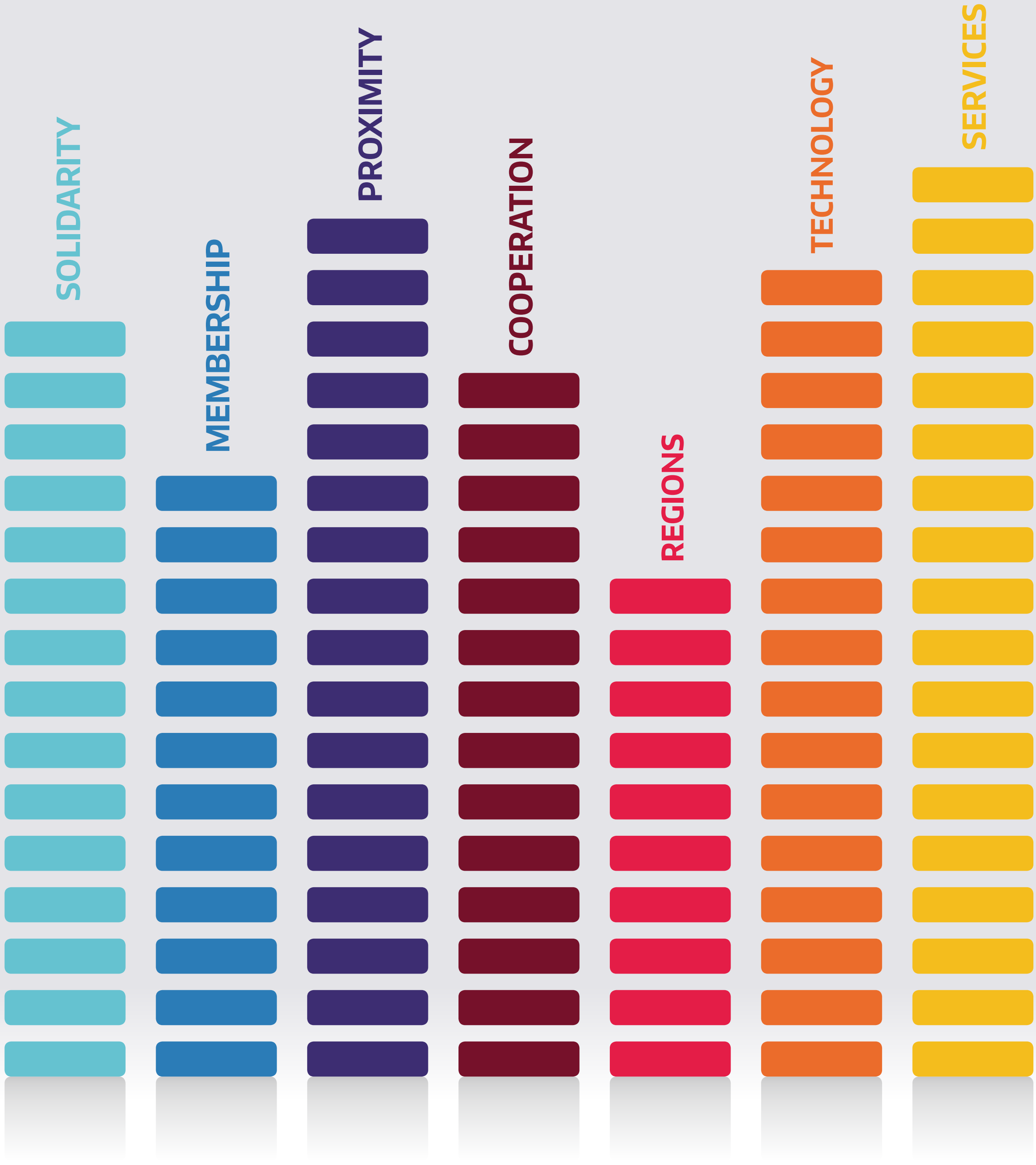
FINANCIAL REPORT

2019 EDITION

OF THE CRÉDIT MUTUEL GROUP IN 2018



Crédit Mutuel

A GROUP COMMITTED TO SERVING PEOPLE AND REGIONS

CONTENTS

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS OF CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL ON THE 2018 CONSOLIDATED FINANCIAL STATEMENTS

Financial and non-financial information

ECONOMIC AND FINANCIAL CONTEXT

2018: SLIGHT SLOWDOWN IN GROWTH AGAINST A BACKDROP OF (GEO)POLITICAL TENSIONS

The exceptional upturn in growth in 2017, tied mainly to global trade, dissipated throughout the year. Behind the slowdown in activity were the effects of protectionism on exports from all regions, which also spread to investment through the confidence channel. Growing political uncertainties (Italy, Brexit), which show no signs of easing, also reduced visibility for economic actors, while the sharp rise in oil prices weighed on consumption. The divergence among the various regions therefore worsened, with continued growth in the United States, on the one hand, and the slowdown in growth in the rest of the world, on the other. Despite these concerns, central banks in developed countries gave an indication of their progressive exits, with a gradual wind-down of their accommodative monetary policies.

A YEAR MARKED BY RENEWED POLITICAL AND PROTECTIONIST RISKS

Since the spring, Donald Trump has stepped up his protectionist rhetoric. After imposing sanctions on steel and aluminum on nearly all its partners, the US president focused on China: an initial round of tariffs on $50 billion worth of Chinese products imported into the country (taxed at 25%) was followed by a second round on $200 billion worth of products (taxed at 10%). Each round triggered a proportional response from Beijing, raising fears of a full-blown escalation between the two giants. At the end of the year, a respite was negotiated between Donald Trump and Xi Jinping, with a 90-day ceasefire starting on December 1. The pressure on Europe and Japan also remained strong given the threat of possible sanctions on the auto industry.

Europe also had to contend with thorny political issues in both Italy and the United Kingdom. In terms of Brexit, the political situation reached a deadlock at the end of the year. London and Brussels worked out an agreement on the organization of Britain's exit from the European Union, but Theresa May was unable to get the House of Commons to vote it through before the end of 2018. In Italy, it was not until mid-December that the Italian government again took a more conventional approach to its economic policy, under pressure from the financial markets. This lack of visibility helped weaken European growth by blocking investment decisions.

DIVERGENCE AMONG GROWTH RATES ACROSS THE GLOBE

In the euro zone, the economic upswing in 2017 gradually faded due to an increasingly unfavorable global environment. After several exceptional quarters, the contribution of foreign trade decreased significantly in 2018 as a result of reduced foreign demand. Aside from this underlying trend, the slowdown in growth intensified in the second half of the year due to temporary external factors (change in auto regulations, social movements in France) and persistent political tensions between the European Union and the UK and Italy. Consumers were also hit hard by oil prices, which rose sharply. Against this backdrop, while the job creation rate slowed, it remained high enough to increase wage pressures due to a shortage of available labor. This provided reassurance as to the inflation outlook and prompted an adjustment in the communication from the ECB, which gradually reduced its asset purchases (which ended on January 1, 2019), while signaling an initial increase in key interest rates by the end of 2019.

In the United States, growth continued to pick up throughout the year thanks to the momentum gained in 2017, the effects of tax reform (passed in December 2017) on households and businesses and the massive increase in public spending. While the trade war waged by Donald Trump put a damper on global activity, it had no serious impact on domestic growth, which benefited from the increase in consumption. With this in mind, the Fed continued to increase its key interest rates, taking advantage of the rise in inflation. These factors helped strengthen the dollar, US sovereign rates and the stock markets. These trends came to a halt during the second half of the year amid fears related to the effects of protectionism, rising inflation and the end of the growth cycle, which had a very negative impact in the latter half of the year.

As for emerging countries, capital outflows accelerated, jeopardizing financial equilibrium (significant currency depreciation) and forcing central banks to drastically raise interest rates. In this volatile environment, nearly all emerging economies began to slow down in the second half of 2018. In China, the stabilization of the financial system approved by the authorities in 2017 and the US-China trade war intensified the slowdown in activity. Given the significant decline in foreign demand, the government made several attempts to restart domestic growth engines (monetary easing, tax reform for households, decrease in burdens on businesses), which to date have had limited impact.

With regard to raw materials, oil prices temporarily peaked at more than $80 per barrel in October (ahead of the re-imposition of US sanctions on Iran), before prices took a downward turn following Donald Trump's partial flip-flop on the oil embargo against Iran, prompted by concerns over economic growth and global overproduction.

IN FRANCE, THE EXECUTIVE BRANCH AND GROWTH COME UP AGAINST THE “YELLOW VESTS” SOCIAL MOVEMENT

The government attempted to implement further reforms in an increasingly unfavorable economic environment. Businesses continued to invest but households reduced their consumer spending significantly in light of rising inflation. At the end of the year, the yellow vests movement severely impacted the economic growth that began in the third quarter. The measures announced by the government will boost purchasing power in 2019 but will ultimately increase the deficit, as reflected in French yields which have been trending upward. Lastly, 2018 was another exceptional year for the real estate market, which maintained the momentum built in 2017. Although the number of existing homes remained stable, prices generally increased across the country, and even more significantly in Paris.

For 2019, there are and will continue to be many factors that contribute to tensions, which will further impact risky assets and slow down the upward movement in sovereign yields. Despite a downturn in global trade, domestic engines (particularly consumption) will help sustain the growth cycle in developed and emerging countries. The United States will continue to be the locomotive, even though growth is on track to peak and the euro zone is expected to finally stabilize. In this context, central banks will be able to gradually reduce the accommodative nature of their monetary policy.

THE GROUP'S ACTIVITY AND RESULTS

The Board of Directors of Confédération Nationale du Crédit Mutuel opted to prepare consolidated financial statements at the national level in accordance with International Financial Reporting Standards as adopted by the European Commission, even though it is not publicly traded.

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2018 at its meeting on March 6, 2019 and presented them, together with this report, to the Shareholders' Meeting for its approval.

The main changes in the consolidation scope arose from:
- the consolidation of Banque de Luxembourg Investment (BLI) and Fintechs,
- the deconsolidation of BMCE,
- the acquisition of the Véritas Group in Germany.

The changes in the balance sheet are based on an analysis at December 31, 2018 / January 1, 2018 in order to have comparable data (IFRS 9: Impact: -€1.2 billion on total shareholders' equity).

THE INTEREST MARGIN (€7.548 BILLION) WAS UP AGAIN THIS YEAR (+3.3%).

It increased as a result of net income on hedging transactions and lower refinancing costs. The net margin on transactions with credit institutions was down (-€232 million versus -€18 million in 2017), while the net margin on transactions with customers (€8.444 billion) was virtually stable despite the increase in outstanding loans and inexpensive deposits. The various components of this margin are related in particular to changes in the following items:

CUSTOMER DEPOSITS (€396.7 BILLION), (+6.1% AND +€22.7 BILLION)

Changes in customer deposits reflect the economic situation, particularly interest rate conditions:
- current accounts in credit increased by €15.3 billion to €158.3 billion as a result of the wait-and-see approach taken by account holders in light of interest rates.

Deposits excluding current accounts increased by 3.2%, with continued growth in other products:
- home savings plans (plans épargne logement - PELs) rose by €1.9 billion to €43.2 billion;
- ordinary passbooks recorded a 9.3% (€3.6 billion) increase to €41.9 billion;
- Livret Bleu and Livret A passbook savings were up 6.8% (€2.9 billion) to €45.0 billion.

Funds collected are centralized at the CDC (€31.2 billion), with 46.1% of all funds centralized in 2018, including popular savings book accounts and capitalization accounts, versus 42.2% at end-2017.

Customer loans and advances (€467.4 billion, up 8.0%)

Outstanding home loans (50% of total loans) rose by 7.4% to €234.1 billion due to a decrease in early repayments and a steady rate of new loan production.

Consumer credit, which accounted for nearly 10% of total loans, continued to increase rapidly by 9.1% to €45.9 billion at the branch networks and specialized subsidiaries.

Equipment loans, which accounted for 23% of total loans, were up by 9.7% to €108.4 billion. Factoring loans also grew steadily by 9.0% to €14.2 billion and finance leasing, which rose by 6.6% to €17.4 billion, remained strong.

NET COMMISSION INCOME increased by €162 million to €4.395 billion, mainly on accounts and insurance, which offset the drop in loan fees.

SECURITIES AND DERIVATIVES PORTFOLIOS

These portfolios experienced higher volatility with the application of IFRS 9. Financial assets at fair value through profit or loss rose by 10.3% to €22.1 billion and financial assets at fair value through equity rose by 3.2% to €41.6 billion. The insurance securities portfolio, which is now recorded separately, was virtually stable at €171.6 billion, down 0.5%.
The net gain recorded on the portfolios of instruments at fair value through profit or loss and equity increased compared with 2017 under IAS 39.

NET INCOME ON OTHER ACTIVITIES fell by €302 million (-6.2%) to €4.586 billion, with a decrease of €103 million for insurance and €199 million for other activities. At €3.480 billion, the insurance activity was down despite a 5.8% increase in both life and non-life insurance premiums. Net investment income decreased in an unfavorable market environment. Benefit costs related to natural events also had an impact. These decreases were partly offset by the change in technical reserves. Net income from non-insurance activities fell by €199 million to €1.106 billion. This decrease, despite the increase in the EI division, was linked mainly to the provisions for risks and the reclassification of three La Française Group entities under IFRS 5.

THIS RESULTED IN A 1.3% DECREASE IN NET BANKING INCOME TO €17.5 BILLION.

GENERAL OPERATING EXPENSES ROSE BY 2.4% TO €11.3 BILLION.

This increase resulted from payroll costs, which rose by €195 million (+3.0%), and other general operating expenses, which were up by €83 million (+2.1%).

AT €6.631 BILLION, THE MAIN INCREASE IN PAYROLL COSTS was for salaries, which rose by €194 million (+3.5%), including expenses, of which the purchasing power bonus of €73 million). Incentive bonuses fell by €6 million, while profit-sharing remained stable.

The Crédit Mutuel Group employed an average of 81,898 people in 2018 (on a full-time equivalent basis).

OTHER OPERATING EXPENSES rose by €83 million (+2.1%) to €4.075 billion as a result of external services (+€75 million, including upkeep and maintenance related to the Beobank migration) and taxes and levies of €54 million (Single Resolution Fund: +€33 million, Business Contribution on Added Value (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE).

DEPRECIATION, AMORTIZATION AND PROVISIONS decreased by €15 million to €626 million, on both property and equipment and intangible assets (non-recurrence of the impairment of the assets of the media division in the amount of €8 million in 2017).

Overall, the **COST-TO-INCOME RATIO** deteriorated by more than two points to 64.7% versus 62.4% in 2017.

NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES increased by 2.4% to €988 million as a result of the transition to IFRS 9. In fact, €105 million was allocated to bucket 1 and €43 million to bucket 2.

As regards the quality of risks, the proportion of impaired loans was 3.0% compared with 3.3% a year earlier. The individual coverage rate was 54.1% compared with 55.7% in 2017.

GAINS AND LOSSES ON OTHER ASSETS rose by €92 million to €95 million as a result of various disposals and the impact of the initial consolidation of BLI.

The **SHARE OF EQUITY-ACCOUNTED INVESTMENTS** was €59 million compared with -€344 million in 2017. The variation mainly concerned BMCE in 2018 and Banco Popular Espagnol's placement under resolution in 2017.

The **CHANGE IN THE VALUE OF GOODWILL** was €7 million versus -€15 million in 2017 as a result of the badwill recorded by Financo on the acquisition of the car loan activities in France of My Money Bank (formerly GE), the goodwill impairment on NEA following the merger with GACM and, in 2017, the goodwill impairment on CIC Iberbanco.

The **TAX EXPENSE** fell by 22.2% (-€516 million) to €1.810 billion, mainly as a result of the 2017 non-recurring corporate income tax surcharge.

THIS LED TO AN INCREASE OF 17.7% IN NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY TO €3.504 BILLION.

SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY INCREASED FURTHER, UP 5.6% TO €54.167 BILLION.

This increase was due mainly to:
- a significant capital increase of €248 million to €10.300 billion,
- the transfer to reserves of much of the 2017 annual net income (allocation rate = 95%),
- the net income generated in 2017: €3.504 billion,

despite the decrease in the group's net unrealized capital gains (€825 million versus €1.284 billion at January 1, 2018), i.e. -€459 million, mainly as a result of the fixed-income portfolio.

It should be noted that the impact on shareholders' equity for prudential purposes differs because of the differences in the consolidation methods applied to certain entities, notably insurance undertakings.
The return on assets, calculated in accordance with the requirements of Article R. 511-16-1 of the Monetary and Financial Code, was 0.42% compared with 0.38% in 2017.

This financial strength was confirmed by Standard & Poor's, which assigned Crédit Mutuel Group long-term ratings of "A" (Senior) and "A+" ("Resolution Counterparty") with stable outlook.

ANALYSIS BY SECTOR OF ACTIVITY

The five operating segments for reporting purposes correspond to the organization of Crédit Mutuel Group.

Retail Banking comprises the networks of Crédit Mutuel's regional federations and CIC's regional banks. This segment also includes some of the specialized activities whose products and services are marketed by the networks such as finance leasing, factoring, real estate businesses (investment, land development, real estate management, distribution and property development) and collective management of products distributed by the network.

Insurance is considered a separate segment given its importance in the group's activities. The group has historically been the leading bank in this area, having started its bankinsurance activity in 1970. The segment covers both life insurance and non-life insurance.

Corporate and Investment Banking covers financing for large corporate and institutional customers, value-added financing activities, private equity, international activities and capital markets activities, whether on the group's own behalf or on behalf of customers, including stock market intermediation.

Asset Management and Private Banking comprises the subsidiaries that are mainly engaged in private banking, both in France and abroad, together with the asset management and employee savings activities.

Other activities cover all the activities that cannot be assigned to any of the above segments, together with subsidiaries involved purely in logistical support, whose expenses are generally re-billed to the other entities. They include intermediate holding companies, companies owning the property used in the group's operations, and media and IT subsidiaries.

RESULTS BY ACTIVITY AND REPORTING BY COUNTRY

Note that the weight of the data by sector of activity is calculated before elimination of intra-group transactions.

RETAIL

(IN € MILLIONS)	2018	2017	CHANGE 2018/2017
Net banking income	13,080	12,846	1.8%
Operating income before provisions	4,118	4,163	(1.1%)
Income before tax	3,228	3,210	0.6%
Net income (loss) attributable to owners of the company	2,042	1,993	2.5%

Net banking income in retail banking grew by €234 million to €13.080 billion (up 1.8%). The growth in net banking income resulted mainly from the increase in the margin, thanks to lower refinancing costs, and commission income, offset by the decrease in net gains on portfolios.

The group has 32.5 million customers, an increase of 2.9%.

General operating expenses rose by €279 million to €8.962 billion, up 3.2%. Overall, payroll costs and other operating expenses increased by €177 million (up 3.6%) and €101 million (up 2.9%), respectively. Net depreciation and impairment charges decreased by €14 million.

For the most part, other operating expenses resulted from the increase in external services (upkeep/maintenance, leases, etc.) and taxes and levies (+€49 million, Single Resolution Fund, CVAE, etc.).
The increase in payroll costs was linked to salaries (including the purchasing power bonus).

The **cost-to-income ratio** was therefore 68.5% compared with 67.6% a year earlier.

Net additions to/reversals from provisions for loan losses rose by 1.4% to €955 million (up €13 million), mainly on non-incurred risk (+€104 million), while incurred risk decreased (-€91 million).

It should be noted that **net gains and losses on other assets and equity-accounted investments** increased by €76 million to €65 million.

Despite the increase in net income, **CORPORATE INCOME TAX** totaled €1.127 billion, a 2.4% decrease of €28 million that stemmed mainly from the impact in 2017 of the non-recurring corporate income tax surcharge.

All in all, **net income attributable to owners of the company** rose by €49 million to €2.042 billion.

Retail banking accounted for 58.3% of income attributable to owners of the company compared with 66.9% in 2017.

INSURANCE

(IN € MILLIONS)	2018	2017	CHANGE 2018/2017
Net banking income	2,238	2,374	(5.7%)
Operating income before provisions	1,541	1,684	(8.5%)
Income before tax	1,557	1,706	(8.7%)
Net income (loss) attributable to owners of the company	1,035	996	3.9%

Net banking income totaled €2.238 billion, down by €136 million (5.7%) despite higher premiums in both life and non-life insurance policies, while net investment income decreased in an unfavorable market environment. Benefit costs related to natural events also impacted net income. These various decreases were offset by the change in technical reserves.

General operating expenses remained stable at €697 million, up 1.0%. Payroll costs increased while other operating expenses decreased.

Gains and losses on other assets and equity-accounted investments fell to €16 million.

The **tax expense** was down by €189 million to €521 million as a result of the decrease in net income and the 2017 non-recurring income tax surcharge.

Overall, **net income attributable to owners of the company** came to €1.035 billion (up 3.9%).
Insurance represented nearly 30% of the group's net income.

CORPORATE AND INVESTMENT BANKING

(IN € MILLIONS)	2018	2017	CHANGE 2018/2017
Net banking income	1,074	1,154	(6.9%)
Operating income before provisions	694	776	(10.6%)
Income before tax	706	769	(8.2%)
Net income (loss) attributable to owners of the company	585	610	(4.1%)

Net banking income fell by €80 million to €1.074 billion, mainly as a result of capital markets activities, while corporate banking posted an increase and private equity remained stable. A difficult market environment explained the decrease in capital markets activities, which were particularly impacted by year-end portfolio valuations. The increase in corporate banking was mainly driven by specialized financing and large accounts.

General operating expenses remained stable at €380 million, up 0.5%. Overall, the increase resulted from general operating expenses (up €4 million), while payroll costs decreased by €1 million and depreciation, amortization and provisions were down 17.6%.

Net additions to/reversals from provisions for loan losses totaled €12 million (down €19 million). In terms of this item, there was a €21 million increase in non-incurred risk, while incurred risk improved by €40 million. This positive trend mainly concerned financing activities.

Corporate income tax fell by €39 million to €121 million, due in part to the decrease in the net income of capital markets activities.

Net income attributable to owners of the company was down by €25 million to €585 million.

ASSET MANAGEMENT AND PRIVATE BANKING

(IN € MILLIONS)	2018	2017	CHANGE 2018/2017
Net banking income	809	827	(2.2%)
Operating income before provisions	237	256	(7.4%)
Income before tax	256	254	0.8%
Net income (loss) attributable to owners of the company	198	187	5.9%

Excluding life insurance, financial savings decreased by 3.4% to €256.6 billion, driven by a difficult end of the year for financial markets.

Net banking income was down by 2.2% to €809 million as a result of the reclassification of the La Française Group entities under IFRS 5 (asset management) and despite the consolidation of BLI into Private Banking.

General operating expenses remained stable at €572 million, up 1%. They increased for Private Banking and decreased for asset management for the same reasons applicable to net banking income.

Net additions to/reversals from provisions for loan losses rose by €7 million to €15 million.

Net gains on other assets and equity-accounted investments totaled €34 million compared with €6 million a year earlier, mainly as a result of the initial consolidation of BLI and a capital gain on a building.

The **"Taxes and other"** line item (-€45 million) includes corporate income tax, which totaled €66 million, a decrease of €10 million as a result of the recognition of entities under IFRS 5.

Overall, **net income attributable to owners of the company** totaled €198 million, an increase of 5.9%.

OTHER

(IN € MILLIONS)	2018	2017	CHANGE 2018/2017
Net banking income	1,326	1,458	(9.1%)
Operating income before provisions	(396)	(200)	(98.0%)
Income before tax	(380)	(581)	34.6%
Net income (loss) attributable to owners of the company	(356)	(808)	55.9%

Net banking income decreased by €132 million to €1.326 billion mainly as a result of non-recurring sales of securities in 2017, despite the increase in the IT division's contribution.

General operating expenses were up 3.9% to €1.722 billion (primarily the IT division).

Net additions to/reversals from provisions for loan losses increased (€30 million compared with €8 million in 2017).

Net gains and losses on other assets and equity-accounted investments totaled €46 million compared with -€373 million in 2017 (an increase of €419 million), mainly as a result of the impact in 2017 of BPE's placement under resolution and the partial impairment of goodwill.

Corporate income tax and gains/losses on discontinued operations totaled €25 million, down €250 million as a result of non-recurring items in 2017, particularly the non-recurring corporate income tax surcharge.

ll in all, **income attributable to owners of the company** increased by €452 million to -€356 million.

SHAREHOLDERS’ EQUITY AND RISK EXPOSURE

The data provided in the tables on the following pages is expressed in millions of euros. The figures in this section are audited unless indicated otherwise by a double asterisk.

SHAREHOLDERS' EQUITY**

Further to Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (so-called Capital Requirements Regulation), the networks of banking institutions with a central governing body must comply with management ratios both on an individual basis (for each of the Crédit Mutuel groups) and on a consolidated basis at the national level (market risk and credit risk, major risks and equity holdings).

The consolidating entity and the scope of prudential supervision of Crédit Mutuel Group are identical to those used for the group's consolidated financial statements. Only the consolidation method changes, notably as regards the insurance companies, which are consolidated for accounting purposes using the full consolidation method and for prudential purposes using the equity method.

The solvency ratio defines the capital requirement needed to cover credit, market and operational risks. Total shareholders' equity is the sum of Common Equity Tier 1 (CET1) capital, Additional Tier 1 (AT1) capital (such as undated deeply subordinated debt) and Tier 2 capital (including eligible redeemable subordinated securities and undated subordinated securities), less regulatory deductions (which include intangible assets, the amount by which expected losses exceed provisions, securitization positions with a risk weight of 1,250%, valuation adjustments from the application of the prudence concept, deferred tax assets relying on future profitability but unrelated to timing differences, etc.).

As of January 1, 2018 and given the end of transitional arrangements applied to unrealized capital gains (excluding cash flow hedge securities), these gains are no longer filtered and are now fully included in Tier 1 capital.

Crédit Mutuel Group has been authorized by the SGACPR, subject to compliance with the requirements of Article 49 of the Capital Requirements Regulation, to apply the equity method to investments in insurance undertakings that are subsidiaries of the group, involving weighting them rather than deducting them from Tier 1 capital.

IN this respect, the group complies with the reporting requirements arising from the EU Directive applicable to financial conglomerates. This requires, among other things, additional monitoring of the coverage by consolidated shareholders' equity of the cumulative capital adequacy requirements of the banking activities and the solvency margin of the insurance companies.

Crédit Mutuel Group complies with all the applicable regulatory ratios.

SOLVENCY RATIO

Transition phase

(IN € MILLIONS)	12/31/2018	12/31/2017
COMMON EQUITY TIER 1 (CET1)	**47,679**	**44,420**
Capital	10,304	10,053
Eligible reserves before adjustments	44,064	42,499
Regulatory adjustments to CET1	(6,688)	(8,132)
ADDITIONAL TIER 1 (AT1) CAPITAL	**1,021**	**1,158**
TIER 2 (CET2) CAPITAL	**7,114**	**8,070**
TOTAL CAPITAL	**55,814**	**53,648**
Risk weighted assets - credit risk	243,675	229,568
Risk weighted assets - market risk	4,113	3,589
Risk weighted assets - operational risk	24,250	21,528
TOTAL RISK-WEIGHTED ASSETS	**272,038**	**254,685**
SOLVENCY RATIOS		
Common Equity Tier 1 (CET1) ratio	17.5%	17.4%
Capital ratio	17.9%	17.9%
Total capital ratio	20.5%	21.1%

Taking into account transitional arrangements allowing for the inclusion of net income.

TARGET

Common Equity Tier 1 (CET1) ratio	17.5%	17.4 %
Capital ratio	17.5%	17.4%
Total capital ratio	20.4%	20.7%

RISK MANAGEMENT POLICY

The process of identifying, analyzing and prioritizing the Crédit Mutuel Group's risks based on its risk profile is carried out annually through an analysis and validation of the group's overall risk mapping at the highest level. This mapping covers business and profit risk, capital risk, liquidity risk, banking portfolio interest-rate risk, credit risk, market risk, operational risk and non-financial risk.

CREDIT RISK

Crédit Mutuel’s credit risk management policy seeks to achieve several objectives, namely to:
- measure capital requirements;
- help steer the group by managing commitments in compliance with limits and, more broadly, with Crédit Mutuel Group’s risk appetite;
- reduce net additions to/reversals from provisions for loan losses over time; and
- respond effectively to Basel III and internal control regulations and ensure that regulatory compliance investments generate a return.

In accordance with the overall risk appetite framework approved by the Board of Directors of the Confédération, the regional groups are responsible for their risk strategies and risk-taking. Risks must nevertheless be taken in accordance with the principles of the risk appetite framework approved by the national governing bodies and with the risk tolerance policies approved by the regional governing bodies. The risk tolerance policy for each regional group is then applied in the rules for approving loans and advances, setting the main orientations of its lending activity (notably in terms of customer segmentation), and setting and monitoring limits. Financing limits are set in such a way as to be adapted to the risk management policy and financial fundamentals of the entity concerned and consistent with the system in place at the national level.

National and regional procedures are based on an internal rating system, defined in compliance with Basel III regulatory requirements. This internal rating system is used by all group entities. It allows for the rating of all counterparties eligible for internal ratings-based approaches. The system is based on different statistical models for customer segments for retail exposures and on rating grids developed by experts for bank, large corporate and specialized market exposures. All counterparties eligible for internal ratings-based approaches are positioned on a single rating scale (nine positions for sound exposures in addition to one denoting exposures in default) reflecting the progressive nature of the risk.

The systems for downgrading and provisioning loans are integrated into the information systems and operate on a monthly basis, reclassifying performing loans as doubtful loans where applicable. The software also integrates the notion of contagion to a third party. Provisions are calculated according to the outstanding amounts and the guarantees received, and adjusted by the risk managers depending on the estimated ultimate loss.

At the national level, applications for steering and reporting weighted risk calculations map credit risks, thus enabling the analysis of commitments according to the main categories defined in the internal rating system. The mappings are completed by more detailed management reports, which are produced at the national level and then analyzed by regional entity, providing information on the quality of the group's commitments and compliance with national limits placed on credit risks. The mappings and reports are sent to the senior management of the regional groups (Chief Executive Officers, Risk Management Directors and Commitments Directors) and to the effective managers and supervisory body of Confédération Nationale du Crédit Mutuel.

CREDIT RISK EXPOSURE ON LOANS AND RECEIVABLES

EXPOSURE	12/31/2018	12/31/2017
Loans and receivables		
Credit institutions	45,385	38,727
Customers	468,904	435,677
Gross exposure	**514,289**	**474,404**
Impairment	**(10,132)**	**(10,312)**
Credit institutions	(5)	(8)
Customers	(10,127)	(10,304)
Net exposure	**504,157**	**464,092**

CREDIT RISK EXPOSURE ON COMMITMENTS GIVEN

EXPOSURE	12/31/2018	12/31/2017
Financing commitments given	**81,625**	**75,670**
Credit institutions	1,226	1,323
Customers	80,399	74,347
Guarantee commitments given	**26,038**	**23,864**
Credit institutions	4,680	3,393
Customers	21,358	20,471
Provision for risks on commitments given	**151**	**164**

EXPOSURE TO CREDIT RISK ON DEBT SECURITIES

EXPOSURE	12/31/2018	12/31/2017
Debt securities		
Government securities	50,195	32,733
Bonds	117,346	130,573
Derivative instruments	7,206	7,542
Repurchase agreements and securities lending	17,904	16,221
Gross exposure	**192,651**	**187,069**
Provisions for impairment	(259)	(115)
Net exposure	**192,392**	**186,954**

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY RANGE OF PD (CUSTOMER LOANS)

12/31/2018 **By 12-month PD range - IFRS 9**	Of which assets impaired at origination	Subject to 12-month expected losses	Subject to expected losses at termination	Of which customer receivables under IFRS 15	Subject to expected losses on impaired assets at end of period but not impaired at origination
<0.1	0	138,076	955	0	0
0.1-0.25	0	87,333	408	0	3
0.26-0.99	0	130,197	1,213	0	0
1 - 2.99	0	49,915	6,493	0	33
3 - 9.99	0	20,706	12,634	0	17
≥10	260	3,292	11,832	0	14,186
Total	**260**	**429,520**	**33,534**	**0**	**14,239**

GROSS CARRYING AMOUNT OF THE INSURANCE ENTITIES' SPPI EXPOSURES BY EXTERNAL RATING

12/31/2018 **By external rating**	Gross carrying amount of SPPI assets
AAA to AA+	8.2%
AA to AA-	34.9%
A+ to A	20.2%
A-	9.1%
BBB+ to BBB	15.7%
BBB-	0.7%
BB+ to BB	0.8%
BB- TO B+	0.2%
B to B- and CCC+ to CCC-	0.1%
NN *	10.1%
Total	**100%**

** Not rated.*

RATING STRUCTURE OF INTERBANK OUTSTANDINGS AND GEOGRAPHIC BREAKDOWN OF INTERBANK LOANS

	12/31/2018 as a %	12/31/2017 as a %
Structure of interbank loans by rating (IRBA scope - gross performing loans)		
A+	10.5%	9.0%
A-	32.9%	38.4%
B+	24.9%	25.2%
B-	21.3%	18.8%
C and below (excluding default rating)	10.4%	8.6%

The structure of Crédit Mutuel Group's interbank exposures, based on internal ratings, continued to be of good quality at December 31, 2018, with nearly 90% of these exposures rated between A and B.

	12/31/2018 as a %	12/31/2017 as a %
Geographic breakdown of interbank loans		
France	61.3%	67.4%
Germany	2.6%	1.5%
Rest of Europe	20.2%	18.3%
Rest of world	15.9%	12.7%

The geographic breakdown indicates that interbank exposure remains mainly limited to banks in Europe, notably France and Germany.

CUSTOMER CREDIT RISK

	12/31/2018 as a %	12/31/2017 as a %
Breakdown of loans by customer type		
A - Central governments and banks	18.4%	19.1%
B -Credit institutions	8.3%	8.9%
C - Corporates	22.1%	21.2%
D - Retail	51.2%	50.8%

Crédit Mutuel Group is positioned mainly as a retail bank. Its exposure to retail customers was stable.

