July 29, 2021
Press Release

Crédit Mutuel Alliance Fédérale

FIRST-HALF RESULTS 2021

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE HAD AN EXCELLENT HALF-YEAR, FUELED BY THE ACCELERATION OF ITS 2019-2023 STRATEGIC PLAN

At €7.962 billion, Crédit Mutuel Alliance Fédérale's net banking income (NBI) was up by 16.1% relative to the first half of 2020. Retail banking and insurance activities rose by 9.7%, while the specialized businesses lines (private banking, corporate & investment banking, capital markets and private equity) contributed 42% of the growth in net banking income over the half-year.

Half-yearly net profit was up sharply (x2.4) at €2.087 billion.
Performance in all business lines outstripped pre-health crisis levels, with an overall increase in net profit of 28.1% compared with the first half of 2019.

These results attest to the successful transformation of the mutual group, which began in 2019 and was stepped up with the revision of its 2019-2023 strategic plan in September 2020.
The plan involves enhancing omnichannel local relations, stepping up diversification, maintaining the sustained pace of technology investments, simplifying processes, and increasing resource pooling and synergies among business lines.

	1ST HALF 2021 [1]	Change H1 2021 / 2020	Change H1 2021 / 2019
NET BANKING INCOME UP SHARPLY IN ALL THE GROUP'S BUSINESS LINES	**€7.962bn**	**+16.1%**	**+5.6%**
retail banking & insurance	*€6.458bn*	*+9.7%*	*+1.5%*
specialized business lines	*€1.066bn*	*+76.4%*	*+28.3%*
GENERAL OPERATING EXPENSES KEPT IN CHECK	**€4.736bn**	**+4.0%**	**+3.7%**
ADDITIONS TO LOSS PROVISIONS UNDER CONTROL	**€188m**	**-82.1%**	**-59.4%**
NET PROFIT UP SHARPLY	**€2.087bn**	**x 2.4**	**+28.1%**

GROWTH IN LENDING TO SUPPORT THE RECOVERY

Home loans	Equipment loans	Consumer loans
€216.0bn +8.5%	**€97.2bn +1.1%**	**€42.6bn +5.1%**

ACCELERATING TRANSFORMATION

122,000 x4 Video appointments [2]	**789,000** Contracts generated using AI & big data	**6,473,000 +94%** Electronic signatures

STRONGER FINANCIAL POSITION [3]

CET1 ratio [4]	Leverage ratio [4]	Shareholders' equity
18.1% +30bp	**7.0% +10bp**	**€51.8bn +2.2 bn**

[1] Unaudited financial statements at 6/30/2021 – limited review currently being conducted by the statutory auditors.
[2] vs. H2 2020 - this service was launched at the end of H1 2020. [3] Changes compared with December 31, 2020.
[4] Without transitional arrangements - at March 31, 2021. CET1 ratio including net profit for Q1 2021.

Strong commercial growth buoyed by increasing diversification and strategic partnerships

Crédit Mutuel Alliance Fédérale achieved excellent performance in the first six months of 2021, with net banking income of €7.962 billion, up 16.1%.
This result also exceeds performance before the crisis, with an increase of 5.6% compared with the first half of 2019.

The rise in net banking income benefited from the growth recorded in the banking networks (3.1% up on 2020 and 1.3% up on 2019) thanks to a resilient interest margin and an increase in fee and commission income linked to diversification. The dynamic performance of net banking income from the insurance, capital markets and private equity businesses was buoyed by the rebound in financial markets over the period. Insurance, the leading diversification business, was 60.2% up on the first half of 2020 and 2.1% higher than in the first half of 2019. Rising income was also driven by the strong performance of private banking (2.7% up on 2020 and 16.8% up on 2019), which was mainly related to asset management and to increased earnings from corporate banking activities (7% up on 2020 and 5.3% up on 2019).

Crédit Mutuel Alliance Fédérale's support for the economic recovery is reflected in an increase in outstanding customer loans, which reached €428.6 billion at end-June 2021 (up 5.3%), with increases in particular in home loans (up 8.5%) and consumer loans (up 5.1%).

The group's multiservice strategy was enhanced in all areas. In insurance, the total number of policies increased by 1.5% to €35.2 million. Gross premium income for life insurance was €3.2 billion in the first half (up 46.3%), of which 43.6% related to unit-linked policies (6 pts higher than the market as a whole). The exclusive partnership signed with Bouygues Telecom resulted in increased sales of mobile phone contracts in the first half in the Crédit Mutuel and CIC networks (x1.8).

In remote surveillance, the number of customers for EPS's Homiris service increased by nearly 26,000 to 538,000. In early July, Crédit Mutuel Alliance Fédérale and its technology subsidiary Euro-Information entered into a long-term strategic partnership on remote surveillance with BNP Paribas. The marketing of Homiris, the leader in remote surveillance in France, will be boosted by an exclusive roll-out in the BNP Paribas branch networks in France and Belgium from the first quarter of 2022.

Crédit Mutuel Alliance Fédérale is stepping up its diversification into real estate to become a full-spectrum operator covering both new and existing homes. In the first half of the year, 4,400 new homes were sold (up 59%). To expand its service offering, Crédit Mutuel Alliance Fédérale rolled out its "Solution Logement" ("Housing Solution") tool in the first half of 2021. This tool allows customers of the Crédit Mutuel and CIC networks to take a global approach to managing their real estate plans that covers home loans, home insurance and home protection.

As of June 30, 2021, the number of customers is now 27.4 million. New customers continue to be won: a total of 500,000 joined, a net increase of 1.9%.

STRONG PERFORMANCE FROM THE MULTISERVICE STRATEGY

Insurance	**35.2m policies**	
of which auto	3.25m	+2.8%
of which home	2.98m	+2.6%
of which personal	2.96m	+2.7%
protection	835,000	+2.4%[1]
Telephone services	**1,400,000 subscribers**	**+96,000**
Remote surveillance	**538,000 subscribers**	**+26,000**
New homes	**4,400 sales**	**+59%**

27.4m customers +1.9%

[1] Excluding ACS (Aide à la complémentaire santé) supplementary health insurance policies, which were gradually canceled from November 1, 2019 to October 31, 2020.

Increased operational performance, thanks to the momentum of the revised strategic plan

In response to the extent of the health crisis, Crédit Mutuel Alliance Fédérale began work in May 2020 to revise its ensemble#nouveaumonde strategic plan to accelerate action on priority areas, with the target of speeding up investments in technology, simplifying processes and enhancing synergies among all group entities. The challenge we met was to combine maximum decentralization of relations with customers and members with the enhanced industrialization of all support functions.

This stepping-up of our transformation bore fruit in the first half of 2021 with the ramp-up of new technology for advisors. Relations with our customers were enhanced by video appointments operated via the secure online banking portal and mobile app (122,000). Artificial intelligence, introduced in the Crédit Mutuel and CIC networks in March 2017 and used daily by 30,000 advisors, enables us to target the best opportunities for our customers: **86.5% of the 912,000 appointments resulting from invitations driven by our cognitive tools resulted in a new contract.** Advisors also have more time for sales activities, thanks to the assistance provided by optical character recognition and voice recognition.

The rate of adoption of online banking tools continued to grow at Crédit Mutuel and CIC, reaching 4.45 million users. In the first half, the two networks received a record number of 1 billion connections to their apps and websites and more than 6.5 million electronic signatures (up 94%).

