JULY 25, 2019
PRESS RELEASE

Crédit Mutuel
Alliance Fédérale

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE UNVEILS A 5.2% INCREASE IN HALF-YEAR NET INCOME TO €1.6 BILLION UNDER THE DRIVING FORCE OF THE ENSEMBLE#NOUVEAUMONDE STRATEGIC PLAN

Six months into the implementation of its ensemble#nouveaumonde (2019-2023) strategic plan, Crédit Mutuel Alliance Fédérale has recorded half-year net income of €1.6 billion, a year-on-year increase of 5.2%. Its revenues also grew strongly (up 6.4%), resulting in net banking income of €7.537 billion. These are the best half-year results in its history.

RESULTS FOR THE PERIOD ENDED JUNE 30, 2019 [1]

RISING NET PROFIT	**€1,629 million**	**+5.2%**
STRONG GROWTH IN NET BANKING INCOME	**€7,537 million**	**+6.4%**

		June 30, 2019	CHANGE OVER 1 YR
STRONG SALES GROWTH	**CUSTOMER LOANS**	**€378.1 billion**	**+5.5%**
	CUSTOMER DEPOSITS	**€316.5 billion**	**+6.3%**
	INSURANCE AND SERVICES		
	Number of **insurance** policies	**31.4 million**	+574,000 in 6 months
	Number of **telephone** customers	**1.965 million**	+139,000
	Number of remote **surveillance** subscribers	**490,906**	+29,528
	Number of **off-plan property** reservation contracts	**4,395**	-358
FINANCIAL STRENGTH CONFIRMED	CET1 ratio [2]	**16.4%**	+30 pb
	Leverage ratio [2]	**6.1%**	+30 pb
	Shareholders' equity	**€45.6 bn**	+€3.1 bn

NUMBER OF CUSTOMERS

25.4 MILLION CUSTOMERS	**+2.6%**	**+640,000 CUSTOMERS**

[1] Unaudited financial statements – limited review currently being conducted by the statutory auditors.
[2] Excluding transitional provisions - at March 31, 2019.

Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale announces record net income of €1.6 billion in the first half of 2019, as elected directors and employees rally around the transformation and development objectives of the ensemble#nouveaumonde strategic plan.

STRONG SALES GROWTH DRIVEN BY THE MULTISERVICE STRATEGY

Crédit Mutuel Alliance Fédérale's net income rose steeply over the first six months of 2019, **growing 6.4% to reach a new high of €7.537 billion.**

This sales performance was underpinned by complementarities between Crédit Mutuel Alliance Fédérale's businesses, with a particularly strong NBI growth in insurance (+10.9%), private banking (+9.3%) and capital markets (+25.8%). Retail banking also saw its revenue rise, with a 2% increase resulting in half-year net banking income of €5.265 billion. The 3,912 Crédit Mutuel and CIC retail outlets achieved this performance in an environment of persistently low interest rates and the freezing of charges for individual customers as of January 1, 2019.

The multiservice strategy is also reflected in the significant expansion in the mobile phone and remote surveillance activities, which gained 139,000 and 29,528 customers respectively, and continuing sales of new housing units (4,395 units in contract). The diversification process continued with the successful launch of a very high-speed broadband box at the beginning of the year, which attracted 19,250 subscribers in the first six months of business. The electric-assisted cycle offering, currently in the test phase, is expanding with the aim of achieving nationwide coverage in the first half of 2020. The hybrid and electric vehicles offer is also generating a lot of interest from customers and members.

With 25.4 million customers (an increase of 640,000) including 4.7 million members and net income up by 5.2% to €1.629 billion, Crédit Mutuel Alliance Fédérale recorded solid growth across all its activities in the first half of 2019.

The development of approaches based on categories of needs ("Housing", "Mobility", "Enterprise", etc.), will enable Crédit Mutuel Alliance Fédérale to continue to diversify by providing ever more effective responses to the needs of its customers and members.

CONTROLLED GROWTH UNDERPINNED BY CONTINUING TECHNOLOGICAL TRANSFORMATION

Crédit Mutuel Alliance Fédérale's gross operating income rose by €197 million to €2.507 billion (up 8.5% at constant scope), while the cost/income ratio decreased by 1.9 points to 60.6%, one of the best level in the banking sector.

These indicators point to the ongoing improvement in Crédit Mutuel Alliance Fédérale's operational efficiency. Excluding the impact of the rise in the contribution to the Single Resolution Fund, general operating expenses grew at a slower pace (+3.0%) than revenue.

This controlled increase in general operating expenses reflects the choices in favor of human and technological development set out in the strategic plan.

Operational efficiency has also been increased by the ongoing rollout of artificial intelligence (AI) solutions and other technologies that help to save time and improve management of customer portfolios for an enhanced customer relationship. For example, nearly 30.000 customer advisors use email analyzers on a daily basis, leading to a 50% reduction in email processing times on average.

The introduction of Factory – consisting of a number of cross-functional teams – has considerably reduced the cost and time involved in developing technological aids for all customer advisors, particularly with regard to character recognition with *OCR Factory* or artificial intelligence with *Cognitive Factory*.

The forthcoming ramp-up of *Innovation Factory* and *Data Factory* is expected to accelerate future digital developments, while the deployment of cognitive solutions will be extended to compliance activities in the second half of 2019 for use in fraud detection, risk management and monitoring.

STRONGER SOCIAL, ENVIRONMENTAL AND REGIONAL COMMITMENTS FOR **OVERALL PERFORMANCE**

The half-year results are accompanied by important strategic decisions regarding social, environmental and regional commitments.

Crédit Mutuel Alliance Fédérale's commitments to the economic inclusion of young people have been strengthened through a framework agreement signed with the French employment agency (Pôle Emploi). The company supports work-study contracts as a way of breaking the glass ceiling and acting against discrimination in employment and will increase the number of young people hired on such contracts by 40% from 900 to 1,300 per year, including 25% from priority urban neighborhoods or from rural communities. 870 young people have already been recruited in the first half of 2019.

