

PRESS RELEASE

Half-year financial results

Crédit Mutuel Arkéa reports record growth and profitability for the benefit of all stakeholders, confirming the soundness of its business model

Brest, 26 August 2022 – The Board of Directors of Crédit Mutuel Arkéa has approved the financial statements for the first half of 2022. Following its remarkable 2021 performance, the Group has delivered another record level of growth in revenues¹ (€1,343 million, +9.7%) and net income (€360 million, +30%), placing it among the best performers in the French banking sector. This growth once again confirms the relevance of Crédit Mutuel Arkéa’s strategy and unique model. By choosing to become a mission-driven company, adopt a Raison d’être, cease corporate and investment banking activities so as to focus on investment in the real economy, and develop a unique method in the French banking landscape using both financial and non-financial aspects to calculate overall performance, Crédit Mutuel Arkéa has demonstrated its ability to combine financial performance with a profound transformation of its business model in support of environmental and societal change, its host regions and their stakeholders. This goal of providing local support to members and customers, whether they are individuals, professionals or companies, is especially critical in the prevailing context of inflation and economic tension.

	S1 2022	S1 2022 / S1 2021	S1 2022 / S1 2019
Gross outstanding loans	78,1 Md€	+ 11,4%	+ 31,3%
Revenues¹	1 343 M€	+ 9,7%	+ 20,3%
Operating income	423 M€	+ 15,9%	+ 36,9%
Net income – Group Share	360 M€	+ 29,9%	+ 47,5%
Cost/income ratio	64,80%	-1 pt	- 4,4 pts

¹ Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.

Results validating Crédit Mutuel Arkéa's development strategy

As a cooperative and socially responsible bank from its beginnings, Crédit Mutuel Arkéa has decided to **focus its development on providing local support**. This ambition is reflected first and foremost in the decision to invest in the **real economy**, in the heart of our host regions. That is why the Group made the bold decision in 2008 to abandon its **corporate and investment banking activities** and **ramp up its private equity business**, Arkéa Capital, which was launched exactly 40 years ago. These activities now contribute significantly to the Group's overall performance.

Crédit Mutuel Arkéa has decided to position itself as close as possible to its members and customers and provide long-term support to SMEs and mid-sized businesses by allowing them to benefit from its extensive regional network, its knowledge of the local economic fabric and its various areas of expertise. In particular, the Group maintained and increased its support for professional and business customers during the first half, as it did throughout the health crisis, with loan production up more than 40% compared with the same period in 2021.

This **winning model** combining innovation, agility, original positioning – in the BtoB segment for instance – and local roots, has once again **enabled the company to present robust results reflecting strong growth**.

In addition, Crédit Mutuel Arkéa recruited more than 600 new employees in the first half of 2022. As a driving force behind employment in its host regions, the Group is thus continuing its **recruitment drive**, which runs counter to the underlying trend in the banking sector and bears witness to the Group's attractiveness. The Group is also continuing its efforts to promote **inclusion and diversity**, values to which it is deeply committed. All employees are now trained in inclusion and the Group continues to increase the proportion of women in management.

In the face of climate change, the Group, which adopted particularly stringent sectoral policies on fossil fuels in 2021, is continuing its efforts. Outstanding financing on companies excluded by the coal policy has fallen by 85% in one year to €24m, with a commitment to exit the coal sector by the end of 2027. In addition, since the introduction of the oil and gas policy, exposure to companies excluded by the policy has also decreased, reaching €323m at the end of June 2022, a 30% decrease in one year. The Group is committed to exiting from Non-Conventional Fossil Energy (NCFE) players by the end of 2030².

A balanced approach between financial performance and positive impact

In becoming the **first French bank to adopt a Raison d'être**, Crédit Mutuel Arkéa's goal was to redefine the profound meaning it gives to its businesses, its activity and the way it defines its usefulness to society and the planet, as expressed in its Transitions 2024 strategic plan.

