

PRESS RELEASE

February 8, 2023

2022 results	2022	Change 2022 / 2021 at current scope	Change 2022 / 2021 at constant scope ⁽²⁾
Growth in net banking income	€12,670m	+6.4%	+3.6%
<i>of which retail banking</i>	<i>€8,323m</i>	<i>+11.2%</i>	<i>+7.2%</i>
General operating expenses in line with our investment strategy	€6,916m	+8.9%	+4.8%
Well contained cost of risk	€743m	+14.8%	+11.8%
Decrease in net profit	€2,636m	-7.3%	-8.9%
Increased financing for our customers and members			
Home loans	€115.2bn	+11.8%	+7.2%
Equipment loans	€88.4bn	+14.7%	+13.9%
Consumer loans	€40.4bn	+8.7%	+8.7%
Operating performance and financial strength			
Cost/income ratio	54.6%		
CET1 ratio ⁽¹⁾	18.2%		
Shareholders' equity	€36.2bn		

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, TARGOBANK Spain and Cofidis Group.

The annual audit of the financial statements for the year ended December 31, 2022 is underway.

⁽¹⁾ Ratio estimated as at December 31, 2022, excluding transitional arrangements relating to Crédit Mutuel Alliance Fédérale which includes BFCM in its scope of consolidation.

⁽²⁾ After elimination of entities consolidated for the first time in 2022 (Beobank and Bail Actea, Crédit Mutuel Investment Managers, CIC Private Debt) and entities deconsolidated in 2021 (FLOA).

Activity

The data quoted are at constant scope.

Outstanding deposits came to €283.7 billion at the end of 2022, up by 0.9% year-on-year.

Inflows into Livret A passbook accounts were particularly high in 2022, with deposits up by 14.0% year-on-year to €13 billion. Regulated savings benefited from particularly favorable conditions in 2022, with interest rates on Livret A and LLDS passbook accounts quadrupling from 0.5% in January to 2% in August and unstable financial markets prompting customers to turn to products that are both liquid and safe. This interest rate environment was also good for term deposit accounts (+12.1%). In contrast, current accounts recorded substantial outflows totaling €11.4 billion.

Outstanding loans amounted to €322.3 billion at the end of 2022, a year-on-year increase of 9.0%.

After the recovery in 2021, outstanding loans grew in all of the main loan categories:

- home loans rose by 7.2% to €115.2 billion;
- consumer loans rose by 8.7% to €40.4 billion;
- equipment loans rose by 13.9% to €88.4 billion.

Financial results

Despite the abrupt and profound change in economic conditions, BFCM continued to generate strong **net banking income**, which reached €12.7 billion at current scope versus €11.9 billion in 2021, driven by good sales momentum in the networks. This represents year-on-year growth of 6.4% based on the consolidated scope and growth of 3.6% at constant scope.

General operating expenses rose by 4.8% to €6.9 billion due to higher employee benefit expenses which included general salary increases (3.2% in 2022) and the €3,000 value sharing bonus. Other operating expenses were impacted by a sharp increase in contributions to the Single Resolution Fund (SRF), supervision costs and contributions to the Deposit Guarantee Fund, which totaled €329 million in 2022. Overall, the rise in contributions to the SRF and the supervisory authorities was six times that of the increase in general operating expenses. Excluding the contribution to the SRF and supervision costs, general operating expenses rose by 3.7% at constant scope.

The **cost/income ratio** deteriorated by 1.2 points to 54.6%.

Gross operating income rose by 2.3% at constant scope to €5.8 billion.

At €743 million, the overall **cost of risk** rose by 11.8% year on year at constant scope and reflects two trends:

- An increase in the cost of proven risk for network and consumer credit customers and for corporate banking customers as a result of the downgrade of corporate loans. However, this deterioration, which reflects uncertain economic conditions, remains moderate at 25bp and is below the 2019 level;
- A slight reversal in the cost of non-proven risk following the discontinuation of the sector provisions recognized during the pandemic, offset by stricter economic scenario assumptions. An adjustment was also made to the provision for model risk to cover uncertainties stemming from the current environment, particularly on transactions with a leverage effect. The goal of this is to better anticipate macroeconomic variables in our prospective provisions.

Operating income rose by 1.1% year-on-year to over €5 billion.

The item “**Net gains and losses** on other assets and ECC”, at €1.1 billion, includes an adjustment of TARGOBANK Germany’s goodwill (€-958 million) linked to the rise in the discount rate and an additional provision (€-270 million) related to the potential sale of TARGOBANK Spain to ABANCA announced by the group on December 22, 2022.

Profit before tax fell by 7.6% in relation to 2021, at €3.9 billion.

In a difficult economic environment, **net profit** came to €2.6 billion at constant scope (versus €2.8 billion).

Net profit attributable to the group came to €2.3 billion.

Financial structure

At December 31, 2022, BFCM had shareholders' equity of €36.2 billion compared with €35.1 billion at the end of December 2021.

BFCM is a subsidiary of Crédit Mutuel Alliance Fédérale. At end-2022, its estimated Common Equity Tier 1 (CET1) ratio was 18.2%¹, down by 60bp versus the end of 2021. This fall is attributable to the loss of the authorization to apply the internal method on major accounts. The Tier 1 ratio was 18.2%¹ at the end of 2022 and the overall capital adequacy ratio was 20.5%¹.

The bank's financial strength and sound 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
Moody's ²	Aa2 / P-1	Aa3	Stable	P-1	a3	9/20/2022
Fitch Ratings ^{*3}	AA-	AA-	Stable	F1+	a+	12/30/2022
Standard & Poor's ¹	AA- / A-1+	A+	Stable	A-1	a	11/30/2022

*The Issuer Default Rating is stable at A+.