In terms of the environment, Crédit Mutuel Alliance Fédérale has set itself the target of a 30% reduction in its carbon footprint and now routinely incorporates companies' non-financial ratings in the financing approval process.

The introduction of pre-approved credit facilities at a preferential rate will strengthen Crédit Mutuel Alliance Fédérale's position as the key player for the development of local businesses. In partnership with Banque Européenne d'Investissement, a package of €1.4 billion has enabled 20,000 businesses to finance investment projects (transition range) ranging between €50,000 and €2 million since the start of the year.

These new commitments are enabling Crédit Mutuel Alliance Fédérale to strengthen its overall performance as a mutual bank - a combination of economic performance and social, environmental and regional commitments.

They are strengthening its position as one of Europe's most solid banking groups.
In the first half of 2019, Crédit Mutuel Alliance Fédérale's shareholders' equity amounted to €45.6 billion (an increase of €3.1 billion) and its CET1 ratio was 16.4% (up 30 basis points) at end-March 2019.

FINANCIAL RESULTS

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**7,537**	**7,083**	**+6.4%**
Operating expenses	(4,567)	(4,424)	+3.3%
Gross operating income	**2,970**	**2,659**	**+11.7%**
Net additions to/reversals from provisions for loan losses	(462)	(349)	+32.5%
Operating income	**2,507**	**2,310**	**+8.5%**
Net gains/(losses) on other assets and associates (1)	21	68	-69.6%
Profit/(loss) before tax	**2,528**	**2,378**	**+6.3%**
Income tax	(899)	(830)	+8.3%
Net profit/(loss)	**1,629**	**1,548**	**+5.2%**
Non-controlling interests	169	154	+9.9%
Net profit attributable to the group	**1,460**	**1,395**	**+4.6%**

(1) Associates = companies accounted for under the equity method = share of net profit of associates.

• NET BANKING INCOME

At €7,537 million, Crédit Mutuel Alliance Fédérale's net banking income is up by 6.4% relative to the first half of 2018. This reflects sustained activity in its operating businesses.

NET BANKING INCOME FROM OPERATIONAL ACTIVITIES

(in € millions)	1st half 2019	1st half 2018	change As a %	In €m
Retail banking	**5,265**	**5,162**	**+2.0%**	**+103**
Insurance	**1,096**	**989**	**+10.9%**	**+108**
Specialized businesses	**831**	**811**	**+2.4%**	**+20**
Private banking	273	250	+9.3% *	+23
Corporate banking	188	186	+1.2%	+2
Capital markets	194	154	+25.8%	+40
Private equity	176	221	-20.6%	(46)
IT, logistics and media	**873**	**814**	**+7.2%**	**+59**

* +0.2% at constant scope

Despite the impact of persistently low interest rates, net banking income from retail banking was up by 2% year on year to €5,265 million. It represents 65% of total net banking income.

Revenue from insurance, which accounts for 14% of net banking income, rose substantially by almost 11% to €1,096 million.

Net banking income from private banking is up by 9.3% year on year at €273 million.
Organic growth, disregarding changes in the scope of consolidation, was 0.2%.

The fall in net banking income from the private equity business is due to a base effect, in the form of exceptional gains recognized on a large disposal in the first half of 2018.

The capital markets activities, which are still very limited for Crédit Mutuel Alliance Fédérale, performed well following the challenging environment at the end of 2018. Its net banking income increased by nearly 26% to €194 million.

• OPERATING EXPENSES

Operating expenses were €4,567 million. This represents a 3.3% rise over the first half of 2018, which is due to increasing business levels, the stepping-up of the group's digital transformation in connection with its 2019-2023 strategic plan, and the rise in the contribution to the Single Resolution Fund.

Excluding the contribution to the Single Resolution Fund (SRF), which increased by €17 million to €155.2 million, and after eliminating the effect of the first-time consolidation of Banque de Luxembourg Investments, operating expenses rose by 2.8%, which was in line with the growth in revenue (up 6.4%).

The cost/income ratio was 60.6%, a year-on-year improvement of 1.9 point.

Gross operating income was up by 11.7% to €2,970 million, as the positive trend in net banking income has outstripped growth in operating expenses.

• NET ADDITIONS TO/REVERSALS FROM PROVISIONS FOR LOAN LOSSES

Net additions to provisions for loan losses rose by €113 million, this substantial rise being essentially due to a provision on a corporate default.

The credit quality indicators continue to improve: the non-performing loan ratio stood at 3.03% at the end of June 2019 (down by 0.11 points versus end-June 2018) and the coverage ratio was virtually unchanged year-on-year at 69.9%. Net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans stood at 24 bp at June 30, 2019 versus 22 bp at December 31, 2018.

• INCOME BEFORE TAX

Income before tax rose by 6.3% over one year to €2.528 billion in the first half of 2019.
The decrease in "Net gains/(losses) on other assets and associates" from €68 million in the first half of 2018 to €21 million in the first half of 2019 is the result of the deconsolidation of Banque Marocaine du Commerce Extérieur (BMCE Bank of Africa) on 12/31/2018, with the shares reclassified as investment securities.

Corporate income tax rose by 8.3% to €899 millions, taking into account an anticipated tax rate of 34.43%.

• RÉSULTAT NET

Net profit was €1,629 million, up by 5.2%. This reflects the robust growth in business at Crédit Mutuel Alliance Fédérale and the quality of the services provided to its customers.

FINANCIAL STRUCTURE

• LIQUIDITY AND REFINANCING

Crédit Mutuel Alliance Fédérale has a sound liquidity position, Banque Fédérative de Crédit Mutuel (BFCM) makes regular bond issues on the medium/long-term financial markets to investors in and outside the euro zone.

As at June 30, 2019, Crédit Mutuel Alliance Fédérale had funding from the markets of €143.9 billion, of which 62% was made up of medium to long term funds and 38% was obtained on the money markets.

