August 3, 2018

Update to the 2018 Registration Document

June 2018 interim financial report

The financial statements are unaudited but were subjected to a limited review

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CREDIT INDUSTRIEL ET COMMERCIAL (CIC) - A French société anonyme (corporation) with capital of €608,439,888 - 6 avenue de Provence, 75009 Paris
Swift CMCIFRPP – Tel. +33 (0)1 45 96 96 96 – www.cic.fr - Paris Trade and Companies Register no. 542 016 381 – ORIAS no. 07 25 723 (www.orias.fr)
A bank governed by Articles L. 511-1 et seq. of the French Monetary and Financial Code for transactions carried out in its capacity as insurance broker

This update to the 2017 Registration Document was filed with the AMF on August 3, 2018, pursuant to Article 212-13 of its General Regulations. It may be used in support of a financial transaction if accompanied by a memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

CIC Group

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FIRST HALF OF 2018

A darkening horizon

There were many signs of weakness in the first half of the year. After fears of a sharp increase in the price of money by the central banks following the rise in inflation (particularly in the US), the protectionist rhetoric between the United States and the rest of the world fueled concerns over global economic growth. These factors contributed to heightened volatility in the financial markets and kept risk aversion high, significantly limiting an increase in major sovereign yields while putting pressure on most stock indexes.

In the euro zone, the stabilization of economic growth was confirmed and economic statistics offered few pleasant surprises in the face of still-high expectations. At the same time, political risk made a big comeback after a coalition of two parties considered Euroskeptics (M5S and the League) came to power in Italy. However, these parties later managed to ease fears by expressing their desire to have Italy remain in the euro zone while complying with European fiscal rules. The positive signals coming from Spain and Greece were partly eclipsed by concerns over the stability of the German government. The marked depreciation of the euro against the main currencies since the beginning of the year also partly reflects the renewed political risk in Europe, while also including the postponement of the expected hike in the ECB’s key interest rates. The institution announced that it would reduce its support for the economy by discontinuing asset purchases by year-end and that, in its view, there would be enough growth and inflation to increase its key interest rates after the summer of 2019.

In France, growth remained high even though it returned to a more normal level (+2.2% in Q1 2018 on an annual basis vs. +2.8% in Q4 2017). Internal growth engines were mainly impacted by the slowdown in corporate investment in the first quarter. In the first half of the year, activity was also adversely affected by higher oil prices, which put a strain on households' purchasing power despite the first wave of reductions in employee contributions starting January 1, 2018. Temporary factors also limited growth in France, including a harsher winter and labor disputes in the transport sector.

Yet the pace of reform continues: reform of the SNCF is now underway, training and unemployment insurance reforms are being implemented, and pension reform is forthcoming.

In the United Kingdom, the Brexit negotiations continue to drag on. Although there seems to be a general agreement on a transition period lasting until the end of 2020, Theresa May's government continues to face internal pressures, particularly on the Northern Ireland border issue. Many uncertainties persist and are having an increasingly severe impact on activity across the Channel, while the Bank of England must choose between supporting the economy and combating inflation, which remains high.

In the United States, economic activity remains particularly strong due to the passing of tax reform at the end of 2017 and the agreement between Republicans and Democrats on the 2018 budget at the beginning of the year. Against this backdrop, the inflation rate is currently close to the 2% target announced by the Fed, enabling it to speed up its monetary tightening with two key interest rate hikes planned for this year in addition to those completed in March and June. Nevertheless, the prospect of the mid-term elections in November has clouded the picture, driving Donald Trump to turn up the volume on the world stage. This led to a reversal of the agreement made in 2015 with

Iran and increasingly serious and diverse protectionist threats against most of the country's trading partners. Following initial tariffs on steel and aluminum, Washington has set its sights on the auto industry and foreign investments in technology. This has fueled concerns about global growth itself and has negatively impacted all risky assets.

In China, President Xi Jinping continues to carry out the reforms approved during the last Congress of the Communist Party (pollution control, stabilization of the financial system and poverty reduction). Even so, business activity – particularly in terms of exports – has begun to feel the initial effects of the escalation of protectionist measures with the United States. The authorities, however, have been quick to react by raising expectations of monetary policy easing, which has helped drive down the yuan to a low point since the end of 2017, thereby holding economic growth at a level currently close to the government's target (official target of 6.5% in 2018).

Emerging countries, on the other hand, are finding it increasingly difficult to withstand the impacts of the growing protectionist pressures. Risk aversion has intensified capital flight, worsening the internal problems of certain countries (Argentina, Turkey and Brazil) by causing the value of most of emerging countries' currencies to plummet against the dollar. Emerging assets are also less attractive, while US government bonds (close to 3%) represent a relatively attractive investment alternative.

Oil prices continued to climb, driven by high demand and production difficulties in several countries (Venezuela, Libya and Angola), while a further increase in US production was hampered by logistical constraints. The high point followed the re-imposition of US sanctions against Iran in anticipation of a drop in that country's crude production. However, by announcing a significant hike in their production to limit the supply shortage, the OPEC countries and Russia helped curb the increase in crude prices.

GROUP ACTIVITY AND RESULTS

Analysis of the consolidated statement of financial position

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17	Jun-18 restated	Jun-17 restated	Change 1H18/1H17 restated
Loans and receivables due from customers	181 833	167 584	8,5%	182 154	167 747	8,6%
Due to customers	150 674	144 664	4,2%	150 665	144 664	4,1%
Customer funds invested in savings products*	205 027	197 015	4,1%	205 027	197 015	4,1%

**Outstandings of the operational activities.*

Loans/deposits ratio	120,7%	115,8%		120,9%	116,0%

The main changes in the consolidated statement of financial position items were as follows:

• Bank deposits totaled €150.7 billion, representing a rise of 4.1% from June 30, 2017, driven mainly by current accounts and passbook accounts in credit, which saw an increase in outstandings of 12.5% and
5.0%, respectively.

• Total loan outstandings reached €181.8 billion, up 8.6% from June 30, 2017. Equipment loans grew by 15.3% to €51.5 billion and home loans by 5.4% to €75.8 billion.

The “loans-to-deposits” ratio – the ratio of total net loans to bank deposits expressed as a percentage – was 120.7% at June 30, 2018 (120.9% at constant scope) compared to 115.8% a year earlier (116.0% at constant scope).

Customer funds invested in savings products[1] reached €205 billion, 4.1% higher than at June 30, 2017.

Shareholders’ equity totaled €14.7 billion.

The CET1 ratio at March 31, 2018 was 13.9% and estimated CET1 ("common equity tier 1") prudential capital totaled €14.7 billion. The leverage ratio at March 31, 2018 was 4.4%. These calculations are without transitional provisions.

During the half-year period, the ratings of the Standard & Poor's and Moody's rating agencies were confirmed. The ratings assigned by Fitch Ratings remained the same. CIC's ratings are as follows[2]:

	Standard & Poor's	Moody’s	Fitch Ratings
Short term	A-1	P-1	F1
Long term	A	Aa3	A+
Outlook	stable	stable	stable

[1] Outstandings under management - operating activities.

[2] *Standard & Poor’s:* ratings for the Crédit Mutuel Group; *Moody’s and Fitch*: ratings for the Crédit Mutuel CM11 Group.

Analysis of the consolidated income statement

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	**2 602**	**2 654**	**-2,0%**
Operating expenses	-1 635	-1 635	0,0%
Operating income before provisions	**967**	**1 019**	**-5,1%**
Net provision allocations/reversals for loan losses	-27	-61	-55,7%
Gains/(losses) on other assets & associates	86	78	10,3%
Income before tax	**1 026**	**1 036**	**-1,0%**
Corporate income tax	-247	-319	-22,6%
Net profit/(loss) on discontinued operations	0	5	N/A
Net income	**779**	**722**	**7,9%**
Net income attributable to the group	**774**	**715**	**8,3%**

Net banking income was €2.602 billion at June 30, 2018, down 2.0% compared to the first half of 2017. This decrease was mainly due to the weaker performance of capital markets activities in a difficult market context compared to the favorable environment in the first half of 2017.

At €1.635 billion, operating expenses held steady compared to the first half of 2017.

Operating income before provisions fell by 5.1% with a cost/income ratio of 62.8% versus 61.6% at June 30, 2017.

Net provision allocations/reversals for loan losses were down 55.7% to €27 million compared to €61 million at the end of the first half of 2017. Actual net provisioning for known risks decreased by €13 million, primarily in retail banking. The application of IFRS 9 resulted in an €11 million reversal of a provision for unverified risk compared to an allocation of €10 million at June 30, 2017 for collective provisions.
The ratio of non-performing loans to gross loans decreased from 3.0% at June 30, 2017 to 2.7% at June 30, 2018, and the overall coverage ratio was 58.9% at June 30, 2018 compared to 50.0% a year earlier.

The share of income of associates was €78 million compared to €81 million in the first half of 2017. In addition, net gains on disposals of non-current assets totaled €8 million (compared to a loss of €3 million for the period ended June 30, 2017).

Income before tax was €1.026 billion compared to €1.036 billion in the first half of 2017 (-1.0%).

With a €72 million decrease in corporate income tax, the increase in net income was 7.9%.

NB: The €5 million net gain on disposal at June 30, 2017 related to the private banking activities in Singapore and Hong Kong, the sale of which to Indosuez Wealth Management was finalized in early December 2017.

BUSINESS PERFORMANCE

<u>Description of business lines</u>

Retail banking encompasses the banking network consisting of the regional banks and the CIC network in Ile-de-France and the specialized businesses whose products are distributed mainly through the banking network: equipment and real estate leasing, factoring, receivables management, fund management, employee savings plans, insurance and real estate. The insurance business – which is accounted for using the equity method – is included in this business segment.

Corporate banking includes financing for major corporations and institutional clients, specialized lending and international operations.

Capital markets activities include the Investment in fixed-income, equity and foreign exchange activities business line and the commercial trading business line (CM-CIC Market Solutions).

Private banking offers a broad range of finance and private asset management expertise to entrepreneurs and private investors, both in France and abroad.

Private equity includes equity investments, M&A consulting and financial and capital markets engineering.

Holding company services include all unallocated activities.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose individual accounts are allocated on a cost accounting basis.

RESULTS BY BUSINESS SEGMENT

<u>Methodology notes</u>:

- Restated results at June 30, 2017: minor changes were made to segment reporting starting in the third quarter of 2017 because the banking subsidiaries activity (corporate banking) was assigned to the "holding company services" activity. Restated results are therefore presented for corporate banking and holding company services at June 30, 2017.
- Outstandings by business line are outstandings under management.

Retail banking

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	1 840	1 805	1,9%
Operating expenses	(1 201)	(1 208)	-0,6%
Operating income before provisions	639	597	7,0%
Net provision allocations/reversals for loan losses	(51)	(91)	-44,0%
Gains/(losses) on other assets & associates	78	79	-1,3%
Income before tax	666	585	13,8%
Corporate income tax	(210)	(200)	5,0%
Net income	456	385	18,4%
Net income attributable to the group	454	382	18,8%

Retail bankinsurance encompasses the CIC banking network and all the specialized subsidiaries whose products are distributed mainly through this network: equipment leasing and leasing with purchase options, real estate leasing, factoring, receivables management, fund management, employee savings plans and insurance.

In one year, deposits increased by 4.2% to €112.7 billion thanks to an increase in current accounts in credit (+11.2% to €55.9 billion), passbook accounts (+6.9% to €29.9 billion) and home savings (+4.8% to €11.0 billion).
Loan outstandings rose by 5.7% to €141.9 billion, with a 5.0% increase in home loans, a 6.5% increase in investment loans and a 9.9% increase in operating loans.

Net banking income from retail bankinsurance was €1.840 billion. It increased by 1.9% during the first half of 2018 thanks to a 2.2% rise in net fee and commission income and net interest of 1.9%, while the other components of net banking income were virtually unchanged.

At €1.201 billion (-0.6%), general operating expenses were similar to those at June 30, 2017.

Net provision allocations/reversals for loan losses fell from €91 million at June 30, 2017 to €51 million at June 30, 2018, with a €21 million decrease in actual net provisioning for known risks compared to June 30, 2017 and no provision for unverified risk versus an allocation of €19 million at June 30, 2017.

Income before tax increased by 13.8% to €666 million.

Banking network

At June 30, 2018, the banking network had 5,092,825 customers (+1.5% compared to June 30, 2017).
Loan outstandings increased by 5.6% to €124.1 billion. With the exception of current accounts in debit and other loans, which decreased by 4.8%, all loans increased, particularly home loans (+5.0%). Investment loans also increased significantly by 8.7% and operating loans rose by 7.4%.
Deposits amounted to €112.7 billion (+4.2% compared to end-June 2017) as a result of an increase in current accounts in credit (11.2%), passbook accounts (6.9%) and home savings (4.8%).

Customer funds invested in savings products rose by 2.5% to €60.0 billion compared to €58.6 billion at end-June 2017 thanks to an increase in life insurance products (2.5%), safekeeping (5.7%) and employee savings (8.5%).
Excellent growth in insurance and services

The insurance business continued to grow. The number of property and casualty insurance contracts was 5,232,806 (up 5.5 % compared to end-June 2017).

Service activities rose by:
- 10.8% in remote banking with 2,607,655 contracts,
- 7.7% in mobile phone service (499,420 contracts),
- 4.1% in electronic payment terminals (143,339 contracts),
- 3.8% in theft protection (101,125 contracts).

The network's net banking income rose by 2.3% to €1.730 billion compared to €1.691 billion a year earlier. Net interest increased by 3.2% given the positive effect of the reversal of the home savings provision. Commission income also grew by 1.6% despite a sharp decrease in loan fees (after the number and amount of renegotiation and early repayment requests returned to normal).
At €1.123 billion, general operating expenses were tightly controlled, decreasing by 0.5 % compared to June 30, 2017.
Operating income before provisions therefore increased by 8.0% to €607 million.
Net provision allocations/reversals for loan losses fell by €40 million to €48 million, with changes in known risk and unverified risk each contributing to one-half of this decrease.
The banking network recorded income before tax of €559 million at June 30, 2018 compared to €472 million at June 30, 2017, an increase of 18.4%.

Retail banking's support businesses

The retail bankinsurance support businesses generated net banking income of €110 million at end-June 2018 compared to €114 million at end-June 2017. Income before tax was €107 million compared to €113 million at the end of the first half of 2017 after taking into account the share of income of the Crédit Mutuel CM11 Group's insurance business, which was €77 million compared to €80 million a year earlier.

Private banking

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	250	263	-4,9%
Operating expenses	(179)	(171)	4,7%
Operating income before provisions	71	92	-22,8%
Net provision allocations/reversals for loan losses	(6)	1	NA
Gains/(losses) on other assets & associates	8	(1)	NA
Income before tax	73	92	-20,7%
Corporate income tax	(16)	(21)	-23,8%
Net profit/(loss) on discontinued operations	0	5	NA
Net income	57	76	-25,0%
Net income attributable to the group	57	76	-25,0%

The companies that make up this business line operate both in France through CIC Banque Transatlantique and abroad through the Banque de Luxembourg, Banque CIC Suisse, Banque Transatlantique Luxembourg, Banque Transatlantique Belgium and Banque Transatlantique London subsidiaries.
Based on a comparable scope of consolidation (excluding the private banking activity in Singapore and Hong Kong), private banking deposits increased over the year by 5.4% to €20.8 billion and customer funds invested in group savings products rose by 4.4% to €95.1 billion. Loan outstandings increased by 8.1% to €12.4 billion.
Net banking income was €250 million compared to €263 million at June 30, 2017, down 4.9% with a 12.1% drop in commission income, which did not include all the income of the asset management subsidiaries.
General operating expenses totaled €179 million (+4.7%).
With regard to net provision allocations/reversals for loan losses, there was an allocation of €6 million compared to a reversal of €1 million at June 30, 2017.

Income before tax amounted to €73 million compared to €92 million at end-June 2017. It should be noted that net income in the first half of 2017 included a net gain of €5 million on the disposal of the private banking business in Singapore and Hong Kong, which was sold in late 2017.

Corporate banking

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	173	175	-1,1%
Operating expenses	(58)	(58)	0,0%
Operating income before provisions	115	117	-1,7%
Net provision allocations/reversals for loan losses	29	21	N.A.
Income before tax	144	138	4,3%
Corporate income tax	(49)	(46)	6,5%
Net income	95	92	3,3%

* Reassignment in June 2017 of the banking subsidiaries activity, previously classified under corporate banking, to holding company services.

The corporate banking business line provides services to large corporate and institutional customers with a holistic approach to their requirements. It also supports the corporate networks' work on behalf of their major customers and contributes to the development of international business and the implementation of specialized financing.

The results in the first half of 2018 were affected by the decrease in the dollar against the euro.

Loan outstandings in corporate banking rose by 9.6% to €18.6 billion at June 30, 2018 at constant scope.

In the first half of 2018, net banking income was €173 million (€175 million at June 30, 2017), with a drop in commission income from specialized financing.

General operating expenses held steady at €58 million despite a contribution to the Single Resolution Fund (SRF) that was €3 million more than last year.

Operating income before provisions came to €115 million versus €117 million in the first half of 2017.

In terms of net provision allocations/reversals for loan losses, there was a net reversal of €29 million compared to a net reversal of €21 million at June 30, 2017.

Income before tax therefore stood at €144 million, up 4.3% compared to June 30, 2017.

Capital markets activities

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	154	275	-44,0%
Operating expenses	(121)	(112)	8,0%
Operating income before provisions	33	163	-79,8%
Net provision allocations/reversals for loan losses	2	6	-66,7%
Income before tax	35	169	-79,3%
Corporate income tax	(16)	(59)	-72,9%
Net income	19	110	-82,7%
Net income attributable to the group	16	106	-84,9%

In contrast to favorable conditions in the first half of 2017, the capital markets environment was more complex during the first six months of the year with, in particular, uncertainties regarding political risk in Italy and US protectionist measures. This helped drive down the income of the "investment" activity in France of CM-CIC Marchés, which nevertheless generated income in line with its budget.
Net banking income was down 44.0% after allocation of income resulting from commercial transactions to the activities and entities that monitor customers.
General operating expenses rose by 8.0% as a result of a €12 million increase in the contribution to the SRF.
With regard to net provision allocations/reversals for loan losses, there was a reversal of €2 million at June 30, 2018 compared to a reversal of €6 million at June 30, 2017.

Income before tax amounted to €35 million versus €169 million the previous year.

Private equity

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17
Net banking income	221	169	30,8%
Operating expenses	(24)	(25)	-4,0%
Operating income before provisions	197	144	36,8%
Income before tax	196	144	36,1%
Corporate income tax	0	2	-100,0%
Net income	196	146	34,2%
Net income attributable to the group	196	146	34,2%

This activity is carried out by CM-CIC Investissement, which has its head office in Paris and offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, thereby ensuring close ties to customers while gradually entering a phase of international development.

The group's proprietary investment portfolio totaled €2.3 billion at June 30, 2018, including 89% in unlisted companies. The portfolio consists of 339 non-fund holdings, the vast majority of which are in companies that are group customers. Since the beginning of the year, more than €153 million have been invested by all the entities of the private equity division, with divestments totaling €354 million. Funds managed on behalf of third parties totaled €174 million.

As a result of capital gains on disposals, net banking income increased by 30.8% to €221 million at June 30, 2018 compared to €169 million at June 30, 2017.
General operating expenses decreased from €25 million to €24 million.

Income before tax grew by 36.1% to €196 million.

Holding company services[3]

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17	Jun-17 restated*	Change* 1H18/1H17
Net banking income	(36)	(33)	9,1%	(41)	-12,2%
Operating expenses	(52)	(61)	-14,8%	(61)	-14,8%
Operating income before provisions	(88)	(94)	-6,4%	(102)	-13,7%
Net provision allocations/reversals for loan losses	0	2	-100,0%	2	-100,0%
Income before tax	(88)	(92)	-4,3%	(100)	-12,0%
Corporate income tax	44	5	780,0%	8	450,0%
Net income	(44)	(87)	-49,4%	(92)	-52,2%
Net income attributable to the group	(44)	(87)	-49,4%	(92)	-52,2%

* Reassignment in June 2017 of the banking subsidiaries activity, previously classified under corporate banking, to holding company services.

The net banking income of the group's holding company services was -€36 million compared to -€41 million at June 30, 2017.

General operating expenses totaled €52 million versus €61 million at end-June 2017, mainly as a result of the €5 million decrease in the contribution to the SRF charged to this entity.

The loss before tax was therefore €88 million compared to a loss of €100 million at the end of the first half of 2018.

Corporate income tax generated €44 million in income compared to €8 million at June 30, 2017.

As a result, net income attributable to the group was -€44 million compared to -€92 million at June 30, 2017.

[3] The data at June 30, 2017 indicated in the comment was calculated after the transfer of the banking subsidiaries activity from corporate banking to holding company services.

