



ARKEA

ACCROÎTRE LES POSSIBLES



**Tier 2
Capital
Issuance**

**Investor
Presentation**

March 2019

Disclaimer

This presentation has been prepared and is distributed by Crédit Mutuel Arkéa (the “**Company**”, “**Crédit Mutuel Arkéa**” or “**Arkéa**”) for information purposes only and does not constitute or form part of any recommendation, solicitation, offer or invitation to purchase or subscribe for any securities, bonds and/or notes (together, if any, the “**Securities**”) that may be issued by the Company.

If any offer or invitation is made, it will be done pursuant to separate and distinct documentation in the form of a prospectus or other equivalent document (a “**Prospectus**”) and any decision to purchase or subscribe for any Securities pursuant to such offer or invitation shall be made solely on the basis of such Prospectus and not this presentation.

Each recipient of this presentation shall independently assess the relevance of the information contained herein and shall consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it deems necessary, and make its own investment decisions based upon its own judgment and advice from such advisers as it deems necessary and not upon any view expressed in this presentation. The purchase of the Securities involves substantial risks and is suitable only for sophisticated investors who have knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Instruments. This document is intended for market professionals and institutional investors only.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information or opinions contained herein. Information relating to parties other than Crédit Mutuel Arkéa or taken from external sources has not been subject to independent verification.

The information presented in this presentation is subject to change by the Company without notice.

Neither the Company, nor any of its affiliates, shareholders, directors, officers, advisers, agents or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this presentation or its contents, any errors or omissions contained herein or otherwise arising in connection with this document.

This presentation may contain projections, forecasts, estimates and other forward-looking statements. By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is the possibility that the predictions, forecasts, projections and other forward-looking statements will not be achieved. In any case, any reference to past performance is not necessarily indicative of future results.

This presentation may not be reproduced, distributed or communicated to third parties nor released in full or in part, by any means, without the prior written consent of the Company. In some countries, the offer or sale of Securities as well as the mere reproduction, distribution and/or transmission of this presentation may be illegal and/or subject to legal restrictions and/or regulations. This presentation shall accordingly not be made available or distributed in such countries and it is the recipient’s responsibility to assess whether it may use and/or review this presentation and/or the information contained herein. Nothing in this presentation or in the information contained herein constitutes an offer of Securities for sale in the United States. This presentation is not provided for, or intended to be directed at, any person in the United States or any U.S. Person (as that term is defined in Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”)).

The consolidated financial statements for the year ended December 31, 2018 were approved by the Board of Directors of the Company on February 27, 2019 and are currently audited. They will be the subject of audit reports by the Company’s statutory auditors.

Contents

- p.4 Tier 2 transaction summary & rationale
- p.8 2018 FY results
- p.12 Funding
- p.15 ARKEA's independence project



Tier 2 transaction summary & rationale

Tier 2 Transaction Summary



Offering

- CRD IV-compliant dated Crédit Mutuel Arkéa Tier 2 capital securities
- 12Y bullet structure, €-benchmark size
- Expected ratings: Baa1/BBB+ (Moody's/Fitch)
- Issuance expected to be fully MREL eligible



Rationale

- Reinforcement of group debt ratings
- Strengthening of group total capital ratio and buffer over SREP requirements
- Contribution to a stronger MREL position
- Capital issuance to back the growth of the group



Key investment highlights

- A 10-year track record in generating continuous growth and profitability
- A well diversified business model, with a low risk profile
- A solid financial structure with leading solvency and liquidity levels
- A group with an innovative strategy and strong development prospects

Tier 2 Transaction Rationale



Reinforcement of group debt ratings

- ARKEA has a clear objective of supporting its debt ratings to keep them at high levels
- Funding plans for 2019 and beyond will contribute to achieving this objective
- At this stage, Tier 2 debt issuance will help support both SP and SNP ratings with Moody's and Fitch



Strengthening of group total capital ratio and buffer over SREP requirement

- Total capital ratio at end of 2018 stands at 19.8%, with total capital of €6,327 M o/w €688 M of Tier 2 capital (down from €845 M at end of 2017)
- A new benchmark Tier 2 issue will help reinforce ARKEA's total capital ratio by 1-2 % points
- It will increase the buffer over the 2019 SREP total capital requirement of 13.5%