Dedicated advisors, who are central to customer relations in all our business lines, remain in control of the omnichannel relationship while relying on the best technological tools designed and hosted in our own French-located data centers with strict respect for each person's digital privacy.

Sustained investment in cognitive solutions (artificial intelligence, big data, OCR etc.) has enabled us to achieve a technological critical mass, which is helping Crédit Mutuel Alliance Fédérale to increase the efficient handling of relations. This makes it easier to identify opportunities and makes extra time available for stronger relationships. It will be enhanced by a considerable investment in data centers with the establishment of a new €200m center in Dijon, which will be operational in 2024, and the implementation of a secure, dedicated cloud.

OPERATIONAL EFFICIENCY

17% of sales in the Crédit Mutuel and CIC networks are generated with assistance from AI and big data

The health crisis has shown the need for greater flexibility and simplification across all business lines. **Crédit Mutuel Alliance Fédérale has thus enhanced the pooling of business line expertise and support functions**, particularly in the equipment leasing segment and by accelerating the pooling of resources between the Crédit Mutuel and CIC networks.

Crédit Mutuel Alliance Fédérale **has also consolidated its country strategy and inter-business line synergies** by appointing country managers. A country manager for Germany (11% of consolidated NBI) is already in place, while managers for Spain and Belgium will be appointed when Crédit Mutuel Nord Europe joins CMAF on January 1, 2022.

General operating expenses, which include major investments in technology and human resources, remained under control, General operating expenses, which include major investments in technology and human resources, remained under control, increasing by 4.7% (at constant scope), i.e. below the increase in income. Operating expenses were mainly affected by the increase in the contribution to the Single Resolution Fund (SRF) and other supervision costs.

Net additions to provisions for loan losses amounted to €188 million, versus €1.046 billion in the first half of 2020, a figure that included a very high level of provisioning for non-proven risk. Provisioning expenses fell in all business lines, notably in the French banking networks, Targobank in Germany, Cofidis Group and corporate banking. As a proportion of outstanding loans, the overall expense was equal to 10 basis points (vs. 48 bp in the first half of 2020 and 24 bp in the first half of 2019).

Consolidated net profit was €2.087 billion, 143.5% up on the first half of 2020 (x2.4), and 28.1% up on the first half of 2019. In particular, net profit from the banking networks rose sharply by 96% to €984 million.

Increased solidity to support our members and customers towards a sustainable and responsible economic recovery

First-half results helped strengthen the solidity of Crédit Mutuel Alliance Fédérale, one of the most financially robust banking groups in Europe.

The liquidity reserve (€191.7 billion) has been bolstered by the improvement in the loan-to-deposit ratio over the past 18 months and covers the majority of market funding due over the next 12 months.

Regarding capital, shareholders' equity totaled €51.8 billion, compared with €47.5 billion at June 30, 2020. At the end of March 2021, the Common Equity Tier (CET1) ratio, including first-quarter net profit, was 18.1%, 30 basis points higher than on December 31, 2020.

Crédit Mutuel Alliance Fédérale, an alliance of 13 Crédit Mutuel federations united around a common goal, will be joined by the Crédit Mutuel Nord Europe federation in 2022. Approved by the boards of Caisse Fédérale de Crédit Mutuel and Caisse Fédérale du Crédit Mutuel Nord Europe on June 28 and 29, 2021 respectively, this new accession will help all the group's entities to work even more efficiently towards its customers' goals and contribute to the group's expansion in Belgium and in asset management.

OMNICHANNEL LOCAL RELATIONS

4.1 million appointments
with our customers in the half-year
(up 8.5% vs. H1 2019)

In the second half of the year, Crédit Mutuel Alliance Fédérale will be especially committed to continuing and expanding its support for members and customers in the economic recovery. To do this, the Crédit Mutuel local banks and CIC branches will be able to rely on a high level of delegation that allows more than nine out of 10 lending decisions to be taken locally.

The recovery will respect the social and environmental commitments made by the group, particularly through the implementation of new sector policies. For instance, the new sector financing policy for air, sea and road transport now favors the most carbon-efficient assets. New policies are being drawn up with the aim of keeping in line with the trajectory of the Paris Climate Agreements. **The only French bank with "benefit corporation" status (entreprise à mission), Crédit Mutuel Alliance Fédérale will unveil its commitments in the second half of the year.**

Promoting employee engagement through an ambitious employment policy

Crédit Mutuel Alliance Fédérale has rolled out new schemes in recent months to promote and support the professional engagement of its employees. At the end of 2020, a framework agreement was signed on quality of life at work, relating in particular to remote working, work-life balance and health at work. This approach is in line with the mutualist values and commitments of Crédit Mutuel Alliance Fédérale, the first bank to adopt entreprise à mission status.

In the first half of 2021, Crédit Mutuel Alliance Fédérale renewed and improved its profit-sharing and incentive agreements for a further three years, providing an additional illustration of its ambitious employment policy.

Crédit Mutuel Alliance Fédérale is made up of the following Crédit Mutuel federations: Centre Est Europe (Strasbourg), Sud-Est (Lyon), Île-de-France (Paris), Savoie-Mont Blanc (Annecy), Midi-Atlantique (Toulouse), Loire-Atlantique et Centre-Ouest (Nantes), Centre (Orléans), Normandie (Caen), Dauphiné-Vivarais (Valence), Méditerranéen (Marseille), Anjou (Angers), Massif Central (Clermont-Ferrand) and Antilles-Guyane (Fort-de-France). The Crédit Mutuel Nord Europe federation is scheduled to join on January 1, 2022.

Crédit Mutuel Alliance Fédérale also comprises Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel (BFCM) and all its subsidiaries, in particular CIC, Euro-Information, Assurances du Crédit Mutuel (ACM), Targobank, Cofidis Group, Banque Européenne du Crédit Mutuel (BECM), Banque de Luxembourg, Banque Transatlantique and Homiris.

Table of contents

1.Consolidated earnings

1.1.Financial results

(in € millions)	1st half 2021	1st half 2020	Change	Change at constant scp.[2]	1st half 2019
Net banking income	**7,962**	**6,858**	**+16.1%**	**+17.2%**	**7,537**
General operating expenses	(4,736)	(4,552)	+4.0%	+4.7%	(4,567)
of which contribution to the Single Resolution Fund and supervision costs	*(268)*	*(238)*	*+12.7%*	*+12.7%*	*(155)*
Gross operating income	**3,226**	**2,306**	**+39.9%**	**+42.3%**	**2,970**
Net additions to provisions for loan losses	(188)	(1,046)	-82.1%	-82.0%	(462)
ccost of proven risk	*(320)*	*(557)*	*-42.6%*	*-42.3%*	*(438)*
cost of non-proven risk	*132*	*(489)*	*n.s.*	*n.s.*	*(25)*
Operating income	**3,038**	**1,260**	**x 2.4**	**x 2.4**	**2,507**
Net gains/(losses) on other assets and ECC[1]	(73)	-	n.s.	n.s.	21
Profit/(loss) before tax	**2,965**	**1,260**	**x 2.3**	**x 2.4**	**2,528**
Income tax	(885)	(402)	x 2.1	x 2.2	(899)
Net gains/losses on discontinued operations	7	-	n.s.	n.s.	-
Net profit/(loss)	**2,087**	**857**	**x 2.4**	**x 2.5**	**1,629**
Non-controlling interests	161	89	+81.3%	+81.3%	
Net profit/(loss) attributable to the group	**1,926**	**768**	**x 3.5**	**x 3.7**	**1,460[3]**

[1] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.
[2] Normalized to take account of the deconsolidation of Euro-Information Telecom at end of 2020.
[3] Change H1 2021/H1 2019 +31.9% gross change and 8% at constant scope.

