FEBRUARY 20, 2020
PRESS RELEASE

Crédit Mutuel Alliance Fédérale

2019 – A RECORD YEAR
FOR CREDIT MUTUEL ALLIANCE FEDERALE PROOF OF SUSTAINABLE COLLECTIVE PERFORMANCE

Year 1 of the ensemble#nouveaumonde strategy plan produced a rise in both net banking income (+3.5%) and net profit (+5.1%), affirming the strength of the close relationships of Crédit Mutuel Alliance Fédérale, its banking networks and its subsidiaries with their customers and members. This performance is proof of the relevance of our retail bankinsurance strategy.

RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

GROWTH IN NET PROFIT	**€3.145 billion**		**+5.1%**
RISE IN NET BANKING INCOME	**€14.569 billion**		**+3.5%**

		31-déc.-19	ÉVOL. SUR 1 AN
MULTISERVICE STRATEGY IS SUCCEEDING	**CUSTOMER LOANS**	**€383.6 billion**	**+6.1%** [1]
	CUSTOMER DEPOSITS	**€336.8 billion**	**+11.4%** [1]
	DIVERSIFICATION		
	Number of **insurance** policies	31.8 million	+975,000
	Number of **mobile phone** customers	2.1 million	+199,000
	Number of Homiris **remote surveillance** subscribers	505,014	+31,086
IMPROVED OPERATIONAL EFFICIENCY	COST/INCOME RATIO: **61.4%**		**- 50 bps**
CAPITAL ADEQUACY FURTHER ENHANCED	**CET1 RATIO** [2] Leverage ratio [2] Shareholders' equity	**17.3%** 6.4% €47.1 billion	**+ 70 bps** + 20 bps +€3.5 billion

NOMBRE DE CLIENTS		
26.3 million *	**+5.5%**	**+ 1.4 million**

* **Including 4.8 million members.**

[1] Changes calculated without repurchase agreements - see methodology notes at the end of this press release.
[2] Excluding transitional provisions.

Crédit Mutuel Alliance Fédérale is made up of the following Crédit Mutuel federations: Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen and Anjou, plus the Antilles-Guyane and Massif Central federations with effect from January 1, 2020. Crédit Mutuel Alliance Fédérale also includes Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel (BFCM) and its subsidiaries, including CIC, Euro-Information, Les Assurances du Crédit Mutuel (ACM), Targobank, Cofidis, Banque Européenne du Crédit Mutuel (BECM) and CIC Iberbanco.

Crédit Mutuel
Alliance Fédérale

MUTUAL PERFORMANCE IN SERVICE OF OUR CUSTOMERS AND MEMBERS

COMMERCIAL MOMENTUM CLOSE TO THE HEART OF THE REGIONS

In 2019, Crédit Mutuel Alliance Fédérale achieved net banking income of €14.569 billion, a rise of 3.5% which is in line with the target of the strategy plan.

This commercial momentum is underpinned by the tremendous performance of our local banking networks in France and Europe, which have achieved a 3.1% rise in net banking income in spite of low interest rates and substantial regulatory pressure.

These figures are proof that the mutualist bankinsurance model, combining local presence with responsible management, can deliver results. 95% of lending decisions are taken locally. In 2019, Crédit Mutuel Alliance Fédérale financed near232,000 businesses, with outstanding loans of some €50 billion – an overall rise of 6.8%.

This commitment to business was also reflected in private equity: our private equity subsidiary Crédit Mutuel Equity, which manages a portfolio of €2.6 billion, invested €422 million in start-ups and SMEs across France through growth capital, buyout capital and venture capital investments.

These results are further proof of the strength and effectiveness of a nationwide network of 4,400 branches. They represent a positive choice for locally based relationships and the retention of a dense branch network. We only carry out branch reorganizations in response to local demographic and economic changes, and to improve the effectiveness of our customer relations.

FOCUS **ON BANKING NETWORKS**

EXCELLENT PERFORMANCE BY THE BANKING NETWORKS

- Branches: **4,400**
- Networks: **Crédit Mutuel, CIC, Targobank, BECM**
- Rise in NBI: **+3.1%**
- Rise in net profit: **+11.7%**

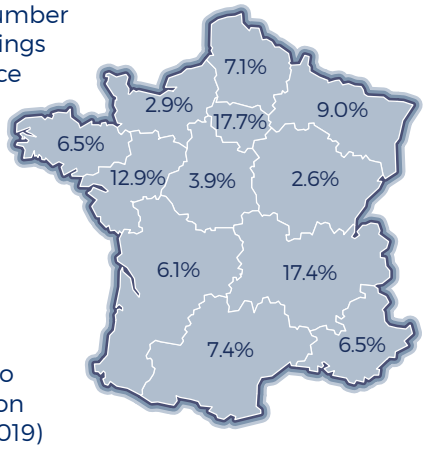
FOCUS **ON PRIVATE EQUITY**

CRÉDIT MUTUEL EQUITY: STRONGLY ROOTED IN THE REGIONS

Assets under management:
€2.6 billion

New investments 2019:
€422 million

% of number of holdings in France



Portfolio by region (12/31/2019)

THE MULTISERVICE STRATEGY IS SUCCEEDING

Crédit Mutuel Alliance Fédérale's sales performance is also due to the significant ramping-up of efforts to diversify the range of services we offer to our 26.3 million customers and members.

Our home surveillance offering, sold under the Homiris brand and operated by our subsidiary EPS (France's #1 in remote surveillance and home surveillance), is continuing to grow – with over 31,000 new contracts in 2019, we have now passed the 500,000 contract mark.

Our mobile phone business has passed the two million subscriber mark, due in particular to the Crédit Mutuel Mobile and CIC Mobile offerings. Thanks to these results, our subsidiary Euro-Information Télécom is now the fifth-largest telecoms operator in France (and the largest without its own network). In 2019, we launched an ultra-high-speed broadband package, with around 30,000 sales over the course of the year.

FOCUS ON INSURANCE

- Auto and home: **revenue growing at twice the market rate**
- Business and professional: **property insurance revenues up by 11%**
- Online declarations **> 400,000**
- Claims declared online: **> 1 in 4**

In the insurance business line, the automotive and home portfolios have grown by 504,000 and 443,000 policies respectively over the past four years, enabling Crédit Mutuel Alliance Fédérale to make significant market share gains. In 2019, year-on-year revenues continued to increase strongly, growing at almost twice the rate for the rest of the market.

Revenues from business and professional markets rose by nearly 11% in 2019, in line with our ambitions for this sector (€157 million vs €142 million in 2018). This included a 16% rise in professional all-risks policies (€40 million vs €35 million in 2018). Efforts to boost diversification through an expanded product range and quality of service led to a strengthening of customer relationships, with a 5.5% increase in customer numbers (+1.4 million).

STRONGER RELATIONSHIPS: WINNING AND RETAINING CUSTOMERS

+ 1.4 million customers (+5.5%)

MUTUAL SOLIDARITY IN SERVICE OF ALL

As a bank for all, Crédit Mutuel Alliance Fédérale is particularly involved in efforts to promote banking inclusion and the protection of the least well-off. Distribution of the offering aimed specifically at customers in vulnerable positions grew strongly (+35% in a year) and fee capping has been rapidly implemented. Over the Crédit Mutuel Alliance Fédérale group as a whole, over 340,000 people benefit from this measure.

In 2019, the product offering for vulnerable customers was expanded to include a second bank card, unlimited deposits and withdrawals and SEPA transfers. It also includes an exclusive mobile phone contract with calls, texts and data at €3.99 a month. Usage is capped at the monthly limit and subscribers can cancel at any time. This is the cheapest contract on the market.

Crédit Mutuel Alliance Fédérale thus goes further than the law requires to help its vulnerable customers.

MUTUAL STABILITY AND EFFICIENCY

Rising customer numbers and commercial momentum have been accompanied by an operational efficiency improvement of 50 basis points and a cost/income ratio of 61.4%, one of the best in the banking sector, in line with our target of 60% for 2023. General operating expenses include the significant investments in technology and human resources provided for in the transformation plan. They remain under control and are grower at a slower rate than revenues (2.6% vs 3.5%).

In 2019, Crédit Mutuel Alliance Fédérale reported capital adequacy figures well above the requirements under the SREP (Supervisory Review and Evaluation Process). The CET1 ratio of 17.3% is 70 basis points higher than the previous year and in line with the 2023 target of the strategy plan.

In terms of liquidity, Crédit Mutuel Alliance Fédérale substantially improved its average LCR for the year, which rose from 131.2% in 2018 to 142.8% in 2019.

OPERATIONAL EFFICIENCY AND STABILITY

- Cost/income ratio: **61.4%**
  (improvement of 50 basis points)
- General operating expenses: **+2.6%**
  (vs NBI +3.5%)
- CET1: **17.3%**
  (amélioration de 70 points de base)
- Average LCR: **142.8%**
  (vs 131.2% in 2018)

Crédit Mutuel
Alliance Fédérale

MUTUAL AMBITION: COLLECTIVE COMMITMENTS TO BUILD THE FUTURE

TAKING ACTION TO STOP GLOBAL WARMING

For Crédit Mutuel Alliance Fédérale, the effectiveness of collective action cannot be judged on financial measures alone and must contribute to sustainable collective performance.

Crédit Mutuel Alliance Fédérale is tightening its industry policies in order to combat the use coal and unconventional oil and gas and help the economy make the energy transition.

FOCUS IMPLEMENTING CLIMATE STRATEGY CRITERIA

FINANCING OF COAL TO CEASE

- **Immediate exit from all positions** taken in such companies by our investment market (ACM) and asset management subsidiaries in businesses identified as developing new coal capacity*.
- **Exit from positions taken by our investment (ACM), asset management and trading floor businesses** in companies identified as developing new coal capacity.
- **Winding-down of existing corporate and project lending by 2030.** Credit facilities or overdrafts will not be granted or renewed, except to businesses that have publicly made a credible public strategy to exit coal with a clear timeline.
- Exclusion thresholds to be revised downwards every year

As of March 1, 2020, businesses expanding their activities in the coal sector, at any point along the value chain, will be barred from obtaining any financial support. As of now, Crédit Mutuel Alliance Fédérale is exiting from all positions taken in such companies by its investment and asset management subsidiaries.

