

Annual results

Crédit Mutuel Arkéa announces strong global performance in 2022, including both financial and non-financial aspects, for the benefit of the regions and their stakeholders

- With €551 million net income Group share and €9.4 billion non-financial performance, the group confirms the solidity of its model, and continues its profitable and responsible growth

Brest, 1 March 2023 – Crédit Mutuel Arkéa's Board of Directors, meeting under the under the chairmanship of Julien Carmona, has approved the Group's financial information and validated the overall performance for 2022. Crédit Mutuel Arkéa is the first bank to present its results in terms of global performance including both financial and non-financial aspects. All indicators – commercial, financial, solvency, non-financial impacts – reflect the pertinence, robustness and the consistency of the group's business model. The results presented today also illustrate the Group's agility and adaptability at the time of a profound paradigm shift - marked by inflation and the very rapid rise in interest rates -, as well as the sustained growth of its commercial activity. By measuring its environmental and socio-economic impacts, Crédit Mutuel Arkéa, which became a mission-driven company ("entreprise à mission") in May 2022, is providing a practical illustration of its aim of being a positive impact bank focusing not only on its financial performance but also on the non-financial impact of its initiatives on behalf of its stakeholders.

	2022	2022/2021	2022/2020
Gross outstanding loans	€81.9bn	+11%	+21%
Revenues*	€2,569m	+1.5%	+19%
Operating income	€619m	-13%	+23%
Net income Group share	€551m	-4%	+55%
Cost/income ratio	70.6%	+3.3 pp	+1.4 pp
Non-financial performance	€9.4bn	+16.3%	+24.8%

* Net banking and insurance income (NBII) including gains on disposal or dilution in investments in associates.

A pioneering approach illustrating the Group's aim of being a bank with a positive impact for all regions

Crédit Mutuel Arkéa is the first European bank to present its annual results in terms of global performance, made possible by the design of its own methodology for measuring its non-financial impacts, both environmental and socio-economic, in euros.

This stems from the Group's aim of being a **bank with a positive impact** on its environment, society and all stakeholders, as reflected in its Raison d'être, the Transitions 2024 strategic plan and the adoption of mission-driven company status in May 2022.

Year after year, Crédit Mutuel Arkéa has established itself as a leading provider of funds for the real economy, as demonstrated by **record loan production** in excess of €20 billion in 2022, which benefited individuals (notably through housing loans), businesses and local authorities alike. This performance reflects the strong commitment, on the part of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest, as well as Arkéa Banque Entreprises & Institutionnels, to helping members and customers achieve their goals throughout France. So while more than 60% of outstanding loans were granted in France's Brittany and Nouvelle-Aquitaine regions, where growth is continuing, there was also considerable business development in other regions.

Now halfway through its Transitions 2024 strategic plan, Crédit Mutuel Arkéa is consolidating its growth trajectory, which builds on the **diversified and balanced nature of its business model**. The online banking business (Fortuneo and Keytrade Bank), whose product and service quality is regularly praised, passed the million customer threshold this year and has a profitable development model. The Group is also capitalising on the attractiveness of its B2B offer, one of the model's most compelling features, while investing heavily to ensure widely acknowledged quality of service.

Crédit Mutuel is committed to maintaining decision-making centres and employment in the regions, and has more than 11,000 employees, including over 7,000 located in Brittany and over 1,000 in Nouvelle-Aquitaine. The Group has intensified its recruitment drive, with nearly 1,300 new employees hired on permanent contracts. This is a fundamental trend for the cooperative regional banking group, which has seen its workforce grow by 16% over the last seven years, thereby going against the current in the French banking landscape.

A goal of creating and sharing value in a balanced approach over the long term

The **global performance** approach that drives and guides Crédit Mutuel Arkéa reflects the profound transformation the Group initiated several years ago in order to help all stakeholders bring their projects to fruition while taking major environmental and societal challenges into account. The Group accordingly aims to share the value created with its members, customers, employees, partners, suppliers and regions over the long term, in a balanced manner.

This goal of sharing the value created is notably expressed through the grassroots community support mechanisms managed and run jointly by the directors and employees of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest in their respective regions. Against a backdrop of multiple crises – health, economic, social and environmental – the Group has consolidated its capacity for action since 2021 in order to support its most vulnerable members and customers. A total budget of €12 million is now allocated to this cause. In addition to an insurance solidarity fund and the abolition of banking incident fees for the most vulnerable, the local initiatives benefited more than 6,600 individuals, businesses and non-profits in need in 2022 and supported more than 1,700 jobs. Over the duration of its strategic plan, Crédit Mutuel Arkéa plans to redistribute at least €45 million through welfare initiatives.

