



FEBRUARY 18, 2021 / PRESS RELEASE

2020 Results - CIC

Despite strong sales activity, CIC's net profit fell by 54.9% to €662 million, severely impacted by the cost of non proven risk

Results for the year ended December 31, 2020¹

	December 31, 2020	December 31, 2019	Change over 1 year
Net banking income	€5.139bn	€5.213bn	-1.4%
<i>of which retail banking</i>	€3.649bn	€3 726bn	-2.1%
Net additions to/reversals from provisions for loan losses	€1.074bn	€311m	+€763m
<i>of which proven risk</i>	€274m	€275m	-€1m
<i>of which non-proven risk</i>	€801m	€36m	+€765m
Net profit/(loss)	€662m	€1.468bn	-54.9%

		Amount	Number
Exceptional solidarity and employment and economic support measures	Government-backed loans (loans processed)	€14.590bn	82,200 loans
	Repayment holiday	€2.067bn	940,647 payments

		December 31, 2020	Change over 1 year
Commercial activity	Customer loans	€208.7bn	+10.7%
	Customer deposits	€213.8bn	+26.3%
Financial soundness	CET1 ratio	12.5%	-40bp
	Leverage ratio	4.4%	+30bp

¹ The annual audit of the financial statements at December 31, 2020 is underway.



Despite strong sales activity, an increase in the number of customers (+1.3%) and growth in deposits (+26.3%) and outstanding loans (+10.7%), CIC's net profit was down 54.9% to €662 million at the end of 2020. It suffered the combined effects of the crisis and the high level of uncertainty caused by the Covid-19 pandemic. Net additions to/reversals from provisions for loan losses (€1.074 billion) tripled, as a result of the cost of non proven risk. This strategy, shared by its parent company, Crédit Mutuel Alliance Fédérale, attests to its desire to remain cautious in anticipation of a possible worsening of risk in the future. Under these unprecedented circumstances, CIC, a leading provider of corporate financing, continued to affirm its commitment to regional economies and its support for all its customers through diversified services that meet their needs.

Financial results

(€ millions)	2020	2019	change
Net banking income	5,139	5,213	-1.4%
General operating expenses	(3,225)	(3,250)	-0.8%
<i>of which contribution to the single resolution fund and supervision costs</i>	<i>(151)</i>	<i>(115)</i>	<i>+30.8%</i>
Gross operating income	1,914	1,962	-2.5%
Net additions to/reversals from provisions for loan losses	(1,074)	(311)	x 3.5
<i>cost of proven risk</i>	<i>(274)</i>	<i>(275)</i>	<i>-0.4%</i>
<i>cost of non-proven risk</i>	<i>(801)</i>	<i>(36)</i>	<i>n.s.</i>
Operating profit/(loss)	839	1,651	-49.2%
Net gains/(losses) on other assets and ECC ¹	75	211	-64.3%
Profit/(loss) before tax	914	1,862	-50.9%
Income tax	(252)	(395)	-36.2%
Net profit/(loss)	662	1,468	-54.9%
Non-controlling interests	0	11	n.s.
Net profit/(loss) attributable to the group	662	1,457	-54.6%

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

Net banking income

CIC's net banking income was €5.139 billion in 2020, down 1.4% year on year.

Except for private banking (+9.5%) and corporate banking (+0.4%), the global health and economic crisis weighed heavily on the group's income.

CIC

Net banking income from operating activities

(€ millions)	2020	2019	change	
			As a %	In €m
Retail banking	3,649	3,726	-2.1%	-77
Specialized businesses	1,502	1,539	-2.4%	-37
Private banking	626	572	+9.5%	+54
Corporate banking	367	365	+0.4%	+2
Capital markets	319	337	-5.4%	-18
Private equity	190	265	-28.2%	-75

Due to pressure on the interest margin as a result of low interest rates and despite fees remaining stable, net banking income from **retail banking** fell 2.1% year on year to €3.649 billion in 2020. It represented the largest share (71%) of income from operational activities.

Solid revenues from structured financing helped stabilize net banking income from **corporate banking** (+0.4%) at €367 million in 2020.

Despite a sharp rise in sales activity, due to a non-recurring capital gain in 2019 **capital markets** generated net banking income of €319 million in 2020, a decrease of 5.4% year on year, and, after €81 million in commissions paid to the group's other entities, an increase of 7%.

The **private equity** business posted strong investment and disposal activity; however, net banking income (€190 million in 2020) was down 28.2%, impacted by the reduction in the valuations of some portfolio companies at fair value through profit or loss.