More generally, Crédit Mutuel Alliance Fédérale will cease to work with businesses that produce over 10 megatonnes of coal a year, have over 5 gigawatts of installed coal-fired capacity, derive over 20% of their revenue from coal or have an energy mix in which coal contributes over 20%. We will stop working with businesses that exceed any one of these limits, which are the toughest to be imposed by a major European bank. The limits will be tightened every year, with the aim of ceasing the financing of coal energy completely by 2030. As of 2021, Crédit Mutuel Alliance Fédérale will make the continuation of financial support for corporate customers with an exposure to the coal sector conditional on the adoption of a plan to close down all coal assets by 2030.

With regard to unconventional oil and gas, Crédit Mutuel Alliance Fédérale is choosing to halt financing for projects linked to the exploration, production, transport infrastructure or refining of shale oil, shale gas, oil from bituminous sands, heavy and extra-heavy oil and oil and gas extracted in the Arctic. This will put our activities on a course that is line with the Paris Agreement.

In the next few months, Crédit Mutuel Alliance Fédérale will perform an analysis aimed at setting criteria for businesses to encourage a progressive withdrawal from unconventional oil and gas. We aim to exclude all lending to businesses that lack a credible public plan to exit from these fuels with a clear timeline.

FOCUS IMPLEMENTING CLIMATE STRATEGY CRITERIA:

UNCONVENTIONAL OIL AND GAS

- Financing to cease for projects linked to unconventional oil and gas
- Methodology work in progress to set exclusion criteria for all other types of involvement (to take effect by end 2020)
- Policy on restricting our financial support for unconventional oil and gas businesses to be published in 2020

* The list of businesses increasing their coal capacity (417 companies identified to date) is taken from the Global Coal Exit List (GCEL), which is a key database for the implementation of our coal policy.

Other commitments made by Crédit Mutuel Alliance Fédérale include a tightening of our business travel policy and the implementation of an energy management system with a view to achieving ISO 50001 certification by June 2020.

MAJOR COMMITMENTS TO EMPLOYEES AND SOCIETY

The requirement for responsibility, solidarity and inclusiveness towards our customers and members is leading Crédit Mutuel Alliance Fédérale to take further action to promote an equal and inclusive society.

Over 6.6% of our payroll expense is spent on training, reflecting the strength of the commitment made by Crédit Mutuel Alliance Fédérale to assist its staff and officers in the social transformation of work and give preference to internal promotion.

In three years, half of our customer service representatives have moved into commercial positions where they take charge of a portfolio of customers or occupy a sales support role. Helping our employees in this way testifies to the commitment of Crédit Mutuel Alliance Fédérale to provide long-term jobs for all staff members despite the severe tightening of the interest margin and commission income.

Strengthening our gender equality policy is a priority under the ensemble#nouveaumonde strategy plan, which aims to achieve parity in management and governance roles by the end of the plan period. Specific actions we are taking include ensuring parity in all new promotions from the Crédit Mutuel and CIC Management Schools each year from 2020.

SOCIAL COMMITMENTS

- **Gender parity** by the end of 2023 in management and governance roles
- **Diversity:** 1250 recruits for combined work/study positions, 25% of them from deprived urban zones and rural areas
- **Retraining in three years:** 50% of customer service representatives are now in charge of a portfolio of customers or in a sales support role
- **Training and internal promotion:** 6.6% of payroll spent on training

Crédit Mutuel Alliance Fédérale also actively pursues an inclusive recruitment policy. We recruit nearly 3,500 permanent staff a year, promoting the recruitment of people from deprived urban zones and rural areas. This trend was boosted by the increase in the number of trainees under combined work and study schemes in 2018 and 2019. The aim is to increase the numbers of such trainees by 40% in the next three years, with the reward of a permanent job offered in 80% of cases. To make careers in banking and insurance more accessible, an internal Crédit Mutuel apprentice training center has been set up and partnerships have been put in place with the Universities of Nantes, Paris and (shortly) Lyon.

TECHNOLOGY THAT BENEFITS DIGITAL PRIVACY

Crédit Mutuel Alliance Fédérale is convinced that creating sustainable performance depends on the necessary protection of individual civil liberties. Such protection goes beyond protecting data – it aims to safeguard the digital privacy of customers and members. The ensemble#nouveaumonde strategy plan consequently provides for significant investments in security and data protection.

While many people are talking about the idea of a public cloud, Crédit Mutuel Alliance Fédérale has decided to set up a “private cloud” within its own operating sites. Located in France in the data centers of our subsidiary Euro-Information, this secure private platform will enhance our capacity to deliver services faster with complete security.

A major project has also begun, namely the installation of the latest technology at the Euro-Information data center. The target is to achieve a Tier IV Build – the highest level of certification with a fault tolerance/availability rate of 99.995%, i.e. an average downtime of 0.4 hours per year. A further project, based on the highest environmental and security standards, has also been approved to build a new data center in eastern France, to replace the existing data centers in Strasbourg.

INVESTMENTS TO PROTECT OUR CUSTOMERS’ DIGITAL PRIVACY

- Deployment of a “private cloud” at the operating sites of Crédit Mutuel Alliance Fédérale
- Construction of new data centers with latest technology and top-level Tier IV Build certification

Crédit Mutuel
Alliance Fédérale

CREDIT MUTUEL ALLIANCE FEDERALE: TOWARDS BUSINESS WITH A MISSION

Deeply rooted in its identity as a mutual organization, Crédit Mutuel Alliance Fédérale has resolved to translate its ambitions into practice by including its core purpose in its bylaws from the first half of 2020.

This is more than just a legal formality. It will be accompanied in the bylaws by a concrete statement of Crédit Mutuel Alliance Fédérale's missions: by the end of 2020, the Caisse Fédérale du Crédit Mutuel and CIC will be "businesses with a purpose".

CALENDAR

- **February 17 – March 13**
  Consultation with staff and officers on the wording of the core purpose and provision of information to the Social and Economic Committees (CSEs)
- **April 2-3: Chambre Syndicale et Interfédérale**
  Approval of the wording of the core purpose
- **April - May: General Meetings of the Federations, umbrella organizations and subsidiaries**
  Incorporation of the core purpose into the bylaws
- **End-July: Board meetings of CFdeCM and CIC**
  Approval of the mission statements
- **By end 2020: Extraordinary General Meetings of CFdeCM and CIC**
  Incorporation of the core purposes into the bylaws of the relevant entities

SUMMARY

RECORD RESULTS FOR 2019 AND OUTLOOK FOR THE FUTURE

PROOF OF SUSTAINABLE COLLECTIVE PERFORMANCE

- **Year one of the strategy plan:** results for 2019 on track in terms of business growth, profitability and stability
- **Crédit Mutuel Alliance Fédérale, the bank for the regions:** strong commercial momentum in the local bankinsurance networks and main business line subsidiaries
- **Crédit Mutuel Alliance Fédérale, the bank for all:** assisting all our customers, including the most vulnerable, and helping to boost their purchasing power
- **Commitments to staff and society:** inclusiveness, equality, diversity and safeguarding the digital privacy of customers and members
- **Major commitments to the energy transition:** financing of coal energy and unconventional oil and gas to cease
- Core purpose of Crédit Mutuel Alliance Fédérale to be inscribed in its bylaws in the first half of 2020, so as to become a "business with a purpose" by the year end

FINANCIAL RESULTS

(in € millions)	2019	2018	change
Net banking income	**14,569**	**14,070**	**+3.5%**
General operating expenses	(8,942)	(8,714)	+2.6%
Gross operating income	**5,627**	**5,356**	**+5.1%**
Net additions to/reversals from provisions for loan losses	(1,061)	(904)	+17.4%
Operating income	**4,566**	**4,452**	**+2.6%**
Net gains/(losses) on other assets and ECC[1]	86	111	-22.3%
Profit/(loss) before tax	**4,652**	**4,563**	**+2.0%**
Income tax	(1,507)	(1,569)	-4.0%
Net profit/(loss)	**3,145**	**2,993**	**+5.1%**
Non-controlling interests	313	298	+5.2%
Net profit attributable to owners of the company	**2,832**	**2,695**	**+5.1%**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

• NET BANKING INCOME

In 2019, Crédit Mutuel Alliance Fédérale achieved net banking income of €14.569 billion. The French, Spanish and German banking networks were up by 3.1%.

Net profit/(loss) from operational activities

(in € millions)	2019	2018	change	
			As a %	In €m
Retail banking	**10,537**	**10,284**	**+2.5%**	**+253**
Insurance	**1,778**	**1,822**	**-2.4%**	**(44)**
Specialized businesses	**1,557**	**1,468**	**+6.1%**	**+89**
Private banking	572	551	+3.8%	+21
Corporate banking	383	395	-3.0%	(12)
Capital markets	337	244	+38.0%	+93
Private equity	265	278	-4.7%	(13)
IT, logistics and media	**1,806**	**1,712**	**+5.5%**	**+94**

Net banking income for retail banking was €10.537 billion in 2019. This represents the majority (67%) of income from operational activities. The year-on-year rise of 2.5% was due to good growth in branch banking activities and Cofidis, which offset the negative impact on the interest margin of low interest rates.

Net income from insurance activities was €1.778 billion, a drop of 2.4%. Despite sustained business levels, income was hit by the decline in operating margins and a high volume of claims linked to weather events.

Net banking income from capital markets was €337 million, up by 38%. In addition to strong annual performance, this change is due to the fall in the financial markets in the final quarter of 2018, which negatively impacted results from capital markets activities in that year.

Net banking income from private banking (4% of income from operational activities) rose by 3.8% to €572 million.

Net banking income from private equity (down 4.7% to €265 million) remains high.

• GENERAL OPERATING EXPENSES AND GROSS OPERATING INCOME

General operating expenses for 2019 were €8.942 billion, compared with €8.714 billion in 2018; the rise in expenses was thus kept down to +2.6%, less than the 3.5% increase in net banking income. This was in spite of a substantial increase in the contribution to the Single Resolution Fund, which rose by 12% to €155 million.

This positive scissors effect led to a 0.5 point improvement in the cost/income ratio, which was 61.4% in 2019 compared with 61.9% in 2018.

Gross operating income came to €5.627 billion, a rise of 5.1% compared with a 3.5% fall in 2018.

• PROVISIONING FOR LOAN LOSSES AND OPERATING INCOME

Net additions to provisions for loan losses rose by €157 million, mainly because of an exceptional provision in relation to a corporate banking customer.

If corporate banking is excluded, provisioning for loan losses rose slightly by 1.1%, reflecting the good quality of assets in the retail banking portfolio.

The provisioning charge for customer loan losses has risen slightly as a proportion of total credit risks (27 basis points, compared with 22 in 2018). It thus remains low.

The non-performing loan ratio was 3.07% at the end of 2019, compared with 3.05% in 2018; the overall coverage rate was 53.6%.

