

Crédit  Mutuel

Alliance Fédérale

BFCM INVESTOR PRESENTATION - FY 2018



June 2019

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Audit procedures have been performed on the key financial figures disclosed on 21st February. The audit certificate will be issued after finalization of the additional procedures required for the publication of the annual financial report.

Crédit Mutuel Alliance Fédérale ("The Group") represents the Group members of the Caisse Fédérale de Crédit Mutuel and the consolidated data of its subsidiaries: the Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile de France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique & Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou, and their common Caisse fédérale (CF de CM), and of the Banque Fédérative du Crédit Mutuel, its main subsidiaries: ACM, CIC, Targobank Germany, Targobank Spain, Cofidis, BECM, CIC Iberbanco, EI and others.

This document contains unaudited FY-2018 consolidated key financial figures.

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Crédit Mutuel Alliance Fédérale at a glance



- more than 24.9 mn clients
- 4.6 mn members
- 4,455 branches
- €43.6 bn equity capital

- A real cooperative group belonging to its members.
- A bancassurance business model.
- Financing the real economy.
- A strong financial profile.
- A « .corp », with an entrenched innovative culture.

**4 main
brands**



MOODY'S



S&P Global
Ratings

FitchRatings

Aa3 / stable

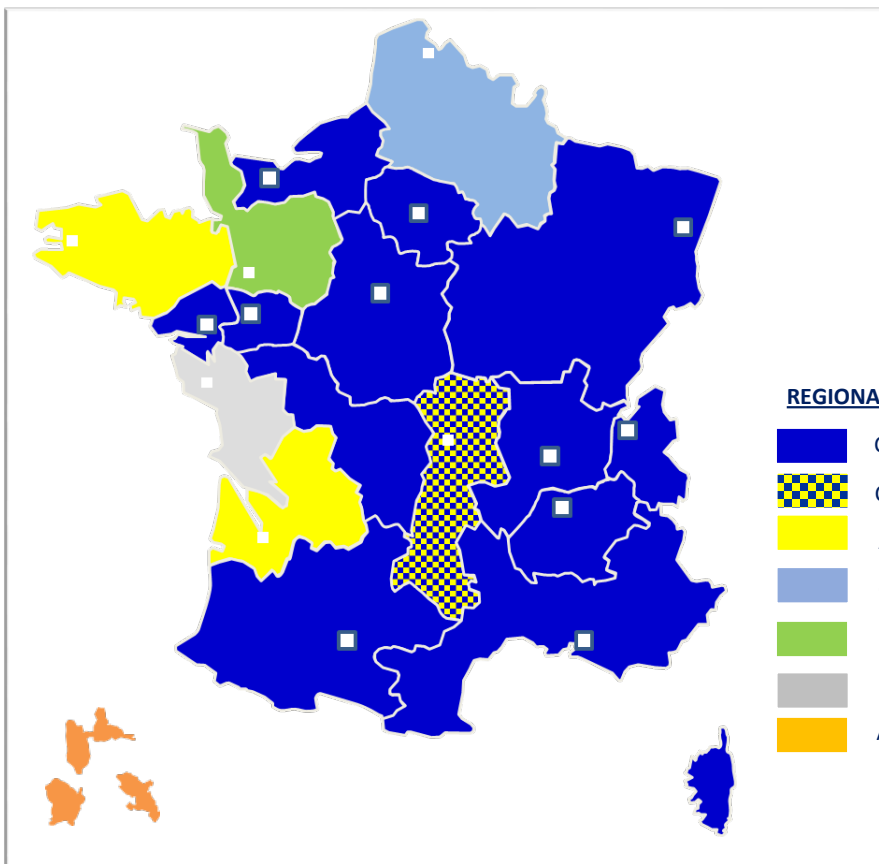
A / stable

A+ / stable










1.
Crédit Mutuel Alliance Fédérale
organization

18 FEDERATIONS



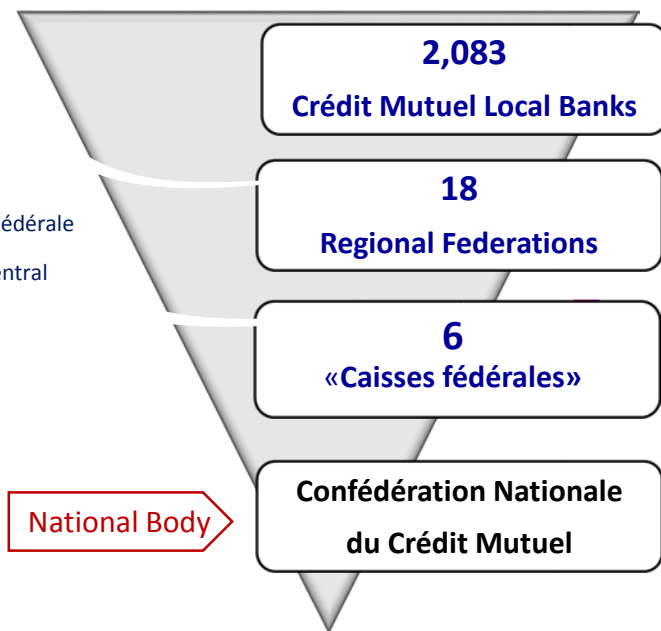
REGIONAL BANKS

-  Crédit Mutuel Alliance Fédérale
-  Crédit Mutuel Massif Central
-  ARKEA
-  CMNE ⁽¹⁾
-  CMMA-BN ⁽²⁾
-  CMO ⁽³⁾
-  Antilles Guyane

⁽¹⁾ CMNE: Crédit Mutuel Nord Europe
⁽²⁾ CM MABN: Crédit Mutuel Maine Anjou Basse Normandie
⁽³⁾ CMO: Crédit Mutuel Océan

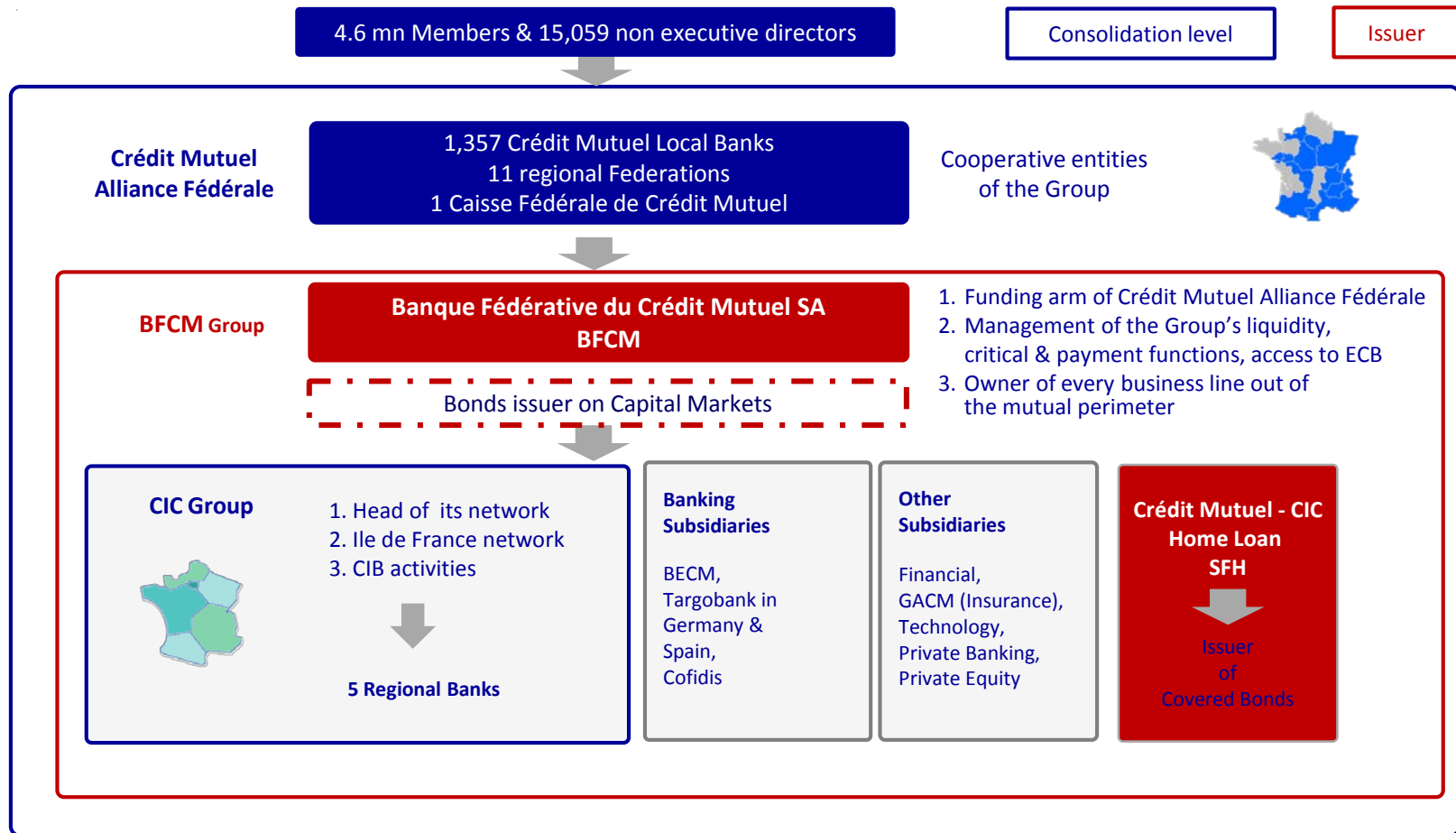
CRÉDIT MUTUEL GROUP structure & governance

- c.7.8 million members
- 32.5 million clients
- 22,450 non executive directors
- c.82,000 employees





As at December 2018

A cooperative banking group with **one issuer** (*)