GEOGRAPHIC BREAKDOWN OF CUSTOMER RISK

	12/31/2018 as a %	12/31/2017 as a %
Geographic breakdown of customer risk		
France	81.4%	82.8%
Germany	6.3%	5.4%
Rest of Europe	6.8%	6.7%
Rest of world	5.5%	5.1%

CONCENTRATION OF GROSS CUSTOMER RISK

	12/31/2018	12/31/2017
Concentration of gross customer risk		
Commitments exceeding €300 million		
Number	91	79
Balance sheet commitments (€m)	38,894	31,311
Off-balance sheet commitments (€m)	24,377	23,537
Commitments of between €200 million and €300 million		
Number	59	58
Balance sheet commitments (€m)	9,632	9,362
Off-balance sheet commitments (€m)	4,746	4,825

Taking all commitments into account, the average unit amount of the 91 largest risks exceeding €300 million was €695 million (2017: €694 million) while the average unit amount of the 59 largest risks between €200 million and €300 million was €244 million (2017: €245 million).

QUALITY OF RISK

	12/31/2018	12/31/2017
Loans impaired individually (S3)	14,499	14,806
Expected losses at termination (S2)	(1,240)	(1,199)
Expected losses on impaired assets (S3)	(7,850)	(8,157)
Individual coverage ratio	**54.1%**	**55.1%**
Overall coverage ratio	**62.7%**	**63.2%**

As regards the quality of risks, the proportion of impaired loans was 3.0% compared with 3.3% at the previous balance sheet date.

PAST DUE AMOUNTS

12/31/2018	Past due amounts (S1+S2)			Carrying amount of impaired assets	Total past due amounts and impaired assets
€M	30 DAYS OR LESS	30 DAYS TO 90 DAYS	MORE THAN 3 MONTHS	TOTAL	
Debt instruments	**0**	**0**	**0**	**0**	**0**
Central governments	0	0	0	0	0
Credit institutions	0	0	0	0	0
Other financial entities	0	0	0	0	0
Non-financial entities	0	0	0	0	0
Loans and advances	**5,140**	**1,889**	**256**	**5,200**	**12,485**
Central governments	15	84	2	5	106
Credit institutions	0	0	0	0	0
Other financial entities	79	9	4	56	148
Non-financial entities	3,713	756	203	2,686	7,358
Private individuals	1,333	1,040	47	2,453	4,873
TOTAL	5,140	1,889	256	5,200	12,485

12/31/2017	Past due amounts					Carrying amount of impaired assets	Total past due amounts and impaired assets
€M	3 MONTHS OR LESS	3 MONTHS TO 6 MONTHS	6 MONTHS TO 1 YEAR	MORE THAN 1 YEAR	TOTAL	TOTAL	
Equity instruments						**148**	**148**
Debt instruments	**0**	**0**	**0**	**0**	**0**	**429**	**429**
Central governments	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	271	271
Other financial entities	0	0	0	0	0	8	8
Non-financial entities	0	0	0	0	0	150	150
Private individuals	0	0	0	0	0	0	0
Loans and advances	**4,969**	**46**	**131**	**6**	**5,153**	**6,631**	**11,784**
Central governments	64	3	3	0	70	38	108
Credit institutions	0	0	0	0	0	0	0
Other financial entities	37	1	1	0	39	115	154
Non-financial entities*	2,881	33	113	2	3,029	3,874	6,903
Private individuals*	1,988	10	13	4	2,015	2,604	4,619
Other financial assets	**0**	**0**	**0**	**0**	**0**		**0**
TOTAL	4,969	46	131	6	5,152	7,208	12,360

** Individual business owners were reclassified as non-financial entities in 2017.*

A financial asset has a past due amount when the counterparty has not made a payment by the contractual due date. Loans past due for more than 90 days and not downgraded are immaterial.

BREAKDOWN OF RISK EXPOSURES BY ECONOMIC SECTOR

BREAKDOWN OF GROSS EXPOSURES BY ECONOMIC SECTOR	12/31/2018 as a %	12/31/2017 as a %
Private individuals	43.2%	42.2%
Public administrations and central banks	17.8%	18.5%
Banks and financial institutions	6.3%	6.9%
Other real estate (of which leasing and property companies)	2.9%	2.7%
Real estate development	1.1%	1.0%
Retail trade	3.0%	3.0%
Sole traders	2.7%	2.7%
Construction and building materials	2.2%	2.1%
Agriculture	1.7%	1.7%
Other financial activities	1.8%	1.8%
Industrial goods and services	1.8%	1.6%
Holding companies and conglomerates	1.6%	1.5%
Food processing and beverages	1.2%	1.2%
Industrial transport	1.2%	1.1%
Travel and leisure	1.1%	1.0%
Oil, gas and commodities	0.8%	0.8%
High technology	0.8%	0.8%
Automobile industry	0.8%	0.7%
Utilities	0.6%	0.6%
Healthcare	0.6%	0.6%
Media	0.4%	0.4%
Associations	0.4%	0.4%
Household products	0.4%	0.4%
Other group subsidiaries*	4.6%	5.7%
Sundry	0.3%	0.3%
Telecommunications	0.3%	0.2%
Chemicals	0.3%	0.2%

Source: CM-CIC group consolidated data – Basel calculator.
**of which Bail Actea, CIC Suisse, BDL, leasing and factoring entities purchased from General Electric for exposures other than public administrations, banks and private individuals.*

EXPOSURES RELATED TO THE FINANCIAL CRISIS (FSB DATA)

In response to the financial crisis, the Financial Stability Board (FSB) issued recommendations on transparency that seek to improve financial reporting related to certain risk exposures. Crédit Mutuel Group has chosen to implement these recommendations to ensure better financial reporting.

SECURITIZATION

The amounts presented are in € millions.

SUMMARY	CARRYING AMOUNT 12/31/2018	CARRYING AMOUNT 12/31/2017
RMBS	1,521	3,023
CMBS	543	52
CDO/CLO	3,211	1,897
Other ABS	2,405	2,044
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
ABCP program liquidity lines	215	185
TOTAL	7,895	7,200

Unless otherwise indicated, securities are not hedged by CDS.

Exposures at December 31, 2018

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
Trading	472	-	-	253	725
Financial assets at fair value through equity	810	543	2,951	1,895	6,199
Financial assets at amortized cost	239	-	260	257	756
TOTAL	**1,521**	**543**	3,211	**2,405**	7,680
France	252	-	555	644	1,451
Spain	125	-	-	196	321
United Kingdom	345	-	135	211	691
Rest of Europe	310	-	363	1,199	1,871
USA	293	543	639	1	1,476
Other	197	-	1,519	155	1,870
TOTAL	**1,521**	**543**	**3,211**	**2,405**	**7,680**
US Agencies	125	-	-	-	125
AAA	1,045	543	3,041	1,634	6,262
AA	143	-	120	508	772
A	20	-	38	57	115
BBB	7	-	-	200	207
BB	18	-	-	7	25
B or below	162	-	-	-	162
Not rated	-	-	11	-	11
TOTAL	**1,521**	**543**	**3,211**	**2,405**	**7,680**

Exposures at December 31, 2017

CARRYING AMOUNT	RMBS	CMBS	CLO	OTHER ABS	TOTAL
Trading	1,503	5	17	141	1,666
Financial assets at fair value through equity	1,149	46	1,720	1,677	4,591
Financial assets at amortized cost	371	1	160	226	759
TOTAL	**3,023**	**52**	**1,897**	**2,044**	**7,015**
France	71	2	251	599	923
Spain	102	-	26	26	155
United Kingdom	195	-	149	225	569
Rest of Europe	322	50	308	1,114	1,794
USA	2,214	-	417	43	2,674
Other	119	-	745	36	900
TOTAL	**3,023**	**52**	**1,897**	**2,044**	**7,015**
US Agencies	1,834	-	-	-	1,834
AAA	643	-	1,778	1,285	3,706
AA	179	-	84	526	789
A	53	-	20	26	98
BBB	7	50	4	206	268
BB	21	-	-	-	21
B or below	287	2	-	-	289
Not rated	-	-	11	-	11
TOTAL	**3,023**	**52**	**1,897**	**2,044**	**7,015**

BASEL III FRAMEWORK – CREDIT RISK

To better take into account the quality of the borrower, a capital adequacy framework, including the implementation of an internal rating system specific to each institution, has been instituted by the Basel Committee and by the European Commission. European Regulation No. 575/2013 of June 26, 2013 concerning prudential requirements applicable to credit institutions and investment companies is based on these rules.

These rules are based on the three pillars:
- **Pillar I** introduces new minimum capital requirements, with the calculation of a solvency ratio for credit, market and operational risks;
- **Pillar II** requires banks to perform their own assessment to determine whether they have adequate capital to support all the risks in their business and to perform stress tests to assess their capital requirements in the event of a deterioration in the economic environment; and
- **Pillar III** tightens up market discipline by requiring more extensive disclosure and transparency regarding the risk profile of banks governed by the new framework. To this end, each year Crédit Mutuel Group publishes a specific report that can be consulted on its institutional website.

Regarding the minimum capital requirements of Pillar I, the major changes compared with the Cooke ratio as regards credit risk concern the modification of the calculation of risk-weighted assets relative to unexpected losses (UL) included in the ratio's denominator and the possibility of adjusting the capital on the basis of the differential between expected losses (EL) and provisions included in the ratio's numerator.

To measure credit risk, banks must choose between three approaches of increasing risk sensitivity subject to the authorization and under the control of their national supervisory bodies: standardized approach, foundation internal ratings-based approach, and advanced internal ratings-based approach. Each banking institution is required to adopt the approach best suited to the stage of development of its activities and of its organization. The use of so-called internal ratings-based approaches requires prior authorization by France's supervisory authority.

STANDARDIZED APPROACH

The so-called standardized approach is similar to the Basel I Framework insofar as it is based on the application of fixed risk weightings to the different categories of exposures as defined by the regulations. The main modifications result from the possibility to adjust the risk weightings applicable on the basis of credit ratings provided by recognized external institutions and from the broader range of sureties, guarantees and credit derivatives that may be taken into account by banks.

With the agreement of the ACPR, Crédit Mutuel Group will continue to measure claims on sovereign governments and local authorities using the standardized method over the foreseeable future. The option given to banking groups to partially use the standardized method ("PPU" - Permanent Partial Use) applies to these two portfolios.

INTERNAL RATINGS-BASED APPROACHES

These approaches are more sophisticated. Credit risk is a function of the characteristics of each exposure (or pool of exposures) based on the four following parameters: probability of default (PD) by the debtor over a one-year horizon, loss given default (LGD), credit conversion factor (CCF) for off-balance sheet exposures, and effective maturity[1]. The use of these approaches is subject to compliance with a number of quantitative and qualitative requirements that seek to ensure the integrity of the process as well as the estimate of the parameters used to calculate regulatory capital.

There are two main approaches:
- **Foundation internal ratings-based approach (F-IRB),** under which banks provide their own internal estimates for the probability of default. Other risk components (LGD, CCF and M) are defined in the regulations.
- **Advanced internal ratings-based approach (A-IRB),** under which banks provide their own internal estimates for the PD, CCF, LGD and M risk components. This approach requires records stretching back over a long enough period of time for statistical purposes.

The Crédit Mutuel Group has opted to apply the most sophisticated approaches of Basel III, focusing first on retail customers, which represent its core business.

The ACPR has authorized the Crédit Mutuel Group to use its internal rating system to calculate its regulatory capital requirements with respect to credit risk as follows:
- Advanced internal ratings-based approach, from June 30, 2008, for exposures to retail customers;
- Foundation internal ratings-based approach, from December 31, 2008, then the advanced internal ratings-based approach, from December 31, 2012, for exposures to credit institutions; and
- Advanced internal ratings-based approach, from December 31, 2012, for exposures to corporate customers.

In 2018, as part of the TRIM exercise (targeted review of internal models), the European Central Bank confirmed the authorization given to Crédit Mutuel Group for the retail customer home loan portfolio.

Crédit Mutuel Group also received an authorization to apply the internal method for real estate development as of March 31, 2018. Finally, as part of the rollout plan, the projects related to using the advanced method for the factoring subsidiaries of Crédit Mutuel Group in France, Cofidis France and Targobank AG are well underway.

[1] Parameter used exclusively for exposures to central governments, institutions and corporates for which the advanced internal ratings-based approach is used.

As a cooperative bank owned by its members and customers, Crédit Mutuel Group is not focused on redistributing potential increases in shareholders' equity to its shareholders. By opting for an internal ratings-based approach for most of its exposures, the group has:
- complied with requirements laid down in the regulations and by the supervisory body;
- adopted a national framework that helps standardize practices;
- improved its customer risk segmentation, thus helping to fine-tune its management and steering; and
- brought up to standard its information systems and work methods at all levels of its organization given the obligation to use ratings in its management.

Overall, Crédit Mutuel has structured its credit risk measurement and management system by capitalizing on the Basel III Framework, based on:
- a single counterparty rating system;
- a harmonized definition of default that is consistent with the accounting approach;
- the use of national parameters incorporating a margin of prudence; and
- significant investments in its information systems.

INTEREST RATE RISK

Interest rate risk arises from the bank's commercial activities. It results from differences in interest rates and benchmark indices for customer loans and advances on the one hand and customer deposits on the other hand, based on a prospective analysis of expected changes in these components, taking into account embedded options (notably early loan repayments, extensions and drawdowns against confirmed credit lines).

The regional groups are responsible for defining their interest rate risk management and hedging strategies. As required by the regulations (Decree of November 3, 2014), CNCM's Risk Department is responsible for the consolidated and homogeneous measurement of this risk by coordinating methodologies and by regular measurement of overall risk at the group level.

Crédit Mutuel Group has established harmonized national risk agreements and limits, which are set out in the "National interest rate risk methodology."

Measurement and supervision of interest rate risk is carried out at the regional level by the Crédit Mutuel regional groups and at the national level by CNCM.

At the regional level

Each of the Crédit Mutuel regional groups has an asset/liability management (ALM) unit dedicated to monitoring overall interest rate exposure.

The Crédit Mutuel Group entities all use a common base for measuring overall interest rate risk (application of methodological rules for run-off standards, scenarios and early repayment), excluding the trading book, which is monitored at the level of the dealing room.

Group entities have introduced systems of limits that are consistent with the national system. Management and hedging decisions are made by Regional Committees.

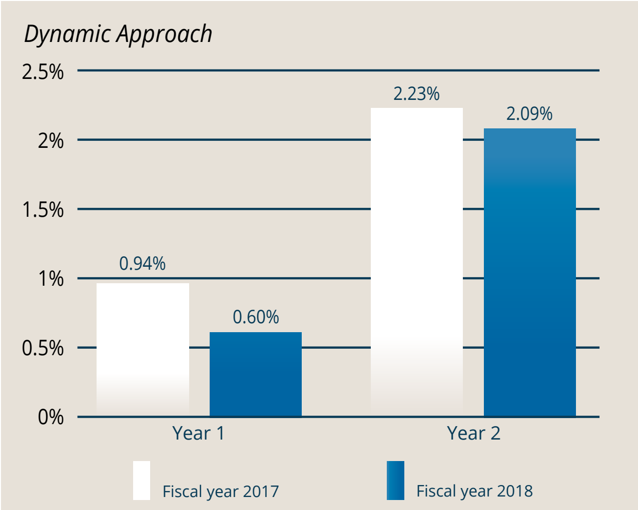
Interest rate risk is analyzed and hedged globally, if appropriate, by entering into so-called macro-hedging transactions. These transactions are accounted for in accordance with IAS 39 as adopted by the European Union, i.e. in accordance with the carved out version. High-value or special-purpose customer transactions may be hedged separately.

At the national level

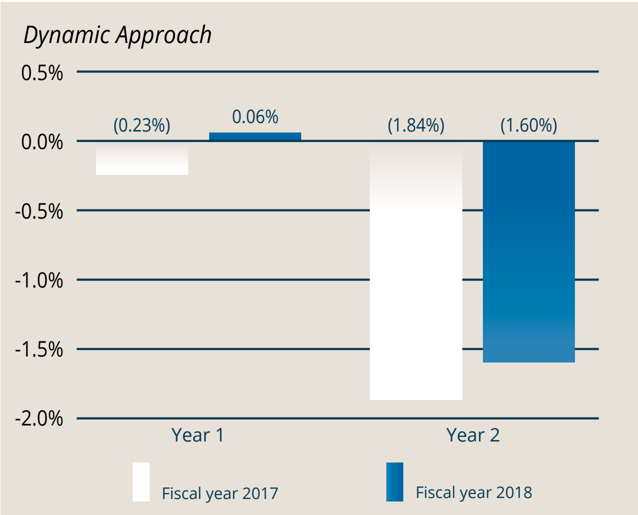
Interest rate risk is measured quarterly using two indicators:
- risk relating to future income, analyzed in terms of the sensitivity of the margin over the short- to medium-term (one to five years); and
- risk relating to the instant value of the entity, measured as the sensitivity of net present value over a long-term horizon.

At the national level, the sensitivity limit for net banking income over one or two years includes new loan production based on a scenario of moderate changes in interest rates (+/- 1% for variable rates and +/- 0.5% for regulated interest rates).

Sensitivity of net banking income to a differentiated rise in interest rates



Sensitivity of net banking income to a differentiated decrease in interest rates

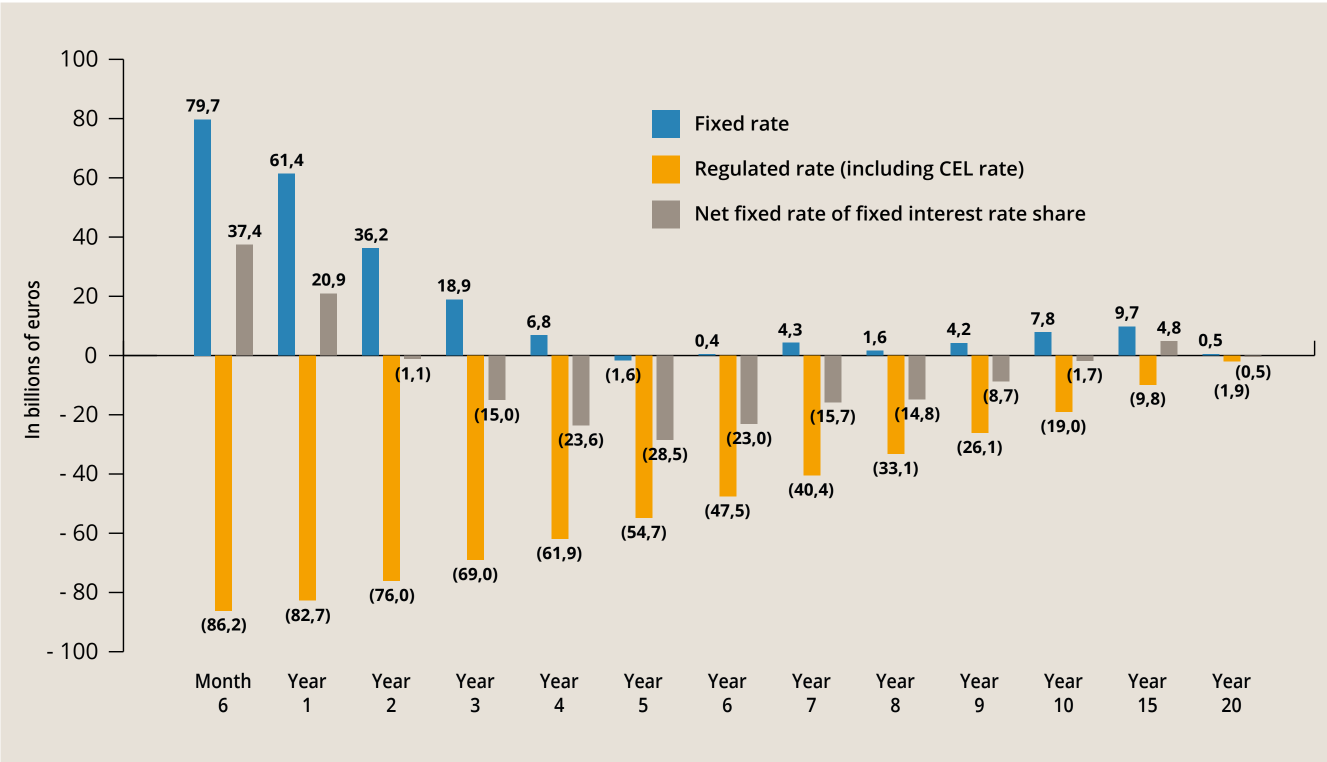


The sensitivity of Crédit Mutuel Group to an increase or decrease in interest rates is moderate. Other scenarios, including stress scenarios, are modeled under the supervision of CNCM.

Measurement of the sensitivity of the economic value of shareholders' equity to interest rate shocks of +/-2% is also taken into account in Crédit Mutuel Group's national system of limits.

In addition to these indicators, Crédit Mutuel Group monitors, at the national level, static gaps at fixed rates and regulated rates by time horizon for loans at end of period.

Crédit Mutuel Group - Static gaps (Assets-Liabilities) for loans at end of period at 12/31/2018



LIQUIDITY RISK

Liquidity risk arises from a mismatch in the maturity of the applications of funds and the sources of funds. In its most extreme form, the risk is that an entity will be unable to meet its obligations.

The federal banks of the Crédit Mutuel groups each have an ALM unit or committee tasked notably with managing assets and liabilities to ensure there is sufficient liquidity to meet their commitments.

Liquidity risk is monitored by the regional groups using the following indicators in particular:
- liquidity monitoring ratios and regulatory reports (LCR, NSFR, ALMM). Some of the group's regional federations and federal banks apply limits that are stricter than those required by the regulations;
- a medium- to long-term liquidity indicator defined at the national level, the general principle being to run-off all assets and all liabilities and to measure the ratio of coverage of applications by resources of equivalent duration at different maturities. A system of related limits has been put into place; along with
- liquidity reserves and recourse to the 3G pool;
- three-year financing plans;
- liquidity and refinancing costs; and
- liquidity crisis simulations.

With an LCR of 132.6% at December 31, 2018, Crédit Mutuel Group's liquidity reserves are sufficient to cover all short-term maturities.
The liquidity risk management disclosures that must be published under the EBA/GL/2017/01 guidelines from December 31, 2017 are presented in the national Pillar 3 document.

BREAKDOWN OF INSTRUMENTS BY MATURITY

Breakdown of maturities for liquidity risk at 12/31/2018

Residual contractual maturities (€m)	LESS THAN 1 MONTH	1 MONTH TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 YEAR TO 2 YEARS	2 YEARS TO 5 YEARS	MORE THAN 5 YEARS	NO SET MATURITY	TOTAL
Assets								
Cash in hand and balances with central banks	64,023	-	-	-	-	-	-	64,023
Demand deposits at credit institutions	4,022	-	-	-	-	-	-	4,022
Financial assets held for trading	508	1,458	1,475	2,447	4,422	3,647	584	14,541
Financial assets at fair value through profit or loss	35	27	93	40	1,156	559	5,534	7,444
Financial assets at fair value through equity - recyclable	1,653	1,983	5,113	3,711	14,921	13,636	242	41,259
Financial assets at fair value through equity - non-recyclable	-	-	-	-	-	-	911	911
Securities at amortized cost	145	75	1,331	5,361	2,076	854	236	10,078
Loans and advances (including finance leases)	57,771	24,831	35,338	35,428	132,782	227,477	3,748	517,375
Liabilities	-	-	-	-	-	-	-	-
Central bank deposits	350	-	-	-	-	-	-	350
Financial liabilities held for trading	301	401	439	710	1,431	1,907	27	5,216
Financial liabilities at fair value through profit or loss	38	28	116	106	116	144	-	548
Financial liabilities valued at amortized cost	361,870	40,897	58,225	41,610	65,913	48,254	1,889	618,658

Financial assets and financial liabilities correspond to amounts determined applying International Financial Reporting Standards, for entities within the prudential scope. The scheduling rules are as follows:
- Maturities are the contractual maturities for repayment of the principal.
- Shares are recorded under "No set maturity," as are undated loans and securities.
- Debts and accrued interest are broken down according to their actual contractual maturity or, failing that, recorded under "Less than 1 month."
- Provisions are analyzed in the same way as the assets concerned.
- Non-performing loans are analyzed according to their contractual date, if not yet past, and, failing that, under "No set maturity," in the same way as receivables in litigation.
- The market value of derivatives is recorded in the flow corresponding to the end date of the contract.
When it is not possible to establish a reliable repayment schedule, the carrying amount is recorded under "No set maturity."

FOREIGN EXCHANGE RISK

Each bank hedges the currency risk on customer transactions. This risk is not material at the Crédit Mutuel Group level.

MARKET RISK

The main Crédit Mutuel Group entity engaged in market activities is Crédit Mutuel Alliance Fédérale Group, which trades on its own account and on behalf of the other federations. Crédit Mutuel Alliance Fédérale Group's activities include refinancing the local mutual banks' activities, securities portfolio management and commercial activities for corporate customers (foreign exchange transactions, interest rate and foreign exchange risk hedging).

The dealing room activities are the subject of reports at regular intervals covering risks as well as financial and accounting performances.

The permitted activities and procedures for capital markets activities are included in each regional group's internal regulations. At the operational level, they are analyzed by the various committees involved and reported upon regularly to the boards of directors concerned.

At the national level, reports produced in respect of market activities are used to monitor the main risk indicators and compliance with the national system of limits. They are supplemented with regular monitoring of the results of historical and hypothetical stress on the capital markets activities of all Crédit Mutuel groups.

OPERATIONAL RISK

Methods used by Crédit Mutuel Group

Crédit Mutuel Group is authorized to use its advanced measurement approach (AMA) to calculate regulatory capital requirements in respect of operational risk, save for the deduction of expected losses from capital requirements, as indicated below:
- authorization given since January 1, 2010 for all entities included in the consolidation scope other than the foreign subsidiaries, Cofidis Group and CM-CIC Factor;
- authorization extended to CM-CIC Factor since January 1, 2012;
- authorization extended to Banque de Luxembourg since September 30, 2013;
- authorization extended to Cofidis France since September 30, 2014; and
- authorization extended to Targobank Germany since June 30, 2018.

The deduction of insurance as a risk-mitigating factor for capital requirements in respect of operational risk under the advanced measurement approach (AMA) has been authorized by the ACPR and was applied for the first time in the interim financial statements for the six months to June 30, 2012.

General framework

The system for measuring and controlling operational risk (progressively implemented since 2002) rests on foundations common to the entire Crédit Mutuel Group and common quantitative measurement methods. Risk mappings are performed for each business line, activity group and risk type in close collaboration with the functional departments. These departments define a standardized framework for analyzing losses and draw up expert-based modeling for comparison against scenario-based, probabilistic estimates.

For its modeling, the group relies notably on a national database of internal loss events, in addition to which it has access to an external database on a subscription basis. It also relies on the scenarios developed during the mapping process and in the statistical studies drawn up in compliance with common procedures and regulatory requirements.

Main objectives

The operational risk management policy implemented by the group is designed to achieve the following:
- improve group management by controlling risks and related costs;
- at the human level: protect people, foster individual responsibility, autonomy and controls, and capitalize on the skills within the group;
- at the economic level: preserve margins by managing risks close to the ground in all activities;
- at the regulatory level: comply effectively with the Basel III regulations and with requests from supervisory authorities.

Structure and organization

The group has a clearly identified function responsible specifically for the management of operational risk, which coordinates and consolidates the entire system and its implementation at the level of each entity. In this respect it:
- defines and manages the reference databases as well as the risk measurement methods and models;
- organizes the reporting of loss events and key risk indicators (KRI);
- draws up the mappings and produces the modeling;
- defines group methodologies;
- directs action plans for mitigating risks; and
- manages financing plans.

This function is coordinated by the operational risk managers (one at each regional group and at each large entity). Their work is coordinated by the national function under the responsibility of the Risk Department of Confédération Nationale du Crédit Mutuel.

Reporting and general oversight

The reporting and general oversight of operational risks are based on the following principles:
- providing information at regular intervals to the Board of Directors covering incurred losses;
- providing ad hoc reports to the national management teams setting out the risk profile analyzed according to the risk structure defined by the group, capital requirements, losses and provisions in respect of loss events.

FINANCIAL CONGLOMERATES

Confédération Nationale du Crédit Mutuel (CNCM) was designated as a financial conglomerate by the Autorité de Contrôle Prudentiel in a letter dated December 16, 2005. Further to the Order of September 19, 2005 issued by the Advisory Committee on Financial Legislation and Regulation (Comité Consultatif de la Législation et de la Réglementation Financières - CCLRF), *"institutions that own more than 20% of the capital of undertakings belonging to the insurance sector must deduct their investment as well as any subordinated loans from their prudential own funds. However, said institutions have the possibility not to deduct from own funds investments in undertakings belonging to the insurance sector, but if so they have an additional requirement in terms of capital adequacy determined applying the so-called accounting consolidation method."*

CNCM's activity as a financial conglomerate is undertaken through Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of CM Alliance Fédérale Group and Suravenir (life insurance) and Suravenir Assurances (non-life insurance), which are both subsidiaries of CM Arkéa. These subsidiaries market an extensive range of life insurance, property insurance, casualty insurance and third-party liability insurance products, predominantly through the banking networks of Crédit Mutuel Group.

At December 31, 2018, coverage of the solvency requirements related to banking activities or investment and insurance services by the own funds of Crédit Mutuel Group acting as financial conglomerate was 171.7%.

Crédit Mutuel Group had total assets of €852.6 billion at December 31, 2018, broken down by business line as follows:

BREAKDOWN OF TOTAL ASSETS BY BUSINESS LINE

in € billions	Retail banking	Insurance	Corporate and Investment Banking	Asset Management and Private Banking	Other	Total	Intra-group eliminations	On a consolidated basis
2018	1,045.7	183.4	97.1	33.4	92.7	**1,452.3**	(599.7)	**852.6**

Quantitative disclosure concerning any intra-group transaction in an amount exceeding 5% of solvency requirements applicable to the various business lines, calculated based on the previous year-end closing or €500 million

Control of the conglomerate's intra-group transactions (banking and insurance) is carried out as from December 31, 2017 by type (i.e. on transactions at the closing date for debt components (broken down by average remaining term) and off-balance sheet commitments, and on the total annual flows for products traded).
Details of intra-group transactions are required by the regulator when the total amount for all transactions by type exceeds a certain threshold, namely:

- 5% of the conglomerate's previous year capital requirements for debt components and off-balance sheet commitments, and
- €500 million or 5% of the conglomerate's previous year capital requirements for products traded.

The threshold of 5% of the conglomerate's capital requirements was €1.541 billion at December 31, 2018 (i.e. 5% of the conglomerate's solvency requirements at December 31, 2017, which amounted to €30.811 billion).

OUTLOOK

In 2019, Crédit Mutuel Group will pursue its development and diversification in order to best serve all its customers and members.

Its strategy is based on the commercial performance of its retail banking networks, growth in its insurance activities and the development of its business subsidiaries in France and abroad. It also includes careful management of its costs and risks in order to further ensure the group's financial strength.

IFRS FINANCIAL STATEMENTS
at December 31, 2018

BALANCE SHEET - ASSETS

(IN € MILLIONS)	12/31/2018	01/01/2018	NOTES	12/31/2017
Cash on hand, balances with central banks	64,023	64,724	1	64,724
Financial assets at fair value through profit or loss	22,062	20,004	6a, 6c, 9,10	68,829
Hedging derivative instruments	3,409	3,810	7, 9, 10	3,810
Financial assets at fair value through equity	41,550	40,271	4a, 4b, 5, 7.9	
Available-for-sale financial assets (2017 - IAS 39)				149,559
Securities at amortized cost	4,076	4,531	2c, 5, 7	
Held-to-maturity financial assets (2017 - IAS 39)				11,456
Loans and receivables due from credit and similar institutions at amortized cost	51,081	47,550	2a, 5, 7	43,666
Loans and receivables due from customers at amortized cost	467,439	432,691	2b, 5, 7	435,026
Difference arising on re-measurement of interest-rate-hedged portfolios	1,518	727		727
Investments by the insurance activities and reinsurers' share of technical reserves	171,556	172,399	8.9	
Current tax assets	2,365	2,305	11a	2,304
Deferred tax assets	1,807	1,789	11b	1,486
Prepayments, accrued income and other assets	10,772	9,923	12a	17,187
Non-current assets classified as held for sale	531	119	12c	119
Deferred profit-sharing	0	0		0
Investments in companies accounted for using the equity method	464	1,290	13	1,342
Investment property	273	290	14	3,380
Property and equipment	3,610	3,548	15a	3,548
Intangible assets	1,165	1,128	15b	1,128
Goodwill	4,863	4,907	16	4,907
Total assets	**852,564**	**812,006**		**813,198**

BALANCE SHEET - LIABILITIES AND EQUITY

(IN € MILLIONS)	12/31/2018	01/01/2018	NOTES	12/31/2017
Balances with central banks	350	285	1	285
Financial liabilities at fair value through profit or loss	5,431	6,222	6b, 6c, 9,10	10,545
Hedging derivative instruments	2,894	3,777	7, 9, 10	3,777
Amounts due to credit and similar institutions at amortized cost	59,887	54,126	3a, 7	52,716
Amounts due to customers at amortized cost	396,698	373,952	3b, 7	374,176
Debt securities at amortized cost	138,684	130,008	3c, 7	130,058
Difference arising on re-measurement of interest-rate-hedged portfolios	88	(452)	7	(452)
Current tax liabilities	887	1,090	11a	1,089
Deferred tax liabilities	1,182	1,389	11b	1,525
Accrued charges, deferred income and other liabilities	14,672	11,118	12b	20,052
Liabilities directly associated with non-current assets classified as held for sale	67	14	12c	14
Liabilities related to policies of the insurance activities	163,388	164,379	8	
Insurance technical reserves (2017)				152,112
Provisions for risks and charges	3,924	3,820	17	3,704
Subordinated debt at amortized cost	9,696	10,402	3d	10,553
Shareholders' equity	**54,716**	**51,876**		**53,044**
Shareholders' equity - attributable to owners of the company	**54,167**	**51,285**		**52,370**
Capital and capital reserves	10,331	10,083	18a	10,083
Consolidated reserves	39,507	36,940	18a	37,368
Gains or losses recognized directly in equity	825	1,284	18b, 32, 33	1,941
Net income for the year	3,504	2,978		2,978
Non-controlling interests	**549**	**591**	18c	**674**
Total liabilities and equity	**852,564**	**812,006**		**813,198**

INCOME STATEMENT

(IN € MILLIONS)	12/31/2018	12/31/2017	NOTES
Interest and similar income	25,491	19,103	20
Interest and similar expense	(17,943)	(11,980)	20
Fees and commissions (income)	5,945	5,762	21
Fees and commissions (expense)	(1,550)	(1,529)	21
Net gains on financial instruments at fair value through profit or loss	769	930	22
Net gains (losses) on financial assets at fair value through equity (2018)	227		23
Net gains (losses) on available-for-sale financial assets (2017)		574	
Net gains (losses) resulting from the derecognition of financial assets at amortized cost	1		24
Net gains (losses) resulting from the reclassification of financial assets at amortized cost as financial assets at fair value through profit or loss	0		
Net gains (losses) resulting from the reclassification of financial assets at fair value through equity as financial assets at fair value through profit or loss	0		
Net income from insurance activities	3,480		25
Income from other activities (1)	2,332	24,434	26
Expenses on other activities (1)	(1,226)	(19,546)	26
Net banking income	**17,526**	**17,748**	
General operating expenses	(10,706)	(10,428)	27
Provisions, amortization and depreciation for property and equipment and intangible assets	(626)	(641)	27
Operating income before provisions	**6,194**	**6,679**	
Net additions to/reversals from provisions for loan losses	(988)	(965)	28
Operating income	**5,206**	**5,714**	
Share in net income or loss of companies accounted for using the equity method	59	(344)	13
Gains or losses on other assets	95	3	29
Changes in goodwill	7	(15)	30
Income before tax	**5,367**	**5,358**	
Corporate income tax	(1,810)	(2,326)	31
Gains & losses on discontinued operations, net of tax	**21**	**22**	**12c**
Net income (loss)	**3,578**	**3,054**	
Non-controlling interests	74	76	
Net income (loss) attributable to owners of the company	**3,504**	**2,978**	

(1) includes income/expense on insurance activities.