METHODOLOGY NOTES

1/ Application of IFRS 9 in 2018:
Outstandings were restated in order to measure changes in them:

	Jun-18	Jun-17	Chg. June 2018 /June 2017
Net customer loans	181 833	167 584	8,5%
Of which IFRS 9 impact	*-321*		
Of which collective provisions		*-163*	
Total loans excluding IFRS 9 impact and collective provision	**182 154**	**167 747**	**8,6%**

	Jun-18	Jun-17	Chg. June 2018 /June 2017
Net customer deposits	150 674	144 664	4,2%
Of which IFRS 9 impact	9		
Total deposits excluding IFRS 9 impact	**150 665**	**144 664**	**4,1%**

2/ Restated results at June 30, 2017:
Minor changes were made to segment reporting starting in the third quarter of 2017 because the banking subsidiaries activity (corporate banking) was assigned to the "holding company services" activity.
Restated results and outstandings are therefore presented for corporate banking at June 30, 2017:

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17	Jun-17 restatements	Jun-17 restated*	Change* 1H18/1H17
Net banking income	173	175	-1,1%	8	183	-5,5%
Operating expenses	(58)	(58)	0,0%	0	(58)	0,0%
Operating income before provisions	115	117	-1,7%	8	125	-8,0%
Net provision allocations/reversals for loan losses	29	21	N.A.	0	21	38,1%
Income before tax	144	138	4,3%	8	146	-1,4%
Corporate income tax	(49)	(46)	6,5%	(3)	(49)	0,0%
Net income	95	92	3,3%	5	97	-2,1%
Net income attributable to the group	95	92	3,3%	5	97	-2,1%

* Reassignment in June 2017 of the banking subsidiaries activity, previously classified under corporate banking, to holding company services.

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17	Jun-17 restatements	Jun-17 restated*	Change 1H18/1H17 restated
Customer loans	18 553	17 417	6,5%	-494	16 923	9,6%

And for holding company services:

(in € millions)	Jun-18	Jun-17	Change 1H18/1H17	Jun-17 restatements	Jun-17 restated*	Change* 1H18/1H17
Net banking income	(36)	(33)	9,1%	-8	(41)	-12,2%
Operating expenses	(52)	(61)	-14,8%	0	(61)	-14,8%
Operating income before provisions	(88)	(94)	-6,4%	-8	(102)	-13,7%
Net provision allocations/reversals for loan losses	0	2	-100,0%	0	2	-100,0%
Income before tax	(88)	(92)	-4,3%	(8)	(100)	-12,0%
Corporate income tax	44	5	780,0%	3	8	450,0%
Net income	(44)	(87)	-49,4%	(5)	(92)	-52,2%
Net income attributable to the group	(44)	(87)	-49,4%	(5)	(92)	-52,2%

* Reassignment in June 2017 of the banking subsidiaries activity, previously classified under corporate banking, to holding company services.

ALTERNATIVE PERFORMANCE INDICATORS

Article 223-1 of the General Regulations of the French financial markets authority (*Autorité des Marchés Financiers* - AMF)

Term	Definition/calculation method	For the ratios, justification of use
Cost/income ratio	Ratio calculated from items in the consolidated income statement: ratio of general operating expenses (sum of the “general operating expenses” and “allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets” items in the consolidated income statement) to “IFRS net banking income”	Measure of the bank’s operational efficiency
Net provision allocations/reversals for loan losses	Item “net provision allocations/reversals for loan losses” in the publishable consolidated income statement	Measures the risk level
Customer loans	“Loans and receivables due from customers” item on the asset side of the consolidated statement of financial position	Measures customers' activity in terms of credit
Customer deposits; bank deposits	Item “amounts due to customers" on the liabilities side of the consolidated statement of financial position.	Measures customers' activity in terms of statement of financial position sources of funds
Savings; customer funds invested in savings products	Off-statement of financial position savings products held by our customers or under custody (securities accounts, mutual funds, etc.) - and life insurance products held by our customers - management data	Measures customers' activity in terms of off-statement of financial position sources of funds
Operating expenses, general operating expenses, management fees	Sum of lines “General operating expenses” and “Allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets”	Measures the level of operating expenses
Interest margin, net interest revenue, net interest income	Calculated from items in the consolidated income statement: Difference between the interest received and the interest paid: - interest received = "interest income" item in the publishable consolidated income statement - interest paid = "interest expense" item in the publishable consolidated income statement	Representative measure of profitability
Net provision allocations/reversals for loan losses with unverified risk	Application of IFRS 9 (IAS 39 for June 2017). Impairment is recorded for all financial assets for which there is no individual objective evidence of impairment.	Measures the level of unverified risk

Net loans / customer deposits ratio	Ratio calculated from items in the consolidated statement of financial position: ratio expressed as a percentage between total customer loans (“loans and receivables due from customers” item on the asset side of the consolidated statement of financial position) and customer deposits (“amounts due to customers” item on the liabilities side of the consolidated statement of financial position)	Measures the dependency on external refinancing
Non-performing customer loan ratio	Ratio of non-performing customer loans to gross customer outstanding loans	Measures the share of non-performing loans in customer loans
Coverage ratio	Determined by calculating the ratio of provisions for credit risk to the gross outstandings identified as in default in accordance with regulations.	This coverage rate measures the maximum residual risk associated with loans in default (“non-performing loans")

Alternative performance indicators: reconciliation with the financial statements

Net loans/customer deposits ratio		Jun-18	Jun-17
Loans and receivables due from customers	Assets	181,833	167,584
Due to customers	Liabilities	150,674	144,664
Net loans/customer deposits ratio		120.7%	115.8%

General operating expenses		Jun-18	Jun-17
General operating expenses	Note 33	(1,576)	(1,570)
Allocations to/reversals of provisions for depreciation, amortization and impairment of property, plant and equipment and intangible assets	Note 34	(59)	(65)
General operating expenses		(1,635)	(1,635)

Operating ratio		Jun-18	Jun-17
- General operating expenses	Notes 33 and 34	1,635	1,635
Net banking income	Income statement	2,602	2,654
Operating ratio		62.8%	61.6%

Net additions to/reversals from provisions for customer loan losses		Jun-18	Jun-17
Actual net provisioning for known risks		(38)	(51)
Net provision allocations/reversals for loan losses with unverified risk	June 2017: IAS 39, June 2018: IFRS 9	11	(10)
Net provision allocations/reversals for loan losses	Note 35	(27)	(61)

Non-performing customer loan ratio		Jun-18	Jun-17
Non-performing customer loans	Note 8	4,898	5,150
Customer loans - impairment	Note 8	181,833	167,366
Non-performing customer loan ratio		2.7%	3.1%

Non-performing loan coverage		Jun-18	Jun-17
- Asset impairment excluding country risk and prov. IFRS 9	Note 8	2,885	2,576
Non-performing loans	Note 8	4,898	5,150
Overall non-performing loan coverage ratio		58.9%	50.0%

ACCOUNTING PRINCIPLES AND METHODS

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2017. This IFRS framework includes IAS 1 to 41, IFRS 1 to 13 and any SIC and IFRIC interpretations adopted at that date. The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

These interim financial statements have been prepared in accordance with IAS 34 relating to interim financial reporting, which allows the publication of condensed financial statements. They supplement the financial statements for the year ended December 31, 2017 presented in the 2017 Registration Document.

The Group's business is not subject to seasonal or cyclical effects. Estimates and assumptions may have been used in the valuation of statement of financial position items.

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:

- classification and measurement of financial instruments (phase 1),
- impairment provisions for the credit risk of 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 statement of financial position at January 1, 2018 (impact on shareholders' equity), with no obligation to restate the periods presented for comparative purposes. The group is therefore presenting its 2018 financial statements without adjusting the comparative figures to comply with the IFRS 9 format, and the 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 notes. The group is not applying phase 3, which is optional; hedging is therefore recognized according to IAS 39 as adopted by the European Union.

The application of IFRS 9 concerns all the group's activities except the insurance divisions, which are governed by the Conglomerate directive and may defer application until 2021, as provided by the amendment to IFRS 4 as adopted by the European Union. To be eligible for this deferral, certain conditions must be met, i.e. a financial instrument may not be transferred between the insurance division and other sections of the conglomerate which would lead to a derecognition of the instrument, except for instruments measured at fair value through profit or loss by both sections.

The principles of IFRS 9 applied by the group are presented in detail in section 3.1 of Note 1 to the consolidated financial statements at June 30, 2018.

✓ IFRS 15

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

Under IFRS 15, revenue is recognized when control of the good (or service) is transferred to a customer in the amount to which the seller expects to be entitled.

To this end, the standard has developed a five-stage model enabling the entity to determine when and in what amount the revenue from its ordinary activities must 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, and the method of recognizing business revenue was therefore unchanged.

- Other amendments have little or no impact for the group.

They concern:

- 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,
    - 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.

Changes in consolidation scope during the first half of 2018:

- Change in the percentage of interest in GACM to 18.50% versus 20.52% previously;
- Acquisition of non-controlling interests in CM-CIC Bail (from the other Crédit Mutuel CM11 group entities).

RELATED PARTIES

Information on related-party transactions during the first six months of this year is provided in Note 33 to the consolidated financial statements at June 30, 2018.

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2018

RISKS

The nature and level of risks to which the Group is exposed relative to the risk factors did not undergo any major changes compared to the situation described in pages 86 to 203 in the Financial Items section of the 2017 Registration Document and Annual Financial Report, with the exception of credit risk and sovereign risks.

Credit risk
At the request of the market supervisor and regulator, the sensitive exposures based on the recommendations of the Financial Stability Board are presented in Note 7d to the consolidated financial statements.

Sovereign risks
Outstandings and detailed information are presented in Note 7b to CIC's consolidated financial statements.

UNCERTAINTIES

During the second half of the year, there is a risk that political uncertainties and protectionist fears may reduce growth potential. However, the underlying trends remain favorable and we expect the economic cycle to remain on track. In the United States, the fiscal stimulus plan may drive global growth. In the developed countries and particularly in Europe, the upward-trending job market is boosting consumption and investment momentum is strong given the need to respond to companies' order backlogs. Although European political risks (Italy and Germany) are impacting the exchange rate of the euro, the drop in the single currency will help boost activity and inflation, allowing the ECB to continue to gradually tighten its monetary policy, which will support the upward movement in global sovereign yields.
However, several factors could undermine our scenario:

- An escalation of protectionist measures on a global scale triggering a sudden disruption of the growth cycle, which would also prevent sovereign yields from rising by encouraging capital flows to safe haven assets;
- Heightened tensions in Europe in terms of the political stability of leading countries (Italy as well as Germany), and even a risk of a weakening of Europe and the euro zone (migratory flows, ability to meet budgetary targets);
- A sudden increase in certain components of inflation, including oil prices, which would put a strain on households' purchasing power for an extended period of time.

2. Condensed consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

AT June 30, 2018

FINANCIAL STATEMENTS

Statement of financial position - Assets

in € millions	06.30.2018	01.01.2018	Notes
Cash and amounts due from central banks	35 991	28 045	**4**
Financial assets at fair value through profit or loss	18 139	15 026	**5a**
Derivatives used for hedging purposes	538	559	**6a**
Financial assets at fair value through other comprehensive income	9 791	9 369	**7**
Securities at amortized cost	2 813	2 849	**8a**
Loans and receivables due from credit and similar institutions at amortized cost	32 801	27 431	**8b**
Loans and receivables due from customers at amortized cost	181 833	171 342	**8c**
Remeasurement adjustment on interest-rate risk hedged portfolios	347	367	**6b**
Current tax assets	572	753	**10a**
Deferred tax assets	380	367	**10b**
Accruals and other assets	6 206	5 088	**11**
Non-current assets held for sale	0	0	
Deferred profit-sharing	0	0	
Investments in associates	1 863	1 821	**12**
Investment property	32	32	**13**
Property and equipment	1 269	1 286	**14a**
Intangible assets	182	180	**14b**
Goodwill	33	33	**15**
Total assets	**292 790**	**264 548**	

Statement of financial position - Liabilities and equity

in € millions	06.30.2018	01.01.2018	Notes
Central banks	0	0	
Financial liabilities at fair value through profit or loss	5 916	5 180	**16**
Derivatives used for hedging purposes	1 914	2 213	**6a**
Due to credit and similar institutions at amortized cost	85 984	69 648	**17a**
Amounts due to customers at amortized cost	150 674	144 143	**17b**
Debt securities at amortized cost	23 559	21 762	**17c**
Remeasurement adjustment on interest-rate risk hedged portfolios	-250	-282	**6b**
Current tax liabilities	315	260	**10a**
Deferred tax liabilities	275	257	**10b**
Accruals and other liabilities	6 532	3 398	**18**
Liabilities associated with non-current assets held for sale	0	0	
Provisions	968	1 098	**19a**
Subordinated debt at amortized cost	2 235	2 098	**20**
Total equity	**14 668**	**14 773**	
Shareholders' equity attributable to the Group	**14 617**	**14 716**	
Subscribed capital	608	608	
Share premiums	1 088	1 088	
Consolidated reserves	12 018	11 657	
Gains and losses recognized directly in shareholders' equity	129	88	**21a**
Net income for the year	774	1 275	
Non-controlling interests	**51**	**57**	
Total liabilities and equity	**292 790**	**264 548**	

Statement of financial position at December 31, 2017 in IAS 39 format

Statement of financial position - Assets

(in € millions)	**December 31, 2017**
Cash and amounts due from central banks	28 045
Financial assets at fair value through profit or loss	14 415
Derivatives used for hedging purposes	559
Available-for-sale financial assets	12 201
Loans and receivables due from credit institutions	23 405
Loans and receivables due from customers	171 952
Remeasurement adjustment on interest-rate risk hedged portfolios	367
Held-to-maturity financial assets	9
Current tax assets	753
Deferred tax assets	291
Accruals and other assets	9 491
Non-current assets held for sale	0
Investments in associates	1 821
Investment property	32
Property and equipment and finance leases (lessee accounting)	1 286
Intangible assets	180
Goodwill	33
Total assets	**264 840**

Statement of financial position - Liabilities and equity

(in € millions)	**December 31, 2017**
Due to central banks	0
Financial liabilities at fair value through profit or loss	5 180
Derivatives used for hedging purposes	2 213
Due to credit institutions	68 451
Due to customers	144 134
Debt securities	21 762
Remeasurement adjustment on interest-rate risk hedged portfolios	(282)
Current tax liabilities	260
Deferred tax liabilities	298
Accruals and other liabilities	4 604
Liabilities associated with non-current assets held for sale	0
Provisions	999
Subordinated debt	2 098
Equity	15 123
. Shareholders' equity attributable to the group	**15 058**
- Subscribed capital	*608*
- Share premiums	*1 088*
- Consolidated reserves	*11 766*
- Unrealized gains and losses recognized directly in shareholders' equity	*321*
- Net income for the year	*1 275*
. Non-controlling interests	65
Total liabilities and equity	**264 840**

Income statement

in € millions	06.30.2018	06.30.2017	Notes
Interest income	3 775	3 659	**23**
Interest expense	-2 747	-2 639	**23**
Commission income	1 322	1 345	**24**
Commission expense	-308	-310	**24**
Net gains on financial instruments at fair value through profit or loss	481	486	**25**
Net gains/(losses) on financial assets at fair value through other comprehensive income (2018) / on available-for-sale financial assets (2017) (1)	60	99	**26**
Income from other activities	58	51	**27**
Expenses on other activities	-39	-37	**27**
Net banking income	**2 602**	**2 654**	
Payroll costs	-889	-892	**28a**
Other general operating expenses	-687	-678	**28c**
Alloc/rev of depreciation, amortization and provisions for property, plant and equipment and intangible assets	-59	-65	**28d**
Operating income before provisions	**967**	**1 019**	
Net provision allocations/reversals for loan losses	-27	-61	**29**
Operating income after provisions	**940**	**958**	
Share in net income/(loss) of associates	78	81	
Gains/(losses) on other assets	8	-3	**30**
Changes in goodwill	0	0	**15**
Income before tax	**1 026**	1 036	
Corporate income tax	-247	-319	**31**
Net gains/(losses) on discontinued operations	**0**	5	
Net income/(loss)	**779**	**722**	
Income/(loss) - Non-controlling interests	5	7	
Net income attributable to the Group	**774**	**715**	
Basic earnings per share (in €)	20,47	18,91	**32**
Diluted earnings per share (in €)	20,47	18,91	**32**

(1) includes gains/(losses) on loans and receivables for 2017

Net income and gains/(losses) recognized directly in shareholders' equity

in € millions	06.30.2018	06.30.2017
Net income	**779**	**722**
Translation adjustments	27	-68
Remeasurement of financial assets at fair value through other comprehensive income - debt instruments	27	60
Remeasurement of hedging derivatives	-0	1
Share of unrealized or deferred gains and losses of associates	-21	-22
Total gains and losses recognized directly in shareholder's equity that may be recycled to profit or loss	**33**	**-29**
Remeasurement of financial assets at fair value through other comprehensive income - equity instruments at end of period	18	31
Actuarial gains and losses on defined benefit plans	0	7
Share of non-recyclable gains and losses of associates	-9	7
Total gains and losses recognized directly in shareholder's equity that may not be recycled to profit or loss	**9**	**45**
Net income and gains and losses recognized directly in shareholders' equity	**821**	**738**
Attributable to the group	816	731
Of which non-controlling interests	5	7

CIC Group
June 30, 2018

in € millions	Shareholders' equity attributable to the group										Non-controlling interests	Total consolidated equity
	Share capital	tional paid-in ca	Elimination of treasury shares	Reserves (1)	Gains and losses recognized directly in shareholders' equity				Net income	Total		
					Translation adjustments	Assets at FVOCI (2)	Hedging instruments	Actuarial gains and losses				
Balance at Jan. 1, 2017	**608**	**1 088**	**(55)**	**10 807**	**97**	**214**	**0**	**(56)**	**1 352**	**14 055**	**62**	**14 117**
Appropriation of prior year earnings				1 352					(1 352)	0		0
Dividends paid				(340)						(340)	(10)	(350)
Acquisitions of additional equity investments or partial disposals of equity investments										0		0
Sub-total:movements arising from shareholder relations	**0**	**0**	**0**	**1 012**	**0**	**0**	**0**	**0**	**(1 352)**	**(340)**	**(10)**	**(350)**
Consolidated net income for the period									715	715	7	722
Translation adjustments					(68)					(68)		(68)
Changes in fair value of FVOCI assets (2)						76				76		76
Changes in fair value of hedging instruments							1			1		1
Changes in actuarial gains and losses								7		7		7
Sub-total	**0**	**0**	**0**	**0**	**(68)**	**76**	**1**	**7**	**715**	**731**	**7**	**738**
Other movements				(1)	1			(1)		(1)		(1)
Balance at June 30, 2017	**608**	**1 088**	**(55)**	**11 818**	**30**	**290**	**1**	**(50)**	**715**	**14 445**	**59**	**14 504**
Balance at July 1, 2017	**608**	**1 088**	**(55)**	**11 818**	**30**	**290**	**1**	**(50)**	**715**	**14 445**	**59**	**14 504**
Movements in treasury shares			(1)							(1)		(1)
Acquisitions of additional equity investments or partial disposals of equity investments										0		0
Sub-total:movements arising from shareholder relations	**0**	**0**	**(1)**	**0**	**0**	**0**	**0**	**0**	**0**	**(1)**	**0**	**(1)**
Consolidated net income for the period									560	560	6	566
Translation adjustments					(41)					(41)		(41)
Changes in fair value of FVOCI assets (2)						81				81	(1)	80
Changes in fair value of hedging instruments										0		0
Changes in actuarial gains and losses								12		12		12
Sub-total	**0**	**0**	**0**	**0**	**(41)**	**81**	**0**	**12**	**560**	**612**	**5**	**617**
Effects of acquisitions and disposals on non-controlling interests				1		(1)				0	1	1
Other movements				3	(1)		(1)	1		2		2
Balance at Dec. 31, 2017	**608**	**1 088**	**(56)**	**11 822**	**(12)**	**370**	**0**	**(37)**	**1 275**	**15 058**	**65**	**15 123**
Impact of first-time application of IFRS 9				(109)		(233)				(342)	(8)	(350)
Balance at Jan. 1, 2018	**608**	**1 088**	**(56)**	**11 713**	**(12)**	**137**	**0**	**(37)**	**1 275**	**14 716**	**57**	**14 773**
Appropriation of prior year earnings				1 275					(1 275)	0		0
Dividends paid				(945)						(945)	(7)	(952)
Acquisitions of additional equity investments or partial disposals of equity investments				51		(19)				32	(4)	28
Sub-total:movements arising from shareholder relations	**0**	**0**	**0**	**381**	**0**	**(19)**	**0**	**0**	**(1 275)**	**(913)**	**(11)**	**(924)**
Consolidated net income for the period									774	774	5	779
Gains/(losses) on disposal recognized directly in shareholders' equity				(25)						(25)		(25)
Translation adjustments					25					25		25
Changes in fair value of FVOCI assets (2)						35				35		35
Changes in fair value of hedging instruments										0		0
Changes in actuarial gains and losses										0		0
Sub-total	**0**	**0**	**0**	**(25)**	**25**	**35**	**0**	**0**	**774**	**809**	**5**	**814**
Other movements				5	2	(1)		(1)		5		5
Balance at June 30, 2018	**608**	**1 088**	**(56)**	**12 074**	**15**	**152**	**0**	**(38)**	**774**	**14 617**	**51**	**14 668**

(1) At June 30, 2018 reserves comprised the legal reserve for€61 million, the special long-term capital gains reserve for €287 million, retained earnings for €97 million, other CIC reserves for €5,820 million and post-acquisition retained earnings for €5,809 million.

