BANQUE FÉDÉRATIVE
Crédit Mutuel

PRESS RELEASE

February 10, 2022

2021 Results

	2021	Change over 1 year
Sharp increase in net banking income in all business lines	**€11,902m**	**+16.0%**
of which retail banking & insurance	*€9,498m*	*+9.0%*
of which specialized business lines	*€2,004m*	*+32.1%*
Cost of risk fell substantially	**€647m**	**- 69.1%**
A high level of net profit	**€2,842m**	**+88.5%**
Strong business momentum in customer services		
Home loans	**€103.1bn**	**+10.0%**
Equipment loans	**€77.1bn**	**+3.4%**
Consumer loans	**€37.2bn**	**+7.6%**
A solid financial structure		
CET1 ratio [1]	**18.8%**	**+100bp**
Leverage ratio [1]	**7.6%**	**+70bp**
Shareholders' equity	**€35.1bn**	**+€2.6bn**

All of the data in this press release concerns the Banque Fédérative du Crédit Mutuel (BFCM) consolidated scope. The BFCM consolidated scope includes Banque Fédérative du Crédit Mutuel and its main subsidiaries: CIC, ACM, BECM, Targobank Germany and Targobank Spain, Cofidis Group, etc.

The annual audit of the financial statements for the year ended 12/31/2021 is underway.

[1] Ratios (excluding transitional measures) for Crédit Mutuel Alliance Fédérale which includes BFCM in its scope of consolidation.

Activity

Customer **deposits** amounted to €274.3 billion at the end of 2021, an increase of 2.0%. This increase should be seen in the light of the high level of precautionary savings in 2020 linked to the start of the pandemic.

Growth in current account deposits remained strong at 12.1% in 2021 whereas term deposit accounts showed a net outflow (-20.5%).

At the end of 2021, outstanding **loans** totaled €286.5 billion, an increase of 5.8% year on year. In 2020, the strong 8.3% increase in loans had been driven by cash loans, which tripled following the unblocking of government-backed loans to businesses.

In 2021, activity was strong in all of the main loan categories:

- home loans rose by +10.0% to €103.1 billion;
- consumer credit outstandings rose by +7.6% to €37.2 billion;
- equipment loans were up +3.4% to €77.1 billion while leasing activity was up +7.1% to nearly €17 billion, reflecting the business recovery and the higher level of support provided to customers.

Financial results

In 2021, **net banking income** (NBI) rose sharply by 16.0% versus 2020 to €11.9 billion, driven just as much by strong activity in the banking networks (+4.5%) and insurance business (+33.1%) as by strong growth in the specialized business lines.

Net banking income was approximately 7% higher than its pre-crisis level (€10.9 billion in 2019).

General operating expenses rose by 4.5%, in line with the measures implemented to boost wages and support growth and the ongoing investment in the group's digital transformation.

They were affected by the continuing rise in the contribution to the Single Resolution Fund (SRF) and other supervision costs (+9.3% to €242 million).

The cost/income ratio was 53.3%.

Gross operating income rose by 32.7% year on year to €5.6 billion.

Cost of risk fell substantially to €647 million versus €2.1 billion in 2020:

- the cost of proven risk was €557 million, a decrease of €409 million; the provisioning expense for the year partly reflect the effects of the measures to help economic agents deal with the health crisis (sharp fall in bankruptcies recorded in France in relation to 2019);
- the cost of non-proven risk was €90 million versus €1.1 billion in 2020, which had seen an increase in provisions to take account of a future deterioration in risk due to the health crisis. In 2021, the assumptions of the IFRS9 scenarios were unchanged relative to 2020 and sector provisions, which were set out in 2020, remained at a high level.

Operating income more than doubled to €4.9 billion.

The item “Net gains/(losses) on other assets and ECC” showed a net expense of €793 million in 2021. In 2021, impairment was recorded on goodwill relating to Targobank Deutschland in view of the downward revision to its earnings outlook. The net impact on the 2021 financial statements is €775 million.

Profit before tax amounted to €4.1 billion, an increase of 84.5% in relation to 2020.

Net profit rose strongly to €2.8 billion, up by 88.5% on 2020.

After the deduction of non-controlling interests (€356 million, mainly relating to GACM), **net profit attributable to the group** came to €2.5 billion compared with €1.3 billion a year earlier.

Financial structure

At December 31, 2021, BFCM's consolidated shareholders' equity totaled €35.1 billion compared with €32.6 billion at the end of 2020.

Banque Fédérative du Crédit Mutuel is a subsidiary of Crédit Mutuel Alliance Fédérale. At the end of December 2021, the latter's Common Equity Tier 1 (CET1) ratio was 18.8%.

Risk-weighted assets (RWA) came to 245.1 billion at December 31, 2021, compared with €233.8 billion at the end of December 2020. At 220.7 billion, credit risk-weighted assets represented 90% of the total.