Operating income for 2019 is up by 2.6% to €4.566 billion.

• PROFIT/(LOSS) BEFORE TAX

Profit before tax was €4.652 billion, a year-on-year rise of 2%.

Net gains on other assets and equity consolidated companies for 2019 were €86 million. This figure includes the gain on disposal of the interest held by Groupe des Assurances du Crédit Mutuel in RMA (Royale Marocaine d'Assurance) and the group's share of the profits of equity consolidated companies, including Banque Casino, Banque de Tunisie and Astrée.

The equivalent figure for 2018 was €111 million, which included the group's share in the profits of BMCE Bank of Africa. This holding is now classified under short-term investment securities and is no longer consolidated.

• NET PROFIT/(LOSS)

The group's net profit for 2019 was up by 5.1% to €3.145 billion, compared with €2.993 billion in 2018.
This was driven by a rise in income that outstripped the rise in general operating expenses, notwithstanding an increase in loan loss provisions due to a one-off loss.

[2] MEE : mises en équivalence.

FINANCIAL STRUCTURE

• LIQUIDITY AND REFINANCING [1]

Central cash management at Crédit Mutuel Alliance Fédérale is based on prudential rules and an efficient system of access to market funding.

The group has a number of well-designed issue programs that provide access to investors from the main international regions via public and private issues. In addition to these arrangements, the group holds a comfortable cash reserve designed both to comply with regulatory ratios and to enable the group to resist severe stresses.

The debt market was positive throughout the year, enabling Crédit Mutuel Alliance Fédérale to obtain refinancing on good terms.

In total, outstanding third-party funding raised on the markets via BFCM and its subsidiary Crédit Mutuel Home Loan SFH stood at €143.6 billion at the end of 2019, representing an increase of 4.0% compared with the end of 2018.
Public issues with a value of €12.0 billion were made in 2019.
The LCR during 2019 averaged 142.8% (vs 131.2% in 2018).
The liquidity reserve (€134.6 billion) covers the vast majority of market funding due over 12 months.

• FINANCIAL STRUCTURE AND CAPITAL ADEQUACY

At December 31, 2019, the **shareholders' equity** of Crédit Mutuel Alliance Fédérale stood at €47.1 billion, compared with €43.6 billion at the end of the previous year. The rise of €3.5 billion was due to retained profit.

At the end of 2019, Crédit Mutuel Alliance Fédérale reported very solid capital adequacy with a Common **Equity Tier 1 (CET1)** ratio of 17.3%,[2] a rise of 70 basis points over twelve months. The Tier 1 ratio was 17.3%[2] at the end of December 2019 and the overall capital adequacy ratio was 20.4%.[2]

Prudential capital rose to just under €39 billion, increasing 9.9% due to retained profit and share issues.

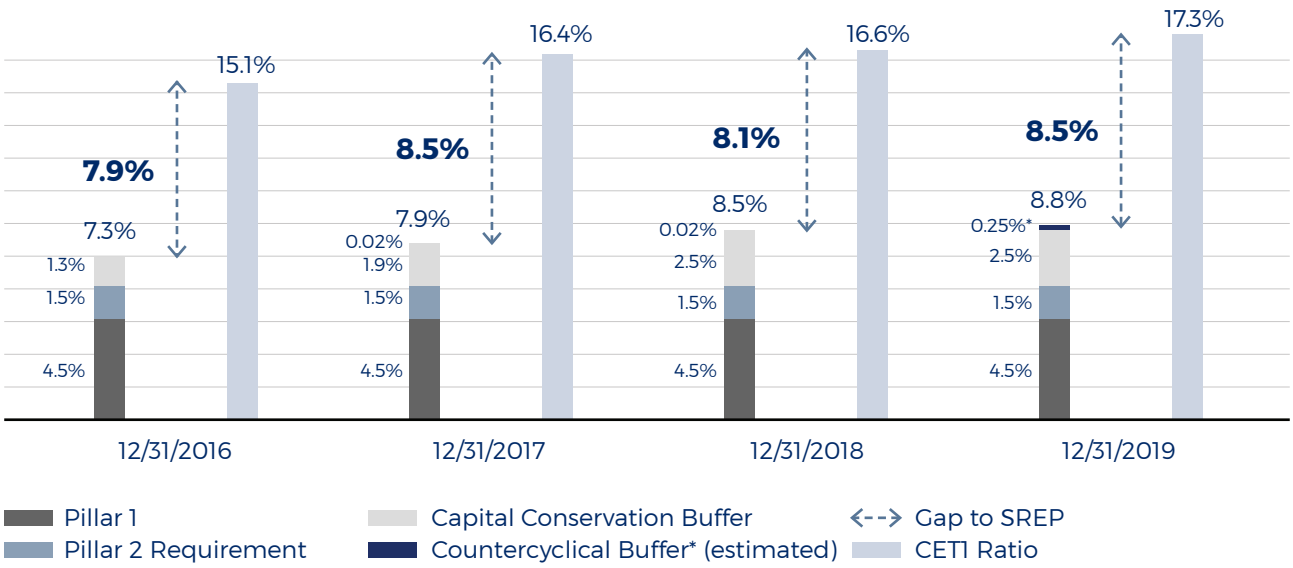
Risk-weighted assets (RWA) stood at €225.7 billion at December 31, 2019 (compared with €214 billion at the end of 2018, up 5.4%). At €203.2 billion, credit risk-weighted assets represented 90% of the total.

The **leverage ratio**[2] was 6.4% at December 31, 2019 (6.2% at the end of 2018).

[1] For more details, see the appendix to this press release
[2] Excluding transitional provisions.

The group's **strong capital generation**, which is underpinned by the retention of virtually all its net profit, has enabled it to withstand regulatory pressure and increase its surplus over Supervisory Review and Evaluation Process (SREP) requirements for several years.

SREP CET1 requirements and gap to actual - %



The **leverage ratio**[1] was 6.4% at December 31, 2019 (6.2% at the end of 2018).

• RATINGS

The three rating agencies that issue ratings for Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group all recognize their financial stability and the validity of the business model:

	LT/ST counterparty *	Issuer / LT preferred senior debt	Outlook	ST preferred senior debt	Date of last publication
Standard & Poor's	A+ / A-1	A	Stable	A-1	11/25/2019
Moody's	Aa2 / P-1	Aa3	Stable	P-1	11/4/2019
Fitch Ratings	A+	A+	Stable	F 1	11/25/2019

* The counterparty ratings correspond to the following agency ratings: Resolution Counterparty for Standard & Poor's, Counterparty Risk Rating for Moody's and Derivative Counterparty Rating for Fitch Ratings.
Standard & Poor's: ratings for the Crédit Mutuel group.
Moody's and Fitch: ratings for Crédit Mutuel Alliance Fédérale.

On 16 October, the Standard & Poor's agency raised its SACP (stand-alone credit profile) rating for the Crédit Mutuel group by one notch from A- to A. This is an excellent rating – only a third of the world's 100 largest global banks are rated A or above by S&P.

[1] Excluding transitional provisions.

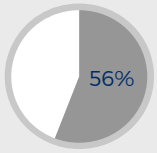
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESSES AND MAIN SUBSIDIARIES

Crédit Mutuel Alliance Fédérale

Operational business lines' contribution to 2019 net income

Retail banking
Bankinsurance networks

- Regulatory perimeter (mutual sector)
  - Caisse Fédérale de Crédit Mutuel
  - 1,347 Crédit Mutuel local banks *
- CIC
  - CIC Île-de-France (network)
  - Regional banks
- Banque Européenne du Crédit Mutuel
- CIC Iberbanco
- TARGOBANK in Germany
- TARGOBANK In Spain

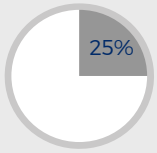


BUSINESS SUBSIDIARIES

- Cofidis Participations Group
- Crédit Mutuel Factoring / Factofrance
- Crédit Mutuel Real Estate Lease
- Crédit Mutuel Asset Management
- Crédit Mutuel Épargne Salariale
- Crédit Mutuel Home Loan SFH
- Banque Casino (percentage held: 50%)
- Crédit Mutuel Leasing / CCLS
- Targo Factoring / Targo Leasing
- Crédit Mutuel Investment Managers **
- Crédit Mutuel Immobilier

INSURANCE

- Groupe des Assurances du Crédit Mutuel



SPECIALIZED BUSINESS LINES

PRIVATE BANKING

- Banque de Luxembourg
- Banque Transatlantique France, Luxembourg, Belgique, Londres
- Banque CIC Suisse

CORPORATE BANKING

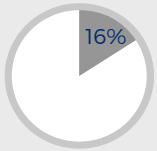
- BFCM-CIC large accounts
- CIC specialized financing
- CIC international activities foreign branches

CAPITAL MARKETS

- CIC Marchés

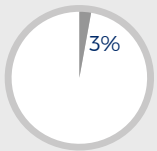
PRIVATE EQUITY

- Crédit Mutuel Equity



OTHER ACTIVITIES
IT, logistics and press

- Euro Information
- EI Telecom
- Euro Protection Surveillance (Homiris)
- CCS (Centre de Conseil et de Service)
- Crédit Mutuel Titres
- LYF PAY (percentage held: 45%)
- Press



* Scope of consolidation as at December 31, 2019 (11 member federations).

** Launch on January 14 2020.

Crédit Mutuel
Alliance Fédérale

RESULTS BY BUSINESS LINE

RETAIL BANKING AND INSURANCE, THE CORE BUSINESS

RETAIL BANKING

(in € millions)	2019	2018	change
Net banking income	**10,537**	**10,284**	**+2.5%**
General operating expenses	(6,607)	(6,495)	+1.7%
Gross operating income	**3,929**	**3,789**	**+3.7%**
Net additions to/reversals from provisions for loan losses	(913)	(867)	+5.3%
Operating income	**3,016**	**2,922**	**+3.2%**
Net gains/(losses) on other assets and ECC[1]	(4)	6	n.s.
Profit/(loss) before tax	**3,012**	**2,928**	**+2.9%**
Income tax	(1,042)	(1,039)	+0.2%
Net profit/(loss)	**1,971**	**1,889**	**+4.3%**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

This business encompasses the local banks of the 11 Crédit Mutuel federations, the CIC network, Banque Européenne du Crédit Mutuel, CIC Iberbanco, Targobank in Germany and Spain, the Cofidis Participations Group, Banque Casino and all the specialized businesses whose products are marketed by the branch networks: equipment leasing and hire purchase, real estate leasing, factoring, asset management, employee savings and real estate management and sales.