(*) including Crédit Mutuel-CIC Home Loan SFH



2.
Crédit Mutuel Alliance Fédérale
key takeaway

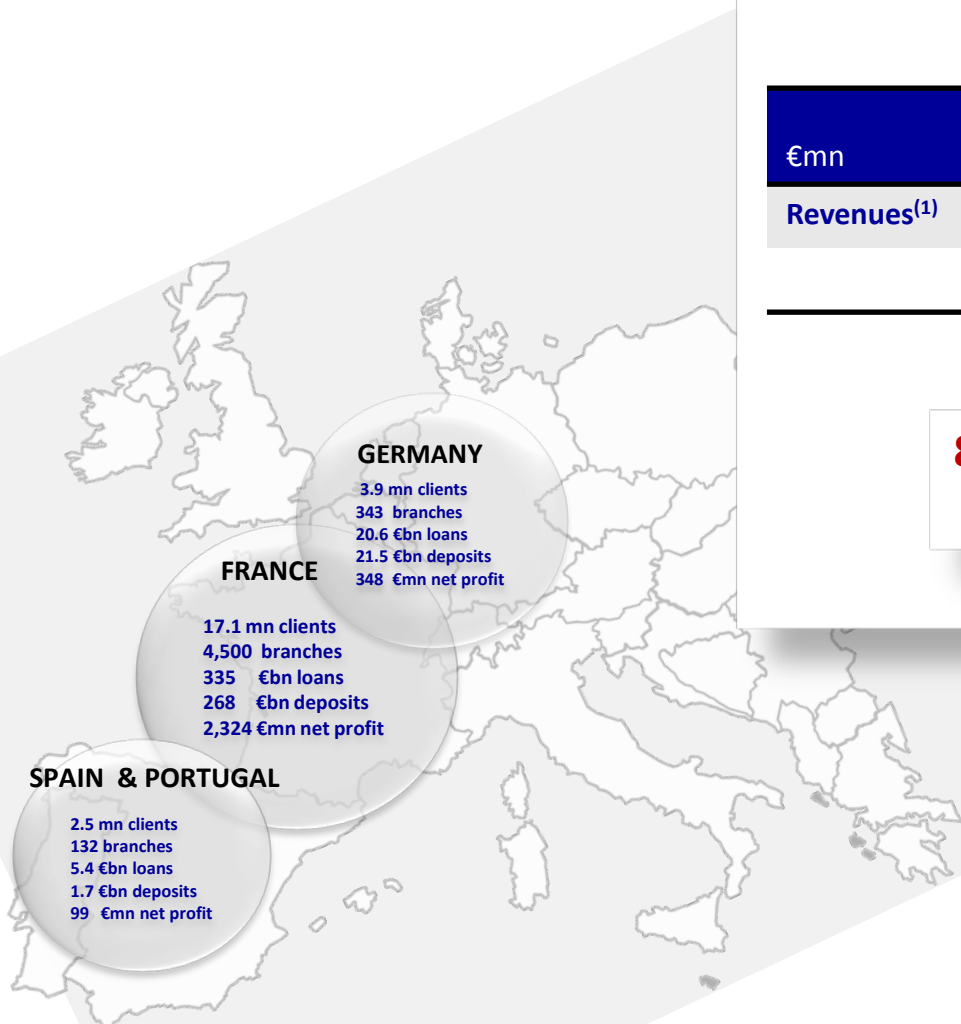
Crédit Mutuel Alliance Fédérale strong results

historical performance



Crédit Mutuel Alliance Fédérale core geographic markets

Contributions by geographic regions, well defined core markets



€mn	France	Germany	Spain & Portugal	Europe ⁽²⁾	others
Revenues ⁽¹⁾	10,458	1,618	584	742	171
	77%	12%	4.2%	5.5%	1.3%

89% of the group net revenues in France and Germany

(1)excl inter-cie accounts exl holdings
 (2)excl France, Germany, Spain & Portugal

Crédit Mutuel Alliance Fédérale business lines

Contributions by business units^(*)

	Retail banking	Insurance	Specialized business lines	IT-media logistic holding
€mn	<ul style="list-style-type: none"> ☐ Crédit Mutuel Alliance Fédérale ☐ CIC ☐ COFIDIS ☐ Factoring / leasing ☐ Asset management 	<ul style="list-style-type: none"> ☐ Groupe des Assurances du Crédit Mutuel 	<ul style="list-style-type: none"> ☐ Commercial banking ☐ Investment banking ☐ Private banking ☐ Private equity 	<ul style="list-style-type: none"> ☐ Euro Information ☐ El Telecom ☐ Media
Net revenues	10,284	1,822	1,468	1,330
% of operational business lines	67%	12%	10%	11%
Net Profit	1,889	844	606	-347
% of operational business lines	55%	24%	18%	3%

^(*) operational activities, excluding holding

79% of the group net profit in retail banking and insurance

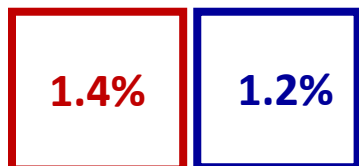


Financial performance - December 2018 vs 2017

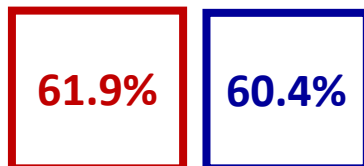
EFFICIENCY & SOLIDITY

high profitability

RoRWA



cost to income

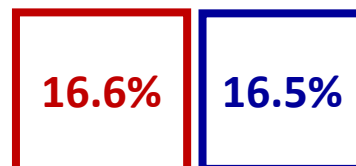


cost of risk

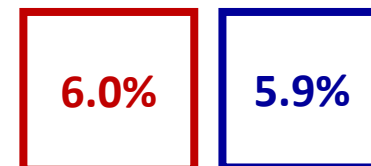


solid capitalisation & liquidity

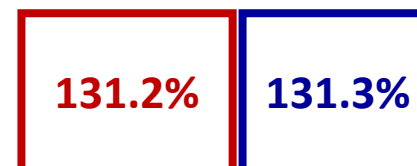
CET1 ratio ⁽¹⁾



Leverage ratio





LCR⁽²⁾



 Dec.2018 Dec.2017

⁽¹⁾ FL-Basel 3

⁽²⁾ 2018 year average



3.
2019-2023
Strategic plan

2019-2023 strategic plan in a nutshell

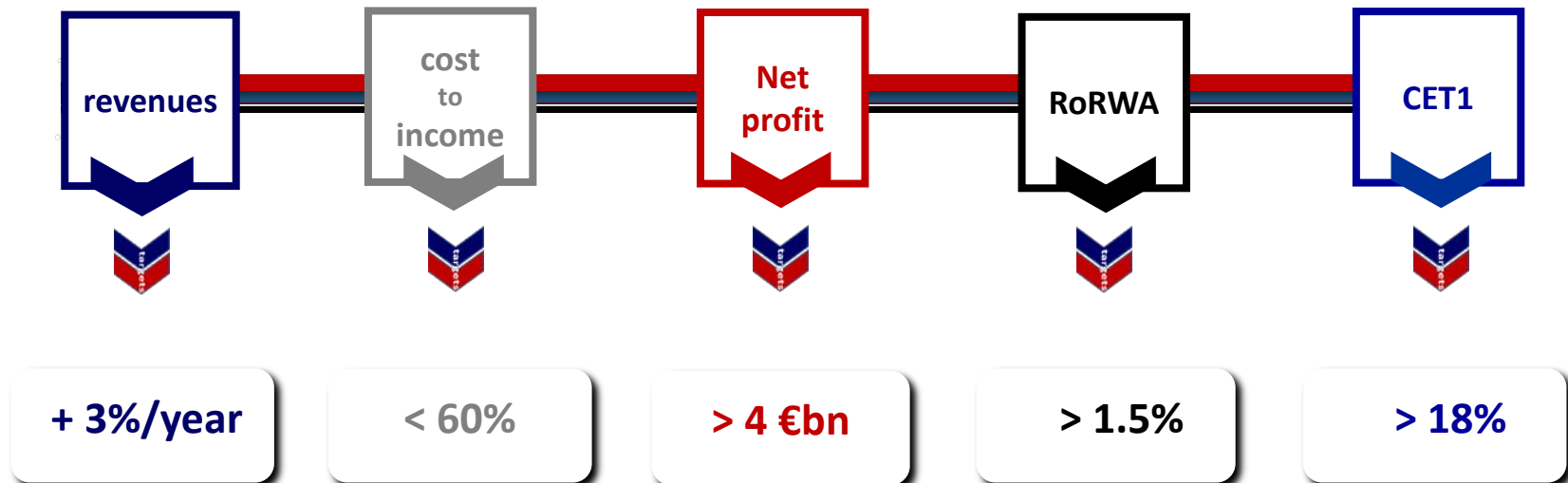
1. Financial
targets

2. Human &
mutualist
development
goals

3. Technology
investments for
transformation

1. Financial targets

TARGET 2023^(*)



(*) all other things being equal/at a constant regulatory scope

2. Human & mutualist development goals

TARGET 2023

TRANSFORMATION
TRAINING
GIVEN TO STAFF

100%

GENDER EQUALITY
IN MANAGEMENT
&
GOVERNANCE

50/50

MEMBERSHIP
RATE

>90%

PROJECT
FINANCING WITH
STRONG
ENVIRONMENTAL
IMPACT

+30%

REDUCTION IN
THE GROUP'S
CARBON
FOOTPRINT

>30%

3.

