JULY 30, 2020
PRESS RELEASE

Crédit Mutuel Alliance Fédérale

FIRST-HALF RESULTS 2020

RESILIENCE IN RETAIL BANKING AND INSURANCE INCREASED PROVISIONS FOR LOAN LOSSES

Crédit Mutuel Alliance Fédérale earned net banking income of €6.8 billion in the first half of 2020, a decrease of 9.8%. In the face of an unprecedented crisis, it has proved fiercely resilient, particularly in retail banking (€5.2 billion, -2.5%).

Amid economic and social uncertainty, Crédit Mutuel Alliance Fédérale opted for prudence, making substantial additions to its provisions for non-proven risks (+€464 million) **and increasing provisions for proven risks** (+€119 million)**. This large increase in loan loss provisions** (+€584 million) **inevitably affected net profit, which was €857 million** (-47.7%)**.**

RESULTS AT JUNE 30, 2020[1]	1ST HALF 2020	1ST HALF 2019	CHG. OVER 1 YR EXCL. CHANGES IN SCOPE OF CONSOLT[2]
NET BANKING INCOME	**€6,858 M**	€7,537 M	**- 9.8%**
retail banking	**€5,191 M**	€5,265 M	**-2.5%**
NET ADDITIONS TO PROVISIONS FOR LOAN LOSSES	**€1,046 M**	€462 M	**+€584 M**
proven risks	**€557 M**	€438 M	**+€119 M**
non-proven risks	**€489 M**	€25 M	**+€464 M**
NET PROFIT/(LOSS)	**€857 M**	€1,629 M	**- 47.7%**

		AMOUNT	NUMBER AT 6/30
EXCEPTIONAL SOLIDARITY AND SUPPORT MEASURES FOR JOBS AND THE ECONOMY	One-off recovery bonus	**€169.2 M**	25,014 businesses
	Government-backed loans (loans processed)	**€17,300 M**	108,000 loans
	Loan installment deferrals	**€3,474 M**	1,577,000 payments
	Support payments for students and apprentices	**€4.8 M**	32,000 students

		JUNE 30, 2020	CHG. OVER 1 YR
COMMERCIAL ACTIVITY	Customer loans	**€407.0 bn**	+7.4%[2]
	Customer deposits	**€381.7 bn**	+19.8%[2]
FINANCIAL STRENGTH	CET1 ratio[3]	**16.9%**	+50 bp
	Leverage ratio[3]	**6.2%**	+10 bp
	Shareholders' equity	**€47.5 bn**	+€1.9 bn

[1] Unaudited financial statements – limited review currently being conducted by the statutory auditors.
[2] See methodology notes at the end of this press release. 3 Without transitional arrangements - at March 31, 2020.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE: A RESILIENT BUSINESS MODEL SHOWS ITS STRENGTH

Commercial activity in the networks continued throughout the lockdown period, thanks to the commitment of all our employees and our ability to keep the banking networks open. Outstanding loan balances remained on an upward course (+7.4% to €407 billion), driven by the substantial rise in cash flow loans (including government-backed loans under the PGE scheme, which represented €12.9 billion of receivables at June 30), but also by sustained business levels in home loans (+7.1%). The networks also saw substantial increases in deposits, with outstanding deposits rising 19.8% to €382 billion under the effect of a large rise in credit balances on current accounts (+30.1%).

The specialized consumer lending businesses also grew (outstanding loans +4.3%) despite the sharp drop in purchases of consumer durables during the lockdown.

The private banking subsidiaries kept up a significant level of business, particularly in discretionary management. Savings under management at Banque Transatlantique and its subsidiaries, Banque de Luxembourg and Banque CIC Suisse rose 8.1% to reach €127.6 billion.

Financial results in the insurance sector were impacted by the solidarity measures taken to support policyholders, in particular the payment of €169 million to 25,000 business policyholders in the form of a one-off recovery bonus (called *the prime de relance mutualiste*), as well as by the downturn in the financial markets. Commercial activity remained steady: revenues were up 5.4% for property insurance and 3.4% for health and provident insurance. Gross premium income for life and endowment policies dropped by 40.1%.

The private equity business carried out a large number of disposals and made new investments totaling €267 million in the half-year. However, net banking income from private equity fell 59.5% due to falls in the valuations of portfolio companies as a result of the crisis.

In liquidity and solvency terms, Crédit Mutuel Alliance Fédérale is one of Europe's strongest banks. The liquidity reserve, €169.7 billion at June 30, 2020, has been bolstered by the improvement to the group's loan-to-deposit ratio over the past 18 months and covers the majority of market funding due over the next 12 months. As regards solvency, Crédit Mutuel Alliance Fédérale had shareholders' equity of €47.5 billion at June 30, 2020, compared with €45.6 billion a year earlier. At the end of March 2020, the Common Equity Tier 1 (CET1) ratio stood at 16.9%, a rise of 50 basis points over 12 months, while the Tier 1 ratio and the overall capital adequacy ratio were 17.0% and 19.9% respectively.

Future economic and social uncertainty led Crédit Mutuel Alliance Fédérale to substantially increase its loan loss provisions, particularly for performing loans.
Additional provisions of €454 million were made for non-proven risks during the half-year, including:
- an increase in the provisioning rate for performing loans, following an increase in the weighting given to the worst-case scenario;
- extra provisions for the business sectors judged to be most at risk;
- impairment provisions for asset finance.

General operating expenses were tightly controlled, falling 1.2% to €4.6 billion for the six-month period.

Since March 20, the Group's financial strength and responsiveness have enabled it to take emergency measures benefiting both retail and business customers affected by the pandemic.

Antilles-Guyane and Massif Central Crédit Mutuel federations joined Crédit Mutuel Alliance Fédérale on january 1. 2020.

Crédit Mutuel Alliance Fédérale is made up of the following 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). Crédit Mutuel Alliance Fédérale also encompasses 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, Banque Européenne du Crédit Mutuel (BECM) and CIC Iberbanco.

THE CHOICE OF RESPONSIBILITY AND SOLIDARITY

In keeping with its mutualist values, Crédit Mutuel Alliance Fédérale took strong measures to support all its members and customers—retail, small businesses, corporates or non-profits—right from the start of the health crisis.

OUR COMMITMENT TO RETAIL CUSTOMERS AND MEMBERS

During the crisis, the Crédit Mutuel local banks and CIC branches remained open for business at all times to respond—by phone or online—to all the needs of their members and customers. Customers were able to rely on their dedicated advisors, as well as on online banking, the Crédit Mutuel and CIC apps, and also benefited from the general roll-out of electronic signing.

Specific measures taken during the crisis for retail customers:

- Customers and members were given the option to **reschedule their home loans and consumer loans.** At June 30, 2020, some 135,000 contract amendments had been signed in the Crédit Mutuel and CIC networks.
- **Students** and **apprentices** with a student loan in the pre-repayment phase were given a **€150 support payment**, and an additional six-month interest-free period was granted, free of charge, on loans for which repayments were due to begin this summer. At June 30, 2020, 32,000 support payments had been made.
- Crédit Mutuel Alliance Fédérale raised the **contactless payment limit to €50** for all its bank cards
- Additional protection was provided for financially vulnerable customers: **charges for rejected payments** have been **removed for holders of our vulnerable customer accounts**.
- Customers without a cash card were able to use E-Retrait Banque, a new cardless withdrawal facility that enabled them to obtain cash from the group's ATMs without visiting a teller in the branch.

OUR COMMITMENT TO SMALL BUSINESSES AND CORPORATES

Major support was given to professionals, retailers, tradespeople, farmers and SMEs, who have been hit hard by the crisis

In addition to government-backed loans under the PGE scheme, the Crédit Mutuel, CIC and BECM networks put an extensive package of assistance measures in place.

