

## 2023 results

### **Crédit Mutuel Arkéa demonstrates its solidity and continues to grow in support of regions**

- With a sharp increase in sales, solid net income of €417 million and €9.4 billion in non-financial performance in 2023 – a year marked by an adverse economic and financial environment – the Group has confirmed the merits of its business model and continues to drive profitable and responsible growth.

Brest, 29 February 2024 - Crédit Mutuel Arkéa's Board of Directors, meeting on Wednesday 28 February under the chairmanship of Julien Carmona, has approved the Group's financial statements and validated the overall performance for 2023.

This year, Crédit Mutuel Arkéa confirmed its strong sales momentum and posted particularly solid solvency and liquidity ratios, reflecting the robustness of its model. As the first bank to measure its overall performance, the Group's non-financial performance has remained stable. After a truly exceptional 2022 (€663 million in net income), net financial income was solid in 2023, albeit down as expected. A number of factors impacted this result: a sharp hike in interest rates, the negative impact of the ECB's changes to the TLTRO conditions at the end of 2022, a challenging basis for comparison due to an all-time record private equity performance in 2022, as well as extreme weather events that weighed on insurance revenues, particularly in Brittany and in the South West region of France. In keeping with its mutualist values and commitment to the local region, the banking group, which has had no corporate and investment banking (CIB) business since 2008, made the conscious decision to continue financing the real economy throughout this year of instability, while maintaining its ambitious environmental and social objectives.

	2023	2023/2022
Gross outstanding loans	€87.5bn	+6.9%
<b>Revenues*</b>	<b>€2,139m</b>	<b>-11%</b>
Operating income	€508m	-33%
<b>Net income - group share</b>	<b>€417m</b>	<b>-37%</b>
Operating ratio	71.8%	+9 pts
<b>Non-financial performance</b>	<b>€9.4bn</b>	<i>stable</i>

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

## A new paradigm of growth

For the second year in a row, **Crédit Mutuel Arkéa has decided to present its results in terms of overall performance, combining financial and non-financial results**, in keeping with its objective to be a bank with a positive impact on the environment and society. This unprecedented and pioneering approach in the banking sector is based on an in-house methodology designed by the Group, the details of which can be found on its website. Far more than a mere calculation method, overall performance has become a genuine guide for the Group, setting the course for its actions and providing direction for the company.

Crédit Mutuel Arkéa has been actively pursuing this goal, defining its Raison d'être (purpose) in 2019 and becoming a mission-driven company in 2022. It unveiled its roadmap in 2023, which was drawn up by the Mission Committee and based on the five commitments set out in its mission statement. It contains 14 indicators, with a variety of quantitative targets serving stakeholders and the real economy, including the membership rate, annual financing production and annual gross savings inflows in favour of the environmental transition, the Group's direct carbon footprint, the proportion of employees with disabilities, and redistribution through welfare initiatives.

Crédit Mutuel Arkéa is adopting a truly transformative approach, integrating social and environmental responsibility into the very heart of its business, rather than restricting itself to a redistribution mindset. By providing its customers with steadfast support as they make the transition to an efficient and sustainable economy, the Group is adopting a responsible growth strategy and intends to share the value created fairly with its stakeholders over the long term.

## Business momentum: a bank that continues to lend

Within an environment profoundly affected by inflation, economic slowdown and rising interest rates, **the Group continued to achieve robust sales activity**, reflecting the commitment of its distribution networks and employees.

While home loan production fell by 41%<sup>1</sup> in France, the production of local banks of **Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest** was down just **20%**. These loans are **designed for customers and business sectors in keeping with our commitments, such as home ownership, support for first-time buyers amid a genuine housing crisis, and hospitals**. This notable performance reflects the strong commitment of local banking networks 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. This performance also demonstrates Crédit Mutuel Arkéa's unique positioning as an **everyday bank that plays an essential role in the functioning of the economy and in supporting those involved in social cohesion and local authorities**.

It is also deeply committed to regional development, with loans totalling **€7.3 billion in Brittany and €2.4 billion in the south-west region of France**. The bank promotes local initiatives, contributing to job creation and the economic vitality of its historic regions Brittany and Nouvelle-Aquitaine, and throughout the rest of France thanks to the pro-active development of its subsidiaries.