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

(IN € MILLIONS)	12/31/2018	12/31/2017
Net income (loss)	**3,578**	**3,054**
Translation gains and losses	42	(109)
Re-measurement of financial assets at fair value through equity - debt instruments	(211)	106
Reclassification of financial assets from fair value through equity to fair value through profit or loss		
Re-measurement of investments by insurance activities	(350)	
Re-measurement of hedging derivative instruments	2	40
Share of unrealized or deferred gains or losses of companies accounted for using the equity method	1	(3)
Total gains and losses that may be recycled subsequently to profit or loss	**(515)**	**34**
Re-measurement of financial assets at fair value through equity - equity instruments at the reporting date	73	
Re-measurement of financial assets at fair value through equity - equity instruments sold during the period	6	
Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option	5	
Re-measurement of non-current assets		-
Actuarial gains (losses) on defined benefit plans	(4)	34
Share of non-recyclable gains and losses of companies accounted for using the equity method	(24)	0
Total gains and losses that may not be recycled to profit or loss	**55**	**34**
Net income and gains and losses recognized directly in equity	**3,118**	**3,122**
Of which attributable to owners of the company	3,045	3,045
Of which non-controlling interests	73	77

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(IN € MILLIONS)	CAPITAL AND CAPITAL RESERVES			CONSOLIDATED RESERVES	UNREALIZED OR DEFERRED GAINS/LOSSES (AFTER TAX)								
							Changes in the value of financial instruments						
	Capital	Capital reserves	Elimination of treasury shares	Consolidated reserves	Translation differences	Revaluation differences (excluding financial instruments)	Changes in the fair value of financial assets at fair value through equity	Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option	Changes in the fair value of derivative hedging instruments	Net income (loss) attributable to owners of the company	Shareholders' equity attributable to owners of the company	Shareholders' equity attributable to non-controlling interests	Total consolidated shareholders' equity
Shareholders' equity at December 31, 2016	**9,992**	**31**	**-**	**34,390**	**89**	**(387)**	**2,226**		**(54)**	**3,253**	**49,540**	**964**	**50,504**
Impact of changes in accounting method or error corrections													
Shareholders' equity at January 1, 2017	**9,992**	**31**	**-**	**34,390**	**89**	**(387)**	**2,226**		**(54)**	**3,253**	**49,540**	**964**	**50,504**
Capital increase	60										60		60
Appropriation of income for 2016				3,253						(3,253)	-		-
Dividends paid in 2017 in respect of 2016				(137)							(137)	(10)	(147)
Changes in investments in subsidiaries without loss of control				(2)							(2)	2	-
Subtotal of changes linked to relations with shareholders	**60**	**-**	**-**	**3,114**	**-**	**-**	**-**		**-**	**(3,253)**	**(79)**	**(8)**	**(87)**
Changes in gains and losses recognized directly in equity					(109)	34	242		-		167	1	168
Changes in the value of financial instruments and non-current assets reclassified to profit or loss							(137)		40		(97)	-	(97)
Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option transferred to reserves													
2017 net income										2,978	2,978	76	3,054
Subtotal					**(109)**	**34**	**105**		**40**	**2,978**	**3,048**	**77**	**3,125**
Impact of acquisitions and disposals on non-controlling interests				(208)							(208)	(359)	(567)
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method				(17)	(37)		34				(20)	-	(20)
Other changes				89							89	-	89
Shareholders' equity at December 31, 2017	**10,052**	**31**	**-**	**37,368**	**(57)**	**(353)**	**2,365**		**(14)**	**2,978**	**52,370**	**674**	**53,044**
Impact of the implementation of IFRS 9 (only for 2018)				(428)			(657)				(1,085)	(83)	(1,168)
Shareholders' equity at January 1, 2018	**10,052**	**31**	**-**	**36,940**	**(57)**	**(353)**	**1,708**		**(14)**	**2,978**	**51,285**	**591**	**51,876**
Capital increase	248										248		248
Appropriation of income for 2018				2,978						(2,978)	-		-
Dividends paid in 2019 in respect of 2018				(151)							(151)	(12)	(163)
Changes in investments in subsidiaries without loss of control				(1)							(1)	1	-
Subtotal of changes linked to relations with shareholders	**248**	**-**	**-**	**2,826**						**(2,978)**	**96**	**(11)**	**85**
Changes in gains and losses recognized directly in equity				(3)	41	(7)	(474)		4		(439)	(1)	(440)
of which transferred to reserves (equity instruments)				(3)			6					-	3
Changes in the value of financial instruments and non-current assets reclassified to profit or loss							(6)		-		(6)	-	(6)
Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option transferred to reserves								5			5		5
2018 net income										3,504	3,504	74	3,578
Subtotal				**(3)**	**41**	**(7)**	**(480)**	**5**	**4**	**3,504**	**3,064**	**73**	**3,137**
Impact of acquisitions and disposals on non-controlling interests				(89)							(89)	(30)	(119)
Changes in accounting methods				-							-	-	-
Share of changes in the shareholders' equity of associates and joint ventures accounted for using the equity method				16	3		(25)				(6)	(1)	(7)
Other changes				(183)							(183)	(73)	(256)
Shareholders' equity at December 31, 2018	**10,300**	**31**	**-**	**39,507**	**(13)**	**(360)**	**1,203**	**5**	**(10)**	**3,504**	**54,167**	**549**	**54,716**

STATEMENT OF CASH FLOWS

(IN € MILLIONS)	12/31/2018	12/31/2017
Net income (loss)	3,578	3,054
Tax	1,810	2,326
Income before tax	**5,388**	**5,380**
=+/- Net provision for depreciation of property and equipment and intangible assets	626	641
- Impairment of goodwill and other non-current assets	13	15
+/- Net charges to provisions and impairment	114	6,252
+/- Share of income of companies accounted for using the equity method	59	(344)
+/- Net loss/income from investment activities	(67)	(53)
+/- (Income)/expenses on financing activities	0	0
+/- Other movements	(1,034)	832
= Total of non-monetary items included in income before tax and other adjustments	**(289)**	**7,344**
+/- Flows linked to transactions with credit institutions (a)	2,891	(3,011)
+/- Flows linked to transactions with customers (b)	(11,686)	(4,371)
+/- Flows linked to other transactions affecting financial assets or liabilities (c)	153	(6,368)
+/- Flows linked to other transactions affecting non-financial assets or liabilities	2,305	611
- Taxes paid	(1,911)	(2,256)
= Net reduction/(increase) in assets and liabilities from operating activities	**(8,248)**	**(15,395)**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	**(3,149)**	**(2,671)**
+/- Flows linked to financial assets and holdings (d)	**(1,535)**	**1,737**
+/- Flows linked to investment property (e)	**(113)**	**(710)**
+/- Flows linked to property and equipment and intangible assets (f)	**(700)**	**(595)**
TOTAL NET CASH FLOW LINKED TO INVESTMENT ACTIVITIES (B)	**(2,348)**	**433**
+/- Cash flows from or to shareholders (g)	**82**	**(87)**
+/- Other net cash flows from financing activities (h)	**7,751**	**(967)**
TOTAL NET CASH FLOW LINKED TO FINANCING ACTIVITIES (C)	**7,833**	**(1,054)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**81**	**(232)**
Net increase/(reduction) in cash and cash equivalents (A + B+ C + D)	**2,417**	**(3,524)**
Net cash flow from operating activities (A)	(3,149)	(2,671)
Net cash flow linked to investment activities (B)	(2,348)	433
Net cash flow linked to financing activities (C)	7,833	(1,054)
Effect of exchange rate changes on cash and cash equivalents (D)	81	(232)
Cash and cash equivalents on opening	**60,488**	**64,011**
Cash and central banks (assets and liabilities)	64,441	68,027
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	(3,953)	(4,016)
Cash and cash equivalents on closing	**62,905**	**60,487**
Cash and central banks (assets and liabilities)	63,674	64,441
Accounts (assets and liabilities) and demand lending/borrowing with credit institutions	(769)	(3,954)
CHANGE IN NET CASH	**2,417**	**(3,524)**

(IN € MILLIONS)	12/31/2018	12/31/2017
(a) **Flows linked to transactions with credit institutions** break down as follows:		
+/- Inflows and outflows linked to loans and advances to credit institutions (other than items included in cash and cash equivalents), excluding accrued interest	(3,396)	(3,431)
+/- Inflows and outflows linked to amounts due to credit institutions, excluding accrued interest	6,287	420
(b) **Flows linked to transactions with customers** break down as follows:		
+/- Inflows and outflows linked to loans and advances to customers, excluding accrued interest	(34,221)	(21,174)
+/- Inflows and outflows linked to amounts due to customers, excluding accrued interest	22,535	16,803
(c) **Flows linked to other transactions affecting financial assets or liabilities** break down as follows:		
+/- Inflows and outflows linked to financial assets at fair value through profit or loss	(686)	(9,973)
+/- Inflows and outflows linked to financial liabilities at fair value through profit or loss	966	(769)
- Outflows linked to acquisitions of fixed-income available-for-sale securities*	(128)	2,863
+ Inflows linked to sales of fixed-income available-for-sale financial assets*	0	0
+/- Inflows and outflows linked to derivative hedging instruments	0	0
+/- Inflows and outflows linked to debt securities	1	1,511
(d) **Flows linked to financial assets and holdings** break down as follows:		
- Outflows linked to acquisitions of subsidiaries, net of cash acquired	0	0
+ Inflows linked to sales of subsidiaries, net of cash transferred	0	0
- Outflows linked to acquisitions of securities of companies accounted for using the equity method	(43)	(20)
+ Inflows linked to sales of securities of companies accounted for using the equity method	(21)	1
+ Inflows linked to dividends received	0	0
- Outflows linked to acquisitions of held-to-maturity financial assets	(6,555)	(1,269)
+ Inflows linked to sales of held-to-maturity financial assets	4,770	2,988
- Outflows linked to acquisitions of variable-income available-for-sale financial assets	(209)	(280)
+ Inflows linked to sales of variable-income available-for-sale financial assets	525	317
+/- Other cash flows linked to investment transactions	0	0
+ Inflows linked to interest received, excluding accrued interest not yet due	0	0
(e) **Flows linked to investment property** break down as follows:		
- Outflows linked to acquisitions of investment property	(715)	(735)
+ Inflows linked to sales of investment property	602	26
(f) **Flows linked to property and equipment and intangible assets** break down as follows:		
- Outflows linked to acquisitions of property and equipment and intangible assets	(926)	(846)
+ Inflows linked to sales of property and equipment and intangible assets	226	251
(g) **Cash flows from or to shareholders** break down as follows:		
+ Inflows from issuance of shares and similar securities	248	224
+ Inflows from disposals of shares and similar securities	(3)	0
- Outflows linked to dividends paid	(163)	(118)
- Outflows linked to other payments	0	0
+ Inflows linked to a change in investments without loss of control	0	0
- Outflows linked to a change in investments without loss of control	0	0
(h) **Other net cash flows from financing activities** break down as follows:		
+ Inflows linked to issuance of bonds and debt securities	16,965	14,809
- Outflows linked to repayment of bonds and debt securities	(8,936)	(17,716)
+ Inflows linked to issuance of subordinated debt	38	2,000
- Outflows linked to repayment of subordinated debt	(316)	(60)
- Outflows linked to interest paid, excluding accrued interest not yet due	0	0

** Including revaluations linked to acquisitions/disposals of variable-income available-for-sale financial assets.*

TABLE OF CONTENTS - NOTES

NOTES

The Crédit Mutuel Group is not listed and is consequently under no obligation to present consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). However, for the sake of greater transparency and comparability with other leading financial institutions, the Board of Directors of the Confédération Nationale du Crédit Mutuel, which is the group's central governing body within the meaning of Article L.511-31 of the French Monetary and Financial Code, has opted to prepare consolidated financial statements at the national level in accordance with IFRS.

These financial statements are presented in accordance with French Accounting Standards Board recommendation no. 2017-02 relating to financial statements under IFRS. They comply with the international accounting standards adopted by the European Union.

Since January 1, 2018, the group has applied:

• IFRS 9

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. It defines new rules concerning:
- classifying and measuring financial instruments (phase 1),
- impairment provisions for expected credit losses on financial instruments (phase 2), and
- hedge accounting, excluding macro-hedging (phase 3).

The classification and measurement provisions, as well as the new IFRS 9 impairment model, are applied retrospectively by adjusting the opening balance sheet at January 1, 2018 (impact on shareholders' equity). There is no obligation to restate the fiscal years shown by way of comparison. The group is therefore presenting its 2018 financial statements without a comparative statement for 2017 in the IFRS 9 format, and an explanation of the transition of the portfolios between the two standards and the impacts on shareholders' equity at January 1, 2018 are presented in the "First-time application" note (part II - Financial Data). The Group is not applying Phase 3, which is optional; hedging therefore continues to be recognized according to IAS 39 as adopted by the European Union.

The implementation of IFRS 9 applies to all the group's activities with the exception of the insurance divisions governed by the Conglomerate directive (see section on Insurance Activities), for which implementation is deferred until 2021 as provided by the amendment to IFRS 4 as adopted by the European Union. To take advantage of this deferral, certain conditions must be met, including no transfers of financial instruments between the insurance sector and the other sectors of the conglomerate that would lead to a derecognition of the instruments, other than those measured at fair value through profit or loss in both sectors.

The principles of IFRS 9 applied by the group are presented in detail in section 3.1.

• IFRS 15

This standard replaces several standards and interpretations relating to revenue recognition (in particular IAS 18 - Revenue and IAS 11 - Construction Contracts). It does not affect revenue that falls within the scope of the standards covering leases, insurance contracts or financial instruments.

Revenue recognition under IFRS 15 reflects the transfer of control of the asset (or service) to a customer, for the amount to which the seller expects to be entitled.

To that end, the standard has developed a five-stage model to determine when and for what amount the revenue from ordinary activities should be recognized:
- Identify the contract(s) with a customer,
- Identify the performance obligations in the contract,
- Determine the transaction price,
- Allocate the transaction price to the performance obligations in the contract, and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

After analyzing the standard and identifying its potential effects, it was determined that the standard had no material impact for the group.

• Other amendments have little or no impact for the group

They include:
- clarifications regarding disclosures under IFRS 12 when an interest in a subsidiary, joint arrangement or associate is classified as an asset held for sale,
- application of the fair value through profit or loss option by venture capital/private equity entities to their associates and joint arrangements. The amendment to IAS 28 specifies that this option may be exercised on an entity-by-entity basis,
- information regarding transfers to or from the investment property category (IAS 40),
- the treatment of advance consideration in connection with foreign currency transactions (IFRIC 22),
- share-based payment transactions under IFRS 2. The changes involve:
  - the recognition of vesting conditions for the measurement of cash-settled transactions,
  - transactions that include a net settlement feature related to tax withheld at source,
  - a change in the terms of a share-based payment that results in a change in the classification of the transaction, which is settled in equity instruments rather than in cash.

Information regarding risk management is presented in the group's management report.

(1) It should be noted that the group has chosen to aggregate the financial instruments carried by the insurance divisions in a manner different from that proposed by the Recommendation. See section 3.2 Insurance activities.

PART 1 - ACCOUNTING POLICIES

NOTE 1: CONSOLIDATION SCOPE

Crédit Mutuel is a co-operative bank governed by the Law of September 10, 1947. It is owned solely by its members, who hold member shares ('A' shares). Members are each entitled to one vote at general meetings, where their powers include the election of directors.

The three levels of organization - local, regional and national - operate on a decentralized basis in accordance with the principle of subsidiarity. The local mutual banks, which are in closest contact with members and customers, carry out all the principal functions of bank branch offices, with the other two levels exercising only those functions that the local entities are not in a position to carry out alone.

Under Article L. 511-30 of the French Monetary and Financial Code, the Confédération Nationale is the central governing body for the group. As such it is responsible for:
- ensuring the liquidity and solvency of the Crédit Mutuel network,
- representing Crédit Mutuel before the public authorities and defending and promoting its interests,
- and, more generally, ensuring the overall cohesion of the network and overseeing its functioning and business development while at the same time exercising administrative, technical and financial control over the regional groups and their subsidiaries.

The method for consolidating a group with such a distinctive capital ownership structure is based on determining a consolidating entity that reflects the community of members linked by shared financial solidarity and governance.

1.1 Consolidating entity

At December 31, 2018, the consolidating entity for the Crédit Mutuel Group was composed of all the local mutual banks, federal banks (general purpose and farming/rural) and regional federations of the six Crédit Mutuel groups, Caisse Centrale du Crédit Mutuel, the Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Agricole et Rural.

The capital of the consolidating entity is thus owned exclusively by all the members of the local mutual banks.

1.2 Basis of consolidation

The general principles for the inclusion of an entity within the consolidation scope are as defined in IFRS 10, IFRS 11 and IAS 28 (revised).

All the entities included in the consolidation scopes of the regional groups are included in the national consolidation scope. Jointly-held companies, not consolidated at regional level, are excluded from the national consolidation scope if their total assets or earnings have an impact of 1% or less on the consolidated equivalent. However, an entity that does not reach this threshold may be consolidated if its activity or intended development result in it being considered a strategic investment.

The consolidation scope comprises:
- *Entities controlled exclusively*: exclusive control is presumed to exist when the group investor has power over and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of entities controlled exclusively are fully consolidated.

- *Entities controlled jointly*: joint control is the contractually agreed sharing of control of an entity, which exists only when decisions about the key activities require the unanimous consent of the parties sharing control. When two parties or more exercise joint control, this amounts to a joint arrangement, which is considered either a joint operation or a joint venture:
  - a *joint operation* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the entity. The joint operator recognizes the entity's assets, liabilities, revenue and expenses in relation to its interest in the joint operation.
  - a *joint venture* is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the entity's net assets. The joint venturer recognizes its interest in the entity using the equity method.

  All entities over which the group exercises joint control are joint ventures within the meaning of IFRS 11.

- *Entities over which significant influence is exercised*: these are entities over whose financial and operational policies the group exercises significant influence but does not have control. Entities over which the group exercises significant influence are consolidated using the equity method.

Holdings belonging to private equity companies and over which the group exercises joint control or significant influence are recognized at fair value.

NOTE 2: CONSOLIDATION POLICIES AND METHODS

2.1 Consolidation methods

The following consolidation methods have been used:

2.1.1 Full consolidation

This method consists of substituting the various assets and liabilities of the subsidiary concerned for the value of the securities held and of recognizing the share of non-controlling interests in shareholders' equity and net profit. It is applied to all exclusively-controlled entities, including those with a different accounts structure, regardless of whether or not the activity concerned forms part of the consolidating entity's activities.

Non-controlling interests correspond to participating interests not resulting in control being exercised as defined by IFRS 10 and include instruments constituting present ownership interests and conferring rights to a share of the net assets in the event of liquidation and other capital instruments issued by the subsidiary but not held by the group.

Consolidated UCITS, notably those representing unit-linked policies of insurance undertakings, are recognized at fair value through profit or loss. The amounts corresponding to non-controlling interests are recognized under "Other liabilities".

2.1.2 Equity method of consolidation

The equity method of consolidation consists of substituting the group's share of the shareholders' equity and net profit of the entity concerned for the value of the securities held. It is applied to all entities determined to be joint ventures or over which significant influence is exercised.

2.2 Closing date

All the companies included in the group's consolidation scope close their accounts on December 31 of each year.

2.3 Elimination of intra-group transactions

Intra-group accounts and any effects resulting from intra-group transfers that would have a material impact on the consolidated financial statements are eliminated.

2.4 Translation of accounts denominated in a foreign currency

Concerning foreign entities whose accounts are denominated in a foreign currency, the balance sheet is translated using the official exchange rate on the closing date. The translation difference arising on the capital, reserves and retained earnings, which results from changes in exchange rates, is recognized in shareholders' equity under "Translation reserves". The income statement is translated using the average exchange rate for the year. The resulting translation differences are recognized directly in "Translation reserves". Such differences are transferred to profit and loss in the event of the disposal or liquidation of all or part of the holding in the foreign entity.

2.5 Goodwill

• Fair value adjustments

On the date that control of a new entity is acquired, the assets, liabilities and contingent operating liabilities are measured at their fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

• Goodwill

In compliance with IFRS 3 (revised), on the date that control of a new entity is acquired, those identifiable assets, liabilities and contingent liabilities of the acquiree meeting criteria for recognition under IFRS are measured at fair value on the date of acquisition, except for non-current assets classified as assets held for sale (IFRS 5), which are recognized at the lowest of fair value less costs to sell and carrying amount. IFRS 3 (revised) permits goodwill to be recognized on a full basis or on a proportional basis, the choice being available for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If there is an increase (decrease) in the group's percentage holding in a controlled entity, the difference between the acquisition cost (sale price) of the securities and the share of consolidated shareholders' equity represented by such securities on the date of acquisition (date of sale) is recognized in shareholders' equity.

The group regularly (at least once each year) tests goodwill for impairment. These tests are intended to ensure that goodwill has not experienced any impairment. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This impairment loss, recognized in profit and loss, is irreversible. In practice, cash-generating units are defined on the basis of the group's business lines.

NOTE 3: ACCOUNTING POLICIES AND METHODS

3.1 Financial instruments under IFRS 9

The financial instruments of the insurance divisions continue to be recognized under IAS 39 (see section "3.2 Insurance Activities").

3.1.1 Classification and measurement of financial assets

Under IFRS 9, the classification and measurement of financial assets depend on the business model and the contractual characteristics of the instruments.

3.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:
- *at amortized cost*, if it is held with a view to collecting contractual cash flows and if its characteristics are similar to those of a so-called basic agreement (see section "Cash flow characteristics" below,
- (hold to collect model),
- *at fair value through equity,* if the instrument is held with a view to both collecting contractual cash flows and selling the asset based on opportunities, but not for trading purposes, and if its characteristics are similar to those of a so-called basic agreement that implicitly entails a high predictability of the related cash flows (hold to collect and sell model),
- *at fair value through profit or loss*, if:
- it is not eligible for the two previous categories (because it does not meet the "basic" criterion and/or is managed according to the "other" business mondel), or

- the group makes an irrevocable election at initial recognition to classify it in this way. This option is used to reduce an accounting mismatch relative to another related instrument.

• Cash flow characteristics:

The contractual cash flows, which represent only repayments of principal and payments of interest on the principal balance, are compatible with a so-called basic agreement. In a basic agreement, interest mainly represents consideration for the time value of money (including in case of negative interest) and credit risk. Interest may also include liquidity risk, administrative fees to manage the asset and a profit margin.

All the contractual clauses must be analyzed, including those that could change the repayment schedule or the amount of the contractual cash flows. The option under the agreement, on the part of the borrower or the lender, to repay the financial instrument early is compatible with the SPPI[1] nature of the contractual cash flows insofar as the amount repaid essentially represents the principal balance and accrued interest and, where applicable, a reasonable compensatory payment.

The early repayment penalty[2] is considered reasonable if, for example:
- it is expressed as a percentage of the repaid principal and is less than 10% of the repaid nominal amount, or
- it is determined according to a formula designed to offset the change in the benchmark interest rate between the grant date of the loan and the early repayment date.

An analysis of the contractual cash flows may also require comparing them with those of a benchmark instrument when the time value of money component included in the interest can be changed as a result of the instrument's contractual clauses. This is the case, for example, if the interest rate of the financial instrument is revised periodically, but there is no correlation between the frequency of the revisions and the term for which the interest rate is defined (monthly revision of a one-year rate, for example), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the undiscounted contractual cash flows of the financial asset and those of the benchmark instrument is or may become significant, the financial asset cannot be considered basic.

Depending on the case, the analysis is either qualitative or quantitative. The materiality or immateriality of the difference is assessed for each fiscal year, and cumulatively over the life of the instrument. The quantitative analysis takes into account a set of reasonably possible scenarios. For this, the group has used yield curves dating back to 2000.

In addition, a specific analysis is conducted in the case of securitizations insofar as there is a payment priority order between the holders and concentrations of credit risk in the form of tranches. In this case, the analysis requires an examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches relative to the credit risk of the underlying financial instruments.

It should be noted that:
- derivatives embedded in financial assets are no longer recognized separately, which implies that the entire hybrid instrument is then considered non-basic and recognized at fair value through profit or loss,
- units in UCITS or UCIs are not basic instruments and are also classified at fair value through profit or loss.

• Business models

The business model represents the way in which instruments are managed in order to generate cash flows and revenue. It is based on observable facts and not simply on management's intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather on a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at initial recognition and may only be reassessed in case of a change in model (exceptional cases).

To determine the model, all available information must be observed, including:
- the way in which the business's performance is reported to decision-makers,
- the way in which managers are compensated,
- the frequency, schedule and volumes of sales in previous periods,
- the reasons for the sales,
- future sales forecasts,
- the way in which risk is assessed.

Under the hold to collect model, certain examples of authorized sales are explicitly indicated in the standard:
- in relation to an increase in credit risk,
- close to maturity and in an amount close to par,
- exceptional sales (in particular, related to liquidity stress).

These "authorized" sales are not included in the analysis of the significant and frequent nature of the sales carried out on a portfolio. Frequent and/or significant sales would not be compatible with this business model. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

(2) SPPI: Solely Payments of Principal and Interest.
(3) The group has chosen early application of the amendment to IFRS 9 regarding prepayment features with negative compensation, adopted by the EU in March 2018.

For other sales, thresholds have been defined based on the maturity of the securities portfolio – for example, 2% for an average maturity of eight years (the group does not sell its loans).

The group has mainly developed a model based on the collection of contractual cash flows from financial assets which applies in particular to the customer financing activities.

It also manages financial assets according to a model based on the collection of contractual cash flows from financial assets and on the sale of these assets, and a specific model for other financial assets, including trading assets.

Within the group, the hold to collect and sell model applies primarily to the proprietary cash management and liquidity portfolio management activities. Crédit Mutuel has opted not to issue "group" principles regarding the classification at amortized cost, or at fair value through equity, of debt instruments included in the liquidity portfolio. Each regional group classifies its instruments according to its own business model.

Finally, financial assets held for trading include securities acquired at inception with the intention of selling them within a short period of time, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

• Financial assets at amortized cost

These mainly include:
- cash and cash equivalents, which include cash accounts, deposits and demand loans and borrowings with central banks and credit institutions,
- other loans to credit institutions, as well as those to customers (granted directly or the share in syndicated loans), not measured at fair value through profit or loss,
- a portion of the securities held by the group.

Financial assets included in this category are initially measured at fair value, which is usually the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.
The assets are subsequently carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the expected life of the financial instrument in order to obtain the net carrying amount of the financial asset or liability. It includes estimated cash flows, without taking into account future credit losses, as well as commissions paid or received when they are treated as interest, directly related transaction costs and all premiums and discounts.

For securities, the amortized cost includes amortization of the premiums and discounts and acquisition costs, if material. Purchases and sales of securities are recognized on the settlement date.

Income received is presented in "*Interest and similar income*" in the income statement.

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.
Commissions received in connection with the commercial renegotiation of loans are recognized over more than one period.

The restructuring of a loan due to the borrower's financial problems, as defined by the European Banking Authority, was integrated into the information systems to ensure consistency between the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements on each closing date: it comprises the present value of projected future cash flows discounted using a zero-coupon interest rate curve, which includes the issuer cost inherent to the debtor.

• Financial assets at fair value through equity

Since the group does not sell its loans, this category includes only securities. These assets are recognized on the balance sheet at fair value when they are acquired, on the settlement date and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled "*Unrealized or deferred gains or losses*", excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of impairment is observed (see sections "3.1.7 Derecognition of financial assets and liabilities" and "3.1.8 Measurement of credit risk").

Income accrued or received is recognized in profit or loss under "Interest and similar income" using the effective interest rate method.

• Financial assets at fair value through profit or loss

These assets are recognized on the balance sheet at fair value when they are first recorded and at subsequent balance sheet dates until such time as they are disposed of (see section "3.1.7. Derecognition of financial assets and liabilities"). Changes in fair value are recorded in profit or loss under "*Net gains (losses) on financial instruments at fair value through profit or loss*".

As of January 1, 2018, income received or accrued on financial instruments at fair value through profit or loss is shown in the income statement under interest income or expense. Prior to that, this interest was shown under "Net gains (losses) on financial instruments at fair value through profit or loss". This change was made to ensure consistency with regulatory reports sent to the ECB as part of the Short-Term Exercise (STE) and to have a better understanding of interest received and paid.
Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction and settlement dates are recognized in profit or loss.

3.1.1.2 Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified:
- at fair value through profit or loss, or
- at fair value through equity, at initial recognition, if the group irrevocably elects to do so.

Crédit Mutuel has opted not to issue "group" principles regarding the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the group has elected to include in this category are strategic holdings.

• Financial assets at fair value through equity

Shares and other equity instruments are recognized on the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled "*Unrealized or deferred gains or losses*". Unrealized gains or losses recognized in equity are never recognized in profit or loss, including when the assets are disposed of (see section "3.1.7 Derecognition of financial assets and liabilities").
Only dividends received on variable-income securities are recorded in profit or loss under "*Net gains (losses) on financial assets at fair value through equity*".
Purchases and sales of securities are recognized on the settlement date.

• Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss (see above).

3.1.2 Classification and measurement of financial liabilities

Financial liabilities are included in one of the following two categories:

• financial liabilities at fair value through profit or loss

- those incurred for trading purposes, which by default include derivative liabilities that do not qualify as hedging instruments, and
- non-derivative financial liabilities which the group designated at inception to be measured at fair value through profit or loss (fair value option). This includes:
  - financial instruments containing one or more separable embedded derivatives,
  - instruments for which the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and
  - instruments belonging to a pool of financial assets measured and accounted for at fair value.

Changes in fair value resulting from the own credit risk of liabilities designated at fair value through profit or loss under the fair value option are recognized under unrealized or deferred gains (losses) in non-recyclable equity.
The issue of own credit risk has very little impact on the group.

• financial liabilities at amortized cost

These include other non-derivative financial liabilities, such as amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.) and subordinated debt (dated or undated) that are not classified at fair value through profit or loss under the fair value option.
Subordinated debt is separated from other debt securities as, in the event of the issuer's liquidation, it is repaid only after claims by other creditors have been extinguished. Debt securities include the non-preferred senior securities created by the Sapin 2 law.

These liabilities are initially recognized at fair value and measured at subsequent balance sheet dates at amortized cost using the effective interest rate method. The initial fair value of issued securities is the issue value less transaction costs, where applicable.

• Regulated savings contracts

Liabilities at amortized cost include home savings accounts (Comptes Épargne Logement - CEL) and home savings schemes (Plans Épargne Logement - PEL), French regulated products available to individual customers. These products provide retail investors with interest-bearing savings vehicles during a first phase, and grant them access to a mortgage during a second phase. They generate two kinds of commitment for the banks that distribute them:
- a commitment to pay a fixed rate of interest in the future on the savings (solely for home savings schemes, as the interest rate on home savings accounts is equivalent to a variable rate and is periodically revised in accordance with an indexation formula);
- a commitment to extend a loan based on pre-determined conditions to customers who request one (both products).

These commitments are estimated on the basis of customer behavioral statistics and market data. A provision is recognized on the liability side of the balance sheet to cover future charges related to the potentially disadvantageous conditions of these products in comparison with the interest rates offered to individual customers for products that are similar but whose remuneration is not regulated. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics. The impact on profit or loss is recorded as interest paid to customers.

3.1.3 Distinction between liabilities and shareholders' equity

In accordance with IFRIC 2, the interests of members are classified as shareholders' equity if the entity has the unconditional right to refuse to redeem such interests, or if there are legal or statutory provisions that prohibit or significantly limit such redemption. Under existing articles of association and applicable legal provisions, shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group are recognized under shareholders' equity.

The other financial instruments issued by the group qualify for accounting purposes as debt instruments if the group has a contractual obligation to deliver cash to the holders of such instruments. This is the case, in particular, for all the subordinated securities issued by the group.

