

PRESS RELEASE

February 7, 2024

2023 results	2023	Change 2023 / 2022 pro forma ⁽¹⁾
Growth in net revenue	€11,808m	+2.4%
<i>of which retail banking</i>	<i>€8,410m</i>	<i>+1.2%</i>
Operating expenses in line with the investment strategy	€6,057m	+6.3%
Cost of risk back at the level seen before the massive aid during Covid	€1,279m	+72.1%
Profit/(loss) for the period	€3,345m	+24.9%
Group net income	€3,002m	+28.2%
A group serving its members and customers		
Home loans	€120.7bn	+3.0%
Equipment loans	€93.1bn	+2.9%
Consumer credit	€45.6bn	+1.9%
Operating performance and financial strength		
Cost/income ratio	51.3%	
CET1 ratio ⁽²⁾	18.5%	
Shareholders' equity	€42.1bn	

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 Cofidis Group.

The annual audit of the financial statements for the year ended 12/31/2023 is under way.

⁽¹⁾ As of January 1, 2023, BFCM applies IFRS 17 "Insurance Contracts" at the group level as well as IFRS 9 "Financial Instruments" for its insurance entities. To ensure a consistent benchmark, data for 2022 have been restated on a pro forma basis.

⁽²⁾ Ratio estimated as at December 31, 2023, excluding transitional arrangements relating to Crédit Mutuel Alliance Fédérale which includes BFCM in its scope of consolidation.

Activity

Deposits came to €299.3 billion at the end of December 2023, up by 6.1% year-on-year.

Inflows into Livret A passbook accounts were particularly high, with balances increasing by 6.3% to more than €15 billion. The instability of the financial markets prompted customers to opt for products that are both liquid and safe. Conditions remained favorable for regulated savings in 2023, with interest rates on Livret A and LDDS savings accounts increasing from 2% in January to 3% starting in February.

Term deposits and LEP savings accounts also benefited from the attractive interest rates offered, as demonstrated by a nearly €22 billion increase in brokered deposits to nearly €84 billion at the end of 2023.

At December 31, 2023, outstanding loans rose by 2.6% to €336.4 billion.

Regulated savings¹ totaled €37 billion at December 31, 2023 compared with €8 billion at the end of 2022.

Despite higher interest rates, outstanding loans grew in all the main loan categories:

- home loans rose by 3.0% to €120.7 billion;
- consumer credit rose by 1.9% to €45.6 billion;
- equipment loans and leasing receivables rose by 2.9% to nearly €113.8 billion.

Financial results

BFCM made net revenue of €11.8 billion in 2023, an increase of 2.4% thanks in particular to excellent resilience in retail banking and solid results by the specialized business lines (growth of €363 million or 16.5%).

Employee benefits expense (54% of operating expenses) includes, in particular, the effects of salary increases decided in early 2023 (payroll expense +4.5%). The increase in other operating expenses and depreciation and amortization reflects investments in technology and the sponsorship costs linked to the societal dividend. Other operating expenses continued to be impacted in 2023 by supervision costs and the contribution to the Single Resolution Fund of €266 million.

The cost/income ratio deteriorated slightly by 1.9 percentage points to 51.3% compared with 49.4% pro forma at the end of 2022.

Gross operating income fell slightly to €5.8 billion.

2023 saw an increase in the overall **cost of risk** (+72.1%) to €-1.3 billion (corresponding to 36 basis points to compare with 26 basis points in 2022), which weighed on income growth:

- an increase in the cost of proven risk measured at 39 basis points (versus 26 basis points at end-2022) in respect of network and consumer credit customers, and corporate finance due to a rise in defaults on the professional and corporate market and downgraded receivables. This deterioration reflects adverse economic conditions;
- a net reversal of the cost of non-proven risk at €80 million, which appears stable when compared with 2022.

Operating income fell to €4.5 billion.

Unlike in 2022, there were no major adjustments to the “**Net gains and losses on other assets and ECC**” line item, which totaled €53 million compared with €1.2 billion a year earlier. As a reminder, 2022 included a -€958 million adjustment related to the value of Targobank Germany’s goodwill linked to the increase in the discount rate and an additional provision (-€270 million) related to the sale of Targobank Spain to ABANCA.

Income before tax rose by nearly 15.0% to €4.5 billion at the end of 2023 versus €3.9 billion in 2022.

In a still turbulent macroeconomic environment, **net income** rose by 24.9% to €3.4 billion.

Group net income surpassed €3 billion (+28.2%).

¹ Livret Bleu, Livret A, LDD, LEP, CEL, Livret Jeune, PEL, PEP.

Financial structure

As at December 31, 2023, BFCM's shareholders' equity totaled €42.1 billion compared with €38.8 billion at the end of December 2022 pro forma.

BFCM is a subsidiary of Crédit Mutuel Alliance Fédérale. At the end of December 2023, the latter's estimated Common Equity Tier 1 (CET1) ratio was 18.5%¹.

The impact of the first-time application of Basel IV at the Crédit Mutuel Alliance Fédérale level is negligible in 2025, (including transitional arrangements and the output floor at the Crédit Mutuel Alliance Fédérale consolidated level).

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
Standard & Poor's ¹	AA- / A-1+	A+	Stable	A-1	a	11/22/2023
Moody's ²	Aa2 / P-1	Aa3	Stable	P-1	a3	02/01/2024
Fitch Ratings ³	AA-	AA-	Stable	F1+	a+	01/19/2024

**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.*

¹ Standard & Poor's: Crédit Mutuel group rating.