The retail banking networks continued to gain ground and serve their local territories. - They posted high growth rates in outstanding loans and deposits.

Outstanding loans in retail banking grew by 7% year on year to €317.3 billion. Outstanding deposits increased by 11% to around €280 billion.

Net banking income from retail banking and insurance activities totaled €10.537 billion, up by 2.5% compared with 2018. It represents 67% of income from operational activities. The increase was bolstered by the rise in commission income (+1.1%) and in the interest margin (+3.6%, excluding non-recurring items).

Growth in general operating expenses was kept down to 1.7%, due to the continuing digitalization of customer relationships and the modernization of the network. The cost/income ratio for retail banking improved by 0.5 point to 62.7%, while gross operating income rose by 3.7% to reach €3.929 billion, compared with €3.789 billion in 2018.

Provisioning for loan losses went up by €46 million over twelve months (€913 million vs €867 million) after a historical low in 2018. As a percentage of total credit risks, additions to provisions were stable at 29 basis points.

Net profit from retail banking improved by 4.3% to just under €2 billion (€1.971 billion) in 2019 compared with €1.889 billion in 2018.

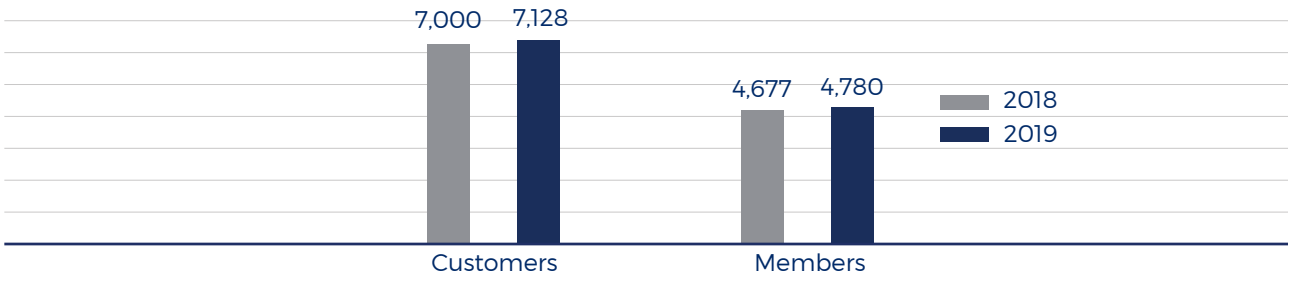
THE BRANCH NETWORKS

• CRÉDIT MUTUEL BANKING AND INSURANCE BRANCH NETWORK

At the end of 2019, the **number of customers** in the Crédit Mutuel banking and insurance branch network stood at 7.128 million. This represents a year-on-year rise of 1.7%. Of these customers, 87% were private individuals while 8% were self-employed and business customers (numbers of which were up by 3%) and 4% were non-profit associations (up 2.7%).

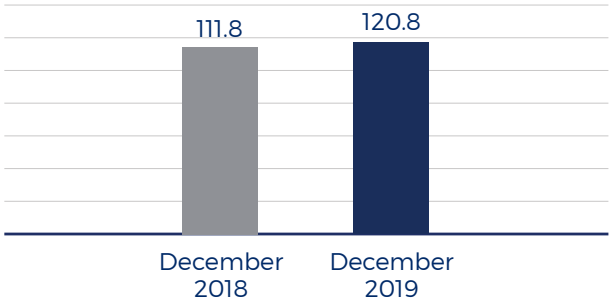
Number of customers and members
(in thousands)

Crédit Mutuel banking and insurance branch network

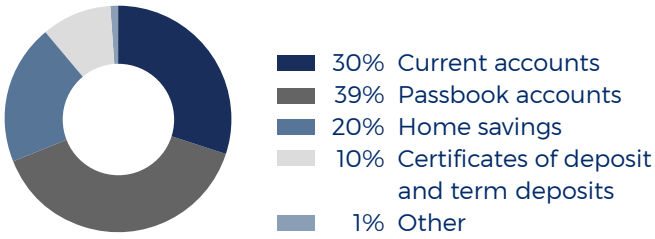


Outstanding customer deposits reached €120.8 billion, showing a significant rise of 8%. This was driven by demand deposits, which were up by 14.9% over twelve months. The rise in passbook accounts (up €3 billion) and mortgage saving agreements (up by close to €1 billion) indicates that customers have an appetite for secure, easy-access investments offering tax-free returns.

Crédit Mutuel
- customer deposits
(in € billions)



Structure of customer deposits at December 31, 2019

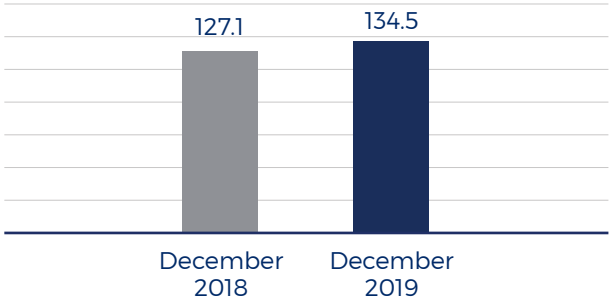


Life insurance (up 4.3% to €40.4 billion) and financial savings (up 9.4% to €14.1 billion) continue to grow. Overall, **savings** invested with us by customers of the Crédit Mutuel branch banking network were up by 7.2% at €175.2 billion.

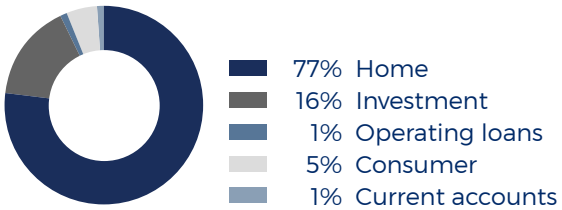
Outstanding loans rose by 5.8% to €134.5 billion at the end of 2019, thanks to the steady pace of new lending released by the network over the course of the year (up 8.4% to €30.4 billion).

The rise was most notable for home loans, which went up by close to 7%. The next highest rise was in consumer credit (up 4.7%).

Crédit Mutuel Network
- customer loans
(in € billions)



Structure of net loans
at December 31,2019



In line with the multiservice strategy pursued by Crédit Mutuel Alliance Fédérale, customers are now offered a range of insurance and service products, sales of which are growing:

- property & casualty policies are up by 3.8% to 10.2 million,
- mobile phone contracts have risen by 6.4% to 825,000, including almost 15,000 "Triple Play Box" contracts combining internet, fixed-line telephony and TV, sales of which began in late 2018,
- the number of Homiris remote surveillance contracts increased by 4.1% to 165,785 at the end of 2019.

As regards the **income statement**, the net banking income of the Crédit Mutuel banking and insurance branch network rose by 3.6% to €3.083 billion. Despite the pressure of low interest rates, the Crédit Mutuel network maintained its interest margin (+0.9%, excluding non-recurring items) thanks to rising volumes and also increased its commission income (+1.5%).

General operating expenses rose by 1.7%.

Net additions to provisions for loan losses were substantially lower at €58 million in 2019, compared with €90 million in 2018. This was due to a substantial decrease of of €36 million in the cost of unproven risk, while the cost of proven risk increased by €4 million.

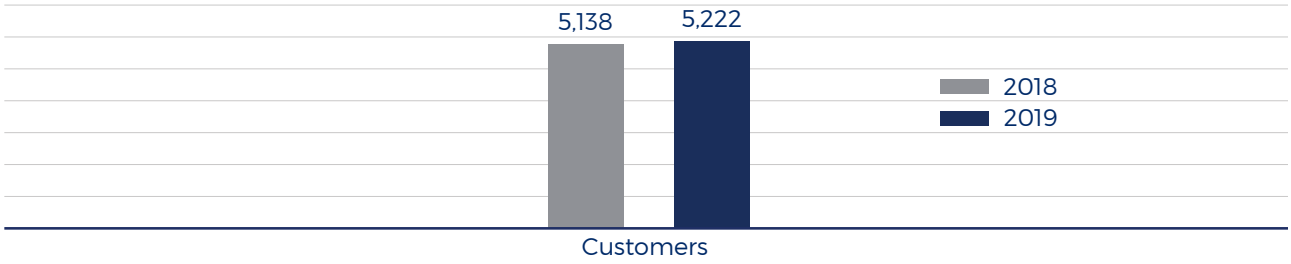
Net profit before tax consequently rose by 15% and net profit by 15.6% to €509 million.

• CIC BANKING AND INSURANCE NETWORK

The branch network had 5.222 million **customers** at the end of 2019, up by 1.6% year on year. The number of business and self-employed customers rose more than 3% to reach 1.032 million by the end of 2019 (20% of the total), while retail customers rose by 1.2%.

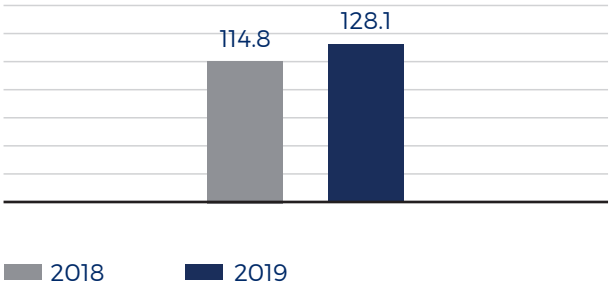
Number of customers
(in thousands)

CIC banking and insurance network

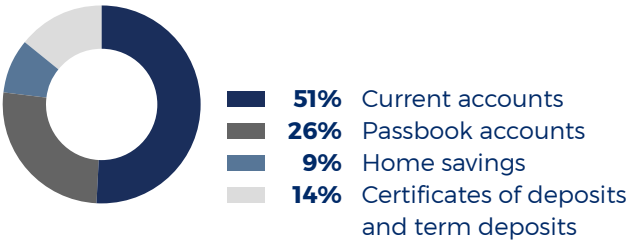


Outstanding **deposits** grew significantly by 11.5% year on year to reach €128.1 billion: current accounts (+12.9%), term deposits, held mainly by business and self-employed customers (+24.2%) and passbook accounts (+6.3%).