Net banking income

The first half of 2021 saw net banking income rise by 17.2% year on year to €7.962 billion, confirming the recovery observed in the second half of 2020. Indeed, this total was €425 million higher than the first six months of 2019 (€7.537 billion), reflecting Crédit Mutuel Alliance Fédérale's effectiveness in supporting its customers and members.

All of the operational business lines contributed to this rise in net banking income:

Net banking income (in € millions)	1st half 2021	1st half 2020	Change As a %
Retail banking	5,340	5,191	+2.9%
banking networks	*4,362*	*4,232*	*+3.1%*
Insurance	1,119	698	+60.2%
Specialized business lines	1,066	604	+76.4%
Private banking	319	311	+2.7%
Corporate banking	198	185	+7.0%
Capital markets	293	38	x 7.7
Private equity	257	71	x 3.6
Media	131	122	+7.4%
IT & logistics	762	793	-4.0%

Income from the **banking networks** rose by 3.1% year on year to €4.362 billion, thus recovering to pre-crisis levels (first half 2019: €4.306 billion). The interest margin held up well and commission income was up by 6%.

In **insurance**, net insurance income was up by 60.2%. This result reflects the recovery of the financial markets over the last 12 months. Moreover, the first half of 2020 had been marked by support granted to policyholders in 2020, particularly in the form of the *prime de relance mutualiste* (negative impact of €179 million).

Private banking posted a further rise in income thanks to lively sales activity, attracting new capital into the business.

Net banking income from **corporate banking** rose significantly, by 7%.

Capital markets benefited from the ongoing improvement in the financial markets that started in the second quarter of 2020, in addition to the solid business activity, posting net banking income of €293 million (versus €38 million in the first half of 2020 and €194 million in the first half of 2019).

A healthy level of disposals and the revaluation of the investment portfolio led to a significant rise in net banking income for the **private equity** business, to €257 million.

Income from the **media** division increased by 7.4%.

The "**IT & logistics**" segment was impacted by the deconsolidation of Euro-Information Telecom at the end of 2020.

General operating expenses and gross operating income

General operating expenses were €4.736 billion, up 4.7% relative to the first half of 2020.

They were affected in particular by:

- further rises in contributions to the Single Resolution Fund and supervision costs,[1] which came to €268 million in the first half of 2021, €30 million more than in 2020;

The "jaws" effect on the cost/income ratio was positive, the ratio being 59.5% for June 2021, vs. 62.3% at December 31, 2020 and 60.6% at June 30, 2019.

Gross operating income rose strongly by 42.3% to reach €3.226 billion.

Net additions to provisions for loan losses

Net additions to provisions were €188 million in the first half of 2021, versus €1.046 billion for the same period last year and €462 million in the first half of 2019. This represented a total amount of 10 basis points when expressed as a proportion of outstanding loans versus 48 basis points in the first half of 2020 and 24 in the first half of 2019.

The fall in the cost of risk concerns firstly the non-proven risk. This was clearly reversed in the first half of 2021 against a significant charge in the first half of 2020 and over the whole of 2020. The assumptions of the IFRS9 scenarios did not change in the first half of the year. However, Stage 2 outstandings decreased compared to December 31, 2020 enabling in particular the reversals of sectoral provisions. The non-proven cost of risk thus shows a net reversal of €132 million (for the record, these provisions were the subject of an allocation of €489 million in the first half of 2020, including in particular the revision of the scenario weightings).

The cost of proven risk was €320 million, a clear year-on-year improvement on the €557 million figure recorded at end-June 2020.

This half-year, the reduction in provisioning expenses set aside for the banking networks and corporate banking, both of which posted a net reversal. TARGOBANK in Germany and Cofidis also reported reduced provisioning expenses in terms of basis points relative to the first half of 2019.

The non-performing loan ratio has fallen continuously since December 2019; it stood at 2.8% at the end of June 2021 versus 3.0% at the end of June 2020. Provisions for non-performing loans (€12.097 billion) were comparable to the level at June 2019 (€12.079 billion). The coverage ratio was 51% at June 30, 2021.

Outstanding balances in € millions	**6/30/2021**	**6/30/2020**
Customer loans (net receivables on balance sheet)	428,551	407,001
Gross loans	437,737	416,128
Gross non-performing loans	12,097	12,669
Provisions for loan losses	9,186	9,127
of which: provisions for losses on non-performing loans (stage 3)	*6,172*	*6,676*
of which: provisions for losses on non-performing loans (stages 1 & 2)	*3,014*	*2,451*
Non-performing loans as a % of gross loans	2.8%	3.0%

[1] Contribution to the ECB's Single Resolution Fund (SRF), contribution to the Fonds de Garantie des Dépôts (French deposit guarantee scheme), ECB supervision fees, Support Fund for Regional Municipalities, contribution to ACPR audit expenses, administration fees in relation to the ECB's Single Resolution Board, AMF contribution.

Profit before tax

Profit before tax was €2.965 billion in the first half of 2021, versus €1.260 billion for the same period in 2020.

In addition to the variations discussed above, profit before tax also includes the net income from equity consolidated companies and goodwill amortization, these items producing a net expense of €73 million.

Net profit

Net profit for the first half of 2021 was €2.087 billion, versus €857 million in the first half of 2020. This substantial rise was due to increased net banking income and lower cost of risk. The total is 28% higher than the pre-crisis level (€1.629 billion for the first half of 2019).

1.2. Financial structure

Liquidity and refinancing[1]

Crédit Mutuel Alliance Fédérale's central treasury management is based on prudent rules and an effective system for accessing market funding.

Crédit Mutuel Alliance Fédérale has a variety of issue programs that allow it to access investors in the main international markets 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 withstand severe stresses.

In the first half of 2021, funding conditions and access to liquidity remained favorable to borrowers, thanks to a sustained excess of liquidity in the market.

Banque Fédérative du Crédit Mutuel (BFCM) was able to profit from these circumstances via all of its issue programs. In total, external funding obtained in the markets stood at €143.6 billion at the end of June 2021.

In the first half of 2021, public debt issues amounted to €7.6 billion, for all currencies concerned.

The average LCR during the first six months of 2021 was 170.9% (vs.165.2% in 2020).

The liquidity reserve 191.7 billion covers the vast majority of market funding due over 12 months.

Shareholders' equity and capital adequacy

At June 30, 2021, the shareholders' equity of Crédit Mutuel Alliance Fédérale stood at €51.8 billion, compared with €49.6 billion at the end of 2020, a profit-driven increase of €2.2 billion.

At the end of March 2021, Crédit Mutuel Alliance Fédérale exhibited a very robust level of capital with a Common Equity Tier 1 (CET1) ratio of 18.1%.[2]

The risk-weighted assets (RWA) amounted to €235.3 billion as of March 31, 2021, compared to €233.8 billion at the end of December 2020. Risk weighted assets for credit risk represent 90% of the total at €210.9 billion.

The target leverage ratio at March 31, 2021 was 7.0%, compared with 6.9% at December 31, 2020, after the exclusion of central bank exposures as permitted by the ECB at the end of 2020.

[1] For more details, see the additional information in point 6 of this press release.