The group is also particularly attentive to the recognition of the individual and collective commitment of its employees, marked by the redistribution of the fruits of its performance. The additional remuneration allocated for 2022 amounts to €173 million (including employer's contributions).

2022 financial performance

Crédit Mutuel Arkéa delivered very impressive results, demonstrating the strength and profitability of its business model. This unique model is resolutely focused on promoting the development of the regions and their stakeholders. This uncompromising positioning led the Group to abandon its CIB (corporate and investment banking) business in 2008.

Business indicators reflecting the attractiveness of the business model and offers, as well as employees' commitment to members and customers

- **120,000 new individual**, business and institutional customers (net new business) joined Crédit Mutuel Arkéa during the year, increasing the customer base by 2.4%. **The Group has over 5.1 million members and customers.** This net gain was driven mainly by the **online banking business**. This success demonstrates the pertinence of the Group's determined pioneering strategy in this market. The cooperative banking group acquired Fortuneo in 2006 and Keytrade Bank in 2016. The Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations also continue to develop their businesses.
- Crédit Mutuel Arkéa achieved **record loan production** of €20.2 billion in 2022, up 15.2% versus 2021. With growth of 13% in housing loans, 26% in loans to businesses and 34% in loans to local authorities, this surge in loan grants demonstrates the Group's determination and ability to support and finance projects for all types of customer, despite a challenging financial environment marked by very rapid rising interest rates. Gross outstanding loans amounted to €81.9 billion (up 11%). **Over the last seven years, Group outstanding loans have grown 74%, outperforming growth of just 38%* in the wider French market.* This makes Crédit Mutuel Arkéa the fastest-growing French bank.** The loan portfolio is very high quality, with the proportion of non-performing and disputed loans falling steadily to 1.8% in 2022. * *Source: Banque de France.*
- **Total outstanding savings** were stable at €155 billion. Net inflows of €8.1 billion were driven chiefly by a record €7.9 billion in interest-bearing bank savings, which benefited from the significant rise in regulated interest rates in 2022. In insurance savings, Suravenir accounts for 10% of the market's net inflows, while its outstandings represent a market share of 2.6%. Over the last three years, the group's life insurance subsidiary has collected nearly €4.2 billion in net new money, giving it a market share of over 12%. The increase in the proportion of assets invested in unit-linked products continued, up 1.4 percentage points year on year to 40%, illustrating Suravenir's long-standing initiatives to promote greater diversification of savings and the quality of its unit-linked offering made available to policyholders via all distribution channels.
- **In property and personal insurance**, earned premiums in the portfolio rose 4.3% to €475 million, including an 7.1% increase in new business premiums to €63 million. External networks accounted for 49% of new business premiums and 33% of earned premiums on existing policies.

Results reflecting sound profitability driven by a pertinent strategy

- **Group revenues**¹ were stable, breaking the €2.5 billion barrier again and up 19% versus 2020. This reflects controlled growth, despite the unstable market environment in 2022, and the benefits of the Group's strategy of diversifying revenue sources.¹

The net interest margin increased €114 million (up 16%), driven by the positive impact of higher interest rates on refinancing costs net of reinvestments.

Fee and commission income rose by a significant €38 million (up 7%), fuelled by commissions received for white-label services for banks.

Insurance revenues fell €22 million (down 3%), impacted by a decline in the fair value of assets and the impact of climate change, especially the weather conditions in south-west France last summer.

After a significant rebound in 2021 driven by the post-Covid economic recovery, **other revenues** fell €91 million (down 16%), mainly due to the impact of the unstable environment (especially stock market volatility and rising interest rates) on the valuation of financial assets, as well as a very challenging 2021 base effect for the private equity business, whose contribution in 2022 remains very robust.

23% of Group revenues,¹ or €581 million, were generated by the **Insurance and Asset Management Division**. The **BtoB and Specialised Services Division** contributed 17% of revenues,¹ or €432 million, with several long-term partnerships concluded. **Retail and Online Banking** accounted for 42% of revenues,¹ or €1,069 million, while **Corporate and Institutional Banking** contributed 19% or €488 million.

