

Annual results

Crédit Mutuel Arkéa posts record performances and accelerates growth in the interests of its members, customers and regions

Brest, 25 February 2022 - The Board of Directors of Crédit Mutuel Arkéa approved the financial statements for 2021. The record performances achieved reflect the Group's solid financial structure and the power of a model that helps drive economic growth and employment in the regions. The model has always been based on distinctive strengths, including a regional footprint, innovation culture and a focus on people, which have proved especially important in the economic and social environment of the last two years. In 2021, Crédit Mutuel Arkéa began to roll out its Transitions 2024 strategic plan. The plan lays out the Group's ambition to be the go-to agile financial partner for the transitions of the future. An example of this ambition in practice is last October's announcement of the launch of a unique methodology in the French banking sector for calculating overall performance, combining financial and non-financial indicators. This overall performance approach serves the Group's wider ambition to become a positive impact bank whose profits benefit all its stakeholders.

	2021	2021/2020	2021/2019
Revenues (Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.)	€2,531 M	+ 17.3%	+9.9%
Net income Group share	€574 M	+ 61%	+12.3%
Gross outstanding loans	€73.8 bn	+ 9%	+17.3%
Total outstanding savings	€155 bn	+ 12.6%	+24%
Common Equity Tier One ratio	17%		
Share of ESG outstandings (Federal Finance and Suravenir)	93%		

An original and diversified model serving the regions and employment

In accordance with its unique model of a cooperative, solidarity bank, Crédit Mutuel Arkéa continued to grow strongly in all its business lines, taking advantage of its distinctive strengths: innovation culture, the agility of a mid-sized bank, original positioning in the BtoB segment and local presence.

The Group's results reflect its footprint in the real economy of the regions, driven mainly by the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, its closeness to its members and customers, and its private equity business, which positions the Group as a leading supporter of regional SMEs and ETIs (mid-cap companies). The dynamism of this business opens up new ways for Crédit Mutuel Arkéa to nourish the economic fabric and support entrepreneurs. The acceleration of growth is all the more noteworthy given that Crédit Mutuel Arkéa abandoned market trading for its own account in 2008.

In 2021, Crédit Mutuel Arkéa also sustained an energetic recruitment policy, going against the underlying trend in the French banking sector. 1,000 employees were hired on permanent contracts during the year, the same number as in 2020. Crédit Mutuel Arkéa now has more than 11,000 employees, up 20% since the end of 2015 despite the absence of material acquisitions¹. The Group continued 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.

Accelerating transformation as the Transitions 2024 plan begins to take shape

In October 2021, the Group launched an unparalleled initiative in the French banking sector by designing a pioneering system for measuring financial and non-financial performance.

Once this ambitious methodology is rolled out across all Group business lines, Crédit Mutuel Arkéa will be able to align its interests with those of its stakeholders and measure the environmental and social impact of its business. This ground-breaking support and management tool will make it possible to measure gains achieved, set a precise pathway for progress and define practical action plans for the Group and its stakeholders. Eventually, the new overall performance approach will have a profound and lasting impact on how the Group's results are read.

Greater sharing of value created

Largely thanks to the work of the directors and employees of the Crédit Mutuel de Bretagne et du Sud-Ouest federations, Crédit Mutuel Arkéa remained fully engaged with its members and customers hardest hit by the Covid crisis. Having been the first French bank to permanently get rid of banking incident costs for vulnerable customers in 2019, the Group renewed its special funding package for solidarity projects in 2021. The resulting funds have benefited 6,600 individuals, professionals and associations (through direct grants, micro-loans or helping meet loan repayments), and supported more than 1,800 local jobs. Since 2020, Crédit Mutuel Arkéa and its federations have allocated more than €8.5 million to these schemes.

On the strength of 2021 net financial income and in keeping with its values as expressed in the Group's ambition to obtain the status of "*entreprise à mission*" (company with a mission), Crédit Mutuel Arkéa aims to share more of the value it creates with its members and customers. The Boards of Directors of Crédit Mutuel Arkéa and the CMB and CMSO federations have therefore resolved to set up a new community solidarity scheme in 2022 to help their loyal members facing serious life events (accidents, problems getting loans, uninsured losses).

Adding together the cost of this scheme, the existing solidarity schemes mentioned above (funding for which was increased by 10% in 2022) and the waiver of banking incident costs, total solidarity funding for vulnerable members is more than €12 million annually and more than €45 million over the full term of the Transitions 2024 plan. All these schemes are managed and run jointly by directors and employees of the 294 local savings banks, who best understand the needs of their regions.

¹ Around 7,000 in Brittany, 1,000 in Nouvelle-Aquitaine, the remainder in the other regions.

Crédit Mutuel Arkéa also wishes to recognise the individual and collective engagement of all its employees. For 2021, the group will redistribute the fruits of the company's performance through profit-sharing and incentive schemes to the tune of €104 million, up 34% on the previous year.