(2) FVOCI: Fair value through other comprehensive income

At June 30, 2018, CIC’s capital comprised 38,027,493 shares with a par value of€16 each, including 231,711 treasury shares.

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	First half 2018	First half 2017
Net income	779	722
Corporate income tax	247	319
Income before tax	**1 026**	**1 041**
+/- Net depreciation/amortization expense on property and equipment and intangible assets	60	65
- Impairment of goodwill and other non-current assets	(0)	1
+/- Net additions to provisions and impairment	(106)	(64)
+/- Share of income/loss of associates	(78)	(81)
+/- Net loss/gain from investing activities	(20)	2
+/- (Income)/expense from financing activities		
+/- Other movements	(159)	(71)
Non-monetary items included in income before tax and other adjustments	**(303)**	**(148)**
+/- Cash flows relating to interbank transactions	9 842	(9 298)
+/- Cash flows relating to customer transactions	(3 838)	3 723
+/- Cash flows relating to other transactions affecting financial assets or liabilities	(1 466)	(2 883)
+/- Cash flows relating to other transactions affecting non-financial assets or liabilities	2 323	4 672
- Taxes paid	(50)	(265)
Net decrease/(increase) in assets and liabilities from operating activities	**6 811**	**(4 051)**
Cash flows from (used in) operating activities (A)	**7 534**	**(3 158)**
+/- Cash flows relating to financial assets and investments	84	(88)
+/- Cash flows relating to investment property	(1)	(1)
+/- Cash flows relating to property and equipment and intangible assets	(34)	(44)
Cash flows from (used in) investing activities (B)	**49**	**(133)**
+/- Cash flows relating to transactions with shareholders (1)	(889)	(297)
+/- Other net cash flows relating to financing activities (2)	451	1 483
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	**(438)**	**1 186**
Impact of movements in exchange rates on cash and cash equivalents (D)	**38**	**(117)**
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	**7 183**	**(2 222)**
Net cash flows from (used in) operating activities (A)	7 534	(3 158)
Net cash flows from (used in) investing activities (B)	49	(133)
Net cash flows from (used in) financing activities (C)	(438)	1 186
Impact of movements in exchange rates on cash and cash equivalents (D)	38	(117)
Cash and cash equivalents at beginning of year	**29 550**	**35 273**
Cash accounts and accounts with central banks	28 046	36 813
Demand loans and deposits – credit institutions	1 504	(1 540)
Cash and cash equivalents at end of year	**36 733**	**33 051**
Cash accounts and accounts with central banks	35 991	36 177
Demand loans and deposits – credit institutions	742	(3 126)
Change in cash and cash equivalents	**7 183**	**(2 222)**

(1) Cash flow relating to transactions with shareholders included:
- dividends paid by CIC to its shareholders for €(945) million for fiscal year 2017;
- dividends paid to non-controlling shareholders for €(7) million;
- dividends received from associates for €63 million.

(2) Other net cash flows relating to financing activities comprised:
- issues of subordinated loans representing an amount of €136 million,
- the issue and redemption of bonds representing a net amount of €315 million.

Note 1: Summary of significant accounting policies and valuation and presentation methods

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- 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,
    - 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.

1. Consolidation scope

Principles for inclusion in the consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities controlled exclusively by the group are included in the consolidation scope when their full consolidation individually affects at least 1% of the main consolidated statement of financial position and income statement items. Subsidiaries that are not consolidated must represent on aggregate less than 5% of the main consolidated statement of financial position and income statement items. However, smaller entities may be included in the consolidated group if (i) CIC considers they represent a strategic investment; (ii) one of their core businesses is the same as that of the group; or (iii) they hold stock in consolidated companies.

The consolidation scope comprises:

- *Entities over which the group has control*: control is deemed to exist when the group has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the returns it obtains.
  The financial statements of controlled entities are fully consolidated.

- *Entities over which the group has significant influence*: these are entities that are not controlled by the consolidating entity but in whose financial and operating policy decisions it has the right to participate. Shareholdings in entities over which the group has significant influence are accounted for using the equity method (associates). Companies that are 20%-50% owned by the group's private equity businesses and over which the group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value option.

2. Consolidation principles and methods

2.1. Consolidation methods

The following consolidation methods are used:

2.1.1. Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling shareholders in the equity and net income. It is the method used for all controlled entities, including those with a different account structure, regardless of whether its business is an extension of that of the consolidating entity.

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in the net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

2.1.2. Equity method

This method involves replacing the value of the shares held with the group's share of the equity and net income of the entities concerned. It is the method used for all entities under joint control, including joint ventures and any other entities over which the group has significant influence.

2.2. Reporting date

All the group's consolidated companies draw up their company financial statements at December 31.

2.3. Intercompany transactions and balances

Intercompany transactions and balances as well as gains or losses on intercompany sales that have a material impact on the consolidated financial statements are eliminated.

2.4. Foreign currency translation

The statements of financial position of foreign subsidiaries are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting translation differences are

recorded under “Cumulative translation adjustments”. On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.
As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

2.5. Goodwill

2.5.1. Fair value adjustments

At the date of acquisition of a controlling interest in a new entity, the related assets, liabilities and contingent liabilities related to operations are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

2.5.2. Goodwill

In accordance with IFRS 3R, when CIC acquires a controlling interest in a new entity, said entity’s identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at the lower of fair value net of selling costs and their carrying amount. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately 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 the Group’s stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the acquisition cost/selling price of the share and the portion of consolidated equity that said share represents on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading “Investments in associates” when it relates to equity-accounted companies.

Goodwill does not include direct expenses associated with acquisitions, which are expensed.

Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. 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. These losses – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the Group’s business lines.

3. ACCOUNTING PRINCIPLES AND METHODS

3.1. Financial instruments under IFRS 9

3.1.1. Classification and measurement of financial assets

Under IFRS 9, the classification and measurement of financial assets depends 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 that implicitly entails a high predictability of the related cash flows (hold to collect model),
- at fair value through other comprehensive income, 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 model), 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 (Solely Payment of Principal and Interest) 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 is considered reasonable if:

- it is regulated or limited by competitive market practices,
- it corresponds to the difference between the contractual interest that should have been collected up to the due date of the loan and the interest that would be generated by reinvesting the amount repaid in advance at a rate reflecting the reference interest rate,
- it is equal to the fair value of the loan or to the cost of unwinding a related swap.

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 since 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 and 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 be reassessed in case of a change in model.

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,
- exceptional (for example, 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. 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.
For other sales, thresholds have been defined based on the maturity of the securities portfolio (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.

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 at 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 borrowers’ financial problems requires novation of the contract. Following the definition of this concept by the European Banking Authority, the group has integrated it into its 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 at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

✓ Financial assets at fair value through other comprehensive income

Since the group does not sell its loans, this category includes only securities. These are carried at fair value at the time of acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are taken to profit or loss only in case of disposal or impairment (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 are recognized at fair value on initial recognition and at subsequent reporting dates until their disposal (see section “3.1.7 Derecognition of financial assets and liabilities"). Changes in fair value and income received or accrued on assets included in this category are recognized in profit or loss under “Net gains/(losses) on financial instruments at fair value through profit or loss”.
Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are recognized in the income statement.

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 other comprehensive income, at initial recognition, if the group irrevocably elects to do so.

- ✓ Financial assets at fair value through other comprehensive income

Shares and other equity instruments are carried at fair value at the time of acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account. These unrealized gains or losses recognized in equity are never taken to profit or loss, including in case of disposal (see section “3.1.7 Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recognized in the income statement under “Net gains/(losses) on financial assets at fair value through other comprehensive income”.
Purchases and sales of securities are recognized at 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.

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:
    - o financial instruments containing one or more separable embedded derivatives,
    - o instruments that, without application of the fair value option, create an accounting mismatch relative to another related instrument,
    - o instruments belonging to a group of financial assets measured and managed at fair value.

- ✓ 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 instruments, bonds, etc.) and subordinated debt (term or perpetual) not classified at fair value through profit or loss (fair value option).

Subordinated debt is separate from other debt securities since, in case of liquidation of the debtor's assets, it could only be repaid after payment is made to the other creditors. Debt securities include the non-preferred senior securities created by the Sapin 2 law.

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

- Regulated savings

Liabilities at amortized cost include home savings accounts (“CEL”) and home savings plans (“PEL”). These are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). They generate two types of obligation for the distributing establishment:

  - a commitment to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest payable on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
  - a commitment to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e. where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics. The impact on income is included in interest paid to customers.

3.1.3. Debt-equity distinction

Financial instruments issued by the group are classified for accounting purposes as debt instruments when the group has a contractual obligation to deliver cash to holders of securities. This is the case with subordinated notes issued by the group.

3.1.4. Foreign exchange commitments

Financial assets and liabilities denominated in a currency other than the local currency are translated at the exchange rate on the reporting date.

✓ Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under “Net gains/(losses) on portfolio at fair value through profit or loss”.

✓ Non-monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under “Net gains/(losses) on portfolio 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 and losses if they are financial assets at fair value through other comprehensive income.

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 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 instruments that have the following three characteristics:

- their value changes according to the change in an underlying (interest rates, exchange rates, shares, indices, commodities, credit ratings, etc.),
- they require little or no initial investment,
- they are settled at a future date.

All derivatives are recognized at fair value on the statement of financial position under financial assets or liabilities. They are recognized by default as trading instruments unless they can be classified as hedging instruments.

3.1.5.1. Determining the 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, the specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions, and the counterparty risk present in the positive fair value of over-the-counter derivatives. The latter includes the own counterparty risk present in the negative fair value of over-the-counter derivatives.
When value adjustments are calculated, each risk factor is considered individually and no diversification effect between risks, parameters or models of a different nature is taken into account. A portfolio approach is most often adopted 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

By default, all derivatives not designated as hedging instruments under IFRS are classified as "financial assets or financial liabilities at fair value through profit or loss", even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives
An embedded derivative is a component of a hybrid instrument that meets the definition of a derivative when separated from its host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.
Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following conditions:

- they meet the definition of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss,

- the economic characteristics and associated risks of the embedded derivative are not deemed to be closely related to those of the host contract.
- the separate measurement of the embedded derivative is sufficiently reliable to provide useful 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 the income statement under "Net gains(losses) on financial instruments at fair value through profit or loss".

✓ Hedge accounting

Three types of hedging relationship are possible. The hedging relationship is selected on the basis of the type of risk being hedged.

- A fair value hedge hedges the exposure to changes in fair value of financial assets or financial liabilities.
- A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or future transaction.
- The hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

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 formally documented upon inception of the hedging relationship. This documentation specifies, among other things, the risk management objectives determined by management, the type of risk hedged, the underlying strategy and the methods used to assess hedge effectiveness.
- hedge effectiveness must be demonstrated upon inception of the hedging relationship, subsequently throughout its life and at least at each reporting date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued on a prospective basis.

Fair value hedging of identified financial assets or liabilities
In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under "Net gains/(losses) on financial instruments at fair value through profit or loss" symmetrically with the remeasurement of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a financial asset classified under "Financial assets at fair value through other comprehensive income". Changes in fair value of the hedging instrument and the hedged risk component offset each other partially or fully and only the ineffective portion of the hedge is recognized in profit or loss.

In a fair value hedge, changes in the fair value of the derivative instrument are taken to income under "Interest income/expense" symmetrically with the change in interest income/expense of the hedged item.

If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. The related derivatives are transferred to "financial assets or financial liabilities at fair value through profit or loss" and 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 interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is taken immediately to income.

Macro-hedging derivatives

The group avails itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-out) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on 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 treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.

Changes in fair value of hedged portfolios are recorded on the statement of financial position under "Remeasurement adjustment on interest-rate hedged portfolios" through profit or loss.

Cash flow hedges

In the case of a cash flow hedging relationship, derivatives are remeasured at fair value in the statement of financial position, with the effective portion recognized in equity. The portion considered ineffective is recognized in profit or loss under "Net gains (losses) on financial instruments at fair value through profit or loss".

The amounts recognized in equity are reclassified into profit and loss under "Interest income/expense" 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 accounted for using the treatment applicable to the asset category to which they belong. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recognized in equity as a result of the remeasurement of the hedging derivatives remain in equity until 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 no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

3.1.6. Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP, i.e. off-statement of financial position, pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

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 regarded as derivatives within the meaning of IFRS 9 are not shown in the statement of financial position. However, a provision is set up in accordance with 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 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 other comprehensive income: the unrealized gains or losses previously recognized in other comprehensive income are taken to profit or loss, as are the capital gains and losses on disposal,
- equity instrument at fair value through other comprehensive income: the unrealized gains or losses previously recognized in other comprehensive income and the capital gains and 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 other comprehensive income, as well as to financing commitments and financial guarantees. These are divided into three categories:

- Status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from 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: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition, and
- Status 3 – non-performing loans: category comprising the financial assets for which there is objective evidence of impairment related to an event that has occurred since the loan was granted. The scope of this category is the same as that for loans impaired individually 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. Definition of the boundary between statuses 1 and 2

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

- ✓ low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing,

- ✓ high default portfolios (HDP), for which historical data is used to develop a statistical rating model: mass corporate, retail.

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 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
- manual rating grids developed by experts (LDP).

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 applies the principle of symmetry set out in the standard. This means that the criteria for transferring into and out of status 2 are the same.

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 allocation matrix that relates the internal ratings at origination and at the reporting date.

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 payments not made or overdue by more than 30 days, the notion of restructured loans, etc.
Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

3.1.8.2. Statuses 1 and 2 – calculation of expected credit losses

Expected credit losses are measured by multiplying the outstanding amount of the loan by its probability of default (PD) and by the loss given default (LGD). The off-statement of financial position exposure is converted to an on-statement of financial position equivalent based on the probability of a drawdown. The one-year probability of default is used for status 1 and the probability of default at termination for status 2.
These parameters are taken from the models developed for prudential purposes and adapted to IFRS 9 requirements. 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 interest rates of the contracts,
- for low default portfolios, on the regulatory levels.

✓ Conversion factors

These are used to convert off-statement of financial position exposure to an on-statement of financial position equivalent and are mainly based on the 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 view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data available from well-known national or international statistics agencies. 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.

3.1.8.3. Status 3 – Non-performing loans

Impairment is recognized once there is objective evidence of impairment resulting from one or more events occurring subsequent to the granting of the loan – or group of loans – and likely to generate a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, discounted at the original effective interest rate, taking into account the effect of guarantees. For variable-rate loans, the last known contractual interest rate is used.
The existence of unpaid past due amounts for more than three months or of current accounts that have been non-compliant for more than three months represents objective evidence of a loss event. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

3.1.8.4. Originated credit-impaired financial assets

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 “originated credit-impaired assets" 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.

3.1.8.5. Recognition

Impairment charges and provisions are recorded in net provision allocations/reversals for loan losses. Reversals of impairment charges and provisions are recorded in Net provision allocations/reversals for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment is deducted from the asset for loans and receivables and the provision is recorded in liabilities under “Provisions” for financing and guarantee commitments (see "3.1.6 Financial guarantees and financing commitments" and "3.3.2 "Provisions").

Loan losses are recorded in losses and the corresponding impairments 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.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active.

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 are used provided they reflect the reality of a transaction at arm’s length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, of liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When value adjustments are calculated, each risk factor is considered individually and no diversification effect between risks, parameters or models of a different nature is taken into account. A portfolio approach is most often adopted for a given risk factor.

In all cases, adjustments are made by the group, which uses its judgment to make such adjustments in a reasonable and appropriate manner.

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: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices). Included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- Level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the capital markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. 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 diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to the change in the parameters would be immaterial.

3.2. Non-financial instruments

3.2.1. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

3.2.1.1. Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of the lease payments received between interest and principal repayments, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
  - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
  - 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").

3.2.1.2. Finance leases – lessee accounting

In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an obligation in the same amount is recorded as a liability. Lease payments are broken down between principal repayments and interest.

3.2.2. Provisions

Movements in provisions are classified by nature under the corresponding income/expense caption.
A provision is recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. Where applicable, the amount of the obligation is discounted in order to determine the amount of the provision.

The provisions set up by the group cover, in particular:

- ✓ operational risks;
- ✓ employee benefit obligations (see section "3.3.3 Employee benefits");
- ✓ signature commitment risks;
- ✓ litigation and guarantees of liabilities;
- ✓ tax risks;
- ✓ risks related to home savings (see section "3.1.2 Classification and measurement of financial liabilities").

3.2.3. Employee benefits

Where appropriate, a provision is set aside for such employee benefit obligations, recognized within "Provisions". Any changes in the provision are taken to the income statement under "Payroll costs", with the exception of the portion resulting from actuarial differences, which is recognized in equity in unrealized or deferred gains or losses.

3.2.3.1. Post-employment benefits covered by defined benefit plans

These relate to retirement, early retirement and supplementary retirement plans for which the group has a legal or constructive obligation to provide certain benefits to its employees.
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:

- the discount rate determined by reference to the market yield on long-term corporate bonds consistent with the term of the obligations;
- the salary increase rate, assessed in accordance with age brackets and manager/non-manager classification,
- estimated inflation rates,
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations and dismissals to the year-end number of employees with permanent contracts;
- retirement age: the estimate is calculated separately for each individual based on the actual or estimated date on which employment first commenced and on assumptions related to the law on pension reform, with a maximum age of 67 at retirement;
- the INSEE TH/TF 00-02 life expectancy table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial differences. Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement. Differences between actual and expected yields also constitute actuarial differences.
Actuarial differences are recognized as unrealized or deferred gains and losses in equity. Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when they occur.

At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by CIC under the equity method.

3.2.3.2. Supplementary pensions covered by pension funds

Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The four pension funds to which CIC group banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from mergers was converted into an IGRS, a French supplementary pension management institution, in 2009. It does not have an asset shortfall.

3.2.3.3. Defined contribution post-employment benefits

Group entities pay into a number of retirement schemes managed by third parties. Under these schemes, group entities have no legal or constructive obligation to pay further contributions, in particular where plan assets are inadequate to fund future obligations.
As these schemes do not represent an obligation for the group, no provision is recorded and the related expenses are recognized in the period in which the contribution is due.

3.2.3.4. Other long-term benefits

Other long-term benefits are employee benefits (other than post-employment benefits and termination benefits) which are expected to be paid more than 12 months after the end of the period in which the employees render the related services, such as long-service awards for example.
The group's obligation in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial differences are recognized immediately in profit or loss for the period.
Certain commitments related to long-service awards are covered by insurance policies. Only the portion not covered is provisioned.

3.2.3.5. Termination benefits

These benefits are granted by the group following the decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits.
The related provisions are discounted when payment falls due more than twelve months after the end of the reporting period.

3.2.3.6. Short-term employment benefits

Short-term employment benefits are employee benefits (other than termination benefits) which are expected to be settled wholly within twelve months of the end of the reporting period, such as wages and salaries, social security contributions and certain bonuses.
An expense is recognized in respect of these benefits in the period in which the services giving rise to the benefits were provided to the entity.

3.2.4. Non-current assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. Investment properties are property assets held to generate rental income and/or gains on the invested capital. Investment property is accounted for at cost, in the same way as assets used in operations.

Property and equipment and intangible assets are 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.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property.

The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

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 that have an indefinite useful life are not amortized.
Depreciation and amortization on non-current assets used in operations is recognized under "Movements in depreciation, amortization and provisions for non-current assets used in operations" in the income statement.

Depreciation and amortization on investment properties is recognized under "Expense on other activities" in the income statement.
The following depreciation and amortization periods are used:

Property and equipment:

- 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

Intangible assets:

- Software purchased or developed internally : 1/10 years
- Purchased goodwill : 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 there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication 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 on non-current assets used in operations is recognized under "Movements in depreciation, amortization and provisions for non-current assets used in operations" in the income statement.
Impairment on investment properties is recognized in the income statement under "Expense on other activities" (for additions) and "Income from other activities" (for reversals).

Capital gains and losses on disposals of non-current assets used in operations are shown in the income statement under "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".

3.2.5. Commission income and expense

The group recognizes commission income and expense on services based on the types of services to which they relate.
Commissions directly related to setting up a loan are recognized over the term of the loan.
Commissions paid as consideration for a service provided on a continuous basis are accounted for over the period during which the service is provided.
Commissions representing consideration for the execution of a significant service are taken to profit or loss in full upon execution of the service.

3.2.6. Corporate income tax

Corporate income tax includes all current or deferred income taxes.
Current income tax is calculated based on the applicable tax regulations.

The group recognizes the following as operating expenses and does not therefore recognize deferred tax in respect of them in the consolidated financial statements: the Territorial Economic Contribution (*contribution économique territoriale* - CET), the Company Real Estate Contribution (*cotisation foncière des entreprises* - CEF) and the Company Value Added Contribution (*cotisation sur la valeur ajoutée des entreprises* - CVAE).