This determination has found a practical new reality with the **adoption of the status of mission-driven company during this half-year**, and the development of an innovative methodology for calculating overall performance. **This makes Crédit Mutuel Arkéa the first French bank to take both financial and non-financial impacts into account when calculating its annual performance**.

Crédit Mutuel Arkéa and its federations are deeply committed to the values of responsibility and solidarity that are the cornerstone of their identity. They are also strongly committed to supporting their member customers in their life projects. In practical terms, to support its most

² actors whose non-conventional fossil fuels account for more than 10% of fossil fuel production.

vulnerable members and customers on a day-to-day basis, Crédit Mutuel Arkéa was the first banking group to commit to limiting fees for payment incidents and account operating irregularities for people considered financially vulnerable. The measure even eliminates such fees for holders of the Budg'Equilibre offer, chosen by nearly 26,000 people, representing a third of financially vulnerable customers and members, at 30 June 2022.

Lastly, in view of today's challenging economic environment characterised by high inflation, Crédit Mutuel Arkéa announced in February the strengthening of its Solidarités measures by €12 million per year for the duration of the Transitions 2024 strategic plan. These measures serve to fund initiatives promoting employment, aid for families in financial difficulty and support for non-profits. They are also a testimony to the values of inclusion and mutual aid that drive the Group.

These values guide the Group's work on product and service development and pricing, where the key focus is on support for vulnerable customers and young people. In response to changing expectations and the increased role of digital technology, the Group is also committed to strengthening its offer of free solutions, provided primarily by its online banking subsidiaries or its fintech, Aumax pour moi.

Innovation as a source of value creation

For many years, Crédit Mutuel Arkéa has firmly believed that investment in online banking, in addition to its traditional retail banking networks, is an asset for improving the customer experience and enhancing its range of products and services. The Group has confirmed its position as a leading player in this business, with Fortuneo in France and Keytrade Bank in Belgium. During the first half, these two entities passed the one million customer threshold, representing an 8.1% increase in the customer portfolio year on year, while maintaining the profitability of their respective business models. This development is the recognition of the quality of the products and services offered by the two brands to satisfy their customers.

A pioneer and major player in the fintech ecosystem, the Group has been conducting a strategic review of its investments for a year. As such, during the first half, it was announced that the majority of the capital of Budget Insight, as well as Leetchi and Mangopay, would be sold. The purpose of these disposals is to support the growth of these entities, in which Crédit Mutuel Arkéa remains a minority shareholder, and to redirect the capital freed up by the sales towards other development and innovation priorities for Crédit Mutuel Arkéa. In June, the Group announced that it had acquired a majority stake in Liberkeys, a new real estate agency.

Results for the first half of 2022

Good commercial momentum, driven by all businesses

Crédit Mutuel Arkéa's very positive business indicators confirm the value of its strategy of diversifying its activities. This momentum, which has been building up for several years, is proof that Crédit Mutuel Arkéa is committed to a long-term vision and helps everyone achieve their full potential thanks to the commitment of all employees and the fact that its products and services match current and future needs.

- With a customer portfolio up 2.2%, i.e. 109,000 new individual and professional customers in the first half, **Crédit Mutuel Arkéa now has over 5,150,000 members and customers.** This net new business was mainly driven by **retail banking activities** (online banks Fortuneo in France and Keytrade Bank in Belgium, which added 43,000

customers, and the *Crédit Mutuel de Bretagne* and *Crédit Mutuel du Sud-Ouest* networks, which added 17,000 customers), **insurance activities** (+22,000 customers) and *Crédit Foncier Communal d'Alsace et de Lorraine (CFCAL)*, the Group's credit consolidation subsidiary (+12,000 customers).