Specific measures taken during the crisis for small businesses and corporates:

- Since March 20, all **loan installments have been automatically deferred** free of charge until September, with a small number of exceptions. At June 30, 2020, over 1,577,000 installments worth more than €3.5 billion had been postponed and amended.
- **Insurance premiums were deferred** for all policies (property, health and provident insurance) until the second half of the year, with no loss of cover.
- **Rejected payment charges were waived** on accounts for direct debits, checks and bills.
- **Government-backed PGE loans** (*Prêts de trésorerie garantis par l'État*) have been distributed since their introduction. At June 30, 2020, 108,000 PGE applications worth €17.3 billion had been processed.
- The **prime de relance mutualiste**, an immediate one-off recovery bonus of between €1,500 and €20,000 euros, was granted to all holders of a comprehensive business insurance policy who had obtained business interruption coverage, with no exceptions and no requirement to make a claim. At June 30, 2020, nearly €169 million had been paid to nearly 25,000 policyholders.
- A €500,000 contribution was made to Adie, the pioneering microlending association for entrepreneurs, to **fund zero-interest recovery loans** to small businesses.

OUR COMMITMENT TO OUR EMPLOYEES

Crédit Mutuel Alliance Fédérale was able to count on all its employees as it continued to assist customers and members during the lockdown.

As well as adopting the employee recognition measures provided for by the Government, Crédit Mutuel Alliance Fédérale also went further.

In accordance with its civic values, the business declined to make use of "partial unemployment" measures and instead put employees affected by a drop in business on reduced hours at full pay. This measure represents the equivalent of 95,000 working days.

Crédit Mutuel Alliance Fédérale declined to profit from the labor law exemptions permitted under the Labor Order of March 26, 2020, and did not compel any of its employees to take paid vacation or other statutory leave during the lockdown. The impact of this measure on the half-year consolidated accounts was over €100 million in terms of the provision for paid vacation.

The decision was also made to award a €350 recognition bonus (called the "PEPA") to all Crédit Mutuel Alliance Fédérale staff working either remotely or on site. An additional bonus of up to €500 was also awarded to staff members who displayed exceptional commitment in these particularly difficult circumstances.

These choices are in line with the responsible employment policy followed by Crédit Mutuel Alliance Fédérale.

TOWARDS UPDATING THE ENSEMBLE#NOUVEAUMONDE STRATEGIC PLAN

This crisis, which affects our health, economy and society, marks a moment of crystallization at which the relevance of mutualism, with its ability to listen to society's expectations and respond to the needs of its members and customers, has never been so clear.

The basic elements of the scenario underpinning the ensemble#nouveaumonde 2019-2023 strategic plan, namely low interest rates, regulatory pressure, competition from the tech platforms, digital transformation, and the climate and environmental emergency, have been confirmed.

Crédit Mutuel Alliance Fédérale has therefore decided to act now, by accelerating the implementation of its strategy and intensifying its fundamental strategic choices, based on the need for proactivity, simplicity, efficiency and modernity.

Work on updating the plan has already begun and will be reviewed during the second half of 2020, after a process of co-construction and consultations involving elected directors, employees and employee representatives.

#ENSEMBLE NOUVEAUMONDE
Plus vite, plus loin !

FINANCIAL RESULTS

(€ millions)	1st half 2020	1st half 2019	Change [1]
Net banking income	**6,858**	**7,537**	**-9.8%**
General operating expenses	(4,552)	(4,567)	-1.2%
Gross operating income	**2,306**	**2,970**	**-22.9%**
Net additions to provisions for loan losses	(1,046)	(462)	+124.6%
Operating profit/(loss)	**1,260**	**2,507**	**-50.1%**
Net gains/(losses) on other assets and ECC [2]	0	21	n.s.
Profit/(loss) before tax	**1,260**	**2,528**	**-50.5%**
Income tax	(402)	(899)	-55.6%
Net profit/(loss)	**857**	**1,629**	**-47.7%**
Non-controlling interests	**89**	**169**	**-47.2%**
Net profit/(loss) attributable to the group	**768**	**1,460**	**-47.8%**

[1] Excluding changes in scope of consolidation. See methodology notes at the end of this press release.
[2] ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

• NET BANKING INCOME

Net banking income was €6.9 billion in the first half of 2020, down 9.8% year on year. With the exception of private banking, income across all of Crédit Mutuel Alliance Fédérale's business lines has been afflicted by the unprecedented and brutal effect of the pandemic on the economy.

NET BANKING INCOME FROM OPERATIONAL ACTIVITIES

en millions €	1st half 2020	1st half 2019	Change As a %	Change In €m
Retail banking	**5,191**	**5,265**	**-2.5%** *	**(74)**
Insurance	**698**	**1,096**	**-36.3%**	**(398)**
Specialized businesses	**604**	**831**	**-27.3%**	**(227)**
Private banking	311	273	+13.8%	+38
Corporate banking	185	188	-1.9%	(4)
Capital markets	38	194	-80.6%	(157)
Private equity	71	176	-59.5%	(104)
IT, logistics and media	**915**	**873**	**+4.8%**	**+42**

* Excluding changes in scope of consolidation. See methodology notes at the end of this press release.

Retail banking, which represents 70% of the operating revenues of Crédit Mutuel Alliance Fédérale, recorded net banking income of €5.2 billion, a fall of 2.5%. This figure was affected by a drop in net interest income amid persistent low interest rates and by a very slight reduction in fee income (-0.7%).

Corporate banking was less severely affected, with net banking income of €185 million, a slight decrease of 1.9%.

Net **insurance** income was down 36.3%, having been hit by a fall in life insurance premium income and the substantial effect of the solidarity measures taken for the benefit of insureds. However, revenues and overall portfolios continued to rise for property and health & provident insurance.

Capital markets generated €38 million in net banking income in the first half of 2020, compared with €194 million in the first half of 2019, in a depressed market environment that drove down the valuations of financial assets at fair value through profit or loss.

Net banking income for the **private equity** business was hit by the fall in the fair values of portfolio holdings; it was €71 million in the first half of 2020 vs. €176 million in the first half of 2019.

By contrast, net banking income for **private banking** (4% of income from operational activities) rose 13.8% year on year. Sales activity remained buoyant during the lockdown, leading to an increase in fees.

• GENERAL OPERATING EXPENSES AND GROSS OPERATING INCOME

General operating expenses went down 1.2% to €4.6 billion.

Given the decrease in net banking income, gross operating income fell 22.9% to €2.3 billion.

• PROVISIONING FOR LOAN LOSSES AND OPERATING INCOME

Net additions to provisions for loan losses rose substantially, to €1.046 billion. This is €584 million higher than the €462 million figure recorded in 2019. As a proportion of outstanding loans, overall additions to net provisions for customer loan losses represent 48 basis points. They include an additional provision of €454 million for non-proven risk, in anticipation of a future worsening of risk. Net additions to provisions for non-proven risk thus rose to €489 million, compared with €25 million a year earlier, and represent 21 basis points as a proportion of outstanding loans. Net additions to provisions for proven risk rose by €119 million, representing 26 basis points on outstanding loans (up 3 basis points relative to June 30, 2019).

The non-performing loan ratio was 3.04% at the end of June 2020, which was stable relative to June 2019 (3.03%). This reflects the high quality of the assets. The coverage ratio was 52.7% compared with 54% at the end of June 2019.

Operating income fell by 50.1% to €1.260 billion in the first half of 2020, compared with €2.507 billion a year earlier.

• PROFIT/(LOSS) BEFORE TAX

Profit before tax was €1.260 billion.

The net gain on other assets and equity consolidated companies was close to zero in the first half of 2020, compared with €21 million in 2019. This includes the reduced share of profits earned from equity consolidated companies, especially in the insurance sector.

• NET PROFIT/(LOSS)

Net profit for the first half of 2020 was €857 million, compared with €1.629 billion in the first half of 2019.
The result was severely impacted by the shock of the health and economic crisis, which led to a fall in net banking income and a substantial rise in provisions for loan losses.

FINANCIAL STRUCTURE

• LIQUIDITY AND REFINANCING [1]

At June 30, 2020, the liquidity position of Crédit Mutuel Alliance Fédérale was sound. This soundness is due to the group's efforts over the past 18 months to improve its loan-to-deposit ratio and ready access to the market resources made available through the robust measures taken by the European Central Bank (ECB) to maintain liquidity (PEPP: *Pandemic Emergency Purchase Programme;* TLTRO3: *Targeted Longer-Term Refinancing Operations*).

The central treasury (BFCM S.A. consolidation scope) held €157.1 billion in market resources at the end of June, as compared with €143.6 billion at the end of 2019.

