

PRESS RELEASE

July 28, 2022

First-half results 2022	1st half 2022	Change H1 2022 / 2021 (current scope)	Change H1 2022 / 2021 (constant scope)
Net banking income rising steadily	€6.234bn	+ 16.0%	+ 16.0%
o/w banking network	€2.294bn	+ 16.4%	+ 9.6%
o/w consumer credit	€1.452bn	+ 6.0%	+ 6.0%
o/w insurance	€844m	- 20.4%	- 20.4%
o/w asset management and private banking	€451m	+ 6.3%	+ 2.1%
o/w private equity	€304m	+ 18.5%	+ 18.5%
General operating expenses under control	€3.559bn	+ 7.7%	+ 3.5%
Cost of risk up	€415m	x 2	x 2
proven risk	€311m	+ 4.2%	+ 4.1%
non-proven risk	€104m	+ €198m	+ €196m
Net profit at record level	€1.742bn	+ 1.1%	- 0.4%
Growth in lending to support the recovery			
Home loans	€112.6bn	+ 15.5%	+ 11.0%
Equipment loans	€33.3bn	+ 10.5%	+ 9.8%
Consumer loans	€38.4bn	+ 7.9%	+ 2.2%
Operating performance and financial strength			
Cost to income ratio	57.1%		
CET1 ratio ⁽¹⁾	18.1		
Shareholders' equity	€35.9bn		

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 Group, etc.

Unaudited financial statements – limited review currently being conducted by the statutory auditors.

⁽¹⁾ Estimated ratio as for June 2022, 30 (excluding transitional measures) for Crédit Mutuel Alliance Fédérale which includes BFCM in its scope of consolidation.

Activity

Deposits amounted to €280.3 billion as of June 2022, up 4.5% year-on-year. As from January 1, 2022, this figure includes deposits for Beobank (the Belgian branch network of Crédit Mutuel Nord Europe), which stood at €6.9 billion at end-June 2022. Deposits rose by 1.9% at constant scope.

As in 2021, current accounts continued to grow steadily (+4.8%) and inflows on regular passbook accounts were high, with deposits increasing by 6.8% to nearly €42 billion.

At the end of June 2022, outstanding loans totaled €311.3 billion, an increase of 12.9% year-on-year. As from January 1, 2022, this figure includes outstanding loans for Beobank as well as Bail Actéa and Bail Actéa Immobilier (equipment and property leasing), which stood at €9.7 billion at end-June 2022. Outstanding loans rose by 9.4% at constant scope.

Demand for loans to support the recovery was high, and support for customers was evidenced by significant increases in outstandings in the main loan categories:

- Home loans rose by 11.0% to €112.6 billion;
- Equipment loans rose by 9.8% to €83.3 billion;
- Outstanding consumer credit rose by 2.2% to €38.4 billion;
- Leasing receivables rose by 8.0% to €19 billion;

Financial results

BFCM's consolidated net banking income registered growth of 1.4% in the first half of 2022 to reach €6.2 billion. This was attributable to solid commercial performance, notably in the branch networks, whereas capital markets activities and insurance were dragged down by the tensions in the financial markets.

In the first half of 2022, general operating expenses amounted to €3.6 billion, an increase of 3.5% compared with the first half of 2021.

They were again significantly impacted by all the expenses related to contributions to the Single Resolution Fund, supervision costs and contributions to the Fonds de Garantie des Dépôts, which totaled €304 million for the first half of the year (compared with €213 million for the first half of 2021). Excluding these contributions, the increase in general operating expenses was limited to 1.1%.

The cost/income ratio worsened by 1.8 percentage points to 57.1%, and gross operating income was slightly down at €2.7 billion.

The total cost of risk in the first half of 2022 was €415 million compared with €204 million in the first half of 2021, i.e. an increase of €211 million during the period.

The cost of proven risk was €311 million for the first half of 2022, compared with €298 million for the first half of the previous year – a modest increase of 4.1% in a more difficult economic environment.

The cost of non-proven risk for the first half of 2022 was €104 million, as compared with a €94 million reversal in the first half of 2021. The prudent assumptions underlying the IFRS 9 scenarios remained unchanged relative to 2021 and the sectoral provisions established in 2020 remained at a high level.

As a result of this increase in the cost of risk, operating income fell by 9.6% year-on-year to €2.3 billion.

Gains on other assets and ECC came to €61 million. This includes a gain arising on the disposal of Floa to BNP Paribas at the start of the year, as well as gains on the first-time consolidation of the subsidiaries Crédit Mutuel Investment Managers and CIC Private Debt.

Profit before tax was €2.3 billion, a 5.3% decline relative to the first half of 2021.

Net profit was €1.7 billion and thus held steady relative to 2021 (-0.4%).

Net profit attributable to the group was €1.6 billion (+3.4%).

Financial structure

At June 30, 2022, BFCM's shareholders' equity totaled €35.9 billion compared with €35.1 billion at the end of December 2021.

BFCM is a subsidiary of Crédit Mutuel Alliance Fédérale. At the end of June 2022, the latter's estimated Common Equity Tier 1 (CET1) ratio was 18.1%¹. This decrease is due to the loss of approval of the internal ratings method for large accounts. The Tier 1 ratio stood at 18.1%¹ at the end of June 2022 and the total capital ratio came to 20.8%¹.

The bank's 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
Moody's	Aa2 / P-1	Aa3	Stable	P-1	a3	12/10/2021
Fitch Ratings *	AA-	AA-	Stable	F1+	a+	5/10/2022
Standard & Poor's	AA- / A-1+	A+	Stable	A-1	a	12/16/2021

*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.