- **Operating expenses** rose 6.6% versus 2021 to €1.8 billion, mainly due to continued investment in implementing the Transitions 2024 medium-term plan, measures to help ease cost-of-living constraints for employees and the increase in the contribution to the Single Resolution Fund. Personnel costs (excluding social liabilities) on an isoperimeter basis increased by 7.2%, higher than the rate of inflation, a sign of an active policy of value sharing. **The cost/income ratio** increased 3.3 percentage points to 70.6%. **Gross operating income** was down 8.8% compared with 2021.
- **Cost of risk** rose 17% versus 2021 to €136 million due to changes in scenarios designed to take into account the uncertain outlook on portfolios sensitive to the inflationary economic environment. It currently stands at 17 basis points (in proportion to total outstanding customer loans on the balance sheet), among the lowest levels in the market.
- **Net income Group share** was €551 million, the Group's second-best performance ever, down 4% on 2021 (€574 million) and up 55% on 2020. This excellent performance was driven by the dynamics observed in all the group's businesses. In 2022 Crédit Mutuel Arkéa finalised the sale of Keytrade Luxembourg, Budget Insight, Leetchi and Mangopay, resulting in a total gross impact of €87 million on earnings. In addition, amid soaring interest rates (impacting discount rates) and inflation, goodwill testing at 31 December 2022 resulted in the impairment of Izimmo goodwill and an adjustment in the value of CFCAL goodwill, resulting in a combined negative impact of €34 million on 2022 earnings.

¹ Net banking and insurance income including gains on disposal or dilution in investments in associates.

Front-ranking solvency

- **Total balance sheet assets** increased by 5.8% from 31 December 2021 to €189.1 billion, with a **gross loan-to-deposit ratio** of 101% reflecting a high level of deposits.
- **Group shareholders' equity** increased 3.7% to €8.7 billion. This includes €2.7 billion in **member shares**, up 6.9% versus 31 December 2021.
- **The Common Equity Tier One (CET1) ratio** fell by only 0.1 percentage point to 16.9%, despite the increase in outstanding loans and the unfavourable market environment. **The overall solvency ratio** was 20.6%. Still well above regulatory requirements, this is testimony to the Group's strength.
- **Liquidity ratios** are especially robust, also well above regulatory requirements: LCR (one-month ratio) of 157.1% and NSFR (Net Stable Funding Ratio) of 113.6%.

SIMPLIFIED INCOME STATEMENT

€ millions	2022	2021	Change	%
Revenues*	2,569.4	2,530.7	+39	+1.5%
Operating expenses	1,814.0	1,702.0	+112	+6.6%
Cost/income ratio	70.6%	67.3%	+3.3 pp	
Gross operating income	755.4	828.6	-73	-8.8%
Cost of risk	136.0	115.8	+20	+17.5%
Operating income	619.4	712.8	-93	-13.1%
Net income Group share	550.7	573.7	-23	-4.0%

* Net banking and insurance income (NBII) including gains on disposal or dilution in investments in associates.

2022 non-financial performance

In October 2021, the Group unveiled its unique methodology for measuring its non-financial impact in euros, based on the conversion into euros of the Group's impact assessed through 24 environmental and socio-economic indicators, both external (relating to the activity of Group customers and suppliers) and internal (relating to its own activity). The non-financial performance was then calculated for the Arkéa Banque Entreprises & Institutionnels subsidiary.

Since then, Crédit Mutuel Arkéa has continued its work to extend the scope of business lines and activities taken into consideration in order to obtain a more detailed assessment of its environmental and social footprint.

In October 2022, the Group presented non-financial performance results covering 70% of the Group's financing transactions, 95% of external purchases and 90% of the workforce for 2020 and 2021.

Today, **the cooperative regional banking group is opening a resolutely new chapter, presenting its 2022 global performance, including both financial and non-financial aspects**, on a scope that has been extended once again, for non-financial aspects, and which now covers 75% of Group financing transactions, 95% of external purchases and 94% of the workforce. New Group entities have been included in the measurement scope, including Crédit Foncier Communal Alsace Lorraine (CFCAL) specialising in loan restructuring and debt consolidation. For this subsidiary, a 25th indicator has been created to reflect the immediate gain in purchasing power generated by credit consolidation. This gain amounts to €194 million on outstanding loans totalling €3.2 billion.

For 2022, the Group accordingly delivered a **non-financial performance of €9.4 billion**, up €1.3 billion or 16.3% versus 2021. On a like-for-like basis spanning the activities covered by the 2020 and 2021 measurements, Group externalities increased by 4.1%, thanks to the increase in financing volumes and purchases from suppliers.

Group non-financial performance for 2022 was driven by beneficial socio-economic impacts calculated mainly on financing, amounting to €10.4 billion, while environmental indicators had a negative impact of €1 billion, mainly due to a 16% increase in the shadow price of carbon.

As such, **€1 million in financing granted by Crédit Mutuel Arkéa in 2022 generated an average of €168,000 in positive socio-economic impacts and €18,000 in negative environmental impacts, resulting in a net positive impact of €150,000, stable versus 2021.**

The methodology for measuring non-financial performance also allows for an assessment by **sphere of influence**. **Direct impacts** – those that the Group can control, such as reducing its own carbon footprint – account for 4% of 2022 performance (€358 million). **Indirect impacts** – those that the Group influences, such as the use of local suppliers, thereby contributing to local employment growth – represent 36% (€3,351 million). Added to this are **induced impacts** – those to which the Group contributes, such as access to care and improvement in general health, by financing doctors, medical centres and nursing homes – which account for 60% of non-financial performance (€5.7 billion).