² Moody's: Crédit Mutuel Alliance Fédérale/BFCM and CIC ratings.

³ Fitch Ratings: Crédit Mutuel Alliance Fédérale rating (as the dominant entity of the Crédit Mutuel Group).

In 2023 and in early 2024, the three main financial rating agencies confirmed the external ratings and stable outlook assigned to Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group. This reflects operational efficiency, recurring earnings, a low risk profile and strong financial fundamentals.

In its 2024-2027 strategic plan, Crédit Mutuel Alliance Fédérale (of which BFCM owns the main subsidiaries) strengthened its development ambitions, particularly in relation to the corporate market (mainly via the Corporate and Investment Banking (CIB) activity in France and abroad and the CIC networks). In this context, the review embarked on at the end of 2023 into a potential reorganization of Crédit Mutuel Alliance Fédérale's CIB activities on the one hand, and CIC's retail banking network activities on the other hand, to streamline the structures, is ongoing and a draft proposal for consultation by the employee representatives is expected by summer 2024.

¹ Estimate as of December 31, 2023, the integration of earnings into shareholders' equity is subject to approval by the ECB.

Results by business

Retail banking

Net revenue from retail banking was €8.4 billion (+1.2%). General operating expenses rose by 5.6% to nearly €5 billion. The cost of risk rose by €305 million to more than €-1 billion, of which €-1.1 billion for the cost of proven risk (up 42.0%). The cost of non-proven risk resulted in a net reversal of €50 million (up 16.9%).

Net income came to €1.7 billion (-17.0%).

Insurance

Insurance revenue increased by 4.8% year on year to €12.1 billion, driven mainly by strong momentum in life insurance inflows (+5.6%) underpinned by strong growth in payments into euro-denominated funds. Operating expenses of €129 million are up 14.5% (within stable accounting standard).

The net income contribution was €832 million, up nearly 1% on the end of December 2022.

Asset management and private banking

The net revenue of BFCM's asset management and private banking business came to €1.1 billion, a year-on-year increase of 17.4%. This increase was mainly due to the excellent net interest margin for the private banking entities (€419 million, up 47.9%) and robust commercial activity, while income from asset management also increased by 7.0% to €390 million.

General operating expenses rose by 7.6% to €705 million at end-2023. Thanks to good growth in net revenue, gross operating income rose by 38.8% to €419 million.

The "Net gains/(losses) on other assets and ECC" line item was zero in 2023 versus €13 million at the end of 2022, which included non-recurring income related to the first-time consolidation of Crédit Mutuel Investment Managers and CIC Private Debt.

Net income therefore came to €267 million compared with €227 million in 2022.

These data do not include the private banking business carried out through CIC's network and its five regional banks, i.e. net revenue of €212 million (-10%) and net income of €87 million (-18%).

Corporate banking

Net revenue rose by 33.7% to €629 million at the end of 2023, illustrating the strength of this business. Operating expenses increased by 5.8%, to €155 million.

The cost of risk deteriorated to €-168 million compared with net reversal of 7 million in 2022.

Net income therefore fell to €195 million at December 31, 2023, versus €260 million the previous year.

Capital markets

The capital markets activities benefited from opportunities created by the movements observed in the financial markets. CIC Marchés saw a sharp increase of 36.0% in net revenue to €465 million.

After an 8.6% increase in general operating expenses, gross operating income rose by more than 97% to €208 million.

Overall net income from capital markets activities was €147 million compared with €77 million a year earlier.

Private equity

2023 saw a record level of investment. Nearly €700 million was deployed as part of a prudent policy taking into account the prevailing geopolitical uncertainty, the resulting economic impact on projected corporate growth and the resulting valuation multiples.

The renewal of the portfolio was very dynamic, providing an indication of the organization's effectiveness: over the last three years, more than €1.5 billion has been sold and more than €1.7 billion has been invested.

At €345 million, total income returned to a normal level in 2023 after two exceptional years post-Covid.

The contribution to net income was €256 million, demonstrating the solidity and effectiveness of the model deployed.

€ millions	12/31/2023	12/31/2022 pro forma
Financial structure and business activity		
Balance sheet total	719,277	702,632
Shareholders' equity (including profit for the period before dividend pay-outs)	42,079	38,776
Customer loans (including lease financing)	336,388	322,279
Customer deposits	299,302	283,682

	12/31/2023	12/31/2022
Number of branches	2,129	2,238
Number of customers (in millions)	21.7	20.8

€ millions	2023	2022 pro forma
Results		
Net revenue	11,808	11,533
General operating expenses	(6,057)	(5,697)
Gross operating income	5,751	5,836
Cost of risk	(1,279)	(743)
Operating income	4,472	5,093
Net gains/(losses) on other assets and equity consolidated companies	53	(1,150)
Net profit/(loss) before tax	4,525	3,943
Income tax	(1,180)	(1,265)
Profit/(loss) for the period	3,345	2,678
Non-controlling interests	343	336
Group net income	3,002	2,341

(1) Consolidated results of Banque Fédérative du Crédit Mutuel and its main subsidiaries: CIC, ACM, BECM, Targobank Germany, Cofidis, the IT subsidiaries, etc.

The annual audit of the financial statements for the year ended 12/31/2023 is under way.

The Board of Directors met on February 7, 2024 to approve the financial statements.

All financial communications are available at www.bfcm.creditmutuel.fr and are published by BFCM 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).

Press contact: Aziz Ridouan - tel: +33 (0)3 88 14 84 00 - com-alliancefederale@creditmutuel.fr

Investor contact: bfcm-web@creditmutuel.fr