Money market funding stood at €55.2 billion, an increase of €5.7 billion relative to the end of June 2018 (€49.5 billion). These resources are well diversified and are primarily raised in euros (56%), US dollars (31%) and sterling (12%).

A total of €11.8 billion has already been raised from investors as at July 1, 2019, relative to the medium to long term funding of €13.3 billion due to mature in 2019 as a whole and the annual issuance target of €15 billion.

Crédit Mutuel Alliance Fédérale has issued €8.1 billion on the markets via BFCM and Crédit Mutuel-CIC Home Loan SFH, the remainder being split between subordinated debt and private placements of EMTNs *(Euro Medium Term Note)*.

Crédit Mutuel Alliance Fédérale's liquidity position remains comfortably secure, with a total of €119.9 billion in ECB-eligible liquid funds covering 179.5% of the funding due to mature in the next 12 months, excluding repayment of the TLTRO.

• FINANCIAL STRUCTURE AND SOLVENCY

As at June 30, 2019, Crédit Mutuel Alliance Fédérale had **shareholders' equity** of €45.6 billion (€42.5 billion as at June 30, 2018).

At end March 2019, Crédit Mutuel Alliance Fédérale's capital adequacy remained extremely solid with a ***Common Equity Tier 1* (CET1)** ratio of 16.4%[1], a rise of 30 basis points over twelve months. The Tier 1 ratio was 16.4%[1] at end March 2019 and the overall capital adequacy ratio was 19.4%[1].

Risk-weighted assets (RWA) stood at €219.5 billion at March 31, 2019, a rise of 9.1% over the figure of €201.2 billion at end December 2018. At €196.4 billion, credit risk-weighted assets represented 89.5% of the total.

Including net profit for the first quarter of 2019, the CET1 ratio was 16.7%[1], as against 16.6% at December 31, 2018.

The leverage ratio[1] was 6.1% at March 31, 2019 (6.2% at end December 2018).

• MREL

Based on data current as of December 31, 2017, the Single Resolution Board (SRB) has set a minimum requirement for own funds and eligible liabilities (**MREL**) of 23.7% of risk-weighted assets (RWA) for the Crédit Mutuel group (the"Group", the Crédit Mutuel) on a consolidated basis (>8% of total liabilities and own funds (TLOF)[2].

As at December 31, 2017, the Group was in compliance with the MREL requirement, having an MREL equal to 14.97% of TLOF and 38.18% of RWA.

Since the Group satisfied the MREL determined on the basis of the 2018 resolution cycle, this minimum level is applicable with immediate effect.

[1] Excluding transitional provisions.
[2] The requirement is equal to the default requirements publicly announced by the SRB, i.e. LAA=P1+P2R+CBR, RCA=P1+P2R, and MCC=CBR-125bp.

Since the Group satisfied the MREL determined on the basis of the 2018 resolution cycle, this minimum level is applicable with immediate effect.

Financial solidity is a fundamental objective for Crédit Mutuel. The Group's growth is founded on the retention of virtually the whole of its earnings as reserves.

In anticipation of changes in the regulatory environment, the Group intends to consolidate all of its eligible liabilities, including those issued by Banque Fédérative du Crédit Mutuel.

• RATING[1]

Crédit Mutuel Alliance Fédérale's ratings at the end of June 2019 are shown in the following table.

	LT / CT Counterparty*	Issuer / LT preferred senior debt	Outlook	ST preferred senior debt	Date of last publication
Standard & Poor's	A+ / A-1	A	Stable	A-1	10/24/2018
Moody's	Aa2 / P-1	Aa3	Stable	P-1	5/2/2019
Fitch Ratings	A+	A+	Stable	F1	4/12/2019

* The counterparty ratings correspond to the ratings of the following agencies: Resolution Counterparty for Standard & Poor's, Counterparty Risk Rating for Moody's and Derivative Counterparty Rating for Fitch Ratings.

[1] Excluding transitional provisions.

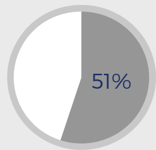
CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESSES AND MAIN SUBSIDIARIES

Crédit Mutuel Alliance Fédérale

Operational business lines' contribution to net income in the first half of 2019

Retail banking
Bankinsurance network

- Regulatory scope (mutual sector)
  - Caisse Fédérale de Crédit Mutuel
  - 1,345 Crédit Mutuel local banks
- CIC
  - CIC Île-de-France
  - Regional banks
- Banque Européenne du Crédit Mutuel
- CIC Iberbanco
- TARGOBANK Germany
- TARGOBANK Spain

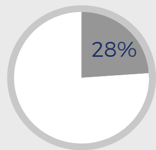


BUSINESS SUBSIDIARIES

- Cofidis Participations Group
- Banque Casino
- Factoring
- Factofrance / Targo Factoring
- Leasing
- Leasing Solutions / Targo Leasing
- Asset Management
- Employee Savings
- Real estate
- Crédit Mutuel Home Loan SFH

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

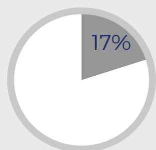
- CIC large accounts
- CIC specialized financing
- CIC international activities foreign branches

CAPITAL MARKETS ACTIVITIES

- CIC Marchés

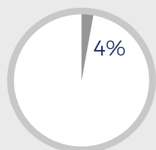
PRIVATE EQUITY

- Equity



OTHERS ACTIVITIES:
IT, logistics and media

- Euro Information
- EI Telecom
- Euro Protection Surveillance
- CCS
- Crédit Mutuel Securities
- LYFPAY (percentage held) 45%
- Media



[1] Standard & Poor's: ratings for the Crédit Mutuel group; Moody's and Fitch: ratings for Crédit Mutuel Alliance Fédérale

RESULTS BY BUSINESS LINE

RETAIL BANKINSURANCE, THE CORE BUSINESS

RETAIL BANKING

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**5,265**	**5,162**	**+2.0%**
Operating expenses	(3,386)	(3,309)	+2.3%
Gross operating income	**1,879**	**1,853**	**+1.4%**
Net additions to/reversals from provisions for loan losses	(391)	(369)	+6.2%
Operating income	**1,487**	**1,484**	**+0.2%**
Net gains/(losses) on other assets and associates (1)	3	4	-19.0%
Profit/(loss) before tax	**1,490**	**1,488**	**+0.2%**
Income tax	(551)	(524)	+5.3%
Net profit/(loss)	**939**	**964**	**-2.6%**

(1) Associates = companies accounted for under the equity method = share of net profit of associates.