[2] Without transitional arrangements and including retained earnings for the first quarter of 2021

It should be noted that the European Central Bank (ECB) decided, on July 23, not to extend, beyond September 2021, its recommendation to all banks to limit dividends. The prudential authorities will again assess the capital and dividend distribution plans of each bank as part of the regular monitoring process. This provision should allow Crédit Mutuel to resume the distribution in cash of the remuneration of the member stakeholder shares issued to its members[1].

1.3. 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	Stand-alone rating ***	Date of last publication
Moody's	Aa2/P- 1	Aa3	Stable	P-1	a3	11/18/2020
Fitch Ratings *	AA-	AA-	Negative	F1+	a+	5/28/2021
Standard & Poor's	A+/A-1	A	Stable	A-1	a	6/24/2021

* The Issuer Default Rating remains at A+.
** 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.
*** The stand-alone rating is the Stand Alone Credit Profile (SACP) for Standard & Poor's, the Adjusted Baseline Credit Assessment (Adj. BCA) for Moody's and the Viability Rating for Fitch Ratings.
Standard & Poor's: Crédit Mutuel Group rating.
Moody's: Crédit Mutuel Alliance Fédérale/BFCM and CIC ratings.
Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

On June 24, 2021, Standard & Poor's raised the ratings outlook for the Crédit Mutuel group and several other French and European banks from negative to stable, on the basis that the improvement in the economic environment had reduced the risk of a material deterioration in asset and capital quality. For the Crédit Mutuel group, the stable outlook also reflects the establishment of a loss buffer, which may enable it to go up a notch on account of its ALAC ratio (additional loss absorbing capacity).

As a reminder, the negative outlooks issued by Fitch and Standard & Poor's in March and April 2020 were attributed to the development of the pandemic and resulted from general ratings revisions applied to European banks.

Unaudited financial statements – limited review currently being conducted by the statutory auditors.

The Board of Directors met on July 29, 2021 to approve the financial statements.

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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[1] As a reminder, since March 2020, Crédit Mutuel had remunerated the member shares in the form of shares at the request of the ECB.

Crédit Mutuel Alliance Fédérale

Key figures[1]

(in € millions)	6/30/2021	6/30/2020
Financial structure and activity		
Balance sheet total	835,478	784,485
Shareholders' equity (including net profit for the period before distribution)	51,761	47,524
Customer loans	428,551	407,001
Total savings	757,386	685,906
of which: customer deposits	*416,232*	*381,654*
of which: insurance-based savings	*100,919*	*97,685*
of which: financial savings (managed and held in custody)	*240,236*	*206,567*
Key figures		
Employees, end of period (group-controlled entities)	72,796	71,794
Number of branches	4,275	4,387
Number of customers (in millions)	27.4	26.9
Key ratios		
Cost/income ratio	59.5%	66.4%
Net provisioning as a proportion of outstanding loans	10 bp	48 bp
Loan-to-deposit ratio	103.0%	106.6%
Leverage ratio - delegated act - without transitional arrangements - (March 31 for 2021)	7.0%	5.9%
CET1 ratio - without transitional arrangements - (March 31 for 2021)	18.1%	17.1%

(in € millions)	1st half 2021	1st half 2020
Results		
Net banking income	**7,962**	**6,858**
General operating expenses	(4,736)	(4,552)
Gross operating income	**3,226**	**2,306**
Net additions to provisions for loan losses	(188)	(1,046)
Operating income	**3,038**	**1,260**
Net gains/(losses) on other assets and equity consolidated companies	(73)	(0)
Profit/(loss) before tax	**2,965**	**1,260**
Income tax	(885)	(402)
Net gains/(losses) on discontinued operations	7	0
Net profit/(loss)	**2,087**	**857**
Non-controlling interests	161	89
Net profit/(loss) attributable to the group	**1,926**	**768**

[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, Anjou, Antilles-Guyane and Massif Central, of their joint federal bank, and of Banque Fédérative du Crédit Mutuel (BFCM) and all its subsidiaries, including CIC, Euro-Information, Assurances du Crédit Mutuel (ACM), Targobank, Cofidis Group and Banque Européenne du Crédit Mutuel (BECM).
Figures not confirmed by the boards.

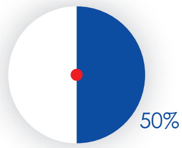
Crédit Mutuel Alliance Fédérale's business lines and main subsidiaries

Crédit Mutuel Alliance Fédérale

Operational business lines' contribution[1] to net profit in the 1st half of 2021

Retail banking
Banking & insurance networks

- Regulatory scope
  - Caisse Fédérale de Crédit Mutuel
  - 1.414 Crédit Mutuel local banks[2]
- CIC
  - Network Île-de-France
  - Regional Banks
- TARGOBANK Germany
- TARGOBANK Spain
- Banque Européenne du Crédit Mutuel

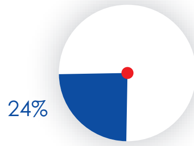


Business subsidiaries[3]

- Cofidis Group
- Crédit Mutuel Factoring / Factofrance
- Crédit Mutuel Real Estate Lease
- Crédit Mutuel Asset Management
- Crédit Mutuel Épargne Salariale
- Crédit Mutuel Leasing / CCLS
- Targo Factoring / Targo Leasing
- Crédit Mutuel Investment Managers
- Crédit Mutuel Immobilier

Insurance

- Groupe des Assurances du Crédit Mutuel



Specialized businesses

Private banking

- Banque de Luxembourg
- Banque Transatlantique
- CIC (Suisse)

Corporate banking

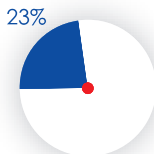
- CIC Corporate
- CIC specialized financing
- CIC international activities foreign branches

Capital markets

- CIC Marchés
- CIC Market Solutions

Private equity

- Crédit Mutuel Equity



Others activities:
IT, logistics and media

- Euro Information
- Euro Protection Surveillance (Homiris)
- CCS (Advices and Service Centre)
- Crédit Mutuel Securities
- Lyf Pay 49% shareholding
- Press

[1] Excluding holding company services.
[2] At June 30, 2021.
[3] Reclassification of FLOA shares previously accounted for by the equity method as assets held for sale.

Crédit Mutuel
Alliance Fédérale

2. Retail banking

(in € millions)	1st half 2021	1st half 2020	Change
Net banking income	**5,340**	**5,191**	**+2.9%**
General operating expenses	(3,486)	(3,355)	+3.9%
of which: supervision and resolution expenses	*(191)*	*(219)*	*-12.9%*
Gross operating income	**1,854**	**1,836**	**+1.0%**
Net additions to provisions for loan losses	(214)	(934)	-77.1%
cost of proven risk	*(303)*	*(513)*	*-40.9%*
cost of non-proven risk	*89*	*(420)*	*n.s.*
Operating income	**1,639**	**902**	**+81.7%**
Net gains/(losses) on other assets and ECC [1]	(2)	(1)	n.s.
Profit/(loss) before tax	**1,638**	**902**	**+81.6%**
Income tax	(523)	(377)	+38.8%
Net profit/(loss)	**1,115**	**525**	**x 2.1**

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

This business line encompasses the 13 Crédit Mutuel federations of local cooperative banks, the CIC network, Banque Européenne du Crédit Mutuel, Targobank in Germany and Spain, Cofidis Group, FLOA and all the specialized businesses whose products are marketed by the branch networks: equipment leasing and leasing with purchase option, real estate leasing, factoring, asset management, employee savings and real estate sales and management.