- ✓ Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.

Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.
Net deferred tax assets are recognized only in cases where their recovery is considered highly probable. Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

They are not discounted.

3.2.7. Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within twelve months of the end of the reporting period.
The related assets and liabilities are shown separately in the statement of financial position, on the lines “Non-current assets held for sale” and “Liabilities associated with non-current assets held for sale”. Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/ amortized.

When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.

Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries 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”.

3.3. Judgments and estimates used in the preparation of the financial statements

Preparation of the group's financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future.

The future outcome of such assumptions may be influenced by several factors, in particular:
- national and international market activities,
- 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 mainly used for the following measurements:
- 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 use of judgment. See section "3.1.9 Determination of fair value of financial instruments"
- retirement plans and other future employee benefits,
- impairment of receivables,
- provisions,
- impairment of intangible assets and goodwill, and
- deferred tax assets.

4. 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 European Union on October 31, 2017, will take 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 expense in the income statement using the diminishing balance method.

As a reminder, under IAS 17, the standard currently in force, no amount is recognized in the lessee's statement of financial position in case of an operating lease and lease amounts are included in 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 also identified its leases, in terms of both real estate and equipment (IT, vehicle fleet, etc.). A study of the potential impacts of IFRS 16 on the group's financial statements is currently underway.

5. Standards and interpretations not yet adopted by the European Union

These mainly include IFRS 17 – Insurance Contracts.

IFRS 17 – Insurance Contracts

Starting in 2021, this standard will replace IFRS 4, which allows insurance companies to maintain their local accounting policies for their liabilities, 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.

APPENDIX

The notes to the financial statements are presented in millions of euros.

NOTE 1b - First-time application

Reclassification of financial assets and liabilities and impact of IFRS 9 on their measurement

	Amount at December 31, 2017	Financial assets at fair value through profit or loss		Hedging derivatives	Financial assets at FVOCI		Financial assets at amortized cost	
		Amount reclassified/maintained	IFRS 9 impact	Amount reclassified/maintained	Amount reclassified/maintained	IFRS 9 impact	Amount reclassified/maintained	IFRS 9 impact
Financial assets at fair value through profit or loss	14 415	14 415			0	0	0	0
- Trading	11 730	11 730						
- Equity instruments and debt	2 685	2 685			0	0		
- Loans and advances	0	0						
Hedging derivatives	559			559				
Available-for-sale financial assets	12 201	612	0	0	9 360	8	2 229	2
- Government securities, bonds and equivalent securities	11 435	37			9 195	(21)	2 203	2
- Shares and other variable-yield securities	207	191			16	(0)		
- Investments in subsidiaries and associates and other long-term investments	559	384			149	29	26	
Loans and receivables due from credit institutions	23 406	0	0	0	0	0	23 405	(4)
- Loans from credit institutions	23 103	0					23 103	(4)
- Bonds and other fixed-income securities NC / active market - EC	302	0			0		302	0
Loans and receivables due from customers	171 952	0	0	0	0	0	171 952	(371)
- Customer loans	171 643	0			0		171 643	(372)
- Bonds and other fixed-income securities NC / active market - CL	309	0			0		309	1
Held-to-maturity financial assets	9	0			0		9	(2)

	Amount at December 31, 2017	Financial liabilities at fair value through profit or loss	Due to credit institutions		Due to customers		Debt securities	
		Amount reclassified/maintained	Amount reclassified/maintained	IFRS 9 impact	Amount reclassified/maintained	IFRS 9 impact	Amount reclassified/maintained	IFRS 9 impact
Financial liabilities at fair value through profit or loss	5 180	5 180						
Debt securities at amortized cost	21 762						21 762	0
Due to credit and similar institutions at amortized cost	68 451		68 451	0				
Amounts due to customers at amortized cost	144 134				144 134	0		
Subordinated debt at amortized cost	2 098						2 098	0

The guarantee deposit accounts included under "Miscellaneous debtors and creditors" in 2017 were also reclassified to "Loans from credit institutions", "Loans and receivables due from customers at amortized cost", "Due to credit institutions" and "Amounts due to customers".

Impacts of first-time application of IFRS 9 by type	Reported shareholders' equity
. Effect of reclassifications at FVPL	0
. Effect of reclassifications at FVOCI	15
. Effect of reclassifications at amortized cost	(0)
. Reversal collective impairment IAS 39	149
. Impairment S1	(253)
. Impairment S2	(379)
. Effect of deferred taxes	118
Total	**(350)**

NOTE 2a – Consolidation scope

Company	Currency	Country		06.30.2018			31.12.2017		
				Percentage		Method	Percentage		Method
				Voting rights	Interest	*	Voting rights	Interest	*
Consolidating company: Crédit Industriel et Commercial - CIC									
CIC Hong Kong (branch)	USD	Hong Kong		100	100	FC	100	100	FC
CIC Londres (branch)	GBP	United Kingdom		100	100	FC	100	100	FC
CIC New York (branch)	USD	United States		100	100	FC	100	100	FC
CIC Singapour (branch)	USD	Singapore		100	100	FC	100	100	FC
A. Banking network									
CIC Est		France	(i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque		France	(i)	100	100	FC	100	100	FC
CIC Nord Ouest		France	(i)	100	100	FC	100	100	FC
CIC Ouest		France	(i)	100	100	FC	100	100	FC
CIC Sud Ouest		France	(i)	100	100	FC	100	100	FC
B. Banking network subsidiaries									
CM-CIC Asset Management		France		24	24	EM	24	24	EM
CM-CIC Bail		France	(i)	100	100	FC	99	99	FC
CM-CIC Bail Espagne (branch)		Spain		100	100	FC	100	99	FC
CM-CIC Épargne Salariale		France	(i)	100	100	FC	100	100	FC
CM-CIC Factor		France	(i)	95	95	FC	96	95	FC
CM-CIC Lease		France		54	54	FC	54	54	FC
CM-CIC Leasing Benelux		Belgium		100	100	FC	100	99	FC
CM-CIC Leasing GMBH		Germany		100	100	FC	100	99	FC
Gesteurop		France	(i)	100	100	FC	100	100	FC
C. Financing and capital markets									
Cigogne Management		Luxembourg		60	60	FC	60	60	FC
D. Private banking									
Banque CIC (Suisse)	CHF	Switzerland		100	100	FC	100	100	FC
Banque de Luxembourg		Luxembourg		100	100	FC	100	100	FC
Banque Transatlantique		France	(i)	100	100	FC	100	100	FC
Banque Transatlantique Londres (branch)	GBP	United Kingdom		100	100	FC	100	100	FC
Banque Transatlantique Belgium		Belgium		100	100	FC	100	100	FC
Banque Transatlantique Luxembourg		Luxembourg		100	100	FC	100	100	FC
Dubly-Douilhet Gestion		France	(i)	100	100	FC	100	100	FC
Transatlantique Gestion		France	(i)	100	100	FC	100	100	FC
E. Private equity									
CM-CIC Capital		France	(i)	100	100	FC	100	100	FC
CM-CIC Conseil		France	(i)	100	100	FC	100	100	FC
CM-CIC Innovation		France		100	100	FC	100	100	FC
CM-CIC Investissement		France	(i)	100	100	FC	100	100	FC
CM-CIC Investissement SCR		France		100	100	FC	100	100	FC
F. HQ, holding company services and logistics									
CIC Participations		France	(i)	100	100	FC	100	100	FC
G. Insurance company									
Adepi		France	(i)	100	100	FC	100	100	FC
Groupe des Assurances du Crédit Mutuel (GACM)**		France		18	18	EM	21	21	EM

* Method: MER = merger; FC = full consolidation; EM = equity method; NC = not consolidated

** Based on the consolidated financial statements

(i) = Members of the tax consolidation group set up by CIC

Information on sites and activities in non-cooperative countries and territories included in the list established by the decree of April 8, 2016: the Group has no sites meeting the criteria stipulated by the decree of October 6, 2009.

In accordance with ANC 2016, the complete list of controlled and jointly-controlled entities and entities over which the group has significant influence which are not consolidated given their immateriality for preparing the financial statements and the list of investments in non-consolidated companies are available in the Regulated Information section of the website: https://www.cic.fr/fr/institutionnel/actionnaires-et-investisseurs/information-reglementee.html

NOTE 2b - Fully consolidated entities with significant non-controlling interests

06.30.2018	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	Percentage of interest	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Total assets	OCI	NBI	Net income
CM-CIC Lease	46%	1	25	(7)	4 430	(0)	16	4
Cigogne Management	40%	3	14	0	60	0	15	9
CM-CIC Factor	5%	0	6	(0)	7 198	(1)	47	6

** Amounts before elimination of intra-group accounts and transactions.*

01.01.2018	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding the fully consolidated entity*			
	Percentage of interest	Net income attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Total assets	OCI	NBI	Net income
CM-CIC Lease	46%	6	26	(5)	4 440	(0)	35	13
Cigogne Management	40%	6	8	(4)	65	0	29	17
CM-CIC Factor	5%	0	6	0	7 577	(1)	91	8

** Amounts before elimination of intra-group accounts and transactions.*

NOTE 3 - Analysis of income statement by business segment and geographic area

Business segment analysis principles

► Retail banking includes a) the branch network consisting of the regional banks and the CIC network in Ile-de-France and b) the specialized activities whose product marketing is performed by the network: equipment and real estate leasing, factoring, collective investment for third parties, employee savings plans and real estate. The insurance business – which is accounted for using the equity method – is included in this business segment.

► Financing and capital markets comprises a) credit facilities for large corporate and institutional customers, specialized financing and international operations; and b) capital markets operations, which comprise investments in activities involving fixed-income instruments, equities and loans ("ITAC") as well as brokerage services.

► Private banking comprises all companies engaged primarily in wealth management, both within and outside France.

► Private equity conducts proprietary transactions and includes financial engineering services via dedicated entities. The entire portfolio is accounted for under the fair value option.

►The holding company includes all activities not assigned to another business.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose individual accounts are

Analysis of income statement by business segment

06.30.2018	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company	Total
Net banking income	1 840	327	250	221	(36)	**2 602**
General operating expenses	(1 201)	(179)	(179)	(24)	(52)	**(1 635)**
Operating income before provisions	**639**	**148**	**71**	**197**	**(88)**	**967**
Net provision allocations/reversals for loan losses	(51)	31	(6)	(1)		**(27)**
Gains on other assets (1)	78		8			**86**
Income before tax	**666**	**179**	**73**	**196**	**(88)**	**1 026**
Corporate income tax	(210)	(65)	(16)		44	**(247)**
Post-tax gains/(losses) on discontinued operations						**0**
Net income	**456**	**114**	**57**	**196**	**(44)**	**779**

(1) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill

06.30.2017	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company	Total
Net banking income	1 805	450	263	169	(33)	**2 654**
General operating expenses	(1 208)	(170)	(171)	(25)	(61)	**(1 635)**
Operating income before provisions	**597**	**280**	**92**	**144**	**(94)**	**1 019**
Net provision allocations/reversals for loan losses	(91)	27	1		2	**(61)**
Gains on other assets (1)	79		(1)			**78**
Income before tax	**585**	**307**	**92**	**144**	**(92)**	**1 036**
Corporate income tax	(200)	(105)	(21)	2	5	**(319)**
Post-tax gains/(losses) on discontinued operations			5			**5**
Net income	**385**	**202**	**76**	**146**	**(87)**	**722**

(1) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill

Breakdown of income statement items by geographic area

	06.30.2018				06.30.2017			
	France	Europe excluding France	Other countries (1)	**Total**	France	Europe excluding France	Other countries (1)	**Total**
Net banking income	2 274	228	100	**2 602**	2 307	250	97	**2 654**
General operating expenses	(1 443)	(153)	(39)	**(1 635)**	(1 447)	(147)	(41)	**(1 635)**
Operating income before provisions	**831**	**75**	**61**	**967**	**860**	**103**	**56**	**1 019**
Net provision allocations/reversals for loan losses	(36)	(3)	12	**(27)**	(79)	5	13	**(61)**
Gains on other assets (2)	78	8	0	**86**	78	(0)	0	**78**
Income before tax	**873**	**80**	**73**	**1 026**	**859**	**108**	**69**	**1 036**
Corporate income tax	(218)	(14)	(15)	**(247)**	(276)	(20)	(23)	**(319)**
Post-tax gains/(losses) on discontinued operations				**0**	0	0	5	**5**
Total net income	**655**	**66**	**58**	**779**	**583**	**88**	**51**	**722**

(1) Hong Kong, USA and Singapore

(2) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill

NOTES TO THE STATEMENT OF FINANCIAL POSITION - ASSETS

NOTE 4 - Cash and due from central banks

	06.30.2018	01.01.2018
Cash and amounts due from central banks		
Central banks	35 673	27 736
- of which reserve requirements	1 185	1 138
Cash	318	309
Total	**35 991**	**28 045**

NOTE 5 - Financial assets and liabilities at fair value through profit or loss

NOTE 5a - Financial assets at fair value through profit or loss

	06.30.2018				01.01.2018			
	Trading	Fair value option	Other FVPL	Total	Trading	Fair value option	Other FVPL	Total
.Securities	**11 580**	**402**	**2 835**	**14 817**	**8 792**	**470**	**2 827**	**12 089**
- Government securities	1 703	0	0	**1 703**	865	0	0	**865**
- Bonds and other debt securities	8 847	402	155	**9 404**	6 959	470	107	**7 536**
. Quoted	8 847	77	47	**8 971**	6 959	107	47	**7 113**
. Not quoted	0	325	108	**433**	0	363	60	**423**
of which mutual funds	135		0	**135**	80		0	**80**
- Shares and other equity instruments	1 030		2 309	**3 339**	968		2 336	**3 304**
. Quoted	1 030		353	**1 383**	968		332	**1 300**
. Not quoted	0		1 956	**1 956**	0		2 004	**2 004**
- Long-term investments			371	**371**			384	**384**
. Investments in non-consolidated companies			37	**37**			42	**42**
. Other long-term investments			113	**113**			142	**142**
. Investments in subsidiaries and associates			220	**220**			199	**199**
. Other long-term investments			1	**1**			1	**1**
. Derivatives	**3 322**			**3 322**	**2 937**			**2 937**
. Loans and receivables		**0**	**0**	**0**		**0**	**0**	**0**
of which resale/repurchase agreements		0		**0**		0		**0**
Total	**14 902**	**402**	**2 835**	**18 139**	**11 729**	**470**	**2 827**	**15 026**

NOTE 5b - Analysis of trading derivatives

	06.30.2018			01.01.2018		
	Notional amount	**Assets**	**Liabilities and equity**	**Notional amount**	**Assets**	**Liabilities and equity**
Derivatives held for trading						
Interest rate derivatives	335 597	1 892	1 768	236 462	1 843	1 803
Swaps	76 828	1 773	1 742	61 798	1 789	1 741
Futures and forward contracts	230 416	11	11	151 264	7	7
Options	28 353	108	15	23 400	47	55
Foreign exchange derivatives	107 163	1 062	980	89 553	787	794
Swaps	68 006	97	90	53 113	45	53
Futures and forward contracts	8 713	840	766	10 164	623	630
Options	30 444	125	124	26 276	119	111
Other derivatives	29 278	368	460	23 010	307	375
Swaps	12 185	112	174	12 995	131	162
Futures and forward contracts	8 550	26	54	5 526	42	75
Options	8 543	230	232	4 489	134	138
Total	**472 038**	**3 322**	**3 208**	**349 025**	**2 937**	**2 972**

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 6 - Hedging

NOTE 6a - Derivatives used for hedging purposes

	06.30.2018			01.01.2018		
	Notional amount	**Assets**	**Liabilities and equity**	**Notional amount**	**Assets**	**Liabilities and equity**
Derivatives used for hedging purposes						
Derivatives designated as fair value hedges	55 470	538	1 914	56 523	559	2 213
Swaps	53 341	542	1 913	54 203	563	2 212
Futures and forward contracts	264	0	0	232	0	0
Options	1 865	(4)	1	2 088	(4)	1
Derivatives designated as cash flow hedges	0	0	0	0	0	0
Swaps	0	0	0	0	0	0
Futures and forward contracts	0	0	0	0	0	0
Options	0	0	0	0	0	0
Total	**55 470**	**538**	**1 914**	**56 523**	**559**	**2 213**

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 6b - Remeasurement adjustment on interest-rate risk hedged portfolios

	06.30.2018	01.01.2018	Change
Fair value of portfolio interest rate risk			
. Financial assets	347	367	-5,4%
. Financial liabilities	(250)	(282)	-11,3%

NOTE 7 - Financial assets at fair value through other comprehensive income

NOTE 7a - Financial assets at fair value through other comprehensive income by type of product

	06.30.2018	01.01.2018
. Government securities	1 998	2 132
. Bonds and other debt securities	7 713	7 016
- Quoted	7 375	6 755
- Not quoted	338	261
. Accrued interest	25	34
Gross subtotal debt securities	**9 736**	**9 182**
Of which, impaired debt securities (S3)	*134*	*140*
Impairment of performing loans (S1/S2)	(7)	(7)
Other impairment (S3)	(131)	0
Net subtotal debt securities	**9 598**	**9 175**
. 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	20	15
- Quoted	20	15
- Not quoted	0	0
. Long-term investments	173	179
- Investments in non-consolidated companies	44	44
- Other long-term investments	29	30
- Investments in subsidiaries and associates	100	105
- Loaned securities	0	0
- Current account advances to non-performing property investment compa	0	0
. Accrued interest	0	0
Subtotal equity instruments	**193**	**194**
Total	**9 791**	**9 369**
Of which unrealized gains or losses recognized in equity	(45)	(93)
Of which listed investments in non-consolidated companies.	0	0

NOTE 7b - Exposures to sovereign risk

Sovereign exposures

Net outstandings as of June 30, 2018 */**	**Portugal**	**Ireland**	**Spain**	**Italy**
Financial assets at fair value through profit or loss	19		55	75
Assets at fair value through other comprehensive income		85	8	215
Total	**19**	**85**	**63**	**290**
Residual contractual term				
Less than 1 year		85		143
1 to 3			5	58
3 to 5				
5 to 10	19		18	66
More than 10 years			40	23
Total	**19**	**85**	**63**	**290**

Net outstandings as of January 1, 2018 */**	**Portugal**	**Ireland**	**Spain**	**Italy**
Financial assets at fair value through profit or loss	8		33	98
Assets at fair value through other comprehensive income	52	85	8	252
Total	**60**	**85**	**41**	**350**
Residual contractual term				
Less than 1 year	50			200
1 to 3		85	6	52
3 to 5	2			33
5 to 10	5			54
More than 10 years	3		35	11
Total	**60**	**85**	**41**	**350**

* Capital markets activities are shown at market value and other businesses at par value.

** Outstandings are shown net of credit default swaps used to purchase protection.

NOTE 7c - Fair value hierarchy of financial instruments measured at fair value in the statement of financial position

06.30.2018	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through other comprehensive income	7 022	1 769	999	9 790
- Government securities and similar instruments	2 006	0	0	2 006
- Bonds and other debt securities	4 992	1 731	869	7 592
- Shares and other equity instruments	20	0	0	20
- Investments and other long-term securities	4	32	36	72
- Shares of affiliates	0	6	94	100
Trading / Fair value by option / Other	11 002	3 599	3 538	18 139
- Government securities and similar instruments - Trading	1 549	148	6	1 703
- Government securities and similar instruments - Fair value by option	0	0	0	0
- Government securities and similar instruments - Other FVPL	0	0	0	0
- Bonds and other debt securities - Trading	7 627	826	394	8 847
- Bonds and other debt securities - Fair value option	33	0	369	402
- Bonds and other debt securities - Other FVPL	108	0	47	155
- Shares and other equity instruments - Trading	1 030	0	0	1 030
- Shares and other equity instruments - Other FVPL	443	0	1 866	2 309
- Investments and other long-term securities - Other FVPL	4	4	142	150
- Shares of affiliates - Other FVPL	0	11	210	221
- Loans and receivables due from credit institutions - Fair value by option	0	0	0	0
- Loans and receivables due from credit institutions - Other FVPL	0	0	0	0
- Loans and receivables due from customers - Fair value by option	0	0	0	0
- Loans and receivables due from customers - Other FVPL	0	0	0	0
- Derivatives and other financial assets - Trading	208	2 610	504	3 322
Derivatives used for hedging purposes	0	522	17	539
Total	**18 024**	**5 890**	**4 554**	**28 468**
Financial liabilities				
Trading / Fair value by option	2 856	2 445	616	5 917
- Due to credit institutions - Fair value by option	0	0	0	0
- Amounts due to customers - Fair value by option	0	0	0	0
- Debt securities - Fair value by option	0	0	0	0
- Subordinated debt - Fair value by option	0	0	0	0
- Derivatives and other financial liabilities – Trading	2 856	2 445	616	5 917
Derivatives used for hedging purposes	0	1 898	15	1 913
Total	**2 856**	**4 343**	**631**	**7 830**

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.

The instruments in the trading portfolio classified within level 2 or 3 comprise mainly securities judged to be illiquid and derivatives.