In the first half of 2020, public debt issues amounted to €5.8 billion.

The average LCR in the first half of 2020 was 159.8%.

The liquidity reserve (€169.7 billion at June 30, 2020) covers the vast majority of market funding due over 12 months.

• FINANCIAL STRUCTURE AND SOLVENCY

At June 30, 2020, the shareholders' equity of Crédit Mutuel Alliance Fédérale stood at €47.5 billion, compared with €45.6 billion at June 30, 2019 and €47.1 billion at December 31, 2019.

At the end of March 2020, Crédit Mutuel Alliance Fédérale had a high level of solvency with a Common Equity Tier 1 (CET1) ratio of 16.9%,[2] a rise of 50 basis points over twelve months. The Tier 1 ratio was 17.0%[1] at end March 2020 and the overall capital adequacy ratio was 19.9%.[1]

Risk-weighted assets (RWA) came to nearly €229.2 billion at March 31, 2020, compared with €225.7 billion at the end of December 2019. At €204.5 billion, credit risk-weighted assets represented 89% of the total.

• MREL

As at 31 March 2020, the Crédit Mutuel Group (the "Group") complies with the MREL (minimum requirement for own funds and eligible liabilities) target set by the Single Resolution Board (SRB) at 23.7% of the Group's risk-weighted assets (RWA) (>8% of total liabilities and own funds ("TLOF"))[3], applicable on a consolidated basis. The estimated ratio is 37.5% of RWA and 14.2% of TLOF.

As previously indicated[4], and in anticipation of changes in the regulatory framework and, in particular, the transposition of BRRD II[5], the Group would like to continue the consolidation of all eligible liabilities, including those issued by Banque Fédérative du Crédit Mutuel (BFCM). Therefore, BFCM's Board of Directors at its meeting on 30 July 2020 decided to request the affiliation of the latter to the Confédération Nationale du Crédit Mutuel (CNCM) and thus to integrate the scope of the Crédit Mutuel Group's solidarity mechanism. This affiliation, subject to the CNCM's decision, could take place at end-September 2020.

• EXTERNAL RATINGS AT JUNE 30, 2020

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. The negative outlooks given by Standard & Poor's and Fitch result from general ratings revisions applied to European banks against the backdrop of the COVID-19 crisis.

[1] For more details, see the appendix to this press release
[2] *Without transitional arrangements.*
[3] On the basis of the 2018 resolution planning cycle.
[4] See press release of 25 July 2019 – page 7.
[5] Directive (EU) 2019/879 (BRRD II).

	LT/ST counterparty **	Issuer/LT preferred senior debt	Outlook	ST preferred senior debt	Stand-alone rating ***	Date of last publication
Standard & Poor's	A+/A-1	A	Négative ↓	A-1	a	4/23/2020
Moody's	Aa2/P-1	Aa3	Stable	P-1	a3	5/12/2020
Fitch Ratings *	AA- ↑	AA- ↑	Négative ↓	F1+ ↑	a+	6/19/2020

* The Issuer Default Rating score 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 Ratings.

*** 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 rating.

Fitch Ratings : Crédit Mutuel Alliance Fédérale/BFCM and CIC rating.

On March 30, 2020, Fitch raised the ratings for long-term (LT) and short-term (CT) senior preferred debt by one notch from A+/F1 to AA-/F1+ and also raised the Derivative Counterparty rating from A+ to AA-, on the basis that Crédit Mutuel Alliance Fédérale is likely to meet its MREL requirement without recourse to senior preferred debt over the next 3-5 years. This upgrading follows a recent change in the agency's methodology. The key Issuer Default Rating remains unchanged at A+.

Between late March and early April 2020, Fitch took negative ratings actions on almost all European banks against the backdrop of the COVID-19 crisis by 1) placing the banks at the highest risk of a downgrade on Rating Watch Negative, 2) revising the outlook to negative for the banks with the most resilient ratings, such as Crédit Mutuel Alliance Fédérale.

Standard & Poor's followed suit between April and early May 2020. S&P took several negative ratings actions on European banks due to the effects of the COVID-19 crisis on their medium-term fundamentals, notwithstanding the support measures put in place by national and European authorities. In so doing, the agency placed the ratings of the five largest French banks, including the Crédit Mutuel group, under a negative outlook.

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESS LINES AND MAIN SUBSIDIARIES

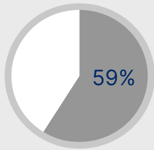
Crédit Mutuel Alliance Fédérale

Operational business lines' contribution to net profit in the 1st half of 2020

Retail banking

BANKING & INSURANCE NETWORKS

- Regulatory scope (mutual sector)
  - Caisse Fédérale de Crédit Mutuel
  - 1.419 Crédit Mutuel local banks
- CIC
  - Network Île-de-France
  - Regional banks
- Banque Européenne du Crédit Mutuel
- CIC Iberbanco
- TARGOBANK Germany
- TARGOBANK Spain

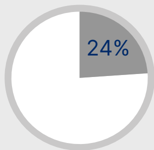


BUSINESS SUBSIDIARIES

- 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 BUSINESSES

PRIVATE BANKING

- Banque de Luxembourg
- Banque Transatlantique (France, Luxembourg, Belgium, London)
- Banque CIC Suisse

CORPORATE BANKING

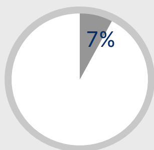
- CIC Corporate
- CIC specialized financing
- CIC international activities foreign branches

CAPITAL MARKETS

- CIC Marchés
- CIC Market Solutions

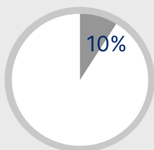
PRIVATE EQUITY

- Crédit Mutuel Equity



OTHERS ACTIVITIES :
IT, logistics and media

- Euro Information
- EI Telecom
- Euro Protection Surveillance (Homiris)
- CCS (Advices and Service Centre)
- Crédit Mutuel Securities
- LYFPAY (Percentage held: 45%)
- Press



RESULTS BY BUSINESS LINE

RETAIL BANKING AND INSURANCE, THE CORE BUSINESS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

RETAIL BANKING

(€ millions)	1st half 2020	1st half 2019	Change (1)
Net banking income	**5,191**	**5,265**	**-2.5%**
General operating expenses	(3,355)	(3,386)	-2.1%
Gross operating income	**1,836**	**1,879**	**-3.1%**
Net additions to provisions for loan losses	(934)	(391)	+136.6%
Operating profit/(loss)	**902**	**1,487**	**-39.9%**
Net gains/(losses) on other assets and ECC (2)	(1)	3	n.s.
Profit/(loss) before taxt	**902**	**1,490**	**-40.0%**
Income tax	(377)	(551)	-32.2%
Net profit/(loss)	**525**	**939**	**-44.6%**

(1) Excluding changes in scope of consolidation. See methodology notes at the end of this press release.
(2) ECC = equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

This business encompasses the local banks of the 13 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 sales.

The branch network and business subsidiaries remained firmly committed to serving all customer categories.

For retail customers, loan rearrangement measures have been put in place and continuity of service has been ensured, although the payroll support measures enacted by the public authorities are limiting the financial effects of the crisis for the time being.

For small business and corporate customers that were hard hit by the crisis, immediate measures were taken to automatically defer loan due dates and a large number of government-backed loans were processed under the PGE scheme.

Retail banking, which accounts for 70% of Crédit Mutuel Alliance Fédérale's, posted a 2.5% drop in net banking income to €5.191 billion, which included a 2.1% decrease in the net interest margin amid persistent low interest rates and a slightly smaller decline (1.7%) in fees.

In the face of this fall in revenues, general operating expenses also fell, to €3.355 billion. Retail banking's cost/income ratio was 64.6%, excluding the contribution to the Single Resolution Fund, which rose by 23.4%. The ratio was up 0.3 percentage points relative to the first half of 2019. Gross operating income was down 3.1% from €1.879 billion in the first half of 2019 to €1.836 billion.

Net additions to provisions for loan losses were €934 million, compared with €391 million a year earlier. Additions to provisions for non-proven risk were up substantially (by €394 million), reflecting the downturn in the economic environment related to the pandemic. Additions to provisions for proven risk also rose by €149 million.