2.1. Banking networks

2.1.1. Crédit Mutuel banking and insurance network

At the end of 2021, the number of customers in the Crédit Mutuel banking and insurance network stood at 7.5 million, a rise of 1.4% of which 0.9% related to retail customers. New customers continue to be won: a total of 222,328 joined, representing a year on year increase of 18.9%.

Savings deposits reached €208.9 billion at the end of June 2021, representing a twelve-month rise of 9.2%. Inflows remained positive, although less substantial than in the first half of 2020.

External loans and financing stood at just under €156 billion, a year on year rise of 6.9%. In spite of a very sharp fall in disbursements of cash flow loans (including state-guaranteed "PGE" loans), total disbursements stood up well (up 0.9% year on year) with good levels noted in particular for home loans (up 14.9%) and consumer loans (up 14.1%).

The diversification activities continued their strategy of expansion:

- property and health & provident insurance policies (excluding life assurance) reached 10.9 million, a rise of 2.8% over the previous year;
- the number of mobile phone and broadband contracts rose by 4.5% to 850,000;
- the number of remote home surveillance contracts rose 2.3% to nearly 176,000.

2.1.2. CIC banking and insurance network

All figures shown are pro forma, i.e. including CIC Iberbanco[1] for both 2021 and 2020.

The banking network had 5.4 million customers at the end of June 2021, a 2.0% year-on-year increase of which 1.3% related to retail customers.

Savings totaled €229.7 billion at the end of June 2021, a 10.4% increase over one year. Inflows remained positive, although less substantial than in the first half of 2020.

External loans and financing stood at €169.5 billion, a year on year rise of 6.2%. Total loan disbursements fell, the decrease being attributable to cash flow loans (including state-backed "PGE" loans). However, business remained buoyant, with a 12.5% increase in home loan disbursements and an 18.2% increase for consumer loans.

Cross-selling of products and services to customers improved in insurance, with a 4.5% increase in the number of policies in the portfolio (over 6 million), and rises in other services of:
- 7.4% in online banking (3.3 million contracts),
- 3.6% in Homiris theft protection (over 112,000 contracts),
- 8.3% in mobile phone and broadband (over 566,000).

2.1.3. Banque Européenne du Crédit Mutuel (BECM)

BECM is the Crédit Mutuel Alliance Fédérale subsidiary that serves regional economies and the market for business and real estate companies. It also offers specialized assistance to major German businesses operating in France and the German subsidiaries of French companies. In the real estate market, it acts as a partner to real estate developers and property companies.

With 432 staff members, BECM helps its 23,737 customers meet all their domestic and cross-border needs via a network of 59 branches. The network expanded in the first half of 2021 with the opening of branches in Martinique and Guadeloupe as well as a new branch in Germany in Essen.

Measured in terms of monthly average capital, loans to customers fell by 2.1% on a rolling 12-month basis to €18 billion at the end of June 2021, of which €1.0 billion related to government-backed loans. Deposits held steady, rising by 0.4% on a rolling 12-month basis to €19.4 billion.

Net banking income increased by 8.5% to €164 million.

2.1.4. TARGOBANK in Germany

Business in the first half of 2021 was dominated by the continuation until May of the lockdown measures introduced in November 2020. The closure of shops to the general public limited household consumption and the associated demand for credit.

New business in repayment loans fell relative to the previous year for all distribution channels, as did the overall balances of overdrafts on current accounts and credit card debts. Auto loans, boosted by the sharp recovery in the automotive market, were the only area to increase.

The bank's share of the market for repayment loans was 11.3% for the half-year period.

By contrast, the corporate market saw a distinct recovery from March onward. The factoring and leasing portfolios grew substantially compared with the previous year and new business was relatively buoyant.

[1] CIC Iberbanco branches were integrated into the CIC network in 2020.

Outstanding loans rose by 2.9% during the first half-year to reach €21.3 billion. Two-thirds of this increase came from the corporate portfolio. Customer deposits reached €22.6 billion at the end of June 2021, a rise of 5.9% relative to December 31, 2020.

Targobank in Germany contributed a net profit of €158 million to the overall net profit of Crédit Mutuel Alliance Fédérale, compared with €80 million a year ago

The bank also revised its strategic plan during the course of the first half-year, in order to respond more effectively to changes both in society and in the needs and expectations of customers, the health crisis and its consequences having accelerated the rate of change. The new plan is fully aligned with Crédit Mutuel Alliance Fédérale's overall development strategy for Germany.

2.1.5. Cofidis Group

Business at the Cofidis Group recovered to close to the pre-crisis level with new business of €3.9 billion, 30% up on the figure for the end of June 2020. Net outstanding loans increased to €13.3 billion at the end of June 2021, a 5.3% rise over the figure for June 2020.

At €56.9 million, net profit was 5.3% up from the previous year, mainly due to a steady level of net banking income, good cost control, and especially a very low provisioning charge.

In development terms, Cofidis Group maintained its e-commerce partnerships, in particular by extending its contract with Amazon until 2023. It expanded its diversification strategy at its subsidiaries and enhanced synergies with Crédit Mutuel Alliance Fédérale. Despite the public health issues, the group kept to the goals set in its Experience First plan in 2019, namely: innovation in support of customer and partner relations, and leadership that focuses on people in order to experience the exceptional and allow others to do the same. Following the launch of the *#Like* CSR program in 2019, which aimed to strengthen its social commitments and work toward greater inclusivity, Cofidis Group added an environmental aspect to the program with the launch of *#LikeMyPlanet*. This program helped bring employees together through challenges all across Europe.

3. Insurance

(in € millions)	1st half 2021	1st half 2020	Change
Net banking income	**1,119**	**698**	**+60.2%**
General operating expenses	(344)	(334)	+3.0%
Gross operating income	**775**	**365**	**x 2.1**
Net gains/(losses) on other assets and ECC [1]	0	1	n.s.
Profit/(loss) before tax	**775**	**366**	**x 2.1**
Income tax	(236)	(148)	+59.4%
Net profit/(loss)	**540**	**218**	**x 2.4**

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

Groupe des Assurances du Crédit Mutuel (GACM) celebrates its 50th birthday this year. Since its inception, the insurance business line has been fully integrated into Crédit Mutuel Alliance Fédérale in terms of both sales and technology.

Compared to the first half of 2020, which was severely hit by the lockdown measures related to the pandemic, business in the distribution networks was sharply up in the first half of 2021 and is climbing back up to its pre-crisis sales momentum. **At €6.1 billion, revenue was up 22.6%**, mainly as a result of higher gross premium income in life and endowment policies, which had fallen sharply in the period to June 30, 2020 (-40.1%).

At €3.2 billion, gross premium income from **life insurance** rose by 46.3%. This large increase is due to low inflows in the spring of 2020, owing to the lockdown and volatility in the equity markets. The package of measures taken by GACM enabled it to **double the portion of premium income related to unit-linked products in two years**, from 21.2% to 43.6%, and thus to outperform the French market as a whole, for which the share of unit-linked products is 37%. This reorientation of premium income was based on the various product offerings GACM has introduced for its policyholders to match their investor profiles and shift towards more dynamic and better diversified saving.

Income from **property & casualty insurance** rose by 4.5% overall and by 4.9% in the French market alone. It reached €3 billion at the end of June 2021. At 5.2%, growth in income from property insurance remained buoyant, particularly in the automotive and home segments. Growth in these segments thus continued to outstrip the market, thanks to excellent levels of new business. Income from **personal insurance** meanwhile recorded an increase of 4.1%.