In 2023, the Group posted strong sales momentum:

- Crédit Mutuel Arkéa has **close to 5.1 million members and customers**. Compared with the end of 2022, the **portfolio grew 4.4%** like for like. Driven by Fortuneo, the Group recorded 200,000 net new customers, an increase of 60,000 customers (+40.3%) compared to 2022.
- **Gross outstanding loans**: loan production amounted to €15.6 billion in 2023, down 23% compared to the record level in 2022 (€20.2 billion). Loan production was hit by the rise in interest rates, which affected all categories of loan. Gross outstanding loans continued to rise, reaching €87.5 billion (+6.9%). This figure is up 86% since 2016, compared to a 39% increase for other banks.
- Compared to 2022, the Group also posted:
  - **a 17% increase in annual loan production** for the environmental transition, i.e. around €1 billion;
  - **a 7% increase in agricultural loan production**, i.e. €563 million, as well as **a 40% increase in the market share of young farmers** located in Brittany.
- **Total outstanding savings increased 7.9% versus 2022**, reaching €167.3 billion. Net inflows hit an all-time high at €11.6 billion. This was mainly driven by bank savings (which benefited from the rise in regulated rates) and by financial savings within the asset management activities of its subsidiary Arkéa Investment Services, while Suravenir, with net inflows of nearly €900 million, once again outperformed the French market. The Group also recorded gross savings inflows in favour of the environmental transition of €689 million, almost four times more than in 2022.
- **In property and personal insurance**, earned premiums on existing policies were up 5.6% compared with 2022 at €502 million. New business premiums were stable at €63 million. External networks accounted for 47% of new business premiums and 32% of earned premiums on existing policies.

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<sup>1</sup> Source: *Panorama des prêts à l'habitat des ménages - Banque de France - February 2024*

## Financial results affected by adverse external factors and comparison with an exceptional 2022 financial year

IFRS17 and IFRS9 have been applied to insurance underwriting activities since 1 January 2023, and the 2022 financial statements are presented on a pro forma basis. The application of these standards, which is beneficial for Crédit Mutuel Arkéa, resulted in net income of €663 million in 2022 (versus €551 million under the previous standards). Given that the positive impact of first-time application is by definition non-recurring, it raises the 2022 basis for comparison.

Although business was strong, the financial results were impacted by a range of factors linked to a particularly challenging economic and financial environment in 2023:

- A non-recurring negative impact of €119 million on revenues due to changes by the European Central Bank to the TLTRO conditions at the end of 2022.
- A significant decline in the contribution from private equity activities (down €154 million), albeit still strong, compared to the all-time high recorded in 2022. In fact, the Group invested €209 million in the capital of companies everywhere in France in 2023.
- Extreme weather events in our regions

These factors had a knock-on effect on the 2023 income statement:

- **Group revenues:** strong business across all the Group's business lines generated revenues of €2.1 billion in 2023, down 11% versus 2022. Excluding the TLTRO impact, **the net margin on customer interest and cash management (refinancing costs, reinvestment of cash surpluses, interest rate management, etc.)** rose by €32 million. In 2023, 26% of Crédit Mutuel Arkéa's revenues<sup>2</sup> were generated by the **Insurance and Asset Management division** (i.e. €547 million). The **BtoB and Specialised Services Division** accounted for 18% of Crédit Mutuel Arkéa's revenues (i.e. €388 million). **Commissions** were up €32 million, particularly on cards and payment methods. **Insurance revenues** were down €19 million, in line with the increase in claims. The impact of the storms mentioned above was €23 million in 2023. **Other income** was down €191 million, impacted by a sharp decline in the contribution from private equity versus 2022, which was a record year.
- **Operating expenses** were stable at €1.5 billion (up 1.8%) compared with 2022, despite the inflationary environment and the Group's development expenses. The **cost/income ratio** was impacted by the decline in revenues (down 11%) compared to a record performance in 2022 (71.8%). **Gross operating income** was down 32.9% compared with 2022. The change in TLTRO conditions accounted for a further 2.3 percentage point reduction in the 2023 cost/income ratio.
- **The cost of risk** fell to €94 million (down 31% compared to 2022), representing an annualised level of 11 bps on customer outstandings on the balance sheet, and reflecting a very healthy credit portfolio and solid credit risk management. The

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<sup>2</sup> Net banking and insurance income including gains on disposal or dilution in investments in associates

property crisis has had no impact on credit risk.

- **Net income group share** was down 37.2% versus 2022, at €417 million.