- **Gross outstanding loans** were also up at €78.1 billion, a 5.9% increase compared with the end of 2021. Loan production in the first half of 2022 amounted to €9.9 billion, an increase of 27.8% compared with the first half of 2021. Excluding government-guaranteed loans, it increased in all categories of loans granted to individuals, professionals, companies and local authorities. The rise in interest rates had no impact on demand for credit in the first half, but the slowdown expected in the second half is unlikely to undermine the Group's strong commercial momentum.
- **Total outstanding savings** amounted to €148.9 billion, down slightly (-3.9%) compared with the end of 2021, largely due to the decline in stock-market valuations over the half-year. By contrast, inflows into insurance savings plans were up 13% compared with the first half of 2021 at €0.9 billion.
- **In property and personal insurance**, earned premiums on existing policies were up 3.6% compared with the first half of 2021 at €233 million. New business premiums rose by 3.1% to €33 million. External networks accounted for 51% of new business premiums and 33% of earned premiums on existing policies.

A new set of record results

- **The Group's revenues³** were up 9.7% compared with the first half of 2021 at €1,343 million, setting a new all-time record and attesting to the strength of the *Crédit Mutuel Arkéa* model. The increase in the **net interest margin** is attributable to the increase in the net customer interest margin coupled with a decline in refinancing costs. **Commissions** increased, driven by the strength of the credit and asset management activities and by the impact in terms of invoicing of the transfer of the information system (IS), products, services and middle-office activities from *Axa Banque* to *Arkéa Banking Services*. There was a decline in **net income from insurance activities** due to unfavourable developments in the financial markets for life insurance, coupled with an increase in property claims caused by the exceptional weather events in June 2022. In addition, thanks to economic activity, which has a positive impact on the valuations of private equity holdings, **other operating income** continued to grow. Thanks to its strategy of diversifying its sources of revenues³, *Crédit Mutuel Arkéa* has reduced its dependence on interest rates, with a net interest margin (€403 million) representing 30% of its revenues³ in the first half. In the first half, 18% of Group revenues³ (i.e. €246 million) came from the Insurance and Asset Management Division. The BtoB and Specialised Services Division contributed 16% of revenues³ (i.e. €215 million). In private equity, the significant rebound that *Crédit Mutuel Arkéa* has experienced since 2021, after the negative effects of the health crisis, continued. In addition to the positive impact of the investments managed by *Arkéa Capital*, the Group's private equity subsidiary, *Crédit Mutuel Arkéa* was also bolstered by the increase in the net asset values of its Professional Private Equity Fund (FPCI) portfolio, through which the group supports the French Tech ecosystem, impact investing and digital transformation.
- **Operating expenses** were up 7.9% compared with the first half of 2021, mainly due to the rise in personnel expenses (increased number of employees, wage hikes and

³ Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.

higher profit-sharing), as well as the contribution to the Single Resolution Fund. **The cost/income ratio** was 64.8%, an improvement of 1.1 percentage points on the first half of 2021. Excluding the contribution to the Single Resolution Fund, the cost/income ratio was 61.4%. **Gross operating income** was up 13% compared with the first half of 2021.

- **The cost of risk** eased slightly compared with the first half of 2021 to €49 million (-6.9%), representing an annualised level of 13bp of balance sheet loans. This reflects the quality of the credit portfolio as well as the low level of loan-loss experience in the six months to 30 June 2022. However, the challenging economic environment (rising energy prices and inflation, slowing growth) calls for particular attention. While there is no evidence of an increase in risk at this stage, the Group remains extremely vigilant going forward, particularly in the sectors and populations most exposed to inflation.
- **Net income attributable to equity holders of the parent** set a new record of €360 million, a 30% increase compared with the first half of 2021. This remarkable growth was driven by the very good commercial and financial performance of the Group's banking business lines, all divisions combined, plus a strong performance in the private equity activities, offsetting a one-off decline in the profitability of insurance. These results do not include the disposals, the accounting effects of which will be recognised in the second half.