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

Business in the retail banking networks remains buoyant thanks to strong sales and the extension of cross-selling to new products and services, a move aimed at adapting both to customer needs and to the persistent low interest environment.

Net banking income from retail bankinsurance activities was €5,265 million, up by 2% compared with the first half of 2018. This increase results from a widening interest margin (up €101 million), while commission income remained resilient (up 0.4%, i.e. €9 million) and other components of net banking income have fallen by €6 million.

General operating expenses have risen by 2.3% to €3,386 million. The rise is in line with revenue growth.

Net additions to provisions were €391 million, a rise of €22 million. This is attributable to loan losses (provision on a file); additions to provisions for performing loans were lower than in the first half of 2018.

Net profit was €939 million, compared with €964 million in the first half of 2018.

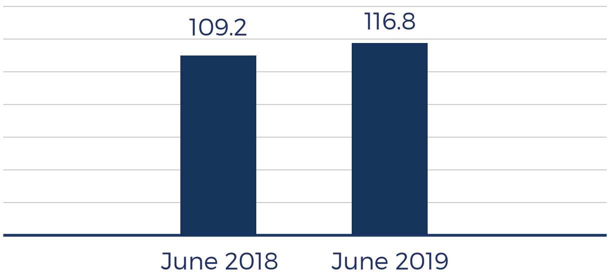
THE BRANCH NETWORKS

• CRÉDIT MUTUEL BANKINSURANCE BRANCH NETWORK

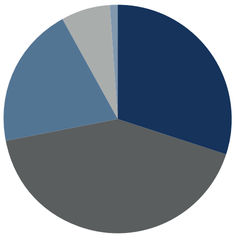
At the end of 2019, the number of customers in the Crédit Mutuel bankinsurance branch network stood at 7.057 million. This represents a year-on-year rise of 1.2%. Of these customers, 87% were private individuals while 8% were professional and business customers (up 2.8%) and 4% were non-profit associations (also up 2.8%).

Customer deposits were €116.8 billion, representing a substantial rise of 6.9%. The increase is due to demand deposits, which have risen by 14.9% over the past year, as well as to passbook accounts, which have risen by 6.5% since the first half of 2018 to reach almost €45.3 billion.

Crédit Mutuel Network - Customer deposits
(in € billions)



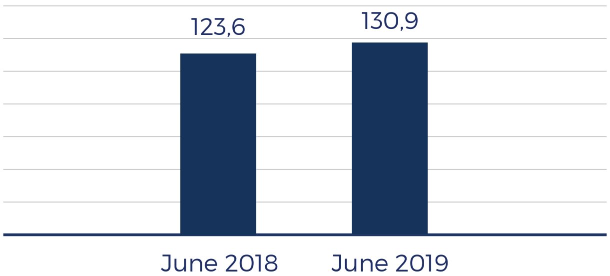
Structure of customer deposits at June 30, 2019



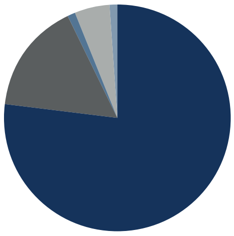
Life insurance savings (€39.8 billion) continue to grow (up 5%), although bank-based investment savings (€7.7 billion) are down by 12.2%. Overall, savings invested with us by customers of the Crédit Mutuel branch banking network were up by 5.4% at €164.2 billion.

Outstanding loans have risen by 6% to €130.9 billion as at the end of June 2019). The increase was driven by home loans (up 6.8% to €100.7 billion), the cornerstone of individual customer loyalty, and by investment loans (up 4.2%) and consumer lending (up 3.5%).

Crédit Mutuel Network - Customer loans
(in € billions)



Structure of net loans at June 30, 2019



In terms of services, the network is continuing to promote a range of well-performing insurance products. The number of policies in issue rose by 3.6% and has now passed the 10 million mark. The number of mobile telephone contracts stood at 804,028 and has thus grown by 5.4% over twelve months. As parts of its efforts to continue its multiservice innovation strategy, the network has offered customers a Triple Play Box (internet, fixed-line telephone and TV) since the end of 2018. Almost 15,000 units were sold in the first half of 2019. Contracts for remote surveillance have risen by 4,037 (up 4.2%) since the start of the year.
There are now 163,292 such contracts in place.

As regard the **income statement**, the net banking income of the Crédit Mutuel bankinsurance branch network rose by 1.2% to €1,549 million. Against a backdrop of renewed falls in interest rates, volume effects have enabled us to offset the pressure on interest margins, with net interest income rising by 2.4%. The policy of freezing charges for all individual customers and the capping of rejected payment charges for vulnerable customers have impacted growth in commission income, which was consequently low at 0.8%.

General operating expenses rose by 2.5%. excluding the contribution to the Single Resolution Fund.

Net additions to provisions for loan losses fell substantially by €30 million (€1 million in the first half of 2019, as against €31 million in the first half of 2018). Additions to provisions for non-performing loans dropped by €11 million, while the figure for performing loans changed fell by €19 million, from a net addition of €5 million in 2018 to a net reversal of €14 million in 2019.