CIC network
- customer deposits
(in € billions)



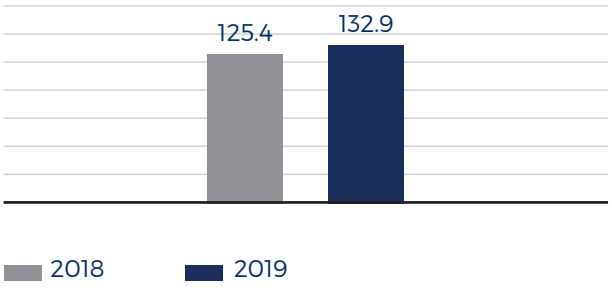
Structure of customer deposits
at December 31, 2019



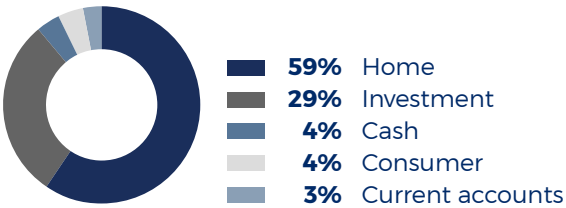
Customer funds invested in group savings products amounted to €60.9 billion at the end of 2019, this figure representing a rise of 6.1% which was mainly attributable to life insurance (up 6.5% to around €38.1 billion).

New releases of loan funding increased by 2.6%. This led to a rise of 5.9% in outstanding loans, which reached a total of just under €133 billion with substantial increases being noted in home loans (+6.1%) and investment loans (+7.9%); these categories represent 59% and 29% respectively of the total.

CIC network
- customer loans
(in € billions)



Structure of net loans
at December 31, 2019



Cross-selling of products and services to customers was reinforced: in insurance, with a 4.3% increase in the number of contracts in the portfolio (5,603,212), and in services with rises of:

- 8.7% in remote banking with 2,978,748 contracts;
- 4.4% in Homiris theft protection (107,027 contracts);
- 5.7% in telephone services (527,185 contracts);
- 3.6% in electronic payment terminals (148,967 contracts).

As regards the **income statement**, the net banking income of the CIC banking and insurance network rose by 2.2% to €3.501 billion. Despite the continuing pressure of low interest rates, the CIC branch network continued to improve its interest margin (+5%), thanks to rising volumes and a lower cost of funding. Commission income declined slightly (-1.3%), the fall being driven by financial fees.

General operating expenses were kept under control (-0.2%).

Net additions to provisions for loan losses increased by 7.9%, a year-on-year increase of €13 million. The cost of proven risk rose by €14 million while the cost of unproven risk fell by 1€ million.

Net profit before tax rose by 4.8%.

• BANQUE EUROPÉENNE DU CRÉDIT MUTUEL (BECM)

Banque Européenne du Crédit Mutuel specializes in the market for businesses and real estate companies in France and Germany, as well as in real estate development in France. As a bank "on a human scale", its values are founded on responsiveness and proximity to the customer

.

BECM provides technical expertise and high added value to all businesses. Its 423 employees have the specific skills needed to assist customers with their strategy and financing issues, particularly with regard to capital investments.

In the real estate market, BECM acts as a partner to developers and real estate companies. The year 2019 was highly productive, with recent branch openings in Annecy and Aix-en-Provence and a second branch in Paris increasing the bank's local presence.

BECM aims to assist its 21,900 customers with all of their needs, both in France and abroad. To achieve this aim, it has a sales network of 54 branches, 45 of them in France, as well as a subsidiary in Monaco.

Measured in terms of monthly average capital, customer loans grew by 8% to €16.4 billion in 2019. Deposits grew strongly by 28.7% to reach €16.9 billion.

Net banking income increased by 7.6% to €323 million; net profit was €115 million (+4.3%).

• TARGOBANK IN GERMANY

Targobank operates 337 branches in Germany's 250 largest cities, meeting the needs of 3.9 million retail and business customers to whom it provides banking, insurance, factoring and finance leasing solutions. As a market leader in consumer credit and factoring, Targobank combines the advantages of an online bank with those of branch banking, offering its customers quick and efficient service and personal advice in branch, at home or by phone.

Banking business was particularly strong in 2019. Outstanding loans grew by 9% to €20 billion, due in particular to a rise in market share in repayment loans, from 9.0% in 2018 to 10.2% in 2019. Customer deposits reached €18.9 billion, a year-on-year increase of 11.2%.

The product range for business customers, which was previously limited to sole traders and the liberal professions, was extended to more complex legal entities (partnerships and companies).

Net banking income was €1.664 billion (+3.9%); net profit rose by 3.2% to €355 million.

Targobank also stood out in the annual survey conducted by the German Institute for Service Quality (DISQ), in which around 10,000 customers took part. As in the previous year, the bank was ranked second-highest among nationwide banks in terms of customer satisfaction.

In human resources, the bank was certified by the Top Employers Institute for the quality of working life it offers to its 7,400 staff members. A new campaign under the slogan BANK.ECHT.ANDERS (the "authentically different bank") was launched in 2019 with the aim of enhancing the Targobank employer brand.

Lastly, 2019 was marked by the development of artificial intelligence solutions aimed at automating and optimizing back office processes, fraud prevention and introducing agile project management methods at the bank's service center.

• COFIDIS PARTICIPATIONS GROUP

Cofidis Participations is Crédit Mutuel Alliance Fédérale's consumer credit and mobile banking specialist subsidiary with a presence in France and eight other European countries, it operates through three sales brands (Cofidis, Créatis and Monabanq), each serving an exclusively online and telephone-based customer base.

With two million customers and 350 partner brands, Cofidis has been one of France's biggest players in consumer credit for over 30 years, offering revolving credit and personal loans, payment solutions, insurance, consolidation loans and in-store and online credit. It regularly receives awards for its excellent customer relations in the various countries in which it operates. For instance, in 2019 Cofidis won the "Best Customer Service of the Year" award in the "lending institution" category for the seventh year in a row. Cofidis also helps retail brands and e-commerce sites to grow sales through its bespoke, high-performance easy payment solutions.

In 2019, the Cofidis Participations Group continued to grow. New business rose to €7.5 billion for the full year, an 11% rise over the previous year. Outstanding loans increased to €14.9 billion at the end of December 2019, a 10% rise over the year-end figure for 2018.

Net banking income was €1.355 billion (+4,6%); net profit rose by 5.1% to €212 million.

Cofidis, a highly innovative business, was one of the first loan providers to offer new digital solutions that enable customers to take out credit agreements quickly and easily, such as:

- a fully online application process with electronic signature;
- enabling customers to take out an agreement via a chatbot;
- open banking, which enables customers to share their bank account information when applying for credit.

NETWORK SUPPORT BUSINESSES

These comprise the specialized subsidiaries that market their products through their own channels and/or through the local mutual banks and branches of Crédit Mutuel Alliance Fédérale: factoring and receivables management, finance leasing, fund management and employee savings and real estate.

• FACTORING AND RECEIVABLES MANAGEMENT IN FRANCE

Crédit Mutuel Alliance Fédérale's factoring business in France is built around Crédit Mutuel Factoring, its long-time specialist in receivables financing and management, and Factofrance.

Crédit Mutuel Alliance Fédérale's factoring division provides short-term finance to around 14,000 business and self-employed customers in France and internationally.

Buoyed by continuing growth in the factoring market, the volume of receivables purchased in 2019 by the division as a whole outstripped performance in the market, rising by 11.8%. At the year-end, the total amount of outstanding factored receivables stood at €12.4 billion. Export revenues now represent 25.1% of the division's revenues overall.

In 2019, Crédit Mutuel Factoring launched a pan-European factoring offering aimed at French companies with one or more foreign subsidiaries seeking to centralize their factoring agreements at the head office. The service currently covers nine European countries: the UK, Germany, the Netherlands, Belgium, Luxembourg, Switzerland, Spain, Italy and Portugal.

• EQUIPMENT AND REAL ESTATE LEASING

Crédit Mutuel Leasing and CCLS

Crédit Mutuel Leasing and CCLS, which was acquired from General Electric in July 2016, together make up the leasing division of Crédit Mutuel Alliance Fédérale. With a share of over 14% of its home market, the division is a major player in equipment leasing in France.

In 2019, in market conditions in which leasing remains more attractive than ownership and increasingly appeals to young people, Crédit Mutuel Alliance Fédérale's leasing division continued to grow at a rapid pace. New business totaled more than €5.9 billion, up 5.3% compared with 2018. At the year-end, outstanding lease receivables stood at €11.5 billion. Business outside France continued to grow, representing 17% of total business at the end of 2019.

In order to support Crédit Mutuel Alliance Fédérale's commitment to energy transition for its members and customers, Crédit Mutuel Leasing has launched an "eco-mobility" scheme that enables retail customers to acquire a new car or upgrade their existing one to a more environment-friendly model by offering hybrids and electric vehicles at attractive prices. This scheme was extended to self-employed customers in September 2019.

Crédit Mutuel Real Estate Lease

Crédit Mutuel Real Estate Lease is a major player in the French real estate leasing market. It meets the needs of the business, self-employed, social enterprise and institutional clients of Crédit Mutuel Alliance Fédérale by providing real estate leasing solutions for the acquisition or construction of commercial real estate of all kinds, from trading, logistics and manufacturing premises to healthcare institutions, offices and hotels.

An expert in its field, Crédit Mutuel Real Estate Lease granted new financing of over €900 million in 2019, taking outstanding lease receivables to €5.3 billion at the year-end.

• COLLECTIVE ASSET MANAGEMENT AND EMPLOYEE SAVINGS

Crédit Mutuel Asset Management

With €59.7 billion of assets under management at the end of 2019, Crédit Mutuel Asset Management (formerly CM-CIC Asset Management) offers a wide range of funds and asset management solutions for third parties.

Crédit Mutuel Asset Management has won a number of awards for the expertise of its staff. In 2019, for instance, it received the Grand Trophée d'Or from Le Revenu magazine for the fund ranges it manages. It was also a winner at the Investor Awards 2019, in the Investor Communication & Education category.

In May 2019, Crédit Mutuel Asset Management finalized the takeover of the funds managed by Milleis Investissements, the asset management company of Milleis Banque. This expanded the fund range to encompass further competencies aimed at a specific type of high net worth, private banking and institutional customers. At the same time, Crédit Mutuel Asset Management entered into a partnership arrangement with Milleis Banque that gives Milleis customers access to a selection of its own funds.

Crédit Mutuel Asset Management has taken a serious interest in socially responsible investment for nearly 30 years, creating fund ranges, obtaining certification and incorporating ESG criteria into its investment policies. It maintained this commitment in 2019 by signing up to the Paris financial market initiative aimed at reorienting finance towards a low-carbon economy.

Crédit Mutuel Investment Managers

Launched in January 2020, Crédit Mutuel Investment Managers is Crédit Mutuel Alliance Fédérale's new specialist asset management center. Crédit Mutuel Investment Managers brings together the sales and marketing staff from Crédit Mutuel Alliance Fédérale's asset management entities in order to market the full range of their investment solutions from under one roof. The entities themselves retain their autonomy and management independence.