BRANCH NETWORKS

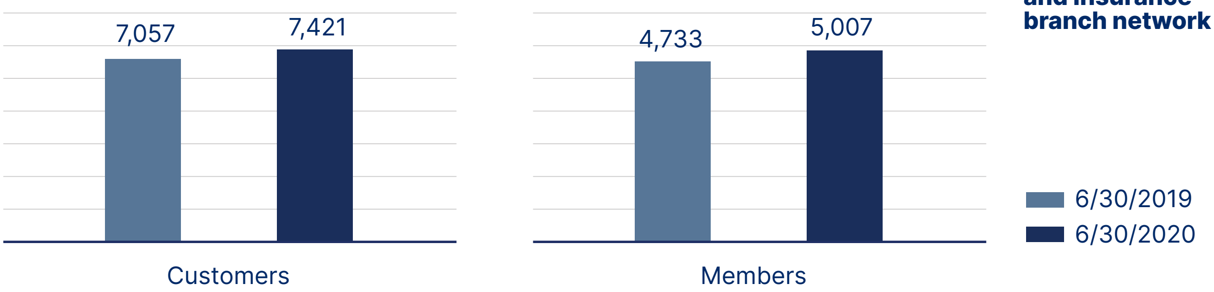
• CRÉDIT MUTUEL BANKING AND INSURANCE NETWORK

At the end of 2019, the **number of customers** in the Crédit Mutuel banking and insurance network stood at 7.42 million.

Of these customers, 87% were private individuals while 8% were small business and corporate customers and 4% were non-profit organizations.

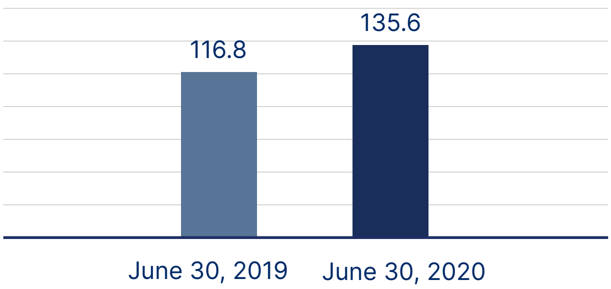
Number of customers and members
(in thousands)

Crédit Mutuel banking and insurance branch network

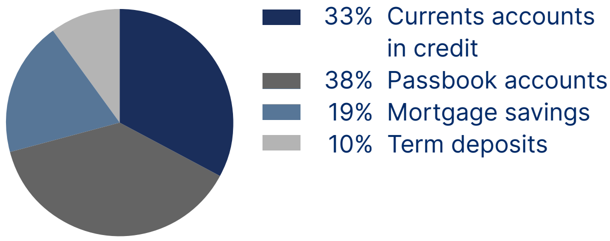


There was a sharp year-on-year rise of 16.1% in outstanding **customer deposits**, which reached €135.6 billion; owing to the lack of attractive returns on other financial investments, current accounts were especially popular, with the balance on accounts in credit rising by €10.4 billion during the first half-year. Enthusiasm for passbook accounts remained substantial, with overall balances rising by 12.7%. Term deposits and mortgage savings agreements were no less popular, with balances rising by 17.2% and 6.1% respectively.

Crédit Mutuel network - customer deposits
(in € billions)



Structure of customer deposits at June 30, 2020

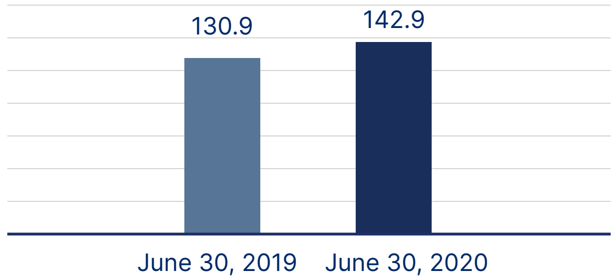


Life insurance (up 2.3% to €40.8 billion) and financial savings (up 2.1% to €14.0 billion) continued to grow. Overall, **savings** invested by customers of the Crédit Mutuel branch network were up 11.8% at €190.4 billion.

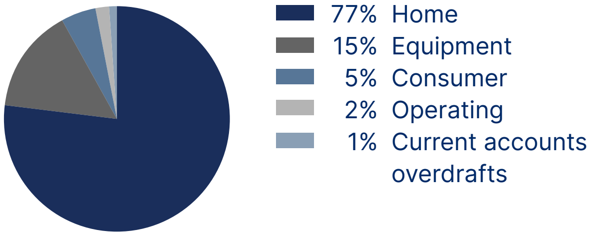
Outstanding **loans** were up 9.2% to €142.9 billion.

Cash flow loans of €3.3 billion at the end of June 2020, compared with €0.8 billion a year earlier, testify to the importance currently being given to maintaining the cash flow of small business and corporate customers. Lending to retail customers remained buoyant, with a further 3.9% rise in mortgage loan disbursements and an 8.7% rise in loans outstanding (€109.4 billion). Consumer loans, which were harder hit by the lockdown period, rose by 3.6%.

Crédit Mutuel network - customer loans
(in € billions)



Structure of loans at June 30, 2020



Customer demand for related products and services held steady and, despite difficult conditions, the network continued to provide customers with insurance (+3.1% increase in policies), remote banking contracts (+5.2%) and remote surveillance contracts (+2.6%).

As for the **income statement**, the net banking income of the Crédit Mutuel banking and insurance network fell by 1.8% to €1.577 billion, excluding changes in the scope of consolidation (+1.8% at current scope).

General operating expenses were well-controlled (-6.0%).

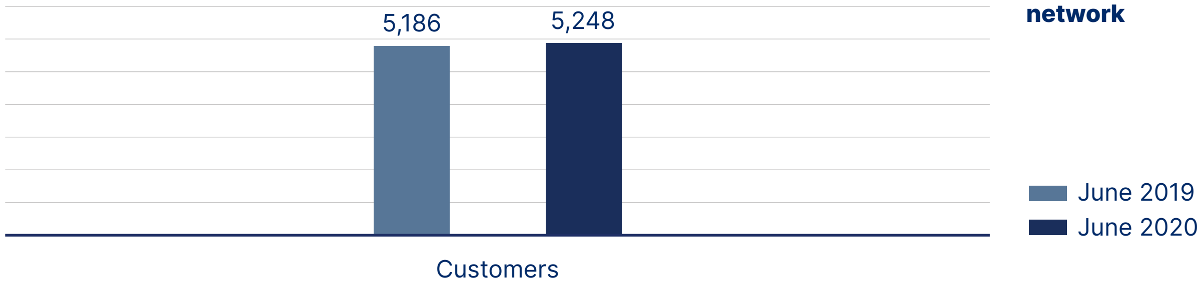
Net additions to loan losses were €101 million, compared with €1 million in 2019, owing to the exceptional circumstances of the COVID-19 crisis.

Net profit increased by 3.0% to €227 million.

• CIC BANKING AND INSURANCE NETWORK
The branch network had 5.248 million **customers** at the end of June 2020, a 1.2% increase year on year. The number of small business and corporate customers increased by 2.8% to 1.0 million at the end of June 2020 (20% of the total), and the number of retail customers rose by 0.8%.

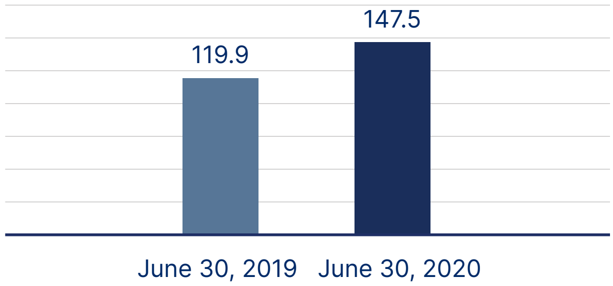
Number of customers
(in thousands)

CIC banking and insurance network

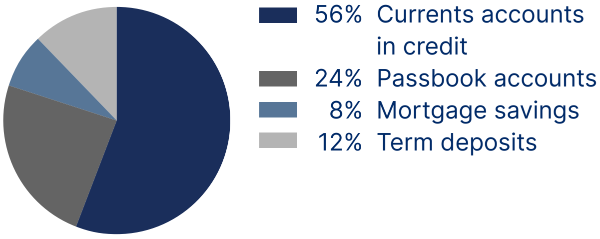


Deposits were up sharply by 23.0% year on year to €147.5 billion. Current accounts with credit balances mainly drove this growth, with an intake of €21.2 billion in the first half of the year linked to the lockdown period. Other types of deposits also increased, including term deposits (+27.5%), passbook accounts (+6.4%) and mortgage savings agreements (+3.7%).