**The counterparty ratings correspond to the following agency ratings: Resolution Counterparty Rating 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.

¹ Standard & Poor's: Crédit Mutuel group rating.

² Moody's: Crédit Mutuel Alliance Fédérale/BFCM and CIC ratings.

³ Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

The external ratings and stable outlooks attributed to Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group were confirmed by the three main financial rating agencies in 2022, reflecting the recurrence of their earnings and the soundness of their financial fundamentals.

On December 16, 2021, Standard & Poor's raised its long-term issuer credit rating for Crédit Mutuel group from A to A+ with a stable outlook, the extra notch reflecting the fact that its additional loss-absorbing capacity (ALAC ratio) was above the level required by the agency under its new rating methodology.

¹Estimate - without transitional arrangements.

Results by business line²

Retail banking

Net banking income from retail banking came to €8.3 billion, an increase of 7.2%. General operating expenses rose by 2.9% to €4.7 billion. The cost of risk rose by €55 million to €726 million, with €769 million in respect of proven risk (+42.3%). The cost of non-proven risk showed a net reversal of €43 million.

Net profit came to €2.1 billion, up 19.7%.

Insurance

At €782 million, the contribution by Groupe des Assurances du Crédit Mutuel (GACM) to Group net profit was 6.2% lower than in 2021. This drop is attributable to the fall in the financial markets in 2022, after strong gains in 2021, leading to a decrease in IFRS net profit following a revaluation of assets recognized at fair value through profit or loss. Like the rest of the market, GACM recorded a very high level of weather-related claims in 2022 (hailstorms and drought), representing an unprecedented expense of €469 million, compared with €162 million in 2021.

Asset management and private banking

At €958 million, net banking income from asset management and private banking accounted for 8% of the NBI of Crédit Mutuel Alliance Fédérale's operational business lines, in a difficult economic environment and amid strained financial markets.

It benefited in 2022 from the contribution of the following subsidiaries which were consolidated for the first time: Crédit Mutuel Investment Managers (net banking income €16.6 million after fees and commissions paid to branch networks) and CIC Private Debt (net banking income €19.4 million).

General operating expenses increased by 10.1%, leading to an 14.0% fall in gross operating income to €302 million.

The cost of risk, at €33 million in 2022 compared with €9 million in 2021, includes this year provisions for unproven risks set up in accordance with the principles of IFRS 9.

Net gains/(losses) on other assets and ECC comprises non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

Net profit came to €227 million in 2022 compared with €259 million in 2021.

This data does not include the private banking activity carried out through CIC's network and at its five regional banks, i.e., €235.8 million in net banking income (+5.2%) and €105.5 million in net profit (+11.9%).

Corporate banking

Net banking income increased by 9.4% to €471 million in 2022. It was impacted by strong growth in income from large corporates as a result of robust lending activity and an increase in fee income, a slight fall in income from structured financing.

The cost of risk showed a net reversal of €7 million compared with €39 million in 2021.

With this, net profit fell slightly, by 1.6%, to €260 million in 2022 compared with €264 million in 2021.

² The segmentation of results by business line was revised with effect from the first half of 2022. For more information, please refer to point 6.3.1 of the press release issued by Crédit Mutuel Alliance Fédérale on February 8, 2023. All the changes are at constant scope.

Capital markets

Despite the steep fall recorded by the benchmark indices, a strong rebound in the last quarter allowed the capital markets business to record robust net banking income (€342 million), although lower than in 2021 (-2.7%), an exceptional year of post-Covid recovery.

Gross operating income amounted to €106 million. Total net profit from capital markets activities was €77 million.

Private equity

In 2022, more than €436.5 million was invested as part of a prudent policy taking into account the prevailing geopolitical uncertainty, the resulting economic impact on projected corporate growth and the resulting valuation multiples.

The portfolio of investment assets surpassed €3.3 billion, demonstrating the strong momentum of these businesses across all segments.

Total income reached €430 million, the second highest level on record after 2021, which was an exceptional year in view of the post-Covid recovery. Three quarters of this amount stems from capital gains.

Net profit was high at €340 million thanks to growth and merger opportunities within the prudently valued portfolio lines, particularly in the sectors affected by the crisis. CIC Conseil posted a record level of fees billed on mergers and acquisitions.

The annual audit of the financial statements at December 31, 2022 is underway.

The Board of Directors met on February 7, 2023 to approve the financial statements.

All financial communications are available at www.bfcm.creditmutuel.fr and are published by Crédit Mutuel Alliance Fédérale in accordance with the provisions of Article L. 451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the General Regulation of the French Financial Markets Authority (Autorité des marchés financiers - AMF).

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€ millions	12/31/2022	12/31/2021
Financial structure and business activity		
Balance sheet total	689,563	662,868
Shareholders' equity (including net profit for the year before dividend pay-outs)	36,222	35,127
Customer loans (including lease financing)	322,279	286,482
Total savings	562,750	579,857
- of which customer deposits	283,689	274,257
- of which insurance savings	59,100	59,100
- of which financial savings (invested in savings products)	219,961	246,500

	12/31/2022	12/31/2021
Branches and customers		
Number of branches	2,238	2,286
Number of customers (in millions)	20.7	20.4

€ millions	12/31/2022	12/31/2021
Results		
Net banking income	12,670	11,902
General operating expenses	(6,916)	(6,349)
Gross operating income	5,754	5,553
Cost of risk	(743)	(647)
Operating profit	5,011	4,906
Net gains/(losses) on other assets and equity consolidated companies	(1,141)	(793)
Profit before tax	3,870	4,113
Corporate income tax	(1,234)	(1,280)
Net gains on discontinued operations	0	9
Net profit	2,636	2,842
Non-controlling interests	347	356
Net profit attributable to the group	2,288	2,487

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