GACM continued to **expand its presence in the business and professional market**. Premium income from the professional all-risks segment was up by 18.4% year on year, thanks to the success of the new Multi Pro offering introduced in September 2020. Sales of retirement savings plans (*Plans d'épargne retraite or PER*), a product intended for businesses wishing to help employees save for their pensions, got off to a good start. In the first half of 2021, new group provident schemes were introduced to enhance the business and professional range. GACM now has a complete, highly effective product offering that fully covers the employee protection needs of businesses.

In line with the rise in business levels, commissions paid to distributors rose by 5.9% to €851 million. Of this total, €685 million was paid to Crédit Mutuel Alliance Fédérale.

The impacts of the crisis on the claims expenses for GACM's portfolios are gradually diminishing. The frequency of auto claims remained slightly below normal owing to the partial lockdown at the start of the year, but the segment is facing substantial rises in repair costs. In health, there was a noticeable rise in the costs of care, owing to the postponement of procedures from 2020 and the full implementation of the "100% Santé" reform, which came into full effect on January 1, 2021.

At €540 million, GACM's divisional net profit recovered to a comparable level to that at the end of June 2019 and was sharply up from the figure at June 30, 2020 (€218 million). This change is partly due to the movements in the **financial markets**, which sank sharply in the first half of 2020 but went up significantly in 2021, producing an increase in GACM's net financial income under IFRS. The difference in profit relative to June 30, 2020 was largely due to the **exceptional solidarity measures** taken from the first half of 2020 onward to help our customers deal with the effects of the health crisis, and especially the payment of the €179 million ***prime de relance mutualiste***, a one-off "mutualist recovery bonus" for business policyholders.

Amid continuing uncertainty in the economic and health situation, **GACM remains fully committed to supporting its policyholders** and has taken the decision not to increase premiums for any health or auto policies in 2021, other than age-related premium rises for health. This measure will benefit more than 1.6 million people in relation to health and nearly 3 million holders of auto policies. GACM is also playing a part in funding the national economic recovery. In this regard, €600 million will be gradually invested in the *Fonds Prêts Participatifs Relance* (Recovery Participative Loan Fund). This new public-private scheme will support and finance French businesses.

4. Specialized business lines

Private banking and corporate and investment banking (corporate banking, capital markets and private equity) round out the banking and insurance offering of Crédit Mutuel Alliance Fédérale. These business lines account for 13% of net banking income[1] and 23% of net profit from operating activities.[2]

4.1. Private banking

(in € millions)	1st half 2021	1st half 2020	Change
Net banking income	**319**	**311**	**+2.7%**
General operating expenses	(225)	(208)	+8.1%
Gross operating income	**94**	**103**	**-8.3%**
Net additions to provisions for loan losses	(5)	(4)	+44.8%
Profit/(loss) before tax	**89**	**99**	**-10.2%**
Income tax	(23)	(22)	+7.0%
Net profit/(loss)	**66**	**77**	**-15.0%**

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

New business remained buoyant in terms of capital inflows: at €144.3 billion, total savings increased by 13.1% year on year. Outstanding loans stood at €15.9 billion, an increase of 6.3%.

Net banking income for the private banking business line continued to grow (up 2.7%); net profit was down on account of the rise in general operating expenses, which include non-recurring itmes for the first half of 2021.

In addition, in the branch network activities, CIC is developing a private banking activity, under the CIC Privée brand, which is experiencing good growth in its activity and making a significant contribution to results.

4.2. Corporate banking

(in € millions)	1st half 2021	1st half 2020	Change
Net banking income	**198**	**185**	**+7.0%**
General operating expenses	(69)	(70)	-1.9%
Gross operating income	**129**	**115**	**+12.4%**
Net additions to/reversals of provisions for loan losses	37	(108)	n.s.
cost of proven risk	*(5)*	*(38)*	*-86.5%*
cost of non-proven risk	*43*	*(70)*	*n.s.*
Profit/(loss) before tax	**166**	**6**	**n.s.**
Income tax	(42)	(6)	n.s.
Net profit/(loss)	**124**	**(0)**	**n.s.**

[1] Excluding reciprocal inter-company activities. [2] Excluding the holding company.

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 work of the "corporate" networks with their major customers and contributes to the development of international business and the implementation of specialized financing (acquisitions, assets, projects, securitisations).

Outstanding loans in corporate banking were down at €20.8 billion. Exceptional loans rolled out during the the health crisis having been mostly reimbursed. Savings increased by 3.5% to €35.8 billion.

Net banking income was well up, by 7%. General operating expenses were down by 1.9%. Net profit (€124 million) was buoyed by a partial reversal of the provisions made in 2020 for non-proven risk, producing a net overall reversal of loan loss provisions of €37 million.

4.3. Capital markets

(in € millions)	1st half 2021	1st half 2020
Net banking income	**293**	**38**
General operating expenses	(135)	(130)
Gross operating income	**157**	**(92)**
Net additions to/reversals of provisions for loan losses	0	(1)
Profit/(loss) before tax	**157**	**(92)**
Income tax	(42)	26
Net profit/(loss)	**115**	**(66)**

CIC Marchés capital markets activities include the investment business, whose strategies are offered to third parties through the alternative management company Cigogne Management and the commercial business (CIC Market Solutions) in France and in the branches in New York and Singapore.

The 2020 crisis generated high volatility in market conditions, a source of opportunities but also downgraded assessments of certain strategies. The return to less volatile conditions has allowed, since the second quarter of 2020, a very strong rebound in net banking income (+255 million euros over one year) and net income (€115 million, against €43 million). Commissions paid by CIC Marchés, not included in this income, amounted to €45 million, up slightly.

4.4. Private equity

(in € millions)	1st half 2021	1st half 2020
Net banking income	**257**	**71**
General operating expenses	(36)	(25)
Gross operating income	**221**	**47**
Net additions to/reversals from provisions for loan losses	(7)	2
Profit/(loss) before tax	**214**	**49**
Income tax	(0)	2
Net profit/(loss)	**213**	**50**

Private equity and merger and acquisitions is carried out by Crédit Mutuel Equity, which is headquartered in Paris and has offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, thereby ensuring close ties to customers while gradually entering a phase of international development (Switzerland, Germany, North America).

Business activity and results in the private equity segment were marked by a large number of disposals in the first half of 2021 and by high valuations of portfolio investments, whilst maintaining a very cautious assessment of holdings in sectors affected by the crisis. Net profit (€213 million) was €163 million higher than in the first half of 2020 and €60 million higher than in the first half of 2019.

The portfolio of invested assets stood at €2.9 billion at June 30, 2021. Thirteen new investments totaling €278.5 million were made in the first half-year.

An infrastructure projects fund, offered to third party investors, has been launched.

5. Other activities: IT, logistics and media

IT & Logistics

(in € millions)	1st half 2021	1st half 2020
Gross margin	**762**	**793**
General operating expenses	(693)	(646)
Gross operating income	**69**	**148**
Net additions to/reversals from provisions for loan losses	1	(5)
Net gains/(losses) on other assets and ECC[1]	5	(7)
Profit/(loss) before tax	**75**	**136**
Income tax	(16)	(32)
Net profit/(loss)	**59**	**104**

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

In the **IT & Logistics** business line, Euro-Information Telecom was sold to Bouygues Telecom at the end of 2020. At the time of the disposal, a long-term distribution agreement was put in place that allows Crédit Mutuel to sell Bouygues Telecom fixed-line and mobile services in the Crédit Mutuel local banks and the CIC branch network.