CIC network - customer deposits
(in € billions)



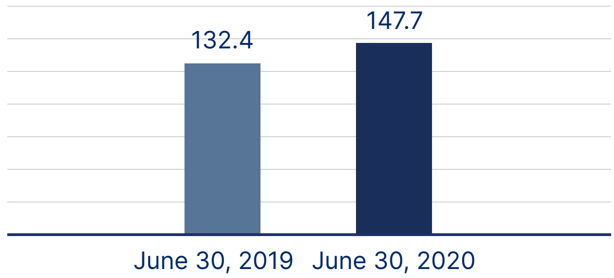
Structure of customer deposits at June 30, 2020



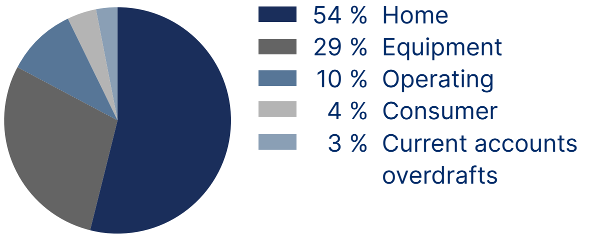
Customer funds invested in savings products amounted to €59.6 billion at the end of June 2020, stable relative to June 30, 2019. Life insurance rose slightly by 0.5% to €37.5 billion.

Outstanding **loans** totaled €147.7 billion, an 11.6% rise relative to June 30, 2019. Due to the lockdown measures imposed on customers, lending activity was largely concentrated in operating loans to small business and corporate customers, which nearly tripled to €14.4 billion and included “PGE” business loans backed by the French government. Growth continued in other categories (capital expenditure loans +7.5%, home loans +4.8% and consumer loans +0.5%), even though activity decreased during the period in terms of disbursements.

CIC network - customer loans
(in € billions)



Structure of loans at June 30, 2020



Customer demand for related products and services held steady and, despite difficult conditions, the network continued to provide customers with insurance (+3.5% increase in policies), remote banking contracts (+6.8%) and remote surveillance contracts (+2.1%).

As for the **income statement**, the net banking income of the CIC banking and insurance network fell by 5.1% to €1.661 billion. The net interest margin decreased by 5.2% due to the unusual business conditions and persistent low interest rates, while fee income was down 3.3%.

General operating expenses were well-controlled (-0.8%).

Net additions to provisions for loan losses were €224 million, compared with €70 million in June 2019. Provisioning for proven risk increased by €31 million while provisioning for non-proven risk rose by €123 million.

Net profit fell by 49.6% to €184 million.

Crédit Mutuel
Alliance Fédérale

• BANQUE EUROPÉENNE DU CRÉDIT MUTUEL (BECM)
BECM is a Crédit Mutuel Alliance Fédérale subsidiary which serves regional economies and the market for business and real estate companies. It meets the domestic and cross-border needs of its 20,330 customers through a sales network of 54 branches in France and a subsidiary in Monaco. The regional network is made up of 45 branches in France, eight in Germany and one in the Caribbean. It is organized on a market basis, with 36 branches serving the general business market, 16 serving real estate businesses and 2 focusing on the general public.

Loans outstanding to customers stood at €18.0 billion, a rise of 11% on a twelve month rolling basis. This is based on average total monthly capital and includes BECM Monaco. Deposits were up sharply by 58.2% year on year to €19.3 billion. The loan-to-deposit ratio was 93.0%.

In dealing with the problem of maintaining operations during the pandemic, BECM has benefited from organizational and equipment choices made in previous years. It is well-equipped in terms of laptop computers, smartphones and remote connectivity options, makes widespread use of videoconferencing, and has a decentralized organizational structure and corporate culture founded on local responsibility and high degrees of autonomy.

Since March 15, 2020, priority has been given to providing cash flow support and assistance to customers.
As of July 13, 2020, €333 million of loan payments had been deferred and €1.125 billion of government-backed business loans had been issued or applied for under the PGE scheme. Repayments of short-term loans have been deferred until the second half of 2020.

The health crisis has led to a rapid acceleration in capital growth and bolstered the liquidity position. The fall in net banking income was limited, as the effect of the drop in the interest rate margin was offset by resilience in net fees, which were up by 13.7%.

Net banking income declined by 3.2% to €151.3 million.

General operating expenses were up by 1.6%, chiefly due to the rise in financial taxes.

Net additions to provisions for loan losses for proven risks were €38.5 million, up €23.5 million.

Net additions to provisions for non-proven risks under IFRS 9 were €15.3 million, up €8.6 million.
Net additions to provisions for non-proven risks in relation to sector risks were €5.2 million, reflecting BECM's relatively low exposure to the sectors deemed high-risk by the group.

Net profit was €23.4 million, a fall of €25.2 million. BECM's ability to remain profitable in 2020 reflects the resilience of its business model.

• TARGOBANK GERMANY
TARGOBANK operates 338 branches in Germany's 250 largest cities, meeting the needs of 3.8 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.

After a promising start in January and February, Targobank was hit by the effects of the health crisis.

While the branches were closed to the public during the lockdown period from March 20 to May 4, the bank quickly adjusted its processes so that it could continue to assist customers over the phone.

Remote sales channels, which were up by 33% relative to the first half of 2019, also helped to absorb the shock linked to the closure of the branches.

The bank consequently achieved an 11.7% share of the market for repayment loans in the first half-year, a 19% rise over the figure for the same period in 2019.

Point-of-sale loans and auto loans have suffered due to the temporary closure of many of the retail outlets and dealerships of its business partners, but have benefited from a sort of catch-up in consumption since June.

Asset management business has gone up, owing to the increased volume of transactions in the volatile markets.

Business with corporate customers was harder hit by the crisis. The volume of business handled by the factoring staff was 5.7% down on the first half of 2019, while new business in finance leasing was down 10%.

Ultimately, outstanding loan balances nevertheless remain well positioned. Total receivables at the end of June 2020 were €20.2 billion, €1 billion (5%) higher than at June 30, 2019. Deposit volumes have grown at an increased rate during the health crisis, owing to falling consumption and increased levels of precautionary saving. Total balances stood at €21.1 billion at June 30, 2020, an increase of €2.2 billion (11.8%) relative to the end of June 2019.

Profit before tax[1] for the first half of 2020 was €121 million. Despite a 1.8% rise in net banking income, profit before tax was down, essentially due to the establishment of a €116 million provision to reflect the estimated future impact on credit risk of the health crisis. The effects of the crisis have yet to materialize, owing to the temporary support measures for households and businesses enacted by the German government, in particular the moratorium that allowed monthly payments to be deferred until July 1.

• COFIDIS PARTICIPATIONS GROUP

The Cofidis Participations Group was able to respond rapidly to the current unusual circumstances and roll out remote working in each of its subsidiaries, enabling it to continue its operations and protect its employees at the same time.

First-half sales were affected by the health crisis. Products sold directly suffered from the abrupt slowdown in consumption; some partners shut down their businesses. New business was consequently 15% down compared with the previous period.

Thanks to an excellent start to the year, outstanding loans rose 4.8% year on year to €12.6 billion.
First-half net profit[1] fell, from €96 million a year earlier to €54 million for the first half of 2020.

Net banking income was €17 million up on the first half of 2019. This was driven by sales activity in the second half of 2019 and at the start of the current year, as well as by the ongoing availability of cheap refinancing in the markets.

Operating expenses remained steady, rising by just 0.7% relative to 2019, with significant savings having been achieved in connection with the crisis.