The leverage ratio was 7.6% at December 31, 2021 versus 6.9% at 31 December 2020, after the exclusion of central bank exposures as permitted by the ECB at the end of 2020.

Groupe des Assurances du Crédit Mutuel (GACM) successfully launched its first issue of subordinated redeemable (Tier 2) bonds for a total of €750 million, placed among European, Asian and US institutional investors.

Its 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+	11/17/2021
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.

On June 24, 2021, Standard & Poor's raised the ratings outlook for the Crédit Mutuel group and several other French and European banks from negative to stable, on the basis that the improvement in the economic environment had reduced the risk of a material deterioration in asset and capital quality.

On December 16, 2021, S&P raised its long-term issuer credit rating for Crédit Mutuel group from A to A+, with a stable outlook, to reflect the fact that its additional loss-absorbing capacity (ALAC ratio) surpasses the level recommended 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.

On October 28, 2021, Fitch Ratings revised up 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 against the backdrop of a more favorable economic environment.

As a reminder, the negative outlooks issued by Fitch and S&P in March and April 2020 were assigned following the start of the pandemic and were part of the general ratings revisions applied to European banks.

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

Results by business

Retail banking

Net banking income from retail banking was €7.7 billion (+4.6%). General operating expenses rose by 5.1% to €4.5 billion. Cost of risk were down by 64% to €653 million, of which €537 million relating to proven risk and €116 million relating to non-proven risk.

Net profit therefore increased by a factor of 2.3 to €1.8 billion.

Insurance

At €834 million, GACM's contribution to net profit was comparable to that of 2019 (€859 million), up sharply on 2020 (€508 million). It was also bolstered by the economic recovery, the financial market rally and the rise in interest rates.

Private banking

In 2021, the private banking business was marked by a high number of company sales, high valuations, excellent financial market gains and greater customer interest in new investment solutions.

Net banking income rose by 8.2% to €677 million. General operating expenses rose by 5.1% while cost of risk fell to €8 million in 2021 versus €32 million in 2020. Net profit increased by 33.8% to €190 million, surpassing its pre-crisis level of €133 million in 2019.

Corporate banking

Net banking income increased by nearly 13% to €430 million. General operating expenses remained under control (+4.0%), with a cost/income ratio of 30%. Cost of risk fell sharply in relation to 2020: the cost of proven risk was a net reversal and the cost of non-proven risk was also a net reversal of €32 million after the high level of provisions booked for performing loans in 2020.

Net profit reached €264 million, double its pre-crisis level of €133 million in 2019.

Capital markets

Although the health situation remained difficult, CIC Capital Markets turned in a very good performance, with net banking income of €379 million (+18.8%). It had not seen this level of activity since 2016.

CIC Market Solutions enjoyed good overall business momentum in 2021. Its growth was mainly driven by EMTN issuance (€2.5 billion) and the Equity Capital Market and Debt Capital Market activities (more than 70 financial operations in 2021).

Investment banking (including France, the New York and Singapore branches and Cigogne Management SA) achieved most of its performance during the first half of the year, linked to the highly accommodative policies of the various central banks.

Total net profit from the capital market activities was €103 million, an increase of 51.3%.

Private equity

Investment rose to €613 million, two thirds of which in new deals. The portfolio of investment assets surpassed €3 billion, demonstrating the strong momentum of these businesses across all segments.

Revenues, at €518 million against €190 million a year earlier, include a very high level of €408 million euros in capital gains generated. Net profit reached a record €416 million thanks to strong activity in growth and merger opportunities within the prudently valued portfolio lines, particularly in the sectors affected by the crisis. 2021 was also a record year for invoiced M&A fees.

The annual audit of the financial statements at December 31, 2021 is underway.
The Board of Directors met on February 9, 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

in € millions	12/31/2021	12/31/2020
Financial structure and business activity		
Balance sheet total	662,868	627,244
Shareholders' equity (including net profit for the year before dividend pay-outs)	35,127	32,575
Customer loans (including lease financing)	286,482	270,836
Total savings	579,857	540,695
- of which customer deposits	274,257	268,802
- of which insurance savings	59,100	57,671
- of which financial savings (managed and in custody)	246,500	214,222

	12/31/2021	12/31/2020
Points of sale and customers		
Number of branches	2,286	2,350
Number of customers (in millions)	20.4	19.2

in € millions	2021	2020
Results		
Net banking income	**11,902**	**10,262**
General operating expenses	-6,349	-6,077
Gross operating income	**5,553**	**4,185**
Cost of risk	-647	-2,094
Operating profit	**4,906**	**2,091**
Net gains/(losses) on other assets and equity consolidated companies	-793	138
Profitbefore tax	**4,113**	**2,229**
Corporate income tax	-1,280	-721
Net gains/losses on discontinued operations	9	0
Net profit	**2,842**	**1,508**
Non-controlling interests	356	224
Net profitattributable to the group	**2,487**	**1,284**