Technology investments for transformation

TECHNOLOGICAL
DEVELOPMENT




1.2
million
man-days

CAPITAL
INVESTMENT
IN TECHNICAL
INFRASTRUCTURES



€350
million



4.
Financial highlights
by business lines

Crédit Mutuel and CIC : #20years



1998



CIC joined Crédit Mutuel
2 different stories
customer oriented, corporate spirit, pragmatism



- individuals
- bancassurance
- industrialisation
- electronic banking
- IT expertise

- corporate/SME
- specialized business lines
- private banking
- co-development abroad

2018

Crédit Mutuel
Alliance Fédérale

- complementarity networks servicing & dedicated to the customer-members and territory development
- proven business model with cross selling strategy
- pionner in cognitive & digital solutions
- # best clients relationship banking awards since 2014 (*)

➤ 20 years of successful development

(*) as at Dec 2018

Crédit Mutuel and CIC : #20years

2 strong brands and retail networks which benefit from diversification of products and services offering.

➤ Strength of the CIC & Crédit Mutuel networks:

- 4,455 POS
- 97% loans approvals locally
- physical networks maintained

➤ Local economic & corporate development:

- +235,000 corporates financed
- 76.3 €bn outstandings
- banker of 2 corporates out of 5 in France
- 2.3 €bn invested in corporate equity

➤ Bank for everyone:

- dedicated account manager
- 30,000 employees with direct contact to the customer
- data customers protection

➤ Strength of the diversification

- #1-French MVNO
- #1-in French residential remote surveillance c.31% of market share in France
- #1-newly built housing realtor services in France, +37% new home sales in 3 years
- 20 % of French market share in factoring & leasing

Activity 1 / 2

Strong and dynamic sales growth in the commercial activity

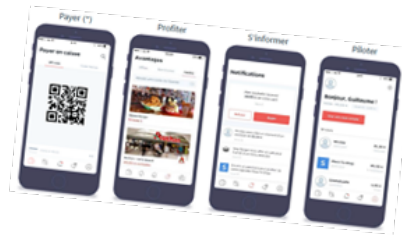
€mn	FY.2018	FY.2017	Change in mio €	Change in %
Customers loans	370,886	344,942	+25,944	+7.5%
Total savings	584,487	561,263	+11,516	+2.0%
o/w customers deposits	304,319	288,532	+15,787	+5.5%
o/w Insurance savings	95,104	81,451	1,945	+2.1%
o/w financial savings	185,064	191,280	-6,216	-3.2%

Activity 2 / 2

Pioneer in cognitive & digital solutions in France.

Crédit Mutuel Alliance Fédérale has deployed digital transformation in various fields.

- ➔ retail banking (Watson AI),
email analyzers are used more than one million times a month by 20,000 relationship managers
- ➔ insurance (e-subscription),
- ➔ corporate (Epithète),
- ➔ payments (1st French bank to use SWIFT GPI),
- ➔ 100% customer digital path in consumer credit
- ➔ individuals (automation solutions) ...



car insurance quotation:
3 pictures! Done

implemented in March 2018

These developments and inovative solutions run for the benefit of our customers and account managers

GACM: Insurance 1/2

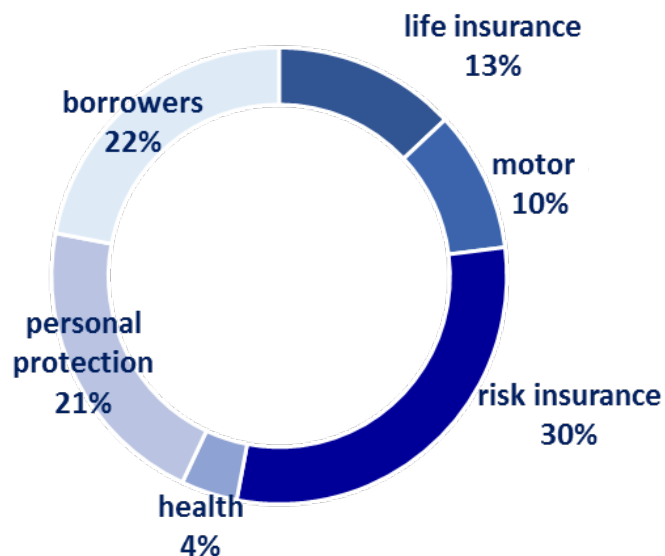
Groupe des Assurances du Crédit Mutuel (GACM) accounts for c. 1/4 of the group net profit.

€mn	FY 2018	FY 2017	Change cst scope
Net insurance income	1,822	1,947	-6.4%
Operating expenses	-584	- 576	+1.5%
Gross operating income	1,238	1,371	-9.7%
Net gains/losses on other assets and associates ⁽¹⁾	28	22	+31.1%
Income before tax	1,267	1,393	-9.1%
Corporate income tax	-423	-585	-27.7%
Net income	844	808	+4.4%

(1)EAE: Equity Accounted Entities share net income of associates

GACM the insurance subsidiary of Crédit Mutuel Alliance Fédérale offers a wide range of **life and non life** products.

Breakdown of insurance policies by segment



Breakdown of consolidated premiums

€mn	FY 2018	FY 2017	Change (cst scope)
property insurance	2,087	1,965	6.2%
of which cars	1,153	1,087	6.0%
personal protection	3,044	2,888	5.4%
of which borrowers	1,558	1,474	5.7%
total risk insurance	5,161	4,867	6.0%
life insurance	6,783	6,249	8.6%
others activities	139	140	1.2%
consolidated premium	12,083	11,255	7.4%

→ 12.1 €bn : gross written premiums
 → 12.2 mn policy holders
 → 30.9 mn insurance policies

One of the leading banks in Germany

A “full-service” bank for private and business customers, leader in the consumer credit, credit cards and factoring businesses. Combines the advantages of remote banking - online and telephone - with the strength of a branch network spread over Germany's 200 largest cities.

c.4.000.000
private, business
& corporate
customers

more than
330
POS in Germany

Countrywide distribution system including branches, sales finance channels, mobile sales force and direct bank for retail banking / sales representatives and partner programs for commercial banking

22 €bn
balance sheet



7.330
employees

TARGOBANK Commercial banking activity operates in : equipment finance, factoring, credit & financing, accounts&cards, wealth mgmt, protection, car loans, commercial loans, leasing, factoring, investment loans...



Targobank Deutschland's retail activity remained very strong, confirming the robust momentum that has been built in consumer finance for the Group

Retail

- 14.8 €bn : retail bk loans outstanding
- 4.2 €bn : loans production for individuals
- 15.9 €bn : customers deposits outstanding

Corporate

- 563 €mn : leasing production
- 49.3 €bn : factoring invoices volume

Results

- 1.602 €bn : revenues
- 343.7 €mn : net profit

Increase of:

- loan outstandings by +10.4%
- loans production for individuals by +12.3%
- customer deposits by +8.6%
- invoices volume in factoring by +3.9%
- leasing production by +24%
- net banking income by +3.8%
- net profit +4.1%

Operational and legal integration of the factoring (TARGO Factoring) and leasing (Targo Leasing) businesses completed.



Through its four commercial brands, Cofidis, Monabanq., Créatis and Sofemo, the COFIDIS Participations Group creates, sells and manages a wide range of financial services, including consumer credit, payment solutions, loan redemption and banking services.

c. 8.500.000
customers

more than
4.100 million
financing

A pioneer in the remote sale and management of credit, the COFIDIS Group has seen significant and continuous growth in its activities over three decades, both in terms of international expansion and the diversification of its range of products & services.

c.12.3 €bn
balance sheet



5.083
employees

Four brands:

- Cofidis: a European online consumer loan specialist based mainly in France, Belgium, Italy, Spain and Portugal
- Monabanq: an online bank
- Créatis: a loan consolidation specialist
- Sofemo: consumer finance specialist



Cofidis activity remained very strong in 2018 in terms of both products sold directly and via partners.

Financial

- 11.6 €bn : loans outstanding
- 6.8 €bn : loans production
- 202 €mn : net profit

Increase of:

- loans outstanding by +6.6%
- loans production by +14.4%
- revenue by +40.4 €mn



Cost of risk rose by €14.7 million compared to 2017, mainly as a result of the implementation of IFRS 9 which requires the provisioning of performing loans.

Given the strong sales activity in 2018, this led to an overall increase in provisioning.



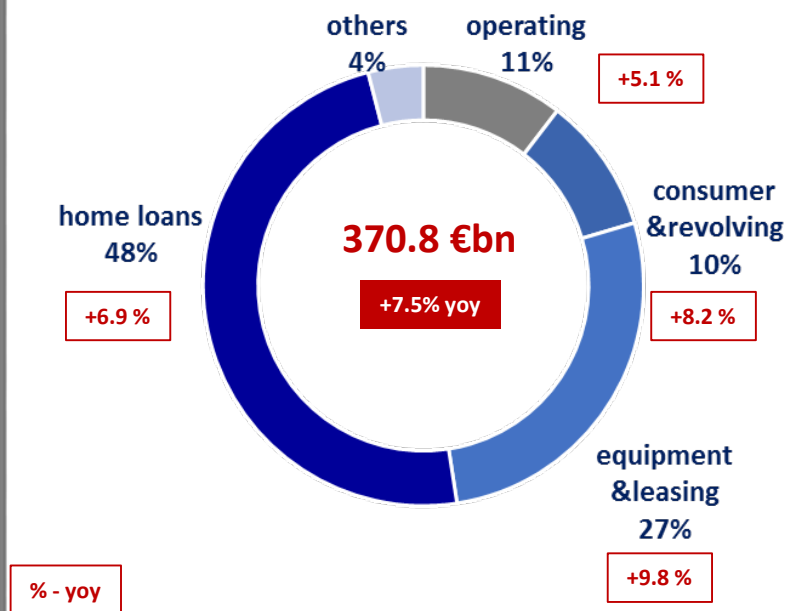
5.
Risk management

Loan portfolio: a low risk profile

Loan outstanding amount to 371 €bn up to +7,5% yoy

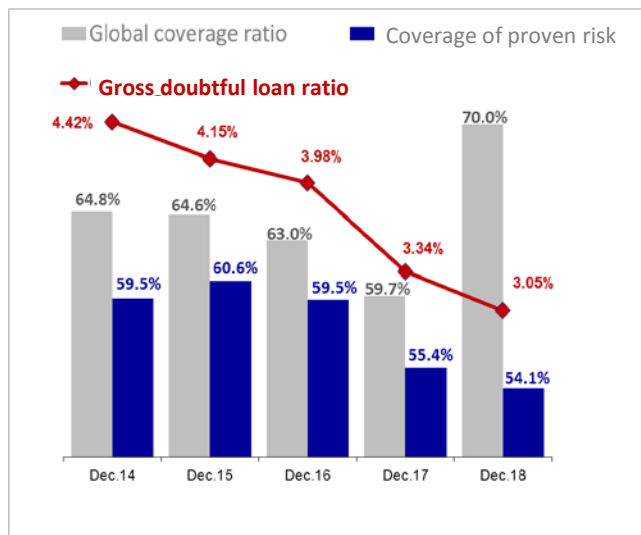
- 179 €bn home loans representing 48% of the total portfolio (with +6.9% increase)
- consumer&revolving loans raised at +8.2% (10 % of the loan portfolio)
- equipment&leasing record an increase of 9.8% totalling more than 100 €bn outstanding