Continuous adaptation of the investment strategy, particularly in fintechs

Crédit Mutuel Arkéa acts as a precursor and consultant to the fintech ecosystem, where it has been a key partner for more than a decade. The Group was quick to spot the fintechs as allies who could improve customer experience in a fast-changing environment. Crédit Mutuel Arkéa is investing in order to generate industrial synergies, trial new usages and better meet the needs of its customers. The bank has already achieved strong positions in direct banking and online distribution of financial products, payments, open banking and the development of financial service platforms, and has a strategy to build market share in all these areas.

Its pioneer status means the Group now has greater maturity than most French banks in this market. Aware of this, the collaborative bank is embarking on a new phase, maintaining its role as a responsible and engaged shareholder while raising its standards even higher.

Specifically, this means Crédit Mutuel Arkéa will stay actively involved in running its investment portfolio, making case-by-case decisions to efficiently support fintechs in their development projects, either alone or with the backing of partners providing added leverage, in keeping with Group strategy.

2021 results

Sustained commercial activity reinforcing solid fundamentals

The Group's activity indicators are excellent, showing the bank is on a sustained path of long-term growth.

- The customer portfolio expanded by 4% representing 200,000 new individual and professional customers (*net adds*), which means that **Crédit Mutuel Arkéa has passed the 5 million members and customers mark**. Key growth drivers were retail banking (particularly online banks Fortuneo and Keytrade and the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest networks), insurance and CFCAL, the subsidiary specialising in credit consolidation. This testifies to the high quality of the commercial relationships and the product and service offering, key factors in customer and member satisfaction, to which Crédit Mutuel Arkéa pays particular attention and to which one of the emblematic initiatives of the strategic plan is dedicated. The group intends to extend and generalise the implementation of common indicators to improve the group's customer satisfaction and develop the customer culture of its employees. The Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations have already posted very good NPS (Net Promoter Score) figures for 2021, ranging from +47 to +57 for individuals and professionals. The online bank Fortuneo, for its part, is regularly hailed as the benchmark institution for the quality of its products and its customer relations (1st place in the Pricebank ranking of the best banks and best online banks for 2022).
- **Gross outstanding loans** stood at €73.8 billion (up +9%). Loan production was €17.5 billion, up 7.5% compared to 2020. Excluding government guaranteed loans, production was up 19.1% across all loan categories. Over the last six years, the Group's outstanding loans have grown by 65%, outperforming the wider French market (35%).
- **Total outstanding savings** also rose by 12.6% to a new record of €155 billion, including net inflows of €9.6 billion (up 21.5%), largely driven by financial savings products and insurance. Suravenir accelerated its development: life insurance net inflows amounted to €1.6 billion, 7% of total market net inflows in 2021. 38% of savings outstanding are now invested in unit-linked

contracts (up 4 percentage points versus 2020), reflecting the Group's efforts over many years to diversify savings products.

- **In property and personal insurance**, premiums earned in the portfolio rose 3.4% to €455 million, including a 9.6% increase in new business premiums to €58 million. External networks now generate 55% of new business premiums and 34% of earned premiums in the portfolio (up 2 percentage points).

Record results vindicate the merits of the strategy and model

- **Group revenues²** reached an all-time high of €2.5 billion. Revenues were up 17.3% versus 2020 and 9.9% versus 2019, when the Group posted an exceptional capital gain of €194 million. Growth reflects the excellent commercial trend across all Crédit Mutuel Arkéa business lines and the success of its strategy of diversifying sources of revenue². **Net interest margin** widened as financing conditions improved. **Fee and commission income** grew, driven by the contribution of lending and asset management. **Net income from insurance activities** was helped by the growth of life insurance outstandings and the performance of financial markets. **Other operating income** was up strongly, driven by the appreciation of **private equity** investments, which rose sharply in 2021 reflecting the economic recovery and the quality of the Arkéa Capital portfolio (€1.2 billion under management invested in SMEs and ETIs). 23% of Group revenues², €589 million, came from the **Insurance and Asset Management Division**. **The BtoB and Specialised Services Division** contributed 16% of revenues² or €409 million. The successful migration of Axa Banque France and the IT partnership established in 2021 with MMB (which took over HSBC France) are major successes for our white-label banking model. The Group is thus reaping the rewards of its bold choices and strategy of diversifying sources of revenue².
- **Operating expenses up 14% versus 2021** On a like-for-like basis adjusted for non-recurring items, this increase falls to 9.9%: growth in headcount, payroll and investment was mitigated by tight cost control. **Gross operating income** rose 25% compared to 2020. The **cost/income ratio** narrowed 2 percentage points to 67.3%.
- **Cost of risk** fell 27.7% versus 2020 to €116 million, a return to pre-crisis levels of 16 basis points (as a proportion of outstanding customer commitments). This owed much to the government's Covid-19 support measures, which dramatically cut the number of company defaults, as well as the sound quality of the loan book and still very limited exposure to sectors seen as vulnerable to Covid impacts (*less than 2%*).
- **Net income Group share** was a record €574 million, up 61% versus 2020 when net income was boosted by non-recurring items. It is also a 12.3% increase on 2019 net income Group share, the previous record year. This excellent performance was driven by the appreciation of private equity investments and growth across all Group business lines.

