BANQUE FÉDÉRATIVE
Crédit Mutuel

PRESS RELEASE

February 18, 2021

Results for the year ended December 31, 2020

Resilient net banking income	€10,262 million	-5.5%
Strict management of general operating expenses	€6,077 million	-2.4%
Increase in net additions to/reversals from provisions for loan losses in anticipation of a protracted crisis	€2,094 million	+€1,096m
Net profit impacted by the health crisis	€1,508 million	-43.4%
Customer outstandings	Customer loans	€270.8bn **+8.3%**
	Customer deposits	€268.8bn **+23.8%**
Financial structure	CET1 ratio[1] (excluding transitional provisions)	17.8% **-50bp**
	Leverage ratio[1] (excluding transitional provisions)	6.9% **-50bp**

[1] Crédit Mutuel Alliance Fédérale ratio which includes the BFCM consolidated scope.

All of the data in this press release concerns the Banque Fédérative du Crédit Mutuel (BFCM) consolidated scope, which includes Banque Fédérative du Crédit Mutuel and its main subsidiaries: CIC, ACM, BECM, Targobank Germany and Targobank Spain, Cofidis, the IT subsidiaries, etc.

The annual audit of the financial statements at December 31, 2020 is underway.

Banque Fédérative du Crédit Mutuel (BFCM) and its subsidiaries, with retail banking as the core business, saw a decrease in net profit in 2020. It suffered the combined effects of the crisis and the high level of uncertainty caused by the Covid-19 pandemic.

Commercial activity

Customer deposits were up sharply by 23.8% (+€52 billion) year on year, reaching €268.8 billion. Demand for short-term investments to secure a portion of unused revenue is reflected in the increase in current account credit balances (+33%) and in passbook accounts (+6.4%).

Outstanding loans increased by 8.3% to €270.8 billion at the end of December 2020. This increase was particularly driven by two levers which were activated by companies' need for liquidity to deal with the crisis: the drawdown of credit lines and state-guaranteed loans. Given the ongoing low interest rates and the fact that the residential real estate market held up well despite the health crisis, home loan outstandings increased by 7.2% to €93.7 billion.

Financial results

Net banking income came to €10.262 billion in 2020, down 5.5% year on year.

General operating expenses fell by 2.4% vs. 2019 to €6.077 billion. These expenses were significantly impacted by the contributions to the single resolution fund and supervision costs, which amounted to €216 million in 2020 vs. €174 million in 2019, an increase of 24.2% year on year.

Gross operating income contracted by 9.8% year on year to €4.185 billion.

Net additions to/reversals from provisions for loan losses amounted to €2.094 billion in 2020, more than double that of 2019 (€988 million). The increase in provisioning for performing loans (cost of non-proven risk – statuses 1 and 2), which rose from €114 million in 2019 to €1.128 billion in 2020, explains the entire year-on-year increase in net additions to/reversals from provisions for loan losses. This provisioning reflects a cautious policy, in anticipation of a worsening of risk in the future, based on adapting provisioning rates to the current environment and general provisions for economic sectors considered the most sensitive. Given the uncertainties as to how the situation will evolve and to take into account more long-term impacts on the economy, the group maintained and increased the level of provisioning recorded in the interim financial statements. The weightings designed to reinforce the pessimistic scenario were maintained and additional provisions were recorded for vulnerable sectors.

Profit before tax fell by 41.1% year on year, to €2.229 billion.

Net profit in 2020 came out at €1.508 billion vs. €2.663 billion in 2019 (-43.4%). This decrease reflects the current crisis and its impact on income and, above all, the high degree of uncertainty caused by the Covid-19 pandemic regarding risk, which led to provisions being set up for a higher portion of performing loans as a precautionary measure.

