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Crédit Mutuel : excellent 2017 results from a strong and supportive group committed to innovation and regional economic development

The Crédit Mutuel group delivered some very strong financial performance in 2017, thanks to the member federations and regional groups which compose it. With a 5.5% increase in NBI, the group confirmed the solidity and relevance of its mutual bank model.

An overhauled corporate governance

The reform of the group's governance which began in January 2016 is now complete and has been approved by the European Central Bank with regard to its operational excellence standards.

This reform of the group's governance has been backed by major judicial decisions :

- ✓ The 27th June 2017 ruling by the French Competition Authority which stated that the Crédit Mutuel group, headed by the Confédération, was "a unique company as defined under competition law".
- ✓ 8th November 2017 – The European Union Intellectual Property Office (EUIPO) confirmed that the benefits associated with the Crédit Mutuel brand are intertwined with it belonging to the Confédération Nationale du Crédit Mutuel.
- ✓ 13th December 2017 – The General Court of the European Union found that Crédit Mutuel via the Confédération Nationale met all the conditions laid down in the legislation to be considered as a "group". It therefore confirmed the reality of the solidarity between the affiliated entities, the supervision of solvency and liquidity on a consolidated basis, and the power of the CEO of the Confédération to issue instructions to its affiliates. It thus upheld the French Council of State's December 2016 ruling.
- ✓ 27th February 2018 – Following the French Conseil d'état, the Paris Tribunal de Grande Instance (Court of First Instance) and the European Union, the Paris Court of Appeal acknowledged the validity of the "Crédit Mutuel" brand which is owned by the Confédération Nationale du Crédit Mutuel on behalf of the whole Groupe Crédit Mutuel.

“The reform of the Confédération Nationale du Crédit Mutuel was highly successfully completed by Pascal Durand, its CEO, and his teams : the Confédération complied with all the changes that were asked of it and its governance is now set on satisfying. In both regulatory and judicial terms, the debate about the quality of Crédit Mutuel’s governance is closed and it is now clear for a return to calm at our central body, in the spirit of our mutualist values. What is important now is meeting the real challenges that lie ahead” says Nicolas Théry, Chairman of the Confédération Nationale du Crédit Mutuel.

A decentralised bank, supporting regional development

At the heart of Crédit Mutuel are its 2,092 “caisses locales” (local banks) which form the first level of solidarity within the group. With over 90% of decisions taken at the local bank level, the Crédit Mutuel model is characterised by freedom of business initiative at its grassroots, serving the regional economies as well as each member and customer.

The second level of solidarity consists of the member federations, supported by the federal Crédit Mutuel banks to which they are affiliated. The regional groups make their own decisions with complete autonomy, while respecting the solidarity of their strategic goals, development choices and human resources policy.

And finally, at a nationwide level, the Confédération acts as the guarantor of the brand, national solidarity and solidity, and is strictly controlled by the French Monetary and Financial Code. Its role is to shape the group’s operations as a mutual bank and ensure optimum development of all of the regional groups and member federations, while respecting their autonomy.

This model consisting of a decentralised structure is strengthened by the mutual bank method of operating : a bank belonging to each of its client-members, it changes everything. This commitment and solidarity is reflected in the recognition of the brand not only by the French people as demonstrated by various surveys (the preferred bank brand in France according to the Baromètre Posternak survey) but also by the financial ecosystem (the top-ranking French group in the World Finance and Global Finance ranking).

“Our collective success is the fruit of our model which combines the autonomy given to each entity to pursue its development with a protective framework created by the solidarity which binds us all together” says Pascal Durand, CEO of the Confédération Nationale du Crédit Mutuel.

Business activity and results reflect dynamic momentum and solidity

A business model boosted by regional groups' dynamic momentum and ability to innovate

The strategies of each of the six regional groups share a common set of values, namely : a local presence, responsiveness, and technology working for people and business development.

Payment methods, phone services, remote surveillance, paperless processes, electronic money, service platforms, fintechs : the group's affiliates and subsidiaries are constantly coming up with innovative ways to provide their customers with the best solutions.

Some of the stand-out innovations in 2017 include Crédit Mutuel CM11's introduction of cognitive techniques to assist its advisors through Watson, an IBM cognitive computer system, and Crédit Mutuel Arkéa's creation of MAX, an innovative service platform. Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan joined forces to buy a platform that provides funding for associations through donations. And Crédit Mutuel Nord Europe, along with its La Française subsidiary, developed innovative property-related financing solutions.

The common thread running through all of these initiatives is that they enable everyone to access the best that technology has to offer.

A group working every day to build business with its clients and members

- ✓ **Savings** €771.6bn (+5.4%): strong inflows at a time of low interest rates
- ✓ **Loans** €434.7bn (+4.8%): active support for all economic players in order to accompany economic growth

A multi-service local business model generating increased profitability

- ✓ **NBI** of €17,748m **(+5.5%)**: strong turnover despite low interest rates and a highly competitive environment
- ✓ **A record pre-tax profit of €5,358m (+8.7%)**
- ✓ **A total net profit** of €3,054m (-6.8% after taking account of a tax charge which increased exceptionally by 37.2%) including a group share of €2,978m

Pre-tax profit	
(€m)	2017
Crédit Mutuel Antilles-Guyane	31
Crédit Mutuel Arkéa	550
Crédit Mutuel CM11	4,322
Crédit Mutuel Maine-Anjou, Basse-Normandie	81
Crédit Mutuel Nord Europe	304
Crédit Mutuel Océan	61

Breakdown by regional group contribution

A financial structure that complies with top European standards

- ✓ €52.4bn (+5.7%) in **shareholders' equity attributable to owners of the company**: a strong financial performance
- ✓ A **CET1 Solvency Ratio** of 17.4%: the highest ratio within French banks
- ✓ Rate of appropriation of 2016 earnings to reserves: 96% = funds for investment

The effect of the implementation of IFRS on 1 January 2018 is limited: it is estimated to have an impact of 20 basis points on the CET1 ratio¹.

Note: The consolidated financial statements are in the process of being audited. The audit report will be issued on completion of the additional procedures required for publication of the annual financial report.

¹ Unaudited internal estimate, without transitional provisions.

Groupe Crédit Mutuel



2017 financial highlights

NBI: €17,748 million

Total net profit: €3,054 million

Net profit attributable to the company owners: €2,978 million

Shareholders' equity attributable to the company owners: €52,370 million

Common Equity Tier One Ratio 17.4%

Leverage: 6.4%

Liquidity Coverage Ratio: 134.2%

5,767 points of sale

82,177 employees

31.6 million customers

Savings: €771.6 billion

Deposits: €374.2 billion

Loans: €434.7 billion

A major player in bancassurance in France

17.1% share of the bank loan market

15.5% of the deposit market

A highly rated issuer

Standard & Poor's: A Stable outlook

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