The role of Crédit Mutuel Investment Managers is to promote the investment solutions of the six investment management firms within Crédit Mutuel Alliance Fédérale, with a total of over €90 billion of assets under management, via a "multi-entity" model. The partner entities of this center of expertise are Crédit Mutuel Asset Management, BLI - Banque de Luxembourg Investments, CIC (for structured products issued by CIC Market Solutions), Cigogne Management, CIC Private Debt and Dubly Transatlantique Gestion.

Its aim is to support the Crédit Mutuel Alliance Fédérale networks, as well as third-party distributors (private banks, selectors of funds, etc.), professional investors and businesses, by offering them a broad range of products and solutions adapted to their needs.

Based in France and Luxembourg, Crédit Mutuel Investment Managers employs 52 staff, 30 of them in sales and marketing, and operates in six European countries.

Its target is to achieve a 40% increase in assets under management (excluding money market funds) over five years.

Crédit Mutuel Épargne Salariale

Crédit Mutuel Épargne Salariale is the Crédit Mutuel Alliance Fédérale specialist in the management and administration of employee savings. It offers specialist, tailored support to businesses and their employees in setting up employee savings and retirement schemes. The product offerings are distributed via all branches as well as through a network of accountancy firms.

Crédit Mutuel Épargne Salariale manages a total of 1.34 million employee savings accounts for 59,775 businesses, with a total of €9.6 billion of assets under management. The number of new scheme members rose by 22.3% in 2019, with 15,754 new plans signed.

Inflows from contributions reached a record high of €1.4847 billion (+10.6%), of which €325.5 million relates to contributions on new plans (+22.5%).

• REAL ESTATE

Crédit Mutuel Immobilier (formerly CM-CIC Immobilier) and its seven subsidiaries make up Crédit Mutuel Alliance Fédérale's specialist real estate division, which covers all real estate activities within France.

The division includes AFEDIM, which markets new residential real estate to the customers and members of the Crédit Mutuel and CIC networks and which recorded a net total of 8,257 off-plan real estate reservations in 2019. AFEDIM Gestion, which lets and manages residential real estate on behalf of investors, signed over 3,400 new management agreements in 2019.

INSURANCE

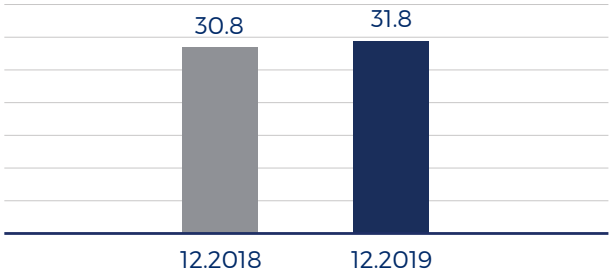
(in € millions)	2019	2018	change
Net insurance income	**1,778**	**1,822**	**-2.4%**
General operating expenses	(629)	(584)	+7.7%
Gross operating income	**1,149**	**1,238**	**-7.2%**
Net gains/(losses) on other assets and ECC[1]	**97**	**28**	**n.s.**
Profit/(loss) before tax	**1,246**	**1,267**	**-1.6%**
Income tax	(374)	(423)	-11.6%
Net profit/(loss)	**873**	**844**	**+3.4%**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

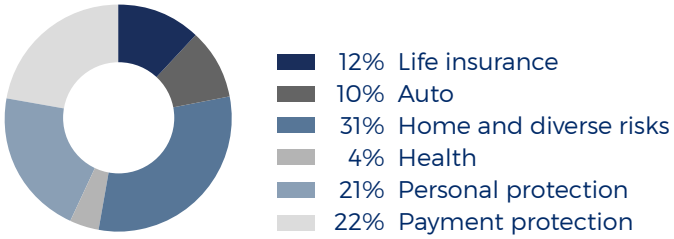
Drawing on over 40 years of experience in banking and insurance, the business carried out by Groupe des Assurances du Crédit Mutuel (GACM) is fully integrated into Crédit Mutuel Alliance Fédérale at both the sales and technological levels.

The insurance business of Crédit Mutuel Alliance Fédérale serves more than 12.5 million policyholders (+2.7%) with just under 32 million policies (+3.2%).

Number of insurance policies
in millions



Breakdown of policies by segment



GACM's total premium income was €12.2 billion, a rise of 1.2% which was driven by a 5.2% rise in property & casualty. Premium income from life insurance and retirement policies meanwhile recorded a 2.0% fall against a backdrop of historically low interest rates.

Premium income breakdown:

Premium income (in € millions)	2019	2018	change
Property insurance	**2,208**	**2,087**	**+5.8%**
of which auto	1,220	1,153	+5.8%
Health and provident policies	**3,190**	**3,044**	**+4.8%**
of which payment protection	1,635	1,558	+5.0%
Inward reinsurance	**31**	**30**	**+6.1%**
Subtotal - property and casualty	**5,430**	**5,161**	**+5.2%**
Life insurance	**6,651**	**6,783**	**-2.0%**
Other activities	**153**	**139**	**+9.8%**
Total consolidated premium income	**12,233**	**12,083**	**+1.2%**

Gross premium income from **life insurance** was €6.7 billion and was thus down by 2%. In 2019, the group continued to follow its strategy of improving diversification in its policyholders' life insurance policies, both with respect to new premium income and with respect to existing assets under management. To achieve this, GACM now offers a full range of management services for policies that includes packaged, manager-guided and discretionary options. Unit-linked (UL) policies accounted for 22.4% of the group's premium income in France, which was down on the previous year (27.7%). In sales terms, although there was a fall in UL policies during the first half of the year, this was almost entirely offset by the year-end. The proportion of UL policies in gross premium income from the market thus remained steady (27.4% at the end of 2019, vs 27.8% in 2018).

The fall in gross premium income, together with a steady level of outflows, caused net premium income to fall to €892 million, a 15% drop relative to 2018. Unlike in 2018, net premium income mainly related to ordinary life policies (€695 million).

Premium income from **property insurance** was €2.2 billion (+5.8%). New business in home insurance is at a record high and automotive insurance also continues to perform very well. The portfolios thus continued to grow steadily, by 4.1% and 3.3% respectively.

The **business and professional** market also continued to ramp up. Premium income from all-risks business insurance, for instance, rose by 16% in 2019. To help sustain growth, several new product offerings for business customers were rolled out during the final quarter. These included a ten-year builders' civil liability policy and revamped auto fleet and group healthcare products.

Health and provident insurance is an important component of GACM's strategy. The year ended with premium income up by 4.8% and a portfolio of 15 million policies, an increase of nearly 3%. Sales were buoyed by the new personal healthcare offering rolled out in April 2018 and the revised personal protection range for self-employed workers, introduced in 2019.

Payment protection insurance also continued to grow, driven by the marketing of a redesigned product range adapted to the new regulatory and competitive environment.

GACM's gross operating income declined, due on the one hand to significant increases in provisions linked to falling discount rates, and on the other to a high level of claims associated with natural events. A large number of weather-related risks – hail, floods, earthquakes and especially drought – led to a total expense of over €180 million, substantially higher than in 2018. In payment protection and personal protection insurance, the rise in incapacity and disability claims noted in 2018 continued to drag on results in 2019.

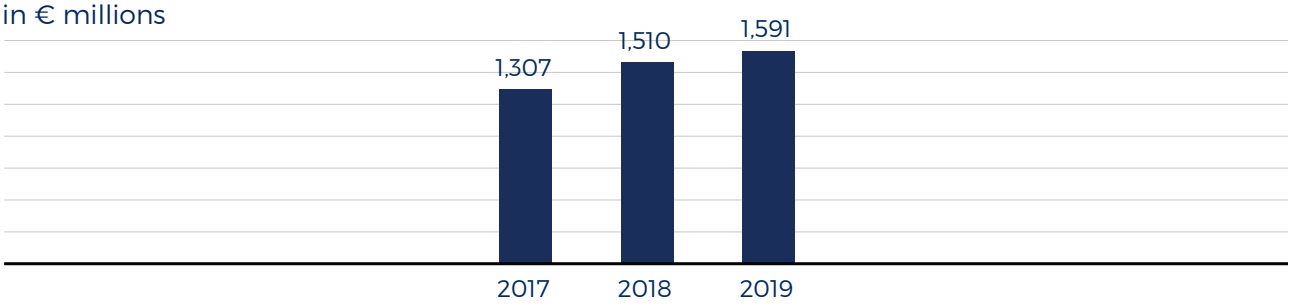
These matters were offset by a material rise in the net financial income reported under IFRS following the recovery of the markets in 2019 and by the €86 million gain on the sale of the holding in RMA (Royale Marocaine d'Assurances).

The overall contribution made by the insurance business to the results of Crédit Mutuel Alliance Fédérale thus rose by 3.4% to €873 million. GACM's net profit was €886 million compared with €855 million the previous year, an increase of 3.6%.

Commissions paid to the distribution networks rose by 5.3% to €1.6 billion on the back of the growth in business.

Commissions paid to distributor nertworks

in € millions



Premium income generated **internationally** amounted to nearly €647 million and accounted for 5.4% of the total. The largest market is Spain with €473 million, followed by Belgium (€133 million).

At December 31, 2019, GACM's shareholders' equity totaled €11.1 billion. GACM continues to have a strong balance sheet, enabling it to remain calm amid a competitive market and a long-term environment of very low interest rates.

For all the areas of activity, GACM pursued its strategy of improving the products and services offered to policyholders. It continued to add new features to its websites and smartphone apps. In personal protection, it is now possible to obtain a quotation and take out a Personal Accident policy via the mobile app. For payment protection insurance, e-approval allows policyholders to complete the approval process quickly and easily. Over 100,000 people have already benefited from the exclusive advantage of having their medical clearance remain in effect in case of a new loan following a change of primary residence. Since the end of 2019, holders of personal protection and payment protection insurance policies can also extend their medical leave periods online and track the progress of their requests. Home insurance benefited in 2019 from an improvement in services in the event of claims, notably as regards compensation in kind and remote loss assessment.

Lastly, innovative technologies now enable incoming calls from customers to be redirected more efficiently between the various management centers, cutting waiting times thanks to personalized handling.

These developments reflect the strategy of making insurance simpler for GACM's customers, so as to offer them an efficient, high-quality service that encourages customer loyalty.

