

PRESS RELEASE

July 27, 2023

First-half results 2023	1 st half 2023	Change/ 1 st half 2022 pro forma ⁽¹⁾
Net revenue	€5,947m	+5.0%
<i>of which retail banking</i>	<i>€4,198m</i>	<i>+3.2%</i>
General operating expenses	€3,096m	+5.1%
Cost of risk	€603m	+45.2%
Net income	€1,678m	-5.0%
Net income attributable to the Group	€1,498m	-4.6%
Increased financing for our customers and members		
Home loans	€117.1bn	+4.1%
Equipment loans	€90.4bn	+8.6%
Consumer loans	€44.8bn	+16.7%
Operating performance and financial strength		
Cost/income ratio	52.1%	
CET1 ratio⁽²⁾	18.4%	
Shareholders' equity	€40.5bn	

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 in Germany and Spain (classified under IFRS5 assets held for sale at 06/30/2023 following the Group's announcement on December 22, 2022 of its potential sale to ABANCA), and Cofidis Group.

Unaudited accounts as at 06/30/2023. The limited review by the statutory auditors is in progress.

⁽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 the first half of 2022 have been restated on a pro forma basis.

⁽²⁾ Estimated at June 30, 2023, the incorporation of the net income into the regulatory capital is subject to ECB approval.

Activity

Deposits stood at €282.2 billion at the end of June 2023, up by 0.7% year-on-year.

Over the period, inflows into Livret A passbook accounts remained especially high, rising 19.9% year-on-year to €14.5 billion. This increase is mainly due to the continuation of measures favorable to regulated savings, leading to an increase in the interest paid on these accounts. Conditions in the financial markets encouraged customers to turn toward products that are both liquid and safe. As a result, term deposits (including PEP and term accounts) rose by nearly 92.9% year-on-year to nearly €61.7 billion and current accounts saw an increase in inflows of 4.8% to €7.0 billion in the first half of the year. However, deposits on home savings accounts fell by 4.9% to €11.7 billion.

At the end of the first half, outstanding loans stood at €327.9 billion, an increase of 5.3% year-on-year.

Despite the rise in interest rates, growth in loan receivables remained favorable in all of the main loan categories:

- home loans rose by 4.1% to €117.1 billion;
- consumer credit rose by 16.7% to €44.8 billion;
- equipment loans and leasing receivables rose by 8.6% to nearly €90.4 billion.

Financial results

BFCM recorded net revenue of €5.9 billion in the first half of 2023, up 5.0%, thanks in particular to the strong performance of the specialized businesses, excluding private equity. Consumer credit grew by 5.5% despite a drastic and far-reaching change in economic conditions.

General operating expenses amounted to €3.1 billion in the first half, an increase of 5.1%. Personnel expenses include the effect of pay raises, which account for 58% of the total increase. Other operating expenses and depreciation/amortization rose by 4.5%. Supervisory fees and the contribution to the Single Resolution Fund decreased by 15.5%.

The cost/income ratio deteriorated by 0.1 point to 52.1% versus the first half of 2022.

Gross operating income rose by 4.9% to €2.9 billion.

The total **cost of risk** was €603 million, 45.2% higher than the first half of 2022. This increase is the result of two opposing tendencies:

- an increase in the network customer's cost of proven risk, consumer credit and corporate finance due to downgraded receivables. This deterioration reflects the uncertain macroeconomic climate that continues to prevail since the Covid-19 crisis;
- a fall in the cost of non-proven risk due to transfers of loans from performing to non-performing, leading to a reduction in the cost of non-proven risk and an increase in the cost of proven risk.

Operating profit fell by 2.4% compared with the first half of 2022.

The "**Net gains/(losses) on other assets and ECC**" line item totaled €25 million compared with €60 million in the first half of 2022 and exclusively included the share of net income of equity-accounted entities. In the first half of 2022, this item included the net capital gain resulting from the sale of FLOA to BNP Paribas.

Income before tax fell by 3.8% compared with the first half of 2022.

In an uncertain macroeconomic climate, **net income** reached €1.7 billion. It fell by €88 million (-5.0%).

Net income attributable to the Group reached €1.5 billion.

Financial structure

As at June 30, 2023, BFCM's shareholders' equity totaled €40.5 billion compared with €38.8 billion at the end of December 2022.