Contribution to a stronger MREL position

- MREL target estimated at 25.75% of RWAs, according to SRB's 2018 Policy
- Estimated Target already met by Arkéa at the end of 2018
- A new benchmark Tier 2 issue will help meet improve subordination levels and reduce the amount of senior preferred needed to meet the estimated MREL target

Tier 2 Indicative Terms

Issuer	Crédit Mutuel Arkéa
Issuer Rating	Aa3/Negative (Moody's) ; A/Negative (S&P) ; A-/Stable (Fitch)
Structure	12Y bullet Subordinated Notes
Issue Rating (expected)*	[Baa1] (Moody's); [BBB+] (Fitch)
Status of the Notes	Subordinated Notes, ranking pari passu with existing and future Tier 2 qualifying obligations and any other subordinated obligations of Crédit Mutuel Arkea that rank or are expressed to rank equally with the Subordinated Notes, subordinated to any present and future senior obligations of the Issuer but senior to prêts participatifs, titres participatifs and any deeply subordinated obligations of the Issuer
Waiver of Set-Off	No holder of Notes may at any time exercise or claim any waived set-off rights against any right, claim or liability the Issuer has or may have or acquire against such holder of Notes
Negative Pledge	No negative pledge in respect of the Notes
Events of Default	No events of default under the Notes
Principal Amount	EUR Benchmark
Issue Date	[●] [March] [2019]
Maturity Date	[●] [March] [2031]
Interest Rate	The rate of interest for each Interest Period from (and including) the Issue Date to (but excluding) the Maturity Date is [●] per cent. per annum
Interest Payment Dates	[●] [March] in each year from (and including) [●] [March] [2020]
Deferral of Interest	None
Early Redemption following a Special Event	The Issuer may at any time redeem the Notes in whole at par, together with accrued interest upon the occurrence of a Capital Event, Tax Deductibility Event or Withholding Tax Event (subject to specific conditions to redemption)
Denomination	EUR 100,000
Listing	Luxembourg
Governing Law	French Law
Statutory Loss Absorption	Applicable. See also section entitled "Risk Factors" in the Drawdown Prospectus
Documentation	Issued under the issuer's EUR 13bn EMTN Programme dated 05 September 2018 supplemented on 26 th October 2018 and on 28 th February 2019



2018 FY results

Dynamics confirmed by record results in 2018



Outstanding performances,
a **robust financial structure**

Strong dynamics in
commercial development



Expanding client portfolio

+ 6.5 %



Increased outstanding gross loans

+ 11.4 %



Growing outstanding savings

+ 3.2 %

Full year results at their
highest level



Net banking & insurance income

Growing net banking & insurance income

€2,146 M ie. + 2.7 %

Risk

Moderate cost of risk

€64 M ie. 10 bps
of outstanding client
exposures

Net income

Increased net income group share

€437 M ie. + 2.1 %

A robust financial
structure



Gross **Loan to deposit** ratio

104 %

CET 1

Common Equity Tier One ratio

17.5 %

LCR

Liquidity Coverage Ratio

130 %

ARKEA

2018 : a record year

The major strategic directions taken since 2008 have allowed Arkéa to

- generate a strong income growth
- diversify income sources, particularly from insurance and B2B activities
- reduce income's dependence on interest rate levels



In 10 years, excellent results and ratios have confirmed the pertinence of the business model, generating a regular profitability and strengthening the group's balance sheet

2018, a reference year:

- On-going commercial development, with accelerated client acquisition and **income growing beyond €2 bn**
- **Net income** (group share) at its highest historic level, at **€437 M**
- A robust financial structure, with high **solvency** and **liquidity** levels

An exceptional growth path since 2008

Growth since 31/12/2008



x 14

**Net income
(GROUP SHARE)**

€437 M y.e. 31/12/2018
versus €31 M
y.e. 31/12/2008



+ 98 %

**Net banking &
insurance income**

€2.15 bn y.e. 31/12/2018
versus €1.08 bn
y.e. 31/12/2008



+ 141 %

Outstanding savings

€111.2 bn as at 31/12/2018
versus €46.2 bn
as at 31/12/2008



+ 96 %

Total assets

€135 bn as at 31/12/2018
versus €69 bn
as at 31/12/2008



x 2.6

**Equity
(GROUP SHARE)**

€6.7 bn as at 31/12/2018
versus €2.6 bn
as at 31/12/2008



+ 93 %

Outstanding loans

€56.5 bn as at 31/12/2018
versus €29.3 bn
as at 31/12/2008



An **outstanding** trajectory

- confirming **the pertinence of the business model** and **strategy**
- providing **resources for independence**