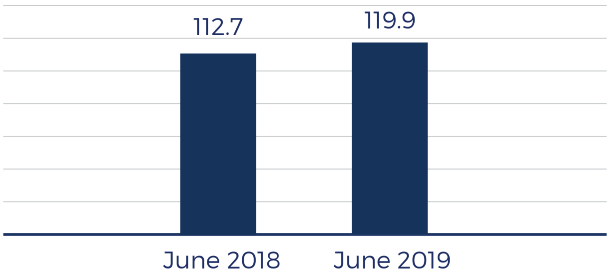
Net profit before tax consequently rose by 3.9% to €391 million.

• **CIC BANKINSURANCE NETWORK**

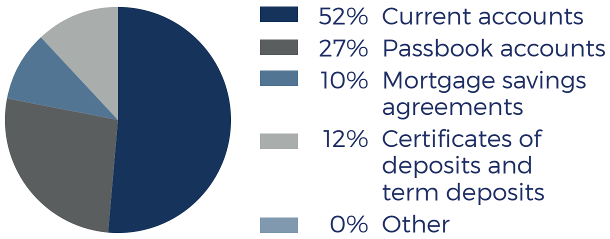
The branch network had 5.185 million **customers** at end June 2019, up by 1.9% year on year.
The number of professional and business customers increased by 3%, with 1.020 million customers at end June 2019 (20% of the total).

Customer **deposits** were up by 6.4% year on year at €119.9 billion, thanks to a strong inflow of passbook deposits (up 7.2%). The growth in current account credit balances continued, with an increase of 11%.

Réseau CIC - Customer deposits
(in € billions



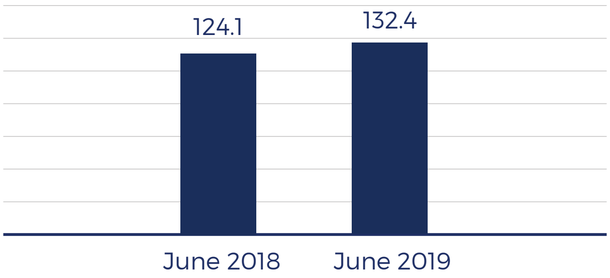
Structure of customer deposits at June 30, 2019



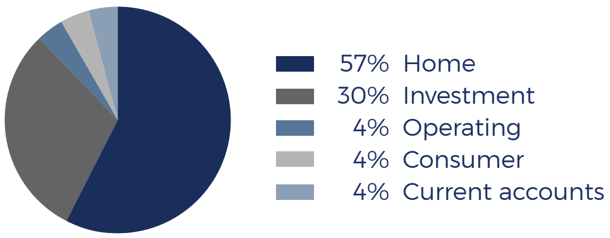
Savings under management and in custody were stable relative to end June 2018 at €60.2 billion. Market trends had a negative impact on assets under management in mutual funds and equities whereas savings in life insurance products grew by 3%.

CIC continued to support its customers with an 8.1% increase in **loans** released. This resulted in a 6.6% increase to €132.4 billion in outstanding customer loans. Investment loans grew by 10.2% to €39.3 billion, home loans were up by 6.5% to €75.8 billion and consumer loans increased by 3.4%.

Réseau CIC - Customer loans
(in € billions)



Structure of net loans at June 30, 2019



CONTINUING GROWTH IN INSURANCE AND SERVICES

Cross-selling of products and services to customers was reinforced: in insurance, with a 5.2% increase in the number of contracts in the portfolio (5,506,160) and in services with:

- +9.9% in remote banking with 2,865,419 contracts,
- +4.5% in theft protection (105,638 contracts),
- +4% in telephone services (519,235 contracts),
- +3.3% in electronic payment terminals (148,058 contracts).

The strong sales dynamics contributed to the 1.3% increase in the branch network's net banking income, which rose to €1,751 million compared with €1,728 million in the same period a year earlier. Net interest income grew by 4.6% whereas fee and commissions income dropped by 2.1% under the impact of financial commissions and the price freeze policy decided for 2019.

General operating expenses (€1,130 million) were tightly controlled with an increase of only 0.6%.

Gross operating income was up by 2.7% to €621 million and the cost/income ratio improved by 0.9 points to 62.4% (excluding SRF).

Net additions to provisions for loan losses amounted to €70 million, up by €21 million under the impact of an increase in provisions for performing loans (up €13 million) and a one-off provision.

The banking network recorded net profit of €365 million for the period to June 30, 2019 compared with €357 million in the first half of 2018, an increase of 2.1%.

• BANQUE EUROPÉENNE DU CRÉDIT MUTUEL (BECM)

Banque Européenne du Crédit Mutuel operates in the corporate and real estate companies market in France and Germany, and in the real estate development market in France. Serving more than 21,400 customers, its sales network consists of 53 branches (including 44 in France) and a subsidiary in Monaco.

Loans outstanding to customers stood at €16.4 billion at June 30, 2019, a rise of 14.5% on a twelve month rolling basis. This includes the first-time consolidation of BECM Monaco. Deposits increased by 4.7% over one year to €12.7 billion.

For the period to June 30, 2019, net banking income was up by 5.6% to €156 million. The interest margin increased by 5.2%, due to rising customer lending volumes and lower funding costs in relation to customer deposits. Fees and commissions rose by 7.3%, the rise being related in particular to account charges linked to the increased amount of funds under management and lending fees in France and Germany.

General operating expenses totaled €55 million (up 3.6%).

The cost/income ratio was 35.0%, a year-on-year fall of 0.6 points.

Gross operating income increased by 6.8% to €102 million.

Net additions to provisions for loan losses were €21.6 million, up 9.3% over the previous year. Additions to provisions for non-performing loans rose by a net €5.2 million. Additions to provisions for performing loans rose by €4.1 million year on year, but have remained steady since the second quarter of 2019.

Income tax has increased due to the rise in non-deductible levies and charges and due to the increase in tax on BECM Monaco as a result of rising profits.

Net profit was €49 million for the period to June 30, 2019, compared with €52 million in the first half of 2018.