BFCM is a subsidiary of Crédit Mutuel Alliance Fédérale. At the end of June 2023, the estimated Common Equity Tier 1 (CET1) ratio of Crédit Mutuel Alliance Fédérale is 18.4%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
Standard & Poor's ¹	AA- / A-1+	A+	Stable	A-1	a	12/30/2022
Moody's ²	Aa2 / P-1	Aa3	Stable	P-1	a3	7/21/2023
Fitch Ratings ³	AA-	AA-	Stable	F1+	a+	9/20/2022

*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.

In 2022 and July 2023, the three main rating agencies confirmed the external ratings and stable outlooks attributed to Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group. This reflects their operational efficiency, recurring profitability, low risk profile and sound financial fundamentals.

Results by business

Retail banking

Net revenue from retail banking was €4.2 billion (+3.2%). General operating expenses rose by 4.3% to €2.5 billion. The cost of risk rose (+ €132 million) to €539 million, of which €476 million for the cost of proven risk (+60.1%). The cost of non-proven risk fell to €63 million (-42.6%).

Net income therefore came to €786 million (-8.8%).

Insurance

Insurance revenue increased by 12.5% year on year to €650 million, driven mainly by strong growth in life insurance inflows (+16.7%) and a more favorable weather-related claims environment than in the first half of 2022. General operating expenses of €57 million correspond solely to expenses not attributed to contracts.

The net income contribution was €453 million, up 8.8% compared with end-June 2022.

¹ Estimated at June 30, 2023, the incorporation of the net income into the regulatory capital is subject to ECB approval.

Asset management and private banking

BFCM's net revenue from asset management and private banking rose by 26.1% year-on-year to €569 million. This increase was mainly due to the excellent interest margin at the private banking entities (€213 million; +88.8%) and to the sustained sales activity, while revenues from asset management held steady despite of a slight fall in inflows.

General operating expenses at end-June were up by 8.9%. Thanks to good growth in net revenue, gross operating income rose by 71.3% to €213 million.

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

Thus net income reached €161 million on June 30, 2023, versus €105 million at the end of June 2022.

This data does not include the private banking activity carried out through CIC's network and its five regional banks, i.e. net revenue of €108 million (-8%) and net income of €42 million (-16%).

Corporate banking

Net revenue rose by 38.1% to €296 million at the end of the first half of 2023. It benefited from a substantial rise in income from the large corporates and structured financing businesses (notably asset finance and project finance).

The cost of risk multiplied by a factor of 4.7, reflecting a net allowance of €64 million compared with €13 million at end-June 2022, due in particular to provisions for receivables.

Net income therefore rose by 16.6% to €105 million at June 30, 2023, versus €90 million the previous year.

Capital markets

The first half of 2023 was marked by favorable market conditions and strong sales momentum, leading to a 63.3% increase in net revenue to €293 million.

Following an 8.2 % rise in general operating expenses, gross operating income tripled to €154 million.

Overall net income from capital markets activities was €112 million compared with €35 million a year earlier.

Private equity

More than €140 million was invested during the period, with due prudence in line with the prevailing geopolitical uncertainty and the resulting economic impact on projected corporate growth and valuation multiples. Over four years, more than €2 billion has been used to finance new projects or support portfolio companies.

Meanwhile, the investment portfolio now stands at €3.4 billion, demonstrating the strong momentum of the Equity business lines in all segments, from innovation capital to buyouts.

Overall income remains solid at €220 million in the first half. More than two-thirds of the total derives from gains on the portfolio, demonstrating the quality of asset management in the current economic climate, and the overall performance of investments has been good.

The contribution to net income was €181 million, a very good level, which marks a return to a normal level of sound performance following two exceptional post-Covid years.

€ millions	06/30/2023	12/31/2022 pro forma
Financial structure and business activity		
Balance sheet total	716,370	702,745
Shareholders' equity (including net income for the period before dividend pay-outs)	40,495	38,836
Customer loans (including lease financing)	327,915	322,279
Customer deposits	282,153	283,682

	06/30/2023	06/30/2022
Branches and customers		
Number of branches	2,224	2,337
Number of customers (in millions)	21.3	21.0

€ millions	H1 2023	H1 2022 pro forma
Results		
Net revenue	5,947	5,663
General operating expenses	-3,096	-2,945
Gross operating income	2,851	2,718
Cost of risk	-603	-415
Operating income	2,248	2,302
Net gains/(losses) on other assets and equity consolidated companies	25	60
Income before tax	2,273	2,362
Income tax	-595	-596
Net income	1,678	1,766
Non-controlling interests	180	169
Net income attributable to the Group	1,498	1,597

(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.

Unaudited financial statements – limited review currently being conducted by the statutory auditors.
The Board of Directors met on Thursday, July 27, 2023 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).

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