Loan portfolio



Overall cost of risk - % of customer loan outstanding customer loans

	Dec 15	Dec 16	Dec 17	Dec 18
Cost of risk	0.26%	0.24%	0.24%	0.22%
unrealized CoR	-0.01%	-0.01%	0.01%	0.03%
individual basis CoR	0.27%	0.26%	0.23%	0.19%



NPL:

→ 11.577 €bn (11,754 €bn as at Dec. 2017)

Total provisions for loan impairments :

→ 8.109 €bn (7.016 €bn ias at Dec. 2017)

Cost of risk:

→ 904 €mn in 2018

→ 11.3% decrease in individual basis cost of risk

Gross doubtful loan ratio:

→ 3.05 % as at Dec.2018 (3.34% Dec.2017)

Global coverage ratio:

→ 70.0% as at Dec.2018- increase is largely due to IFRS9 implementation.



6. Capital

2018 EBA stress tests results

➤ Stress tests results on French Banks

"full" ratios	Reported	Baseline Scenario	Adverse Scenario
	31 st , Dec 2017	31 st , Dec 2020	31 st , Dec 2020

Groupe CM			
CET 1 ratio	17.4%	18.8%	13.2%
Leverage ratio	6.4%	7.0%	5.3%

BNPP			
CET 1 ratio	11.7%	12.5%	8.6%
Leverage ratio	4.6%	5.0%	3.8%

Société Générale			
CET 1 ratio	11.4%	11.8%	7.6%
Leverage ratio	4.1%	4.5%	3.3%

Crédit Agricole			
CET 1 ratio	14.9%	16.3%	10.2%
Leverage ratio	5.5%	6.1%	4.3%

BPCE			
CET 1 ratio	15.2%	17.2%	10.7%
Leverage ratio	5.0%	5.8%	3.7%

La Banque Postale			
CET 1 ratio	13.4%	13.7%	8.2%
Leverage ratio	4.6%	4.8%	3.7%

Sources : EBA 2018

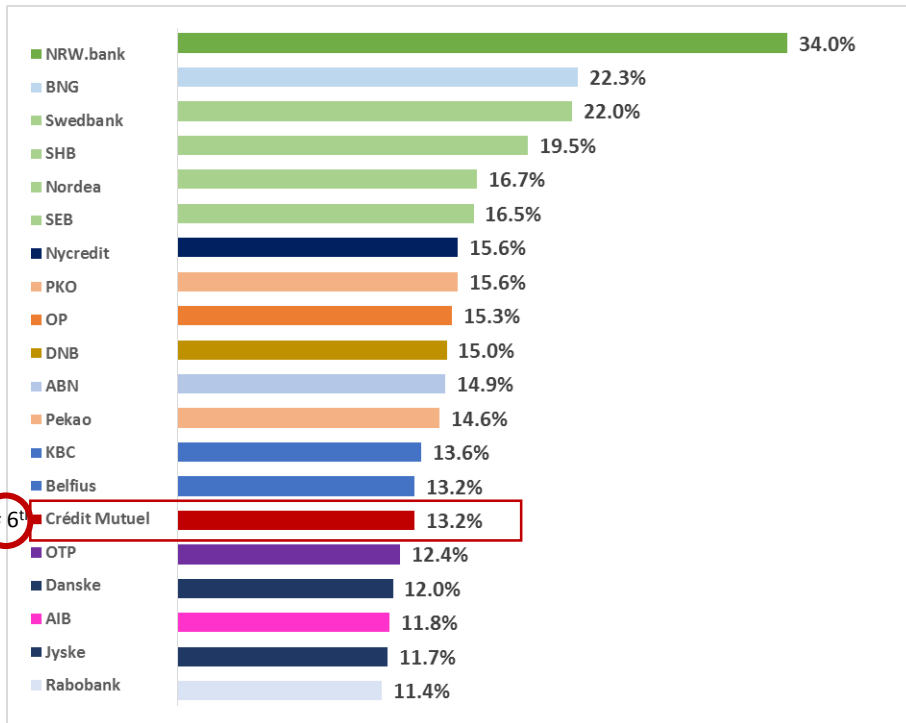
➤ EBA stress tests confirm **Crédit Mutuel** solidity and financial strength

- The strongest French banks in terms of CET1 & leverage ratio after the stress
- The sixth strongest bank in the Eurozone

The stress test was carried out with the assumption of a static balance sheet (December 2017 basis) and therefore does not take into account future business strategies and management actions.

2018 EBA stress tests results

➤ 2020 adverse fully Loaded CET1 Ratio of the top 20 banks
Crédit Mutuel ranks 6th ex-aequo in Euro zone.

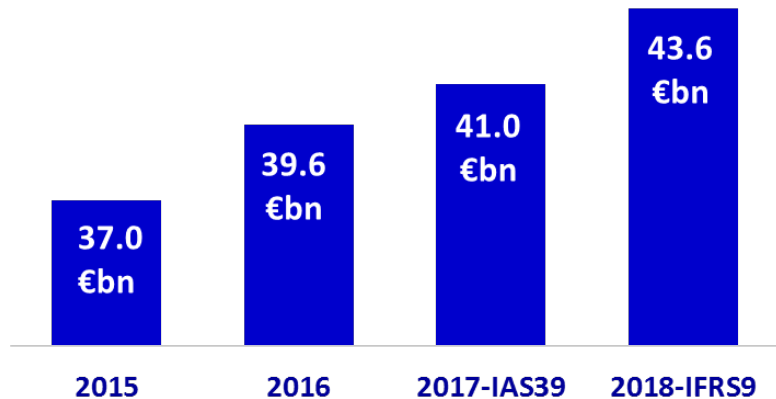


Countries	Déc. 2017	Adverse 2020	delta
Sweden	20.8%	17.9%	-2.9
Poland	16.5%	15.8%	-0.7
Finland	20.1%	15.3%	-4.8
Norway	16.2%	15.0%	-1.2
Belgium	16.3%	13.5%	-2.8
Denmark	18.2%	13.4%	-4.8
Ireland	18.5%	13.1%	-5.4
Hungary	15.2%	13.0%	-2.2
Netherlands	15.8%	11.8%	-4.0
Germany	16.0%	10.2%	-5.8
FRANCE	13.7%	9.7%	-4.0
Italy	13.2%	9.6%	-3.6
Spain	12.2%	9.4%	-2.8
Austria	13.2%	9.0%	-4.2
UK	14.4%	8.9%	-5.5

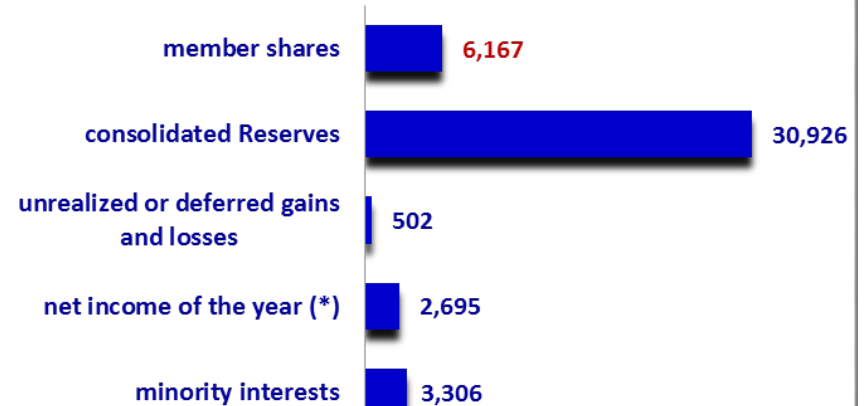
Sources : EBA 2018

Capital position (1/3)