• TARGOBANK IN GERMANY

Business at the Targobank retail bank in Germany was buoyant in the first half of 2019.
Outstanding loans were up by 9% over one year and stood at €15.4 billion as at June 30.
Net production of direct personal loans was €2.5 billion in the first half of 2019, a rise of €376 million (17.8%) over the preceding period. The bank's share of the personal lending market (consumption and similar) improved by 12% relative to the first half of 2018 to reach a record level of 9.8%, relative to 8.8% last year.

Lastly, customer deposits were €17 million at june 30 2019, up 10.6% since June 30 2018. In the corporate market, the factoring activity was down by 5.4% compared to the previous year, due to a reduction in the invoice volume provided by the customer portfolio of the joint venture with Commerzbank, CommerzFactoring.

The lease financing business continues to grow. At €285 million, new business was up by 12.5% at the end of June 2019. The portfolio stands at an average of €1.2 billion, up 15% compared to the first half of 2018.

Net banking income for the first half of 2019 was thus €807 million, up by 4.2% relative to last year.
Profit before tax was up 5.8% at €255 million.

• **COFIDIS PARTICIPATIONS GROUP**

Sales activity remained lively during the first six months of the year, both for direct sales and products sold via partners. New lending increased by 8% compared with the previous period.

Rates offered to customers continued to fall as a result of lower refinancing costs and the growth of the vehicle loan business.

Loans outstanding have also risen significantly and are up 9.9% relative to June 2018. The strongest growth continues to come from personal loans, debt consolidation and vehicle loans.

Net banking income grew by €25 million, spurred by the growth in sales activity and the continued availability of favorable refinancing terms in the markets.

Operating expenses are under control. The €19 million increase relative to 2018 is linked to the greater amount of resources deployed in order to expand into new markets, and to the migration of the Cofidis Portugal vehicle lending business to a new IT system at the start of July.

Net additions to provisions for loan losses are improving, with declining numbers of defaults and improved efficiency in recoveries.

Net profit for the first half of 2019 remains steady relative to 2018 at €96 million.

INSURANCE

(in € millions)	1st half 2019	1st half 2018	change
Net insurance income	**1,096**	**989**	**+10.9%**
Operating expenses	(329)	(306)	+7.4%
Gross operating income	**767**	**682**	**+12.4%**
Net gains/(losses) on other assets and associates (1)	15	13	+18.7%
Profit/(loss) before tax	**783**	**695**	**+12.6%**
Income tax	(277)	(235)	+18.0%
et profit/(loss)	**505**	**460**	**+9.8%**

(1) Associates = companies accounted for under the equity method = share of net profit of associates.

Insurance business is conducted via Groupe des Assurances du Crédit Mutuel (GACM). It forms a fully integrated part of Crédit Mutuel Alliance Fédérale, in both sales and technical terms.

Distribution networks continued to grow strongly in the first half of 2019. Insurance revenues consequently increased by 3.5% to €6.3 billion.

Revenue from property insurance rose by 5.5%, almost double the growth rate for the market as a whole (3.0% as at end May 2019). This has been driven by continued portfolio growth, particularly in automotive policies, home insurance and professional all-risks insurance.

Gross premium income in the life and endowment business rose by 2.4% to €3.6 billion, against a backdrop of historically low interest rates. However, the sharp fall in the financial markets at the end of 2018 has tempered savers' appetites for unit-linked products since the start of the year. As a result, unit-linked products accounted for 21.2% of GACM's gross premium income, as compared with 30.8% in the first half of 2018. This figure remains consistent with the market overall (23.5% at end May 2019).

Health and provident policies also exhibited strong growth and are an important growth driver. Business thus increased by 4.8%, driven by the new health and provident products introduced in 2018.

Commissions paid to branch networks meanwhile rose by 5.3% to €782 million on the back of growing sales. Of this total, €618 million was paid to Crédit Mutuel Alliance Fédérale.

GACM contributed €505 million to net profit for the period to June 2019, a rise of 9.8% over the figure for June 2018 (€460 million).

This result reflects good sales performance in the distribution networks and the maintenance of steady underwriting income. However, underwriting income on provident policies and payment protection insurance was affected by the rising number of people unable to work - a general trend observed in the French social protection market - as well as by legislative matters in automotive insurance. Lastly, the rebound in the financial markets during the first half of 2019 particularly affected results as reported under IFRS. .

THE SPECIALIZED BUSINESSES

Private banking, corporate banking, capital markets and private equity round out the bankinsurance offering of Crédit Mutuel Alliance Fédérale. These four businesses account for 10% of net banking income[1] and 17% of net profit from operating activities[2].

PRIVATE BANKING

(in € millions)	1st half 2019	1st half 2018	change (*)
Net banking income	**273**	**250**	**+0.2%**
Operating expenses	(204)	(179)	+10.5%
Gross operating income	**69**	**71**	**-21.6%**
Net additions to/reversals from provisions for loan losses	11	(5)	ns
Operating income	**79**	**65**	**-2.8%**
Net gains/(losses) on other assets and associates (**)	2	8	ns
Profit/(loss) before tax	**81**	**73**	**-9.4%**
Impôt sur les bénéfices	(16)	(16)	-29.1%
Income tax	**65**	**57**	**-2.6%**

(*) At constant scope - see methodology notes
(**) Associates = companies accounted for under the equity method = share of net profit of associates.

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

Savings managed by the private banking subsidiaries stood at €118 billion at the end of June 2019, a rise of 1.9%. Deposits, which represent €22.5 billion of the total, rose by 8.4%. Bank-based investment savings have remained virtually unchanged at €95.6 billion (up 0.5%), in spite of an 11% increase in life assurance (€3.9 billion).

Outstanding loans were up by 9.3% to €13.6 billion.

Net banking income totaled €273 million, an increase of 0.2% at constant scope. Net interest income and other components of net banking income increased by 4.6%. Commission income declined by 3.1% due to the fall in the financial markets in the last quarter of 2018.

