **Arkéa Capital Gestion**, **Océan Participations**, **CM-CIC Participations Immobilières** and **Siparex Proximité Innovation**.



### INGELIANCE GROWTH AHEAD FOR INDUSTRIAL ENGINEERING

Arkéa Capital Investissement, a Crédit Mutuel Arkéa subsidiary, has invested €4 million in the equity of INGELIANCE to support growth projects for this industrial engineering group.

### ARKÉA CAPITAL MANAGERS

#### MAINTAIN CONTROL OF YOUR COMPANY

Crédit Mutuel Arkéa supplemented its private equity approach with the launch of a new investment vehicle, Arkéa Capital Managers. Funded with €200 million, it will enable manager shareholders to retain or regain control of their company.

CM-CIC  
Investissement

FULLY COMMITTED  
TO ENTREPRENEURS



### FRECHE

#### ENCOUNTERS IN THE FIELD

The Freche group is a leading independent rental company for elevating and construction equipment based in the south of France.

CM-CIC Investissement invested in the Freche group's equity in 2015, to enable it to achieve a key milestone in its development. Today, this family firm is able to build on its successes with sustained growth, continued expansion across the country and new opportunities for external growth in France and abroad.

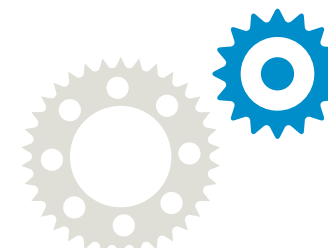
## A GROUP THAT FACILITATES PROJECTS

Océan  
Participations



“

TOGETHER WITH PROFESSIONALISM, OUR SERVICE IS CHARACTERIZED BY OUR STRONG FOCUS ON PEOPLE, OUR CLOSE TIES WITH BUSINESS LEADERS AND LONG-TERM SUPPORT. THESE RELATIONSHIPS ARE BASED ON MUTUAL TRUST, A RIGOROUS APPROACH, A SENSE OF RESPONSIBILITY AND RISK-TAKING, AND THE DESIRE TO CREATE SUSTAINABLE PROJECTS.”



OUR GOAL IS  
TO SUPPORT  
THE COMPANIES  
IN OUR REGIONS



### ARIÈS ALLIANCE

#### TAILORED SUPPORT FOR A FAMILY-SIZED COMPANY WITH LOFTY AMBITIONS

"Thanks to personalized support from CM-CIC Investissement, Ariès Alliance, a global specialist in aerospace metal forming, has been able to adapt its business model to become a preferred partner to Airbus, Boeing, Rolls Royce and many others."

**ÉRIC GUYON,**  
CEO of Ariès Alliance group



## ASSET MANAGEMENT AND PRIVATE BANKING PREPARING FOR THE FUTURE, SEIZING OPPORTUNITIES



CM-CIC Asset Management

**5<sup>th</sup> largest  
management  
company  
in the market**

### ASSET MANAGEMENT INNOVATIVE FINANCIAL PRODUCTS

Asset management covers fund management, employee savings plans and, for specific network customer groups, securities and custody services.

This activity is carried out through **CM-CIC Asset Management**, the fund management specialist that provides the Crédit Mutuel and CIC banking networks with a broad, innovative range of financial products, **Federal Finance**, a Crédit Mutuel Arkéa subsidiary, **La Française des Placements**, a Crédit Mutuel Nord Europe subsidiary, **Banque de Luxembourg** and **Banque Transatlantique**.

CM-CIC Épargne Salariale and Federal Finance, subsidiaries specialized in employee savings programs, offer a variety of products catering to corporate customers of all sizes, particularly very small companies (fewer than ten employees). These subsidiaries regularly earn recognition for their consistent performances and high quality contracts.

### PRIVATE BANKING HIGH VALUE-ADDED SERVICES

Through its network and specialized subsidiaries in France, Luxembourg and Switzerland, the group provides a comprehensive range of advisory and wealth management services for high net worth individuals with financial assets in excess of €1 million.