3.1.4 Transactions denominated in foreign currencies

Financial assets and financial liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

• Monetary financial assets and liabilities

Foreign exchange gains and losses arising on the translation of monetary assets and liabilities are recognized in profit or loss under "Net gains (losses) on portfolios at fair value through profit or loss".

• Non-monetary financial assets and liabilities

Foreign exchange gains and losses arising on the translation of non-monetary assets and liabilities are recognized in profit or loss under "Net gains (losses) on portfolios at fair value through profit or loss" if the item is classified at fair value through profit or loss, or under unrealized or deferred gains or losses if the item is classified under financial assets at fair value through equity.

3.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.
The Crédit Mutuel Group has elected to continue to apply the provisions of IAS 39. Additional information is, however, disclosed in the notes to the financial statements or in the management report on risk management and the effects of hedge accounting on the financial statements, in accordance with revised IFRS 7.

In addition, the provisions of IAS 39 concerning the fair value hedge of interest rate risk associated with a portfolio of financial assets or liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments that have the following three characteristics:
- their value fluctuates according to changes in an underlying (interest rate, exchange rate, shares, indices, commodities, credit ratings, etc.);
- they require only a small or no initial investment;
- they are settled at a future date.

The Crédit Mutuel Group deals mainly in simple interest rate derivatives (swaps, vanilla options) classified in level 2 of the fair value hierarchy (see note 9).

All derivatives are recognized on the balance sheet at fair value under financial assets or liabilities. By default, they are recognized as trading instruments, unless they can be classified as hedging instruments.

3.1.5.1 Determination of fair value of derivatives

The majority of over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model, interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned, and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the specific counterparty risk in the negative fair value of the over-the-counter derivatives.
When determining valuation adjustments, each risk factor is considered individually, without allowance for any diversification effect for risks, parameters or models of a different nature. A portfolio approach is most often used for a given risk factor.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

3.1.5.2 Classification of derivatives and hedge accounting

• Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

All derivatives not designated as hedging instruments under IFRS are automatically classified as "*Financial assets or financial liabilities at fair value through profit or loss*", even when for financial purposes they were entered into to hedge one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in a manner analogous to that of a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:
- it meets the definition of a derivative,
- the hybrid instrument is not measured at fair value through profit or loss,
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract, and
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

Under IFRS 9, only derivatives embedded in financial liabilities may be detached from the host contract in order to be recognized separately.

Recognition

Realized and unrealized gains and losses are recognized in profit or loss under *"Gains and losses on financial instruments at fair value through profit or loss".*

Hedge accounting

• Hedged risks

For accounting purposes, Crédit Mutuel Group hedges only interest rate risk through micro-hedging or, more broadly, through macro-hedging (see below for the accounting impacts).

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity hedges the risk of an unfavorable change in a type of risk, using derivatives.

Macro-hedging aims to protect all the group's assets and liabilities against unfavorable changes, particularly in interest rates.

Overall management of interest rate risk is described in the management report, along with management of other risks (foreign exchange, credit, etc.) that may be hedged, resulting in the natural matching of assets and liabilities or the recognition of trading derivatives.

Micro-hedging is mainly used in connection with asset swaps, generally with the aim of transforming a fixed-rate instrument into a variable-rate instrument.

Three types of hedging relationship are possible. The choice of the hedging relationship is made according to the nature of the risk being hedged.

- A fair value hedge is a hedge of the exposure to changes in the fair value of financial assets or financial liabilities.

- A cash flow hedge is a hedge of the exposure to the variability in cash flows of financial assets or financial liabilities, firm commitments or forward transactions.

- Hedges of net investments in foreign operations, which are accounted for in the same way as cash flow hedges, have not been used by the group to date.

Hedging derivatives must meet the criteria stipulated by IAS 39 to be designated as hedging instruments for accounting purposes. In particular:
- The hedging instrument and the hedged item must both qualify for hedge accounting.
- The relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets outs notably the risk management objectives of the hedging relationship, as determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge.
- Hedge effectiveness must be proved immediately upon inception of the hedging relationship and subsequently throughout its life, at the very least at each balance sheet date. Changes in the fair value or cash flows of the hedging instrument must approximately offset changes in the fair value or cash flows of the hedged item. Actual results must be within a range of 80% to 125%.

If this is not the case, hedge accounting is discontinued prospectively.

• Fair value hedge of identified financial assets or liabilities

In the case of a fair value hedge, derivatives are re-measured at their fair value, with any change being recognized in profit or loss under *"Net gains (losses) on financial instruments at fair value through profit or loss"*. The revaluation of the hedged items, in connection with the hedged risk, is treated in the same way and results in a charge or credit to profit or loss. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under *"Financial assets at fair value through equity"*. Changes in the fair value of the hedging instrument and hedged risk component will offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may result from:
- the "counterparty risk" component included in the value of derivatives,
- the difference in valuation curve between the hedged items and the hedging instruments. In fact, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in profit or loss under "*Interest income and charges*". The same treatment is applied to the interest income or charges for the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to "*Financial assets or financial liabilities at fair value through profit or loss"* and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of initially hedged identified interest rate instruments, valuation adjustments are amortized over their remaining life. If the hedged item has been derecognized, due notably to early repayments, the cumulative adjustments are recognized immediately in profit or loss.

• Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. The European Union's so-called carve-out amendment to IAS 39 enables customer demand deposits to be included in hedged fixed-rate liability portfolios with no effectiveness measurement if under-hedged. Demand deposits are included based on of the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.
The accounting method for fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.
Changes in the fair value of the hedged portfolios are recorded on the balance sheet under "*Difference arising on re-measurement of interest-rate-hedged portfolios*", the counterpart being an income statement line item.

• Cash flow hedges

In the case of a cash flow hedge, derivatives held in the balance sheet are re-measured at their fair value, with any change being recognized in equity as regards the effective portion while the portion considered as ineffective is recognized in profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss".

Amounts recognized in shareholders' equity are reclassified to profit or loss under "Interest income and charges" in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders' equity for the re-measurement of the hedging derivative are maintained in shareholders' equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur, at which point said amounts are transferred to profit or loss.
If the hedged item has been derecognized, the cumulative amounts recorded in shareholders' equity are immediately transferred to profit or loss.

3.1.6 Financial guarantees and financing commitments

A financial guarantee is treated as an insurance policy if it provides for a specific payment to be made to reimburse the holder of the guarantee for a loss incurred as the result of the failure of a specific debtor to make a payment on maturity of a debt instrument.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, i.e. they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is probable.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the provisions of IFRS 9.

3.1.7 Derecognition of financial assets and liabilities

The group derecognizes all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows of the asset expire (as in the case of commercial renegotiations) or when the group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards related to ownership of the asset.

At the time of derecognition of a:
- financial asset or liability at amortized cost or at fair value through profit or loss, a gain or loss on disposal is recorded in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received or paid,
- debt instrument at fair value through equity: the unrealized gains or losses previously recognized in equity are taken to profit or loss, together with the capital gains or losses on disposal,
- equity instrument at fair value through equity: the unrealized gains or losses previously recognized in equity together with the capital gains or losses on disposal are recognized in consolidated reserves with no impact on the income statement.

The group derecognizes a financial liability when the obligation specified in the contract is extinguished, is canceled or expires. A financial liability may also be derecognized in case of a substantial change in its contractual terms and conditions or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

3.1.8 Measurement of credit risk

The impairment model under IFRS 9 is based on an "expected losses" approach while the IAS 39 model was based on incurred credit losses, for which the accounting of credit losses at the time of the financial crisis was considered too little too late.
Under the IFRS 9 model, impairment provisions are recognized for financial assets for which there is no objective evidence of losses on an individual basis, based on past losses observed and reasonable and justifiable cash flow forecasts.

The impairment model under IFRS 9 therefore applies to all debt instruments measured at amortized cost or at fair value through equity, as well as to financing commitments and financial guarantees. These are divided into three categories:

- Status 1 - non-downgraded performing loans: loss allowance provided for on the basis of the 12-month expected credit losses (resulting from the default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition,
- Status 2 - downgraded performing loans: loss allowance provided for on the basis of the lifetime expected credit losses (resulting from the default risks over the entire residual life of the instrument) if the credit risk has increased significantly since initial recognition, and
- Status 3 - non-performing loans: category comprising financial assets for which there is an objective indication of impairment related to an event that has occurred since the loan was granted. This category is the same as the scope of the loans provided for on an individual basis under IAS 39.

For statuses 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for status 3, it is the net value after impairment.

3.1.8.1 Governance

The models for compartment allocation, forward-looking scenarios, and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group's top level and are applicable to all entities according to the portfolios involved. The entire methodological basis and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by Crédit Mutuel Group's governing bodies.

These bodies consist of the supervisory and executive boards as defined by Article 10 of the decree of November 3, 2014 on internal control. Given the specificities of Crédit Mutuel Group's decentralized organizational structure, the supervisory and executive bodies are divided into two levels – the national level and the regional level.

The principle of subsidiarity, applied across Crédit Mutuel Group, governs the breakdown of roles between national and regional levels, both on a project basis and for the ongoing implementation of the asset impairment calculation methodology.

- At the national level, the Basel 3 working group approves the national procedures, models and methodologies to be applied by the regional groups.
- At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

3.1.8.2 Definition of the boundary between statuses 1 and 2

The group relies on models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- LDP (low default portfolios, for which the rating model is based on an expert assessment): Large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.
- HDP (high default portfolios, for which the number of defaults is sufficient to develop a statistical rating model): Mass corporate, retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of status 1 into status 2, is assessed by:

- taking into account all reasonable and justifiable information, and
- comparing the risk of default on the financial instrument as of the reporting date with the risk of default as of the initial recognition date.

For the group, this involves measuring the risk at the level of the borrower, where the Crédit Mutuel Group's counterparty rating system is common to the entire group. All the group's counterparties eligible for internal approaches are rated by the system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- rating grids developed by experts (LDP).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike status 3, transferring a customer's contract into status 2 does not entail transferring all the customer's outstanding loans or those of related parties (absence of contagion).

It should be noted that the group immediately puts back into status 1 any performing exposure that no longer meets the qualitative and quantitative criteria for its transfer to status 2.

The group has demonstrated that a significant correlation exists between the probabilities of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

• Quantitative criteria

For LDP portfolios, the boundary is based on an assignment matrix that relates the internal ratings at origination and the rating at the reporting date. Thus, the riskier the rating at origination, the lower the group's relative tolerance to a significant risk deterioration.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in status 1.

• Qualitative criteria

As well as this quantitative data, the group uses qualitative criteria such as installments that are unpaid or overdue by more than 30 days, the concept of restructured loans, etc. Methods based exclusively on qualitative criteria are used for the entities or small portfolios that are classified prudentially under the standardized method and do not have rating systems.

3.1.8.3 Statuses 1 and 2 – Calculation of expected credit losses

Expected credit losses are measured by multiplying the outstanding amount discounted at the contractual interest rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance sheet exposure is converted to a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for status 1 and the probability curve at termination (1 to 10 years) for status 2.
These parameters have the same basis as the prudential models, with the formulas adapted to IFRS 9. They are used for both assignment to the statuses and the calculation of expected losses.

• Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach,
- for low default portfolios, on an external probability of default scale based on a history dating back to 1981.

• Loss given default

This is based:

- for high default portfolios, on the flows of collections observed over a long period of time, discounted at the contractual interest rates and segmented by product type and type of security,
- for low default portfolios, on fixed ratios (60% for sovereigns and 40% for the rest).

• Conversion factors

For all products, including revolving loans, conversion factors are used to convert off-balance sheet exposures to a balance sheet equivalent and are mainly based on prudential models.

• Forward-looking aspect

To calculate expected credit losses, the standard requires that reasonable and justifiable information, including forward-looking information, be taken into account. The development of the forward-looking aspect requires anticipating changes in the economy and relating these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral, pessimistic), which will be weighted based on the group's perception of changes in the economic cycle over five years (validation by the Chief Executive Officers of the various regional groups and Crédit Mutuel Group). The group relies mainly on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking aspect for maturities other than one year is derived from the forward-looking aspect for the one-year maturity.

The forward-looking aspect is also included in the LGD by incorporating information observed over a period close to current conditions.

For low default portfolios, forward-looking information is incorporated into the large accounts and bank models, and not into the local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

3.1.8.4 Status 3: Non-performing loans

In status 3, impairment is recognized once there is objective evidence of the existence of an event or events occurring subsequent to the granting of the loan – or group of loans – and likely to generate a loss. An analysis is performed on a contract-by-contract basis at each period end. The amount of impairment is equal to the difference between the carrying amount and the present value of the projected future cash flows discounted at the original effective interest rate on the loan, taking into account any guarantees. For variable-rate loans, the last known contractual rate is used.

3.1.8.5 Financial assets impaired at origination

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into status 3; otherwise, they are classified as performing loans, identified in an "Assets impaired at origination" category, and provisioned based on the same method used for exposures in status 2, i.e. an expected loss over the residual maturity of the contract.

3.1.8.6 Recognition

Impairment losses and provisions are recognized as a component of the net additions to/reversals from provisions for loan losses. When reversed, impairment losses and provisions are treated as a reduction in the net additions to/reversals from provisions for loan losses for the portion relating to the change in risk, while the portion relating to the impact of the passage of time is recognized in the interest margin. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under "provisions" in liabilities for financing and guarantee commitments (see "3.1.6 Financial guarantees and financing commitments" and "3.3.2 "Provisions"). For assets at fair value through equity, the counter-entry for impairments recognized under net additions to/reversals from provisions for loan losses is booked to "Unrealized or deferred gains and losses".
Irrecoverable receivables are written off and the corresponding impairment losses and provisions are written back.

3.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable, willing parties in an arm's length transaction.

On initial recognition of a financial instrument, fair value is generally the transaction price.
When measured subsequently, fair value must be determined. The measurement method applied varies depending on whether the financial instrument is traded in a market considered as active or not.

3.1.9.1 Financial instruments traded in an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker or pricing service, and those prices represent actual market transactions regularly occurring on an arm's length basis.

3.1.9.2 Financial instruments not traded in an active market

Observable market data is used when this data reflects the reality of a transaction in an arm's length exchange on the valuation date and there is no need for material adjustments to the valuation obtained in this way. In the other cases, the group uses non-observable mark-to-model data.

When there is no observable data or when adjustments to market prices require reliance to be placed on non-observable data, the entity may use internal assumptions regarding future cash flows and discount rates, comprising adjustments for risks in the same way as the market would. These valuation adjustments are used, notably, to integrate risks that would not be captured by the model, liquidity risks associated with the instrument or parameter concerned, and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions.
When determining valuation adjustments, each risk factor is considered individually, without allowance for any diversification effect for risks, parameters or models of a different nature. A portfolio approach is most often used for a given risk factor.

In all instances, the adjustments made by the group are reasonable and appropriate, with reliance placed on judgment.

3.1.9.3 Fair value hierarchy

A three-level hierarchy is used for fair value measurement:
- Level 1: quoted prices in active markets for identical assets or liabilities; this notably concerns debt securities quoted by at least three contributors, and derivatives quoted on an organized market;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability in question, either directly (i.e. as prices) or indirectly (i.e. derived from prices); this level includes notably interest rate swaps for which fair value is determined with the help of yield curves produced on the basis of market interest rates at the balance sheet date; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs); this category includes notably unconsolidated participating interests held (via venture capital entities or not) as part of the capital markets activities, debt securities quoted by a sole contributor and derivatives valued using mainly non-observable data.

The instrument is classified at the same level of the hierarchy as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diverse nature and quantity of the instruments valued as Level 3, the calculation of fair value sensitivity to changes in the valuation parameters would not provide meaningful information.

3.2 Insurance activities

The group's insurance divisions governed by the Conglomerate directive may defer the application of IFRS 9 until 2021, as provided by the amendment to IFRS 4 as adopted by the European Union. Their financial instruments will therefore continue to be measured and recognized under IAS 39. In terms of presentation, the group has chosen to adopt an "IFRS" approach, which allows all financial instruments under IAS 39 to be grouped on the dedicated asset or liability lines rather than strictly apply Recommendation 2017-02 of the Autorité des Normes Comptables (French accounting standards authority - ANC), which results in instruments under IAS 39 and IFRS 9 being presented in certain items[4]. Therefore, all financial instruments of the insurance divisions are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical reserves" and, under liabilities, on the line "Liabilities related to policies of the insurance activities", including technical reserves. The reclassification also applies to investment property.
The impact of financial instruments and technical reserves on the income statement is included in the line "Net income from insurance activities". Other assets/liabilities and income statement items are presented under the common "bankinsurance" headings. When they are relevant, the disclosures under IFRS 7 are provided separately for the insurance divisions.

In accordance with the regulation on adoption of November 3, 2017, the group ensures that there are no transfers of financial instruments between the insurance sector and the other sectors of the conglomerate that would lead to a derecognition of the instruments, other than those measured at fair value through profit or loss in both sectors.

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4. They apply also to reinsurance contracts issued or subscribed, and to financial contracts with a discretionary profit-participation feature.

Aside from the above cases, other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities.

3.2.1 Financial Instruments

Under IAS 39, the financial instruments of insurers may be classified in one of the following categories:
- financial assets/liabilities at fair value through profit or loss,
- available-for-sale financial assets,
- held-to-maturity financial assets,
- loans and receivables, or
- financial liabilities at amortized cost.

They are combined, under assets, on the line "Investments by the insurance activities and reinsurers' share of technical reserves" and, under liabilities, on the line "Liabilities related to policies of the insurance activities".

Classification in one or other of these categories reflects the management intention and determines how a particular instrument is recognized and measured in the financial statements.

The fair value of these instruments is measured according to the general principles set out in section 3.1.9.

Financial assets and financial liabilities at fair value through profit or loss

• Classification criteria

The classification of instruments in this category results either from a real trading intention or from the use of the fair value option.

a) Instruments held for trading:
Securities are classified as held for trading if they were acquired principally for the purpose of selling them in the near term or if they are part of a globally managed portfolio for which there is evidence of a recent actual pattern of short-term profit-taking.

b) Instruments designated as at fair value through profit or loss:
Financial instruments may be designated as at fair value through profit or loss upon initial recognition. Once designated as such, financial instruments cannot be reclassified. This classification is permitted in the following circumstances:
- financial instruments containing one or several separable embedded derivatives,
- instruments for which the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied, and
- instruments belonging to a pool of financial assets measured and accounted for at fair value.

This option is used in particular for unit-linked insurance policies, for consistency with the treatment applied to liabilities.

Basis for measurement and recognition of income and charges

Assets classified as "*Assets at fair value through profit or loss*" are recognized on the balance sheet at fair value when they are first recorded and at all subsequent balance sheet dates until such time as they are disposed of. Changes in fair value and income received or accrued on these assets are recorded in profit or loss under "Net income from insurance activities".

Available-for-sale financial assets

• Classification criteria

Available-for-sale financial assets comprise financial assets not classified as "*Loans and receivables*", as "*Held-to-maturity financial assets*" or as "*At fair value through profit or loss*".

(4) For example, the recommendation results in securities issued by insurance entities measured under IAS 39 being presented in "Debt securities" together with those issued by the bank that are measured under IFRS 9.

• Basis for measurement and recognition of income and charges

These assets are recognized on the balance sheet at fair value when they are acquired and at subsequent balance sheet dates until such time as they are disposed of. Changes in fair value are recorded in shareholders' equity under a specific heading entitled "*Unrealized or deferred gains or losses*", excluding accrued income. Unrealized gains or losses recognized in equity are recognized in profit or loss only when the assets are disposed of or when evidence of permanent impairment is observed. On disposal, the unrealized gains or losses previously recognized in equity are transferred to profit or loss, together with the gain or loss on disposal.

Income accrued or received on fixed-income securities is recognized using the effective interest rate method. It is shown under "Net income from insurance activities", as are dividends received on variable-income securities.

• Impairment and credit risk

a) Lasting diminution in the value of shares and other equity instruments

Impairment losses are recognized in respect of variable-income financial assets classified as available for sale in the event of a prolonged or material decline in fair value relative to cost.

In the case of variable-income securities, at Crédit Mutuel a loss in the value of an instrument relative to its acquisition cost of 50% or more or over a period of 36 consecutive months triggers the recognition of an impairment loss. Impairment testing is carried out on a line-by-line basis. Judgment is also exercised for securities not meeting the aforementioned criteria when management estimates that the recovery of the amount invested cannot reasonably be expected in the near future. The loss is recognized in profit or loss under "Net income from insurance activities".

Any subsequent impairment is also recognized in profit and loss.
Losses for permanent impairment of shares and other equity instruments recorded in profit and loss may not be reversed as long as the instrument is carried on the balance sheet. In the event of a subsequent appreciation in value, this will be recognized in equity within "*Unrealized or deferred gains and losses*".

b) Impairment losses in respect of credit risk

Impairment losses relating to fixed-income available-for-sale securities (mainly bonds) are recognized under "*Net additions to/reversals from provisions for loan losses*". The existence of a credit risk alone justifies recognizing impairment losses against fixed-income securities; a decline in value due simply to an increase in interest rates does not. In the event an impairment loss is recognized, all accumulated unrealized losses taken to equity must be reversed to profit or loss. Impairment losses may be reversed. Any subsequent appreciation resulting from an event occurring since the recognition of the impairment loss is also recognized in profit or loss under "*Net additions to/reversals from provisions for loan losses*" when there has been an improvement in the borrower's credit situation.

Held-to-maturity financial assets

• Classification criteria

Held-to-maturity financial assets are securities with fixed or determinable payments and a fixed maturity, and which the entity has the positive intention and ability to hold to maturity.
Transactions to hedge the interest rate risk in respect of this category of securities are not eligible for hedge accounting under IAS 39.
Moreover, possibilities for selling or transferring held-to-maturity securities are extremely restricted under IAS 39 which, on failure to comply and depending on the circumstances, may require the entire portfolio to be reclassified at the level of the group in the "Available-for-sale financial assets" category and prohibit the use of this category for two years.

• Basis for measurement and recognition of income and charges

Held-to-maturity securities are recognized at fair value when acquired. Subsequently they are measured at amortized cost using the effective interest rate method, which factors in the amortization of any premiums, discounts and, if material, acquisition costs.
Income received on these securities is shown under "Net income from insurance activities" in the income statement.

• Credit risk

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). Impairment testing is carried out at each balance sheet date for each security in turn. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under "*Net additions to/reversals from provisions for loan losses*". Any subsequent appreciation resulting from an event having occurred since the recognition of the impairment loss is also taken to profit or loss under "*Net additions to/reversals from provisions for loan losses*".

Loans and receivables

• Classification criteria

Loans and receivables are fixed or determinable-income financial assets not listed on an active market, which are not intended for sale when acquired or granted. When first recorded on the balance sheet, they are recognized at their fair value, which is generally the net amount disbursed. At subsequent period ends, the outstandings are measured at their amortized cost using the effective interest rate method (other than those recognized using the fair value by option method).

• Credit risk

An impairment loss is recognized when there is objective evidence that the asset is impaired as a result of one or more events having occurred after initial recognition of the asset and when this could generate a loss (proven credit risk). The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's effective interest rate, taking into account any guarantees. The impairment loss is recognized in profit or loss under "*Net additions to/reversals from provisions for loan losses*". Any subsequent appreciation resulting from an event having occurred since the recognition of the impairment loss is also taken to profit or loss under "*Net additions to/reversals from provisions for loan losses*".

• Financial liabilities at amortized cost

These include amounts due to customers and credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.) and subordinated debt (dated or undated) that are not classified at fair value through profit or loss under the fair value option.

These liabilities are initially recognized at fair value and measured at subsequent balance sheet dates at amortized cost using the effective interest rate method. The initial fair value of issued securities is the issue value less transaction costs, where applicable.

3.2.2 Non-financial assets

For investment properties and non-current assets, the accounting methods applied are those described in these notes.

3.2.3 Non-financial liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are included under the heading "Technical reserves in respect of insurance contracts". They continue to be measured, recognized and consolidated in accordance with French accounting standards.

The technical reserves in respect of life insurance contracts consist mainly of mathematical provisions corresponding generally to the contracts' surrender values. The main risks covered by these contracts are death, disability and industrial disablement (for loan insurance).

The technical reserves related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.

The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.

Those insurance contracts with a discretionary profit-participation feature are subject to "shadow accounting". The provision for deferred profit-sharing resulting from the application of this method represents the share of unrealized gains and losses on assets accruing to the policyholders. Provisions for deferred profit-sharing are shown under assets or liabilities by each legal entity and are not netted off between entities in the consolidation scope. On the assets side, these are recorded under a separate heading.

At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance policies. If the test reveals that the technical reserves are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

3.3 Non-financial instruments

3.3.1 Leases

A lease is an agreement under which the lessor grants to the lessee, for a pre-determined period, the right to use an asset in exchange for a payment or series of payments.

A finance lease is a lease under which virtually all of the risks and benefits inherent in the ownership of an asset are transferred to the lessee. Ownership of the asset may or may not eventually be transferred.

An operating lease is any lease that is not a finance lease.

3.3.1.1 Finance leases – lessor

In accordance with IAS 17, finance lease transactions with non-group companies are reported on the consolidated balance sheet at their financial accounting amount.

Analysis of the economic substance of transactions results, in the accounts of the lessor, in:
- recognition of a financial receivable due from the customer, amortized by the lease payments received;
- breakdown of the lease payments between interest and the amortization of the principal, known as financial amortization;
- recognition of a net unrealized reserve, equal to the difference between:
- the net financial outstanding: the amount due by the lessee, comprising the remaining principal due and accrued interest at the closing date;
- the net carrying amount of the leased non-current assets;
- the deferred tax provision.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see section "3.1.8. Measurement of credit risk").

3.3.1.2 Finance leases – lessee

In accordance with IAS 17, the non-current assets concerned are recorded on the balance sheet as assets and the borrowing from credit institutions is recorded as a liability. Lease payments are broken down between interest expense and repayment of principal.

3.3.2 Provisions for risks and charges

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:
- operating risks;
- employee obligations (see section “3.3.3 Employee benefits");
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to home savings (see section “3.1.2. Classification and measurement of financial liabilities”).

3.3.3 Employee benefits

Where applicable, provisions are recognized in respect of employee obligations under “Provisions for risks and charges”. Any movements in the provision are taken to income within “Payroll costs”, with the exception of the portion resulting from actuarial differences, which is recognized in unrealized or deferred gains and losses recognized in equity.

3.3.3.1 Post-employment defined benefit plans

These comprise retirement, early retirement and supplementary retirement plans under which the group has a formal or implicit obligation to provide employees with pre-defined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:
- a discount rate, determined by reference to the rate on long-term private-sector borrowings consistent with the term of the commitments;
- the salary increase rate, assessed in accordance with age brackets, manager/non-manager classification and regional characteristics;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations relative to the year-end number of employees with permanent contracts;
- retirement ages: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age; and
- life expectancy rates set out in INSEE table TH/TF 00-02.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains and losses. When the plan is funded by assets, these are measured at fair value and recognized in the income statement for their expected yield. Differences between actual and expected yields also constitute actuarial gains and losses.

Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Any plan curtailments or terminations generate a change in the obligation, which is recognized in profit or loss when it occurs.

3.3.3.2 Post-employment defined contribution plans

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund’s assets are insufficient to meet its commitments.
As such plans do not represent a commitment for the group they are not subject to a provision. The charges are recognized in the period in which the contribution is due.

3.3.3.3 Other long-term benefits

These represent benefits other than post-employment benefits and end-of-contract indemnities expected to be paid more than 12 months after the end of the fiscal year in which staff rendered the corresponding service. They include, for example, long-service awards.
The group’s commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.
Certain commitments in respect of long-service awards are covered by insurance policies. Only the portion not covered is provisioned.

3.3.3.4 End-of-contract indemnities

These indemnities consist of benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee’s decision to leave the group voluntarily in exchange for an indemnity.
End-of-contract indemnity provisions are discounted if payment is expected to be made more than 12 months after the balance sheet date.

3.3.3.5 Short-term benefits

These are benefits, other than end-of-contract indemnities, payable within the 12 months following the reporting date that include salaries, social security contributions and certain bonuses.
A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

3.3.4 Non-current assets

Non-current assets reported on the balance sheet include property, plant and equipment and intangible assets used in operations as well as investment properties. Operating non-current assets are used for the production of services or for administrative purposes. Investment properties are property assets held to generate rental income and/or gains on the invested capital. The historical cost method is used to recognize both operating and investment properties.

Non-current assets are initially recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
They are subsequently measured at amortized historical cost, i.e. their cost less accumulated depreciation and amortization and any impairment.

When a non-current asset comprises several components likely to be replaced at regular intervals, with different uses or providing economic benefits over differing lengths of time, each component is recognized separately from the outset and is depreciated or amortized in accordance with its own depreciation schedule. The component approach is applied to both operating and investment properties.

The depreciable or amortizable value of a non-current asset is determined after deducting its residual value net of disposal costs. As the useful life of non-current assets is generally equal to their expected economic life, they are presumed not to have a residual value.

Non-current assets are depreciated or amortized over their estimated useful lives at rates reflecting the estimated consumption of the assets’ economic benefits by the entity owning the assets. Intangible assets with an indefinite useful life are not amortized.
Depreciation and amortization charges on operating non-current assets are recognized under “Provisions, amortization and depreciation for operating non-current assets” in profit or loss.

Depreciation charges on investment properties are recognized under “Expenses on other activities” in profit or loss.

The following depreciation and amortization periods are used:

<u>Property and equipment:</u>
- Land and network improvements: 15-30 years
- Buildings - shell: 20-80 years (depending on the type of building)
- Buildings – equipment: 10-40 years
- Fixtures and fittings: 5-15 years
- Office furniture and equipment: 5-10 years
- Safety equipment: 3-10 years
- Vehicles and movable equipment: 3-5 years
- IT hardware: 3-5 years

<u>Intangible assets:</u>
- Software purchased or developed internally: 1-10 years
- Business goodwill acquired: 9-10 years (if customer contract portfolio acquired)

Depreciable and amortizable assets are tested for impairment when evidence exists at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets such as lease rights are tested for impairment once a year.
If evidence of impairment is found, the asset’s recoverable amount is compared with its net carrying amount. If the asset is found to be impaired, an impairment loss is recognized in profit or loss, and the depreciable amount is adjusted prospectively. Impairment losses are reversed if there is an improvement in the estimated recoverable amount or there is no longer any evidence of impairment. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if the impairment had not been recognized.
Impairment charges and reversals on operating non-current assets are recognized under “Provisions, amortization and depreciation for operating non-current assets” in profit or loss.
Impairment charges and reversals on investment properties are recognized in profit or loss under “Charges on other activities” and “Income from other activities”, respectively.

Capital gains or losses on disposals of operating non-current assets are recorded in profit or loss on the line “Net gains (losses) on other assets”.
Gains and losses on disposals of investment property are shown in the income statement under “Income from other activities” or “Expense on other activities”.
The fair value of investment properties is disclosed in the notes to the financial statements at the end of each reporting period. It is based on the buildings’ market value as appraised by independent valuers (Level 2).

3.3.5 Fees and commissions

Fees and commissions in respect of services are recorded as income and charges according to the nature of the services involved.

Fees and commissions linked directly to the grant of a loan are spread out using the effective interest rate method (see section “3.1.1.1 Loans, receivables and debt securities acquired").

Fees and commissions remunerating a service provided on a continuous basis are recognized in profit or loss over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in profit or loss in full upon execution of the service.

3.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, chargeable in respect of the income for the period under review.
Current income taxes are determined in accordance with applicable tax regulations.

The Territorial Economic Contribution (*Contribution Economique Territoriale* – CET), which is composed of the Business Real Property Contribution (*Cotisation Foncière* *des Entreprises* - CFE) and the Business Contribution on Added Value (*Cotisation sur la Valeur Ajoutée des Entreprises* - CVAE), is treated as an operating charge and, accordingly, the group does not recognize any deferred taxes in the consolidated financial statements.

• Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount on the consolidated balance sheet of an asset or liability and its tax value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the corporation tax rate known at the end of the period and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or a charge, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and there is a legal right of set off.

Deferred tax is not discounted.

3.3.7 Interest payable by the French government on certain loans

In the context of government measures to assist the agricultural and rural sector, and to assist with home purchases, certain group entities grant loans at reduced interest rates that are set by the French government. Such entities therefore receive government subsidies equivalent to the differential between the interest rate granted to the customer and a pre-determined benchmark rate. Accordingly, no discount is applied to these subsidized loans.

The terms and conditions of this compensation mechanism are periodically reviewed by the French government.

The government subsidies received are recognized under "Interest and similar income" and spread over the term of the relevant loans, in accordance with IAS 20.

3.3.8 Non-current assets classified as held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and provided a sale is highly probable and likely to be completed within the next 12 months.
The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less the costs to sell, and are no longer depreciated or amortized.

Any recognized impairment loss on such assets and liabilities is recognized in profit or loss.

Discontinued operations are a component of an entity that either has ceased to trade or is classified as held for sale, or correspond to a subsidiary acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/(loss) on discontinued operations and assets held for sale".

3.4 Judgments and estimates used in preparation of the financial statements

The preparation of the group's financial statements necessitates the formulation of assumptions in order to effect the required measurements, which carries risks and uncertainties concerning these assumptions' future realization.

The future outcome of such assumptions may be influenced by several factors, in particular:
- the activities of national and international markets,
- changes in interest rates and foreign exchange rates,
- economic and political conditions in certain business sectors or countries, and
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are used mainly for measurement of the following items:
- fair value of financial instruments not quoted on an active market. The definition of a forced transaction and the definition of observable data require the exercise of judgment. *See section "3.1.9 Determination of fair value of financial instruments",*
- retirement plans and other future employee benefits,
- impairment of assets, particularly expected credit losses,
- provisions,
- impairment of intangible assets and goodwill, and
- deferred tax assets.

NOTE 4: SEGMENT REPORTING

In terms of segment reporting, the group has two levels of disclosure that are based on the group's own internal reporting system. Data by sector of activity is the primary level and data by geographic area is the secondary level.