Standard & Poor's: Crédit Mutuel group rating.

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

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

The external ratings for Crédit Mutuel Alliance Fédérale, BFCM and the Crédit Mutuel group remained unchanged in the first half of 2022.

On December 16, 2021, Standard & Poor's (S&P) 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. S&P also confirmed its SACP rating of "a", highlighting the recurrent nature of Crédit Mutuel group's results and the solidity of its balance sheet.

¹Estimate - without transitional arrangements.

On October 28, 2021, Fitch Ratings raised its rating outlook for Crédit Mutuel Alliance Fédérale from negative to stable, given the resilience of its profitability indicators and the quality of its assets and capital structure. The negative outlook had been issued after the start of the pandemic, as part of the general ratings revisions applied to European banks in 2020.

On October 12, 2021, Moody's confirmed its ratings and stable outlook for Crédit Mutuel Alliance Fédérale given its very resilient financial fundamentals in the context of the health crisis.

Results by business line²

Retail banking

Net banking income from retail banking was €4.1 billion (+8.3%). General operating expenses rose by 2.0% to €2.4 billion. Cost of risk rose sharply to €407 million, an increase of €177 million. The total includes €297 million for proven risk (+5.7%) and €110 million for non-proven risk (compared with a net reversal of €51 million in the first half of 2021).

Net profit came to €866 million (+11.1%).

Insurance

At €392 million, the first-half contribution to Group net profit from Insurance was down by 23.5% relative to June 30, 2021. Net insurance income was impacted by the fall in the markets and by unprecedented claims expenses arising from natural events (fires, drought, etc.). Net insurance income, at €844 million, was down by 20.4%.

Asset management and private banking

At €451 million, net banking income from asset management and private banking increased by 2.1% in a difficult economic environment (excluding changes in scope of consolidation). It benefited from the contribution of the following subsidiaries which were consolidated for the first time in this half-year: Crédit Mutuel Investment Managers (NBI of €8.4 million after fees paid to branch networks) and CIC Private Debt (NBI of €9.2 million).

General operating expenses increased by 6.7%, leading to a fall of 8.0% in gross operating income to €125 million. 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 was €105 million in the first half of 2022, compared with €93 million a year earlier.

Corporate banking

Net banking income increased by €17 million (+8.4%) to €214 million in the first half of 2022. It benefited from a sharp rise in income from the large corporates activity thanks to good loan production, a modest increase in the structured finance activity, and an increase in income from international financing as a result of proactive measures taken to maintain close relations with customers.

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 6.2.2 of the press release issued by Crédit Mutuel Alliance Fédérale on July 28, 2022.

The cost of risk increased by €51 million: the cost of proven risk rose to €22 million from €5 million in 2021; the main change stemmed from non-proven risk, in relation to which provision reversals were lower: €9 million at June 30, 2022 compared with €43 million in the first half of 2021.

Net profit therefore fell by 27.2% to €90 million.

Capital markets

In the first half of 2022, the net banking income for capital markets activities was €180 million, down compared with the first half of 2021 due to a negative base effect – given the exceptional post-health crisis performance in the first half of 2021 – and a deterioration in the geopolitical and economic environment during the period which impacted the financial markets.

CIC Marchés continued to keep a close eye on the cost structure under these market conditions, with costs down 2.2% compared with the first half of 2021.

Gross operating income amounted to €51 million. Total net profit from capital markets activities was €35 million.

Private equity

Investment activity was robust during this half-year period with €229.4 million in investments through 29 transactions, including 48% in new projects. The portfolio of invested assets is now €3.1 billion after taking into account €180 million in disposals during this first half of the year.

Total income exceeded €300 million as of June 30, 2022, including more than €240 million in capital gains generated as a result of numerous transactions on the portfolio investments, which are still valued very carefully despite their strong performance.

Net profit at June 30 was €251 million. This high level of half-year profitability will allow Crédit Mutuel Equity to more confidently tackle the economic and financial challenges that await its investments, which we will continue to support over the long term.

Unaudited financial statements – limited review currently being conducted by the statutory auditors.

The Board of Directors met on July 28, 2022 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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BANQUE FÉDÉRATIVE DU CRÉDIT MUTUEL
Consolidated scope

Key figures ⁽¹⁾

€ millions	6/30/2022	6/30/2021
Financial structure and business activity		
Balance sheet total	669,808	658,624
Shareholders' equity (including net profit for the year before dividend pay-outs)	35,920	34,256
Customer loans (including lease financing)	311,315	275,733
Total savings	547,256	557,859
- of which customer deposits	280,266	268,306
- of which insurance savings	50,059	58,490
- of which financial savings (managed and in custody)	216,931	231,063

	6/30/2022	6/30/2021
Branches and customers		
Number of branches	2,337	2,330
Number of customers (in millions)	21,0	19.9

€ millions	H1 2022	H1 2021
Results		
Net banking income	6,234	5,983
General operating expenses	(3,559)	(3,306)
Gross operating income	2,675	2,677
Cost of risk	(415)	(204)
Operating profit	2,259	2,473
Net gains/(losses) on other assets and equity consolidated companies	61	(63)
Profit before tax	2,321	2,410
Corporate income tax	(579)	(693)
Net gains on discontinued operations	0	7
Net profit	1,742	1,723
Non-controlling interests	172	204
Net profit attributable to the group	1,570	1,519

(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.