There are uncertainties surrounding the measurement of all these instruments, which result in value adjustments reflecting the risk premium that a market participant would incorporate when establishing the price.

Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, of liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter include the own counterparty risk present in the fair value of over-the-counter derivatives.

When value adjustments are calculated, each risk factor is considered individually and no diversification effect between risks, parameters or models of a different nature is taken into account. A portfolio approach is most often adopted for a given risk factor.

NOTE 7d - Details of securitization outstandings

As requested by the banking supervisor and the market regulator, sensitive exposures based on the Financial Stability Board's recommendations are presented below.
The trading and securities at fair value through other comprehensive income portfolios were measured at market price based on external data obtained from regulated markets and major brokers or, where no price was available, on comparable quoted securities.

Summary	06.30.2018	31.12.2017
RMBS	1 481	3 002
CMBS	331	49
CLO	2 356	1 897
Other ABS	2 427	2 042
RMBS hedged by CDS	0	0
CLO hedged by CDS	0	0
Other ABS hedged by CDS	0	0
ABCP program liquidity lines	205	185
Total	**6 800**	**7 175**

Unless otherwise indicated, securities are not hedged by CDS.

Exposures: Residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized loan obligations (CLO) and other asset-backed securities (ABS)

06.30.2018	RMBS	CMBS	CLO	Other ABS	Total
Trading	547			297	**844**
Financial assets at fair value through other comprehensive income	584	331	2 130	1 898	**4 943**
Financial assets at amortized cost	350		226	232	**808**
Total	**1 481**	**331**	**2 356**	**2 427**	**6 595**
France	209		322	666	**1 197**
Spain	114			226	**340**
United Kingdom	228		117	269	**614**
Europe excluding France, Spain and the United Kingdom	324		226	1 195	**1 745**
USA	412	331	542		**1 285**
Other	194		1 149	71	**1 414**
Total	**1 481**	**331**	**2 356**	**2 427**	**6 595**
US agencies	135				**135**
AAA	865	331	2 224	1 642	**5 062**
AA	163		106	564	**833**
A	28		15	14	**57**
BBB	8			207	**215**
BB	31				**31**
B or below	251				**251**
Not rated			11		**11**
Total	**1 481**	**331**	**2 356**	**2 427**	**6 595**
Origination 2005 and earlier	86				**86**
Origination 2006-2008	379			62	**441**
Origination 2009-2011	55	1			**56**
Origination 2012-2018	961	330	2 356	2 365	**6 012**
Total	**1 481**	**331**	**2 356**	**2 427**	**6 595**

NOTE 8 - Financial assets at amortized cost

	06.30.2018	01.01.2018
Securities at amortized cost	2 813	2 849
Loans and receivables due from credit institutions	32 801	27 431
Loans and receivables due from customers	181 833	171 342
Total	**217 447**	**201 622**

NOTE 8a - Securities at amortized cost

	06.30.2018	01.01.2018
.Securities	2 881	2 906
- Government securities	1 679	1 804
- Bonds and other debt securities	1 202	1 102
. Quoted	470	408
. Not quoted	732	694
. Accrued interest	19	19
Total Gross	**2 900**	**2 925**
- of which impaired assets (S3)	357	350
Impairment of performing loans (S1/S2)	0	(1)
Other impairment (S3)	(87)	(75)
Total Net	**2 813**	**2 849**

NOTE 8b - Loans and receivables due from credit institutions at amortized cost

	06.30.2018	01.01.2018
. Performing loans (S1/S2)	32 778	27 400
Current accounts	11 040	6 937
Loans	7 679	7 625
Other receivables	4 443	4 878
Repurchase agreements	9 616	7 960
. Gross receivables subject to individual impairment (S3)	0	0
. Accrued interest	26	35
. Impairment of performing loans (S1/S2)	(3)	(4)
. Other impairment (S3)	0	0
Total	**32 801**	**27 431**

NOTE 8c - Loans and receivables due from customers at amortized cost

	06.30.2018	01.01.2018
Performing loans (S1/S2)	168 807	158 507
. Commercial loans	6 630	6 391
. Other loans and receivables	161 929	151 888
- Home loans	75 755	73 565
- other loans and receivables	73 584	70 214
- repurchase agreements	12 590	8 109
. Accrued interest	248	228
Gross receivables subject to individual impairment (S3)	4 583	4 864
Gross receivables	**173 390**	**163 371**
Impairment of performing loans (S1/S2)	(460)	(457)
Other impairment (S3)	(2 226)	(2 306)
Subtotal I	**170 704**	**160 608**
Finance leases (net investment)	11 012	10 608
. Equipment	6 917	6 565
. Real estate	4 095	4 043
Gross receivables subject to individual impairment (S3)	316	324
Impairment of performing loans (S1/S2)	(64)	(63)
Other impairment (S3)	(135)	(135)
Subtotal II	**11 129**	**10 734**
Total	**181 833**	**171 342**
Including non-voting loan stock	4	5
Including subordinated loans	14	14

Finance lease transactions with customers

	01.01.2018	Increases	Decreases	Other	06.30.2018
Gross	10 932	861	(453)	(12)	11 328
Impairment of non-recoverable lease payments	(198)	(14)	13	0	(199)
Net	10 734	847	(440)	(12)	11 129

NOTE 9 - Gross value and impairment analysis

NOTE 9a. Gross values subject to impairment

	06.30.2018	01.01.2018
Financial assets at amortized cost - loans and receivables credit institutions subject to	32 804	27 435
- 12-month expected losses (S1)	32 795	27 369
- expected losses at termination (S2)	9	66
- 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	184 718	174 303
- 12-month expected losses (S1)	168 308	157 592
- expected losses at termination (S2)	11 511	11 523
- expected losses on impaired assets (S3) at end of period but not impaired at origination	4 890	5 181
- expected losses on impaired assets (S3) at end of period and at origination	9	7
Financial assets at amortized cost - securities	2 900	2 925
- subject to 12-month expected losses (S1)	2 330	2 463
- subject to expected losses at termination (S2)	213	112
- expected losses on impaired assets (S3) at end of period but not impaired at origination	357	350
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Financial assets at fair value through other comprehensive income - debt securities	9 736	9 182
- 12-month expected losses (S1)	9 602	8 909
- expected losses at termination (S2)	0	133
- expected losses on impaired assets (S3) at end of period but not impaired at origination	134	140
- expected losses on impaired assets (S3) at end of period and at origination	0	0
Financial assets at fair value through other comprehensive income - 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	**230 158**	**213 845**

NOTE 9b. Impairment analysis

	01.01.2018	Additions	Reversals	Other	06.30.2018
Loans and receivables due from credit institutions	(4)	(1)	2	0	(3)
- of which originated credit-impaired assets (S3)	0	0	0	0	0
- 12-month expected losses (S1)	(1)	(1)	0	0	(2)
- expected losses at termination (S2)	(3)	0	2	0	(1)
- 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	(2 961)	(297)	380	(7)	(2 885)
- of which originated credit-impaired assets (S3)	0	0	0	0	0
- 12-month expected losses (S1)	(194)	(39)	27	(4)	(210)
- expected losses at termination (S2)	(326)	(33)	44	1	(314)
- 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	(2 441)	(225)	309	(4)	(2 361)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Financial assets at amortized cost - securities	(76)	(1)	2	(12)	(87)
- of which originated credit-impaired assets (S3)	0	0	0	0	0
- 12-month expected losses (S1)	0	0	0	0	0
- expected losses at termination (S2)	(1)	0	1	0	0
- expected losses on impaired assets (S3) at end of period but not impaired at origination	(75)	(1)	1	(12)	(87)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Financial assets at FVPL - debt securities	(7)	(131)	0	0	(138)
- of which originated credit-impaired assets (S3)	0	0	0	0	0
- 12-month expected losses (S1)	(7)	0	0	0	(7)
- 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	0	(131)	0	0	(131)
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Financial assets at FVPL - Loans	0	0	0	0	0
- of which originated credit-impaired assets (S3)	0	0	0	0	0
- 12-month expected losses (S1)	0	0	0	0	0
- 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	0	0	0	0	0
- expected losses on impaired assets (S3) at end of period and at origination	0	0	0	0	0
Total	**(3 048)**	**(430)**	**384**	**(19)**	**(3 113)**

NOTE 10 - TAXES

NOTE 10a - Current tax

	06.30.2018	01.01.2018
Assets (through profit or loss)	572	753
Deferred tax liabilities (through profit and loss)	315	260

NOTE 10b - Deferred tax

	06.30.2018	01.01.2018
Assets (through profit or loss)	347	339
Deferred tax assets (through shareholders' equity)	33	28
Deferred tax liabilities (through profit and loss)	265	266
Deferred tax liabilities (through shareholders' equity)	10	(9)

NOTE 11 - Accruals and other assets

	06.30.2018	01.01.2018
Accruals		
Collection accounts	37	99
Currency adjustment accounts	145	0
Accrued income	389	403
Other accruals	2 291	1 172
Sub-total	**2 862**	**1 674**
Other assets		
Securities settlement accounts	75	69
Miscellaneous receivables	3 254	3 329
Inventories and similar	3	3
Other	12	13
Sub-total	**3 344**	**3 414**
Total	**6 206**	**5 088**

NOTE 12 - Interest in associates

06.30.2018	Country	% interest	Equity accounting value (1)	Share of net income/(loss)	Dividends received
ACM Group	France	18,50%	1 849	77	62
CM-CIC Asset Management	France	23,54%	13	1	1
Total			**1 862**	**78**	**63**

01.01.2018	Country	% interest	Equity accounting value (1)	Share of net income/(loss)	Dividends received
ACM Group	France	20,52%	1 807	134	52
CM-CIC Asset Management	France	23,54%	13	0	1
Total			**1 820**	**134**	**53**

(1) Comprises goodwill of €54 million for the ACM Group

NOTE 13 - Investment property

	01.01.2018	Increases	Decreases	Other	06.30.2018
Historical cost	58	1	(1)	0	58
Amortization and impairment	(26)	(1)	1	0	(26)
Net amount	**32**	**0**	**0**	**0**	**32**

The fair value of investment property carried at cost is comparable to its carrying amount.

NOTE 14 - Property, plant and equipment and intangible assets

NOTE 14a - Property, plant and equipment

	01.01.2018	Increases	Decreases	Other	06.30.2018
Historical cost					
Land used in operations	320	1	0	0	321
Buildings used in operations	2 598	29	(24)	0	2 603
Other property and equipment	513	22	(17)	0	518
Total	**3 431**	**52**	**(41)**	**0**	**3 442**
Amortization and impairment					
Land used in operations	0	0	0	0	0
Buildings used in operations	(1 715)	(42)	18	0	(1 739)
Other property and equipment	(430)	(11)	7	0	(434)
Total	**(2 145)**	**(53)**	**25**	**0**	**(2 173)**
Net amount	**1 286**	**(1)**	**(16)**	**0**	**1 269**

NOTE 14b - Intangible assets

	01.01.2018	Increases	Decreases	Other	06.30.2018
Historical cost					
. Internally developed intangible assets	0	0	0	0	0
. Purchased intangible assets	335	8	(1)	1	343
- software	87	7	0	0	94
- other	248	1	(1)	1	249
Total	**335**	**8**	**(1)**	**1**	**343**
Amortization and impairment					
. Internally developed intangible assets	0	0	0	0	0
. Purchased intangible assets	(155)	(6)	0	0	(161)
- software	(66)	(5)	0	0	(71)
- other	(89)	(1)	0	0	(90)
Total	**(155)**	**(6)**	**0**	**0**	**(161)**
Net amount	**180**	**2**	**(1)**	**1**	**182**

NOTE 15 - Goodwill

	01.01.2018	Increases	Decreases	Other	06.30.2018
Gross goodwill	33	0	0	0	33
Impairment provisions	0	0	0	0	0
Net goodwill	**33**	**0**	**0**	**0**	**33**

Subsidiary	Value at January 1, 2018	Increases	Decreases	Change in impairment	Other	Value at June 30, 2018
Banque Transatlantique	6					6
Transatlantique Gestion	6					6
CM-CIC Investissement SCR	21					21
Total	**33**	**0**	**0**	**0**	**0**	**33**

NOTES TO THE STATEMENT OF FINANCIAL POSITION - LIABILITIES AND SHAREHOLDERS' EQUITY

NOTE 16 - Financial liabilities at fair value through profit or loss

	06.30.2018	01.01.2018
Financial liabilities held for trading	5 916	5 180
Financial liabilities accounted for under the fair value option	0	0
TOTAL	**5 916**	**5 180**

NOTE 16a - Financial liabilities held for trading

	06.30.2018	01.01.2018
.Short sales of securities	2 703	2 111
- Government securities	0	0
- Bonds and other debt securities	1 463	917
- Shares and other equity instruments	1 240	1 194
. Debts in respect of securities sold under repurchase agreements	0	0
. Derivatives held for trading	3 208	2 972
. Other financial liabilities held for trading	5	97
Total	**5 916**	**5 180**

NOTE 16b - Financial liabilities under the fair value option through profit or loss

	06.30.2018			01.01.2018		
	Carrying amount	Amount due on maturity	Difference	Carrying amount	Amount due on maturity	Difference
.Securities issued	0	0	0	0	0	0
. Subordinated debt	0	0	0	0	0	0
. Interbank borrowings	0	0	0	0	0	0
. Due to customers	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

NOTE 17 - Financial liabilities at amortized cost

NOTE 17a - Due to central banks and credit institutions

	06.30.2018	01.01.2018
Central banks	0	0
Due to credit institutions		
Current accounts	2 115	1 726
Loans	61 732	52 874
Other liabilities	1 299	1 609
Repurchase agreements	20 711	13 345
Accrued interest	127	94
Total	85 984	69 648

NOTE 17b - Amounts due to customers at amortized cost

	06.30.2018	01.01.2018
. Regulated savings accounts	45 578	43 715
- demand	33 075	31 475
- term	12 503	12 240
. Accrued interest	224	1
Sub-total	**45 802**	**43 716**
. Current accounts	76 454	73 001
. Term deposits and borrowings	24 940	25 282
. Repurchase agreements	3 353	2 017
. Other liabilities	9	10
. Accrued interest	116	117
Sub-total	**104 872**	**100 427**
Total	**150 674**	**144 143**

NOTE 17c - Debt securities at amortized cost

	06.30.2018	01.01.2018
Retail certificates of deposit	84	113
Interbank instruments and money market securities	18 938	17 463
Bonds	4 442	4 108
Non-preferred senior securities	0	0
Accrued interest	95	78
Total	**23 559**	**21 762**

NOTE 18 - Accruals and other liabilities

	06.30.2018	01.01.2018
Accruals		
Accounts unavailable due to recovery procedures	239	280
Currency adjustment accounts	51	54
Accrued expenses	669	680
Deferred income	399	391
Other accruals	4 624	1 499
Sub-total	**5 982**	**2 904**
Other liabilities		
Securities settlement accounts	105	67
Outstanding amounts payable on securities	54	79
Miscellaneous creditors	391	348
Sub-total	**550**	**494**
Total	**6 532**	**3 398**

NOTE 19 - Provisions and contingent liabilities

NOTE 19a - Provisions

	01.01.2018	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	06.30.2018
Provisions for risks	**244**	**44**	**(133)**	**(54)**	**131**	**232**
For guarantee commitments	163	29	0	(37)	1	156
- of which 12-month expected losses (S1)	31	4	0	(5)	1	31
- of which expected losses at termination (S2)	40	6	0	(12)	0	34
For financing commitments	29	6	(1)	(8)	(1)	25
- of which 12-month expected losses (S1)	20	4	(1)	(3)	0	20
- of which expected losses at termination (S2)	9	2	0	(5)	(1)	5
On country risks	0	0	0	0	0	0
Provision for taxes	31	0	0	(3)	1	29
Provisions for claims and litigations	13	4	0	(3)	(2)	12
Provisions for misc. receivables risk	8	5	(132)	(3)	132	10
Other provisions	**658**	**33**	**0**	**(22)**	**(130)**	**540**
Provision for home savings accounts and plans	55	0	0	(11)	0	44
Provisions for misc. contingencies	275	4	(2)	(4)	(131)	143
Other provisions (1)	328	29	2	(7)	1	353
Provisions for retirement commitments	**196**	**3**	**0**	**(2)**	**(1)**	**196**
Total	**1 098**	**80**	**(133)**	**(78)**	**0**	**968**

(1) Other provisions mainly include provisions for French economic interest groups (EIG) totaling€339 million.

NOTE 19b - Retirement and other employee benefits

	01.01.2018	Additions	Reversals	Other movements (1)	06.30.2018
Defined benefit plans not covered by retirement funds					
Retirement bonuses	94	1	0	0	95
Top-up payments	34	2	(2)	(1)	33
Obligations for long-service awards (other long-term benefits)	56	0	0	0	56
Total recognized	**184**	**3**	**(2)**	**(1)**	**184**
Supplementary defined benefit pensions covered by the group's pension funds					
Commitments to employees and retired employees (2)	12	0	0	0	12
Total recognized	**12**	**0**	**0**	**0**	**12**
Other commitments	0	0	0	0	0
Total recognized	**0**	**0**	**0**	**0**	**0**
Total	**196**	**3**	**(2)**	**(1)**	**196**

(1) The other movements resulted from the change in the discount rate.

(2) The provisions for pension fund shortfalls relate to the group's foreign entities.

NOTE 20 - Subordinated debt at amortized cost

	06.30.2018	01.01.2018
Non-voting loan stock	153	153
Perpetual subordinated loan stock	26	26
Other liabilities	2 052	1 916
Accrued interest	4	3
Total	**2 235**	**2 098**

Subordinated debt representing more than 10% of total subordinated debt at June 30, 2018:

€m	**Issue date**	**Issue amount**	**Currency**	**Rate**	**Maturity**
Non-voting loan stock	05.28.1985	€137m	EUR	a	b
Subordinated notes	03.24.2016	€414m	EUR	3-month Euribor + Margin	03.24.2026
Subordinated notes	11.04.2016	€700m	EUR	3-month Euribor + Margin	11.04.2026

a Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2

b Non-amortizable and repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year

NOTE 21 - Unrealized or deferred gains and losses

NOTE 21a - Unrealized or deferred gains and losses

	06.30.2018	01.01.2018
Unrealized or deferred gains and losses* relating to:		
- Translation adjustments	15	(12)
- Financial assets at fair value through recyclable other comprehensive incom	(18)	(45)
- Financial assets at fair value through non-recyclable other comprehensive ir	(42)	(60)
- Hedging derivatives (CFH)	(0)	0
- own credit risk on financial liabilities - fair value option	0	0
- Share of unrealized or deferred gains and losses of associates	211	241
- actuarial gains and losses on defined benefit plans	(37)	(36)
Total	**129**	**88**

(*) Net of corporation tax

NOTE 21b - Recycling of gains and losses recognized directly in equity

	06.30.2018	01.01.2018
	Movements	Movements
Translation adjustments		
Reclassification in income	0	0
Other movements	27	-109
Sub-total	**27**	**-109**
Remeasurement of financial assets at FVPL - debt instruments		
Reclassification in income	0	3
Other movements	27	66
Sub-total	**27**	**69**
Remeasurement of financial assets at FVPL - equity instruments		
Reclassification in income	0	0
Other movements	18	93
Sub-total	**18**	**93**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movements	0	0
Sub-total	**0**	**0**
Remeasurement of non-current assets	0	0
Actuarial gains and losses on defined benefit plans	0	19
Share of unrealized or deferred gains and losses of associates	-30	-6
Total	**42**	**66**

NOTE 21c - Tax related to each category of gains and losses recognized directly to equity

	06.30.2018			01.01.2018		
	Gross amount	Tax	Net value	Gross amount	Tax	Net value
Translation adjustments	27	0	27	-109	0	-109
Remeasurement of financial assets at FVPL - debt instruments	43	-16	27	98	-29	69
Remeasurement of financial assets at FVPL - equity instruments	15	3	18	96	-3	93
Remeasurement of hedging derivatives	0	0	0	0	0	0
Remeasurement of non-current assets	0	0	0	0	0	0
Actuarial gains and losses on defined benefit plans	0	0	0	25	-6	19
Share of unrealized or deferred gains and losses of associates	-48	18	-30	-18	12	-6
Total changes in gains and losses recognized directly in equity	**37**	**5**	**42**	**92**	**-26**	**66**

NOTE 22 - Commitments given and received

Commitments and guarantees given	06.30.2018	01.01.2018
Financing commitments	**35 453**	**33 381**
To credit institutions	513	315
To customers	34 940	33 066
Guarantees received	**15 029**	**14 123**
To credit institutions	1 486	1 224
To customers	13 543	12 899
Securities commitments	**1 946**	**1 530**
Optional resale agreements	0	0
Other commitments and guarantees given	1 946	1 530

Commitments received	06.30.2018	01.01.2018
Financing commitments	**204**	**208**
From credit institutions	204	208
Commitments received from customers	0	0
Guarantee commitments	**59 858**	**52 205**
From credit institutions	43 576	42 202
Commitments received from customers	16 282	10 003
Securities commitments	**1 573**	**452**
Optional repurchase agreements	0	0
Other commitments and guarantees received	1 573	452