Media

(in € millions)	1st half 2021	1st half 2020
Net banking income	**131**	**122**
General operating expenses	(129)	(132)
Gross operating income	**2**	**(10)**
Profit/(loss) before tax	**2**	**(10)**
Income tax	(2)	(3)
Net profit/(loss)	**0**	**(13)**

This division comprises the group's IT companies, the logistics entities and the media business *(Le Républicain Lorrain, L'Est Républicain, Vosges Matin, Les Dernières Nouvelles d'Alsace, L'Alsace, Le Bien Public, Le Journal de Saône-et-Loire, Le Progrès* et *Le Dauphiné Libéré).*

The media segment has continued its transformation. Its revenues increased by 7.4%, resulting in a positive operating result. The growth of subscribers and digital advertising, associated with cost containment and the pooling of business expertise at group level, allows new development perspectives to be envisaged.

6. Additional information

6.1. Liquidity and refinancing

The start of 2021 saw a gradual lifting of lockdown measures as the proportion of the population that had been vaccinated increased. Nevertheless, central bank support measures, including those provided by the European Central Bank (ECB), were kept in place and fiscal support was maintained, particularly by the European Commission and the major nations, so as not to compromise the ongoing economic recovery. Encouraged by tangible signs of a return to growth, this return to optimism pushed up bond yields, with the 10-year French treasury bonds (OATs) returning to positive territory (0.13% on the 10-year OAT maturing on June 30, 2021). Despite this, funding conditions and access to liquidity remained favorable to borrowers, thanks to a sustained excess of liquidity in the market.

Banque Fédérative du Crédit Mutuel (BFCM) was able to profit from these circumstances via all of its issue programs.

In total, external funding obtained in the markets stood at €143.6 billion at the end of June 2021, a decrease of 2.3% compared with 2020.

Short-term money market funding (maturing in less than one year) totaled €45.5 billion at the end of June 2021, down 6.2% compared with the previous year. It accounted for 32% of all market funding raised, one percentage point less than last year.

Medium and long-term (MLT) funding stood at €98 billion at the end of June 2021, essentially the same as in 2020 (-0.4%). In the first half of 2021, Crédit Mutuel Alliance Fédérale raised €8.4 billion in MLT funding, i.e. 76% of its €11 billion program for 2021. The majority of this was contracted by BFCM, along with Crédit Mutuel Home Loan SFH, its entity for issuing covered bonds. 92% of this MLT funding was raised in euros, chiefly in the form of large public issues (91% of the total volume).

The average length of medium and long-term funding raised in the period to June 2021 was 7 years, slightly longer than for 2020 (6.2 years).

2021 refinancing program

In the first half of 2021, public issues had a total value of €7.6 billion and were made up as follows:

- BFCM – senior EMTNs:
  - GBP 400 million in an 6 year issue in January,
  - €1.5 billion in a 7+ year issue in June,
  - €750 million in a 7 year green bond issue in June,
  - CHF 160 million in an 8 year issue in June.

- BFCM – senior non-preferred (SNP) EMTNs
  - €2,500 billion in 7 year issues in January and June.

- Crédit Mutuel Home Loan SFH: €2,250 billion in 10 year and 7 year issues in May and July.

LCR and liquidity buffer

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

- an average LCR over the first six months of 2021 of 170.9% (vs. 165.2% in 2020);

- average HQLA (high quality liquid assets) of €130.2 billion, 81% of which is deposited at central banks (mainly the ECB).

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

Crédit Mutuel Alliance Fédérale (in € billions)	**6/30/202**
Cash deposited at central banks	125.4
LCR securities (after LCR haircut)	27.6
Level 1 HQLA included in the above	21.8
Other eligible central bank assets (after ECB haircut)	38.7
Total liquidity reserves	**191.7**

The liquidity reserve covers the vast majority of market funding due over 12 months.

Planned refinancing operations

In June 2021, BFCM completed the second drawdown for €50 million under the "Young Farmers & Climate Action" package allocated by the EIB in March 2020, which targets SMEs and midcaps in the farming and organic business sectors. This sum bears interest at a fixed rate and is repayable at the end of an eight-year period.

In addition, under the "EU PL response to Covid-19 crisis for SMEs & midcaps" program, a single drawndown of €350 million was completed in June 2021 from the "*COVID19 CRISIS RESPONSE FOR SME&MIDCAP*" package allocated by the EIB in June 2020. This sum bears interest at a fixed rate and is repayable at the end of a five-year period. This unprecedented support measure for SMEs & midcaps made vulnerable by the health crisis comes in addition to the French government's "PGE" scheme for state-guaranteed loans.

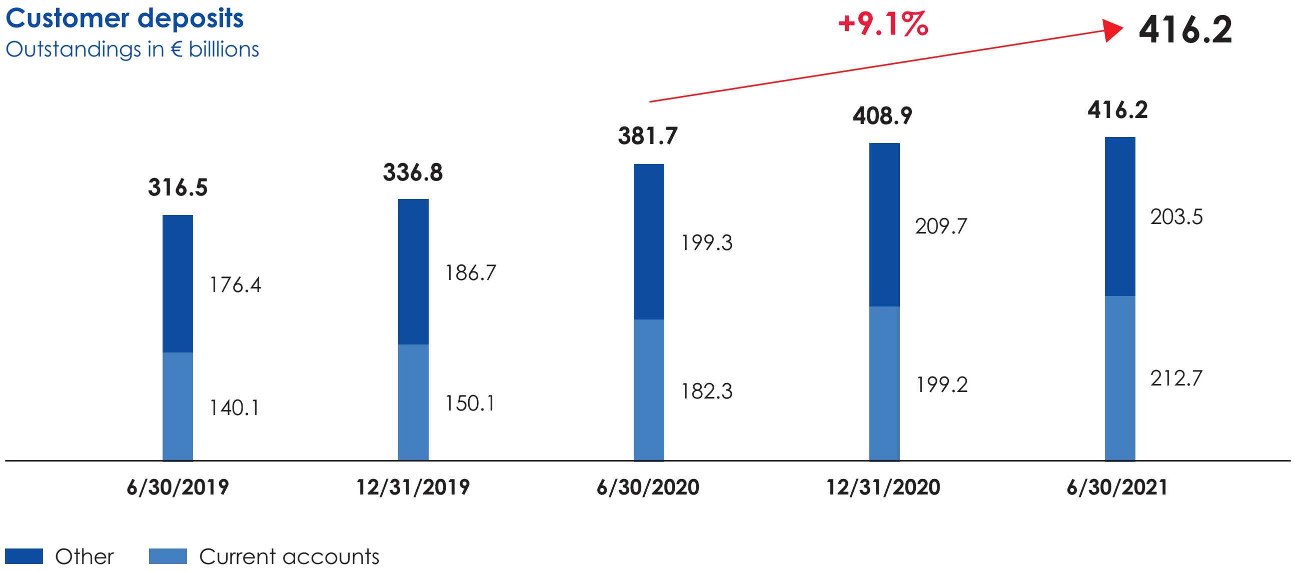
Following the payments made on July 1, 2021 for a total of €400 million, both these packages were called in full. The funds were reallocated to Crédit Mutuel Alliance Fédérale entities based on the underlying loans granted by each one.

6.2. Outstanding loans and deposits

Customer deposits

Customer deposits were up substantially (by 9.1%), especially in respect of current accounts (up 16.8%, i.e. by €31 billion) and Livret A passbook accounts (known as "Livret bleu" at Crédit Mutuel), which totaled close to €39 billion (up 10.5% year on year).