Equity capital including minority interest



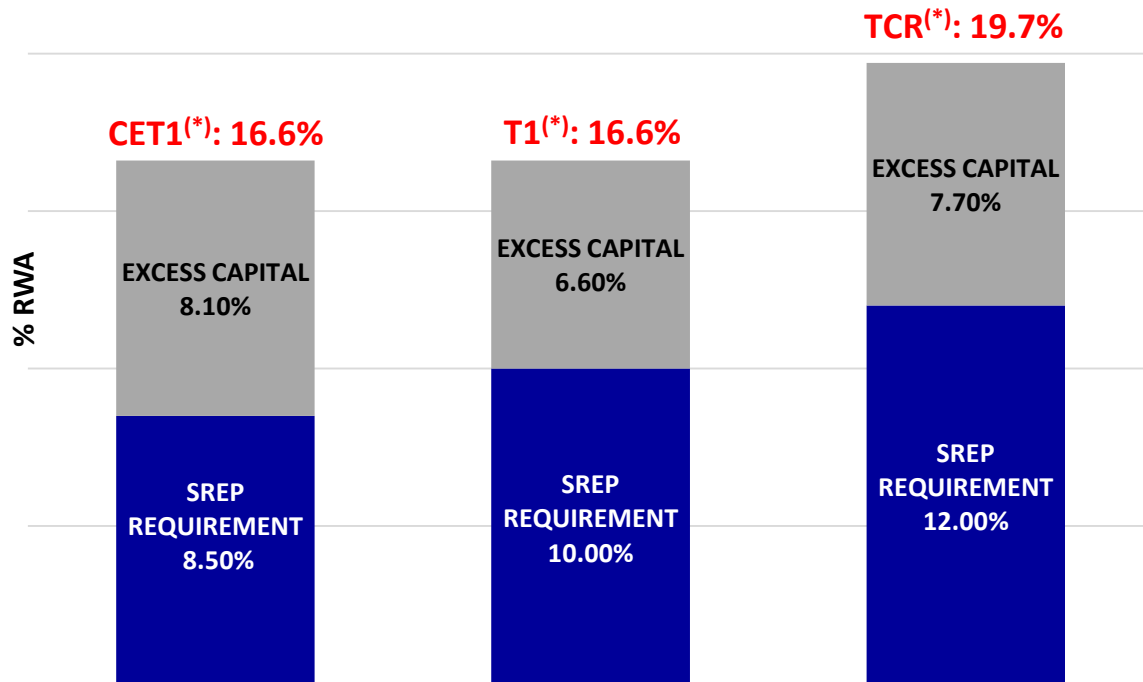
Equity capital breakdown-€mn



(*) attributable to owners Cie

Reg. capital position as at 31st of December 2018 (2/3)

Crédit Mutuel Alliance Fédérale CET1 ratio, Tier One ratio, Total Capital ratio (*) Fully loaded Basel III, as at Dec 2018



excluding:

- P2G (not disclosed)
- OSII (at Crédit Mutuel Group level only 0.5%)
- counter-cyclical buffer (0.25% as at 1st July 2019 / 0.50% as at 1st April 2020)

Crédit Mutuel Alliance Fédérale capital ratios

(*) Fully loaded (FL) Basel III, Dec 2018 - Dec 2017

➤ CET1 ratio FL

- as at Dec, 31st 2018: 16.6% +10 bp
- as at Dec, 31st 2017: 16.5%

➤ Total capital ratio FL

- as at Dec, 31st 2018: 19.7% -20 bp
- as at Dec, 31st 2017: 19.9%

➤ Leverage ratio

- as at Dec, 31st 2018: 6.0% +10 bp
- as at Dec, 31st 2017: 5.9%

	Dec 2017	Dec 2018
CET1 EQUITY - € mn	32,611	35,437
RWA - € mn	198,374	214,048



7.
Liquidity & Funding

As at April 2019

RATINGS

	MOODY'S	S&P	FITCH RATINGS
Senior unsecured	Aa3	A	A+
Outlook	stable	stable	stable
Senior-Non-Preferred	Baa1	BBB+	A+
Tier 2	Baa1	BBB	A
Senior Short-term debt	P-1	A-1	F1

Drivers of liquidity

Centralised management of funding & Assets-Liabilities:

- strong approach of severe liquidity stress
- Significant buffer in anticipation of LCR guidance
- high coverage of liquidity gap

€bn	Dec 2018
Cash & deposits at Central Banks	51.0
LCR securities	22.5
HQLA	73.5
Other central bank eligible assets	35.8
Total liquidity reserves	109.3

Strong capacity to generate liquidity

A solid deposits base:

- customer deposit inflows remains strong up to +5.5%
- Loan to deposit of 121.9% vs 119.6%

Access to stable sources of funding

- diversified debt programs
- International investors base

Funding policy management

- promote MLT funding
- internal reallocation of wholesale funding
- strong liquidity buffer

LCR 131.2%^(*)

(*)2018 year average

Medium-Long term funding policy 2018

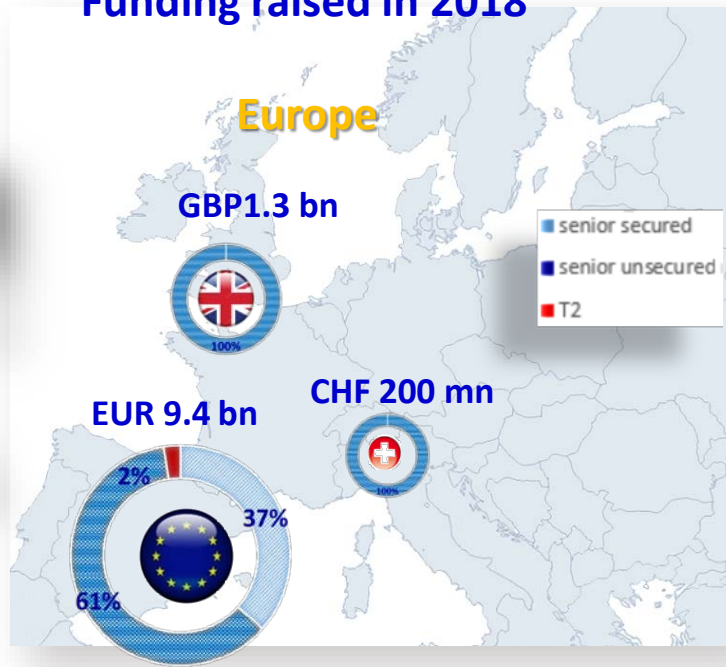
Funding strategy :
various programs, diversified currencies, international investors base

Funding raised in 2018



Senior unsecured

- Benchmark issues in EURO
 - An USD benchmark issue per year
 - A Samurai benchmark issue per year
 - Private placements
- (c.30% of the total MLT issuances)



Senior secured

- Benchmark issues in EURO

Capital issuance:

- AT1 not relevant
- T2 in EURO



2018 Funding

➔ 138 €bn whole sale funding outstanding

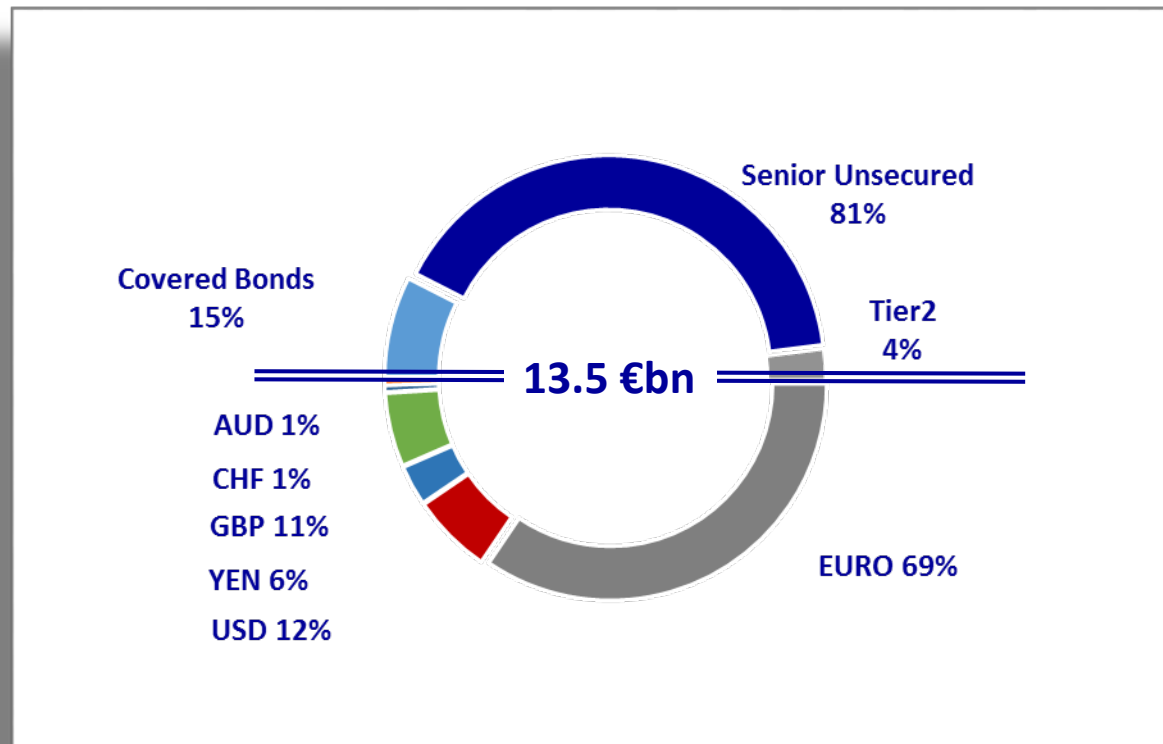
➔ 36% Short term: 49.6 €bn (NeuCP, ECP, London CD's deposits)

➔ 64 % Long term: 88.4 €bn (EMTN, covered bonds, 144A, Samurai bond)

➔ MLT funding :