General operating expenses and gross operating income

General operating expenses were held in check at €3.225 billion, down 0.8% compared with 2019. They were significantly impacted by all the contributions to the single resolution fund and supervision costs, which amounted to €151 million in 2020 vs. €115 million in 2019, an increase of 30.8% year on year.

The cost/income ratio was 62.8%, slightly higher than in 2019 (62.4%). Adjusted for the contribution to the single resolution fund and supervision costs, it benefited from a positive scissors effect of 30 basis points.

Gross operating income contracted by 2.5% year on year to €1.914 billion.

Net additions to/reversals from provisions for loan losses

The amount of net additions to/reversals from provisions for loan losses for CIC was €1.074 billion in 2020, more than triple that of 2019 (€311 million).

The increase in provisioning for performing loans (cost of non proven risk – statuses 1 and 2), which rose from €36 million in 2019 to €801 million in 2020, explains the entire year-on-year increase in total 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.



The cost of proven risk (status 3) decreased by 0.4%, reflecting the high quality of the assets in a diversified loan portfolio that mainly includes home loans (44%) and investment and operating loans for businesses (49%).

The non-performing loan ratio decreased year on year to 2.5% at end-2020 vs. 2.7% at end-2019. The coverage ratio was 45.6%.

As a percentage of outstanding loans, net additions to/reversals from provisions for loan losses rose to 51 basis points at the end of 2020 vs. 16 at the end of 2019.

Profit/(loss) before tax

This sharp increase in net additions to/reversals from provisions for loan losses and the non-recurrence of gains and losses on other assets resulted in a 50.9% decrease in profit/(loss) before tax, which came to €914 million.

Net profit/(loss)

Net profit in 2020 was €662 million vs. €1.468 billion in 2019 (-54.9%).

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 large portion of performing loans as a precautionary measure.

Financial structure

Liquidity and refinancing ¹

Banque Fédérative du Crédit Mutuel (BFCM), CIC's parent company, raises the necessary medium- and long-term market funds on behalf of Crédit Mutuel Alliance Fédérale and monitors liquidity. Like the other group entities, CIC is part of this mechanism, which ensures that its own liquidity and refinancing needs are covered.

Solvency

At December 31, 2020, CIC's equity totaled €15.3 billion compared with €15.7 billion at the end of 2019.

CIC's solvency remained strong at end-December 2020, with a Common Equity Tier 1 (CET1) ratio of 12.5%. The Tier 1 ratio was also 12.5% at end-December 2020 and the overall capital adequacy ratio was 14.8%.

Risk-weighted assets (RWA) came to nearly €113.4 billion at December 31, 2020 (compared with €106 billion at end-December 2019, up 7%). At €100.5 billion, credit risk-weighted assets represented nearly 89% of the total. The leverage ratio was 4.4% at December 31, 2020 vs. 4.1% at end-December 2019.

¹ Please refer to the Crédit Mutuel Alliance Fédérale press release for more information.



Rating

CIC's ratings replicate those of Crédit Mutuel Alliance Fédérale - Banque Fédérative du Crédit Mutuel, which owns its capital.

	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	F 1+	a+	12/15/2020

* The Issuer Default Rating remains at A+.

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

Key figures

(€ millions)	12/31/2020	12/31/2019
Financial structure and activity		
Total assets	354,257	313,830
Shareholders' equity (including net profit for the period before dividend pay-outs)	15,262	15,663
Customer loans (including lease financing)	208,703	188,523
Total savings	445,689	384,160
- of which customer deposits	213,784	169,306
- of which insurance-based savings	35,416	35,534
- of which financial savings (managed and held in custody)	196,489	179,320
Key figures		
Average number of employees (full-time equivalent)	19,809	19,983
Number of branches (pro forma branch network)	1,837	1,860
Number of customers (pro forma branch network)	5,353,570	5,284,518
Private individuals	4,272,776	4,243,009
Corporates and self-employed professionals	1,080,787	1,041,509
Key ratios		
Cost/income ratio	62.8%	62.4%
Total net additions to/reversals from provisions for loan losses as a percentage of outstanding loans	51bp	16bp
Loans/deposits	97.6%	111.4%
Leverage ratio	4.4%	4.1%
CET1 ratio	12.5%	12.9%

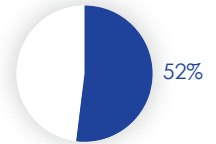
(€ millions)	2020	2019
Results		
Net banking income	5,139	5,213
General operating expenses	(3,225)	(3,250)
Gross operating income	1,914	1,962
Net additions to/reversals from provisions for loan losses	(1,074)	(311)
Operating profit/(loss)	839	1,651
Net gains/(losses) on other assets and ECC	75	211
Profit/(loss) before tax	914	1,862
Income tax	(252)	(395)
Net profit/(loss)	662	1,468
Non-controlling interests	0	11
Net profit/(loss) attributable to the group	662	1,457