**CIC Banque Private Banking** is the umbrella organization for the group's global private banking activities, conducted primarily in Europe (Luxembourg, Switzerland and Belgium) and Asia (Singapore and Hong Kong) with a broad range of high value-added services for its more than 180,000 customers.

The group's French business is handled by **CIC Banque Privée**, a business line that is part of the CIC network and mainly targets company executives, and **CIC Banque Transatlantique**, whose range of customized solutions, aimed mainly at French nationals living abroad, includes private banking and *stock option management*. The business also operates through **Nord Europe Private Bank SA** for Crédit Mutuel Nord Europe. Protecting customer assets and growing alongside the networks, with priority given to the medium-to-long term, are the primary goals of the Crédit Mutuel Group's asset manager for 2017.

## RECOGNIZED PERFORMANCE

Its major distinctions include:

### AWARDS FOR THE CM-CIC RANGE OF FUNDS

#### → Corbeille d'Or –

**Mieux Vivre Votre Argent**

Performance to June 30, 2016

Tie for third place for the the Crédit Mutuel-CM11 Group and CIC range of funds over one year  
(Source Morningstar)

### AWARDS FOR THE DIVERSIFIED RANGE

#### → Trophée d'Or – Le Revenu

Performance to March 31, 2016

Best range of diversified funds over three years  
(Source Morningstar)

#### → Corbeille Mieux Vivre Votre Argent

Performance to June 30, 2016

Best range of diversified funds over five years  
(source Six Financial Information France)

### AWARDS FOR BOND FUNDS

#### → Trophée d'Or – Le Revenu

Performance to March 31, 2016

Unio Obli Long Terme: best bond fund in euros over ten years  
(Source Morningstar)

### AWARDS FOR EQUITY FUNDS

#### → Labels- Mieux Vivre Votre Argent

Performance over five years to December 31, 2015  
(Source Six Financial Information France)

#### → CM-CIC Dynamique International: Dynamic Diversifieds category for the second consecutive year

#### → CM-CIC Europe Growth:

Europe-General Equity category for the second consecutive year

#### → CM-CIC Entrepreneurs: France Small- and Mid-Cap Equity category for the second consecutive year

**Federal Finance** was granted the SRI label for its Federal Actions Ethiques fund, invested in French small- and mid-cap stocks selected for their sustainable development engagement and practices.



LA FRANÇAISE

An asset manager  
with conviction

A multi-specialist asset manager and subsidiary of Crédit Mutuel Nord Europe, La Française manages funds responsibly and based on convictions, expressing its values through its CSR policy and its Socially Responsible Investment (SRI) range.

La Française is organized around four core activities: securities, real estate, investment solutions and direct financing.

Driven by dynamic real estate activity, absolute return investments and its investment solutions business, La Française attained its highest-ever level of intake in 2016 at €6 billion. Almost a quarter of this was collected abroad from a diversified customer base (institutional investors, retail bank networks, platforms, business providers, private customers, etc.) and via its various locations in Paris, Frankfurt, Geneva, Greenwich (CT, USA), Hong Kong, London, Luxembourg, Madrid, Milan, Seoul and Singapore.

At end-2016 its total assets under management reached almost €60 billion(+14% in one year).

**CM-CIC SECURITIES, MAJOR  
TRANSACTIONS: ALCATEL PEO LUCENT/  
NOKIA, ALSTOM SHARE BUY-BACK, TOTAL  
PDA AND AIR LIQUIDE SNI, ETC.**

A subsidiary of Crédit Mutuel Arkéa with operations in France and Belgium, **ProCapital Securities Services** is a provider of securities services to financial institutions that require flexible solutions, ranging from accounting and transaction execution services on behalf of customers to the development of

transactional websites. The Crédit Mutuel Arkéa range expanded to include **Arkéa Banking Services**, a white-label banking services subsidiary for customers including management companies, insurance companies, payment service providers, distribution firms, etc.