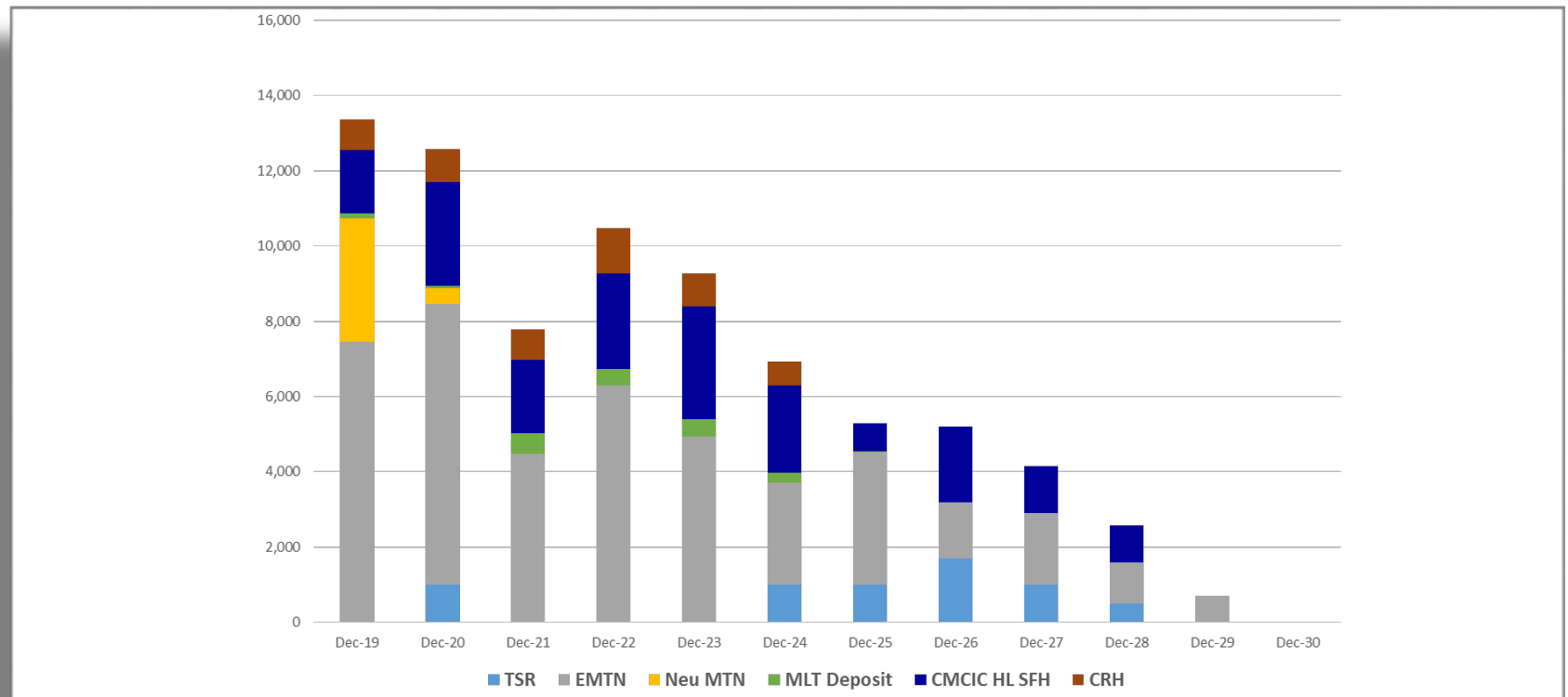
➔ 13.5 €bn

➔ 5.5 years maturity



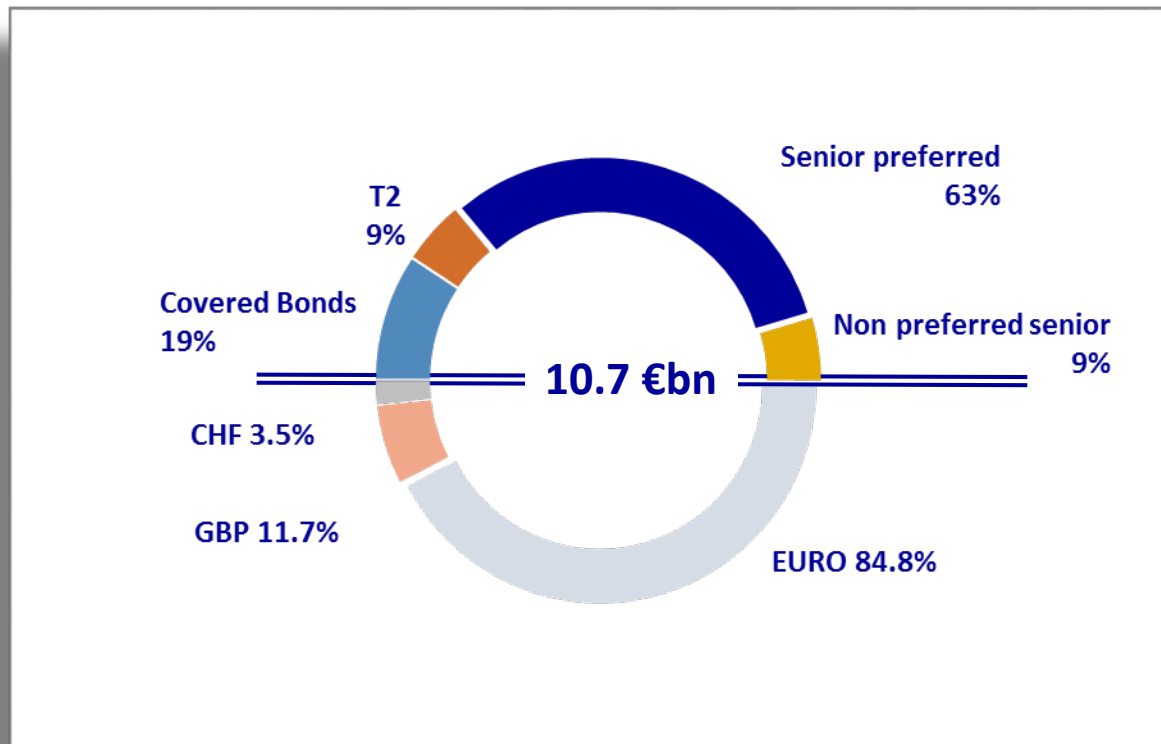
as at 31st December 2018

Redemption profile as at Dec.2018





2019 Funding program

- 15 €bn funding plan
- 10.7 €bn raised as at the 12th of June
71% of the funding plan achieved
- 6.2 years maturity



2019 main public issues

Issued in	Type	currency	amount	coupon	years	Maturity
Jan-19	Senior	EUR	1,250	0.75%	4+	Jun-23
Jan-19	Senior	GBP	400	2.25%	5	Dec-23
Jan-19	Secured	EUR	1,000	0.25%	5	Apr-24
Jan-19	Secured	EUR	1,000	1%	10	Jan-29
Fev-19	Senior	CHF	100	0.40%	5	Feb-24
Mar-19	NPS	EUR	1,000	1.75%	10	Mar-29
Apr-19	Senior	CHF	200	0.25%	6+	Jul-25
Apr-19	Senior	EUR	1,500	0.75 %	7	Jun-26
May-19	Senior	CHF	125	0.20%	7	Jun-26
June-19	T2	EUR	1,000	1.875%	10	Jun-29
June-19	Senior	GBP	500	1.75%	5+	Dec-24



8.
Crédit Mutuel Alliance Fédérale
Social & Mutualist
Responsability

SMR policy structured around 5 goals – at the heart of the strategic plan

As a committed and socially responsible player
Crédit Mutuel Alliance Fédérale develops
a policy of Social & Mutualist Responsibility

SMR

having Sustainable Development Goals in

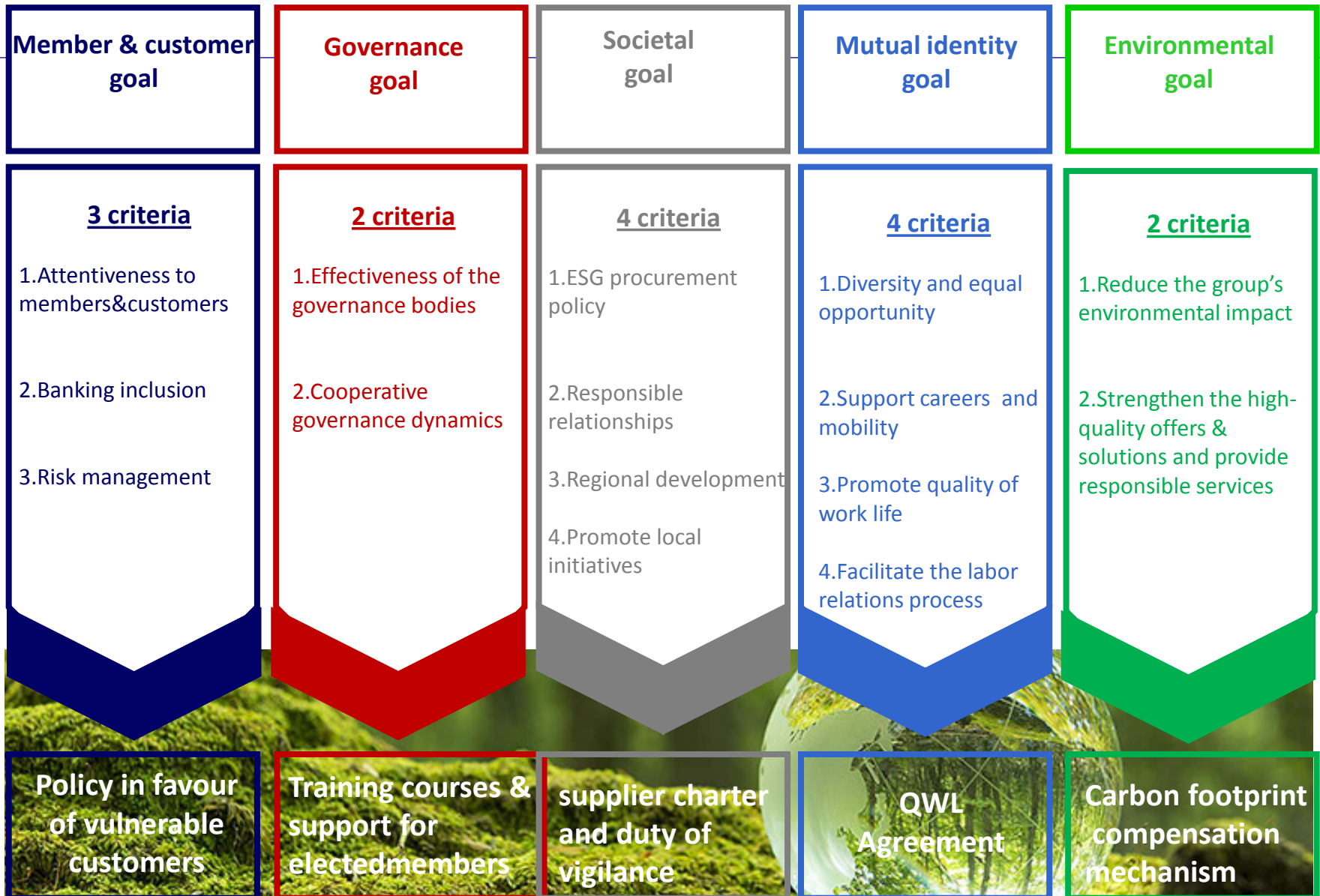
- ➔ Members & customers
- ➔ Governance
- ➔ Social
- ➔ Mutual identity
- ➔ Environmental