Net additions to provisions for loan losses were up by €73 million, of which €37 million related to an additional provision on performing loans in anticipation of worsening economic conditions in the next few months.

[1] Contribution to the consolidated financial statements of Crédit Mutuel Alliance Fédérale.

Crédit Mutuel
Alliance Fédérale

INSURANCE

(€ millions)	1st half 2020	1st half 2019	Change
Net insurance income	**698**	**1,096**	**-36.3%**
General operating expenses	(334)	(329)	+1.5%
Gross operating income	**365**	**767**	**-52.5%**
Net gains/(losses) on other assets and ECC [1]	1	15	n.s.
Profit/(loss) before tax	**366**	**783**	**-53.3%**
Income tax	(148)	(277)	-46.7%
Net profit/(loss)	**218**	**505**	**-56.9%**

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

The insurance business, which is operated by Groupe des Assurances du Crédit Mutuel (GACM), has been integrated into Crédit Mutuel Alliance Fédérale in terms of sales and technology for 50 years.

As with the market in general, the health and economic crisis caused by the COVID-19 pandemic had severe repercussions on GACM's business and results in the first half of 2020.

The lockdown measures in place between March and May 2020 in France and in the countries in which GACM has subsidiaries led to a substantial slowdown in sales of insurance policies and a material drop in savings premiums. In the six months to June 30, 2020, insurance revenues were €5.0 billion, a drop of 21.1% relative to the previous year.

The drop is the result of a 40.1% fall in gross premium income for **life and endowment policies** to €2.2 billion. Premium income began to fall at the very start of the year, following measures taken to improve diversification in life policies. This strategy served to increase the proportion of unit-linked policies to 37.9% of gross premium income, a substantial rise (21.2%) relative to the first half of 2019. Premium income has also declined in the market overall, albeit to a lesser degree (-26.7% as at the end of June 2020).

General insurance, which is less susceptible to the crisis, continued to rise at a sustained rate. Although portfolio growth was limited in the first half-year, revenues from **property insurance** were up by 5.4%.

The revenue increase in **health and provident insurance** was less marked, but still reached 3.4%.
More specifically, personal health insurance suffered from the end of the Aide à la complémentaire santé (ACS) program (health care supplement for low-income individuals) with effect from November 1, 2019, which has caused the portfolio to contract.

Despite the difficult environment, insurance commissions paid to the networks continued to rise, reaching €803.6 million (+2.7%). Of the total, €646.5 million was paid to Crédit Mutuel Alliance Fédérale.

The lockdown had contrasting effects on the different policy portfolios. The fall in auto, home and healthcare claims was largely canceled out by the increase in unemployment and death claims in relation to provident and loan insurance policies. The crisis will continue to affect results in the second half of the year. In health insurance, a catch-up effect is expected in relation to treatments that were not performed during the lockdown.

In addition to these impacts on the insurance business, the lockdown had a brutal effect on many insureds, especially businesses and professionals. GACM consequently took a number of exceptional steps to support them. An immediate lump-sum bonus, the *prime de relance mutualiste*, was paid to all holders of a comprehensive business insurance policy who had obtained business interruption coverage. As of the end of June 2020, bonuses of between €1,500 and €20,000 had been paid out to more than 25,000 insureds, at a total cost of nearly €170 million. GACM also contributed €17 million to support measures put in place by the insurance industry, in particular the solidarity fund for microenterprises and the self-employed.

Lastly, the sharp fall in the stock markets since the start of the crisis had a negative impact on GACM’s net financial income as reported under IFRS.

GACM contributed €218 million to overall profits, a 57% fall relative to the figure for June 2019 (€505 million).

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 business lines account for 8% of net banking income[1] and 7% of net profit from operating activities[2].

PRIVATE BANKING

(€ millions)	1st half 2020	1st half 2019	Change
Net banking income	**311**	**273**	**+13.8%**
General operating expenses	(208)	(204)	+1.6%
Gross operating income	**103**	**68**	**+50.4%**
Net additions to provisions for loan losses	(4)	11	n.s.
Operating profit/(loss)	**99**	**79**	**+25.1%**
Net gains/(losses) on other assets and ECC (1)	0	2	n.s.
Profit/(loss) before tax	**99**	**81**	**+22.2%**
Income tax	(22)	(16)	+34.0%
Net profit/(loss)	**77**	**65**	**+19.3%**

(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 through CIC Banque Transatlantique and through its Banque Transatlantique Luxembourg, Banque Transatlantique Belgium, Banque Transatlantique London subsidiaries, Banque de Luxembourg and Banque CIC Suisse.

Sales activity was very strong at the beginning of the year and management activity remained robust during the lockdown, particularly in terms of advisory management and structured products.

Savings balances stood at €127.6 billion at June 30, 2020, up 8.1%. This increase applied to both deposits (+6.2%) and investment savings (+8.5%).

Outstanding loans reached €15.0 billion, an increase of 10.5% year on year.

Net banking income from private banking rose sharply by 13.8% to €311 million in the first half of 2020.

Thanks to a modest 1.6% increase in general operating expenses, gross operating income rose by 50.4% to €103 million.

There was a net loan loss provision of €4 million compared with a reversal of €11 million a year earlier.

Net profit increased by 19.3% to €77 million.

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

CORPORATE BANKING

(€ millions)	1st half 2020	1st half 2019	Change
Net banking income	**185**	**188**	**-1.9%**
General operating expenses	(70)	(70)	+0.8%
Gross operating income	**115**	**119**	**-3.5%**
Net additions to provisions for loan losses	(108)	(81)	n.s.
Operating profit/(loss)	**6**	**38**	**-83.6%**
Net gains/(losses) on other assets and ECC [1]	0	0	n.s.
Profit/(loss) before tax	**6**	**38**	**-83.6%**
Income tax	(6)	6	n.s.
Net profit/(loss)	**0**	**44**	**n.s.**

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 and projects).

Outstanding loans under management totaled €22.4 billion at the end of June 2020 and deposits €15.5 billion.

Net banking income for corporate banking was down 1.9%. The decline mainly relates to "large corporates"; in project finance, new business was buoyant.

General operating expenses held steady (+0.8%). Net additions to provisions for loan losses rose by €27 million. Additions to provisions for non-proven risk were up €69 million. This included provisions for performing loans and ex-ante sectoral provisions for sensitive sectors.

After €6 million in income tax (vs. a €6 million tax credit in the first half of 2019), net profit was zero, compared with a profit of €44 million a year earlier.

Crédit Mutuel
Alliance Fédérale

CAPITAL MARKETS

(€ millions)	1st half 2020	1st half 2019	Change
Net banking income	**38**	**194**	**-80.6%**
General operating expenses	(130)	(126)	+2.7%
Gross operating income	**(92)**	**68**	**n.s.**
Net additions to provisions for loan losses	(1)	0	n.s.
Profit/(loss) before tax	**(92)**	**68**	**n.s.**
Income tax	26	(25)	n.s.
Net profit/(loss)	**(66)**	**43**	**n.s.**

The capital markets activities of Crédit Mutuel Alliance Fédérale are performed under the "CIC Markets" name and are recorded in the accounts of CIC. They include the fixed-income, equities and credit investment business line and the commercial market activity (CIC Market Solutions) in France and at the New York and Singapore branches.

Capital markets generated €38 million in net banking income in the first half of 2020, compared with €194 million in the first half of 2019. The depressed market conditions had a severe impact on the valuations of financial assets at fair value through profit or loss.

General operating expenses increased by 2.7% and included an expense of €28 million, vs. €22 million at June 30, 2019, related to the contribution to the Single Resolution Fund (SRF).

The net loss for the period was €66 million compared with a profit of €43 million for the same period last year.

PRIVATE EQUITY

(€ millions)	1st half 2020	1st half 2019	Change
Net banking income	**71**	**176**	**-59.5%**
General operating expenses	(25)	(23)	+5.1%
Gross operating income	**47**	**152**	**-69.4%**
Net additions to provisions for loan losses	2	0	n.s.
Profit/(loss) before tax	**49**	**152**	**-68.0%**
Income tax	2	1	n.s.
Net profit/(loss)	**50**	**153**	**-67.1%**

This activity is carried out by Crédit Mutuel Equity which is headquartered in Paris and has offices in Lyon, Nantes, Lille, Bordeaux and Strasbourg, ensuring close ties to customers while gradually entering a phase of international development (Switzerland, Germany, Canada, United States).