• Segment reporting by activity (primary level)

Sector data for the Crédit Mutuel Group is organized into five operating segments:
- Retail banking
- Corporate and Investment Banking
- Insurance
- Asset Management and Private Banking
- Other

Retail banking covers the network of Crédit Mutuel's local mutual banks, CIC's regional banks as well as all the specialized activities whose products are marketed through the network: all business banking (i.e. micro-enterprises, small and medium-sized enterprises and companies, excluding large corporates), equipment and real estate leasing, factoring, real estate, etc.

Corporate and investment banking comprises the following activities:
- corporate banking, which covers banking and related services provided to large companies through a specific sales department or subsidiary; and
- investment banking, which covers capital markets activities, merchant banking, venture capital, private equity, financial intermediation and mergers and acquisitions.

Insurance comprises the life and non-life insurance activities (life insurance, property and casualty insurance and insurance brokerage).

Asset management and private banking comprises two activities:
- asset management: fund management (UCITS, real estate funds), employee savings schemes, custody and depositary services for its own customer base, as opposed to that of the network; and
- private banking: wealth management and estate planning.

Other activities comprise technical support subsidiaries that cannot be included in the retail banking segment (technology, electronic payments, training, media and travel).

Transactions between the different operating segments are carried out at market conditions.

• Segment reporting by geographic area (secondary level)

For the Crédit Mutuel group, three geographic areas have been defined for this secondary level of reporting:
- France;
- Europe excluding France;
- Rest of world.

The geographic analysis of assets and earnings is based on the country in which the activities are recorded for accounting purposes.

NOTE 5: RELATED PARTIES

Parties related to the Crédit Mutuel Group are the consolidated companies, including companies accounted for using the equity method, and the third-level administrative entities (Caisse Centrale du Crédit Mutuel and the Confédération Nationale du Crédit Mutuel).
Transactions between the Crédit Mutuel Group and related parties are carried out at the normal market conditions prevailing at the time of the transaction.

A list of the group's consolidated companies is provided in Note 0 in the financial data section below. As transactions carried out and any outstandings at the end of the period between group companies consolidated using the full method are totally eliminated on consolidation, only transactions between companies over which the group exercises joint control or significant influence (and which are consolidated using the equity method) are included in the tables in the notes for the portion not eliminated on consolidation.

NOTE 6: STANDARDS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND NOT YET APPLIED

6.1 Standards and interpretations adopted by the European Union and not yet applied

• IFRS 16 – Leases

This new standard, which was published in early 2016 and adopted by the EU on October 31, 2017, took effect on January 1, 2019. IFRS 16 will replace IAS 17 and the interpretations relating to lease accounting.

Pursuant to IFRS 16, for a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

From the lessor's point of view, the impact is expected to be limited since the provisions adopted remain substantially the same as those of the current IAS 17.

For the lessee, operating leases and finance leases will be accounted for based on a single model, with recognition of:
- an asset representing the right to use the leased item during the lease term,
- offset by a liability related to the lease payment obligation,
- straight-line depreciation of the asset and interest expenses in the income statement using the diminishing balance method.

As a reminder, according to IAS 17 currently in force, no amount is recorded on the lessee's balance sheet for an operating lease and lease payments are shown under operating expenses.

In 2018, the group continued its analysis of the impacts of this standard, the practical details regarding first-time application and implementation in the information systems. The group elected:
- to apply the new definition of a lease to all outstanding leases. IFRS 16 will therefore not apply to certain equipment due to their substitutability (particularly IT equipment, with the exception of a few major leases that will be capitalized),
- the modified retrospective approach and opted for the related simplification measures for first-time application. No impact on shareholders' equity is expected as of January 1, 2019,
- the short-term and low value exemptions (set at €5,000),
- as no clear position is taken under the standard regarding the recognition of deferred taxes, the group decided to apply the exemptions under IAS 12 and therefore not recognize deferred taxes, pending the future IASB amendment on the matter.

The group also identified its leases, in terms of both real estate and equipment (IT, vehicle fleet, etc.). It will primarily capitalize its real estate leases using, for first-time application, the residual term and the corresponding incremental borrowing rate (for those not tacitly renewed), applied to the lease payment excluding tax. The group will also comply with the ANC position on commercial leases, whereby any new lease of this type will be capitalized over a period of nine years.

• IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, IFRIC 23 – Uncertainty over Income Tax Treatments was published and became effective on January 1, 2019.

This interpretation leads to an assumption that the tax authorities:
- will examine all amounts reported to them, and
- have access to all necessary documentation and knowledge.

The entity must consider whether it is probable that the tax authorities will accept/not accept the position taken and must draw conclusions regarding taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. In case of an uncertain tax position (i.e. it is probable that the tax authorities will not accept the position taken), the amounts to be paid are assessed on the basis of the most likely amount or the expected value based on the method that best predicts the amounts that will be paid or received.

At this stage, the group believes that the scope of application of IFRIC 23 is limited to income tax and does not result in a change relative to the current practice. Currently, a risk is recognized upon the occurrence of a reassessment, either of the entity itself, a related entity or a third-party entity.

6.2 Standards and interpretations not yet adopted by the European Union

These mainly include IFRS 17 – Insurance Contracts.

• IFRS 17 – Insurance Contracts

Starting in 2021, IFRS 17 will replace IFRS 4, which allows insurance companies to maintain their local accounting policies for their insurance contracts and other contracts within the scope of IFRS 4, which makes it difficult to compare the financial statements of entities in this sector.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance contracts and to base their valuation on a prospective assessment of insurers' commitments. This requires greater use of complex models and concepts similar to those of Solvency II. Significant changes must also be made to financial reporting.

Given the large number of complex issues raised by the various stakeholders (25 points have been noted by the IASB), including French banks and insurance companies, the Board decided to postpone the implementation of the standard by one year, i.e. until January 1, 2022. The application of IFRS 9 for the insurance entities that have opted for the deferral (such as Crédit Mutuel Group) is also postponed until that date.

NOTE 7: EVENTS AFTER THE REPORTING PERIOD

None.

II – FINANCIAL DATA

The notes are presented in millions of euros.

NOTE 0 - CONSOLIDATION SCOPE - LOCATIONS AND ACTIVITIES BY COUNTRY

0a - Consolidation scope

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018			12/31/2017			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
A. Retail Banking								
Consolidating entity								
Confédération Nationale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Caisse Centrale du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
Fédération Nationale du CMAR	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale								
- General Purpose**	France	100.00	100.00	FC	100.00	100.00	FC	
- Caisse Agricole du Crédit Mutuel	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa **	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE **	France	100.00	100.00	FC	100.00	100.00	FC	
CMO **	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN **	France	100.00	100.00	FC	100.00	100.00	FC	
CMAG **	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Mutuel Alliance Fédérale * **								
Adepi	France	100.00	100.00	FC	100.00	100.00	FC	
Bancas	France	50.00	50.00	EM	50.00	50.00	EM	
Banque du Groupe Casino	France	50.00	50.00	EM	50.00	50.00	EM	
Banque Européenne du Crédit Mutuel (BECM)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Européenne du Crédit Mutuel Monaco	Monaco	100.00	100.00	FC	100.00	100.00	FC	
Banque Marocaine du Commerce Extérieur (BMCE)	Morocco	-	-	NC	26.21	26.21	EM	Deconsolidation
Banque de Tunisie	Tunisia	34.00	34.00	EM	34.00	34.00	EM	
BECM Frankfurt (branch of BECM)	Germany	100.00	100.00	FC	100.00	100.00	FC	
BECM Saint Martin (branch of BECM)	Saint Martin (Dutch part)	100.00	100.00	FC	100.00	100.00	FC	
Cartes et Crédits à la Consommation	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Est	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Iberbanco	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Lyonnaise de Banque (LB)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Nord Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CIC Sud Ouest	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Asset Management	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Bail	France	100.00	100.00	FC	99.99	99.99	FC	
CM-CIC Bail Spain (branch of CM-CIC Bail)	Spain	100.00	100.00	FC	100.00	99.99	FC	
CM-CIC Caution Habitat SA	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Epargne Salariale	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Factor	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Gestion	France	99.99	99.99	FC	99.99	99.99	FC	
CM-CIC Home Loan SFH	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Lease	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Leasing Benelux	Belgium	100.00	100.00	FC	100.00	99.99	FC	
CM-CIC Leasing GmbH	Germany	100.00	100.00	FC	100.00	99.99	FC	
CM-CIC Leasing Solutions SAS	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Belgium	Belgium	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Spain (branch of Cofidis France)	Spain	100.00	70.63	FC	100.00	70.63	FC	
Cofidis France	France	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Hungary (branch of Cofidis France)	Hungary	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Italy	Italy	100.00	70.63	FC	100.00	70.63	FC	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018			12/31/2017			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
Cofidis Portugal (branch of Cofidis France)	Portugal	100.00	70.63	FC	100.00	70.63	FC	
Cofidis Czech Republic	Czech Republic	100.00	70.63	FC	100.00	70.63	FC	
Cofidis SA Poland (branch of Cofidis France)	Poland	100.00	70.63	FC	100.00	70.63	FC	
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100.00	70.63	FC	100.00	70.63	FC	
Cofacredit	France	100.00	100.00	FC	64.00	64.00	FC	
Creatis	France	100.00	70.63	FC	100.00	70.63	FC	
Factofrance	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SA	France	46.00	46.00	EM	43.50	43.50	EM	
Gesteurop	France	100.00	100.00	FC	100.00	100.00	FC	
Margem-Mediação Seguros, Lda	Portugal	100.00	70.63	FC	100.00	70.63	FC	
Monabanq	France	100.00	70.63	FC	100.00	70.63	FC	
SCI La Tréflière	France	100.00	100.00	FC	100.00	100.00	FC	
Targo Commercial Finance AG	Germany	-	-	NC	100.00	100.00	FC	Merger
Targo Factoring GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Finanzberatung GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Leasing GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank AG (formerly Targobank AG & Co. KGaA)	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targobank Spain	Spain	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa ***								
Arkéa Banking Services	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Banque Entreprises et Institutionnels	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Credit Bail	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Direct Bank	France	100.00	99.99	FC	100.00	99.99	FC	
Arkéa Foncière	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Home Loan SFH	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Public Sector SCF	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa SCD	France	99.95	99.95	FC	99.95	99.95	FC	
Caisse de Bretagne de Crédit Mutuel Agricole	France	93.22	93.22	FC	93.22	93.22	FC	
Crédit Foncier et Communal d'Alsace et de Lorraine Banque	France	100.00	100.00	FC	100.00	100.00	FC	
FCT Collectivités	France	57.76	57.76	FC	57.76	57.76	FC	
Fédéral Equipements	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Service	France	97.78	97.76	FC	97.81	97.78	FC	
Financo	France	100.00	100.00	FC	100.00	100.00	FC	
Finansemble	France	30.44	30.44	EM	-	-	NC	Initial consolidation, already held
JIVAI	France	32.35	32.35	EM	-	-	NC	Initial consolidation, already held
GICM	France	100.00	97.76	FC	100.00	97.78	FC	
Izimmo	France	100.00	100.00	FC	100.00	100.00	FC	
Keytrade Bank (branch of Arkéa Direct Bank)	Belgium	100.00	99.99	FC	100.00	99.99	FC	
Keytrade Bank Luxembourg SA	Luxembourg	100.00	99.99	FC	100.00	99.99	FC	
La Compagnie Francaise des Successions	France	32.60	32.60	EM	-	-	NC	Initial consolidation, already held
Leasecom	France	100.00	100.00	FC	100.00	100.00	FC	
Leasecom Car	France	100.00	100.00	FC	100.00	100.00	FC	
Leetchi SA	France	100.00	100.00	FC	100.00	100.00	FC	
Linxo group	France	29.82	29.82	EM	-	-	NC	Initial consolidation, already held
Mangopay SA	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Monext	France	100.00	100.00	FC	100.00	100.00	FC	
Nextalk	France	100.00	100.00	FC	100.00	100.00	FC	
Nouvelle vague	France	100.00	100.00	FC	100.00	100.00	FC	
Novelia	France	100.00	100.00	FC	100.00	100.00	FC	
Procapital	France/Belgium	99.98	99.96	FC	99.98	99.96	FC	
Pumpkin	France	100.00	100.00	FC	100.00	100.00	FC	
Société Civile Immobilière Interfédérale	France	100.00	100.00	FC	100.00	100.00	FC	
Strateo (branch of Arkéa Direct Bank)	Switzerland	100.00	99.99	FC	100.00	99.99	FC	
Vivienne Investissement	France	34.40	34.40	EM	-	-	NC	Initial consolidation, already held
Yomoni	France	34.49	34.49	EM	-	-	NC	Initial consolidation, already held
Younited Credit	France	25.80	25.80	EM	25.60	25.60	EM	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018			12/31/2017			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
CMNE ***								
Bail Actea	France	100.00	100.00	FC	100.00	100.00	FC	
BCMNE	France	-	-	NC	100.00	100.00	FC	Merger
Beobank Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
BKCP Immo It SCRL	Belgium	97.24	97.24	FC	96.01	96.01	FC	
CMNE Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
CMNE Home Loans FCT	France	100.00	100.00	FC	100.00	100.00	FC	
Cumul SCI	France	100.00	100.00	FC	100.00	100.00	FC	
FCP Richebé Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
FCT LFP Créances Immobilières	France	68.11	68.11	FC	68.11	68.11	FC	
GIE CMN Prestations	France	100.00	100.00	FC	100.00	100.00	FC	
Immobilière BCL Lille	France	55.00	55.00	FC	-	-	NC	Creation
LFP Multi Alpha	France	100.00	100.00	FC	100.00	97.05	FC	
L'Immobilière du CMN	France	100.00	100.00	FC	100.00	100.00	FC	
Nord Europe Lease	France	100.00	100.00	FC	100.00	100.00	FC	
OBK SCRL	Belgium	-	-	NC	100.00	99.99	FC	Merger
SCI CMN 1	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN 3	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN Location	France	100.00	100.00	FC	100.00	100.00	FC	
SCI CMN Location 2	France	100.00	100.00	FC	100.00	100.00	FC	
SCI RICHEBE INKERMAN	France	100.00	100.00	FC	100.00	100.00	FC	
SFINE Bureaux	France	100.00	100.00	FC	-	-	NC	Creation
SFINE Propriété à Vie	France	100.00	100.00	FC	-	-	NC	Creation
Société Foncière & Immobilière Nord Europe	France	100.00	100.00	FC	100.00	100.00	FC	
THEIA Viager	France	66.67	66.67	FC	80.00	80.00	FC	
Transactimmo	France	100.00	100.00	FC	100.00	100.00	FC	
CMO ***								
SCI Merlet Immobilier	France	100.00	100.00	FC	100.00	100.00	FC	
Union Immobilière Océan SCI	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN ***								
Acman	France	100.00	100.00	FC	100.00	100.00	FC	
Volney Bocage	France	100.00	100.00	FC	100.00	100.00	FC	
Zephyr Home Loans FCT	France	100.00	100.00	FC	100.00	100.00	FC	
B. Corporate and Investment Banking								
Crédit Mutuel Alliance Fédérale ***								
CIC Hong Kong (branch of CIC)	Hong Kong	100.00	100.00	FC	100.00	100.00	FC	
Cigogne Management	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Capital (formerly CM-CIC Capital et Participations)	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Conseil	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Innovation	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Investissement SCR	France	100.00	100.00	FC	100.00	100.00	FC	
FCT CM-CIC Home Loans	France	100.00	100.00	FC	100.00	100.00	FC	
CM Arkéa ***								
Arkéa Capital Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
Arkéa Capital Managers Holding SLP	France	100.00	100.00	FC	-	-	NC	Creation
Arkéa Capital Partenaire	France	100.00	100.00	FC	100.00	100.00	FC	
Compagnie Européenne d'Opérations Immobilières	France	-	-	NC	100.00	100.00	FC	Merger
CMNE ***								
Nord Europe Partenariat	France	99.65	99.65	FC	99.65	99.65	FC	
Siparex Proximité Innovation	France	26.50	26.50	EM	26.50	25.72	EM	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018 % Control	12/31/2018 % Interest	12/31/2018 Method *	12/31/2017 % Control	12/31/2017 % Interest	12/31/2017 Method *	Comments
CMO ***								
Océan Participations	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN ***								
Volney Développement	France	100.00	100.00	FC	100.00	100.00	FC	

C. Asset Management and Private Banking

Entity	Country	12/31/2018 % Control	12/31/2018 % Interest	12/31/2018 Method *	12/31/2017 % Control	12/31/2017 % Interest	12/31/2017 Method *	Comments
Crédit Mutuel Alliance Fédérale ***								
Banque de Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
Banque de Luxembourg Investments SA	Luxembourg	100.00	100.00	FC	-	-	NC	Acquired outside group
Banque Transatlantique (BT)	France	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique London (branch of BT)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
Banque Transatlantique Luxembourg	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
CIC Suisse	Switzerland	100.00	100.00	FC	100.00	100.00	FC	
Dubly Transatlantique Gestion (formerly Dubly Douilhet Gestion)	France	100.00	100.00	FC	100.00	100.00	FC	
Transatlantique Gestion	France	-	-	NC	100.00	100.00	FC	Merger
CM Arkéa ***								
Oiko Gestion	France	15.15	15.54	EM	23.68	23.92	EM	
Altarocca AM AS	France	-	-	NC	25.38	25.63	EM	Sold outside group
Arkéa Capital	France	100.00	100.00	FC	100.00	100.00	FC	
Aviafund Fund Facility Management GmbH	Germany	25.26	25.92	EM	30.06	30.36	EM	
Aviafund Fund Solution Services GmbH	Germany	25.26	25.92	EM	30.06	25.80	EM	
Aviarent Capital Management SARL	Luxembourg	25.26	25.92	EM	30.06	30.36	EM	
Aviarent Invest AG	Germany	25.26	25.92	EM	30.06	30.36	EM	
Halles A Fourrages SCCV	France	17.83	18.29	EM	21.22	21.43	EM	
Marseille Furniture SARL	France	29.71	30.48	EM	20.35	20.56	EM	
Codabel Management	Belgium	10.40	10.67	EM	12.38	12.50	EM	
DS Investment Solutions SAS (formerly Derivatives Solutions)	France	23.78	24.39	EM	28.29	28.57	EM	
Primonial Immobilien GmbH (formerly EC Advisors GmbH)	Germany	29.72	30.49	EM	35.36	35.71	EM	
Federal Finance	France	100.00	100.00	FC	100.00	100.00	FC	
Fédéral Finance Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
La Financiere de L'échiquier	Luxembourg	11.89	12.20	EM	-	-	NC	Acquired outside group
Leemo	Germany	11.89	12.20	EM	-	-	NC	Acquired outside group
Link by Primonial	France	29.72	30.49	EM	35.36	35.71	EM	
Mata Capital	France	11.89	12.20	EM	14.14	14.28	EM	
New Primonial Holding	France	29.72	30.49	EM	36.26	36.62	EM	
PFP	France	29.72	30.49	EM	36.26	36.62	EM	
Primonial Partenaires	France	29.72	30.49	EM	35.36	35.71	EM	
Primonial	France	29.72	30.49	EM	35.36	35.71	EM	
Primonial Holding	France	29.72	30.49	EM	35.36	35.71	EM	
Primonial Luxembourg	Luxembourg	29.72	30.49	EM	35.36	35.71	EM	
Primonial Luxembourg Fund Services	France	29.72	30.49	EM	-	-	NC	Creation
Primonial Luxembourg Real Estate	Luxembourg	29.72	30.49	EM	-	-	NC	Creation
Primonial Management	France	29.72	30.49	EM	34.48	34.82	EM	
Primonial Management 2	France	29.72	30.49	EM	36.26	36.62	EM	
Primonial REIM	France	29.72	30.49	EM	21.40	21.62	EM	
Primonial TI	Canada	-	-	NC	35.36	35.71	EM	Dissolved
Schelcher Prince Gestion	France	100.00	100.00	FC	100.00	100.00	FC	
Sefal Property	France	29.35	30.11	EM	34.92	35.27	EM	
Sportinvest	France	29.72	30.49	EM	35.36	35.71	EM	
Stamina Asset Management	France	-	-	NC	35.36	35.71	EM	Sold outside group
Upstone SAS	France	29.72	30.49	EM	35.36	35.71	EM	
Voltaire Capital	France	29.72	30.49	EM	35.36	35.71	EM	
CMNE ***								
ALGER Management Ltd	United Kingdom	50.00	50.00	EM	50.00	48.52	EM	
CD Partenaire	France	74.87	74.87	FC	74.87	72.66	FC	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018 % Control	12/31/2018 % Interest	12/31/2018 Method *	12/31/2017 % Control	12/31/2017 % Interest	12/31/2017 Method *	Comments
Groupe Cholet	France	33.73	33.73	EM	33.73	32.74	EM	
Groupe la Française	France	100.00	100.00	FC	97.05	97.05	FC	
Inflection Point by La Française	United Kingdom	100.00	100.00	FC	100.00	97.05	FC	(formerly Inflection Point Capital Management Ltd)
JKC Capital Management Ltd	Hong Kong	50.00	50.00	EM	50.00	48.53	EM	
La Française AM	France	100.00	100.00	FC	100.00	97.05	FC	
La Française AM Finance Services	France	100.00	100.00	FC	100.00	97.05	FC	
La Française AM Iberia	Spain	66.00	66.00	FC	66.00	64.06	FC	
La Française AM International	Luxembourg	100.00	100.00	FC	100.00	97.05	FC	
LFI Italy (branch of La Française AM International)	Italy	100.00	100.00	FC	100.00	97.05	FC	
LFI London (branch of La Française AM International)	United Kingdom	100.00	100.00	FC	100.00	97.05	FC	
LFI Belgium (branch of La Française AM International)	Belgium	-	-	NC	100.00	97.05	FC	Liquidated
LFI Germany (branch of La Française AM International)	Germany	100.00	100.00	FC	100.00	97.05	FC	
La Française Global Investments	France	100.00	100.00	FC	100.00	98.23	FC	
La Française Forum Real Estate Partners Korea	South Korea	100.00	100.00	FC	100.00	97.17	FC	
La Française Forum Real Estate Partners LLP	United Kingdom	100.00	100.00	FC	100.00	97.17	FC	
La Française Forum Real Estate Partners UK Finance Ltd	United Kingdom	100.00	100.00	FC	100.00	97.17	FC	
La Française Forum Real Estate Partners Internationnal Lux SARL	Luxembourg	100.00	100.00	FC	100.00	97.17	FC	
La Française Forum Real Estate Partners UK Ltd	United Kingdom	100.00	100.00	FC	100.00	97.17	FC	
LF REPI UK German Branch	Germany	100.00	100.00	FC	100.00	97.17	FC	(branch of La Française Forum Real Estate Partners UK Ltd)
La Française Forum Securities Limited	United States	100.00	100.00	FC	100.00	97.05	FC	
La Française Forum Securities UK Ltd	United Kingdom	100.00	100.00	FC	100.00	97.05	FC	
La Française Forum Securities Services Inc	United States	100.00	100.00	FC	100.00	97.05	FC	
La Française Forum Securities SG PTE Limited	Singapore	100.00	100.00	FC	100.00	97.05	FC	
La Française Global Real Estate Investment Management Limited	United Kingdom	100.00	100.00	FC	100.00	97.05	FC	
La Française Inflection Point	France	-	-	NC	100.00	97.05	FC	Merger
La Française Investment Solutions	France	56.04	47.57	FC	56.04	46.17	FC	
La Française Real Estate Managers	France	100.00	100.00	FC	100.00	97.17	FC	
La Française Real Estate Partners	France	60.00	60.00	FC	60.00	58.30	FC	
La Française Real Estate Partners Limited	United Kingdom	100.00	100.00	FC	100.00	97.17	FC	
New Alpha Asset Management	France	58.75	58.75	FC	85.00	82.50	FC	
PU Retail Luxembourg Management Compagny SARL	Luxembourg	100.00	100.00	FC	100.00	97.17	FC	
Tages Capital LLP	United Kingdom	19.00	19.00	EM	25.00	24.26	EM	
Union Générale des Placements	France	63.33	30.13	FC	63.33	29.24	FC	
Veritas Portfolio GmbH & Co. KG	Germany	100.00	100.00	FC	-	-	NC	Acquired outside group

D. Multi-sector

Entity	Country	12/31/2018 % Control	12/31/2018 % Interest	12/31/2018 Method *	12/31/2017 % Control	12/31/2017 % Interest	12/31/2017 Method *	Comments
Crédit Mutuel Alliance Fédérale ***								
Banque Fédérative du Crédit Mutuel (BFCM)	France	100.00	100.00	FC	100.00	100.00	FC	
Crédit Industriel et Commercial (CIC)	France	100.00	100.00	FC	100.00	100.00	FC	
CIC London (branch of CIC)	United Kingdom	100.00	100.00	FC	100.00	100.00	FC	
CIC New York (branch of CIC)	United States	100.00	100.00	FC	100.00	100.00	FC	
CIC Singapore (branch of CIC)	Singapore	100.00	100.00	FC	100.00	100.00	FC	
CIC Grand Cayman (branch of CIC) (1)	Cayman Islands	100.00	100.00	FC	-	-	NC	Entity included in the financial statements of the New York branch until December 31, 2017

E. Insurance companies

Entity	Country	12/31/2018 % Control	12/31/2018 % Interest	12/31/2018 Method *	12/31/2017 % Control	12/31/2017 % Interest	12/31/2017 Method *	Comments
Crédit Mutuel Alliance Fédérale ***								
ACM GIE	France	100.00	100.00	FC	100.00	100.00	FC	
ACM IARD	France	100.00	100.00	FC	100.00	100.00	FC	
ACM RE	Luxembourg	-	-	NC	100.00	100.00	FC	Sold outside group
ACM Services	France	100.00	100.00	FC	100.00	100.00	FC	
ACM Vie SA	France	100.00	100.00	FC	100.00	100.00	FC	
ACM Vie, Mutual Insurance Company	France	100.00	100.00	FC	100.00	100.00	FC	
ACMN IARD	France	-	-	NC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale followed by merger
ACMN Vie	France	-	-	NC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale followed by merger

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018			12/31/2017			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
Targopensiones, Entitad Gestora de Fondos de Pensiones, S.A fondos de pensiones,S.A)	Spain	100.00	95.22	FC	100.00	95.22	FC (formerly	grupación pensiones, entidad gestora de
Agrupació serveis administratius	Spain	100.00	95.22	FC	100.00	95.22	FC	
Amdif	Spain	100.00	95.22	FC	100.00	95.22	FC	
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA	Spain	100.00	100.00	FC	100.00	100.00	FC	
Agrupació AMCI d'Assegurances i Reassegurances S.A.	Spain	95.22	95.22	FC	95.22	95.22	FC	
Amsyr	Spain	-	-	NC	100.00	95.22	FC	Merger
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80.00	80.00	FC	80.00	80.00	FC	
Asistencia Avançada Barcelona	Spain	100.00	95.22	FC	100.00	95.22	FC	
Atlantis Asesores SL	Spain	80.00	80.00	FC	80.00	80.00	FC	
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60.00	60.00	FC	60.00	60.00	FC	
Atlantis vida, Compañía de Seguros y Reaseguros SA	Spain	88.06	88.06	FC	88.06	88.06	FC	
Astree Assurances	Tunisia	30.00	30.00	EM	30.00	30.00	EM	
CP-BK Reinsurance SA	Luxembourg	-	-	NC	100.00	100.00	FC	Sold outside group
Foncière Massena	France	100.00	100.00	FC	100.00	100.00	FC	
GACM España	Spain	100.00	100.00	FC	100.00	100.00	FC	
Groupe des Assurances du Crédit Mutuel (GACM)	France	100.00	100.00	FC	100.00	100.00	FC	
ICM Life	Luxembourg	100.00	100.00	FC	100.00	100.00	FC	
MTRL	France	100.00	100.00	FC	100.00	100.00	FC	
Nord Europe Assurances	France	-	-	NC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale followed by merger
Nord Europe Life Luxembourg	Luxembourg	100.00	100.00	NC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale
Nord Europe Retraite	France	-	-	NC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale followed by deconsolidation
Nord Europe Life Belgium	Belgium	100.00	100.00	FC	100.00	100.00	FC	Sold by CMNE to Crédit Mutuel Alliance Fédérale
Partners	Belgium	100.00	100.00	FC	100.00	100.00	FC	
Procourtage	France	100.00	100.00	FC	100.00	100.00	FC	
Royale Marocaine d'Assurance (formerly RMA Watanya)	Morocco	22.02	22.02	EM	22.02	22.02	EM	
SCI ACM	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Cotentin (formerly SCI Eurosic Cotention	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Provence Bureaux	France	100.00	100.00	FC	66.67	66.67	FC	
SCI Rue de Londres	France	100.00	100.00	FC	66.67	66.67	FC	
SCI Saint Augustin	France	100.00	100.00	FC	66.67	66.67	FC	
SCI Tombe Issoire	France	100.00	100.00	FC	100.00	100.00	FC	
Serenis Assurances	France	99.71	99.71	FC	99.60	99.60	FC	
Targoseguros Mediación, S.A (formerly Voy Mediación)	Spain	90.00	90.00	FC	90.00	90.00	FC	
CM Arkéa * **								
Suravenir	France	100.00	100.00	FC	100.00	100.00	FC	
Suravenir Assurances	France	100.00	100.00	FC	100.00	100.00	FC	
CMNE * **								
SPV Jarna	Luxembourg	100.00	100.00	FC	100.00	97.05	FC	
F. Other								
Crédit Mutuel Alliance Fédérale * **								
Actimut	France	100.00	100.00	FC	100.00	100.00	FC	
Affiches d'Alsace Lorraine	France	100.00	98.66	FC	100.00	98.66	FC	
Alsacienne de Portage des DNA	France	100.00	98.66	FC	100.00	98.66	FC	
CIC Participations	France	100.00	100.00	FC	100.00	100.00	FC	
CM-CIC Services	France	100.00	100.00	FC	100.00	100.00	FC	
Cofidis Participations	France	70.63	70.63	FC	70.63	70.63	FC	
Le Dauphiné Libéré	France	99.99	99.99	FC	99.97	99.97	FC	
El Telecom	France	95.00	95.00	FC	95.00	95.00	FC	
EIP	France	100.00	100.00	FC	100.00	100.00	FC	
Est Bourgogne Médias	France	100.00	100.00	FC	100.00	100.00	FC	
Euro Automatic Cash	Spain	50.00	50.00	EM	50.00	50.00	EM	

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

Consolidated entities are presented according to the sectors used for preparing segment information under IFRS 8. Accordingly, for example, entities included under "Retail Banking" do not necessarily have the legal status of credit institutions.	Country	12/31/2018			12/31/2017			Comments
		%		Method	%		Method	
		Control	Interest	*	Control	Interest	*	
Euro Protection Surveillance	France	99.98	99.98	FC	99.98	99.98	FC	
Euro-Information	France	100.00	100.00	FC	100.00	100.00	FC	
Euro-Information Développement	France	100.00	100.00	FC	100.00	100.00	FC	
LYF SAS (formerly Fivory SAS)	France	45.75	45.75	EM	43.25	43.25	EM	
France Régie	France	100.00	98.66	FC	100.00	98.66	FC	
GEIE Synergie	France	100.00	70.63	FC	100.00	70.63	FC	
Groupe Dauphiné Media	France	100.00	99.99	FC	100.00	99.97	FC	
Groupe Républicain Lorrain Communication (GRLC)	France	100.00	100.00	FC	100.00	100.00	FC	
Groupe Progrès	France	100.00	100.00	FC	100.00	100.00	FC	
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100.00	100.00	FC	100.00	100.00	FC	
Journal de la Haute Marne	France	50.00	49.98	EM	50.00	47.57	EM	
La Liberté de l'Est	France	97.13	97.09	FC	97.13	92.41	FC	
La Tribune	France	100.00	99.99	FC	100.00	99.97	FC	
Le Républicain Lorrain	France	100.00	100.00	FC	100.00	100.00	FC	
Les Dernières Nouvelles d'Alsace	France	98.66	98.66	FC	98.66	98.66	FC	
L'Est Républicain	France	99.96	99.96	FC	95.14	95.14	FC	
Lumedia	Luxembourg	50.00	50.00	EM	50.00	50.00	EM	
Mediaportage	France	100.00	99.88	FC	100.00	98.80	FC	
Mutuelles Investissement	France	100.00	100.00	FC	100.00	100.00	FC	
Publiprint Province n°1	France	100.00	100.00	FC	100.00	100.00	FC	
Presse Diffusion	France	100.00	100.00	FC	100.00	100.00	FC	
Républicain Lorrain Communication	France	100.00	100.00	FC	100.00	100.00	FC	
Républicain Lorrain - TV news	France	100.00	100.00	FC	100.00	100.00	FC	
SAP Alsace	France	99.88	99.88	FC	98.80	98.80	FC	
SCI Le Progrès Confluence	France	100.00	100.00	FC	100.00	100.00	FC	
Société de Presse Investissement (SPI)	France	100.00	100.00	FC	100.00	100.00	FC	
Société d'Investissements Media (SIM)	France	100.00	100.00	FC	100.00	100.00	FC	
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100.00	100.00	FC	100.00	100.00	FC	
Targo Deutschland GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Dienstleistungs GmbH	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Technology GmbH (formerly IT Consulting GmbH)	Germany	100.00	100.00	FC	100.00	100.00	FC	
Targo Technology GmbH Singapore Branch	Singapore	100.00	100.00	FC	100.00	100.00	FC	(branch of Targo Technology GmbH) (formerly Targo IT Consulting GMBH Singapore Branch)
Targo Management AG	Germany	-	-	NC	100.00	100.00	FC	Merger
Targo Realty Services GmbH	Germany	-	-	NC	100.00	100.00	FC	Merger
CM Arkéa * **								
Arkéa Bourse Retail	France	99.99	99.99	FC	99.99	99.99	FC	
Izimmo Holding	France	100.00	100.00	FC	100.00	100.00	FC	
New Port	France	31.03	31.03	EM	31.03	31.03	EM	
SMSPG	France	100.00	100.00	FC	100.00	100.00	FC	
SMSPG2	France	100.00	100.00	FC	-	-	NC	Creation
CMNE * **								
2A	France	20.00	20.00	EM	20.00	19.41	EM	
Actéa Environnement	France	100.00	100.00	FC	100.00	100.00	FC	
Financière Nord Europe	France	100.00	100.00	FC	100.00	100.00	FC	
Fininmad	France	100.00	100.00	FC	100.00	100.00	FC	
Immo W16	Belgium	-	-	NC	100.00	100.00	FC	Sold outside group
Nord Europe Participations et Investissements	France	100.00	100.00	FC	100.00	100.00	FC	
Nouvelles Expertises et Talents AM	France	100.00	100.00	FC	100.00	97.05	FC	
SCI Centre Gare	France	100.00	100.00	FC	100.00	100.00	FC	
CMMABN * **								
SAS Helloasso	France	84.99	84.99	FC	84.99	84.99	FC	
SAS Volney Habitat	France	100.00	100.00	FC	100.00	100.00	FC	
SCI Volney Patrimoine	France	100.00	100.00	FC	-	-	NC	Creation