# INNOVATION



**OUR RESPONSIBILITY:**  
TECHNOLOGY THAT  
BENEFITS PEOPLE

# OUR RESPONSIBILITY: TECHNOLOGY THAT BENEFITS PEOPLE

**A**t a time of increased customer empowerment, using technological expertise to serve its customers is, more than ever, a central element of the group's development strategy. It regularly adds new innovative and secure services to its range so it can provide even better service in terms of both efficiency and proximity. By integrating the best technologies into its banking applications, it brings suitable responses to new customer behaviors in banking and the world of connected objects.



## 1 LEVERAGING ALL REMOTE BANKING CHANNELS FOR GREATER EFFICIENCY AND RESPONSIVENESS

The group aims to be within easy reach of its members and customers wherever they are, providing them with a full range of remote banking services in addition to its branch network. With over a billion uses, these new tools are clearly well suited to customer needs. Through points of sale, the internet, mobile banking on smartphones and tablets, and social media, the group is building closer ties, whether physical or remote, to members and customers through a multichannel and omnichannel relationship that is more attentive, helpful and responsive.

### SERVING OUR CUSTOMERS

#### NEW FUNCTIONALITIES

Points of sale, fixed and mobile internet on smartphone or tablet, telephone, secure email, electronic payment services, social networks, etc. – whatever the point of entry, a range of new functions are revolutionizing and facilitating access to products and services.

Customers will be able to sign up for most of the group's products remotely. They can sign for a consumer loan electronically and remotely, find all their accounts, including those held with competitors, take a photo of supporting documents on their smartphone, view their statements and contracts online, etc. – at any time, securely, at their own choosing and with more information available.



**MOBILITY:**  
the true revolution!

**7.4  
BILLION**  
mobile subscriptions worldwide  
at end-2016

Sources: International Telecommunication Union

**99.7%**  
penetration rate, almost the entire  
global population

### TO BUILD A **PERSONALIZED RELATIONSHIP WITH THEIR ADVISOR**

Advisors are informed of their customers' remote activity and can suggest relevant contacts related to their activity and put transaction-related documents in the customer's electronic file. Digitization of the business lines opens up new professional opportunities for them.

### FOR A **MORE FLUID AND SECURE ECOSYSTEM**

By providing multiple ways to access its products and services, Crédit Mutuel offers its customers round-the-clock proximity that is fluid, efficient and secure. It works every day to protect its customers' data. Crédit Mutuel's customers create their own world of banking services and justify their choices based on the quality and security that we are able to bring to their transactions.



## 2 MOBILITY FOR ALL!

### REMOTE BANKINSURANCE REVAMP

#### AFTER TABLETS, THE WEB

2016 saw the general roll-out of the web component of the overall project to overhaul all of the Crédit Mutuel Group's remote access networks.

Our new website is organized into four key areas:

- a space for communication with advisors and account managers;
- a space dedicated to the mutual bank or branch;
- an advisory space;
- a transaction space.

### Budget management and account aggregation

After the addition of budget management features to mobile devices at the end of 2015, the group extended this service to the web in 2016. It is now possible for customers of several Crédit Mutuel federations and CIC banks to "aggregate" all their accounts for budget management, giving them a consolidated view of all their accounts.

This service was launched for Crédit Mutuel employees in December 2016 and for CIC teams in March 2017, and is now offered to all customers.

Over the course of the year, this feature will expand to include other banks and supplementary services.

### The digital platform

This is the invisible part of the technological changes that are underway. Whereas just a few years ago the group was only developing websites and smartphone apps, it has now entered a new phase that will allow it to offer "service-based banking" in the future.

Standardized APIs (application program interfaces) and the related security technologies and technical architecture will enable it to integrate its services with those of its partners.



### THE DIGITAL ADVANTAGE

► The group's electronic document management system is fully integrated into its operational processes at the Crédit Mutuel local banks and CIC branches, and at the back-office level: 2.3 billion documents can currently be accessed in real time, almost 461 million of which were generated in 2016 (up 25% year-on-year). Electronic listings and statements, viewable via the internet, have gradually replaced paper.