Robust financial structure with high solvency ratios

- **Total balance sheet assets** rose 5.8% versus 31 December 2020 to €179.3 billion, with a **gross loan-to-deposit** ratio of 98.7%.
- **Group shareholders' equity** increased 8.8% to €8.4 billion. This includes €2.5 billion in **member shares**, up 7.2% versus 31 December 2020, showing the confidence that members have in their local savings banks and in Crédit Mutuel Arkéa.

² Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.

- **The Common Equity Tier One (CET1) solvency ratio** at 17%, up since 31 December 2020, and the **overall solvency ratio** at 21.1% are well above regulatory requirements and show that the Group has maintained an extremely sound financial structure from which to fund customer projects (€6.1 billion increase in outstanding loans).
- **Liquidity ratios** are also especially robust, well above regulatory requirements: LCR (one-month ratio) is 163% and NSFR (stable resources ratio) is 112%.

SIMPLIFIED INCOME STATEMENT

€M	31/12/2021	31/12/2020	Variation	%
Revenues*	2,530.7	2,157.5	+ 373	17.3%
Operating expenses	1,702.0	1,493.0	+ 209	14.0%
Cost/income ratio	67.3%	69.2%	-1.9 point	
Gross operating income	828.6	664.5	+ 164	24.7%
Cost of risk	115.8	160.1	- 44	-27.7%
Operating income	712.8	504.4	+ 208	41.3%
Net income - group share	573.7	356.2	+ 217	61.0%

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



“Growth has always been in Crédit Mutuel Arkéa’s DNA: profitable, sustainable growth at moderate risk; growth self-financed by retention of earnings as reserves - the essence of the cooperative model - and now backed by our determination to balance financial performance with the creation of non-financial value. With its strong return to growth in 2021, our Group has shown that its model of a mid-sized cooperative bank, with a regional base and innovative and agile culture remains strong and effective, and that performance does not depend on size.

We are deeply committed to defending and promoting our autonomy and freedom to do business, the conditions that underpin our performance and business model. We want to be a positive impact bank that considers social and environmental issues for current and future generations and that can reinvent its banking model while continuing to provide finance that serves the regions and their stakeholders.

But our excellent financial results would be pointless if they failed to benefit all our stakeholders. This is why, for instance, we have decided, in accordance with our mutual values, to expand our solidarity support for the most vulnerable, promoting a fairer and more equitable distribution of value created.”

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

“2021 was a pivotal year for Crédit Mutuel Arkéa, with a resurgent spirit and the acceleration of our transformation. It was the year we began to roll out our medium-term strategic plan, Transitions

2024. We are progressing with humility and determination toward our objectives, driven by our members and elected representatives and by our 11,000 employees, whom I sincerely thank for their commitment. In this way, the Group is living up to its raison d'être: to establish itself as an agile financial partner for the transitions of the future. 2022 marks a new and important phase in our ambition to become a positive impact business, with the proposal that our General Meeting adopt the status of an "entreprise à mission" (company with a mission). Our values thus bear fruit in real actions, over the long term, in the service of the regions, economic development and employment."

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

"Crédit Mutuel Arkéa's performance in 2021 is exceptional in many ways: record revenues and results, strong mobilisation of all the Group's employees to continue supporting our members and customers, and proof on the ground of our social and environmental commitments. They illustrate the virtuous circle that underpins our development: reinforcing our solid fundamentals, cultivating our unique identity and continuing our development to enrich our commitment to sharing value. Crédit Mutuel Arkéa has once again shown its strength and continues with calm confidence along its distinctive path".

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

About Crédit Mutuel Arkéa

Crédit Mutuel Arkéa is made up of two regional federations representing two main French geographic zones (Brittany in the West and the South West) and their member local savings banks. Crédit Mutuel Arkéa also has a presence across Europe thanks to its corporate and online subsidiaries (Fortuneo, Monext, Financo, Arkéa Investment Services, Suravenir, CFCAL...). Crédit Mutuel Arkéa is entirely owned by its customer shareholders. Crédit Mutuel Arkéa employs more than 11,000 people, counts 2,800 directors and has a total of more than 5 million customers. The bank has 179,3 billion euro in total assets. Crédit Mutuel Arkéa ranks among the leading banks with headquarters in the regions. A detailed presentation for 2021 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

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