A very robust financial model

- **Total balance sheet assets** rose 1.7% compared with 31 December 2021 to €182.4 billion, with a gross loan-to-deposit ratio of 103%.
- **Equity attributable to owners of the parent** increased by 1% compared with 31 December 2021 to €8.5 billion. This includes 2.7 billion in shares, representing a 4.8% increase, once again illustrating the confidence that members have in their local banks, in the products and services offered, and in Crédit Mutuel Arkéa's development model.
- **The Common Equity Tier One solvency ratio** (CET1) is robust and well above regulatory requirements at 16.5%. Its limited decline (-0.5 points compared with 31 December 2021) is particularly attributable to a negative impact from the bond portfolio, reflecting the rise in interest rates. The **overall solvency ratio** of 20.3%, also well above regulatory requirements, reflects the same strength. In the life insurance business, the **SCR solvency ratio** rose sharply in the last quarter to 289% (+31 points compared to 31/03/2022), under the marked effect of the rise in rates.
- **Liquidity ratios** are also well above regulatory requirements: LCR (one-month ratio) of 147% and NSFR (Net Stable Funding Ratio) of 111%.

SIMPLIFIED INCOME STATEMENT

€M	30/06/2022	30/06/2021	Variation	%
Revenues*	1,342.6	1,224.1	+ 118	9.7%
Operating expenses	870.6	806.6	+ 64	7.9%
Cost/income ratio	64.8%	65.9%	-1.05 point	
Gross operating income	471.9	417.5	+ 54	13.0%
Cost of risk	49.0	52.6	- 4	-6.9%
Operating income	423.0	364.9	+ 58	15.9%
Net income - group share	359.9	277.1	+ 83	29.9%

* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.



“Crédit Mutuel Arkéa is once again reporting results reflecting strong momentum and robust growth for the first half of 2022. This rewards the mobilisation of all of the Group’s employees and directors, this also shows the model’s success. As a bank for entrepreneurs, combining boldness and long-term vision, Crédit Mutuel Arkéa has always relied on the strengths that characterise its identity: the agility conferred by its intermediate size, its strong local roots and cooperative approach. This uniqueness gives it great robustness, which drives this profitable, sustainable and risk-controlled growth. These results benefit all stakeholders and are the foundation of the trust we share with our customers and members.

It is because we wish to be able to continue to deliver results and a commitment of this nature to society that we are very strongly committed to preserving our autonomy and entrepreneurial freedom, which are the very conditions underpinning our overall performance and business model.”

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

“Crédit Mutuel Arkéa has set new records, once again presenting an all-time high balance sheet. These figures, illustrating steady growth, confirm the relevance of our offers in the face of current and future needs, but also testify to the confidence placed in us by our members. This confidence is compounded by our strong ability to adapt and innovate, which enables us to satisfy all of our customers by offering solutions suited to the everyone’s projects and abilities. This is exemplified by our Fortuneo and Keytrade Bank online banking offers, which passed the one million customer threshold this year. Crédit Mutuel Arkéa is also boosted by the real commitment of its employees, which is essential for maintaining a close and trusting relationship with all of our stakeholders. Crédit Mutuel Arkéa’s commitment to being a bank on a human scale enables it to continue to be a benchmark employer. With more than 600 new employees since the beginning of 2022, our recruitment policy remains closely focused on inclusion and gender diversity and demonstrates the strength and viability of the model we seek to preserve day after day.”

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

“Crédit Mutuel Arkéa’s performance reached record levels in the first half of 2022, validating the Group’s strategy. They confirm the effectiveness and relevance of its development model and the successful deployment of its Transitions 2024 strategic plan, which places environmental and societal considerations at its heart. These results also contribute to the overall performance of the Group, which aims to take into account both financial and non-financial impacts, in line with the change in status to a mission-driven company during this half-year. As the second half of 2022 will be marked by a challenging economic environment with rising energy prices, increasing inflation and weak growth, this status as a mission-driven company brings obligations. That is why, aware of our responsibility, we will be particularly vigilant in offering solutions tailored to the most exposed sectors and customers.”

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

About Crédit Mutuel Arkéa

The Crédit Mutuel Arkéa 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, 2,800 directors, more than 5 million members and customers in banking and insurance and a balance sheet total of 179.3 billion euros. Crédit Mutuel Arkéa is one of the leading banking institutions with regional headquarters. A detailed presentation for the first half of 2022 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?nav=public&isAccepte=1&ty=1661433390983

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