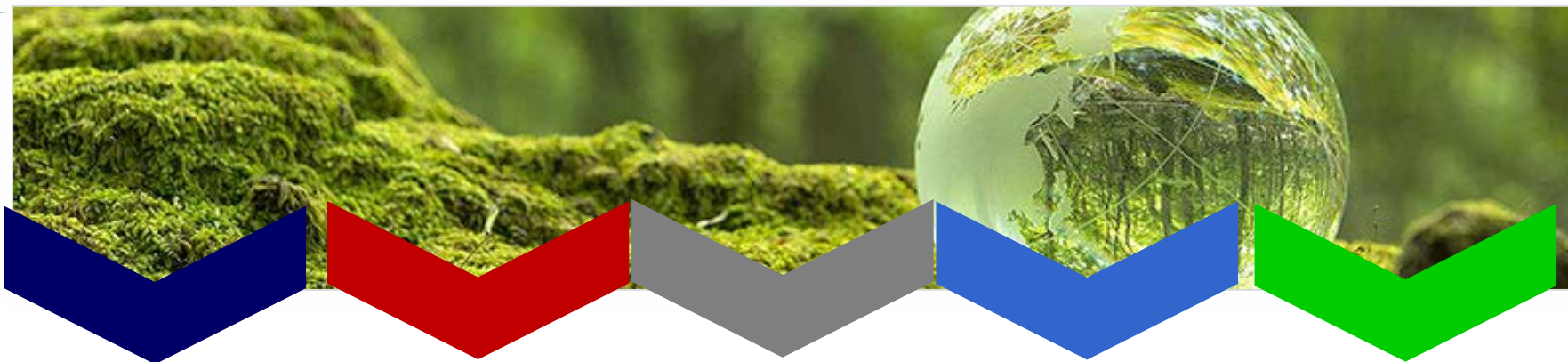
some examples:

- banking inclusion, risk management
- effectiveness, coop governance
- 100% digital employees training
- gender equality
- +90% of members
- reducing Crédit Mutuel Alliance Fédérale carbon printfoot with 30% goal
- 30% increase in funding for climate-impact projects



RSM policy: 5 goals-15 involments-250 projects





HR'commitment:

- Training: 6.4% of the total payroll
- General salary increase: +1% in 2018 (+1.5% in 2019)
- Record profit-sharing & participation rates
- Exceptional gratification paid to all employees (total of €54.2 million)

Achievement of environmental objectives:



- Projects with a high climate impact: 20% increase with €1.4 billion in credit commitments in 2018 in renewable
- Energies Eco-mobility loan: 0.75% fixed "TAEG" on hybrid/electric, 1.5% on petrol
- Stopping financing of coal-fired power plants and coal mining (strengthening of sectoral policies)
- Implementation of an internal carbon footprint compensation

Commitments to diversity and equal opportunities:

- 4,000 alternates will be recruited over the 2018/2020 period (+40%)
- Objective: a permanent contract offered to 80% of them
- 25% of the positions reserved for young people from priority districts or living in rural municipalities with a population of less than 5,000 inhabitants
- Potential green bond issue



Appendices

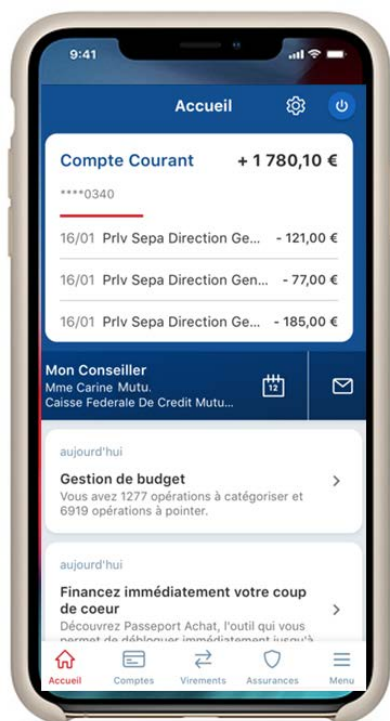


REVIEW of
**Customer Member Priority
Plan 2018**

Review of Customer Member Priority Plan 2018 : concrete answers to our goals

Make an easier life for our customers

Ratings as at 1st Feb 2019-on stores



Retail banks average	Android	rating nbers	iPhone	rating nbers	average	On line bks	Android	rating nbers	iPhone	rating nbers	average
Crédit Mutuel	4,4	24 653	4,3	117 725	4,32	Fortuneo	3,9	4 137	4,4	4 646	4,16
CIC	4,4	13 116	4,3	74 995	4,31	Monabanq	3,9	371	3,8	28	3,89
BRED	4,2	15 705	4,3	27 967	4,26	Banque Nickel	3,7	1 640	3,2	218	3,64
Société Générale	4,1	33 692	4	1 890	4,09	Max	3,5	602	3,8	344	3,61
Caisse d'Epargne	3,9	49 027	4	16 296	3,92	Orange Bank	3,3	4 133	3,2	2 736	3,26
LCL	3,9	30 194	3,7	3 716	3,88	ING Direct	3,2	4 754	2,8	562	3,16
Crédit Agricole	3,8	165 736	3,8	26 363	3,80	Boursorama	3,2	9 840	2,7	1 087	3,15
Banque Populaire	3,7	14 884	3,3	1 642	3,66	Hello Bank	2,7	2 105	2,9	402	2,73
Banque Postale	3,7	39 812	2,7	2 610	3,64						
HSBC France	3,3	73 728	4,4	29 924	3,62	Foreign banks	Android	rating nbers	iPhone	rating nbers	average
CMB Arkéa	3,5	3 081	2,8	190	3,46	Banques etrangeres	Android	Nb Notes	iPhone	Nb Notes	Moyenne
BNP Paribas	3,5	17 188	2,9	1 834	3,44	Revolut	4,8	214 943	4,9	41 326	4,82
Crédit du Nord	3,3	2 352	3,2	224	3,29	N26	4,3	30 276	4,8	23 344	4,52



Review of Customer Member Priority Plan 2018 : concrete answers to our goals

Enhancement of the functionalities of our websites

The screenshot displays the Crédit Mutuel website interface. The browser address bar shows the URL: <https://rqt-www.creditmutuel.fr/fr/banque/comptes-et-contrats.html>. The page title is "Comptes & Contrats" and the user is identified as "Ms XXXX". The navigation menu includes "Accueil", "Favoris", "COMPTES", "Situation", "Opérations", "Services", and "Profil". The main content area is titled "Comptes & Contrats" and shows a list of accounts under "Comptes courants" and "Épargne". A chatbot window is open on the right, displaying a message from "Crédit Mutuel" at 16:30: "Votre RIB/IBAN est accessible dans votre espace client, depuis la page consacrée à l'édition de document. Cliquez sur le lien pour poursuivre." The chatbot also shows a user query: "Ou puis je trouver mon RIB" and a link to "Consulter vos IBAN/Relevés d'identité bancaire".

Review of Customer Member Priority Plan 2018 : concrete answers to our goals

Artificial intelligence

100%
in the networks

visual & voice recognition

Simplify & make information
Retrieval more reliable



French economy

Key messages

Economic growth is holding up, but shown its weak points for 2019

- > Despite the good surprise linked to foreign trade, Q4 2018 growth highlighted the weaknesses weighing on domestic demand (stagnating household consumption, and slight growth in company investment).
- > Purchasing power being able to boost confidence and activity will be key to enabling growth to stay close to its potential (+1.5% in 2018 and in 2019), in a less buoyant global context

Growth will pick up gradually in a still complicated environment

- > **Consumption has the means to rebound.** The Yellow Vest demonstrations continued to disrupt consumer spending in France, but French household moroseness seems to be coming to an end, while purchasing power is showing a historically high rebound. The emergency measures at the end of 2018 are providing clear support (more than EUR10bn in 2019), as of Q1 2019 (unlike in 2018). They add to particularly favourable prospects: the recent decline in oil prices, ongoing job creations, and a step-up in wage growth
- > **Corporate investment set to remain high but suffer from global uncertainties.** The catch-up, which has gathered pace since 2017, will continue to drive investment, albeit at a lower pace amid uncertainty (China, Brexit, etc.). Companies will benefit from a cash surplus with transformation of the CICE competitiveness tax credit into lower charges, concomitant with payment of the 2018 CICE credit
- > **Conversely, household investment** is contracting after an exceptional period historically on the real estate market, with this component making a negative contribution to growth