NOTES TO THE INCOME STATEMENT

NOTE 23 - Interest and similar income/expense

	06.30.2018		06.30.2017	
	Income	Expense	Income	Expense
. Credit institutions and central banks*	178	(346)	136	(258)
. Customers	3 269	(1 754)	3 226	(1 722)
- of which finance and operating leases	1 521	(1 405)	1 459	(1 336)
. Derivatives used for hedging purposes	175	(475)	207	(517)
. Financial assets at fair value through profit or loss	68	(12)		
. Financial assets at fair value through other comprehensive income	66	0	89	0
. Securities at amortized cost	19	0	1	0
. Debt securities	0	(160)	0	(142)
. Subordinated debt	0	0	0	0
Total	**3 775**	**(2 747)**	**3 659**	**(2 639)**

NOTE 24 - Fees and commissions

	06.30.2018		06.30.2017	
	Income	Expense	Income	Expense
Credit institutions	1	(2)	1	(2)
Customers	473	(6)	495	(6)
Securities	233	(17)	269	(14)
Derivatives	2	(3)	1	(2)
Currency transactions	7	(1)	8	(0)
Financing and guarantee commitments	3	(1)	2	(11)
Services provided	603	(278)	569	(275)
Total	**1 322**	**(308)**	**1 345**	**(310)**

NOTE 25 - Net gains on financial instruments at fair value through profit or loss

	06.30.2018	06.30.2017
Trading instruments	221	222
Instruments accounted for under the fair value option (1)	10	239
Ineffective portion of hedges	(3)	5
. On cash flow hedges (CFH)	0	0
. On fair value hedges (FVH)	(3)	5
. Changes in fair value of hedged items	(91)	(530)
. Changes in fair value of hedging instruments	88	535
Foreign exchange gains	43	20
Other instruments at fair value through profit or loss (1)	210	0
Total changes in fair value	**481**	**486**

(1) Of which €195 million from the private equity business at June 30, 2018 classified as other instruments at fair value through profit or loss compared to €165 million at June 30, 2017 classified as instruments accounted for under the fair value option

NOTE 26 - Net gains/(losses) on financial assets at fair value through other comprehensive income (2018)/Available-for-sale assets (2017)

	06.30.2018	06.30.2017
. Dividends	21	31
- of which resulting from instruments derecognized during the period		
. Gains/(losses) on debt instruments	39	133
. Gains/(losses) on equity instruments (2017)		(65)
Total	**60**	**99**

NOTE 27 - Income and expenses from other activities

	06.30.2018	06.30.2017
Income from other activities		
. Investment property:	0	0
- reversals of provisions/depreciation/amortization	0	0
- capital gains on disposals	0	0
. Rebilled expenses	14	14
. Other income	44	37
Sub-total	**58**	**51**
Expenses on other activities		
. Investment property:	(1)	(1)
- provisions/depreciation/amortization	(1)	(1)
- capital losses on disposals	0	0
. Other expenses	(38)	(36)
Sub-total	**(39)**	**(37)**
Net total other income and expenses	**19**	**14**

NOTE 28 - General operating expenses

	06.30.2018	06.30.2017
Payroll costs	(889)	(892)
Other general operating expenses	(687)	(678)
Allocations and reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets	(59)	(65)
Total	**(1 635)**	**(1 635)**

NOTE 28a - Payroll costs

	06.30.2018	06.30.2017
Wages and salaries	(544)	(532)
Social security contributions	(227)	(224)
Short-term employee benefits	0	0
Employee profit-sharing and incentive bonuses	(43)	(59)
Payroll-based taxes	(75)	(77)
Other	0	0
Total	**(889)**	**(892)**

NOTE 28b - Average number of employees

	06.30.2018	06.30.2017
Banking staff	10 387	10 679
Managerial staff	9 307	9 292
Total	**19 694**	**19 971**
of which, in France	18 149	18 387
of which, rest of world	1 545	1 584

NOTE 28c - Other general operating expenses

	06.30.2018	06.30.2017
Other taxes and duties	(163)	(168)
External services	(542)	(524)
Other miscellaneous expenses	18	14
Total	**(687)**	**(678)**

At €11 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.

NOTE 28d - Allocations and reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets

	06.30.2018	06.30.2017
Depreciation and amortization	(59)	(64)
- Property, plant and equipment	(53)	(57)
- Intangible assets	(6)	(7)
Impairment	0	(1)
- Property, plant and equipment	0	(1)
- Intangible assets	0	0
Total	**(59)**	**(65)**

NOTE 29 - Net provision allocations/reversals for loan losses

	06.30.2018	06.30.2017
- 12-month expected losses (S1)	(13)	0
- expected losses at termination (S2)	24	0
- impaired assets (S3)	(38)	(61)
Total	**(27)**	**(61)**

06.30.2018	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	(48)	36				(12)
- Loans and receivables due from credit institutions at amortized cost	(1)	0				(1)
- Loans and receivables due from customers at amortized cost	(38)	27				(11)
- of which, finance leases	(1)	0				(1)
- Financial assets at amortized cost - securities	(0)	0				0
- Financial assets at fair value through other comprehensive income - debt securities	0	0				(0)
- Financial assets at fair value through other comprehensive income - Loans	0	0				0
- Commitments and guarantees given	(9)	9				0
expected losses at termination (S2)	(41)	64				23
- Loans and receivables due from credit institutions at amortized cost	(0)	2				2
- Loans and receivables due from customers at amortized cost	(33)	44				11
- of which, finance leases	(1)	1				0
- Financial assets at amortized cost - securities	0	0				0
- Financial assets at fair value through other comprehensive income - debt securities	0	0				0
- Financial assets at fair value through other comprehensive income - Loans	0	0				0
- Commitments and guarantees given	(8)	18				10
Impaired assets (S3)	(365)	442	(112)	(12)	9	(38)
- Loans and receivables due from credit institutions at amortized cost	0	0	0	(0)	0	(0)
- Loans and receivables due from customers at amortized cost	(209)	286	(111)	(9)	5	(39)
- of which, finance leases	(2)	2	(1)	(1)	0	0
- Financial assets at amortized cost - securities	(1)	1	0	0	0	(0)
- Financial assets at fair value through other comprehensive income - debt securities	(131)	0	(1)	(3)	4	(131)
- Financial assets at fair value through other comprehensive income - Loans	0	0	0	0	0	0
- Commitments and guarantees given	(24)	155	0	(0)	0	131
Total	**(454)**	**542**	**(112)**	**(12)**	**9**	**(27)**

06.30.2017	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
Impaired assets (S3)	**(309)**	**365**	**(114)**	**(22)**	**19**	**(61)**
- Loans and receivables due from credit institutions at amortized cost	0	8	0	0	2	10
- Loans and receivables due from customers at amortized cost	(286)	333	(113)	(15)	9	(72)
- of which, finance leases	(2)	3	(2)	(1)	0	(2)
- Financial assets at amortized cost - securities	(3)	0	0	0	0	(3)
- Financial assets at fair value through other comprehensive income - debt securities	(3)	0	(1)	(7)	8	(3)
- Financial assets at fair value through other comprehensive income - Loans	0	0				0
- Commitments and guarantees given	(17)	24				7
Total	**(309)**	**365**	**(114)**	**(22)**	**19**	**(61)**

NOTE 30 - Gains or losses on other assets

	06.30.2018	06.30.2017
Property and equipment and intangible assets	8	(3)
. Losses on disposals	(2)	(3)
. Gains on disposals	10	(0)
Net gains/(losses) on disposals of consolidated securities	0	0
Total	**8**	**(3)**

NOTE 31 - Income tax

Breakdown of tax expense

	06.30.2018	06.30.2017
Current tax	(246)	(294)
Deferred tax	9	(26)
Adjustments in respect of prior years	(10)	1
Total	**(247)**	**(319)**

NOTE 32 - Earnings per share

	06.30.2018	01.01.2018
Net income attributable to the group	774	715
Number of shares at beginning of year	37 795 782	37 797 752
Number of shares at end of year	37 795 782	37 795 782
Weighted average number of shares	37 795 782	37 796 767
Basic earnings per share (in €)	**20,47**	**18,91**
Additional weighted average number of shares assuming full dilution	0	0
Diluted earnings per share (in €)	**20,47**	**18,91**

CIC's share capital amounts to €608,439,888, made up of 38.027.493 shares with a par value of €16 each, including 231,711 treasury shares.

NOTE 33 - Related party transactions

	06.30.2018		01.01.2018	
	Associates (companies accounted for using the equity method)	Parent company	Associates (companies accounted for using the equity method)	Parent company
Assets				
Financial assets at fair value through profit or loss	0	58	0	7
Financial assets at FVOCI	0	0	0	0
Financial assets at amortized cost	1 326	12 239	960	9 184
Other assets	2	39	8	37
Liabilities				
Due to credit institutions	13	52 052	7	48 763
Liabilities at fair value through profit or loss	0	0	0	2
Due to customers	27	174	25	165
Debt securities	474	1 780	350	1 789
Subordinated debt	0	3 549	0	2 046
Financing commitments given	0	0	0	0
Guarantee commitments given	0	37	0	23
Financing commitments received	0	8	0	0
Guarantee commitments received	0	3 502	0	3 103
	06.30.2018		06.30.2017	
Interest income	0	140	0	146
Interest expense	(3)	(209)	(6)	(222)
Commission income	230	8	225	4
Commission expense	0	(49)	0	(46)
Net gains/(losses) on financial assets at FVOCI and FVPL	63	1		
Other income and expenses	0	(1)	53	36
General operating expenses	(30)	(202)	(30)	(196)

The parent company is BFCM, the majority shareholder of CIC, and Caisse Fédérale de Crédit Mutuel (CFCM), the entity controlling BFCM, and all their subsidiaries.

Transactions carried out with the parent company mainly cover loans and borrowings taken out for the purposes of treasury management, as BFCM is the group’s refinancing vehicle, as well as IT services billed with the Euro Information entities.

Companies accounted for using the equity method comprise CM-CIC Asset Management and the Assurances du Crédit Mutuel group.

3. Statutory auditors’ report on the limited review of the interim financial statements

KPMG S.A. PricewaterhouseCoopers Audit Ernst & Young et Autres

Crédit Industriel et Commercial - CIC

Period from January 1 to June 30, 2018

Statutory auditors’ report on the interim financial information

KPMG S.A.
Tour EQHO
2, Avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
Limited company with capital of €5,497,100

Statutory auditor
Member of the Versailles
Regional Institute of Accountants

PricewaterhouseCoopers Audit
63, Rue de Villiers
92208 Neuilly-sur-Seine Cedex
French simplified joint stock company with capital of €2,510,460

Statutory auditor
Member of the Versailles
Regional Institute of Accountants

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris La Défense Cedex
French simplified joint stock company with variable share capital
Nanterre Trade and Companies Register no.: 438 476 913

Statutory auditor
Member of the Versailles
Regional Institute of Accountants

Crédit Industriel et Commercial - CIC

Period from January 1 to June 30, 2018

Statutory auditors' report on the interim financial information

To the shareholders,

In fulfillment of the assignment entrusted to us by your shareholders' meetings and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the condensed interim consolidated financial statements of Crédit Industriel et Commercial - CIC for the period from January 1 to June 30, 2018, as appended to this report;

- verified the information provided in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of your Board of Directors. Our role is to report our conclusions on these financial statements on the basis of our limited review.

1. Conclusions on the financial statements

We have conducted our limited review according to accounting standards applicable in France. A limited review primarily entails speaking with the members of management in charge of accounting and financial matters and applying analytical procedures. This review is less extensive than that required for an audit conducted according to auditing standards applicable in France. Therefore, the assurance obtained through a limited review that the financial statements as a whole are free of material misstatements is moderate and not as high as the assurance obtained through an audit.

Based on our limited review, we have not identified any material misstatements that would lead us to question the compliance of the condensed interim consolidated financial statements with IAS 34, a standard that is part of the IFRS as adopted in the European Union regarding interim financial reporting.

Without qualifying the conclusion expressed above, we draw your attention to the change in accounting method related to the application of the new IFRS 9 "Financial Instruments" as described in Note 1 "Accounting policies, valuation and presentation methods" to the financial statements, and in the other notes presenting the quantified data related to this first-time application.

2. Specific verification

We have also verified the information provided in the interim management report regarding the condensed interim consolidated financial statements covered by our limited review.

We have no comments regarding the fairness of this information and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, August 3, 2018

The statutory auditors

KPMG S.A.	PricewaterhouseCoopers Audit	Ernst & Young et Autres
Arnaud Bourdeille	Jacques Lévi	Hassan Baaj

4. Presentation of CIC

4.1. Business lines

Please refer to the paragraph entitled "Recent event related to CIC's activity" in section 1.

4.2. Share capital

The share capital remained unchanged at €608,439,888 at June 30, 2018.

Distribution of capital at June 30, 2018:

Shareholders	Number of shares	%	Voting rights	%
BFCM	35,417,871	93.14%	35,417,871	93.71%
Mutuelles Investissement	2,377,911	6.25%	2,377,911	6.29%
Treasury stock	231.711	0.61%		
TOTAL	**38,027,493**	**100.00%**	**37,795,782**	**100.00%**

Names of natural or legal persons able to exert control over CIC, either individually, jointly or in concert:

BFCM’s business covers the following areas:

- as the company that acts as the holding company of the Crédit Mutuel-CM11 group, it holds the equity interests in banking and finance, insurance, real estate and technology;
- financial management, treasury and refinancing services for the group;
- lending, financial structuring, cash management and trading room for a customer base of major corporates and institutional investors.

At June 30, 2018, with total consolidated assets of €662.3 billion, the Crédit Mutuel-CM11 group held €582.7 billion in savings in custody or under management, of which €287.9 billion in deposits, €190.1 billion in bank savings products and €94.7 billion in insurance savings products. Total lending stood at €358.3 billion.

Shareholders’ equity totaled €42.5[1] billion.

[1] Including net income for the period before dividend pay-outs.

5. Corporate governance – Report on corporate governance

5.1. Composition of the management bodies at June 30, 2018

Members appointed by the Shareholders' Meeting:

- Mr. Nicolas Théry, Chairman;
- Banque Fédérative du Crédit Mutuel represented by Mrs. Catherine Allonas Barthe;
- Mr. Éric Charpentier;
- Mr. Maurice Corgini;
- Mr. Jean-François Jouffray;
- Mrs. Catherine Millet.

Directors elected by employees:

- Mr. William Paillet;
- Mrs. Ségolène Denavit.

Non-voting board members:

- Mr. Luc Chambaud;
- Mr. Guy Cormier;
- Mr. Gérard Cormorèche;
- Mr. Jacques Humbert;
- Mr. Damien Lievens;
- Mr. Lucien Miara.

CIC works council representatives:

- Gérard Fubiani.

General management:

- Daniel Baal, Chief Executive Officer and effective manager;
- Philippe Vidal, Deputy Chief Operating Officer and effective manager;
- Claude Koestner, Deputy Chief Operating Officer;
- René Dangel, Deputy Chief Operating Officer;

Statutory auditors:

- Ernst & Young et Autres;
- PricewaterhouseCoopers Audit;
- KPMG S.A.

5.2. Conditions for preparing and organizing the work of the Board of Directors

The provisions of Article L.225-37 of the French Commercial Code stipulate that the board of directors must present to the shareholders' general meeting referred to in Article L.225-100 a report on corporate governance appended to the management report referred to in the same article. However, the information concerned may be presented in a specific section of the management report.

This report details the composition of the board and the application of the principle of balanced representation of men and women on the board, the conditions under which it prepares and organizes its work, as well as any limits placed on the powers of the chief executive officer by the board of directors.

5.2.1. Preparing and organizing the work of the board

Composition of the board

The workings of the board of directors are governed by Articles 10 through 16 of the company's bylaws, which do not contain any stipulations over and above the legal provisions.

Crédit Industriel et Commercial (CIC) complies with the regulations in force regarding corporate governance. It does not however follow the recommendations of the AFEP-MEDEF code of corporate governance, which is unsuitable in its case on a number of points given its ownership structure, consisting for 100 % of entities belonging to the Crédit Mutuel group, including Banque Fédérative du Crédit Mutuel which holds 93.14 % of the capital and Mutuelles Investissement which holds 6.25 %, the remaining 0.61 % being held in treasury.

In determining the composition of the board of directors, a number of guiding principles are applied.

1°. Incompatibilities and prohibitions: each director, when appointed, signs a statement certifying that he does not infringe any of the banking prohibitions set out in Article L.500-1 of the French Monetary and Financial Code.

2°. Age limit: the composition of the board reflects a provision defined in the bylaws, whereby the number of directors over the age of 70 may not exceed one third of directors. In order to ensure that uniform and consistent practices are applied throughout the group, it is proposed that, in December 2018, the individual age limit be set at 70 for directors and 75 for non-voting board members. Unexpired terms of office at that age shall end at the shareholders' general meeting following the anniversary date.

3°. Plurality of employment contracts: no director has a contract of employment with the company and its controlled subsidiaries (except for directors who represent employees, who are not affected by the rules concerning concurrent directorships and employment contracts).

4°. Application of the principle of balanced representation of women and men on the board of directors: French law no. 2011-103 of January 27, 2011 (the "Copé – Zimmermann law") as amended in 2014 and in force as at January 1, 2017, applies to CIC and has been implemented as CIC has two women and four men on its board. As far as employee board members are concerned, the CIC board has one male and one female member.

5°. Competence and training of directors: CIC attaches great importance to the competence of its directors. A specific director training module has been introduced, at the initiative of the interfederal elected members training commission, the aim of which is to consolidate the knowledge and skills of CIC's directors and non-voting board members as regards the skills required under the regulations since the transposition into French law of the Capital Requirements Directive (CRD IV).

Specific training modules have also been introduced for the members of the regulatory committees. These modules aim to consolidate their skills to enable them to effectively carry out said committees' work.

6°. Composition of the Board of Directors and independent directors: the joint Guidelines issued by the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) dated September 26, 2017 on the assessment of the suitability of members of the management body and key function holders have set 11 independence criteria applicable from July 1, 2018 to all credit institutions in the European Union. These guidelines were translated on March 23, 2018 and, through a notice published on June 5, 2018, the Autorité de Contrôle Prudentiel et de Résolution (French prudential supervision and resolution authority - ACPR) announced that it intends to partially comply with the guidelines of September 26, 2017 on the suitability assessment. The ACPR intends to comply with the guidelines, except for the provisions regarding the assessment by the supervisory authority of the suitability of key function holders at the time of each appointment or reappointment. The declaration of non-compliance applies to paragraphs 162 and 176 (reporting to the competent authority on the results and documentation related to the internal assessment) and paragraphs 171 and 172 (assessment of the suitability of heads of internal control functions and the CFO by the competent authority). This declaration does not call into question the procedures already in effect, which will continue to apply to the assessment of heads of internal control at the time of authorization and in case of a change of control.

In addition, the ACPR intends to apply the guidelines related to the presence and definition of independent members, with two interpretive reservations:

- the formal independence of members of the management body and members of the risks committee and appointments committee is not a suitability criterion required by current French laws and regulations, which would be binding in the review of an individual candidate. Under French law, application of the guidelines could not result in the refusal, solely on these grounds, of an individual candidate in terms of being "fit and proper". Moreover, excluding the specific case of audit committees of public-interest entities, for which Article L. 823-19 of the French Commercial Code requires, in principle, the presence of an independent director, as a result of the transposition of Directive 2006/43/EC of the European Parliament and of the Council of May 17, 2006 on statutory audits of annual financial statements and consolidated financial statements, the ACPR considers the presence of independent members within supervisory bodies and other specialized committees a best practice to be encouraged and not a legal or regulatory requirement.
- under the law, it is not presumed that a member who fails to meet one or more of the criteria specified in the guidelines (paragraph 91) is not independent. The failure to meet these criteria is not the only factor regarding independence and an analysis of independence must also take other measures into account, such as those developed by French institutions pursuant to the laws and regulations in force which could allow the same objective of independence to be achieved.

In accordance with paragraph 89)b) of the guidelines on the assessment of suitability, the ACPR also intends not to require the presence of independent members at CRD-institutions that are wholly owned by a CRD-institution and at non-significant CRD-institutions that are investment firms.

7°. Listing of CIC shares and prevention of market abuse CIC's shares are no longer listed.

8°. Conflicts of interest at the level of the administrative, management, and supervisory bodies: In accordance with the code of ethics and professional conduct in force within the group, there are no potential conflicts of interest, as regards the members of the Board of Directors and the Chief Executive Officer, between their obligations vis-à-vis CIC and their private interests.

The work of the board in 2018

The board of directors meets at least three times a year in accordance with a pre-established schedule.

Each agenda item has a corresponding file or presentation depending on its size to provide board members with the necessary information. Detailed minutes are prepared, recording deliberations, resolutions and voting.

The Board of Directors met once as of June 30, 2018. The attendance rate was 64%.