CIC's businesses and main subsidiaries

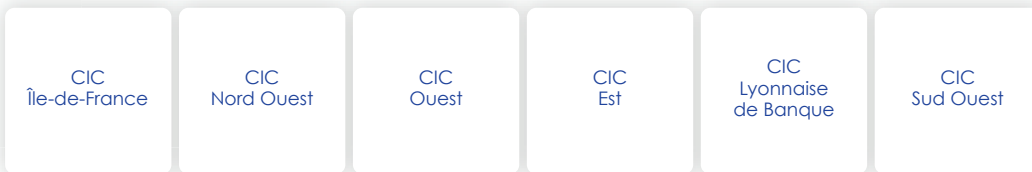


Operational business lines' contribution to 2020 net profit

Retail banking



Bankinsurance network



Business subsidiaries

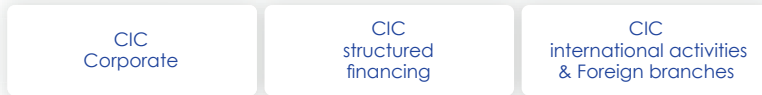


Specialized business lines

Private banking



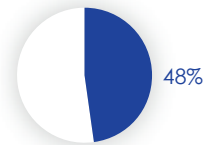
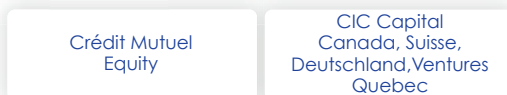
Corporate banking



Capital markets



Private equity



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1. Retail banking

(€ millions)	2020	2019	change
Net banking income	3,649	3,726	-2.1%
General operating expenses	(2,312)	(2,337)	-1.0%
Gross operating income	1,337	1,390	-3.8%
Net additions to/reversals from provisions for loan losses	(797)	(179)	x 4.5
<i>cost of proven risk</i>	(192)	(154)	+24.2%
<i>cost of non-proven risk</i>	(605)	(24)	n.s.
Operating profit/(loss)	540	1,211	-55.4%
Net gains/(losses) on other assets and ECC ¹	71	145	-51.0%
Profit/(loss) before tax	611	1,356	-54.9%
Income tax	(234)	(379)	-38.3%
Net profit/(loss)	378	977	-61.4%

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

This business includes CIC's branch network and all the specialized businesses whose products it markets: equipment leasing and leasing with purchase option, real estate leasing, factoring, discount factoring, asset management, employee savings and insurance.

As for the group as a whole, net profit from retail banking was impacted by the steep €618 million increase in net additions to/reversals from provisions for loan losses, including €38 million for proven risk and €581 million for non-proven risk.

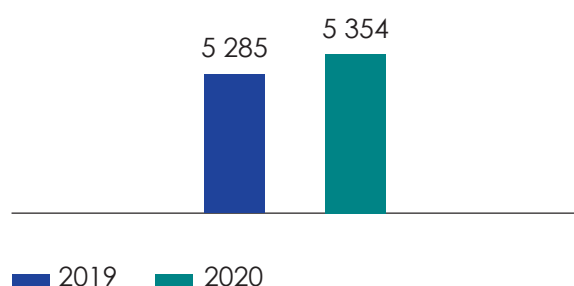
"Net gains/(losses) on other assets and ECC" reflects the decrease in the share of profit from Groupe des Assurances du Crédit Mutuel.

1.1 Branch network

All key figures are *pro forma* as they include CIC Iberbanco ¹ in 2019 and 2020.

The branch network had 5.354 million **customers** at end-December 2020, with the overall increase of 1.3% more pronounced in the small business and corporate customers market (+3.8%).

CIC branch network Number of customers
(in thousands)

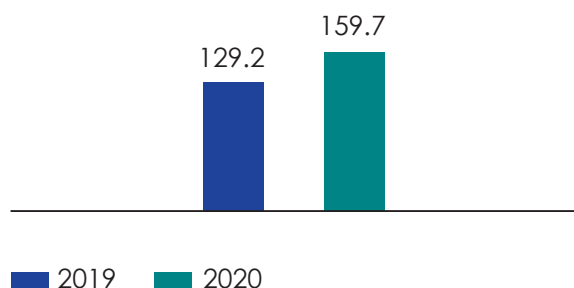


¹ At the end of 2020, the CIC Iberbanco branches were integrated into the CIC Île-de-France network.