Key events in recent weeks

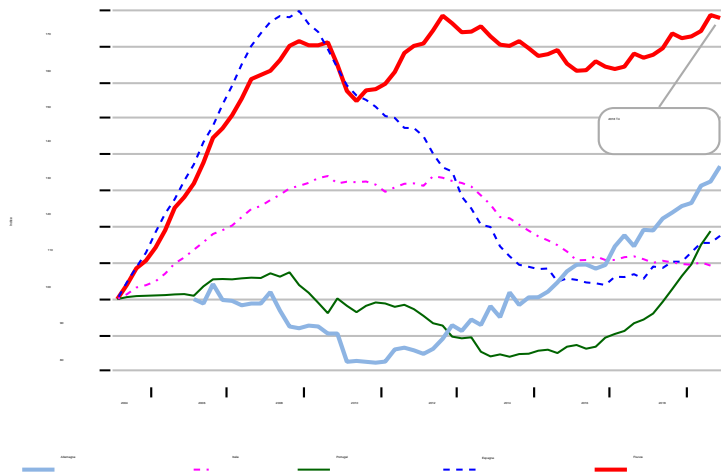
- > **France is still attractive despite the Yellow vests.** The latest Kantar study has confirmed that France ranks second in Europe with 87% of respondents viewing it as attractive, i.e., the same level as in the autumn prior to the social unrest
- > **Real estate has hit a soft patch.** Housing starts fell 7% in 2018, with a sharp decline at the year-end. The sector's contribution to growth is set to turn negative in 2019. Note that house prices stagnated in January according to the IPI/Les Echos index
- > **Unemployment continues to fall.** The number of category A jobseekers fell by 50,600 in Q4-2018 (vs. Q4-2017). Continuation of this trend in 2019 will underpin wage growth

Sources: CM-CIC Market Solutions - Feb 2019

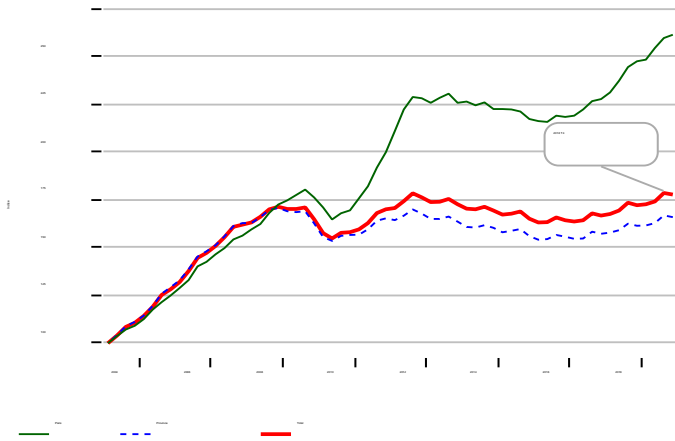
Conflicting signs for investment

Property activity is losing steam but prices are rising

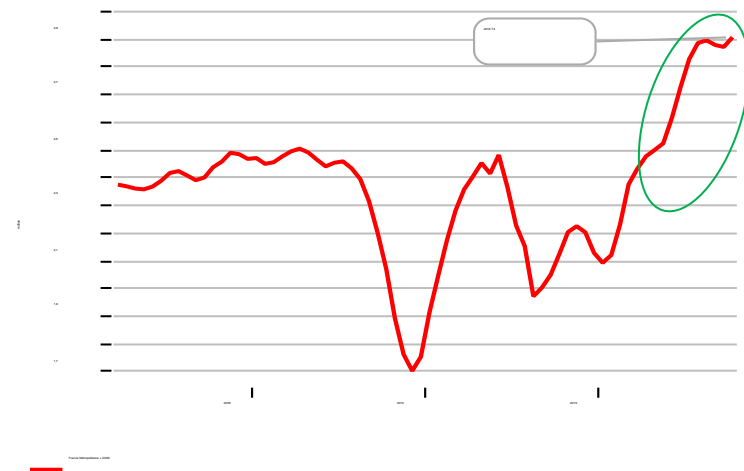
France: European house price indices (base 100 in 2003)



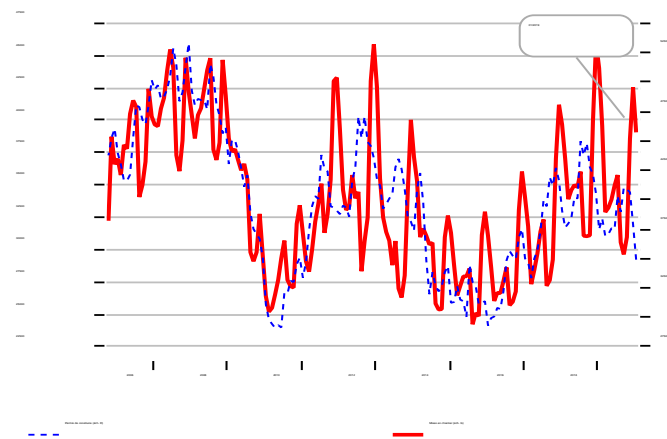
France: house price index (base 100 in 2003)



France: existing home sales (12-month total data)

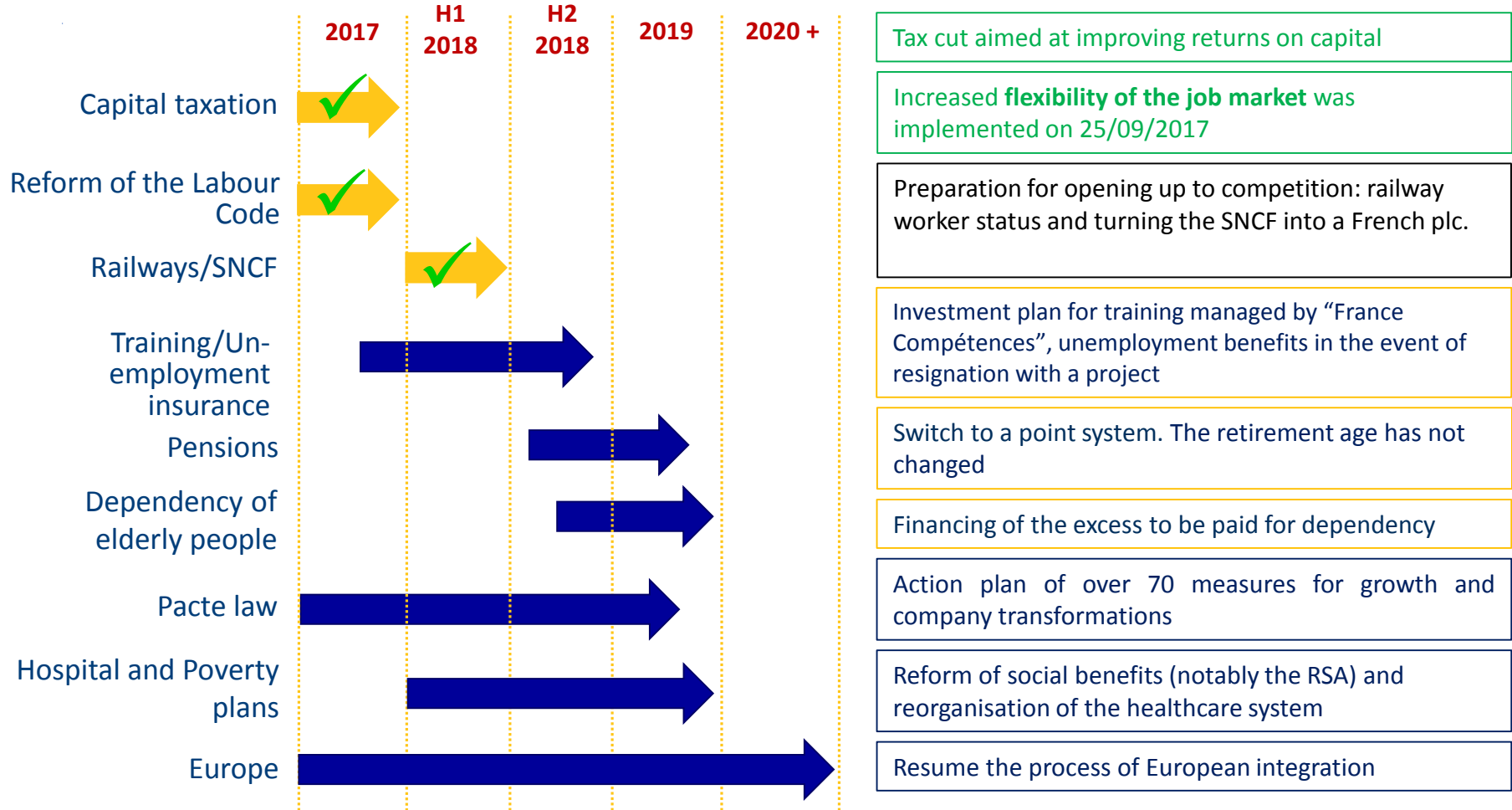


France: building permits and housing starts



Reform time frame

A programme delayed by social unrest



⇒ **The government will have to stick to its plans in 2019 in order to re-establish its credibility with investors, while several thorny subjects remain on the table**



Awards



Best French Bank in Western Europe 2019 for the fifth time
(Global Finance March 2019)



Preferred bank of French people
(Baromètre Image Posternak-IFOP, March 2019)



Bank of the year in France for the seventh time
(World Finance June 2018)



33rd World Bank at the TOP 1000 (The Banker, July 2018)
11th European bank at the TOP 250 (The Banker, September 2018)



#1 French bank and 5th largest commercial bank in the euro zone in the European Banking Authority's stress test (November 2018)



Gold Trophies for the best range of diversified funds over three years (network banks) for the 3rd time (Le Revenu - 2018)



Corbeilles - Mieux vivre votre argent
Performance as at 30 June 2018
Best range of diversified funds over 1 year (2nd consecutive year)
(Network banks category)

BANQUE FÉDÉRATIVE
Crédit  Mutuel

issuers' website:

www.bfcm.creditmutuel.fr

www.creditmutuelcic-sfh.com

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Home Loan SFH

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