### E-SIGNATURE FOR MULTIPLE USES AND IN ALL CHANNELS

► More than 15,000 tablets have been installed at the banks and branches. Individual advisors can thus offer their customers the option of signing their contracts electronically or remotely or providing e-promises, etc. on secure tablets.

**+60%**  
growth of online  
purchasing  
expected in  
France by 2020



**CRÉDIT MUTUEL**  
**1,588\***  
**million**  
**remote connections**  
**in 2016**

\* Including estimated figures for three Crédit Mutuel federations.

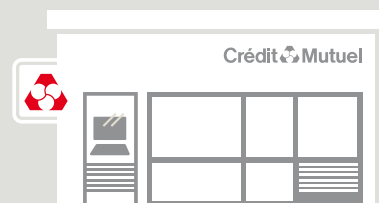
## 3 SECURITY, THE BASIS FOR A RELATIONSHIP OF TRUST

The security of remote services has always been a primary focus for the group. It aims to provide secure tools that are appropriate for the risk to individual and business customers, with a range of solutions that are both up to the task in terms of security and perfectly simple for members and customers to implement.

In this area 2016 witnessed the roll-out of two solutions to ensure unprecedented security:

- end-to-end encryption for communication between the bank card and the group's web server(SafeTrans). This solution will be rolled out throughout the organization by the end of 2017;
- a completely in-house solution integrated into the group's smartphone apps. Known as "mobile confirmation", it provides better and more fluid security than a code sent by text message or outgoing call.