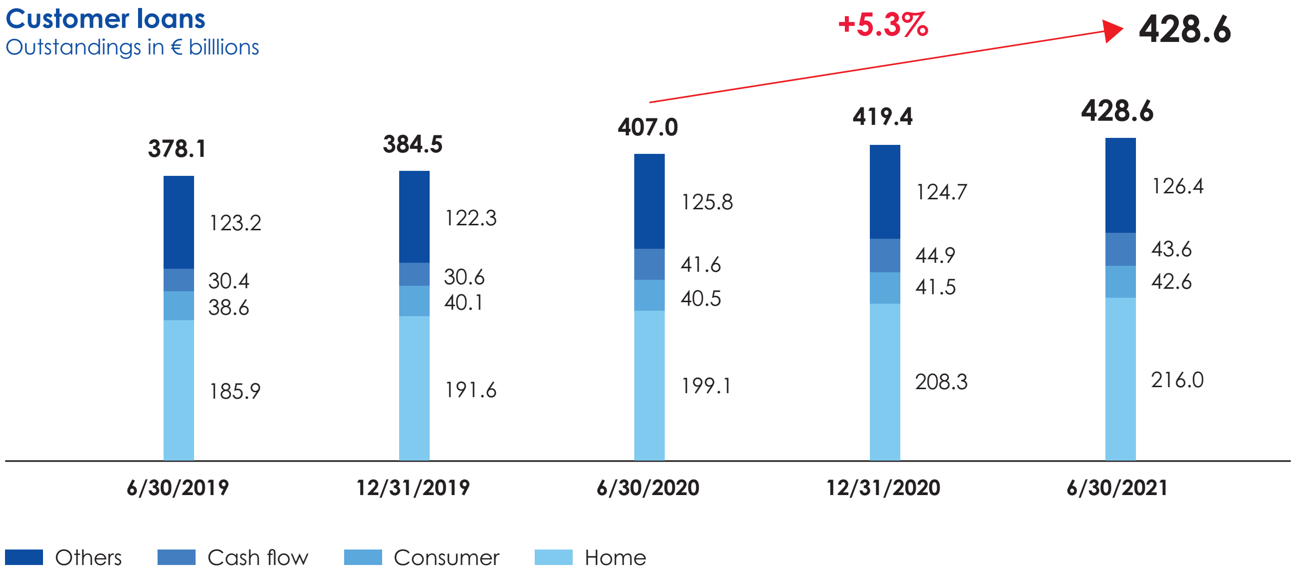
Customer deposits
Outstandings in € billions



Customer loans

Strong sales momentum led to a 5.3% year-on-year rise in outstanding customer loans, which stood at €428.6 billion at June 30, 2021. This rise was driven by home loans (€216 billion, up 8.5%), as well as by consumer loans (€42.6 billion, up 5.1%) and cash flow loans (€43.6 billion, up 4.7%).

Customer loans
Outstandings in € billions



6.3. Methodology notes

Changes reported at constant scope are calculated by excluding the results of Euro-Information Telecom (disposal made in late 2020) from the first-half figures for 2020.

(in € millions)	1st half 2021	1st half 2020	change in scope	1st half 2020 at constant scope	changes at constant scope
Net banking income	**7,962**	**6,858**	**66**	**6,791**	**+17.2%**
General operating expenses	(4,736)	(4,552)	(27)	(4,525)	+4.7%
of which: supervisory and resolution expenses	*(268)*	*(238)*	-	*(238)*	*+12.7%*
Gross operating income	**3,226**	**2,306**	**39**	**2,266**	**+42.3%**
Net additions to provisions for loan losses	(188)	(1,046)	(3)	(1,043)	-82.0%
Cost of proven risk	*(320)*	*(557)*	*(3)*	*(554)*	*-42.3%*
Cost of non-proven risk	*132*	*(489)*	-	*(489)*	*n.s.*
Operating income	**3,038**	**1,260**	**37**	**1,223**	**x 2.4**
Net gains/(losses) on other assets and ECC	(73)	(0)	(0)	0	n.s.
Profit/(loss) before tax	**2,965**	**1,260**	**36**	**1,223**	**x 2.4**
Income tax	(885)	(402)	(6)	(397)	x 2.2
Net gains/losses on discontinued operations	7	-	-	-	n.s.
Net profit/(loss)	**2,087**	**857**	**31**	**827**	**x 2.5**

6.4. Alternative performance indicators

Name	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 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"	mesure of the bank's operational efficiency
overall net additions to provisions for customer loan losses as a percentage of outstanding loans (expressed in % or basis points)	net additions to provisions for customer loan losses as stated in the notes to the consolidated financial statements as a percentage of gross outstanding loans at the end of the period	Enables assessment of the level of risk as a percentage of credit commitments on the balance sheet
net additions to/reversals of provisions for loan losses	Item "net additions to/reversals of provisions for loan losses" in the publishable consolidated income statement	measures the level of risk
customer loans	Item "loans and receivables due from customers at amortized cost" on the asset side of the consolidated balance sheet	measure of customer activity in terms of loans
cost of non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2); see note. Application of IFRS 9 (IAS 39 for 2017). Impairment is recorded for all financial assets for which there is no individual objective evidence of impairment	measures the level of non-proven risk
customer deposits; accounting 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 resources
insurance-based savings	life insurance products held by our customers - management data (insurance company)	measure of customer activity in terms of life insurance
bank savings products, customer funds managed and held in custody	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 account 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 "movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets" on the published consolidated income statement	measures the level of general operating expenses
interest margin, net interest revenue, net interest income	calculated from items in the consolidated income statement: difference between interest received and interest paid: - interest received = "interest and similar income" item in the publishable consolidated income statement - interest paid = "interest and similar expenses" item in the publishable consolidated income statement	representative measure of profitability
loan-to-deposit ratio	ratio calculated from items in the consolidated balance sheet: ratio expressed as a percentage of total customer loans ("loans and receivables due from customers" item on 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 dependency on external refinancing
coverage ratio	determined by calculating the ratio of credit risk provisions (S3 impairments) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to an S3 individual impairment)	this coverage ratio measures the maximum residual risk associated with loans in default ("non-performing loans")
ratio of non-performing loans to gross loans	ratio of gross receivables subject to an S3 individual impairment to gross customer 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	H1 2021	H1 2020	2020
General operating expenses (1)	(4,736)	(4,552)	(8,867)
Net banking income (2)	7,962	6,858	14,238
Cost/income ratio (1) / (2)	**59.5%**	**66.4%**	**62.3%**

Loan-to-deposit ratio	6/30/2021	6/30/2020
Net customer loans	428,551	407,001
Customer deposits	416,232	381,654
Loan-to-deposit ratio	**103,0%**	**106.6%**

Coverage ratio	6/30/2021	6/30/2021
Impairment (S3)	6,172	6,676
Gross receivables subject to individual impairment (S3)	12,097	12,669
Total coverage ratio	**51.0%**	**52.7%**

Non-performing loan ratio	6/30/2021	6/30/2021
Gross receivables subject to individual impairment (S3)	12,097	12,669
Gross customer loans	437,737	416,128
Non-performing loan ratio	**2.8%**	**3.0%**

Net provisioning as a percentage of outstanding loans	6/30/2021	6/30/2020	6/30/2019
Net additions to provisions for customer loan losses	(228)	(1,005)	(454)
Gross customer loans	437,737	416,128	386,263
Net provisioning as a percentage of outstanding loans	**0.10%**	**0.48%**	**0.24%**