Operating expenses amounted to €204 million in the first half of 2019 versus €179 million in the first half of 2018. The increase reflects ongoing investment to adapt to new regulatory constraints and to improve our transactional offering and digital tools.

Provisions for loan losses saw a net reversal of €11 million, compared with a net addition of €5 million in the period to June 30, 2018.

Profit before tax was €81 million, versus €73 million in the first half of 2018, and net profit was €65 million.

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

CORPORATE BANKING

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**188**	**186**	**+1.2%**
Operating expenses	(70)	(61)	+15.1%
Gross operating income	**119**	**126**	**-5.5%**
Net additions to/reversals from provisions for loan losses	(81)	29	ns
Profit/(loss) before tax	**38**	**155**	**-75.7%**
Income tax	6	(53)	ns
Net profit/(loss)	**44**	**102**	**-57.4%**

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 (New York, London, Singapore, Hong Kong). It also supports the corporate networks' work on behalf of their major customers, and contributes to the development of international business and the implementation of specialized financing (acquisitions, assets, projects.

Outstanding loans to corporate banking customers increased by 12.2% to €21.8 billion in the first half of 2019 and customers' funds were up by a strong 35.1% to €7.8 billion at end-June 2019.

Net banking income for the first half of 2018 was €188 million, an increase of 1.2%. This reflects the development of synergies with the other entities in the group.

Operating expenses have risen by €9 million year on year. Gross operating income is thus €119 million, as opposed to €126 million for the first half of 2018.

Net additions to provisions for loan losses were affected by the one-off provision recorded in respect of a major corporate default in the first half of 2019; this compares to a net reversal of €29 million in the first half of 2018.

Net profit was €44 million, as against €102 million in the same period last year.

CAPITAL MARKETS

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**194**	**154**	**+25.8%**
Operating expenses	(126)	(121)	+4.0%
Gross operating income	**68**	**33**	**x 2.1**
Net additions to/reversals from provisions for loan losses	(0)	2	ns
Profit/(loss) before tax	**68**	**35**	**x 2**
Income tax	(25)	(16)	+52.7%
Net profit/(loss)	**43**	**19**	**x 2.3**

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

Net banking income rose substantially by almost 26%, showing the business's ability to bounce back after a difficult fourth quarter in 2018.

Gross operating income from the business has doubled to €68 million, notwithstanding a 4.0% rise in general operating expenses.

Net additions to provisions for loan losses were nil, compared with a net reversal of €2 million at June 30, 2018.

Net profit was therefore up strongly at €43 million.

PRIVATE EQUITY

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**176**	**221**	**-20.6%**
Operating expenses	(23)	(24)	-2.5%
Gross operating income	**152**	**197**	**-22.8%**
Net additions to/reversals from provisions for loan losses	0	(1)	ns
Profit/(loss) before tax	**152**	**196**	**-22.4%**
Income tax	1	0	ns
Net profit/(loss)	**153**	**196**	**-21.9%**

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

In proprietary trading, considerable new investments were made in the first half of 2019.
Of the €181 million allocated, €110 million was invested in 15 new investments.
Disposals represented €100 million.

The group's proprietary investment portfolio totaled €2.5 billion at June 30, 2019, including 89% in unlisted companies. The portfolio consists of 338 non-fund holdings, the vast majority of which are in companies that are Group customers.

Funds managed for third parties came to €121 million.

Net banking income was down by 20.6%, due to a negative base effect caused by the substantial gains on disposals recorded in the first half of 2018.

Operating expenses were down from €24 million to €23 million, corresponding to a decrease of 2.5%.

This resulted in net profit of €153 million compared with €196 million for the same period in 2018.

IT, LOGISTICS AND MEDIA

(in € millions)	1st half 2019	1st half 2018	change
Net banking income	**873**	**814**	**+7.2%**
Operating expenses	(756)	(713)	+6.0%
Gross operating income	**117**	**101**	**+15.8%**
Net additions to/reversals from provisions for loan losses	(2)	(4)	-55.7%
Operating income	**115**	**97**	**+19.0%**
Net gains/(losses) on other assets and associates (1)	(6)	(1)	ns
Profit/(loss) before tax	**110**	**96**	**+14.9%**
Income tax	(36)	(42)	-15.2%
Net profit/(loss)	**74**	**53**	**+38.7%**

(1) Associates = companies accounted for under the equity method = share of net profit of associates.

This division comprises the group's IT companies, the logistics entities and the media business in the EBRA [1] division.

Net banking income from the IT, logistics and media activity rose by 7.2% to €873 million, this total deriving from the gross margins of the IT, mobile phone and surveillance companies, earnings from the services provided by CCS and the logistics subsidiaries of Targobank in Germany and Cofidis, and the gross margin of the media activity.

Operating expenses rose by 6%. This reflects the ongoing digital transformation of Crédit Mutuel Alliance Fédérale under its ensemble#nouveaumonde strategic plan, as well as the development of growth drivers. Lower costs in relation to the ongoing restructuring of the media business resulted in a €15 million reduction in operating expenses in relation to this sector – a fall of 10%.

Net losses from the media business are continuing to recover, having decreased of €11 million compared to the first half of 2018 to €9 million losses.

Profit before tax for the business overall was €110 million in the first half of 2019, as against €96 million a year earlier – a rise of 14.9%.

[1] This division encompasses the group's historic holdings in press and media segment companies located in eastern France: Le Progrès de Lyon, Le Dauphiné Libéré, Le Républicain Lorrain, L'Est Républicain, Vosges Matin, Les Dernières Nouvelles d'Alsace, L'Alsace, Le Bien Public et Le Journal de Saône et Loire.

The limited review is being conducted by the statutory auditors.

The consolidated financial statements have been audited. The audit report will be issued after finalization of the additional procedures required for publication of the annual financial report.

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)..