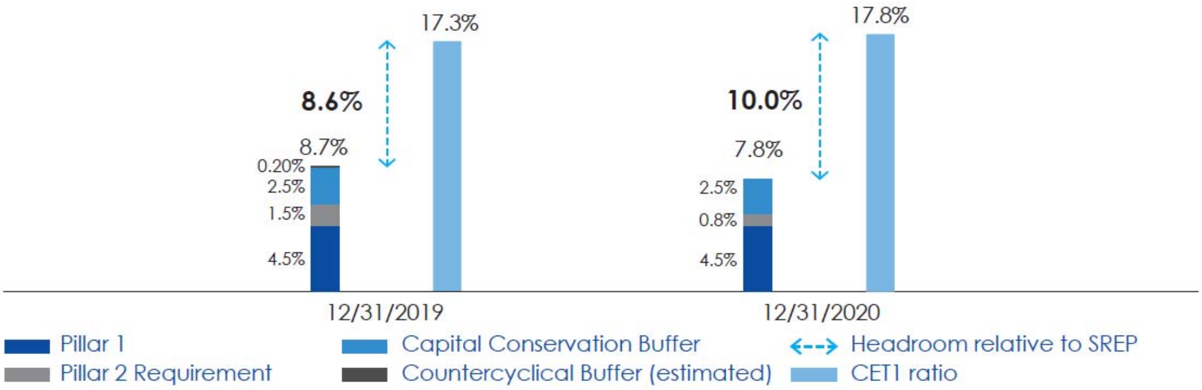
Financial structure

Banque Fédérative du Crédit Mutuel is a subsidiary of Crédit Mutuel Alliance Fédérale, which had a Common Equity Tier 1 (CET1) ratio of 17.8%[1] at end-2020, an increase of 50 basis points, and an overall solvency ratio of 20.8%[1]. Weighted exposure by risk stood at €233.8 billion on December 31, 2020, of which €209.9 billion (90% of the total) was credit risk. CET1 capital[1] was €41.7 billion at end-December 2020, an increase of 6.9% thanks to the carryover.

The group's high level of capital, underpinned by the appropriation to reserves of almost all profit, has enabled it to absorb regulatory pressure and therefore to surpass over the last number of years the requirements of the Supervisory Review and Evaluation Process (SREP).

[1] *Excluding transitional provisions*

CET1 requirements under the SREP and gap to actual (%)



[1] After taking account of the reduction in capital requirements announced by the ECB on March 12, 2020.
[2] Note that the Additional Tier1 (AT1) requirements under Pillar 1 and the Pillar 2 requirement (P2R) are essentially satisfied by Core Equity Tier1 (CET1).
[3] Excluding Pillar 2 Guidance Requirement, non-public.

Its financial soundness and the relevance of its business model are recognized by the three rating agencies that rate Crédit Mutuel Alliance Fédérale, BFCM and the Crédit Mutuel group.

	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	Negative	A-1	a	11/17/2020
Moody's	Aa2 / P-1	Aa3	Stable	P-1	a3	11/18/2020
Fitch Ratings *	AA-	AA-	Negative	F1	a+	12/15/2020

**The Issuer Default Rating is stable 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 ratings.
Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

In November and December 2020, the three main rating agencies published comprehensive analyses of Crédit Mutuel Alliance Fédérale (Fitch Ratings and Moody's) and Crédit Mutuel Group (Standard & Poor's), in which the resilience of their fundamentals was emphasized and based on which all of their ratings were confirmed.

Note that the negative outlooks issued by Fitch Ratings and Standard & Poor's were given in March and April 2020 as part of general ratings revisions applied to European banks against the backdrop of the pandemic. Moody's, for its part, did not change its outlook.

On March 30, 2020, Fitch Ratings 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 (Minimum Requirement for Own Funds and Eligible Liabilities) requirement without recourse to senior preferred debt over the next 3-5 years. This upgrading followed a change in the agency's methodology. The key Issuer Default Rating remains unchanged at A+.

Results by business

Retail banking

Net banking income from retail banking was €7.352 billion (-1.3%). General operating expenses were held in check, falling by 2.1% to €4.279 billion. Net additions to/reversals from provisions for loan losses stood at €1.791 billion, of which €855 million relating to proven risk and €936 million relating to non-proven risk.