THE SPECIALIZED BUSINESSES

Private banking, corporate banking, capital markets and private equity round out the banking and insurance offering of Crédit Mutuel Alliance Fédérale. These four businesses account for 10% of net banking income[1] and 16% of net profit from operational activities.[2]

PRIVATE BANKING

(in € millions)	2019	2018	change
Net banking income	**572**	**551**	**+3.8%**
General operating expenses	(413)	(375)	+10.1%
Gross operating income	**159**	**176**	**-9.6%**
Net additions to/reversals from provisions for loan losses	6	(16)	n.s.
Operating income	**165**	**160**	**+2.9%**
Net gains/(losses) on other assets and ECC [1]	2	26	n.s.
Profit/(loss) before tax	**166**	**186**	**-10.8%**
Income tax	(33)	(47)	-30.2%
Net profit/(loss)	**133**	**139**	**-4.2%**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

The companies that make up this business line operate both in France and abroad through CIC Banque Transatlantique, its subsidiaries and branches (Banque Transatlantique Luxembourg, Banque Transatlantique Belgium, Banque Transatlantique London), Banque de Luxembourg and Banque CIC Suisse.

Business in the private banking subsidiaries was buoyant in 2019, with an excellent level of incoming funds which took the total level of savings under management to €124.1 billion by the year-end, a rise of 12.6%. Both deposits and financial savings went up, by 7.3% and 13.9% respectively.

Outstanding loans were up by 7.3% to €14.5 billion.

Income from private banking (€572 million) increased by 3.8% relative to 2018, due to sustained margins and a good level of commission income (up by 3%, i.e. €9 million) as a result of the growth.

General operating expenses were €413 million, rising by 10.1% relative to 2018. This is in line with the recruitment policy and digitalization investments that have been pursued in order to adapt to new regulatory constraints.

Provisions for loan losses saw a net reversal of €6 million in 2019, as compared with a net addition of €16 million in 2018.

Operating income was consequently up by 2.9% at €165 million.

Net profit fell by 4.2%, however, this being attributable to non-recurring income in 2018 recorded under "Net gains/(losses) on other assets and ECC".

[1] Excluding intra-group activities.
[2] Excluding holding company services.

CORPORATE BANKING

(in € millions)	2019	2018	change
Net banking income	**383**	**395**	**-3.0%**
General operating expenses	(121)	(112)	+7.8%
Gross operating income	**263**	**283**	**-7.3%**
Net additions to/reversals from provisions for loan losses	(139)	9	n.s.
Profit/(loss) before tax	**124**	**292**	**-57.5%**
Income tax	9	(75)	n.s.
Net profit/(loss)	**133**	**217**	**-38.5%**

The corporate banking business line provides services to large corporate and institutional customers, based on a comprehensive approach to their requirements, both in France and at CIC's foreign subsidiaries (London, Brussels, New York, Singapore and Hong Kong). 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 (acquisitions, assets, projects).

Corporate banking saw a substantial inflow of funds, a rise in outstanding loans across all specialized financing business lines and a decline in loan drawdowns by large corporates.

Outstanding deposits rose by over €4 billion to reach €10.7 billion at the end of 2019, while outstanding loans rose 2.4% to €20.6 billion.

Net banking income from corporate banking fell by 3% in 2019 amid a tough interest rate environment which squeezed margins. Low interest rates had an adverse effect on both deposits and lending terms.

Costs went up: general operating expenses saw a rise of 7.8%. Net additions to provisions for loan losses, at €139 million, were hit by exceptional provisions, mainly on a corporate default.

Net profit fell by 38.5% to €133 million.

CAPITAL MARKETS

(in € millions)	2019	2018	change
Net banking income	**337**	**244**	**+38.0%**
General operating expenses	(226)	(212)	+6.8%
Gross operating income	**111**	**32**	**x 3.4**
Net additions to/reversals from provisions for loan losses	(3)	(1)	n.s.
Profit/(loss) before tax	**108**	**31**	**x 3.4**
Income tax	(28)	(11)	n.s.
Net profit/(loss)	**80**	**20**	**x 3.9**

The capital markets activities of Crédit Mutuel Alliance Fédérale, grouped under the names CIC Marchés and CIC Market Solutions, are recorded in the accounts of CIC. They include the fixed-income, equities and credit investment business line and the commercial markets business (CIC Market Solutions) in France and in the branches in New York and Singapore.

Net banking income increased by 38% to €337 million. Income benefited from the bounceback of portfolio valuations, which offset a difficult period in the financial markets at the year-end.

General operating expenses went up by 6.8%. Gross operating income increased by €79 million.

Net profit was €80 million, compared with €20 million in 2018; after the payment of €75 million in commissions to the networks.

PRIVATE EQUITY

(in € millions)	2019	2018	change
Net banking income	**265**	**278**	**-4.7%**
General operating expenses	(51)	(50)	+3.6%
Gross operating income	**214**	**229**	**-6.5%**
Net additions to/reversals from provisions for loan losses	-	1	n.s.
Profit/(loss) before tax	**214**	**230**	**-6.9%**
Income tax	(1)	1	n.s.
Net profit/(loss)	**213**	**231**	**-7.6%**

This business activity is carried out by Crédit Mutuel Equity. Based in Paris, it also has offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, maintaining close local ties to its customers while entering a phase of gradual international development.

It was a good year for investment, with €422.1 million being invested in 2019.

The invested portfolio stood at €2.6 billion at December 31, 2019, spread across 350 holdings.

The cross-border expansion needed in order to continue assisting portfolio companies and develop holdings has gathered pace. At the end of 2019, Crédit Mutuel Equity had seven offices in four different countries (Switzerland, Germany, Canada and the US), which invested a total of €182 million.

Net banking income for 2019 was very solid at €265 million.

General operating expenses went from €50 million to €51 million in 2019.

Net profit was €213 million.

IT, LOGISTICS AND MEDIA

(in € millions)	2019	2018	change
Net banking income	**1,806**	**1,712**	**+5.5%**
General operating expenses	(1,587)	(1,492)	+6.4%
Gross operating income	**219**	**220**	**-0.4%**
Net additions to/reversals from provisions for loan losses	(5)	(8)	-38.8%
Operating income	**214**	**212**	**+1.1%**
Net gains/(losses) on other assets and ECC[1]	(23)	(29)	-22.9%
Profit/(loss) before tax	**192**	**183**	**+4.9%**
Income tax	(69)	(78)	-12.3%
Net profit/(loss)	**123**	**104**	**+17.8%**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies..

Net banking income from the IT, logistics and media businesses was €1.806 billion (+5.5%). This figure is made up of the gross margins of the IT, mobile phone and remote surveillance companies, income from services provided by CCS, the logistics subsidiaries of Targobank in Germany and Cofidis, plus the gross margin on the media business. The increase is linked both to the level of sales invoiced by the IT companies and the slight rise of 0.2% in media income to €274 million.

General operating expenses rose by 6.4%. This reflects the ongoing digital transformation of Crédit Mutuel Alliance Fédérale under its "ensemble#nouveaumonde" strategic plan, as well as the development of growth drivers. Lower costs in relation to the ongoing restructuring of the media business resulted in a €23 million reduction in operating expenses in relation to this sector – a fall of 7.2%.

The traditional activities of Crédit Mutuel Alliance Fédérale in the regional daily press and media are concentrated in eastern and southeastern France. Net losses from this business are continuing to recover, having decreased to €18 million – an improvement of €24 million relative to 2018. The transformation plan that was initiated in 2018 has boosted reader numbers and online revenues while reducing fixed costs at all of our press titles, and has thereby made a substantial contribution to these results.

Total net profit from the IT, logistics and media segment was €123 million in 2019 compared with €104 million a year earlier, a rise of €17.8%.

The annual audit procedures on the financial statements for the year ended 12/31/2019 are currently being conducted by the auditors.

All financial communications are available at: www.bfcm.creditmutuel.fr and are published by Crédit Mutuel Alliance Fédérale in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers - AMF).

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CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

(in € millions)	key figures [1] 12/31/2019	12/31/2018
Financial structure and activity		
Total assets	718,519	667,364
Shareholders' equity (including net profit for the period before dividend pay-outs)	47,146	43,595
Customer loans (including finance leasing) (2)	384,535	370,886
Total savings	637,969	584,487
- of which customer deposits (2)	336,806	304,319
- of which insurance-based savings	99,237	95,104
- of which bank-based investment savings (managed and in custody)	201,926	185,064

	12/31/2019	12/31/2018
Key figures		
Employees, end of period (group-controlled entities)	71,825	70,499
Number of branches	4,338	4,455
Number of customers (in millions)	26.3	24.9
Key ratios		
Cost/income ratio	61.4%	61.9%
Retail banking cost/income ratio	62.7%	63.2%
Net additions to/reversals from provisions for loan losses/gross operating income	18.9%	16.9%
Net profit/(loss)/RWAs	1.39%	1.40%
Loans/deposits	114.2%	121.9%
Leverage ratio - delegated act - excluding transitional provisions	6.4%	6.2%
CET1 ratio (excluding transitional provisions)	17.3%	16.6%

(in € millions)	2019	2018
Results		
Net banking income	14,569	14,070
General operating expenses	(8,942)	(8,714)
Gross operating income	5,627	5,356
Net additions to/reversals from provisions for loan losses	(1,061)	(904)
Operating income	4,566	4,452
Net gains/losses on other assets and associates	86	111
Profit/(loss) before tax	4,652	4,563
Corporate income tax	(1,507)	(1,569)
Net profit/(loss)	3,145	2,993
Non-controlling interests	313	298
Net profit attributable to owners of the company	2,832	2,695

[1] Consolidated results of the local banks of Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen and Anjou, of their joint federal bank, and of the Banque Fédérative du Crédit Mutuel and its main subsidiaries: GACM, BECM, IT, CIC, Targobank Germany, Targobank Spain, Cofidis, CIC Iberbanco, etc. Figures not approved by the boards.

[2] See methodology notes at the end of this press release.

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APPENDIX: LIQUIDITY AND REFINANCING

Central cash management at Crédit Mutuel Alliance Fédérale is based on prudential rules and an efficient system of access to market funding.

Funding requirements in commercial banking are covered by medium- and long-term funding, while the liquidity buffer is refinanced on the money markets. Crédit Mutuel Alliance Fédérale has a number of well-designed issue programs that provide access to investors from the main international regions via public and private issues. In addition to these arrangements, the group holds a comfortable cash reserve designed both to comply with regulatory ratios and to enable it to resist severe stresses.

In 2019, central banks were again forced to take action amid a global economy that was severely hit by US/China trade tensions and fears of a no-deal Brexit.