Director of information: Frédéric Monot - Tel.: +33(0)3 88 11 24 64 - frederic.monot@creditmutuel.fr

Crédit Mutuel
Alliance Fédérale

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

(in € millions)	key figures [1] 6/30/2019	6/30/2018
Financial structure and activity		
Total assets	704,715	662,343
Shareholders' equity (including net profit for the period before dividend pay-outs)	45,625	42,522
Customer loans (including lease financing)	378,091	358,347
Total savings	611,249	587,131
- of which customer deposits	316,517	297,891
- of which insurance-based savings	97,743	94,748
- of which bank-based investment savings (managed and in custody)	196,989	194,493
Key figures		
Employees, end of period (group-controlled entities)	70,819	69,618
Number of branches	4,410	4,472
Number of customers (in millions)	25.4	24.7
Key ratios		
Cost/income ratio	60.6%	62.5%
Net additions to/reversals from provisions for loan losses / gross operating income[2]	6.1%	5.8%
Leverage ratio - delegated act - excluding transitional provisions - March 31, 2019	16.4%	16.1%

(in € millions)	1st half 2019	1st half 2018
Results		
Net banking income	**7,537**	**7,083**
Operating expenses	(4,567)	(4,424)
Gross operating income	**2,970**	**2,659**
Net additions to/reversals from provisions for loan losses	(462)	(349)
Operating income	**2,507**	**2,310**
Net gains/losses on other assets and associates	21	68
Profit/(loss) before tax	**2,528**	**2,378**
Corporate income tax	(899)	(830)
Net profit/(loss)	**1,629**	**1,548**
Non-controlling interests	169	154
Net profit attributable to the group	**1,460**	**1,395**

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

METHODOLOGY NOTES

Following the addition of Banque de Luxembourg Investissements to the consolidation scope in the second half of 2018, changes at constant scope in the private banking intermediary account balances are calculated after taking this entity into account in the first half of 2018.

This information is detailed below for the various interim income statement balances:

PRIVATE BANKING

in € millions	1st half 2019	1st half 2018			changes	
	reported	reported	chg. in scope	at constant scope	gross	at constant scope
Net banking income	**273**	**250**	**23**	**272**	**+9.3%**	**+0.2%**
Operating expenses	(204)	(179)	(6)	(185)	+14.2%	+10.5%
Gross operating income	**68**	**71**	**16**	**87**	**-3.3%**	**-21.6%**
Net additions to/reversals from provisions for loan losses	11	(5)		(5)	ns	ns
Operating income	**79**	**65**	**16**	**82**	**+21.7%**	**-2.8%**
Net gains/losses on other assets and associates	2	8		8	ns	ns
Profit/(loss) before tax	**81**	**73**	**16**	**90**	**+11.0%**	**-9.4%**
Corporate income tax	(16)	(16)	(7)	(23)	+0.8%	-29.1%
Net profit/(loss)	**65**	**57**	**10**	**67**	**+13.9%**	**-2.6%**

Crédit Mutuel
Alliance Fédérale

ALTERNATIVE PERFORMANCE INDICATORS (API) – ARTICLE 223-1 OF THE GENERAL REGULATION OF THE AUTORITÉ DES MARCHÉS FINANCIERS (FRENCH FINANCIAL MARKETS AUTHORITY - AMF) / ESMA GUIDELINES (ESMA/20151415)

Name	Definition/calculation method	For the ratios, justification of use
operating ratio	ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of items "general operating expenses" and "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" of the consolidated income statement) to "IFRS net banking income"	measure of the bank's operational efficiency
total net additions to/reversals from provisions for customer loan losses as a percentage of outstanding loans (expressed in % or basis points)	net additions to/reversals from provisions for customer loan losses from the note to the consolidated financial statements as a percentage of gross outstanding loans at year-end	allows the level of risk to be assessed as a percentage of the balance-sheet credit commitments
net additions to/reversals from provisions for loan losses	"net additions to/reversals from provisions for loan losses" item in the publishable consolidated income statement	measures the risk level
customer loans	"loans and receivables due from customers at amortized cost" item of the asset side of the consolidated balance sheet	measure of customer activity in terms of loans
net additions to/reversals from provisions for loan losses with unverified risk	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 unverified risk
customer deposits; bank deposits	"due to customers" 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
savings; customer funds invested in group savings products	off-balance sheet savings products held by our customers or under custody (securities accounts, mutual funds, etc.) management data (group entities)	representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
total savings	sum of bank deposits, insurance-based savings and bank savings products	measure of customer activity in terms of savings
operating expenses, general operating expenses, management fees	sum of lines "general operating expenses" and "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" on the consolidated income statement	measures the level of operating expenses
interest margin, net interest revenue, net interest income	calculated from items of the consolidated income statement: difference between the interest received and the interest paid: - interest received = "interest and similar income" item of the publishable consolidated income statement - interest paid = "interest and similar expenses" item of the publishable consolidated income statement	representative measure of profitability

loan production	amount of new loans released to customers - source management data, sum of individual data from entities of the "retail banking - branch network" segment + COFIDIS	measure of customer activity in terms of new loans
total coverage ratio	determined by calculating the ratio of provisions for credit risk (including collective provisions) to the gross outstandings identified as in default within the meaning of the regulations	this coverage rate 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 note "loans and receivables due from customers" to the consolidated financial statements: gross receivables + finance leases)	Indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS, RECONCILIATION WITH THE ACCOUNTS

(in € millions) Cost/income ratio	1st half 2019	1st half 2018
General operating expenses	(4,567)	(4,424)
Net banking income	7,537	7,083
Cost/income ratio	**60.6%**	**62.5%**

Total coverage ratio	6/30/2019	6/30/2018
Impairment on performing loans (S1/S2) + other impairment (S3)	8,172	8,047
Gross loans subject to impairment on an individual basis (S3)	11,695	11,490
Total coverage ratio	**69.9%**	**70.0%**

Non-performing loan ratio	6/30/2019	6/30/2018
Gross loans subject to impairment on an individual basis (S3)	11,695	11,490
Gross loans to customers	386,263	366,394
Non-performing loan ratio	**3.03%**	**3.14%**