Despite a depressed economic environment, the first half of the year was marked by a large number of disposals in the first quarter and €266.5 million in investments.

At June 30, 2020, the portfolio was valued at €2.744 billion. The portfolio consists of 329 non-fund holdings, the vast majority of which are in companies that are customers of the group. Nearly 90% of investments are in unlisted companies.

Reductions in valuations to take into account the impact of the crisis on the operations and results of portfolio companies drove net banking income down to €71 million compared with €176 million a year earlier.

General operating expenses increased from €23 million to €25 million at the end of June 2020.
Net profit was €50 million.

IT, LOGISTICS AND MEDIA

(€ millions)	1st half 2020	1st half 2019	Change
Net banking income	**915**	**873**	**+4.8%**
General operating expenses	(777)	(756)	+2.8%
Gross operating income	**138**	**117**	**+17.6%**
Net additions to provisions for loan losses	(5)	(2)	n.s.
Operating profit/(loss)	**133**	**115**	**+15.4%**
Net gains/(losses) on other assets and ECC [1]	(7)	(6)	+33.3%
Profit/(loss) before tax	**126**	**110**	**+14.5%**
Income tax	(32)	(36)	-10.6%
Net profit/(loss)	**94**	**74**	**+26.7%**

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

This division comprises the group's IT companies, the logistics entities and the media business.

Net banking income from the IT, logistics and media business rose 4.8% to €915 million, this total deriving from the gross profit of the IT, mobile phone and remote surveillance companies, earnings from the services provided by CCS and the logistics subsidiaries of Targobank Germany and Cofidis, and the gross profit of the media business. The change reflects increased invoicing by the IT companies.

General operating expenses increased by 2.8%. The overall increase reflects continued investment in IT but also the cost reductions (-8.2%) achieved due to the ongoing restructuring of the media business.

Total net profit for the IT, logistics and media segment was €94 million in 2020 compared with €74 million a year earlier (+26.7%).

Crédit Mutuel Alliance Fédérale

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

(€ millions)	Key figures [1] 6/30/2020	6/30/2019
Financial structure and activity		
Total assets	784,485	704,715
Shareholders' equity (including net profit for the period before dividend pay-outs)	47,524	45,625
Customer loans (including lease financing) [2]	407,001	378,091
Total savings	685,906	611,250
- of which customer deposits [2]	381,654	316,518
- of which insurance-based savingse	97,685	97,743
- of which bank savings products (invested in savings products)	206,567	196,989

Key figures		
Employees, end of period (group-controlled entities)	71,794	70,819
Number of branches	4,387	4,410
Number of customers (in millions)	26.9	25.4
Key ratios		
Retail banking cost/income ratio	64.6%	64.3%
Loans/deposits	106.6%	119.5%
Leverage ratio - delegated act - without transitional arrangements	6.2% [3]	6.3%
CET1 ratio - without transitional arrangements	16.9% [3]	17.4%

(€ millions)	1st half 2020	1st half 2019
Results		
Net banking income	**6,858**	**7,537**
General operating expenses	(4,552)	(4,567)
Gross operating income	**2,306**	**2,970**
Net additions to provisions for loan losses	(1,046)	(462)
Operating profit/(loss)	**1,260**	**2,507**
Net gains/(losses) on other assets and equity consolidated companies	0	21
Profit/(loss) before tax	**1,260**	**2,528**
Income tax	(402)	(899)
Net profit/(loss)	**857**	**1,629**
Non-controlling interests	89	169
Net profit/(loss) attributable to the group	768	1,460

[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 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.

[3] At March 31, 2020.

APPENDIX: LIQUIDITY AND REFINANCING

At June 30, 2020, Crédit Mutuel Alliance Fédérale has a sound liquidity position. This soundness is due to the group's efforts over the past 18 months to improve its loan-to-deposit ratio and ready access to market resources provided through the robust measures taken by the European Central Bank (ECB) to maintain liquidity (PEPP: *Pandemic Emergency Purchase Programme*; TLTRO3: *Targeted Longer-Term Refinancing Operations*).

The central treasury (BFCM S.A. consolidation scope) held €157.1 billion in market resources at the end of June (vs. €143.6 billion at the end of 2019) and has a good balance between short-term (35%) and medium- and long-term (65%) resources.

Short-term money market resources of €55 billion were up 6% relative to the end of 2019, and are diverse in terms of asset types (NeuCP 36%; ECP 35%; London CDs 11%; deposits 18%) and currencies (€uro 48%; USD 33%; GBP 18%). The vast majority of currency resources have been swapped into euros.

There was substantial activity at the start of the year. Medium- and long-term external resources of €10.4 billion (excluding TLTRO) have already been raised, i.e. over 80% of the program for the year. The annual program has been cut by €15 billion to €12-13 billion, owing to the group's very comfortable liquidity position.

The ratio of public issues to private placements is 56% to 44%. The level of private operations in the first half-year was especially high, which is a reflection of BFCM's good standing among French and international investors.

In 2020, public debt with a value of €5.8 billion has been issued. This total is made up as follows:

- BFCM *senior EMTNs*:
  - GBP 600 million (€658 million) at 5 years, issued in February,
  - CHF 180 million (€169 million) at 8 years, issued in February.

- BFCM *non-preferred senior (NPS) EMTNs*:
  - €1.0 billion at 10 years, issued in January,
  - €1.0 billion at 10 years, issued in June

- Crédit Mutuel Home Loan SFH :
  - €1.25 billion at 10 years, issued in January,
  - €1.75 billion at 5 years, issued in April

LCR AND LIQUIDITY BUFFER

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

- average LCR in the first half of 2020 of 159.8%,
- average HQLA (*high quality liquid assets*) of €110.1 billion, 74% of which is deposited at central banks (mainly the ECB).

At June 30, 2020, the total liquidity reserves for the consolidated group break down as follows:

Crédit Mutuel Alliance Fédérale (in € billions)	June 2020
Cash deposited at central banks	96.2
LCR securities (after LCR haircut)	29.0
Level 1 HQLA included in the above	24.6
Other eligible central bank assets (after ECB haircut)	44.5
Total liquidity reserves	**169.7**

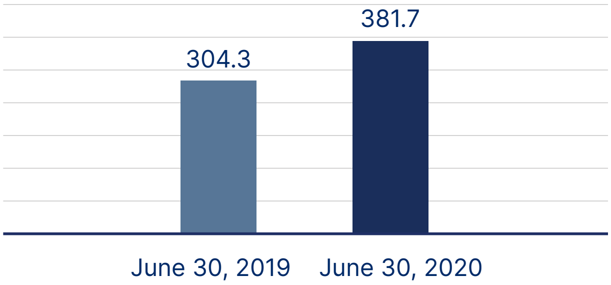
The liquidity reserve covers the vast majority of market funding due over 12 months.

APPENDIX: BREAKDOWN OF OUTSTANDING LOANS AND DEPOSITS

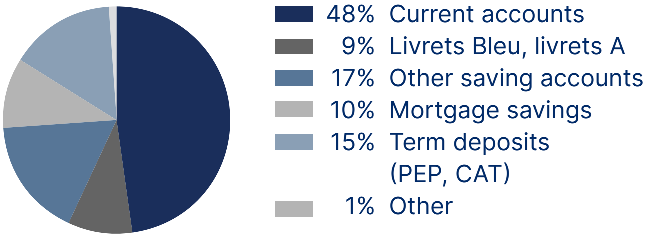
CUSTOMER DEPOSITS

At the end of June 2020, customer deposits stood at €381.7 billion, a 12-month increase of 20.6% (20.8% if repurchase agreements and changes in scope of consolidation are excluded).
Current accounts with credit balances increased by over €48 billion, followed by term deposits (up €15 billion) and passbook accounts (up €12 billion).