## Solvency ratios well above regulatory requirements, reflecting a robust model

Despite a tense environment, solvency and liquidity ratios remained strong and well above regulatory requirements, reflecting the robustness of the Group's model:

- **Total balance sheet assets** rose 2.1% compared with 31 December 2022 to €191.6 billion, with a gross loan-to-deposit ratio of 103%.
- **Group shareholders' equity** increased 5.1% to €9.7 billion. This includes €2.9 billion in member shares, up 6.4% versus 31 December 2022.
- **The Common Equity Tier One (CET1) ratio** remained high at 16.9% (stable), despite the increase in outstanding loans and the unfavourable market environment. Still well above regulatory requirements (+7.8 pps), this testifies to the Group's solidity. The overall solvency ratio was 20%.
- **Liquidity ratios** are especially robust, also well above regulatory requirements: LCR (one-month ratio) of 140% and NSFR (Net Stable Funding Ratio) of 112%.

## SIMPLIFIED INCOME STATEMENT

€m	31/12/2023	31/12/2022	Change	%
Revenues*	2,139.8	2,404.5	-265	-11.0%
Operating expenses	1,537.4	1,510.9	+27	1.8%
Operating ratio	71.8%	62.8%	+9 points	
Gross operating income	602.4	893.6	-291	-32.6%
Cost of risk	94.3	136.0	-42	-30.6%
Operating income	508.1	757.6	-250	-32.9%
Net income – Group share	416.7	663.2	-246	-37.2%

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

## Non-financial performance, a pioneering approach in the banking sector

### ❖ A refined methodology

In October 2021, the Group unveiled a unique methodology for measuring its non-financial impact in euros, based on the conversion into euros of the Group's impact assessed through 25 environmental and socio-economic indicators, both external (relating to the activity of Group customers and suppliers) and internal (relating to its own activity).

For 2023, the Group is **once again presenting its results in an unprecedented manner, in both financial and non-financial terms** and with an even broader scope for the non-financial component: it now covers 20% of the investments made by Crédit Mutuel Arkéa through its life insurance, asset management and private equity subsidiaries. For the **investment scope**, the following indicators are calculated on the basis of granular data by counterparty: GHG emissions, water consumption, waste production, and jobs supported.

Two new indicators have also been created:

1. The **measurement of avoided greenhouse gas emissions**, which consists in calculating the difference between GHG<sup>3</sup> emitted in a benchmark scenario and GHG emitted with the technology used. This indicator, applied to the financing of photovoltaic, wind and methanisation projects, represented a positive impact of €6.1 million.
2. The **measurement of skills sponsorship**, making it possible to estimate costs avoided by the entity (in particular associations) that benefits from the services provided by Group employees. In 2023, the 2,458 days provided to various entities represented a positive impact of €0.8 million.

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 – accounted for 4% of 2023 performance (€386 million).
- **Indirect impacts** – those that the Group influences, such as the use of local suppliers, thereby contributing to local employment growth – represented 23% (€2,183 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 accounted for 73% of non-financial performance (€6,803 million).

#### ❖ **Stable performance and an expanding scope**

For 2023, the Group has announced **non-financial performance of €9.4 billion, stable compared with 2022, which continues to be driven by financing**. Despite an increase in hedged outstandings, the main impact was on real estate, with a decrease in transactions in existing buildings and new builds, reflecting difficulties in the sector on a national scale.

Group non-financial performance for 2023 was driven by beneficial socio-economic impacts amounting to €11.7 billion, while environmental indicators had a negative impact of €2.3 billion, mainly due to an increase in carbon and water costs.

As such, in 2023, **€1 million in financing granted or investments made by Crédit Mutuel Arkéa generated an average of €123,000 in positive overall impacts.**

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

❖ **A highly proactive climate strategy and improved non-financial ratings**

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 2023, Crédit Mutuel Arkéa stepped up its efforts to formalise and implement its commitments to support the Group's major ESG transformations. It recently published its first climate targets for 2030, as an extension of its membership of the NZBA<sup>4</sup> alliance in 2022, in particular in sectors with the highest emissions. Its commitments include strong measures such as **phasing out coal by 2027 and immediately discontinuing financing for fossil fuel projects, as well as reducing the carbon intensity per square metre financed in the housing loan portfolio by 23% by 2030**. To meet this target, it strongly encourages energy renovation projects and finances new homes with lower emissions.