Net profit came to €773 million (-47.1%).

Insurance

The share of insurance income in BFCM's results decreased by 41% to €508 million. This can be attributed to the exceptional solidarity measures taken in support of customers to deal with the crisis and the ongoing fall in interest rates, which weighed on the financial results.

Private banking

Income from private banking (€626 million) rose by 9.5% vs. 2019 thanks to strong activity levels over the year in terms of premium income and asset management.

General operating expenses remained stable at €413 million while net additions to/reversals from provisions for loan losses were impacted by provisioning for performing loans (€18 million).

Net profit rose by 6.5% to €142 million.

Corporate banking

The corporate banking activity held up well, generating income of €381 million (-0.5%).

Net additions to/reversals from provisions for loan losses rose substantially (+€133 millions) vs. 2019. This is attributable to a €167 million rise in the cost of non-proven risk coupled with a €34 million fall in the cost of proven risk.Net profit came to €6 million in 2020 compared with €133 million in 2019.

Capital markets

At end-December 2020, CIC Marchés' net banking income was €319 million (vs. €337 million at end-December 2019).

The Investment business line (including France, the New York and Singapore branches and Cigogne Management SA) generated €223 million in IFRS net banking income, an improvement over 2019 without taking into account the $34 million in non-recurring net banking income in New York in 2019.

The Commercial activity (CIC Market Solutions and Singapore) had a high volume of business, generating €95 million in IFRS net banking income, an increase of €8 million vs. December 31, 2019, and, after €81 million in commissions paid, an increase of 8%.

Private equity

Despite an economy severely weakened by the health crisis which impacted the valuations of some investments, 2020 was still a record year in terms of disposals. At the same time, €580 million was invested, an increase of 37% over the previous year, including 20 new deals amounting to €238.5 million.

Net banking income reached €190 million in 2020, and net profit came to €128 million (-43%).

The annual audit of the financial statements at December 31, 2020 is being conducted by the statutory auditors.
The Board of Directors met on February 17, 2021 to approve the financial statements.
All financial communications are available at www.bfcm.creditmutuel.fr and are published by Crédit Mutuel Alliance Fédérale in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-1 *et seq.* of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers - AMF).

Director of information: Frédéric Monot - Tel.: 03 88 11 24 64 - frederic.monot@creditmutuel.fr

BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL
consolidated scope

Key figures [1]

in € millions	12/31/2020	12/31/2019
Financial structure and activity		
Total assets	627,244	569,947
Shareholders' equity (including net profit for the year before dividend pay-outs)	32,575	32,072
Customer loans (including lease financing)	270,836	250,142
Total savings	540,695	470,076
- of which customer deposits	268,802	217,103
- of which insurance-based savings	57,671	58,717
- of which financial savings (managed and in custody)	214,222	194,257

	12/31/2020	12/31/2019
Key figures		
Number of branches	2,338	2,404
Number of customers (in millions)	19.2	19.2

in € millions	2020	2019
Results		
Net banking income	**10,262**	**10,865**
General operating expenses	(6,077)	(6,226)
Gross operating income	**4,185**	**4,639**
Net additions to/reversals from provisions for loan losses	(2,094)	(998)
Operating profit/(loss)	**2,091**	**3,641**
Net gains/(losses) on other assets and equity consolidated companies	138	145
Profit/(loss) before tax	**2,229**	**3,786**
Corporate income tax	(721)	(1,124)
Net profit/(loss)	**1,508**	**2,663**
Non-controlling interests	224	380
Net profit attributable to the group	**1,284**	**2,282**

(1) Consolidated results of Banque Fédérative du Crédit Mutuel and its main subsidiaries: CIC, ACM, BECM, Targobank Germany and Targobank Spain, Cofidis, IT subsidiaries, CIC Iberbanco, etc.