Against this backdrop, the European Central Bank (ECB) quickly reassured the markets with positive announcements on liquidity. These were followed up in September 2019 by concrete action, in the form of a drop in the deposit rate from -0.40% to -0.50%, interest rate tiering measures for up to six times the amount of banks' mandatory reserves, the resumption of quantitative easing at a rate of €20 billion a month and the start of TLTRO 3, a new three-year refinancing operation for Eurozone banks.

Overall, the debt market was positive throughout the year, enabling Crédit Mutuel Alliance Fédérale to obtain refinancing on good terms.

In total, outstanding third-party funding raised on the markets by BFCM and its subsidiary Crédit Mutuel Home Loan SFH stood at €143.6 billion at the end of December 2019, representing an increase of 4.0% compared with the end of 2018.

Short-term money market funding (less than one year) totaled €52.0 billion at the end 2019, up 4.8% compared with the previous year. It accounted for 36% of all market funding raised, a proportion which was in line with the previous year. Via BFCM and CIC, Crédit Mutuel Alliance Fédérale has all the short-term issue programs (NeuCP, ECP, London CDs) needed to effectively diversify its funding.

Medium- and long-term (MLT) funding totaled €91.6 billion at the end of 2019, a 3.6% increase compared with 2018. In 2019, Crédit Mutuel Alliance Fédérale raised €16.3 billion in MLT funding primarily under the BFCM name, as well as that of Crédit Mutuel Home Loan SFH, its entity that issues covered bonds and has the highest rating assigned by rating agencies. 71.2% of this MLT funding was raised in euros and the balance (28.8%) in foreign currencies (US dollar, yen, pound sterling and Swiss franc), thereby demonstrating the good diversification of the investor base. Public issues and private placements represent 74% and 26% of the total respectively.

The average length of medium- and long-term funding raised in 2019 was 5.7 years, similar to 2018 (5.5 years).

2019 REFINANCING PROGRAM:

In 2019, public issues had a total value of €12.0 billion, made up as follows:

BFCM – senior EMTNs:

- €3.75 billion in a 4 and 7 year issue in January, April and July;
- GBP 1.15 billion in a 5 and 7 year issue in January, June and October;
- CHF 525 million (CHF 200 million in a 6 year issue in April, CHF 125 million in a 7 year issue in June and two 5 and 10 year issues of CHF 100 million each in April and November);
- USD 1.5 billion in a 3 and 5 year issue in November through U.S. Rule 144A;
- JPY 130.0 billion in a 5, 7 and 10 year Samurai issue in Octobers.

BFCM – NPS EMTNs (first issue): €1 billion in a 10 year issue in March;

BFCM – Tier 2 subordinated EMTNs: €1 billion in a 10 year issue in June;

Crédit Mutuel Home Loan SFH: €2 billion in two tranches of €1 billion each in a 5 and 10 year issue in January.

A further €2 billion (€1 billion in a 9 year issue and €1 billion in an 11 year issue) was placed in April and purchased by BFCM as a test of its emergency measures in the event of market closure.

LCR AND LIQUIDITY BUFFER:

For the consolidated scope, Crédit Mutuel Alliance Fédérale's liquidity position is as follows:

- **average** LCR over 2019 of 142.8% (vs 131.2% in 2018);
- **average** HQLA of €85.9 billion, 71% of which is deposited at central banks (mainly the ECB).

The total liquidity reserves for the consolidated scope break down as follows:

Crédit Mutuel Alliance Fédérale (in € billions)	12/31/2019
Cash deposited at central banks	66.4
LCR securities (after LCR haircut)	26.4
Level 1 HQLA included in the above	21.1
Other eligible central bank assets (after ECB haircut)	41.8
TOTAL LIQUIDITY RESERVES	**134.6**

The liquidity reserve covers the great majority of wholesale funding maturities over 12 months.

PLANNED REFINANCING OPERATIONS:

In November 2019, BFCM drew down the second seven-year, €100 million tranche (Tranche B) under the "Loans for SMEs and Midcaps II" program awarded by the European Investment Bank (EIB) in 2018.

Two new credit lines were approved in 2019, with sign-off expected in 2020:

- "Loans for SMEs and Midcaps III", a €250 million program to be drawn in two tranches of €150 million and €100 million respectively;

- "Young Farmers & Climate Action", a €100 million program for SMEs and midcaps in the farming and organic business sectors, with a minimum 50% climate change contribution.

In addition, the first contract under the €150 million partnership agreement signed by Crédit Mutuel Alliance Fédérale and the EIB at the end of 2018 ("Crédit Mutuel Alliance Fédérale Co-Financing") was signed with Nacon (formerly Bigben Interactive) in December 2019. The agreement is for €6 million (€3 million x2) over a five-year term.

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METHODOLOGY NOTES

Following the accounting reclassification of certain repurchase agreements in 2019, repos are now excluded from the calculation of changes in loans and receivables due from customers at amortized cost:

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

OUTSTANDING CUSTOMER LOANS

(in € millions)	2019	2018	change As a %	change In €m
Loans and receivables due from customers at amortized cost (A)	**384,535**	**370,886**	**+3.7%**	**+13,649**
including repurchase agreements* (B)	915	9,236	n.s.	(8,321)
Loans to customers (excluding repos) (A) - (B)	**383,620**	**361,650**	**+6.1%**	**+21,970**

OUTSTANDING CUSTOMER DEPOSITS

(in € millions)	2019	2018	change As a %	change In €m
Amounts due to customers at amortized cost (A)	**336,806**	**304,319**	**+10.7%**	**+32,487**
including repurchase agreements* (B)	3	2,024	n.s.	(2,021)
Customer deposits (excluding repos) (A) - (B)	**336,803**	**302,295**	**+11.4%**	**+34,508**

* Due to a change in the management model for some repurchase agreements, new transactions beginning on or after January 1, 2019 are classified at fair value through profit or loss. This change only concerns transactions that correspond to a trading strategy or are intended to refinance a trading book. Banking book transactions continue to be held within the amortized cost portfolio.

ALTERNATIVE PERFORMANCE INDICATORS (APIS) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION / ESMA GUIDELINES (ESMA/20151415)

Name	Definition/calculation method	For the ratios, justification of use
cost/income ratio	ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of items "general operating expenses" and "allocations/ reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" of the consolidated income statement) to "IFRS net banking income"	measure of the bank's operational efficiency
total net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans (expressed in % or basis points)	net additions to/reversals from provisions for customer loan losses from the note to the consolidated financial statements as a percentage of gross outstanding loans at year-end	allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
net additions to/reversals from provisions for loan losses	"net additions to/reversals from provisions for loan losses" item in the publishable consolidated income statement	measures the level of risk
customer loans	"loans and receivables due from customers at amortized cost" item of the asset side of the consolidated balance sheet	measure of customer activity in terms of loans
net additions to/reversals from provisions for loan losses with unproven risk	expected losses at 12 months (S1) + expected losses at maturity (S2) see note. Application of IFRS 9. Impairment is recorded for all financial assets for which there is no individual objective evidence of impairment.	measures the level of unverified risk
customer deposits; bank deposits	"due to customers at amortized cost" item on the liabilities side of the consolidated balance sheet	measure of customer activity in terms of balance sheet deposits
insurance-based savings	life insurance products held by our customers - management data (insurance company)	measure of customer activity in terms of life insurance
financial savings; customer funds invested in group savings products	off-balance sheet savings products held by our customers or under custody (securities accounts, mutual funds, etc.) management data (group entities)	representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
total savings	sum of bank deposits, insurance-based savings and bank savings products	measure of customer activity in terms of savings
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" in the publishable income statement	measures the level of operating expenses

interest margin, net interest revenue, net interest income	calculated from items of the consolidated income statement: difference between the interest received and the interest paid: - interest received = "interest and similar income" item of the publishable consolidated income statement - interest paid = "interest and similar expense" item of the publishable consolidated income statement	representative measure of profitability
loan-to-deposit ratio	ratio calculated from items of the consolidated balance sheet: ratio expressed as a percentage of total customer loans ("loans and receivables due from customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	measure of the dependency on external refinancing
coverage ratio	determined by calculating the ratio of provisions for credit risk (S3 impairments) to the gross amounts of loans identified as in default in accordance with regulations (gross receivables subject to S3 individual provisions).	this coverage ratio measures the maximum residual risk associated with loans in default ("non-performing loans")
ratio of non-performing oans to gross loans	ratio of individually impaired gross receivables (S3) to gross customer outstanding loans (calculated from "loans and receivables due from customers" note to the consolidated financial statements: gross receivables + finance leases)	indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS (APIS): RECONCILIATION TO THE FINANCIAL STATEMENTS

(in € millions)		
Cost/income ratio	**2019**	**2018**
General operating expenses	(8,942)	(8,714)
Net banking income	14,569	14,070
Cost/income ratio	**61.4%**	**61.9%**

Retail banking cost/income ratio	**2019**	**2018**
Retail banking general operating expenses	(6,607)	(6,495)
Retail banking net banking income	10,537	10,284
Retail banking cost/income ratio	**62.7%**	**63.2%**

Net additions to/reversals from provisions for loan losses/gross operating income	**2019**	**2018**
Net additions to/reversals from provisions for loan losses	(1,061)	(904)
Gross operating income	5,627	5,356
Net additions to/reversals from provisions for loan losses/gross operating income	**18.9%**	**16.9%**

Net profit/(loss)/RWAs	**2019**	**2018**
Net profit/(loss)	3,145	2,993
RWA	225,713	214,048
Net profit/(loss)/RWAs	**1.39%**	**1.40%**

Loans/deposits	**12/31/2019**	**12/31/2018**
Net customer loans	384,535	370,886
Customer deposits	336,806	304,319
Loans/deposits	**114.2%**	**121.9%**

Net provisioning as a percentage of outstanding loans	**12/31/2019**	**12/31/2018**
Net additions to/reversals from provisions for customer loan losses	(1,071)	(829)
Gross loans to customers	392,979	378,995
Net provisioning as a percentage of outstanding loans	**0.27%**	**0.22%**

Coverage ratio	**12/31/2019**	**12/31/2018**
Impairment (S3)	6,471	6,263
Gross receivables subject to individual impairment (S3)	12,077	11,577
Total coverage ratio	**53.6%**	**54.1%**

Non-performing loan ratio	**12/31/2019**	**12/31/2018**
Gross receivables subject to individual impairment (S3)	12,077	11,577
Gross loans to customers	392,979	378,995
Non-performing loan ratio	**3.07%**	**3.05%**