# 4 PUTTING INNOVATION FIRST...

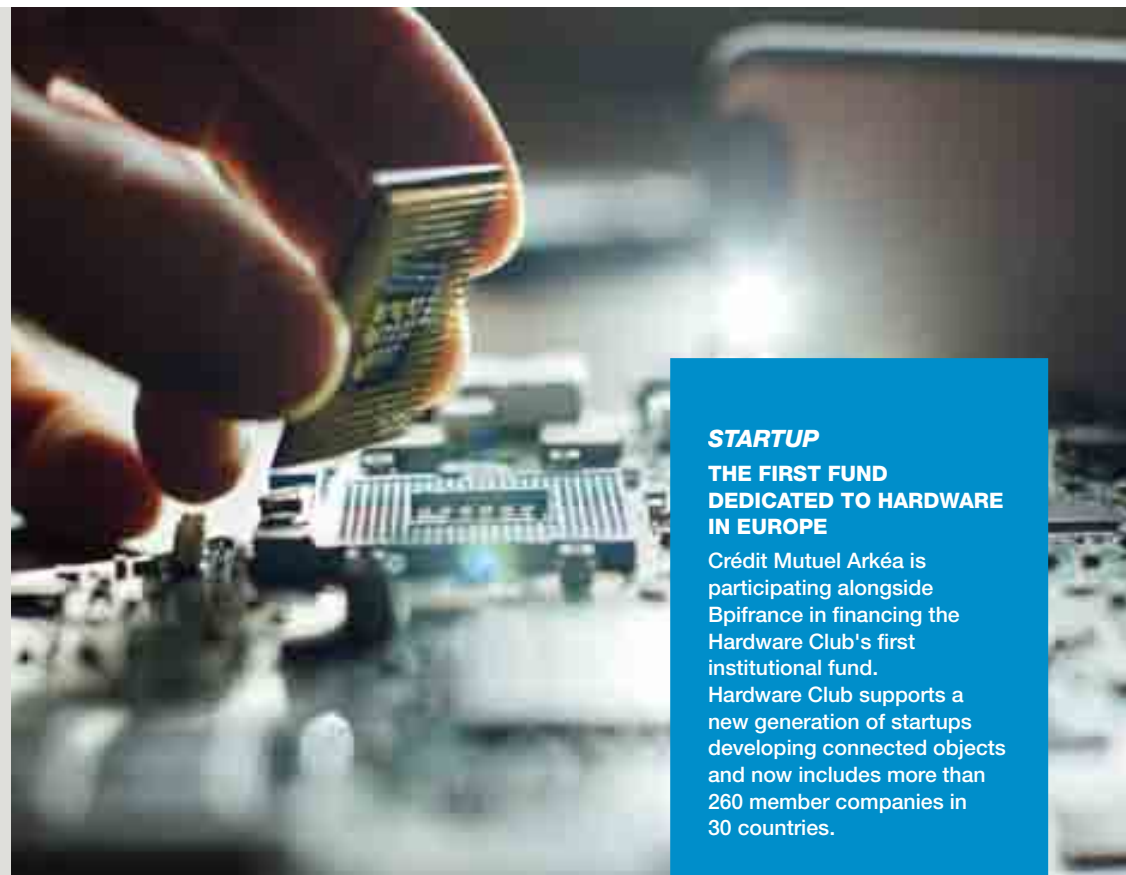


## WIFI for all

The aim of the ongoing roll-out of wireless connection points (WiFi technology) in Crédit Mutuel mutual banks and CIC branches is threefold. It will mean that tablets, mainly used for electronic signatures, can be securely connected to the bank network. It gives customers guest access during their visit to the bank or branch via a portal under the Crédit Mutuel or CIC banner. Lastly, it lets employees move around within the banks and branches while maintaining access to the information system.

The roll-out of this service, initiated in 2015, continued at a rapid pace using industrial processes throughout 2016.

At headquarters, the new service has been added to existing, wired connections in the meeting rooms.



### STARTUP

#### THE FIRST FUND DEDICATED TO HARDWARE IN EUROPE

Crédit Mutuel Arkéa is participating alongside Bpifrance in financing the Hardware Club's first institutional fund.

Hardware Club supports a new generation of startups developing connected objects and now includes more than 260 member companies in 30 countries.

## EURO-INFORMATION/IBM innovating together is better!

AUTREMENT DIT

### A WIN-WIN PARTNERSHIP

In the era of the Internet of Things and increasing customer autonomy, innovation, anticipation and development are at the heart of the strategic alliance formed at the start of 2017 by Euro-Information, which runs the information system and technology subsidiaries of 15 Crédit Mutuel federations, the CIC banks and their subsidiaries, and IBM France. These two partners collaborate in the installation, maintenance and support of IT systems, electronic payment systems, ATMs and connected objects.

The partnership comprises several areas of collaboration and of development of innovations aligned with the strategy of each of the companies.

IBM France and Euro-Information will thus design innovative offers together so as to quickly develop new opportunities, while also strengthening their sales relationships.

This partnership opens up new strategic opportunities in the universe of connected services and objects for Euro-Information, which brings its own experience with service, maintenance and security in the IT, digital and electronic payment fields.



### MONIWAN

**XAVIER LÉPINE,**  
CEO of the  
La Française group

AUTREMENT DIT

### LA FRANCAISE INTRODUCES 100% DIGITAL REITS

Designed for individuals, Moniwan is a platform that makes collective investment in real estate widely available. The aim is to help everyone understand this type of investment so they can act and make their own savings decisions.



### EPS THE LEADER IN FRANCE

#### TODAY, REMOTE SURVEILLANCE, TOMORROW, THE CONNECTED HOME

Remote surveillance is another stand-out business for the group. Its subsidiary EPS is the leading remote surveillance company in France, with a residential market share of 31% and 420,000 customers. EPS sells its products via the Crédit Mutuel and CIC networks, under the brands Crédit Mutuel Protection Vol and Protection Vol CIC, directly on the web under its EPS brand or through its new consumer brand Homiris, and through external partners.

As well as security, which is EPS's core business and the heart of the connected home, the group will in future offer its customers and members new services relating to domestic risks (detection of water leaks), video and control of heating or any other connected object.





## Monetico

### WORLD LEADER IN ELECTRONIC BANKING

The Crédit Mutuel Group and Mouvement Desjardins, Canada's leading financial cooperative group, pooled their respective technological expertise in 2013 to create Monetico International (MI), a powerful brand in the electronic payment acquisition space. Monetico is one of the top 14 organizations in this sector, serving 400,000 retailers and processing 3.3 billion transactions a year.

Monetico offers its large corporate and independent retailer customers a full range of innovative payment solutions.