These results provide a **highly detailed view of all external impacts** and demonstrate Crédit Mutuel Arkéa's positive impact on its host regions and stakeholders, well beyond its direct sphere of influence.

Measuring its non-financial performance each year allows Crédit Mutuel Arkéa to assess its impact in concrete terms and measure the scope of its actions in a pragmatic and transparent manner as part of a continuous improvement process.

In line with its sustainable finance strategy, the group is also committed to a process of responsible financing and investment, by gradually taking into account environmental, social and governance (ESG) criteria, in addition to financial analysis. In 2022, it published **a policy to support health in the territories, a policy to exclude tobacco** (production, manufacturing and wholesale), and **revised its sectoral policies on coal, oil and gas**. Outstanding financing on companies excluded by the coal policy fell significantly in 2022 (-99%, from €97.4m to €0.3m), with **a commitment to exit the coal sector by the end of**

2027. In addition, since the implementation of the oil and gas policy, the exposure to companies whose activities are excluded by the policy is also decreasing, reaching €210.6m at the end of December 2022. **The Group is committed to exiting from Non-Conventional Fossil Energy (NCFE) players by the end of 2030.**



"2022 was an exceptional year in many ways. In a turbulent and uncertain economic and financial environment, Crédit Mutuel Arkéa's employees and directors have shown remarkable engagement, as seen both in the quality of financial results and in the Group's non-financial impact on its stakeholders. More than ever, Crédit Mutuel Arkéa was on hand to help all members and customers bring their projects to fruition and to support the most vulnerable segments of the population, notably through its community support schemes. More than ever, we are demonstrating the extent to which our unique model as a medium-sized cooperative bank is pertinent, a growth driver and beneficial to our entire ecosystem."

– **Julien Carmona**, Chairman of Crédit Mutuel Arkéa –

"We are very proud to be unveiling today Crédit Mutuel Arkéa's global performance, both financial and non-financial, through a unique approach. This says a lot about our firm belief that a company's performance can no longer be assessed in purely financial terms, and about our goal of being a bank with a positive impact. This ambition led the Group to become a mission-driven company in May last year. In a year marked by a profound paradigm shift, Crédit Mutuel Arkéa was able to draw on its distinctive strengths to pursue and consolidate a stellar growth trajectory driven by its capacity for innovation, agility and great diversity of business lines and activities – the fruit of bold strategic choices that are proving especially pertinent today."

– **Hélène Bernicot**, Chief Executive Officer of Crédit Mutuel Arkéa –

"We have never financed our customers' projects as much as we do today: our record loan production for individuals, professionals, businesses and local authorities is proof of this. We have never recruited so many people: nearly 1,300 new employees joined the Group in 2022, a testament to our attractiveness and dynamism. Our fundamentals are strong and our risks are under control. There is no doubt that we have many strengths with which to continue to fully play our role as a major provider of financing for the real economy, in support of our regions and their stakeholders, to accompany them in their necessary transitions. It is with these same convictions that we will continue to stand by our clients in the coming years."

– **Anne Le Goff**, Deputy Chief Executive Officer of Crédit Mutuel Arkéa –

About the Crédit Mutuel Arkéa group

The Crédit Mutuel Arkéa cooperative group is made up of the Crédit Mutuel de Bretagne and Sud-Ouest federations and their member local banks, as well as some forty specialised subsidiaries (Fortuneo, Monext, Arkéa Banque Entreprises et Institutionnels, Arkéa Investment Services, Suravenir, etc.). It has more than 11,000 employees, 2,600 directors, more than 5.1 million members and customers in banking and insurance and a balance sheet total of 189.1 billion euros.

The first banking group to adopt a "Raison d'être" (Purpose) in 2020, Crédit Mutuel Arkéa became an "Entreprise à mission" in 2022 and is committed, through its strategic plan "Transitions 2024", to practising

finance at the service of the territories and their stakeholders in order to position itself as the agile and innovative financial partner for the coming transitions.

With a nationwide presence, Crédit Mutuel Arkéa has chosen to keep its decision-making centres in the regions. It is a major player in job creation in its regions and relies on a continuous recruitment drive. The group is convinced that local development can only be achieved by combining financial and non-financial aspects. This is why Crédit Mutuel Arkéa is the first French bank to have developed a unique method for calculating overall performance. This enables it to take into account all the financial, social, societal and environmental impacts of its activities and those of its stakeholders. More information at www.cm-arkea.com

A detailed presentation for 2021 is available on the group's website at the following address: https://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5037/en/investor-presentations

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