The board meeting of February 21, 2018 was mainly devoted to examining and approving the company and consolidated financial statements and preparing for the shareholders' ordinary and extraordinary general meeting, which was held on May 4. The board examined the financial statements for fiscal year 2017, heard the conclusions of the statutory auditors and took note of the control and monitoring activities. The board took note of the reports issued by the regulatory committees. It approved the risk appetite framework, reviewed information regarding the capital requirement evaluation process (SREP), decided on the corporate individual and sector limits at group level and approved the sector policies and application grids. The board approved CM-CIC Marchés' body of rules and renewed the authorization to issue EMTNs for a further one-year period. The board also approved the terms of the proposed governance-related changes in line with the group's other umbrella entities:

- set the minimum number of directors at three (Article 10 I),
- set the terms of office of directors, excluding directors elected by employees, at three years instead of six years (Article 10 II),
- set the age limit of directors at 70 (Article 10 V),
- set the age limit of the Chairman at 70 (Article 11 1.),
- set the terms of office of Executive Management at three years and the age limit at 70 (Article 12 2.),
- set the terms of office of non-voting directors at three years and their age limit at 75 and add a right to request a second board deliberation (Article 14).

To ensure consistency with the other elections within the group, these changes would take effect as of the first Board of Directors' meeting held after the December 2018 Chambre Syndicale et Interfédérale.

Workings of the board
General management operating methods

In accordance with Article L.511-13, paragraph 2, of the French Monetary and Financial Code, the banking regulations require banks to separate the functions of the chairman of the supervisory body and those of the bank's effective managers. A bank must have at least two people who are responsible for its executive management. They will have all the powers conferred on them by the legislation and the banking and financial regulations, governing their actions both within the group and vis-à-vis third parties.
CIC's general management is composed of:

- Daniel Baal, chief executive officer and effective manager,
- Philippe Vidal, deputy chief operating officer and effective manager,
- Claude Koestner, deputy chief operating officer,
- René Dangel, deputy chief operating officer.

The board meetings held on December 11, 2014 and May 24, 2017 did not place any restrictions on the powers of the two effective managers as defined by the law and our bylaws and internal regulations.

Board committees

In accordance with Articles L. 511-89 et seq. of the French Monetary and Financial Code, the Board is supported by four specialized committees set up on a group basis by the Board of Directors of Caisse Fédérale de Crédit Mutuel. These committees may invite any technical expert or representative of an entity within the Group to assist them with their work. The board receives regular reports on the work of these committees.

Group compensation committee

Following the transposition of the so-called CRD4 directive, particularly Article 88 thereof, and in accordance with Article L.511-89 of the French Monetary and Financial Code, the board of director's meeting on February 27, 2015 created a new internal specialized committee.
The scope of this committee includes:

- all the credit institutions and financing companies,
- the entities in the group consolidated by Caisse Fédérale de Crédit Mutuel (CIB 10278) in its capacity as the parent company of the Crédit Mutuel CM11 consolidated group which, due to their size, internal structure and the nature, scale, complexity and international character of their activity, are included in the scope at the board of directors' discretion.
- with the exception of those entities which, due to their activity, importance or specific features, have a committee set up specifically for them in accordance with the legislation and regulations. Under these circumstances, said committee reports to Caisse Fédérale de Crédit Mutuel group's compensation committee on the work carried out and the information disseminated.

The compensation committee analyzes and monitors the compensation principles and the annual guidelines presented by general management, including, in particular:

- the applicable regulatory developments,

- the level of the budgets allocated to the Material Risk Takers (MRT),
- the procedures for apportioning compensation, allocating it to individuals and paying it,
- the list of compensation amounts exceeding a certain level and the list of all employees identified as material risk takers,
- the compensation of the chief risk officer and the head of compliance.

In carrying out these duties, the compensation committee uses as a basis market practices and all other resources it deems appropriate.
In this context, the compensation committee draws up, on a regular basis and at least once a year, proposals concerning the compensation of the executive body and the corporate officers and an opinion on the group's general policy guidelines concerning compensation and it may issue opinions, proposals or recommendations concerning its terms of reference for consideration by the board of directors.
Moreover, the compensation committee checks with general management to make sure that the risk, control and compliance divisions have been consulted by the human resources department as regards the definition and implementation of the compensation policy.

In addition, the compensation committee takes due note of the annual audit report on the compensation policy and/or the follow-up audit report.

The committee reports on its work, and presents its proposals, to the board of directors. It sets out in its report the opinions and recommendations it deems useful. It also details in its report all the proposals aimed at improving the effectiveness of the various procedures and the overall system or adapting them to a new situation or to regulatory changes.
To ensure consistency throughout the group and in the absence of procedures governing this area, a process for coordinating changes in the compensation of the executive management
- Chief Executive Officers of the group's entities was adopted at the Board of Directors' meeting on February 26, 2016.
As regards the federations' chief executive officers, the federations' chairmen are involved in this process in an advisory capacity.
This system links to the Chairman of Caisse Fédérale de Crédit Mutuel, the Executive Management of Caisse Fédérale de Crédit Mutuel, the group human resources department, the group General Secretariat and the group Risk Department. The compensation committee gives it opinion on the proposed coordination process. The compensation committee reports to the board of directors.
In this respect, the committee draws on the work carried out by the group human resources department, the group General Secretariat and the group Risk Department, and secretarial services for this committee's meetings are provided by the group General Secretariat.

There are five members of this committee, each elected for three years:
- Jacques Humbert, Chairman
- Gérard Bontoux
- Maurice Corgini
- André Gerwig
- Jean-François Jouffray,
- M. François Troillard, employee board member

Group appointments committee

Following the transposition of the so-called CRD4 directive, particularly Article 88 thereof, and in accordance with Article L.511-89 of the French Monetary and Financial Code, the board of directors' meeting on February 27, 2015 created a new internal specialized committee.

The scope of this committee includes:
- all the credit institutions and financing companies,
- the entities of the group consolidated by Caisse Fédérale de Crédit Mutuel (CIB 10278) in its capacity as the parent company of the Crédit Mutuel CM11 consolidated group which, due to their size, internal structure and the nature, scale, complexity and international character of their activity, are included in the scope at the board of directors' discretion, with the exception of those entities which, due to their activity, importance or specific features, have a committee set up specifically for them in accordance with the laws and regulations. Under these circumstances, said committee reports to Caisse Fédérale de Crédit Mutuel group's compensation committee on the work carried out and the information disseminated.

The committee's main responsibilities, as specified in Articles L.511-98 to L.511-101 of the French Monetary and Financial Code, are, in particular to:
- identify and recommend to the board appropriate candidates to serve as directors, non-voting board members, directors that could have the status of effective manager (chief executive officer, chief operating officer, deputy chief operating officer and other executive management positions) with a view to proposing their appointment to the competent body,
- assess the balance and diversity of the knowledge, skills and experience possessed both individually and collectively by the board's members,
- specify the duties and the qualifications required for the functions performed within the board and assess the time that must be dedicated to these functions,
- set a target for gender equality within the board and draw up a policy for achieving said target (both must be published),
- review periodically, and at least once a year, the board's structure, size, composition and efficiency in the light of its duties and make appropriate recommendations to the board,
- assess periodically, and at least once a year, the knowledge, skills and experience possessed both individually and collectively by the board's members and report on these to the board,
- periodically review the board's policies with regard to selecting and appointing the two effective managers, the chief operating officers and the head of risk management and make recommendations to the board in this area,
- check that the board is not dominated by an individual or small group of individuals in conditions that would be harmful to the bank's interests.

In addition, with the aim of achieving consistency throughout the group and in the absence of any procedures governing this area, a coordination and consultation process has been implemented for the appointment and replacement of group entities' executive management and chief executive officers.
Such appointments and replacements are made from amongst a list of executives identified as having followed the career path defined by the group. As regards the federations' chief executive officers, and following the coordination and

consultation process, appointments and replacements will be made by the boards of directors on the recommendation of the federations' chairmen and in accordance with their prerogatives.
This coordination and consultation system will link to the Chairman of Caisse Fédérale de Crédit Mutuel the Executive Management of Caisse Fédérale de Crédit Mutuel, the group human resources department, the group General Secretariat and the group Risk Department.

The appointments committee is also responsible for issuing an opinion as a result of the coordination and consultation process. Said opinion is then disseminated in the form of an extract from the committee's minutes to the entity concerned for the purpose of the legal decision to make the appointment or replacement by its competent body.
The committee keeps abreast of all market regulations and recommendations concerning governance.
The chairman of the board may, where relevant, consult it on governance issues.
In this respect, the committee draws on the work carried out by the Caisse Fédérale de Crédit Mutuel group General Secretariat, in collaboration with the Risk Department and the human resources department. Secretarial services for this committee's meetings are provided by the Caisse Fédérale de Crédit Mutuel group General Secretariat.
There are five members of this committee, each elected for three years:
- Jacques Humbert, Chairman,
- Gérard Bontoux,
- Maurice Corgini,
- André Gerwig,
- Jean-François Jouffray.

Group audit and accounts committee
With a view to satisfying the requirements arising from the transposition of European Directive 2006/43/EC concerning the statutory audits of annual company and consolidated financial statements by means of order no. 2008-1278 of December 8, 2008 and Article L.512-1-1 of the French Commercial code, as well as those deriving from regulation 97-02 (which subsequently became the order of November 3, 2014) concerning the internal control of credit institutions and investment undertakings, a group audit and accounts committee was established in June 2009 at the CM5 level, which subsequently became Crédit Mutuel CM11.
The group audit and accounts committee is composed of directors representing the Crédit Mutuel federations that are members of the Caisse Fédérale de Crédit Mutuel (in principle, one per federation), one representative of BFCM and two members of CIC's Board of Directors. The Committee elects a Chairman from among its members for a three-year period that can be renewed once.

The group audit and accounts committee:
- examines the provisional internal control schedule;
- receives the consolidated annual internal control and risk monitoring report as well as the half-yearly internal control report;
- is informed of the conclusions of the main assignments carried out by the periodic control function and of the results of the permanent and compliance controls;
- is informed of the findings of external controls, including any changes recommended by the supervisory authorities;

- is informed of actions taken to follow up on the main recommendations made in the internal and external control reports;
- is responsible for assessing the effectiveness of the internal control systems;
- is responsible for monitoring the financial reporting process,
- oversees the statutory audit of the annual financial statements and consolidated financial statements;
- participates in the choice of statutory auditors and has unrestricted access to them in order to be informed of their work plan, ensure that they are capable of conducting their audit and discuss with them the findings of their audit;
- examines the annual company and consolidated financial statements;
- assesses the conditions under which they are prepared and ensures the relevance and continuity of the accounting policies and methods;
- examines the group's exposure to risks based on normalized and periodic reporting of counterparty, market, interest rate and liquidity risks and more generally all of the risks to which the group is exposed;
- examines the risk-taking policies, the general risk management strategies, the limits imposed, the cost of risk and the related control methods as well as the crisis management policy.

The group audit and accounts committee has unrestricted access to the heads of the various control functions (periodic, permanent, and compliance) as well as to the head of the risk division and the head of the finance department. The group audit and accounts committee may also summon the heads of the operating departments to attend its meetings, depending on the issues to be addressed.

The group audit and accounts committee has 14 members:
- Jean-François Jouffray, Chairman,
- Bernard Basse,
- Jean-Pierre Bertin,
- Michel Brard,
- Maurice Corgini,
- Christian Fouchard,
- Patrice Garrigues,
- Jacques Humbert,
- Damien Lievens,
- Yves Magnin,
- Patrick Morel,
- Jean-François Parra,
- Francis Pernet,
- Alain Pupel.

Group risk monitoring committee
This committee has been established at Crédit Mutuel CM11 group level and is composed of members of the deliberative bodies.
The committee's duties and responsibilities are as follows:
- carry out a complete review of the risks to which the Crédit Mutuel CM11 group is exposed. Completeness is reviewed both in terms of the types of risks and in terms of the business activities in which the group's banking and non-banking entities are involved both in France and abroad;
- examine risk exposure in terms of quality, ratings, concentration and impairment of value;

- analyze short- and medium-term liquidity ratios and monitor changes in these ratios, particularly within the framework of the internal liquidity adequacy assessment process (ILAAP);
- examine changes in the main regulatory and operating ratios and especially those related to capital consumption by business line and entity, solvency and leverage ratios and compliance with the amounts allocated by the deliberative bodies, particularly within the framework of the internal capital adequacy assessment process (ICAAP);
- interpret changes in earnings in the context of changes in risks, results and capital consumption, and examine changes in the external ratings;
- assess the quality of all the risks referred to in the order of November 3, 2014 and, in particular, the following risks: credit, market, overall interest rate, intermediation, settlement, liquidity and operational, throughout the scope of the group's entities (in particular the banking and insurance companies' scope);
- assist the deliberative body in its supervision of the application of the policies and strategies in terms of risks by the general management bodies making up the group's executive body. For this purpose, particular attention is given to compliance with the risk indicator limits and any breaches of them;
- advise the deliberative body on risk strategies and tolerance, both current and future. In this context, the committee may propose to the deliberative body changes to the risk management system (addition of or changes to the indicators and/or limits), specific reports or comments on a particular file or a specific or general risk;
- examine the risk-taking policies, the general risk management strategies, the limits imposed, the cost of risk and the related control methods as well as the crisis management policy, the risk measurement methodologies, the risk-taking policies as well as the crisis management policies including the crisis recovery plans (CRP);
- ensure that there are procedures to ensure compliance with the legal and regulatory obligations and a process to identify and deal with incidents and anomalies;
- ensure that the risk information provided to the committee is adequate in terms of its nature, scope, level of detail, form and frequency;
- propose to general management all the measures that could be necessary concerning the system of warning limits or thresholds for the main counterparties, economic or geographical sectors, as well as the warning limits or thresholds in respect of interest rate, liquidity and market risk.

The group chief risk officer reports on developments concerning the main risks as listed in the order of November 3, 2014 and, in particular, the following risks: credit, market, overall interest rate, intermediation, settlement, liquidity and operational risk.

The group chief risk officer informs the monitoring committee of any changes in or breaches of the warning limits and thresholds and comments on regulatory developments and the regulators' inspections. He provides feedback on the group's developments in its French and international markets.

The group risk monitoring committee has 15 members:

- Daniel Schoepf, Chairman
- Laurent Benoit
- Gilles Berrée
- Jean-Louis Boisson
- Hubert Chauvin
- Gérard Bontoux

- Hervé Chatanay
- Pierre Hussherr
- Jean-François Jouffray
- Claude Lévêque
- Jean-Paul Panzani
- Daniel Rocipon
- Denis Schitz
- Nicolas Théry
- Michel Vieux

Ethics and compliance

The Crédit Mutuel CM11 group's code of ethics was approved by the board of directors in its meeting of March 7, 2008.
This reference document, which brings together all the regulatory provisions regarding ethics, outlines the principles to be followed by all group entities and employees in carrying on their activities. It forms part of the general objectives established by the group concerning quality of customer service, integrity and rigor in handling transactions, and compliance with regulations. It is designed to serve as a reference in this field and to be adopted by the various entities.
Compliance with ethical rules applies not only to employees in the context of their duties but also to the entity to which they belong. The entity must ensure that the above principles, which reflect the values to which the whole Crédit Mutuel CM11 group subscribes, are properly applied.
This code is supplemented by provisions relating to the fight against corruption and two specific sets of rules on the security of information systems and the fight against violence and harassment at work.
The compendium of ethics is held available to all by the group general secretariat.
Regular reminders are issued of the obligation to comply with the rules applicable to persons holding inside information.

Ethics and compliance committee

an ethics and compliance committee was set up on a group-wide basis by the Chambre Syndicale at its meetings on April 13 and 14, 2007 to monitor progress on the implementation of the code of ethics and professional conduct within the management bodies of the group of local cooperative banks affiliated with Caisse Fédérale de Crédit Mutuel.

It has 22 members appointed by the *chambre interfédérale* on the basis of one elected member and one employee representative per group federation:
- 11 elected members, proposed by their home federation's board of directors from among the elected members of this federation attending the *chambre interfédérale*,
- 11 employee representatives, proposed by their home federation's works council from among the representatives attending the *chambre interfédérale*,

The following are involved in the committee's work in an advisory capacity: the group head of human resources, the group general secretary, the general inspector, the heads of compliance and the federations heads of relations with elected members.

The committee is chaired by an elected member sitting at the chamber, representing the member banks and proposed by the board of directors of Fédération du Crédit Mutuel Centre Est Europe.

5.3. **Mandates and functions exercised by the corporate officers** at June 30, 2018 pursuant to Article L. 225-1 of the French Commercial Code

Board of director

Nicolas Théry
Born December 22, 1965 in Lille (59)

Business address: Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris	**Term of office started**	**Term of office expires**
Chairman of the board of directors of CIC	December 11, 2014	2019
Other positions held		
Chairman of the board of directors:		
Confédération nationale du Crédit Mutuel	March 21, 2016	2024
Caisse Centrale de Crédit Mutuel	March 21, 2016	2022
Fédération du Crédit Mutuel Centre Est Europe	January 18, 2016	2020
Caisse Fédérale de Crédit Mutuel	November 14, 2014	2019
Banque Fédérative du Crédit Mutuel	November 14, 2014	2020
Assurances du Crédit Mutuel Vie SA	October 14, 2014	2023
Assurances du Crédit Mutuel Vie Iard	October 14, 2014	2023
Assurances du Crédit Mutuel Vie SAM	October 14, 2014	2023
Banque CIC Est.	September 13, 2012	2019
Banque CIC Nord Ouest	May 12, 2017	2021
Chairman of the supervisory board:		
Banque Européenne du Crédit Mutuel	November 14, 2014	2019
Groupe des Assurances du Crédit Mutuel	July 27, 2016	2021
Member of the board of directors:		
Caisse de Crédit Mutuel Strasbourg Vosges	March 5, 2014	2019
ACM GIE	June 30, 2015	2021
Permanent representative of Fédération du Crédit		
Member of the management board		
Euro-Information	October 23, 2017	2020
Positions held in the past five fiscal years		
Member of the management board		
Euro Information	May 7, 2014	2017
Chairman-Chief Executive Officer		
Banque CIC Est.	September 13, 2012	2016
Chairman of the executive board		
Groupe des Assurances du Crédit Mutuel	June 30, 2015	2016
Member of the board of directors		
Targobank Spain	November 11, 2011	2016
Confédération Nationale du Crédit Mutuel	March 6, 2013	2016
Permanent representative of BECM, director		
Fédération du Crédit Mutuel Centre Est Europe	April 5, 2013	2016
Deputy chief operating officer:		
Caisse Fédérale de Crédit Mutuel	July 1, 2011	2014
Banque Fédérative du Crédit Mutuel	July 1, 2011	2014
Groupe des Assurances du Crédit Mutuel	July 1, 2011	2014
Member of the board of directors:		
Banque Publique d'investissement	February 18, 2013	2014
Permanent representative of GACM on the board of directors of ACM Iard SA	2013	2014
Member of the supervisory board:		
Cofidis	October 14, 2011	2015
Cofidis Participations	October 14, 2011	2015 S

Banque Fédérative du Crédit Mutuel

Headquarters:		
34 rue du Wacken 67000 Strasbourg	**Term of office started**	**Term of office expires**
Director	May 19, 2011	2023

Other positions held

Chairman:		
CM-CIC Immobilier	June 5, 2012	2020
Bischenberg	September 30, 2004	2022
Sofedis	June 30, 2016	2020
Member of the board of directors:		
ASTREE	May 23, 2017	2020
Assurances du Crédit Mutuel Vie SAM	May 13, 2015	2023
Assurances du Crédit Mutuel Vie SA	May 11, 2011	2023
Assurances du Crédit Mutuel Iard SA	May 11, 2011	2023
Banque Marocaine du Commerce Extérieur	December 31, 2008	2020
Banque de Tunisie	May 26, 2009	2021
Batigère	March 22, 1996	2021
Caisse de Refinancement de l'Habitat	October 12, 2007	2019
CM-CIC Epargne Salariale	May 21, 2008	2020
CM-CIC SCPI Gestion	January 30, 1990	2020
Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds)	April 16, 2007	2019
Critel	November 24, 1989	2020
Fédération du Crédit Mutuel Centre Est Europe	September 29, 1992	unlimited duration
Groupe Sofemo	November 19, 1986	2020
SAEM Mirabelle TV	November 30, 2009	2020
SAEM Locusem	December 16, 2010	2023
SEM Caeb - Bischheim	November 27, 1997	not applicable
SAEML Caléo - Guebwiller	June 24, 2005	not applicable
SEM (joint public/private company) for the developme	February 24, 1989	not applicable
SEM Semibi Biesheim	November 14, 1984	not applicable
Sibar	May 27, 1999	not applicable
Société fermière de la maison de l'Alsace in Paris	January 1, 1977	not applicable
Ventadour Investissement	May 24, 1991	2018
Member of the supervisory board:		
GACM	June 30, 2015	2021
Quadral SAS	March 31, 2015	not applicable
SAEM Mulhouse Expo	February 16, 2005	not applicable
Soderec - Société d'études et de réalisation pour les équipements collectifs	May 30, 1978	2020
Sepamail	November 28, 2012	2018
STET	December 8, 2004	not applicable
Member of the management board:		
Euro Information	June 14, 2002	2020
Euro Protection Surveillance	June 27, 1992	2020
Euro TVS	November 27, 1979	2020
Euro Information Direct Service	June 14, 2002	2020
Boréal	January 25, 1991	2020
Non-voting board member:		
CM-CIC Asset Management	November 28, 2016	2022
Safer d'Alsace	May 30, 2006	unlimited duration
SEM E Puissance 3 – Schiltigheim	March 7, 1991	not applicable