* Method: FC = Full Consolidation, EM = Equity Method, NC = Not Consolidated.
*** Federal Banks, regional banks, interfederal banks, local banks, federations.*
**** Presentation by majority-owning Crédit Mutuel Group.*

UCITS, REITs and OPCI real estate investment funds consolidated pursuant to the application of IFRS 10	Country	12/31/2018		12/31/2017	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
CM Arkea					
Adage CBP Flex	FRANCE	36.6%	36.6%	-	-
Altarocca Rendement 2023	FRANCE	20%	20%	25.6%	25.6%
Arkea Capital 1	FRANCE	100%	100%	100%	100%
Autofocus Airbag Octobre 2015	FRANCE	93.8%	93.8%	93.9%	93.9%
Autofocus Croissance Mars 2015	FRANCE	78%	78%	78.2%	78.2%
Autofocus Rendement Decembre 2014	FRANCE	93.7%	93.7%	93.7%	93.7%
Autofocus Rendement Juin 2014	FRANCE	-	-	87.3%	87.3%
Autofocus Rendement Mars 2015	FRANCE	93.3%	93.3%	93.5%	93.5%
Autofocus Rendement Mars 2016	FRANCE	79.3%	79.3%	-	-
Autofocus Rendement Novembre 2016	FRANCE	92.4%	92.4%	-	-
Autofocus Rendement Octobre 2014	FRANCE	91.5%	91.5%	91.7%	91.7%
Autofocus Rendement Septembre 2015	FRANCE	-	-	93.9%	93.9%
Autofocus Rendement Septembre 2016	FRANCE	96.4%	96.4%	-	-
Autofocus Rendement Janvier 2016	FRANCE	92.5%	92.5%	-	-
Autofocus Croissance Juin 2015	FRANCE	93.8%	93.8%	93.9%	93.9%
BPE Rendement 2018	FRANCE	36.3%	36.3%	40.2%	40.2%
Diapazen Climat Septembre 2016	FRANCE	97.8%	97.8%	-	-
FCPI Swen Europa 4	FRANCE	-	-	46.5%	46.5%
FCPR Funéraire A	FRANCE	-	-	35.4%	35.4%
FCT SP Eurocréances	FRANCE	43.4%	43.4%	44%	44%
FCT Suravenir Privat	FRANCE	100%	100%	100%	100%
FED Capital INV	FRANCE	100%	100%	100%	100%
Federal Actions Éthiques	FRANCE	65.7%	65.7%	63.7%	63.7%
Federal Actions Rendement	FRANCE	96.8%	96.8%	96.6%	96.6%
Federal Apal	FRANCE	74.2%	74.2%	68.2%	68.2%
Federal Conviction Grande Asie	FRANCE	99.8%	99.8%	97.4%	97.4%
Federal Conviction ISR Euro	FRANCE	61%	61%	61.7%	61.7%
Federal Croissance	FRANCE	90.3%	90.3%	87.4%	87.4%
Federal Essor International	FRANCE	49.4%	49.4%	51.6%	51.6%
Federal Indiciel Japon	FRANCE	64.8%	64.8%	65.1%	65.1%
Federal Indiciel US	FRANCE	63.8%	63.8%	62.8%	62.8%
Federal Multi Actions Europe	FRANCE	73.7%	73.7%	71.9%	71.9%
Federal Multi L/S	FRANCE	50.9%	50.9%	-	-
Federal Multi Or et Matières 1ères	FRANCE	88.4%	88.4%	88.7%	88.7%
Federal Multi Patrimoine	FRANCE	90.7%	90.7%	89.3%	89.3%
Federal Multi PME	FRANCE	79.2%	79.2%	85%	85%
Federal Obligations Internationales ISR	FRANCE	36.3%	36.3%	40%	40%
Federal Opportunité Équilibre	FRANCE	99.7%	99.7%	99.7%	99.7%
Federal Opportunité Modéré	FRANCE	98.4%	98.4%	98.3%	98.3%
Federal Opportunité Tonique	FRANCE	98.8%	98.8%	98.9%	98.9%
Federal Optimal Plus	FRANCE	47.9%	47.9%	44.4%	44.4%
Federal Support Court Terme	FRANCE	42.2%	42.2%	-	-
Federal Support Trésorerie ISR	FRANCE	31.3%	31.3%	29.3%	29.3%
Formul Action 2017 FP	FRANCE	-	-	82.4%	82.4%
Formul'action 2017	FRANCE	-	-	94%	94%
Formul'action Securité	FRANCE	93.3%	93.3%	93.3%	93.3%
FPS Suravenir Actions Protect	FRANCE	100%	100%	-	-
FPS Compartiment 5	FRANCE	42.4%	42.4%	-	-
Kaleidoscope	FRANCE	98.3%	98.3%	98.5%	98.5%
LFP Multimmo Philoso	FRANCE	-	-	46.8%	46.8%
Opci Club FRANCE RET	FRANCE	46.3%	46.3%	46.3%	46.3%
Opci Preim Defense 2	FRANCE	35.5%	35.5%	35.5%	35.5%
Opci Preim Euros 2	FRANCE	100%	100%	100%	100%
Opci Preimium	FRANCE	83.7%	83.7%	100%	100%
Opci Preim Euros	FRANCE	100%	100%	100%	100%
Opci Tikehau Ret Pro	FRANCE	39.3%	39.3%	39.3%	39.3%
Primo Élite	FRANCE	100%	100%	100%	100%
Pro Federal Liquidites C	FRANCE	61.3%	61.3%	43.4%	43.4%
SCI Pérennité Pierre	FRANCE	-	-	81.8%	81.8%
SCI PR2 Preim RET 2	FRANCE	38%	38%	38%	38%
SCI Progrès Pierre	FRANCE	100%	100%	-	-
SCI Surav Pierre	FRANCE	100%	100%	-	-
SCI Cloverhome	FRANCE	50%	50%	-	-
SCI Le Vinci Holding	FRANCE	100%	100%	-	-
SCI Sofidy Conv Immo	FRANCE	56.9%	56.9%	-	-
SCI Usufruimmo	FRANCE	100%	100%	100%	100%
SCPI Patrimmo Croissance	FRANCE	36.3%	36.3%	54%	54%
SCPI Pierre Expansio	FRANCE	57%	57%	57%	57%
SCPI Primofamily	FRANCE	40.4%	40.4%	-	-
SCPI Primonia Cap IM	FRANCE	43.2%	43.2%	42.1%	42.1%
SP Convert. Global Europe	FRANCE	33.4%	33.4%	23.9%	23.9%
SP Convertibles Isr Europe	FRANCE	29.8%	29.8%	25.6%	25.6%
SP Haut Rendement	FRANCE	33.6%	33.6%	41.4%	41.4%
SP NS Famille	FRANCE	42.1%	42.1%	-	-

These entities are recognized under the fair value option.

UCITS, REITs and OPCI real estate investment funds consolidated pursuant to the application of IFRS 10	Country	12/31/2018		12/31/2017	
		Percentage of control	Percentage of interest	Percentage of control	Percentage of interest
Stéréo 3	FRANCE	97%	97%	96.9%	96.9%
Suravenir Initiative Actions	FRANCE	100%	100%	100%	100%
Suravenir Reference Actions	FRANCE	100%	100%	100%	100%
Synergie Finance Investissement	FRANCE	100%	100%	100%	100%
UBS Archmore Idf	FRANCE	-	-	53.2%	53.2%
We Positive Invest	FRANCE	100%	100%	100%	100%
West Web Valley	FRANCE	35.4%	35.4%	38.6%	38.6%
CMNE					
Alteram Arbitrages	FRANCE	-	-	0.15%	0.15%
Beobank Funds – Beobank Dynamic Fund	LUXEMBOURG	44.13%	44.13%	55.74%	55.74%
Convictions Multifac	LUXEMBOURG	39.37%	39.37%	45.63%	45.63%
Crown Multifund SEL	LUXEMBOURG	85.14%	85.14%	75.55%	75.55%
Diademe Global Selec	LUXEMBOURG	89.26%	89.26%	89.89%	89.89%
Europimmo Market	FRANCE	86.93%	86.93%	37.65%	37.65%
FCT LFP Créances Imm	FRANCE	-	-	53.76%	53.76%
Forum European Real	FRANCE	99.00%	99.00%	-	-
Forum Glb Invest Scs	FRANCE	99.40%	99.40%	-	-
Investcore 2021	LUXEMBOURG	93.42%	93.42%	83.95%	83.95%
JKC Fund - La Française Jkc Asia Equity	FRANCE	47.92%	47.92%	39.12%	39.12%
La Française Absolute Emerging Debt - Part I	LUXEMBOURG	-	-	76.21%	76.21%
La Française Actions Euro Couvertes	LUXEMBOURG	96.96%	96.96%	95.37%	95.37%
La Française Actions Monde	FRANCE	57.76%	57.76%	55.66%	55.66%
La Française Allocation - Part F	FRANCE	40.56%	40.56%	57.04%	57.04%
La Française Euro Inflation- Part B	FRANCE	52.26%	52.26%	50.23%	50.23%
La Française Euro Souverains	FRANCE	-	-	35.36%	35.36%
La Française Index Variable - Part C	LUXEMBOURG	57.69%	57.69%	47.09%	47.09%
La Française Inflection Point Multi Trends	FRANCE	46.02%	46.02%	41.45%	41.45%
La Française Lux - Absolute Emerging Debt	FRANCE	42.95%	42.95%	48.18%	48.18%
La Française Lux - Forum Global Real Estate Securities	FRANCE	65.55%	65.55%	43.63%	43.63%
La Française Lux - Inflection Point European Equity	FRANCE	69.03%	69.03%	70.82%	70.82%
La Française Lux - Inflection Point Global Equity	LUXEMBOURG	-	-	63.34%	63.34%
La Française Lux - Inflection Point Leaders Emergents	FRANCE	99.06%	99.06%	99.25%	99.25%
La Française Lux - Inflection Point Zero Carbon	FRANCE	46.68%	46.68%	81.00%	81.00%
La Française Lux - JKC Asia Bond	FRANCE	92.55%	92.55%	99.67%	99.67%
La Française Lux - Multi-Asset Income	FRANCE	93.93%	93.93%	99.82%	99.82%
La Française Multistratégies Obligataires - Part I	FRANCE	48.07%	48.07%	41.22%	41.22%
La Française Patrimoine Flexible - Part F	LUXEMBOURG	74.55%	74.55%	68.12%	68.12%
La Française Profil Performance	LUXEMBOURG	75.06%	75.06%	74.76%	74.76%
La Française Rendement 4X4	FRANCE	60.50%	60.50%	45.67%	45.67%
La Française Séréni Flex	FRANCE	60.25%	60.25%	60.76%	60.76%
La Française Tages Event	FRANCE	51.62%	51.62%	99.99%	99.99%
La Française Tages Stratégie Actions	FRANCE	95.48%	95.48%	89.95%	89.95%
LF Europimmo	FRANCE	94.96%	94.96%	-	-
LF Grands Vignobles de France	FRANCE	57.72%	57.72%	57.72%	57.72%
LF Lux SU ES SEC	LUXEMBOURG	85.85%	85.85%	-	-
LF Opsis Patrimoine	FRANCE	-	-	41.99%	41.99%
LF Premium EM R	FRANCE	63.67%	63.67%	-	-
LF Rend Glob 2018	FRANCE	40.29%	40.29%	-	-
LF Tages Mult Arb Ii	FRANCE	77.33%	77.33%	-	-
LFIS Perspective FCP - I	FRANCE	-	-	100.00%	100.00%
LFIS Vision - Credit Opportunities	LUXEMBOURG	65.64%	65.64%	65.58%	65.58%
LFIS Vision - Premia Opportunities	LUXEMBOURG	-	-	60.03%	60.03%
LFIS Vision Ucits - Credit	LUXEMBOURG	38.51%	38.51%	90.73%	90.73%
LFIS Vision Ucits - Equity Defender	LUXEMBOURG	96.60%	96.60%	99.33%	99.33%
LFIS Vision Ucits - Premia Access	LUXEMBOURG	89.48%	89.48%	-	-
LFP Alloc Classi Eur	LUXEMBOURG	-	-	22.88%	22.88%
LFIS Coussin Opportunites	LUXEMBOURG	99.73%	99.73%	99.82%	99.82%
LFP European Fund of Funds	LUXEMBOURG	91.97%	91.97%	91.49%	91.49%
LFP Fd Multi Stra OB	LUXEMBOURG	-	-	30.55%	30.55%
LFP Op Delff E H R	LUXEMBOURG	-	-	26.38%	26.38%
LFP Pierre	FRANCE	51.90%	51.90%	46.83%	46.83%
LFP R2p I Hedge	LUXEMBOURG	-	-	61.11%	61.11%
LFP S&P Capital Iq Fund - LFP R2p Global Credit	LUXEMBOURG	76.56%	76.56%	-	-
LFP S&P Capital Iq Fund - LFP R2p Global High Yield	LUXEMBOURG	91.66%	91.66%	67.18%	67.18%
Multimark SPP OPCI	FRANCE	36.54%	36.54%	-	-
Multimmobilier 2	FRANCE	85.66%	85.66%	-	-
Newalpha Fintech	FRANCE	-	-	60.03%	60.03%
Quilvest European	FRANCE	38.00%	38.00%	-	-
Tages Anavon GB EQ	LUXEMBOURG	35.13%	35.13%	35.19%	35.19%
Tages Int Funds UC	LUXEMBOURG	63.00%	63.00%	63.03%	63.03%
Transition Energeti	FRANCE	61.97%	61.97%	-	-
UFG IC Fund	LUXEMBOURG	41.36%	41.36%	-	-
UFG Pixel 1	FRANCE	-	-	80.86%	80.86%

These entities are recognized under the fair value option.

0b - Locations and activities by country

Crédit Mutuel carries out its activities mainly in France, which accounts for 80% of net banking income and 77% of net income attributable to owners of the company. Since 2008, the group has opted for controlled development of its international operations, acquiring a second, and possibly a third, domestic market. Its main subsidiaries made up of network banks have been acquired primarily in Belgium, Germany and Spain. Other subsidiaries or branches have been started up to support the international expansion of the group's corporate customers.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other tax	Workforce
Germany	1,621	626	(148)	(21)	(106)	5,817
Belgium	473	124	(33)	19	(61)	1,930
Canada	0	0	0	0	0	0
Spain	414	88	(31)	8	(21)	2,472
United States	119	77	(8)	(4)	(10)	90
France	14,042	6,652	(1,437)	(93)	(2,398)	68,448
Hong Kong	7	2	0	0	0	13
Hungary	36	5	0	0	(2)	338
Italy	50	6	0	0	(4)	240
Luxembourg	353	168	(33)	4	(28)	994
Morocco	0	73	0	0	0	0
Monaco	2	1	0	0	0	9
Netherlands	0	0	0	0	0	0
Poland	2	(1)	0	0	0	46
Portugal	172	94	(30)	3	(6)	714
Republic of Korea	0	0	0	0	0	2
Czech Republic	7	(2)	0	0	(1)	146
United Kingdom	44	22	2	0	(4)	83
Saint Martin (Dutch part)	3	1	0	0	0	9
Singapore	52	33	(3)	0	(4)	141
Slovakia	2	(3)	0	0	(1)	57
Switzerland	126	42	(6)	0	(11)	349
Tunisia	0	18	0	0	0	0
Total	**17,526**	**8,026**	**(1,726)**	**(84)**	**(2,659)**	**81,898**

1. NOTES TO THE BALANCE SHEET

NOTE 1 - CASH ON HAND, BALANCES WITH CENTRAL BANKS (ASSETS/LIABILITIES)

	12/31/2018	01/01/2018
Cash on hand, balances with central banks - assets		
Balances with central banks	62,492	63,237
of which mandatory reserves	3,393	3,475
Cash on hand	1,532	1,488
Total	**64,023**	**64,724**
Central banks - liabilities	**350**	**285**

NOTE 2 - FINANCIAL ASSETS AT AMORTIZED COST

	12/31/2018	01/01/2018
Loans and advances to credit institutions	51,081	47,550
Loans and advances to customers	467,439	432,691
Securities at amortized cost	4,076	4,531
Total	**522,596**	**484,772**

2a - Loans and receivables due from credit institutions at amortized cost

	12/31/2018	01/01/2018
. Performing loans (S1/S2)	50,722	47,316
Crédit Mutuel network accounts [1]	30,919	27,134
Other current accounts	4,042	2,749
Loans	1,857	1,874
Other receivables	5,445	6,684
Repos	8,459	8,874
. Gross receivables subject to individual impairment (S3)	-	-
. Accrued interest	364	242
. Impairment of performing loans (S1/S2)	(5)	(8)
. Other impairment (S3)	-	-
Total	**51,081**	**47,550**

(1) Relates mainly to outstanding CDC repayments for LEP, LDD, Livret Bleu and Livret A passbook savings accounts.

2b - Loans and receivables due from customers at amortized cost

	12/31/2018	01/01/2018
Performing loans (S1/S2)	445,649	411,855
. Commercial loans	15,591	15,024
. Other customer loans and advances	429,236	396,059
- Home loans	233,866	217,684
- Other loans and receivables (1)	186,181	171,055
- Repos	9,289	7,320
. Accrued interest	821	772
Insurance and reinsurance receivables	-	-
Gross receivables subject to individual impairment (S3)	13,957	14,256
Gross receivables	**459,606**	**426,111**
Impairment of performing loans (S1/S2)	(2,127)	(1,996)
Other impairment (S3)	(7,629)	(7,896)
Subtotal I	**449,849**	**416,219**
Finance leases (net investment)	17,405	16,320
. Equipment	12,018	11,120
. Real estate	5,387	5,200
Gross receivables subject to individual impairment (S3)	542	550
Impairment of performing loans (S1/S2)	(136)	(136)
Other impairment (S3)	(221)	(262)
Subtotal II	**17,590**	**16,472**
Total	**467,439**	**432,691**
o/w subordinated loans	13	14

(1) Includes guarantee deposits paid which represent the payment commitments made to the Single Resolution Fund (€265 million) and the Deposit Guarantee Scheme (€88 million).

Finance leases with customers

	01/01/2018	Increase	Decrease	Other	12/31/2018
Gross carrying amount	16,870	2,880	(1,461)	(342)	17,947
Impairment of uncollectible lease payments	(398)	(181)	184	38	(357)
Net carrying amount	**16,471**	**2,700**	**(1,277)**	**(304)**	**17,590**

2c - Securities at amortized cost

	12/31/2018	01/01/2018
.Securities	4,261	4,589
- Government securities	2,434	3,022
- Bonds and other debt securities	1,827	1,567
. Listed	789	729
. Unlisted	1,038	838
. Accrued interest	33	26
Total – gross	**4,294**	**4,615**
o/w impaired assets (S3)	399	357
Impairment of performing loans (S1/S2)	(1)	(2)
Other impairment (S3)	(217)	(82)
Total – net	**4,076**	**4,531**

NOTE 3 - FINANCIAL LIABILITIES AT AMORTIZED COST

3a - Amounts due to central banks and credit institutions

	12/31/2018	01/01/2018
Balances with central banks	**350**	**285**
Amounts due to credit institutions	**59,887**	**54,126**
Crédit Mutuel network accounts	-	-
Other current accounts	3,116	2,846
Loans	17,009	13,532
Other debt	4,378	7,384
Repos	35,300	30,313
Accrued interest	84	51

3b - Amounts due to customers at amortized cost

	12/31/2018	01/01/2018
. Regulated savings deposit accounts	178,497	169,355
- Demand	125,129	117,816
- Term	53,368	51,538
. Accrued interest on savings accounts	266	269
Subtotal	**178,763**	**169,623**
. Demand accounts	164,595	148,531
. Term accounts and borrowings	50,924	53,327
. Repos	2,024	2,017
. Accrued interest	379	436
. Other debt	13	18
. Insurance and reinsurance liabilities	-	-
Subtotal	**217,935**	**204,329**
Total	**396,698**	**373,952**

3c - Debt securities at amortized cost

	12/31/2018	01/01/2018
Certificates of deposit	336	605
Interbank market securities and negotiable debt securities	64,103	63,672
Bonds	73,310	64,722
Non-preferred senior securities	-	-
Accrued interest	935	1,009
Total	**138,684**	**130,008**

3d - Subordinated debt at amortized cost

	12/31/2018	01/01/2018
Subordinated debt	8,320	9,020
Participating loans	24	25
Undated subordinated debt	1,236	1,241
Other debt	0	0
Accrued interest	116	116
Total	**9,696**	**10,402**

Main subordinated debt issues

(In € millions)	Type	Issue date	Amount issued	Amount at year-end	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	October 2010	1,000	917	October 2020
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May 2014	1,000	1,000	May 2024
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	September 2015	1,000	1,000	September 2025
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March 2016	1,000	1,000	March 2026
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November 2016	700	700	November 2026
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	March 2017	500	500	March 2027
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	November 2017	500	500	November 2027
Banque Fédérative du Crédit Mutuel	Subordinated, redeemable	May 2018	500	500	May 2028
Banque Fédérative du Crédit Mutuel	Super-subordinated, undated	December 2004	750	734	Undated
Banque Fédérative du Crédit Mutuel	Super-subordinated, undated	February 2005	250	250	Undated
Crédit Mutuel Nord Europe	Super-subordinated, undated	January 2004	150	133	Undated
Crédit Mutuel Nord Europe	Subordinated, redeemable	March 2014	120	118	June 2026
Crédit Mutuel Nord Europe	Subordinated, redeemable	December 2014	55	54	December 2026
Crédit Mutuel Nord Europe	Subordinated, redeemable	December 2015	50	50	December 2030
Crédit Mutuel Nord Europe	Subordinated, redeemable	December 2016	300	300	September 2026
Crédit Mutuel Arkéa	Super-subordinated, undated	July 2004	97	96	Undated
Crédit Mutuel Arkéa	Subordinated, redeemable	June 2016	500	499	June 2026
Crédit Mutuel Arkéa	Subordinated, redeemable	February 2017	500	497	February 2029
Crédit Mutuel Arkéa	Subordinated, redeemable	October 2017	500	497	October 2029

NOTE 4 - FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

4a - Financial assets at fair value through equity by product type

	12/31/2018	01/01/2018
. Government securities	15,312	16,975
. Bonds and other debt securities	25,137	22,169
- Listed	23,187	20,517
- Unlisted	1,950	1,652
. Accrued interest	219	232
Gross subtotal debt securities	**40,668**	**39,376**
o/w impaired debt securities (S3)	3	141
Impairment of performing loans (S1/S2)	(19)	(15)
Other impairment (S3)	(1)	(1)
Net subtotal debt securities	**40,648**	**39,360**
. Loans	0	0
. Accrued interest	0	0
Gross subtotal loans and receivables	**0**	**0**
Impairment of performing loans (S1/S2)	0	0
Other impairment (S3)	0	0
Net subtotal loans and receivables	**0**	**0**
. Shares and other equity instruments	124	200
- Listed	102	121
- Unlisted	21	79
. Long-term investments	777	710
- Investments in associates	365	376
- Other long-term investments	319	253
- Investments in subsidiaries and associates	93	80
- Loaned securities	0	0
- Current account advances to non-performing property investment companies	0	0
. Accrued interest	1	1
Subtotal equity instruments	**902**	**911**
TOTAL	**41,550**	**40,271**
o/w unrealized gains or losses recognized in equity	69	241
o/w listed investments in associates	96	104

Crédit Mutuel has opted not to issue “group" principles regarding the use of the fair value through equity option for equity instruments. Each regional group classifies its instruments according to its own business model. Generally speaking, equity instruments which the group has elected to include in this category are strategic holdings.
Sales of equity instruments were limited to €9.5 million during the year. The capital gains recorded in equity amounted to €6 million.

4b – List of main non-consolidated investments

		% held	Shareholders' equity	Balance sheet total	Net banking income or revenue	Net income or loss
Ardian Holding	Unlisted	< 20%	382	829	429	264
Covivio (formerly Foncière des Régions)	Listed	< 10%	10,168	21,733	850	1,353
Covivio Hotels (formerly Foncière des Murs)	Listed	10%	2,405	4,380	205	284
Crédit Logement	Unlisted	< 10%	1,871	10,770	239	121
Caisse de Refinancement de l'Habitat (CRH)	Unlisted	< 40%	563	32,180	-	0

The above information, except for percentages held, relates to 2017.

NOTE 5 - GROSS VALUE AND IMPAIRMENT ANALYSIS

5a. Gross values subject to impairment

	12/31/2018	01/01/2018
Financial assets at amortized cost - loans and receivables - Credit institutions subject to	**51,086**	**47,555**
- 12-month expected losses (S1)	51,070	47,470
- expected losses at termination (S2)	16	85
- expected losses on impaired assets (S3) at end of period but not impaired at origination	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Financial assets at amortized cost - loans and receivables due from customers subject to	**477,553**	**442,981**
- 12-month expected losses (S1)	429,520	393,740
- expected losses at termination (S2)	33,534	34,435
- o/w customer receivables under IFRS 15	0	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	14,239	14,552
- expected losses on impaired assets (S3) at end of period and at origination	260	254
Financial assets at amortized cost - securities	**4,294**	**4,615**
- subject to 12-month expected losses (S1)	3,875	4,196
- subject to expected losses at termination (S2)	20	62
- expected losses on impaired assets (S3) at end of period but not impaired at origination	399	357
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Financial assets at fair value through equity - debt securities	**40,668**	**39,377**
- 12-month expected losses (S1)	40,526	38,953
- expected losses at termination (S2)	139	283
- expected losses on impaired assets (S3) at end of period but not impaired at origination	3	141
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Financial assets at fair value through equity - Loans	**0**	**0**
- 12-month expected losses (S1)	0	0
- expected losses at termination (S2)	0	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Total	**573,601**	**534,528**

5b. Impairment analysis

	01/01/2018	Charges	Write-backs	Other	12/31/2018
Financial assets at amortized cost - loans and receivables - Credit institutions	(7)	(1)	3	0	(5)
Financial assets at amortized cost - loans and receivables due from customers	(10,290)	(2,469)	2,677	(32)	(10,114)
Financial assets at amortized cost - securities	(84)	(8)	8	(134)	(218)
Financial assets at fair value through equity - debt securities	(16)	(11)	8	0	(20)
Financial assets at fair value through equity - Loans	0	0	0	0	0
Total	**(10,397)**	**(2,489)**	**2,696**	**(166)**	**(10,357)**

IFRS 9	01/01/2018	Charges	Write-backs	Other	12/31/2018
Loans and receivables - Credit institutions	**(7)**	**(1)**	**3**	**0**	**(5)**
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(4)	(1)	2	(2)	(5)
- expected losses at termination (S2)	(3)	0	1	2	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Customer loans and receivables	**(10,290)**	**(2,469)**	**2,677**	**(32)**	**(10,114)**
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(934)	(377)	368	(81)	(1,024)
- expected losses at termination (S2)	(1,199)	(626)	482	103	(1,240)
- of which customer receivables under IFRS 15	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	(8,001)	(1,460)	1,803	(54)	(7,712)
- expected losses on impaired assets (S3) at end of period and at origination	(156)	(6)	24	0	(138)
Financial assets at amortized cost - securities	**(84)**	**(8)**	**8**	**(134)**	**(218)**
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(1)	(1)	0	1	(1)
- expected losses at termination (S2)	(2)	0	1	1	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	(81)	(7)	7	(136)	(217)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Financial assets at fair value through equity - debt securities	**(16)**	**(11)**	**8**	**0**	**(20)**
- of which assets impaired (S3) at origination	0	0	0	0	0
- 12-month expected losses (S1)	(15)	(11)	8	0	(19)
- expected losses at termination (S2)	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	(1)	0	0	0	(1)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Total	**(10,397)**	**(2,489)**	**2,696**	**(166)**	**(10,357)**

NOTE 6 - FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

6a - Financial assets at fair value through profit or loss

	12/31/2018				01/01/2018			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
.Securities	10,478	880	6,889	18,247	8,945	931	6,325	16,201
- Government securities	774	385	16	1,175	865	383	71	1,319
- Bonds and other debt securities	9,158	495	1,967	11,620	7,112	548	2,331	9,991
. Listed	*9,135*	*159*	*606*	*9,900*	*6,989*	*185*	*525*	*7,699*
. Unlisted	*23*	*336*	*1,361*	*1,720*	*123*	*363*	*1,806*	*2,292*
of which mutual funds	*30*		*1,597*	*1,627*	*123*		*1,889*	*2,012*
- Shares and other equity instruments	546		3,705	4,251	968		2,688	3,656
. Listed	*546*		*1,076*	*1,622*	*968*		*344*	*1,312*
. Unlisted	*0*		*2,629*	*2,629*	*0*		*2,344*	*2,344*
- Long-term investments			1,201	1,201			1,235	1,235
. Investments in associates			*440*	*440*			*450*	*450*
. Other long-term securities			*293*	*293*			*328*	*328*
. Investments in subsidiaries and associates			*433*	*433*			*425*	*425*
. Other long-term investments			*35*	*35*			*32*	*32*
. Derivative instruments	3,797			3,797	3,730			3,730
. Loans and receivables		17	1	18		10	63	73
of which repurchase agreements		*0*		*0*		*0*		*0*
TOTAL	14,275	897	6,890	22,062	12,674	941	6,389	20,004

The maximum exposure to credit risk on assets classified at fair value through profit or loss amounted to €913 million during the year.

6b - Financial liabilities at fair value through profit or loss

	12/31/2018	01/01/2018
Financial liabilities held for trading	4,947	5,938
Financial liabilities at fair value through profit or loss	484	284
TOTAL	5,431	6,222

Financial liabilities held for trading

	12/31/2018	01/01/2018
.Short sales of securities	**1,227**	**2,111**
- Government securities	3	0
- Bonds and other debt securities	585	917
- Shares and other equity instruments	639	1,194
. Liabilities representing securities delivered under repurchase agreements	**0**	**0**
. Trading derivatives	**3,715**	**3,730**
. Other financial liabilities held for trading	**5**	**97**
Total	4,947	5,938

Financial liabilities at fair value through profit or loss

	12/31/2018		
	Carrying Amount	Amount due at maturity	Difference
. Securities issued	476	490	(14)
. Subordinated debt	0	0	0
. . Interbank debt	2	2	0
. Amounts due to customers	6	6	0
Total	484	498	(14)

6c - Analysis of trading derivatives

Trading derivatives	12/31/2018			01/01/2018		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate instruments	**401,098**	**2,431**	**2,361**	**361,603**	**2,546**	**2,602**
Swaps	82,039	2,022	2,215	79,706	2,423	2,273
Other firm contracts	283,811	6	4	248,324	7	7
Options and conditional instruments	35,248	403	142	33,573	116	322
Exchange rate instruments	**126,510**	**989**	**889**	**131,290**	**875**	**854**
Swaps	89,317	37	44	91,406	45	53
Other firm contracts	9,310	846	740	12,371	705	682
Options and conditional instruments	27,883	106	105	27,513	125	119
Other than interest rate and currency instruments	**27,350**	**377**	**466**	**23,722**	**311**	**375**
Swaps	10,668	93	130	12,995	132	162
Other firm contracts	8,401	15	90	5,526	42	75
Options and conditional instruments	8,281	269	246	5,201	137	138
Total	554,958	3,797	3,716	516,615	3,732	3,831

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise.
Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness.
Moreover, the value of derivatives takes counterparty risk into account.

NOTE 7 - HEDGING

7a - Hedging derivative instruments

	12/31/2018			01/01/2018		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Hedging derivative instruments						
Fair value hedges	210,818	3,408	2,872	156,850	3,808	3,747
Swaps	103,526	3,414	2,869	100,063	3,812	3,746
Other firm contracts	104,484	0	0	55,106	0	0
Options and conditional instruments	2,808	(6)	3	1,681	(4)	1
Cash flow hedges	683	1	22	719	2	30
Swaps	683	1	22	689	2	30
Other firm contracts	0	0	0	30	0	0
Options and conditional instruments	0	0	0	0	0	0
Total	**211,501**	**3,409**	**2,894**	**157,569**	**3,810**	**3,777**

- Hedge ineffectiveness recognized in profit or loss amounted to a loss of €19 million reported under "Net gains on financial instruments at fair value through profit or loss" (see Note 22).
- The amount arising on the re-measurement of cash flow hedging derivatives reclassified to profit or loss was immaterial.

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness.
Moreover, the value of derivatives takes counterparty risk into account.