Deposits increased significantly by 23.6%, particularly for current accounts with credit balances (+€24 billion), and the share of current accounts in deposits rose from 51% in 2019 to 57%.

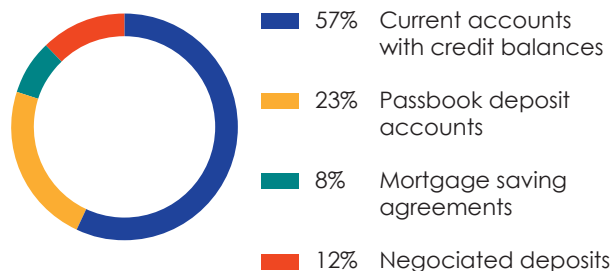
CIC network - customer deposits

(in € billions)



Structure of customer deposits

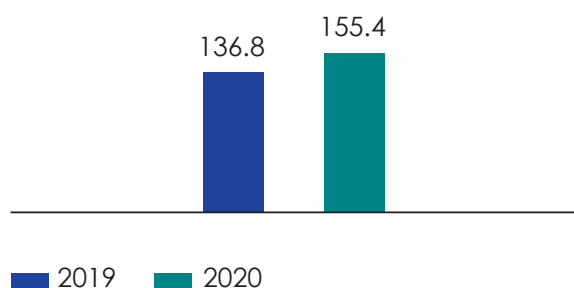
at December 31, 2020



The growth in outstanding **loans** (+13.6%) reflects high activity in both home loans (+6.3%) and investment loans (+5.3%). Outstanding loans at end-December 2020 included €12.6 billion in "PGE" business loans backed by the French government.

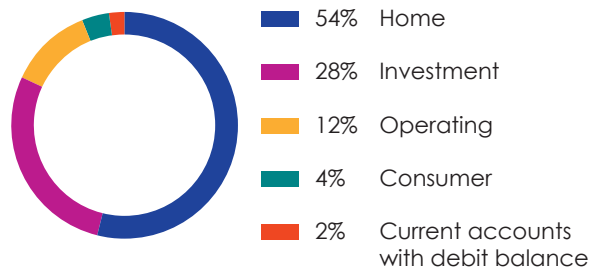
CIC network - customer loans

(in € billions)



Structure of loans

at December 31, 2020



The multi-service strategy led to an increase in products sold to our customers:

- the total number of property and personal insurance policies (excluding life insurance) reached €5.8 million, an increase of 3.1% year on year;
- the number of mobile phone contracts rose by 4.3% to 558,400;
- the number of remote home surveillance subscriptions was up by 2.3% to 110,000.

1.2 Business subsidiaries

In retail banking, following repayment to the network the support businesses generated net banking income of €226 million and net profit of €92 million after taking into account the share of profit of Groupe des Assurances du Crédit Mutuel (€80 million).

2. Specialized businesses

Private banking, corporate banking, capital markets and private equity round out CIC's banking and insurance offering. These four businesses account for 29% of net banking income and 48% of the net profit of the operational activities.

2.1 Private banking

(€ millions)	2020	2019	change
Net banking income	626	572	+9.5%
General operating expenses	(413)	(413)	-0.1%
Gross operating income	213	159	+34.3%
Net additions to/reversals from provisions for loan losses	(32)	6	n.s.
Operating profit/(loss)	181	165	+10.0%
Net gains/(losses) on other assets and ECC ¹	0	2	n.s.
Profit/(loss) before tax	181	166	+9.0%
Income tax	(39)	(33)	+18.9%
Net profit/(loss)	142	133	+6.5%

Customer activity	
	2020
(outstandings in € billion)	
savings	135.9
change over 1 year	+9.2%
deposits	24.9
change over 1 year	+4.8%
investment savings	111.0
change over 1 year	+10.3%
loans	15.7
change over 1 year	7.6%

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

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

Robust sales activity drove net banking income and net profit, which grew by 9.5% and 6.5%, respectively.

2.2 Corporate banking

(€ millions)	2020	2019	change
Net banking income	367	365	+0.4%
General operating expenses	(121)	(117)	+2.7%
Gross operating income	246	248	-0.6%
Net additions to/reversals from provisions for loan losses	(243)	(136)	+78.4%
<i>cost of proven risk</i>	(64)	(126)	-49.4%
<i>cost of non-proven risk</i>	(180)	(14)	x 13.3
Operating profit/(loss)	3	111	n.s.
Net gains/(losses) on other assets and ECC ¹	4	-	n.s.
Profit/(loss) before tax	7	111	n.s.
Income tax	9	14	n.s.
Net profit/(loss)	16	125	-87.4%

Customer activity	
	2020
(outstandings in € billion)	
loans	19.2
change over 1 year	+1.7%
deposits	16.7
change over 1 year	+64.8%

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).