Based on international technological and regulatory standards, these solutions are suitable for all needs profiles: payment solutions for point of sale, web or mobile, simplified management of receipts and optimization of cash flows.

Business is growing in particular with Monetico TPE cross-border electronic payment terminals, Monetico Resto, an electronic restaurant voucher management solution, and Monetico Mobile, a simple, streamlined and secure solution for professionals, which enables them to accept card payments wherever they have mobile network coverage.



## ELECTRONIC BANKING 2<sup>nd</sup> place in France

## 5 ELECTRONIC PAYMENTS: EXPERTISE AND INNOVATION

The group boasts 19.0% of the global market, and strengthened its leading position in affiliated retailer transactions in France, with a 23.0% market share.

Crédit Mutuel's complementary and competitive offer ensures it has coverage of all segments of this market, from the key integrated distribution players and franchise networks to independent retailers.

To provide an ever broader range to our retailers, the Crédit Mutuel-CM11 Group completed the roll-out of acceptance of American Express, UnionPay International and Discover/Diner's cards at its terminals and ATMs. JCB cards (Japanese issuer) were added in mid-2016 to round out this offer.

With more than 9.9 million active cards in issue, Crédit Mutuel ranks second in the bank cards market and is the market leader for public sector purchasing cards. Together, the Belgian and German subsidiaries issued a total of 2 million active cards. It also offers cutting edge solutions in contactless payments via cards and mobile phones.

The group manages a large network of ATMs in France and abroad:

- almost 12,000 ATMs, including nearly 8,500 cashpoints. The gradual roll-out of touchscreen ATMs has resulted in a significant stock today;
- 5,992 machines, or 50% of the total.



## LYF PAY, rising to meet the new mobile payment challenges

Announced in October 2016, the merger of Fivory and Wa! – the two electronic wallets developed respectively by Crédit Mutuel, Auchan, MasterCard, Oney and Total, and BNP Paribas and Carrefour – promised an innovative and unique solution to meet the everyday needs of retailers and consumers. That moment has now come: the Lyf Pay application has been available for all smartphones as of May 2017.

With increasingly mobile and connected users, the development of new purchasing experiences, customer relationship management and the control of the resulting data are of major importance for retailers and banks alike. Given these new challenges, Lyf Pay is a unique approach in Europe, bringing together the leading players in the field under a strong governance framework. The goal is to successfully implement this new type of solution where payments and retail come together.

### Simplifying the day-to-day lives of users

Lyf Pay offers an innovative, secure, multi-service mobile payment app to support the customer relationship. Developed in conjunction with retailers with the customer in mind, the Lyf Pay app covers an extremely broad range of functions: in-store payments (from small shops to large retail chains), online purchasing, person-to-person payments, and even charitable donations. It integrates payment

cards, loyalty cards and coupons to support genuine proximity to the consumers who use it, providing them with the latest news for their favorite stores, special offers and information on their spending.

The app is non-proprietary and can be installed on any type of smartphone. It is underpinned by the knowhow of the partner banks in terms of transaction security, and is also the result of intensive work to ensure a streamlined, user-friendly experience for the customer. In short, Lyf Pay is a simple answer to the challenge of electronic wallets. Development, maintenance and production of the Lyf Pay platform is carried out by Euro-Information.

### A promising solution

Having won the approval and backing of several major retailers, including Auchan Retail France and Total, and numerous independent retailers and partners in the events and non-profit sectors (cultural, sports, charity and student associations, etc.) as well in direct sales, Lyf Pay is a tried and tested solution.

Launched on May 18, 2016 with a national roll-out, Lyf Pay will quickly expand the number of points of sale and services that accept the app. It will also add new features to meet the ever-increasing range of ways that the app will be used.

The offer can be viewed at [www.lyf.eu](http://www.lyf.eu).

\*Crédit Mutuel-CM11 Group, CMNE, CMMABN, CMO and CMAG.

[www.creditmutuel.com](http://www.creditmutuel.com)



Avec Ecofolio  
tous les papiers  
se recyclent.

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