Timing of the nominal amount of hedging derivatives

	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	12/31/2018
Hedging derivative instruments					
Fair value hedges	8,261	19,492	88,371	94,694	210,818
Swaps	6,862	12,759	54,592	29,313	103,526
Other firm contracts	1,327	6,516	31,976	64,665	104,484
Options and conditional instruments	72	217	1,803	716	2,808
Cash flow hedges	0	202	182	299	683
Swaps	0	202	182	299	683
Other firm contracts	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0
Total	**8,261**	**19,694**	**88,553**	**94,993**	**211,501**

7b - Difference arising on re-measurement of interest-rate-hedged portfolios

	12/31/2018	01/01/2018	Change
Fair value of interest rate risk by portfolio			
. Financial assets	1,518	727	108.80%
. Financial liabilities	88	(452)	(119.47%)

7c - Micro-hedged items under *fair value hedges*

Hedged assets

	12/31/2018			
	Balance sheet value	o/w re-measurement related to hedging	o/w re-measurement during the year	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Loans and receivables - Credit institutions at amortized cost	443	0	0	0
Loans and receivables - Customers at amortized cost	155,753	1,190	(3)	53
Securities at amortized cost	1,589	72	(20)	3
Financial assets at fair value through equity	20,109	163	31	0
Total	**177,894**	**1,425**	**8**	**56**

Hedged liabilities

	12/31/2018			
	Balance sheet value	o/w re-measurement related to hedging	o/w re-measurement during the year	Accumulated FV adjustments remaining on the balance sheet (hedged item that has ceased to be adjusted)
Debt securities	65,424	1,520	(27)	0
Amounts due to credit institutions	15,434	828	2	0
Amounts due to customers	45,048	8	0	0
Total	**125,906**	**2,356**	**(25)**	**0**

Overall hedge ineffectiveness recognized in profit or loss amounted to a loss of €19 million reported under "Net gains on financial instruments at fair value through profit or loss" (see Note 22).

NOTE 8 - INVESTMENTS/ASSETS AND LIABILITIES RELATED TO POLICIES OF THE INSURANCE ACTIVITIES (IAS 39)

8a - Investments by the insurance activities and reinsurers' share of technical reserves

	12/31/2018	01/01/2018	Change
Financial assets			
Fair value through profit or loss	49,962	52,855	(5.5%)
- Trading	0	2	(100.0%)
- Fair value option - debt securities	10,951	10,031	9.2%
- Fair value option - equity instruments	39,011	42,822	(8.9%)
Available-for-sale	101,139	102,326	(1.2%)
- Government and equivalent securities	27,575	11,296	144.1%
- Bonds and other debt securities	59,248	76,081	(22.1%)
- Shares and other equity instruments	12,535	13,266	(5.5%)
- Investments in subsidiaries and associates and other long-term investments	1,781	1,683	5.8%
Loans and receivables	3,522	2,234	57.7%
Held-to-maturity	11,988	10,704	12.0%
Subtotal financial assets	**166,611**	**168,119**	**(0.9%)**
Investment property	**3,724**	**3,090**	**20.5%**
Reinsurers' share of technical reserves and other assets	**1,221**	**1,190**	**2.6%**
Total	**171,556**	**172,399**	**(0.5%)**

The fair value of property recognized at cost was €4.835 billion at December 31, 2018.

8b - Liabilities related to policies of the insurance activities

	12/31/2018	01/01/2018	Change
Insurance technical reserves			
Life	124,548	125,400	(0.7%)
Non-life	4,235	4,066	4.2%
Unit-linked	22,971	22,191	3.5%
Other	463	455	1.8%
Total	**152,217**	**152,112**	**0.1%**
Of which: Deferred profit-sharing - liability	14,355	17,201	(16.5%)
Deferred profit-sharing - asset	0	0	
Reinsurers' share of technical reserves	436	428	1.9%
Net technical reserves	**151,781**	**151,684**	**0.1%**
Financial liabilities			
Fair value through profit or loss	**6,110**	**4,372**	**39.8%**
- Trading	102	101	1.0%
- Fair value option	6,008	4,271	40.7%
Hedging derivative instruments	0	0	
Amounts due to credit institutions	1,463	2,577	(43.2%)
Debt securities	0	0	
Subordinated debt	151	151	0.0%
Subtotal	**7,724**	**7,100**	**8.8%**
Other liabilities	**3,447**	**5,167**	**(33.3%)**
Total financial liabilities	**11,171**	**12,267**	**(8.9%)**
Total liabilities related to policies of the insurance activities	**163,388**	**164,379**	**0.0%**

NOTE 9 - FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET

12/31/2018	Level 1	Level 2	Level 3	Total
Financial assets - IFRS 9				
Fair value through equity	34,125	5,712	1,713	41,550
- Government and equivalent securities	14,638	762	0	15,400
- Bonds and other debt securities	19,154	4,941	1,153	25,248
- Shares and other equity instruments	103	9	12	124
- Investments in subsidiaries and other long-term investments	230	0	455	685
- Investments in subsidiaries and associates	0	0	93	93
Trading / Fair value option / Other	11,854	5,130	5,078	22,062
- Government and equivalent securities - Trading	615	159	0	774
- Government and equivalent securities - Fair value option	385	0	0	385
- Government and equivalent securities - Other FVPL	16	0	0	16
- Bonds and other debt securities - Trading	7,905	926	327	9,158
- Bonds and other debt securities - Fair value option	112	20	363	495
- Bonds and other debt securities - Other FVPL	775	986	207	1,968
- Shares and other equity instruments - Trading	546	0	0	546
- Shares and other equity instruments - Other FVPL	1,249	0	2,455	3,704
- Investments in subsidiaries and other long-term investments - Other FVPL	4	1	729	734
- Investments in subsidiaries and associates - Other FVPL	0	0	467	467
- Loans and receivables due from credit institutions - Fair value option	0	2	0	2
- Loans and receivables due from customers - Fair value option	0	15	0	15
- Loans and receivables due from customers - Other FVPL	0	1	0	1
- Derivatives and other financial assets - Trading	247	3,020	530	3,797
Hedging derivative instruments	0	3,398	11	
Total	**45,979**	**14,240**	**6,802**	**67,019**
IAS 39 financial assets - Investments by the insurance activities				
Fair value through profit or loss	32,030	13,060	4,872	49,962
- Trading	0	0	0	0
- Fair value option - debt securities	1,371	9,070	510	10,951
- Fair value option - equity instruments	30,659	3,990	4,362	39,011
Hedging derivative instruments	0	0	0	0
Available-for-sale assets	93,798	4,814	2,527	101,139
of which SPPI assets				82,873
- Government and equivalent securities	27,471	104	0	27,575
- Bonds and other debt securities	55,493	2,242	1,513	59,248
- Shares and other equity instruments	10,014	2,443	78	12,535
- Investments in subsidiaries and associates and other long-term investments	820	25	936	1,780
Total	**125,828**	**17,874**	**7,399**	**151,101**

12/31/2018	Level 1	Level 2	Level 3	Total
Financial liabilities - IFRS 9				
Trading / Fair value option	1,443	3,230	758	5,431
- Due to credit institutions - Fair value option	0	2	0	2
- Due to customers - Fair value option	0	6	0	6
- Debt securities - Fair value option	0	476	0	476
- Subordinated debt - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	1,443	2,746	758	4,947
Hedging derivative instruments	0	2,873	21	2,894
Total	**1,443**	**6,090**	**779**	**8,325**
Financial liabilities related to policies of the insurance activities IAS 39				
Fair value through profit or loss	0	6,110	0	6,110
- Trading	0	102	0	102
- Fair value option	0	6,008	0	6,008
Hedging derivative instruments	0	0	0	0
Total	**0**	**6,110**	**0**	**6,110**

There was no transfer between levels 1 and 2 in an amount exceeding 10% of the amount of the “Total” line for the respective asset or liability category.
- Level 1: quoted price in an active market.
- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information,
- Level 3: valuation based on internal models containing significant non-observable data.

Fair value hierarchy - Details of level 3

12/31/2018	Opening balance	Purchases	Issues	Sales	Redemptions	Transfers	Gains and losses to P&L	Gains and losses to equity	Other movements	Closing balance
Financial assets - IFRS 9										
Shares and other equity instruments - Other FVPL	2,000	660	0	(691)	0	140	283	0	63	2,455

Only material transfers are indicated, i.e. transfers in an amount exceeding 10% of the amount of the “Total” line for the respective asset or liability category.

NOTE 10 - OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12/31/2018	Gross value of financial assets	Gross value of financial liabilities offset in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT OFFSET IN BALANCE SHEET: Impact of master offsetting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	8,792	(1,586)	7,206	(1,719)	0	(3,518)	1,969
Repos	20,668	0	20,668	(358)	(19,942)	(177)	191
Total	**29,460**	**(1,586)**	**27,874**	**(2,077)**	**(19,942)**	**(3,695)**	**2,160**

12/31/2018	Gross value of financial liabilities	Gross value of financial assets offset in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT OFFSET IN BALANCE SHEET: Impact of master offsetting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	8,297	(1,586)	6,711	(1,750)	0	(3,307)	1,654
Repos	44,718	0	44,718	(359)	(43,551)	(798)	10
Total	**52,987**	**(1,586)**	**51,429**	**(2,109)**	**(43,551)**	**(4,105)**	**1,664**

12/31/2017	Gross value of financial assets	Gross value of financial liabilities offset in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT OFFSET IN BALANCE SHEET: Impact of master offsetting agreements	Financial instruments received as guarantee	Cash collateral received	Net amount
Financial assets							
Derivatives	7,504	0	7,504	(2,378)	0	(2,927)	2,199
Repos	17,828	0	17,828	(357)	(17,274)	(58)	139
Total	**25,332**	**0**	**25,332**	**(2,735)**	**(17,274)**	**(2,985)**	**2,338**

12/31/2017	Gross value of financial liabilities	Gross value of financial assets offset in balance sheet	Net amounts shown on balance sheet	AMOUNTS LINKED BUT NOT OFFSET IN BALANCE SHEET: Impact of master offsetting agreements	Financial instruments given as guarantee	Cash collateral paid	Net amount
Financial liabilities							
Derivatives	7,569	0	7,569	(2,419)	0	(4,081)	1,069
Repos	38,743	0	38,743	(357)	(38,133)	(241)	12
Total	**46,312**	**0**	**46,312**	**(2,776)**	**(38,133)**	**(4,322)**	**1,081**

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.
The amounts in the second column correspond to offsetting, under IAS 32, for transactions that go through a clearing house.
The column entitled “Impact of master offsetting agreements” corresponds to outstanding transactions under enforceable contracts that are not offset for accounting purposes. These include transactions for which the right to offset is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed via clearing houses.
The "Financial instruments received/given in guarantee" column comprises the market value of securities exchanged as collateral.
The "Cash collateral received/paid" column includes guarantee deposits received or given in respect of positive or negative market values of financial instruments. They are recognized as "Other assets or liabilities" in the balance sheet.

NOTE 11 - TAXES

11a - Current taxes

	12/31/2018	01/01/2018
Assets (through profit or loss)	2,365	2,305
Liabilities (through profit or loss)	887	1,090

11b - Deferred taxes

	12/31/2018	01/01/2018
Assets (through profit or loss)	1,536	1,602
Assets (through equity)	271	187
Liabilities (through profit or loss)	685	703
Liabilities (through equity)	497	686

Breakdown of deferred taxes by main category

	12/31/2018		01/01/2018	
	Assets	Liabilities	Assets	Liabilities
. Tax losses carried forward	12	0	12	0
. Temporary differences	2,047	1,434	1,434	1,583
- Re-measurement of financial instruments (excluding insurance)	482	681	452	905
- Insurance activity	75	169	16	229
- Provisions	1,063	1	1,105	2
- Latent finance leasing reserve	0	379	0	264
- Earnings of tax-transparent entities	0	0	0	0
- Other temporary differences	426	204	397	183
. Offsetting	(252)	(252)	(193)	(193)
Total deferred tax assets and liabilities	**1,807**	**1,182**	**1,789**	**1,389**

Deferred tax is calculated using the liability method.

NOTE 12 - ACCRUAL ACCOUNTS AND OTHER ASSETS AND LIABILITIES

12a - Prepayments, accrued income and other assets

	12/31/2018	01/01/2018
Prepayments and accrued income		
Securities collection accounts	635	1,122
Currency adjustment accounts	282	57
Accrued income	688	775
Misc. accruals	4,285	2,843
Subtotal	**5,890**	**4,797**
Other assets		
Settlement accounts on securities transactions	202	182
Other debtors	4,548	4,868
Inventories and similar	48	24
Other	84	52
Subtotal	**4,882**	**5,126**
Total	**10,772**	**9,923**

12b - Accrued charges, deferred income and other liabilities

	12/31/2018	01/01/2018
Accrued charges and deferred income		
Blocked accounts on collection transactions	435	811
Currency adjustment accounts	94	62
Accrued expenses	1,864	1,669
Deferred income	1,990	1,969
Misc. accruals	6,610	2,314
Subtotal	**10,993**	**6,825**
Other liabilities		
Settlement accounts on securities transactions	735	896
Payments to be made on securities	336	556
Other creditors	2,608	2,841
Subtotal	**3,679**	**4,293**
Total	**14,672**	**11,118**

12c - Non-current assets and liabilities held for sale

Pursuant to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the following are classified as "Net gains/(losses) on activities held for sale":
- In 2018: the impact on profit or loss refers to entities of the La Française group. The Leasecom group is also included in the balance sheet.
- In 2017: the proceeds from the sale of the Private Banking business of the Singapore branch and the profit/loss of this business up to the sale date on December 2, 2017.

NOTE 13 - INVESTMENTS IN COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

13a - Share in net income or loss of companies accounted for using the equity method

12/31/2018	Country	% interest	Investment value	Share of net income (loss)	Dividends received[1]	Fair value of investment (if listed)
Entities over which significant influence is exercised						
Banque Marocaine du Commerce Extérieur (BMCE) **	Morocco	N/A	-	56	19	-
Banque de Tunisie	Tunisia	34	160	16	6	171
LYF S.A. (formerly Fivory)	France	46	8	(1)	-	NC*
New Port	France	31	31	2	-	
Younited Credit	France	26	10	(4)	-	
Groupe Cholet-Dupont	France	34	14	1	1	NC*
Astree	Tunisia	30	14	1	1	19
Royale Marocaine d'Assurance	Morocco	22	130	17	12	NC*
Other		-	41	(34)	7	0
Total [1]			**408**	**54**	**46**	
Joint ventures						
Banque Casino	France	50	55	5	-	NC*
Bancas	France	50	1	-	-	NC*
Total [2]			**56**	**5**	**-**	
Total [1]+[2]			**464**	**59**	**46**	

(1) In cash and shares.
** NC: unlisted.*
*** BMCE was deconsolidated on September 30, 2018, mainly as a result of the group's repeated inability to influence the company's management decisions. Since September 30, 2018, BMCE's securities have been recognized at fair value through profit or loss. The deconsolidation had no material impact on the group's income statement.*

12/31/2017	Country	% interest	Investment value	Share of net income (loss)	Dividends received[1]	Fair value of investment (if listed)
Entities over which significant influence is exercised						
Banque Marocaine du Commerce Extérieur	Morocco	26.21	870	(130)	42	897
Banco Popular Español	Spain	3.95	0	(246)	0	0
Banque de Tunisie	Tunisia	34.00	165	15	7	166
Royale Marocaine d'Assurance (formerly RMA Watanya)	Morocco	22.02	114	20	11	NC*
Euro Automatic Cash	Spain	50.00	48	9	0	NC*
New Port	France	31.03	41	3	0	0
Younited Credit	France	25.60	11	(4)	0	NC*
Astrée Assurance	Tunisia	30.00	14	2	1	23
Other			30	(9)	4	
Total [1]			**1,293**	**(340)**	**65**	
Joint ventures						
Banque Casino	France	50.00	48	(4)	0	NC*
Bancas	France	50.00	1	0	0	NC*
Total [2]			**49**	**(4)**	**0**	
Total [1]+[2]			**1,342**	**(344)**	**65**	

(1) In cash and shares.
** NC: unlisted.*

13b - Data of main entities accounted for using the equity method

12/31/2018	Total assets	NBI or revenue	Operating income before provisions	Net income (loss)	OCI	Shareholders' equity in foreign currency
Entities over which significant influence is exercised						
Banque de Tunisie [2]	5,279	269	164	136	NC	801
Royale Marocaine d'Assurance (formerly RMA Watanya) [1]	351,720	18,695	4,630	1,119	3,691	6,558
Groupe Cholet Dupont	278	23	7	4	-	42
Astrée Assurance [2]	525	122	22	17	55	179
Joint ventures						
Banque Casino	1,198	136	63	9	0	112

(1) Individual financial data in local currency, i.e. Moroccan dirham.
(2) Individual financial data in local currency, i.e. Tunisian dinar.
(3) 2017 data.
** NC: not communicated.*

12/31/2017	Total assets	NBI or revenue	Operating income before provisions	Net income (loss)	OCI	Shareholders' equity in foreign currency
Entities over which significant influence is exercised						
Banque Marocaine du Commerce Extérieur [1]	305,923	12,990	5,615	2,835	(6)	23,583
Banque de Tunisie [2]	4,718	236	129	101	NC	730
Royale Marocaine d'Assurance (formerly RMA Watanya) [1]	342,166	17,756	4,551	905	4,997	5,529
Groupe Cholet Dupont	308	21	5	3	-	41
Astrée Assurance [2]	441	146	23	14	39	155
Joint ventures						
Banque Casino	978	118	53	6	0	97

NOTE 14 - INVESTMENT PROPERTY

	12/31/2017	Increase	Decrease	Other	12/31/2018
Historical cost	443	28	(45)	10	436
Depreciation and impairment	(153)	(14)	16	(12)	(163)
Net amount	**290**	**14**	**(29)**	**(2)**	**273**

The fair value of property recognized at cost was €511 million at December 31, 2018.

NOTE 15 - PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

15a - Property and equipment

	01/01/2018	Increase	Decrease	Other	12/31/2018
Historical cost					
Land used in operations	604	23	(4)	0	623
Buildings used in operations	5,983	168	(106)	61	6,106
Other property and equipment	3,168	490	(282)	(60)	3,316
Total	**9,755**	**681**	**(392)**	**1**	**10,045**
Depreciation and impairment					
Land used in operations	(7)	(2)	0	1	(8)
Buildings used in operations	(3,718)	(234)	93	(42)	(3,901)
Other property and equipment	(2,482)	(236)	149	43	(2,526)
Total	**(6,207)**	**(472)**	**242**	**2**	**(6,435)**
Net amount	**3,548**	**209**	**(150)**	**3**	**3,610**

Of which buildings leased under finance leases

	01/01/2018	Increase	Decrease	Other	12/31/2018
Gross carrying amount	152	0	0	(11)	141
Depreciation and impairment	(35)	(2)	0	10	(27)
Total	**117**	**(2)**	**0**	**(1)**	**114**

15b - Intangible assets

	01/01/2018	Increase	Decrease	Other	12/31/2018
Historical cost					
. Non-current assets produced internally	502	51	(1)	(72)	480
. Non-current assets acquired	2,666	194	(68)	55	2,847
- Software	896	45	(10)	81	1,012
- Other (1)	1,770	149	(58)	(26)	1,835
Total	**3,168**	**245**	**(69)**	**(17)**	**3,327**
Depreciation and impairment					
. Non-current assets produced internally	(383)	(51)	1	74	(359)
. Non-current assets acquired	(1,657)	(107)	13	(51)	(1,802)
- Software	(808)	(39)	2	(72)	(917)
- Other (2)	(849)	(68)	11	21	(885)
Total	**(2,040)**	**(158)**	**13**	**23**	**(2,161)**
Net amount	**1,128**	**87**	**(56)**	**6**	**1,165**

NOTE 16 - GOODWILL

	01/01/2018	Increase	Decrease	Other	12/31/2018
Gross goodwill	5,399	8	(35)	0	5,372
Impairment	(491)	(18)	0	-	(509)
Net goodwill	**4,907**	**(9)**	**(35)**	**0**	**4,863**

SUBSIDIARY	Goodwill at 01/01/2018	Increase	Decrease	Impairment	Other	Goodwill at 12/31/2018
Targobank Germany	2,787				63	2,851
CIC Group	515				0	515
Cofidis Group	466					466
o/w Cofidis Participations	*457*					*457*
o/w Cofidis SGPS	*0*					*0*
o/w Cofidis Italy	*9*					*9*
Targobank Spain	0					0
Groupe La Française	178					178
Procapital	63					63
Arkea Direct Bank (formerly Fortuneo)	166					166
Monext	100					100
Factofrance SAS	68					68
El Télécom	78					78
Heller GmbH and Targo Leasing GmbH	63				(63)	0
Amgen Seguros Generales Compañía de Seguros y Reaseguros SA	53					53
CFCAL Banque	38					38
Leasecom	33		(33)			0
Leetchi	26					26
Keytrade Bank (formerly Fortuneo Belgium)	94					94
Veritas Portfolio		8				8
Other	179		(2)	(18)		159
Total	**4,907**	**(9)**	**(35)**	**0**	**0**	**4,863**

NOTE 17 - PROVISIONS AND CONTINGENT LIABILITIES

17a - Provisions

	01/01/2018	Increases during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2018
Provisions for risks	**821**	**206**	**(39)**	**(225)**	**(243)**	**520**
Guarantee commitments	229	102	(3)	(106)	1	223
of which 12-month expected losses (S1)	37	21	1	(21)	(1)	37
of which expected losses at termination (S2)	49	27	(2)	(34)	0	40
Financing commitments	113	54	(4)	(57)	1	107
of which 12-month expected losses (S1)	59	37	(3)	(33)	1	61
of which expected losses at termination (S2)	19	11	(1)	(17)	0	12
Country risks	0	0	0	0	0	0
Tax	49	4	(10)	(5)	0	38
Litigation	146	25	(20)	(48)	(5)	98
Misc. receivables risk	284	21	(2)	(9)	(240)	54
Other provisions	**1,234**	**443**	**(99)**	**(45)**	**100**	**1,633**
Home savings accounts and schemes	230	35	0	(4)	0	261
Misc. contingencies	638	295	(79)	(24)	130	960
Other provisions	366	113	(20)	(17)	(30)	412
Retirement commitments	**1,765**	**104**	**(40)**	**(17)**	**(41)**	**1,771**
Total	**3,820**	**753**	**(178)**	**(287)**	**(184)**	**3,924**

	12/31/2016	Increases during the year	Reversals during the year (used)	Reversals during the year (not used)	Other changes	12/31/2017
Provisions for risks	**457**	**389**	**(45)**	**(110)**	**6**	**697**
Commitments by signature	169	65	(3)	(58)	1	174
of which 12-month expected losses (S1)	0	0	0	0	0	0
of which expected losses at termination (S2)	0	0	0	0	0	0
Loan and guarantee commitments	11	0	0	(6)	1	6
of which 12-month expected losses (S1)	0	0	0	0	0	0
of which expected losses at termination (S2)	0	0	0	0	0	0
Country risks	0	0	0	0	0	0
Tax	53	13	(3)	(13)	0	49
Litigation	112	63	(35)	(25)	31	146
Misc. receivables risk	112	248	(4)	(8)	(26)	322
Other provisions	**1,270**	**446**	**(246)**	**(210)**	**(20)**	**1,242**
Home savings accounts and schemes	241	13	0	(25)	1	230
Misc. contingencies	609	315	(227)	(158)	107	646
Other provisions	420	118	(19)	(27)	(126)	366
Retirement commitments	**1,785**	**109**	**(40)**	**(15)**	**(74)**	**1,765**
Total	**3,512**	**944**	**(331)**	**(335)**	**(86)**	**3,704**

Provisions for home savings schemes and accounts

	0-4 years	4-10 years	+10 years	Total
Deposits taken on home savings schemes during the savings phase	7,913	20,782	14,599	43,293
Provisions for home savings schemes	62	116	77	255
Deposits taken on home savings accounts during the savings phase				(1,683)
Provisions for home savings accounts				3
Provisions set aside for home savings products				(35)
Reversal of provisions set aside for home savings products				4
Outstanding loans granted in respect of home savings schemes and accounts				(56)
Provisions for home savings loans				3

Deposits in respect of home savings schemes excluding the Capital range.

Retirement commitments and similar benefits

	01/01/2018	Increases during the year	Reversals during the year	Other changes	12/31/2018
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement indemnities	1,150	48	(33)	(43)	1,122
Supplementary retirement benefits	341	39	(19)	(10)	351
Long service awards (other long-term benefits)	192	11	(5)	0	198
Total recognized	**1,683**	**98**	**(57)**	**(53)**	**1,671**
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	11	1	(1)	12	23
Fair value of assets					
Total recognized	**11**	**1**	**(1)**	**12**	**23**
Other commitments	**71**	**6**	**0**	**0**	**77**
Total recognized	**71**	**6**	**0**	**0**	**77**
Total	**1,765**	**105**	**(58)**	**(41)**	**1,771**

	12/31/2016	Increases during the year	Reversals during the year	Other changes	12/31/2017
Commitments related to defined benefit and similar retirement plans, excluding pension funds					
Retirement indemnities	1,182	55	(31)	(56)	1,150
Supplementary retirement benefits	334	21	(19)	5	341
Long service awards (other long-term benefits)	173	21	(4)	2	192
Total recognized	**1,689**	**97**	**(54)**	**(49)**	**1,683**
Supplementary defined benefit retirement plans covered by the group's pension funds					
Commitments to employees and retired employees	31	6	0	(26)	11
Fair value of assets					
Total recognized	**31**	**6**	**0**	**(26)**	**11**
Other commitments	**64**	**7**	**0**	**0**	**71**
Total recognized	**64**	**7**	**0**	**0**	**71**
Total	**1,784**	**110**	**(54)**	**(75)**	**1,765**

Defined benefit plan: main actuarial assumptions

	12/31/2018	01/01/2018
Discount rate [1]	1.50% to 1.63%	1.20% to 1.54%
Expected rate of increase in salaries	0.66% to 3.83%	0.66% to 3.26%

[1] The discount rate is determined by reference to the long-term interest rate for private-sector loans and estimated based on the iBoxx index.

Retirement indemnities

Change in actuarial liability	01/01/2018	Interest charges	Cost of services rendered during the period	Cost of past services	Plan contributions	Actuarial gains and losses arising from changes in demographic assumptions	Actuarial gains and losses arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2018
Commitments	1,699	22	70	(1)	0	(1)	(77)	(70)	0	15	1656
Insurance contract outside the group and assets managed externally	550	8	0	0	11	0	(28)	(7)	0	0	534
Provision	**1,150**	**15**	**70**	**(2)**	**(11)**	**(1)**	**(49)**	**(63)**	**0**	**15**	**1,122**

Change in actuarial liability	12/31/2016	Interest charges	Cost of services rendered during the period	Cost of past services	Plan contributions	Actuarial gains and losses arising from changes in demographic assumptions	Actuarial gains and losses arising from changes in financial assumptions	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	12/31/2017
Commitments	1,693	20	72	(1)	0	(14)	0	(67)	0	(3)	1,699
Insurance contract outside the group and assets managed externally	511	6	0	0	19	0	21	(7)	0	0	550
Provision	**1,182**	**14**	**72**	**(2)**	**(19)**	**(14)**	**(21)**	**(60)**	**0**	**(3)**	**1,150**

A 50-basis point increase in the discount rate would lead to a €139 million decrease in commitments, while a 50-basis point decrease would lead to a €174 million increase in commitments.

Changes in fair value of plan assets	01.01.2018	Discounting effect	Yield on plan assets in excess of interest income	Insurance premiums	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	31.12.2018
Fair value of plan assets	1,125	(14)	33	74	(45)	0	(27)	1,146

Changes in fair value of plan assets	31.12.2016	Discounting effect	Yield on plan assets in excess of interest income	Insurance premiums	Payment to beneficiaries	Translation differences	Other (business combinations, liquidations)	31.12.2017
Fair value of plan assets	1,105	9	10	55	(54)	0	0	1,125

	31.12.2018			
Details of fair value of plan assets	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	67%	16%	0%	11%
Assets not listed in an active market	1%	0%	2%	3%
Total	**68%**	**16%**	**2%**	**14%**

	01.01.2018			
Details of fair value of plan assets	Debt instruments	Equity instruments	Real estate	Other
Assets listed in an active market	69%	17%	0%	9%
Assets not listed in an active market	1%	0%	2%	3%
Total	**70%**	**17%**	**2%**	**12%**

Retirement commitments arising from defined benefit plans	Average duration*
Retirement indemnities	16.75

** Excluding foreign entities of Crédit Mutuel Alliance Fédérale group.*

17b - Contingent liabilities

None

NOTE 18 - SHAREHOLDERS' EQUITY AND RESERVES

18a - Shareholders' equity - attributable to owners of the company (excluding net income and unrealized gains and losses)

	12/31/2018	01/01/2018
. Capital and capital reserves	10,331	10,083
- Share capital	10,300	10,052
- Share premium and other similar amounts	31	31
. Consolidated reserves	39,507	36,940
- Legal reserve	0	0
- Regulatory and contractual reserves	0	0
- Regulated reserves	11	11
- Other reserves (including impact of first-time application)	39,397	36,807
- of which gains/(losses) on disposal of equity instruments	(3)	0
- Retained earnings	99	122
Total	**49,838**	**47,023**

18b - Unrealized or deferred gains and losses - attributable to owners of the company

	12/31/2018	01/01/2018
Unrealized or deferred gains or losses* on:		
- investments by the insurance activities (available-for-sale assets)	1,126	1,475
- financial assets at fair value through recyclable equity - debt instruments	7	219
- financial assets at fair value through non-recyclable equity - equity instruments	69	15
- Cash flow hedging derivatives	(11)	(13)
- own credit risk on financial liabilities - fair value option	5	0
- Other	(371)	(412)
Total	**825**	**1,284**

* *Net of corporation tax and after adjustment for shadow accounting.*

18 c - Fully consolidated entities with significant non-controlling interests

12/31/2018	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net income (loss) attributable to non-controlling interests	Non-controlling interests recognized in shareholders' equity	Dividends paid to non-controlling interests	Total assets	Net income (loss)	Latent reserves	Net banking income
Cofidis Group	70.63%	59	442	0	13,191	212	(2)	1,295

* *Amounts before elimination of intercompany balances and transactions.*

01/01/2018	Amounts attributable to non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	% interest	Net income (loss) attributable to non-controlling interests	Non-controlling interests recognized in shareholders' equity	Dividends paid to non-controlling interests	Total assets	Net income (loss)	Latent reserves	Net banking income
Cofidis Group	70.63%	62	386	0	12,312	220	0	1,254

* *Amounts before elimination of intercompany balances and transactions.*

NOTE 19 - COMMITMENTS GIVEN AND RECEIVED

Commitments given	12/31/2018	01/01/2018
Financing commitments	**81,625**	**75,670**
Commitments given to credit institutions	1,226	1,323
Commitments given to customers	80,399	74,347
Guarantee commitments	**26,038**	**23,864**
Commitments given to credit institutions	4,680	3,393
Commitments given to customers	21,358	20,471
Commitments on securities	**4,135**	**1,867**
Securities acquired with reacquisition option	0	0
Other commitments given	4,135	1,867

Commitments received	12/31/2018	01/01/2018
Financing commitments	**25,030**	**28,100**
Commitments received from credit institutions	25,022	28,100
Commitments received from customers	8	0
Guarantee commitments	**121,732**	**105,994**
Commitments received from credit institutions	53,923	50,240
Commitments received from customers	67,809	55,755
Commitments on securities	**3,113**	**1,914**
Securities sold with repurchase or reacquisition option	0	0
Other commitments received	3,113	1,914

Securities given under repurchase agreements	12/31/2018	01/01/2018
Assets given under repurchase agreements	44,772	38,576
Related liabilities	44,677	38,719

2. NOTES TO THE INCOME STATEMENT

NOTE 20 - INTEREST AND SIMILAR INCOME AND EXPENSE

	12/31/2018		12/31/2017	
	Income	Expense	Income	Expense
. Credit institutions and central banks	513	(743)	453	(471)
. Customers	15,934	(7,028)	14,976	(6,055)
- o/w finance and operating leases	4,839	(4,377)	3,835	(3,382)
. Hedging derivative instruments	3,360	(3,012)	2,865	(3,400)
. Financial instruments at fair value through profit or loss	5,138	(5,162)	0	0
. Financial assets at fair value through equity / Available-for-sale assets	405	0	697	0
. Securities at amortized cost	141	0	112	0
. Debt securities	0	(1,983)	0	(2,033)
. Subordinated debt	0	(15)	0	(21)
Total	**25,491**	**(17,943)**	**19,103**	**(11,980)**
o/w interest income and expense calculated at the effective interest rate	*16,993*	*(9,769)*	*16,238*	*(8,580)*
o/w interest on liabilities at amortized cost		*(9,769)*		*(8,580)*

As of January 1, 2018, income received or accrued on financial instruments at fair value through profit or loss is shown in the income statement under interest income or expense. This change was made to ensure consistency with certain regulatory reports sent to the ECB as part of the Short-Term Exercise (STE) and to have a better understanding of interest received and paid. The 2017 data is not available.
Moreover, interest on the paying and receiving legs of derivatives is recognized separately under interest income and expense.

NOTE 21 - FEES AND COMMISSIONS

	12/31/2018		12/31/2017	
	Income	Expense	Income	Expense
Credit institutions	20	(18)	21	(17)
Customers	2,028	(33)	2,003	(30)
Securities	1,033	(48)	1,029	(45)
o/w activities managed on behalf of third parties	*723*	*0*	*682*	*0*
Derivative instruments	13	(9)	10	(5)
Foreign exchange	28	(2)	27	(2)
Financing and guarantee commitments	68	(6)	92	(7)
Services rendered	2,755	(1,434)	2,580	(1,423)
Total	**5,945**	**(1,550)**	**5,762**	**(1,529)**

NOTE 22 - NET GAINS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2018	12/31/2017
Trading instruments	252	417
Instruments under the fair value option	137	463
Ineffective portion of hedges	(19)	(34)
. On cash flow hedges	0	0
. On fair value hedges	(19)	(34)
. Change in fair value of hedged items	169	(411)
. Change in fair value of hedging items	(188)	377
Foreign exchange gain (loss)	149	84
Other instruments at fair value through profit or loss	250	0
Total changes in fair value	**769**	**930**

o/w estimated based on a valuation model using as input non-observable market data: €182 million at December 31, 2018.

