Banque Fédérative du Crédit Mutuel

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PRESS RELEASE

BFCM Group
Sustained commercial activity and increased financial solidity

BFCM group, whose core business is retail banking (70% of NBI), recorded commercial gains and improved financial results while strengthening its financial solidity by maintaining close ties to its customers and addressing their concerns.

Results for the year ended December 31, 2014
Net income: €1,701m

Commercial activity
Support for its client base of private individuals, self-employed professionals, associations and corporates
loan outstandings up 6.5%, with investment loans up 4.9%
total deposits up 4.7% and current account deposits up 11.0%.

Financial results	**2014**	**2013[1]**
- Net banking income	€8,456m	€8,358m
- Net provision allocations/reversals for loan losses	-€748m	-€943m
- Net income	€1,701m	€1,484m

Financial solidity
CET1 capital ratio (Basel 3 – with transitional measures) of 14.5% for CM11 Group

[1] *2013 figures restated in accordance with IFRS 10/11*

Operating results

In 2014, the commitment of all staff members enabled the bank to best serve its client base of private individuals, associations, self-employed professionals and corporates.
Loan outstandings totaled €179 billion (+6.5 %) and deposits totaled €148 billion (+4.7%; excluding SFEF loans).

The retail bank continued to improve the quality of its branch network, with 2,523 branches in 2014. Customer loans in the retail bank grew by €2.7 billion to €149.3 billion (+1.9%). Total deposits amounted to €116.3 billion (+4.5%).

The insurance business also enjoyed strong growth, with a 2.4% increase in the number of policies to 25.5 million and a 6.0% increase in premium income to €10.3 billion.

Loan outstandings in the corporate banking activity totaled €11.5 billion (-3.8%) and those in the private banking activity €10.4 billion (+21.9%).

Financial results

Net banking income rose from €8,358 million in 2013 to €8,456 million at December 31, 2014 (+1.2%).

General operating expenses increased to €5.2 billion from €5.1 billion at December 31, 2013 (+2.0%).

Total net provision allocations/reversals for loan losses improved in 2014 by €195 million to €748 million. The actual net provision for known risks (excluding general provisions), as a proportion of total loan outstandings, fell from 0.50% to 0.42% and the overall non-performing loan coverage ratio was 67.5% as of December 31, 2014.

Net income amounted to €1,701 million, up 14.6% from €1,484 million in 2013.

BFCM is a subsidiary of CM11 Group. The latter's Common Equity Tier 1 capital ratio with transitional measures stands at 14.50% and the fully-loaded Common Equity Tier 1 capital ratio stands at 14.40%, one of the best in Europe. The total ratio stands at 17.90% and the leverage ratio at 4.90%. As of December 31, 2014, the shareholders' equity of CM11 Group totaled €34.9 billion and Common Equity Tier 1 capital totaled €26.3 billion.

CM11 Group's loans-to-deposits ratio stood at 121.8% as of December 31, 2014, in line with that in 2013.

The rating agencies confirmed in 2014 the long-term rating of la Banque Fédérative du Crédit Mutuel. The Group’s ratings remain among the highest assigned to any other French bank, and bear witness to its solid financial structure.

	Standard & Poor’s	Moody’s	Fitch Ratings
Long-term rating	A	Aa3	A+
Short term	A-1	P-1	F1
Outlook	*Negative*	*Negative*	*Stable*

Retail banking

Net banking income from retail banking stood at €6,007 million, compared with €6,123 million in 2013. General operating expenses were tightly controlled at €3,768 million. Net provision allocations/reversals for loan losses improved by €87 million to €775 million. Income before tax stood at €1,525 million, compared with €1,616 million.

Insurance

Net insurance income totaled €1,545 million, compared with €1,338 million in 2013. General operating expenses grew by 4.1% to €407 million. Income before tax stood at €1,082 million (+17.8%).

Corporate banking

Net banking income came to €359 million, compared with €314 million in 2013. Net provision allocations/reversals for loan losses rose by €13 million to €50 million as of December 31, 2013. Income before tax rose by 15.9% to €217 million.

Capital markets

As of December 31, 2014, net banking income totaled €358 million (€513 million in 2013). Net provision allocations/reversals for loan losses improved, with a net reversal of €79 million compared with an allocation of €7 million in 2013. Income before tax fell from €322 million in 2013 to €244 million in 2014.

Private banking

Net banking income increased from €444 million in 2013 to €458 million in 2014, while income before tax rose by 9.6% to €119 million.

Private equity

Net banking income came to €149 million in the year to December 31, 2014, compared with €119 million in 2013. Income before tax stood at €111 million, compared with €85 million. The investment portfolio totaled €1.8 billion, including €278 million of new investments in 2014. The portfolio consists of 459 investment lines.

Outlook for 2015

While contending with a number of challenges – economic and social, technological, competitive and regulatory – the Group's priorities are growth, adaptability and service quality. These requirements are key for the Group to maintain its identity and stand out from its competitors.
In the framework of its 2014-2016 medium-term plan, the group has set two priorities: the development of quality and the adaptation to new forms of customer behavior to cater to the needs of companies, professionals and individuals. This focus on concrete and forward-looking actions is a key part of the group's identity.
These priorities are maintained in 2015, with all efforts focused on improving NBI. This involves protecting loan outstandings, developing consumer credit, leasing and factoring and increasing insurance commissions and financial and telecoms commissions. Service and customer loyalty lie at the heart of these priorities.

Audit procedures have been performed on the consolidated financial statement. The audit certificate will be issued after finalization of the additional procedures required for the publication of the annual financial report.
Complete regulatory information, including the registration document, is available on the internet site www.bfcm.creditmutuel.fr and is published by BFCM in accordance with the provisions of Article L451-1-2 of the French Monetary and Financial Code and 222-1 and following of the General Regulations of the Autorité des Marchés Financiers (French financial markets authority - AMF).

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BFCM Group [*]

Key figures

(in million of euros)	Dec 2014	Dec 2013 restated to IFRS 10/11 [3]
Business		
Total assets	428,244	398,670
Loans and advances to customers, including lease-financing	179,105	168,159
Total savings [1]	443,258	415,505
- of which, customer deposits [1]	148,174	144,392
- of which, insurance products	62,710	58,585
- of which bank financial savings (under management and in custody)	232,374	212,528
Shareholders' equity		
Shareholders' equity	22,367	17,785
Employees, year end [2]	42,366	42,152
Number of branches	2,523	2,529
Number of customers (in million)	16.7	15.9

Financial results

Consolidated income statement (in million of euros)	Dec 2014	Dec 2013 restated to IFRS 10/11 [3]
NBI	8,456	8,358
General operating expenses	-5,249	-5,145
Operating income before provisions	3,206	3,213
Net provision allocations/reversals for loan losses	-748	-943
Operating income after provisions	2,458	2,269
Net gains/losses on other assets and equity affiliates	67	26
Income before tax	2,525	2,295
Corporate income tax	-824	-811
Net income	1,701	1,484
Net income - Group share	1,384	1,211

* Consolidated results of Banque Fédérative du Crédit Mutuel and its main subsidiaries: ACM, BECM, IT, etc. and including CIC, Targobank Germany, Cofidis and CIC Iberbanco
1 Issues by the SFEF are not taken into account in customer deposits
2 Employees of entities under group control
3 Restated to IFRS 10/11: consolidation by the equity method of the 50%-owned subsidiaries TARGO Spain and Banque Casino, initially consolidated by the proportional consolidation method