Furthermore, its non-financial ratings rose in 2023, reflecting its ongoing commitment to environmental, social and governance criteria, including:

- **Sustainalytics** awarded a score of 10.8/100 (on a scale from 0 to 100, with 0 being the least risky), an improvement of **8.3 pts**
- **Moodys ESG Solutions (formerly Vigeo)**: 72/100 (on a scale from 0 to 100, with 100 being the best), an improvement of **3 pts**
- **CDP** increased its rating by 2 grades, **moving from C to B- and B**

**A group attracting even more new hires, and employees proud to work for a mission-driven company**

❖ **Mission-driven company = 35% increase in job applications**

**Crédit Mutuel Arkéa's strong commitment to more responsible finance has won the support of its employees and made it a more attractive company.**

Employees have a strong attachment to the company and its initiatives. 97% of our employees plan to continue their careers at the Group, and the adoption of **mission-driven company status has greatly enhanced the Group's attractiveness, with a 35% rise in applications.**

As a benchmark employer in its historic regions with over 7,800 employees in Brittany and more than 1,200 in Nouvelle-Aquitaine, unlike the rest of its sector Crédit Mutuel Arkéa **attracts even more new hires each year, with almost 1,200 new employees hired under permanent contracts last year. Since 2016, new hires at the cooperative regional**

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<sup>4</sup> Net-Zero Banking Alliance

**banking group have risen 19%**, while the rest of the banking sector has seen a downward trend (down 8% in 2022).

Crédit Mutuel Arkéa is committed to a **solid and protective social model**, with a strong focus on people. It continues to hire and provide support via a comprehensive and balanced remuneration policy, despite a turbulent global economic environment. In 2023, the Group's payroll increased 4.8% (€546 million) like-for-like compared with 2022, and it paid €92 million out to employees under profit-sharing and incentive schemes.

### **A Group committed to its stakeholders**

Amid persistent inflation and an economic slowdown, as well as extreme weather events (Ciaran and Domingos storms, floods, etc.), **Crédit Mutuel Arkéa's staff and Board members have remained as committed as ever to supporting the Group's five million or so members and customers.**

Driven by its co-operative and mutualist values, the Group supports the most vulnerable people in society through its sponsorship and solidarity programmes. Last year, these initiatives were rolled out in Crédit Mutuel de Bretagne's and Crédit Mutuel du Sud Ouest's regions and were organised by the two federation's local banks, helping **over 7,100 families, businesses and associations.**



*“Despite a challenging economic and monetary environment, we’ve continued our vital support for the real economy and the most vulnerable people in society. We’ve remained deeply committed to regional development by supporting local initiatives, contributing to job creation and the economic vitality of our historic regions Brittany and Nouvelle-Aquitaine, and throughout the rest of France thanks to the pro-active development of our subsidiaries. Our autonomy, which is now secured, strengthens the relevance of our development model and gives us full freedom to design and implement sustainable and responsible solutions in service of the regions. I would also like to pay tribute to the commitment of our 11,000 employees, whose day-to-day work with our customers is essential.”*

– Julien Carmona, Chairman of Crédit Mutuel Arkéa –

*“Our results are those of a resolutely different bank and a mission-driven company, driven by the belief that a bank’s performance can no longer be purely financial. By measuring our environmental and socio-economic impact, we’re living up to our promise to be a bank with a positive impact, by focusing on the non-financial impact of our activities on our stakeholders, in addition to our financial performance. Guided by our status as a mission-driven company, we’re heading into 2024 with confidence and determination. As we finalise our Transitions 2024 strategic plan, we’re designing a new roadmap where finance will continue to pro-*



*actively serve communities as part of a responsible growth initiative. Our impact-focused approach and long-term vision set us apart from other banks, and we're committed to bringing a sense of care to the financial sector."*

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

*"Despite a turbulent economic environment and significant changes in accounting and monetary conditions, we've been able to adapt and maintain our role as an essential partner to the local economy and all its players, in keeping with our status as a mission-driven bank. Our excellent growth trajectory has been confirmed thanks to the commitment of all our Board members and employees. Our Group maintains solid fundamentals and solvency ratios that exceed regulatory requirements. 2023 demonstrated the merits and resilience of our business model, and our ability to deliver on our promise to be a cooperative, committed and responsible bank."*

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

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## About Crédit Mutuel Arkéa

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.). Crédit Mutuel Arkéa has over 11,000 employees, 2,600 directors and a total of more than 5.1 million members and customers. The bank holds €189.1 billion in total assets.

The first banking group to adopt a "Raison d'être" (corporate purpose) in 2019, Crédit Mutuel Arkéa became an "Entreprise à mission" (mission-driven company) in 2022 and is committed, through its strategic plan "Transitions 2024", to providing finance that serves the regions 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.

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Link to investor presentation :

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