NOTE 23 - NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY (2018)/AVAILABLE-FOR-SALE ASSETS (2017)

	12/31/2018	12/31/2017
. Dividends	24	162
o/w resulting from instruments derecognized during the period	0	
. Gains/(losses) on debt instruments	203	275
. Gains/(losses) on equity instruments (2017)		44
. Gains/(losses) on instruments at amortized cost (2017)		93
Total	**227**	**574**

Note that gains/(losses) on instruments at amortized cost are reclassified in Note 24 starting in 2018 and that those on equity instruments no longer go through profit or loss under IFRS 9.

NOTE 24 - NET GAINS (LOSSES) ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT AMORTIZED COST

	12/31/2018	12/31/2017
Financial assets at amortized cost		
Gains/losses on:	1	93
. Government securities	0	0
. Bonds and fixed-income securities	1	93
. Loans	0	0
Financial liabilities at amortized cost - gains (losses) on	0	0
. Issued unsubordinated debt	0	0
. Issued subordinated debt	0	0
Total	**1**	**93**

See comment in Note 23.

NOTE 25 - NET INCOME FROM INSURANCE ACTIVITIES

	12/31/2018	12/31/2017
Insurance contracts		
Earned premiums	16,705	15,787
Cost of benefits	(8,866)	(8,815)
Changes in reserves	(1,582)	(3,334)
Other technical and non-technical income and expenses	(4,800)	(5,251)
Net investment income	2,008	5,188
Net income on insurance contracts	**3,465**	**3,575**
. Net interest/commission income	(35)	0
. Net gains on financial instruments at fair value through profit or loss	4	0
. o/w changes in fair value	(6)	0
. Net gains (losses) on available-for-sale financial assets	29	0
. Net gains (losses) on held-to-maturity assets	0	0
Net income on financial assets	**(2)**	**0**
Other net income*	**17**	**0**
Net income from insurance activities	**3,480**	**3,575**

** o/w investment property.*

Income on financial assets was provided in specific publishable reports in 2017.

NOTE 26 - INCOME AND EXPENSES ON OTHER ACTIVITIES

	12/31/2018	12/31/2017
Income from other activities		
. Investment property*	14	16
- Provisions and impairment losses reversed	0	3
- Capital gains on disposals	14	13
. Rebilled expenses	108	101
. Other income	2,210	2,464
Subtotal	**2,332**	**2,581**
Expenses on other activities		
. Investment property*	(21)	(72)
- Provisions and depreciation	(14)	(65)
- Capital losses on disposals	(7)	(7)
. Other expenses	(1,205)	(1,194)
Subtotal	**(1,226)**	**(1,266)**
Total net other income and expenses	**1,106**	**1,315**

** excluding insurance activities.*

NOTE 27 - GENERAL OPERATING EXPENSES

	12/31/2018	12/31/2017
Payroll costs	(6,631)	(6,436)
Other expenses	(4,701)	(4,633)
Total	**(11,332)**	**(11,069)**

27 a - Payroll costs

	12/31/2018	12/31/2017
Wages and salaries	(4,119)	(3,956)
Social security contributions	(1,598)	(1,567)
Short-term employee benefits	(3)	(2)
Employee profit-sharing and incentives	(452)	(458)
Payroll and other similar taxes	(459)	(447)
Other	0	(6)
Total	**(6,631)**	**(6,436)**

Average staff numbers

	12/31/2018	12/31/2017
Operational staff	47,478	46,920
Executives	34,420	33,675
Total	**81,898**	**80,595**
France	68,448	67,507
Rest of world	13,450	13,088

27 b - Other operating expenses

	12/31/2018	12/31/2017
Taxes and levies	(608)	(554)
External services	(3,331)	(3,256)
Other misc. expenses	(136)	(182)
Total	**(4,075)**	**(3,992)**

At €87 million, the tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité et l'emploi*) was recognized as a decrease in employment-related costs.

27 c - Depreciation, amortization and provisions for property and equipment and intangible assets recognized and reversed

	12/31/2018	12/31/2017
Depreciation and amortization:	(625)	(631)
- Property and equipment	(470)	(478)
- Intangible assets	(155)	(153)
Impairment:	(1)	(10)
- Property and equipment	0	1
- Intangible assets	(1)	(11)
Total	**(626)**	**(641)**

NOTE 28 - NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES

	12/31/2018	12/31/2017
- 12-month expected losses (S1)	(105)	0
- expected losses at termination (S2)	(90)	(46)
- impaired assets (S3)	(793)	(919)
Total	**(988)**	**(965)**

12/31/2018	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
12-month expected losses (S1)	**(561)**	**456**				**(105)**
- Loans and receivables - Credit institutions at amortized cost	(3)	2				(1)
- Loans and receivables - Customers at amortized cost	(487)	389				(98)
- o/w finance leases	(43)	35				(8)
- Financial assets at amortized cost - securities	(1)	0				(1)
- Financial assets at fair value through equity - debt securities	(11)	8				(3)
- Commitments given	(59)	57				(2)
expected losses at termination (S2)	**(754)**	**664**				**(90)**
- Loans and receivables - Credit institutions at amortized cost	0	3				3
- Loans and receivables - Customers at amortized cost	(657)	606				(52)
- of which finance leases	(44)	46				2
- Financial assets at amortized cost - securities	0	1				1
- Financial assets at fair value through equity - debt securities	0	0				0
- Commitments given	(97)	54				(43)
Impaired assets (S3)	**(1,512)**	**1,742**	**(763)**	**(413)**	**153**	**(793)**
- Loans and receivables - Credit institutions at amortized cost	0	0	0	(1)	0	(1)
- Loans and receivables - Customers at amortized cost	(1,405)	1,656	(753)	(403)	143	(762)
- of which finance leases	(47)	47	(11)	(9)	3	(17)
- Financial assets at amortized cost - securities	(9)	6	0	0	0	(3)
- Financial assets at fair value through equity - debt securities	(3)	1	(2)	(7)	10	(1)
- Commitments given	(95)	79	(8)	(3)	0	(26)
Total	**(2,827)**	**2,861**	**(762)**	**(413)**	**153**	**(988)**

12/31/2017	Additions	Reversals	Irrecoverable receivables covered	Irrecoverable receivables not covered	Recovery of receivables previously written off	TOTAL
Expected losses at termination (S2)	**(153)**	**109**				
- Loans and receivables - Customers at amortized cost	(153)	109				**(46)**
Impaired assets (S3)	**(2,162)**	**2,378**	**(954)**	**(388)**	**205**	**(919)**
- Loans and receivables - Credit institutions at amortized cost	0		0	(1)	2	1
- Loans and receivables - Customers at amortized cost	(2,038)	2,242	(942)	(375)	197	(914)
- of which finance leases	(66)	80	(27)	(8)	5	(16)
- Financial assets at amortized cost - securities	(12)	21	0	0	0	9
- Financial assets at fair value through equity - debt securities	(2)	9	(2)	(12)	6	(1)
- Commitments given	(110)	106	(10)	0	0	(14)
Total	**(2,315)**	**2,487**	**(954)**	**(388)**	**205**	**(965)**

NOTE 29 - GAINS OR LOSSES ON OTHER ASSETS

	12/31/2018	12/31/2017
Property and equipment and intangible assets	18	6
. Capital losses on disposals	(25)	(24)
. Capital gains on disposals	43	30
Net gains or losses on disposals of consolidated securities	77	(3)
Total	**95**	**3**

NOTE 30 - CHANGES IN GOODWILL

	12/31/2018	12/31/2017
Goodwill impairment	(12)	(15)
Negative goodwill charged to profit and loss	19	0
Total	**7**	**(15)**

NOTE 31 - INCOME TAX

Breakdown of tax expense

	12/31/2018	12/31/2017
Current tax	(1,767)	(2,284)
Deferred tax	(84)	(41)
Adjustments for prior years	41	(1)
Total	**(1,810)**	**(2,326)**

Reconciliation of actual tax expense and theoretical tax expense

	12/31/2018	12/31/2017
Theoretical tax rate	34.43%	34.45%
Impact of special tax regime for venture capital companies (SCR) and commercial real property leasing companies (SICOMI)	(1.47%)	(1.19%)
Impact of reduced tax rate on long-term capital gains	(1.07%)	(0.19%)
Impact of specific tax rates paid by foreign entities	(0.77%)	0.77%
Impact of the carryback	(0.06%)	(0.11%)
Permanent differences	2.71%	0.68%
Other	0.33%	7.92%
Effective tax rate	**34.10%**	**40.79%**
Taxable income	5,308	5,702
Tax expense	**34.10%**	**(2,326)**

In 2017, the extraordinary corporate income tax surcharge provided for in the amending finance law (€337 million for the group) represented three-fourths of the "Other" line item for the year.

3. NOTES TO THE STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

NOTE 32 - RECLASSIFICATION OF GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

	12/31/2018 Movements	12/31/2017 Movements
Translation gains and losses		
Reclassification to profit and loss	0	0
Other movements	42	(109)
Subtotal	***42***	***(109)***
Re-measurement of financial assets at fair value through equity		
Reclassification to profit and loss*	(6)	(97)
Other movements	(127)	203
Subtotal	***(133)***	***106***
Re-measurement of hedging derivative instruments		
Reclassification to profit and loss	0	0
Other movements	2	40
Subtotal	***2***	***40***
Re-measurement of investments by the insurance activities (available-for-sale financial assets)		
Reclassification to profit and loss	0	0
Other movements	(350)	0
Subtotal	***(350)***	***0***
Re-measurement of non-current assets	0	0
Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option transferred to reserves	5	
Actuarial gains (losses) on defined benefit plans	(4)	34
Share of unrealized or deferred gains or losses in companies accounted for using the equity method	(22)	(3)
Total	**(460)**	**68**

** on debt instruments.*

NOTE 33 - TAX IN RESPECT OF EACH CATEGORY OF GAINS AND LOSSES RECOGNIZED DIRECTLY TO EQUITY

	12/31/2018			12/31/2017		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation gains and losses	(42)	0	42	(109)	0	(109)
Re-measurement of financial assets at fair value through equity*	(192)	(59)	(133)	160	(55)	105
Re-measurement of investments by the insurance activities	(434)	152	(282)			
Re-measurement of hedging derivative instruments	3	(1)	2	54	(13)	41
Re-measurement of non-current assets	0	0	0	0	0	0
Difference arising on re-measurement of own credit risk on financial liabilities under the fair value option transferred to reserves	7	(2)	5			
Actuarial gains (losses) on defined benefit plans	(3)	(1)	(4)	57	(22)	35
Share of unrealized or deferred gains or losses in companies accounted for using the equity method	(23)	0	(23)	(3)	0	(3)
Total change in gains and losses recognized directly in equity	**(733)**	**273**	**(460)**	**158**	**(90)**	**68**

**AFS in 2017.*

4. INFORMATION CONCERNING UNCONSOLIDATED STRUCTURED ENTITIES

A **structured entity** is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only or when the relevant activities are directed by means of contractual arrangements.

The group works with unconsolidated structured entities in the course of its activities and to meet its customers' needs.

The main categories of unconsolidated structured entities sponsored by the group are:

- special-purpose vehicles (SPV): the group has no significant unconsolidated special-purpose vehicles,
- asset financing: the group grants loans to structured entities solely for the purpose of the latter holding assets for lease and using the related lease payments to repay its loans. These entities are dissolved when the financing operation is completed. The group is generally the sole shareholder.

For these two categories, the maximum loss exposure on the structured entities is the carrying amount of the asset being financed.

- collective investment undertakings and funds: the group acts as an asset manager and custodian. It proposes funds to customers in which it does not invest itself. The group markets and manages these funds, which may be special investors' funds or general public funds, for which it is remunerated in the form of commissions.

An interest in an unconsolidated structured entity, whether or not on a contractual basis, exposes the group to variability of returns associated with the entity's performance.
The group's risk is mainly an operational risk of failure to perform its management or custodial mandate and, where applicable, includes risk exposure in the amount of the sums invested.

No financial support was given to the group's structured entities during the year.

The main categories of unconsolidated structured entities sponsored by the group are provided in the table below.

12/31/2018	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) (*)	Other structured entities (**)
Total assets	285	27,702	1,974
Carrying amount of financial assets (1)	74	12,946	949
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	74	984	0

12/31/2017	Special-purpose vehicles (SPV)	Asset management (UCITS/REITs) (*)	Other structured entities (**)
Total assets	178	24,854	2,237
Carrying amount of financial assets (1)	48	10,857	954
Carrying amount of financial liabilities (1)	0	0	0
Maximum exposure to risk of loss	33	649	0

(1) Carrying amount of the assets recognized by the reporting entity in respect of these structured entities.
(*) Mainly UCITS under management by the group.
(**) Other structured entities correspond to asset financing entities.

5. SEGMENT REPORTING

BREAKDOWN OF TOTAL ASSETS BY BUSINESS LINE

(In € millions)	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Total	Inter-businesses	Total
12/31/2018	1,045,748	183,359	97,052	33,437	92,710	1,452,306	(599,742)	852,564
Total assets	**72.0%**	**12.6%**	**6.7%**	**2.3%**	**6.4%**	**100.0%**		
12/31/2018	980,056	183,458	76,589	29,840	96,049	1,365,992	(552,794)	813,198
Total assets	**71.7%**	**13.4%**	**5.6%**	**2.2%**	**7.0%**	**100%**		

ANALYSIS OF INCOME STATEMENT BY BUSINESS LINE

12/31/2018	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Inter-businesses	Total
Net banking income	13,080	2,238	1,074	809	1,326	(1,001)	17,526
General operating expenses	(8,962)	(697)	(380)	(572)	(1,722)	1,001	(11,332)
Operating income before provisions	**4,118**	**1,541**	**694**	**237**	**(396)**	**0**	**6,194**
Net additions to/reversals from provisions for loan losses	(955)	0	12	(15)	(30)		(988)
Gains (losses) on other assets (1)	65	16	0	34	46		161
Income before tax	**3,228**	**1,557**	**706**	**256**	**(380)**		**5,367**
Corporate and other taxes	(1,127)	(521)	(121)	(45)	25		(1,789)
Net income (loss)	**2,101**	**1,036**	**585**	**211**	**(355)**		**3,578**
Non-controlling interests	59	1	0	13	1		74
Net income (loss) attributable to owners of the company	**2,042**	**1,035**	**585**	**198**	**(356)**	**0**	**3,504**

(1) Including net income or loss of companies accounted for using the equity method and goodwill impairment.

12/31/2017	Retail banking	Insurance	Corporate and Investment Banking	Asset Management / Private Banking	Other	Inter-businesses	Total
Net banking income	12,846	2,374	1,154	827	1,458	(911)	17,748
General operating expenses	(8,683)	(690)	(378)	(571)	(1,658)	911	(11,069)
Operating income before provisions	**4,163**	**1,684**	**776**	**256**	**(200)**	**0**	**6,679**
Net additions to/reversals from provisions for loan losses	(942)	0	(7)	(8)	(8)		(965)
Gains (losses) on other assets (1)	(11)	22	0	6	(373)		(356)
Income before tax	**3,210**	**1,706**	**769**	**254**	**(581)**		**5,358**
Corporate and other taxes	(1,155)	(710)	(160)	(54)	(225)		(2,304)
Net income (loss)	**2,055**	**996**	**609**	**200**	**(806)**		**3,054**
Non-controlling interests	62	0	(1)	13	2		76
Net income (loss) attributable to owners of the company	**1,993**	**996**	**610**	**187**	**(808)**	**0**	**2,978**

(1) Including net income or loss of companies accounted for using the equity method and goodwill impairment.

BREAKDOWN OF TOTAL ASSETS BY GEOGRAPHIC AREA

ASSETS	12/31/2018				01/01/2018			
	France	Europe excluding France	Rest of the world*	Total	France	Europe excluding France	Rest of the world*	Total
Cash on hand, balances with central banks	55,997	6,342	1,684	64,023	57,829	5,906	989	64,724
Financial assets at fair value through profit or loss	19,015	571	2,476	22,062	17,958	568	1,478	20,004
Hedging derivative instruments	3,395	9	5	3,409	3,796	9	5	3,810
Financial assets at amortized cost	464,351	50,575	7,670	522,596	433,021	45,566	6,185	484,772
o/w loans and advances to credit institutions	47,967	2,267	847	51,081	45,308	1,661	581	47,550
o/w loans and advances to customers	414,901	45,877	6,661	467,439	386,124	41,252	5,315	432,691
Financial assets at fair value through equity	33,956	1,958	5,636	41,550	33,923	2,488	3,860	40,271
Investments by the insurance activities and reinsurers' share of technical reserves	167,260	4,296	0	171,556	169,412	2,987	0	172,399
Investments in companies accounted for using the equity method	211	20	233	464	764	21	505	1,290
LIABILITIES	**12/31/2018**				**01/01/2018**			
	France	Europe excluding France	Rest of the world*	Total	France	Europe excluding France	Rest of the world*	Total
Balances with central banks	350	0	0	350	285	0	0	285
Financial liabilities at fair value through profit or loss	5,082	173	176	5,431	5,882	154	186	6,222
Hedging derivative instruments	2,803	89	2	2,894	3,661	115	1	3,777
Amounts due to credit institutions	48,356	3,265	8,266	59,887	47,604	1,540	4,982	54,126
Amounts due to customers	342,951	52,865	882	396,698	324,741	48,511	700	373,952
Debt securities	126,346	5,132	7,206	138,684	121,514	2,662	5,832	130,008

** United States, Singapore, Morocco and Tunisia.*

ANALYSIS OF INCOME STATEMENT BY GEOGRAPHIC AREA

	12/31/2018				12/31/2017			
	France	Europe excluding France	Rest of the world*	Total	France	Europe excluding France	Rest of the world*	Total
Net banking income	14,042	3,304	180	17,526	14,445	3,130	173	17,748
General operating expenses	(9,168)	(2,081)	(84)	(11,332)	(9,026)	(1,952)	(91)	(11,069)
Operating income before provisions	4,874	1,224	96	6,194	5,419	1,178	82	6,679
Net additions to/reversals from provisions for loan losses	(613)	(376)	1	(988)	(626)	(350)	11	(965)
Gains (losses) on other assets**	(7)	77	91	161	(439)	0	83	(356)
Income before tax	4,255	924	188	5,367	4,354	828	176	5,358
Total net income (loss)	2,745	660	173	3,578	2,328	565	161	3,054
Net income (loss) attributable to owners of the company	**2,717**	**617**	**170**	**3,504**	**2,296**	**524**	**158**	**2,978**

** United States, Singapore, Morocco and Tunisia.*
*** Including net income or loss of companies accounted for using the equity method and goodwill impairment*

6. OTHER INFORMATION

NOTE I.1 - FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS VALUED AT AMORTIZED COST OR COST ON THE BALANCE SHEET

The fair values presented are estimates based on observable data at December 31, 2018. They are obtained by calculating estimated discounted future cash flows using a yield curve that includes the debtor's inherent signature risk.
The financial instruments presented in this note are loans and borrowings. They do not include non-monetary instruments (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this note.
The fair value of financial instruments payable on demand and of regulated customer savings contracts is the amount due to the customer, i.e. the carrying amount.

Some group entities may also apply assumptions, for example that the market value is the carrying amount for contracts indexed on a variable rate or whose residual life is one year or less.
Note that, except for held-to-maturity financial assets, financial instruments carried at amortized cost are not, in practice, sold before maturity. Accordingly, gains or losses are not recognized.
However, if financial instruments carried at amortized cost were to be sold, the selling price could be significantly different from the fair value calculated at December 31.

Amount in millions of euros	12/31/2018						
	Market value	Balance sheet value	Unrealized gains or losses	Level 1 of hierarchy	Level 2 of hierarchy	Level 3 of hierarchy	Level 3 of hierarchy
Assets	**613,239**	**602,129**	**11,110**	**15,714**	**132,199**	**465,326**	**613,239**
Financial assets at amortized cost - IFRS 9	596,831	586,619	10,212	2,827	128,677	465,326	596,831
Loans and receivables due from credit institutions	115,210	115,104	106		114,729	481	115,210
Loans and receivables due from customers	477,356	467,439	9,917		12,511	464,845	477,356
Securities	4,264	4,076	189	2,827	1,437	0	4,264
Investments by the insurance activities at amortized cost	16,408	15,510	898	12,886	3,522	0	16,408
o/w SPPI assets		11,954					0
Loans and receivables	3,522	3,522	0		3,522	0	3,522
Held-to-maturity	12,886	11,988	898	12,886	0	0	12,886
Liabilities	**613,740**	**606,578**	**7,162**	**814**	**383,585**	**229,341**	**613,740**
Financial liabilities at amortized cost - IFRS 9	612,127	604,964	7,162	814	381,971	229,341	612,127
Amounts due to credit institutions	60,576	59,887	690		60,576	0	60,576
Amounts due to customers	398,069	396,698	1,371		168,728	229,341	398,069
Debt securities	143,034	138,684	4,350		143,034	0	143,034
Subordinated debt	10,448	9,696	752	814	9,634	0	10,448
Liabilities from the insurance activities at amortized cost	**1,614**	**1,614**	**0**	**0**	**1,614**	**0**	**1,614**
Amounts due to credit institutions	1,463	1,463	0		1,463		1,463
Debt securities	0	0	0	0	0	0	0
Subordinated debt	151	151	0	0	151	0	151

- Level 1: quoted price in an active market.
- Level 2: prices in active markets for similar instruments and valuation techniques for which all significant data is based on observable market information,
- Level 3: valuation based on internal models containing significant non-observable data.

NOTE I.2 - DIVIDENDS

The consolidating entity intends to pay €158 million in dividends outside Crédit Mutuel Group.

NOTE I.3 - RELATED PARTIES

Amount in millions of euros	12/31/2018 Companies accounted for using the equity method	01/01/2018 Companies accounted for using the equity method
Assets		
Assets at fair value through profit or loss	20	0
Financial assets at fair value through equity	**0**	**0**
Financial assets at amortized cost	**1,164**	**1,018**
o/w current accounts	*0*	*29*
Hedging derivative instruments	0	0
Investments by the insurance activities	0	0
Other assets	**55**	**3**
Liabilities		
Amounts due to credit institutions	62	9
o/w current accounts	*55*	*0*
Hedging derivative instruments	0	0
Liabilities at fair value through profit or loss	0	0
Amounts due to customers	61	29
Debt securities	0	0
Subordinated debt	0	0
Interest and similar income	18	9
Interest and similar expense	0	0
Fees and commissions (income)	2	5
Fees and commissions (charges)	0	0
Net gains/(losses) on financial assets at fair value through equity and FVPL	31	0
Net income from insurance activities	(41)	(8)
Other income (charges)	50	37
Net banking income	**60**	**43**
General operating expenses	**3**	**10**
Financing commitments given	115	470
Guarantee commitments given	0	0
Financing commitments received	0	0
Guarantee commitments received	0	0

NOTE I.4 - REMUNERATION OF CORPORATE OFFICERS

(in € thousands)	Salary Fixed component	Salary Variable component	Employer contributions for supplementary benefits	Benefits-in-kind	Total
Main corporate officers*	577	70	11	19	677

** Chief Executive Officer, Deputy Chief Executive Officer.*

NOTE I.5 - EXPOSURE TO SOVEREIGN RISK

I] Exposure to Greek sovereign risk

The group had no exposure to Greek sovereign risk at December 31, 2018.

II] Other sovereign exposure related to the PIIGS countries

NET EXPOSURE IN €M - BANKINSURANCE	Portugal	Ireland
12/31/2018		
Assets at fair value through profit or loss	22	0
Financial assets at fair value through equity	526	195
Financial assets at amortized cost	0	0
Investments by the insurance activities	18	22
Total	**565**	**217**
01/01/2018		
Assets at fair value through profit or loss	8	0
Financial assets at fair value through equity	452	124
Financial assets at amortized cost	0	0
Investments by the insurance activities	0	16
Total	**460**	**140**

NET EXPOSURE IN €M - BANKING ONLY	Spain	Italy
12/31/2018		
Assets at fair value through profit or loss	65	93
Financial assets at fair value through equity	1,070	814
Financial assets at amortized cost	9	0
Investments by the insurance activities	0	0
Total	**1,144**	**907**
01/01/2018		
Assets at fair value through profit or loss	42	98
Financial assets at fair value through equity	571	964
Financial assets at amortized cost	0	0
Investments by the insurance activities	0	0
Total	**613**	**1,062**

NOTE I.6 - SHARE-BASED PAYMENTS

IFRS 2 covers transactions for which payments are share-based, particularly payments to employees in return for services provided. Excluded from the scope are transactions whereby the company acquires goods that represent net assets at the time of business combinations, which are covered by IFRS 3, and certain transactions covered by IAS 32 and IAS 39 relating to financial instruments (contracts for the purchase and sale of non-financial assets).

IFRS 2 defines three categories of transactions for which payment is share-based:
- transactions settled in equity instruments of the entity (for example, shares or stock options);
- transactions settled in cash whereby the entity acquires goods or services by incurring a debt that represents the obligation to transfer cash or other assets to the supplier of such goods or services in amounts based on the price (or value) of the entity's shares or any other equity instrument; and
- transactions settled either in equity instruments or in cash, at the discretion of the entity or the supplier of the goods or services, depending on the agreements.

The main payments applicable to the group involve cash-settled transactions. For these transactions, the fair value of the liability, measured initially on the grant date, must be re-measured on each closing date until the settlement date of the debt. Changes in fair value are recognized through profit or loss until the debt is settled.
For transactions settled in equity, an expense is recognized through equity. This expense is spread out over the vesting period.

AT 12/31/2018	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8
Type of plan	*Cash-settled*	*Cash-settled*	*Equity-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*
Grant date	10/15/2015	9/18/2015	4/1/2014	9/3/2013	6/30/2015	2/14/2012	4/15/2013	4/1/2014
Exercise period	Q1 2018 / Q1 2020	HY1 2019	From Q4 2016 to Q3 2017	3/9/2018	Q4 2020	Minimum 2 years following the 2-year vesting period		
Impact on 2018 income	(0.3)	(10.6)	(1.3)	(4.5)	(0.9)	0.0	0.0	0.1
Liabilities on balance sheet	6.1	17.7	0.0	22.9	6.0	0.0	0.0	0.0

AT 12/31/2018	Plan 9	Plan 10	Plan 11	Plan 12	Plan 13	Plan 14	Plan 15
Type of plan	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*	*Cash-settled*
Grant date	9/16/2015	9/16/2016	7/12/2017	11/30/2017	06/2016 - 03/2018	9/4/2017	9/6/2018
Exercise period	Minimum 2 years following the 2-year vesting period		Q1 2021	Q3 2020	Q1 2020 / Q1 2023	Minimum 2 years following the 2-year vesting period	
Impact on 2018 income	(0.8)	(2.9)	(0.3)	(0.4)	(0.3)	(2.8)	(1.3)
Liabilities on balance sheet	6.2	6.0	0.6	1.8	0.0	3.6	1.3

NOTE I.7 - STATUTORY AUDITORS' FEES

	12/31/2018			
	ERNST & YOUNG et Autres		MAZARS	
Amount in € millions excluding VAT	**Amount**	**%**	**Amount**	**%**
Certification of the financial statements	4.41	97%	4.26	100%
Services other than certification of the financial statements*	0.12	3%	0.01	0%
Total	**4.53**	**100%**	**4.27**	**100%**
of which statutory auditors' fees paid in France for certification of the financial statements	3.36		3.61	
of which statutory auditors' fees paid in France for services other than certification of the financial statements	1.05		0.65	

** In 2018, services other than certification of the financial statements included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.*

	12/31/2017			
	ERNST & YOUNG et Autres		MAZARS	
Amount in € millions excluding VAT	**Amount**	**%**	**Amount**	**%**
Certification of the financial statements	4.30	89%	3.75	93%
Services other than certification of the financial statements*	0.55	11%	0.28	7%
Total	**4.85**	**100%**	**4.03**	**100%**
of which statutory auditors' fees paid in France for certification of the financial statements	2.29		3.75	
of which statutory auditors' fees paid in France for services other than certification of the financial statements	0.20		0.28	

** In 2017, services other than certification of the financial statements included comfort letters in connection with market transactions and reports and certifications required for regulatory purposes.*

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

CRÉDIT MUTUEL GROUP
Year ended December 31, 2018

MAZARS
Tour Exaltis
61, rue Henri Regnault – 92075 Paris-La Défense Cedex
Joint-stock company with capital of €8,320,000 Nanterre
Trade and Companies Register 784 824 153
Statutory Auditors
Member of the Versailles regional institute of accountants

ERNST & YOUNG ET AUTRES
Tour First – TSA 14444
92037 Paris-La Défense Cedex
Simplified joint-stock company with variable capital
Nanterre Trade and Companies Register 438 476 913
Statutory Auditors
Member of the Versailles regional institute of accountants

To the Shareholders' Meeting of Confédération Nationale du Crédit Mutuel,

OPINION

In fulfillment of the assignment entrusted to us by your Shareholders' Meetings, we have audited the consolidated financial statements of the Crédit Mutuel Group for the year ended December 31, 2018, as appended to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations during the year under review and of the financial position and assets and liabilities, at year-end, of the group, in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS OF THE OPINION

Audit standards

We have conducted our audit in accordance with auditing standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities pursuant to these standards are indicated in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements".

Independence

We have conducted our audit in compliance with the rules regarding independence applicable to us, for the period from January 1, 2018 to the date of issuance of our report and, in particular, we have not provided any of the services prohibited by the code of ethics for statutory auditors.

OBSERVATION

Without qualifying the opinion expressed above, we draw your attention to the change in accounting method related to the application of the new IFRS 9 "Financial Instruments" and to the change in method related to the presentation of interest income and expense on financial instruments at fair value through profit or loss as described in Note 1 "Accounting policies, valuation and presentation methods" to the consolidated financial statements, and in the other notes presenting the quantified data related to these changes in accounting methods.

BASIS FOR OUR ASSESSMENTS

In accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the basis for our assessments, we inform you of the following assessments which, in our professional judgment, were the most significant for the audit of the consolidated financial statements.

These assessments formed part of the audit of the consolidated financial statements as a whole and enabled us to form our opinion expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

- The group uses internal models and methods for valuing certain financial instruments that are not traded on an active market and for determining certain provisions, as described in Note I-3 "Accounting policies and methods" to the consolidated financial statements. We examined the control systems applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.

- The group recognizes impairment losses and provisions to cover the credit and counterparty risks inherent in its business (Note 1.3 "Accounting policies and methods" and Notes II-2, II-4a, II-5, II-17a and II-28 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by impairment provisions.

- The group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this year (Note I-2 "Consolidation policies and methods" and Notes II-13a, II-16 and II-30 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.

- As explained in Note I-3 "Accounting policies and methods" and Note II-17a to the consolidated financial statements, the group records provisions for employee benefit obligations. We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used.

SPECIFIC VERIFICATIONS

In accordance with professional standards applicable in France, we have also completed the specific verifications, as required by laws and regulations, of information regarding the group provided in the Board of Directors' management report.
We have no comments regarding the fairness of this information or its consistency with the consolidated financial statements.

We certify that the statement of non-financial performance required by Article L. 225-102-1 of the French Commercial Code is included in the group's management report, it being noted that, in accordance with Article L. 823-10 of this code, we did not verify the fairness of the information contained in the statement or its consistency with the annual financial statements, and the information must be the subject of a report by an independent third party.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH CORPORATE GOVERNANCE REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with the IFRS as adopted by the European Union and to implement internal control as it deems necessary for the preparation of consolidated financial statements that contain no material misstatements, whether such misstatements are the result of fraud or errors.

When preparing the consolidated financial statements, management must assess the company's ability to continue to operate, present in its financial statements, where applicable, the necessary information regarding continued operation and apply the going concern accounting convention, unless there are plans to liquidate the company or discontinue its business.

The consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS REGARDING THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance is a high level of assurance, yet without guaranteeing that an audit conducted in accordance with generally accepted auditing standards always leads to the detection of all material misstatements. Misstatements may result from fraud or errors and are considered material when there is a reasonable expectation that they can, when taken individually or combined, influence the economic decisions made by users of the financial statements on the basis of these financial statements.

As set out in Article L. 823-10-1 of the French Commercial Code, our task of certifying the financial statements does not entail guaranteeing the viability or quality of your company's management.
When conducting an audit in accordance with auditing standards applicable in France, the statutory auditor exercises his/her professional judgment throughout the audit. Moreover, he/she:

- identifies and assesses the risk that the consolidated financial statements contain material misstatements, whether such misstatements result from fraud or errors, defines and implements audit procedures to address these risks, and collects information that he/she considers a sufficient and appropriate basis for such opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, as fraud may involve collusion, forgery, deliberate omissions, false statements or the override of internal control.

- reviews internal control relevant to the audit in order to define appropriate audit procedures under the circumstances, and not to express an opinion on the effectiveness of internal control;

- assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as related information provided in the consolidated financial statements;

- assesses the appropriateness of management's application of the going concern accounting convention and, based on the information collected, whether or not significant uncertainty exists regarding events or circumstances likely to call into question the company's ability to continue to operate. This assessment is based on information collected up to the date of his/her report, it being noted however that subsequent circumstances or events could call into question the company's continued operation. If the statutory auditor concludes that significant uncertainty exists, he/she brings the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of his/her report or, if such information is not provided or is not relevant, the statutory auditor issues a qualified opinion or a denial of opinion;

- assesses the overall presentation of the consolidated financial statements and determines whether they fairly present the underlying transactions and events;

- concerning the financial information of the persons or entities included in the scope of consolidation, he/she collects information that he/she considers sufficient and appropriate to express an opinion on the consolidated financial statements. He/she is responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on the financial statements.

Paris-La Défense, May 13, 2019

The Statutory Auditors

MAZARS
Pierre Masieri Anne Veaute

ERNST & YOUNG ET AUTRES
Hassan Baaj

LEARN MORE ABOUT THE CRÉDIT MUTUEL GROUP:
www.creditmutuel.com

Confédération Nationale du Crédit Mutuel
88- 90, rue Cardinet - 75847 Paris Cedex 17
Tel.: +33 (0)1 53 01 87 94
www.creditmutuel.com
Institutional communication

Photos: Crédit Mutuel - Getty Images