Net banking income was stable, but the large provisions for performing loans (€180 million) resulted in a sharp drop in net profit.

2.3 Capital markets

(€ millions)	2020	2019	change
Net banking income	319	337	-5.4%
General operating expenses	(225)	(226)	-0.7%
Gross operating income	94	111	-15.2%
Net additions to/reversals from provisions for loan losses	(1)	(3)	-53.0%
Profit/(loss) before tax	93	108	-14.2%
Income tax	(25)	(28)	-10.6%
Net profit/(loss)	68	80	-15.5%
Non-controlling interests	3	6	-42.1%
Net profit/(loss) attributable to the group	65	75	-13.5%

The capital markets activities include the fixed-income, equities and credit investment business line and the commercial activity (CIC Market Solutions) in France and at the New York and Singapore branches.

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 December 31, 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 7%.

2.4 Private equity

(€ millions)	2020	2019	change at const. scp. ¹
Net banking income	190	265	-34.1%
General operating expenses	(65)	(51)	+9.3%
Gross operating income	126	214	-44.5%
Net additions to/reversals from provisions for loan losses	(1)	(0)	n.s.
Profit/(loss) before tax	125	214	-44.9%
Income tax	3	(1)	n.s.
Net profit/(loss)	128	213	-43.1%

Key figures	
2020	
portfolio of invested assets	€2.8 billion
number of investments	343
investments during the year	€580 million

¹ Excluding first-time consolidations in 2020: CIC Capital Suisse SA, CIC Capital Canada Inc, CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.

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

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.

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 16, 2021 to approve the financial statements.

All financial communications are available at: <https://www.cic.fr/fr/banques/institutionnel/actionnaires-et-investisseurs/index.html> under the heading "regulated information" and are published by CIC in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers - AMF).

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3. Alternative performance indicators

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 "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
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/reversals from provisions for loan losses	"net additions to/reversals from provisions for loan losses" item in the publishable consolidated income statement	measures the level of risk
customer loans	"loans and receivables due from customers at amortized cost" item of the asset side of the consolidated balance sheet	measure of customer activity in terms of loans
cost of 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 managed and held in custody	off-balance sheet savings products held by our customers or under custody (securities accounts, mutual funds, etc.) - management data (group entities)	representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
total savings	sum of 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	measures the level of general operating expenses
interest margin, net interest revenue, net interest income	calculated from items of the consolidated income statement: difference between the interest received and the interest paid: - interest received = "interest and similar income" item of the publishable consolidated income statement - interest paid = "interest and similar expense" item of the publishable consolidated income statement	representative measure of profitability
loan to deposit ratio	ratio calculated from items of the consolidated balance sheet: ratio expressed as a percentage of total customer loans ("loans and receivables due from customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	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)		
Cost/income ratio	2020	2019
General operating expenses	(3,225)	(3,250)
Net banking income	5,139	5,213
Cost/income ratio	62.8%	62.4%
Cost/income ratio excluding contribution to the single resolution fund and supervision costs	2020	2019
General operating expenses	(3,225)	(3,250)
Contribution to the single resolution fund and supervision costs	(151)	(115)
General operating expenses excluding contribution to the single resolution fund and supervision costs	(3,074)	(3,135)
Net banking income	5,139	5,213
Cost/income ratio excluding contribution to the single resolution fund and supervision costs	59.8%	60.1%
Loans/deposits	12/31/2020	12/31/2019
Net customer loans	208,703	188,523
Customer deposits	213,784	169,306
Loans/deposits	97.6%	111.4%
Coverage ratio	12/31/2020	12/31/2019
Impairment of non-performing loans	2,418	2,421
Non-performing loans (S3)	5,307	5,207
Coverage ratio	45.6%	46.5%
Non-performing loan ratio	12/31/2020	12/31/2019
Non-performing loans (S3)	5,307	5,207
Gross customer loans	212,333	191,535
Non-performing loan ratio	2.5%	2.7%
Total net additions to/reversals from provisions for loan losses as a percentage of outstanding loans	12/31/2020	12/31/2019
Net additions to/reversals from provisions for loan losses	(1,074)	(311)
Gross customer loans	212,333	191,535
Total net additions to/reversals from provisions for loan losses as a percentage of outstanding loans (in bp)	51	16