Positions held in the past five fiscal years

Director:		
Banco Popular Espagne	2010	2017
Société Alsacienne de Publication	June 2, 2004	2016
CM-CIC Asset Management	2013	2016
CM-CIC Participations immobilières	September 17, 1981	2012
CM-CIC Aménagements Fonciers	April 23, 1981	2012
Caisse centrale du Crédit Mutuel	September 17, 1969	2012
Crédit Mutuel Paiements Electroniques	March 19, 2003	2012
SEM Action 70	October 1, 1990	2013
Crédit Mutuel Habitat Gestion	March 20, 1990	2014
SEM Destination 70	October 1, 1990	2014
SEM Euro Moselle Développement	March 15, 1991	2014
SEM Nautiland	May 25, 1987	2014
Member of the supervisory board:		
Crédit Industriel et Commercial	June 17, 1998	2011
CM-CIC Asset Management	December 31, 2004	2013
Sofedis	November 24, 1994	2016

Catherine Allonas Barthe

Born January 18, 1955, Strasbourg (67)

Business address: ACM 42 rue des Mathurins - 75008 Paris	**Term of office started**	**Term of office expires**
Representative of Banque Fédérative du Crédit Mutuel		
Director	May 24, 2017	2023
Other positions held		
Chairman:		
Foncière Massena SA	June 17, 2015	2021
Mutuelles Investissement	May 24, 2017	unlimited duration
Chief executive officer:		
ACM Vie SAM	January 1, 2006	unlimited duration
Chief operating officer:		
ACM Vie SA	June 30, 2015	unlimited duration
Member of the executive board - Deputy chief operating officer		
Groupe des Assurances du Crédit Mutuel	June 30, 2015	2021
Manager:		
ACM SCI	June 27, 2012	unlimited duration
Member of the strategy and investment committee		
Foncière des Régions	January 31, 2011	2018
Permanent representative of ACM Vie SAM,		
director of GIE ACM	May 7, 2013	2019
Permanent representative of ACM Vie SA:		
director of Valinvest Gestion	2008	2022
director of Serenis Assurances	May 7, 2014	2020
director of Foncière des Régions	April 17, 2015	2018
Permanent representative of ADEPI,		
director of CM-CIC Asset Management	October 26, 2014	2019
Permanent representative of Groupe des ACM SA,		
director of GACM Spain	September 10, 2015	unlimited duration
Permanent representative of Placinvest		
member of the supervisory board of CM-CIC Investissement	May 17, 2017	2023
Positions held in the past five fiscal years		
Member of the board of directors		
Crédit Industriel et Commercial	May 19, 2011	2017
Permanent representative:		
ACM Vie SAM on the board of directors of Foncière de Paris	2014	2015
Pargestion 2 (director of CM-CIC Asset Management)	December 11, 2013	2014
ACM Vie SAM (member of the supervisory board of CM-CIC Asset Management)	January 1, 2006	2013

Catherine Millet

Born July 31, 1960, Strasbourg (67)

Business address:		
CM-CIC Services		
34 rue du Wacken	**Term of office started**	**Term of office expires**
67000 Strasbourg		
Director	July 27, 2017	2023
Other positions held		
Sole director - chief executive officer:		
CM-CIC Services	July 29, 2016	unlimited duration
Member of the supervisory board:		
Cofidis Participations	May 12, 2017	2021
Cofidis SA	May 12, 2017	2021
Chairman:		
Filaction	December 1, 2016	2018
Member of the board of directors		
Axxes	2013	not applicable
Permanent representative:		
Banque Fédérative du Crédit Mutuel (on	2010	2020
Banque Fédérative du Crédit Mutuel (Chairman of	2016	2020
CM-CIC Services (on management board of Euro Information Epithète)	2017	2023
Impex Finances (on board of directors of CIC Est)	2012	2023
Positions held in the past five fiscal years		
Chairman of the management committee:		
CM-CIC Centre de Services et de Traitement	2013	2017
Member of the management board:		
Euro Télé Services	2010	2017
Euro Information Développements	2010	2017
Member of the supervisory board:		
Euro Information Production	2010	2017
Member of the board of directors		
Cemcice Servicios España (CSE)	2014	2017
Euro Automatic Cash	2014	2017

Éric Charpentier

Born October 6, 1960 in La Flèche (72)

Business address: Crédit Mutuel Nord Europe 4 place Richebé 59800 Lille	**Term of office started**	**Term of office expires**
Director	May 27, 2015	2021
Other positions held		
Chief executive officer of:		
Crédit Mutuel Nord Europe	June 1, 2006	unlimited duration
Chairman of the board of directors:		
Assurances du Crédit Mutuel Nord Vie	March 17, 2011	2020
Beobank (SA - Belgium)	April 30, 2012	2018
Vice-chairman of the supervisory board:		
Banque Commerciale du Marché Nord Europe (SA)	May 20, 2005	2023
Nord Europe Assurances (SA)	September 27, 2007	2020
Groupe La Française (SA)	May 29, 2006	2018
committee:		
Crédit Mutuel Nord Europe Belgium (SA - Belgium)	May 10, 2012	2018
Director:		
Confédération Nationale du Crédit Mutuel	October 7, 2015	2020
Caisse Centrale du Crédit Mutuel	March 21, 2016	2022
Permanent representative of Caisse Fédérale du Crédit Mutuel Nord Europe :		
Member of the supervisory board of Groupe des Assurances du Crédit Mutuel (SA)	June 30, 2015	2021
Member of the management board of Euro Information (SAS)	May 7, 2008	2020
Positions held in the past five fiscal years		
Permanent representative of Caisse Fédérale du Crédit Mutuel Nord Europe		
Member of the board of directors of Caisse Centrale du Crédit Mutuel	November 15, 2006	2016
Chairman of the board of directors:		
BKCP Banque (SA - Belgium) – merger with Beobank	December 11, 2003	2016
Director:		
C.M.P.E.	March 19, 2003	2012
Crédit Mutuel Habitat Gestion	January 13, 1987	2014
Le Chèque Domicile	December 20, 2011	2015

Maurice Corgini

Born September 27, 1942, Baume-les-dames (25)

Business address: Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg	**Term of office started**	**Term of office expires**
Director	May 19, 2011	2021
Other positions held		
Chairman of the board of directors:		
Union des caisses de Crédit Mutuel du district de Franche Comté Sud	April 20, 1995	2018
Member of the board of directors:		
Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont	May 10, 1981	2020
Fédération du Crédit Mutuel Centre Est Europe	April 20, 1995	2018
Banque Fédérative du Crédit Mutuel	June 22, 1995	2018
Caisse Agricole Crédit Mutuel	February 20, 2004	2020
Co-manager:		
Cogit'Hommes Franche-Comté	not applicable	not applicable
Positions held in the past five fiscal years		
Member of the supervisory board:		
Crédit Industriel et Commercial	June 17, 1998	2011
Chairman of the board of directors:		
Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont	May 10, 1981	2012

Jean-François Jouffray

Born June 18, 1948, Jallieu (38)

Business address:
Crédit Mutuel Ile-de-France
18 rue de la Rochefoucauld
75439 Paris Cedex 09

	Term of office started	Term of office expires
Director	February 27, 2014	2021

Other positions held		
Chairman of the board of directors:		
Caisse de Crédit Mutuel Paris Champs de Mars	1995	2021
Vice-chairman:		
Fédération du Crédit Mutuel Île-de-France	1998	2021
Director:		
Compagnie générale maritime et financière	2011	not applicable
Association des utilisateurs de transport de fret (AUTF)	2013	2019
Caisse Centrale du Crédit Mutuel	March 21, 2016	2020
Non-voting board member:		
Caisse Fédérale de Crédit Mutuel	2004	2020
Positions held in the past five years		
Caisse maritime d'allocations familiales	2011	2016

Directors representing employees:

William Paillet

Born April 3, 1958, Paris (75)

Business address: CIC Est 3 rue des Coutures - 77200 Torcy	Term of office started	Term of office expires
Director, representing employees:	October 26, 2011	2023

Other positions held

Director, representing employees:		
CIC Est (Strasbourg)	September 24, 2009	2018

Ségolène Denavit

Born July 27, 1980, Sainte Foy-Lès-Lyon (69)

Business address: CIC Lyonnaise de Banque 80, cours de la Liberté - 69003 Lyon	Term of office started	Term of office expires
Director, representing employees:	October 26, 2017	2020

Other positions held

None

Daniel Baal

Born December 27, 1957, Strasbourg (67)

Business address: 6 avenue de Provence 75009 Paris	Term of office started	Term of office expires
Chief Executive Officer		
Crédit Industriel et Commercial	June 1, 2017	2023
Banque Fédérative du Crédit Mutuel	June 1, 2017	2020
Fédération du Crédit Mutuel Centre Est Europe	June 1, 2017	2021
Caisse Fédérale de Crédit Mutuel	June 1, 2017	2020
Other positions held		
Chairman of the supervisory board		
Cofidis	May 12, 2017	2020
Cofidis Participations	May 12, 2017	2020
Euro Information Production	March 23, 2017	2020
Vice-Chairman of the Supervisory Board		
Targo Deutschland GmbH	March 30, 2017	2022
Targobank AG	March 30, 2017	2022
Members of the executive board		
GACM	May 3, 2017	2022
Member of the board of directors		
Banque de Luxembourg	March 28, 2017	2023
Positions held in the past five fiscal years		
Chairman		
SAS Les Gâtines	2010	2017
Chairman of the board of directors		
CIC Sud Ouest	May 20, 2016	2018
CIC Ouest	May 11, 2017	2018
Chairman of the supervisory board		
CIC Iberbanco		2017
Vice-Chairman of the Supervisory Board		
Targo Management AG (merger with Targobank AG on May 9, 2018)	March 30, 2017	2022
Member of the board of directors		
Fivory SA	2014	2017
Fivory SAS	2015	2017
Permanent representative of CRCM Île de France, on the management board of Euro Information		2017
Permanent representative of CCCM, at the Centre International du Crédit Mutuel		2017

Philippe Vidal

Born August 26, 1954, Millau (12)

Business address: 6 avenue de Provence 75009 Paris	Term of office started	Term of office expires
Deputy chief operating officer		
Crédit Industriel et Commercial	December 11, 2014	unlimited
Other positions held		
Chairman of the board of directors		
Lyonnaise de Banque	December 4, 2013	2023
CM-CIC Factor	January 1, 2014	2024
Banque de Luxembourg	March 30, 2010	2023
Banque CIC Suisse	May 7, 2007	2018
CM-CIC Gestion	February 24, 2006	2019
Fund Market France	January 27, 2004	not applicable
Chairman of the supervisory board		
CM-CIC Investissement	September 25, 2012	2023
Member of the board of directors		
Saint Gobain PAM	March 17, 1994	2019
Batipart Invest	November 22, 2012	not applicable
Permanent representative of Crédit Industriel et		
Director CM-CIC Asset Management	October 29, 2014	2019
Permanent representative of CM-CIC Investissement		
Director Lanson BCC	September 10, 2013	2019

Positions held in the past five fiscal years

None

6. Legal information - Shareholders

6.1. Shareholders’ combined ordinary and extraordinary general meeting of May 4, 2018

All the resolutions on which the shareholders' combined ordinary and extraordinary meeting of May 4, 2018 voted were approved by the shareholders, including the amendments to the bylaws indicated in the work of the board, i.e.:

- minimum number of directors set at three (Article 10 I),
- terms of office of directors, excluding directors elected by employees, set at three years instead of six years (Article 10 II),
- age limit of directors set at 70 (Article 10 V),
- age limit of the Chairman set at 70 (Article 11 1.),
- terms of office of Executive Management set at three years and age limit set at 70 (Article 12 2.),
- terms of office of non-voting directors set at three years and their age limit set at 75 and addition of a right to request a second board deliberation (Article 14).

7. Legal information – General information

7.1. Legal and arbitration proceedings

With regard to the case concerning check image transfer fees, the French antitrust authority appealed the February 2012 decision of the Paris Court of Appeal canceling the fines imposed on the banks by the authority on September 20, 2010. Following the ruling of April 14, 2015, the Cour de Cassation, without reviewing the legal arguments of the banks, reversed the Court of Appeal’s decision on procedural grounds, namely that after having rejected the arguments of the antitrust authority, the Court of Appeal had concluded that there were no grounds to examine the arguments put forth by two consumer associations in support of the position of the antitrust authority. Following this reversal, in September 2015, the case was once again remanded to the Paris Court of Appeal, which delivered its ruling on December 21, 2017, upholding the antitrust authority’s decision of 2010.
On January 22, 2018, CIC again took its case to the court of appeals and supplemental pleadings were filed on May 22, 2018.

There are no other pending or threatened government, judicial or arbitration proceedings, including any proceeding of which the company is aware, that may have or has had, during the past 12 months, material impacts on the financial position or profitability of the company and/or group.

8. Documents available to the public

Documents available to the public

On the cic.fr website in section "shareholders and investors"

On the AMF website.

Anyone who wishes to obtain further information about CIC may, without making any commitment, request documents:
• by mail: CIC – External relations – 88-90 rue Cardinet, 75017 Paris
• by email: frederic.monot@cic.fr
The documents of incorporation, bylaws, minutes of Shareholders' Meetings and reports may be consulted at CIC’s registered office: 6, avenue de Provence, 75009 Paris (Corporate Secretary’s office).

Persons responsible for information

Hervé Bressan – Chief Financial Officer
Telephone: +33 (0)1 53 48 70 21
herve.bressan@cic.fr

Frédéric Monot – Head of Communications
Telephone: +33 (0)1 53 48 79 57
frederic.monot@cic.fr

9. Persons responsible for the update to the Registration Document and for the interim financial statements – Certification

Person responsible for the update to the Registration Document and for the interim financial statements - Certification

Mr. Daniel Baal, Chief Executive Officer

Having taken all reasonable measures to this effect, I hereby certify that, to the best of my knowledge, the information contained in this update is consistent with the facts and does not contain such omissions as may adversely affect its scope.

I certify that, to the best of my knowledge, the condensed consolidated interim financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets and liabilities, financial position and income of the company and of all the companies included in the consolidation scope, and that the interim management report provides a true and fair view of the significant events that occurred during the first six months of the year, their impact on the financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

I obtained a statement from the statutory auditors at the end of their assignment, in which they indicate that they verified the information related to the financial position and the financial statements presented in this update and read the entire update.

Paris, August 3, 2018

Daniel Baal
Chief Executive Officer

10. Statutory auditors

The statutory auditors – PricewaterhouseCoopers Audit, Ernst & Young et Autres and KPMG SA – are members of the French Regional Institute of Chartered Accountants of Versailles.

Principal statutory auditors
Name: PricewaterhouseCoopers Audit
Address: 63 rue de Villiers, 92208 Neuilly-sur-Seine Cedex
Represented by Jacques Lévi
First term of office began on: May 25, 1988
Length of current term of office: six years from May 4, 2018
This term of office expires at the close of the shareholders' general meeting called to approve the financial statements for the year ended December 31, 2023.

Name: Ernst & Young et Autres
Address: Tour First, 1 place des Saisons, 92400 Courbevoie
Represented by Hassan Baaj
First term of office began on: May 26, 1999
Length of current term of office: six years from May 24, 2017
This term of office expires at the close of the shareholders' general meeting called to approve the financial statements for the year ended December 31, 2022.

Name: KPMG S.A.
Address: Tour Eqho - 2 avenue Gambetta,
92066 Paris La Défense Cedex
Represented by Arnaud Bourdeille
First term of office began on: May 25, 2016
Length of current term of office: six years from May 25, 2016
This term of office expires at the close of the shareholders' general meeting called to approve the financial statements for the year ended December 31, 2021.

Alternate statutory auditors
KPMG AUDIT FS I.

11. Cross-reference table

Annex 1 of EU regulation no. 809/2004		Update of August 3, 2018	Registration document filed on April 18, 2018
1	**Persons responsible**	**104**	**383**
2	**Statutory auditors**	**105**	**383**
3	**Selected financial information**		
3.1	Historical financial information chosen by the issuer for each fiscal year		06-juil
3.2	Selected financial information for interim periods	juin-17	NA
4	**Risk factors**	**20**	**77-203**
5	**Information about the issuer**		
5.1	History and development of the issuer		34-35
5.2	Investments	64	238 / 245 / 302-303
6	**Business overview**		
6.1	Principal activities	4-21 / 57	11-29 / 66-76 / 378
6.2	Principal markets		6
6.3	Exceptional events		65 / 211 / 270
6.4	Level of dependency on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes		379
6.5	Basis for any statements made by the issuer regarding its competitive position		6-7 / 12-29
7	**Organizational structure**		
7.1	Brief description of the group		08-sept
7.2	List of significant subsidiaries	56	226-227
8	**Property, plant and equipment**		
8.1	Existing or planned material tangible fixed assets	64	246 / 288
8.2	Environmental issues that may affect the issuer's utilization of the tangible fixed assets		347-354
9	**Operating and financial review**		
9.1	Financial condition	24-27	204-205 / 272-273
9.2	Operating income after provisions	6-17 / 28	64-72 / 206 / 270 / 274
10	**Capital resources**		
10.1	Information concerning the issuer's capital resources	30	208-209
10.2	Sources and amounts of and a narrative description of the issuer's cash flows	31	210
10.3	Information on the borrowing requirements and funding structure of the issuer		100-103 / 110-203
10.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, the issuer's operations	6	65 / 100-203
10.5	Information regarding the anticipated sources of funds needed to fulfill the commitments referred to in items 5.2 and 8.1		NA
11	**Research and development, patents and licenses**		**NA**
12	**Trend information**	**20-21**	**76**
13	**Profit forecasts or estimates**		**NA**
14	**Administrative, management, and supervisory bodies and senior management**		
14.1	Information concerning members of the administrative and management bodies	78 / 90-100	44 / 56-59
14.2	Conflicts of interest at the level of the administrative, management, and supervisory bodies and senior management	80	45
15	**Compensation and benefits**		
15.1	Amount of compensation paid and benefits in-kind		47 / 51-55
15.2	Total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits	66	51-55 / 249/263 / 290 / 301
16	**Operation of administrative and management bodies**		
16.1	Date of expiration of current terms of office	90-100	56-59
16.2	Service contracts between members of the administrative, management or supervisory bodies or any of its subsidiaries	79	45
16.3	Information about the issuer's audit committee and compensation committee	82-83 / 85-86	46-49 / 52-55 / 79-81 / 83-85
16.4	Statement as to whether or not the issuer complies with its country of incorporation's corporate governance regime	79	45 / 53
17	**Employees**		
17.1	Number of employees	70	320
17.2	Directors' ownership interests and stock options		54
17.3	Arrangements for involving the employees in the capital of the issuer		NA

Annex 1 of EU regulation no. 809/2004		Update of August 3, 2018	Registration document filed on April 18, 2018
18	**Major shareholders**		
18.1	Shareholders holding more than 5% of the share capital or voting rights	77	36-37
18.2	Any differences in voting rights of the abovementioned shareholders		37 / 374
18.3	Control of the issuer	77	36-37
18.4	Any arrangements known to the issuer the operation of which may at a subsequent date result in a change in control of the issuer		NA
19	**Related party transactions**	**72**	**263**
20	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
20.1	Historical financial information		7 / 204-263/ 272-308
20.2	Pro forma financial information		NA
20.3	Financial statements		204-263 / 272-308
20.4	Auditing of historical annual financial information		264-269 / 309-313
20.5	Age of latest financial information		204-263 / 272-308
20.6	Interim and other financial information	24-72	NA
20.7	Dividend policy		39
20.8	Legal and arbitration proceedings	101	379
20.9	Significant change in the issuer's financial or trading position		76
21	**Additional information**		
21.1	Share capital	77	35-39 / 261
21.2	Documents of incorporation and bylaws	101	35 / 375-377 / 378 / 382
22	**Material contracts**		**379**
23	**Third party information and statements by experts and declarations of any interest**		**NA**
24	**Documents available to the public**	**102**	**382**
25	**Information on holdings**	**56 / 63**	**226-228 / 238 / 245/ 286 / 302-308**

Pursuant to Article 212-13 of the General Regulations of the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), this update includes information from the interim financial statements referred to in Article L. 451-1-2 of the French Monetary and Financial Code.

Interim financial statements	**Update of August 3, 2018**
1 Interim management report	
- Significant events occurring during the first six months of the reporting period and their impact on the interim financial statements	avr-21
- Description of the main risks and uncertainties for the remaining six months of the reporting period	20-21
- Main related-party transactions	72
2 Financial statements as of June 30, 2017	24-72
3 Declaration by the person responsible for the document	104
4 Statutory auditors' report on the interim financial statements	74-76