Crédit Mutuel Alliance Fédérale customer deposits



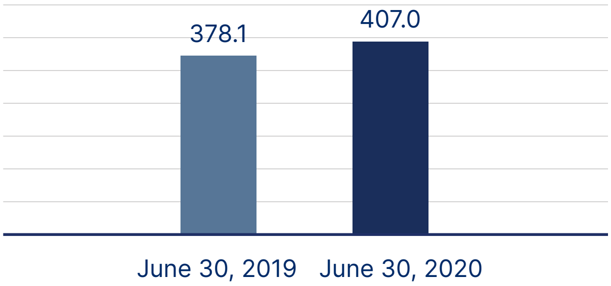
Structure of deposit at 6/30/2020



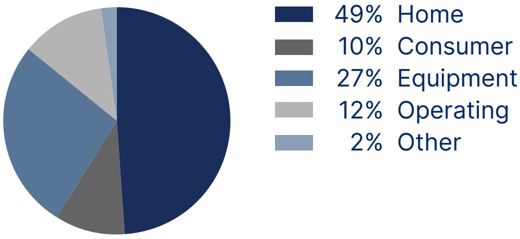
CUSTOMER LOANS

At the end of June 2020, customer loans stood at €407.0 billion, a 12-month increase of 7.7% (7.4% if repurchase agreements and changes in scope of consolidation are excluded).
Outstanding home loans rose by 7.1% (up €13 billion). Operating loans, including government-backed PGE business loans, increased by 25.9% (up €10 billion). Consumer loans and capital expenditure loans were also up, by 5.4%.

Crédit Mutuel Alliance Fédérale customer loans



Structure of loans at 6/30/2020



METHODOLOGY NOTES

1/ CALCULATION OF CUSTOMER DEPOSITS (EXCLUDING REPURCHASE AGREEMENTS)

(€ millions) Customer loans	Jun 30, 2020	Jun 30, 2019	Change As a %	 In €m
Loans and receivables due from customers at amortized cost (A)	407,001	378,091	+7.6%	+28,910
of which repurchase agreements (B)	1,424	3,555	n.s.	-2,131
Customer loans excl. repurchase agreements (A) - (B)	405,577	374,536	+8.3%	+31,041

(€ millions) Customer deposits	Jun 30, 2020	Jun 30, 2019	Change As a %	 In €m
Due to customers at amortized cost (A)	381,654	316,518	+20.6%	+65,136
of which repurchase agreements (B)	89	615	n.s.	-526
Customer deposits excl. repurchase agreements (A) - (B)	381,565	315,903	+20.8%	+65,662

2/ MOVEMENTS EXCLUDING CHANGES IN THE SCOPE OF CONSOLIDATION

Retail banking: the Crédit Mutuel federations for Antilles-Guyane (Fort-de-France) and Massif Central (Clermont-Ferrand) joined Crédit Mutuel Alliance Fédérale with effect from January 1, 2020. Movements excluding changes in the scope of consolidation are calculated by excluding the two new federations from the 2020 first-half figures.

in € millions Outstanding	30/06/20	change in scope	30/06/20	30/06/19	movement excl. changes in scope of consolidation As a %	 In €m	for reference: movement based on current scope As a %	 In €m
Customer loans excl. repurchase agreements	405,577	3,218	402,359	374,536	+7.4%	+27,823	+8.3%	+31,041
Customer deposits excl. repurchase agreements	381,565	3,106	378,459	315,903	+19.8%	+62,556	+20.8%	+65,662

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

(in € millions)	1st half 2020	change in scope	1st half 2020 excl. change in scope	1st half 2019	movement excl. changes in scope of consolidation As a %	for reference: movement based on current scope As a %
Net banking income	**6,858**	**56**	**6,801**	**7,537**	**-9.8%**	**-9.0%**
General operating expenses	(4,552)	(41)	(4,511)	(4,567)	-1.2%	-0.3%
Gross operating income	**2,306**	**15**	**2,290**	**2,970**	**-22.9%**	**-22.4%**
Net additions to provisions for loan losses	(1,046)	(7)	(1,039)	(462)	+124.6%	+126.2%
Operating income	**1,260**	**8**	**1,251**	**2,507**	**-50.1%**	**-49.8%**
Net gains/(losses) on other assets and ECC	0	0	0	21	n.s.	n.s.
Profit/(loss) before tax	**1,260**	**8**	**1,251**	**2,528**	**-50.5%**	**-50.2%**
Income tax	(402)	(3)	(400)	(899)	-55.6%	-55.2%
Net profit/(loss)	**857**	**5**	**852**	**1,629**	**-47.7%**	**-47.4%**

RETAIL BANKING

(€ millions)	1st half 2020	change in scope	1st half 2020 excl. change in scope	1st half 2019	movement excl. changes in scopet of consolidation As a %	for reference: movement based on current scope As a %
Net banking income	**5,191**	**56**	**5,135**	**5,265**	**-2.5%**	**-1.4%**
General operating expenses	3,355	(41)	(3,314)	(3,386)	-2.1%	-0.9%
Gross operating income	**1,836**	**15**	**1,820**	**1,879**	**-3.1%**	**-2.3%**
Net additions to provisions for loan losses	(934)	(7)	(926)	(391)	+136.6%	+138.5%
Operating income	**902**	**8**	**894**	**1,487**	**-39.9%**	**-39.3%**
Net gains/(losses) on other assets and ECC	(1)	0	(1)	3	n.s.	n.s.
Profit/(loss) before tax	**902**	**8**	**894**	**1,490**	**-40.0%**	**-39.5%**
Income tax	(377)	(3)	(374)	(551)	-32.2%	-31.7%
Net profit/(loss)	**525**	**5**	**520**	**939**	**-44.6%**	**-44.1%**

ALTERNATIVE PERFORMANCE INDICATORS (API) – 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	calculated from items of the consolidated income statement: ratio of general operating expenses (sum of items "general operating expenses" and "movements in 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
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 from the note to the consolidated financial statements as a percentage of gross outstanding loans at end of period	allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
net additions to provisions for loan losses	"net additions to/reversals from provisions for loan losses" item in the publishable consolidated income statement	measures the level of riske
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 provisions for non-proven risk	12-month expected losses (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; 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
bank savings products, 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 "movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets" on the publishable consolidated income statement	representative measure of profitability
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	measure of the dependency on external refinancing
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)	mesure de la dépendance aux refinancements externes
coverage ratio	determined by calculating the ratio of provisions for credit risk (impairment S3) to the gross outstandings identified as in default in accordance with regulations (individually impaired gross receivables S3)	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 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 (API), RECONCILIATION WITH THE FINANCIAL STATEMENTS

(€ millions) 1st half Retail banking cost/income ratio	1st half 2020	2019
Retail banking general operating expenses	(3,555)	(3,386)
Retail banking net banking income	5,191	5,265
Retail banking cost/income ratio	**64.6%**	**64.3%**

Loans/deposits	6/30/2020	6/30/2019
Net customer loans	407,001	378,091
Customer deposits	381,654	316,518
Loans/deposits	**106.6%**	**119.5%**

Coverage ratio	6/30/2020	6/30/2019
Impairment (S3)	6,676	6,314
Gross receivables subject to individual impairment (S3)	12,669	11,695
Total coverage ratio	**52.7%**	**54.0%**

Non-performing loan ratio	6/30/2020	6/30/2019
Gross receivables subject to individual impairment (S3)	12,669	11,695
Gross customer loans	416,128	386,263
Non-performing loan ratio	**3.04%**	**3.03%**

Net provisioning for proven customer risks relative to outstanding loans	6/30/2020	6/30/2019
Net additions to provisions for proven customer risks	(533)	(440)
Gross customer loans	416,218	386,263
Net provisioning for proven risks as a percentage of outstanding loans*	**0.26%**	**0.23%**

Total net provisioning for customer risks relative to outstanding loans	6/30/2020	6/30/2019
Net additions to provisions for customer risks	(1,005)	(454)
Gross customer loans	416,128	386,263
Net provisioning for customer risks relative to outstanding loans*	**0.48%**	**0.24%**

Net provisioning for non-proven customer risks relative to outstanding loans	6/30/2020	6/30/2019
Net additions to provisions for non-proven customer risks	(473)	(14)
Gross customer loans	416,128	386,263
Net provisioning for non-proven customer risks relative to outstanding loans*	**0.23%**	**0.01%**

* Annualized