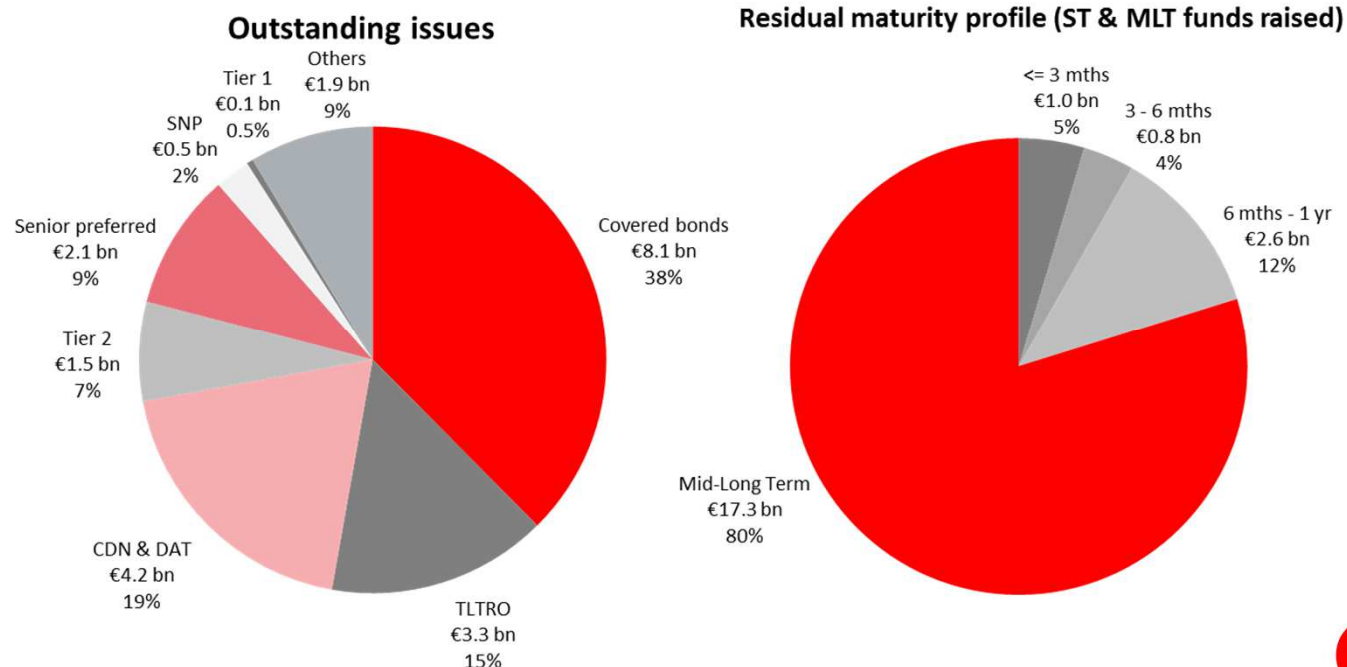
ARKEA



Funding

Diversification and balance between programmes

LT resources favoured, with an average residual maturity of 7.2 years



A 2019 programme between €2 bn and €3 bn, all programmes included

ARKEA



2018 Public issues



15Y Covered Bond
1.5% 01/06/2033
€500,000,000



5Y Senior Preferred
0.875% 05/10/2023
€500,000,000



Long 5Y Covered Bond
1.5% 04/03/2024
€750,000,000






2019 Public issue



6Y Senior Preferred
1.375% 17/01/2025
€500,000,000

Quality ratings illustrating Arkéa's financial solidity

	 S&P Global Ratings	 MOODY'S INVESTORS SERVICE	 Fitch Ratings
Long Term Senior Unsecured Debt	A	Aa3	A-
Outlook	Negative	Negative	Stable
Short Term Senior Unsecured Debt	A-1	P-1	F2
Long Term Senior Unsecured Non Preferred Debt	BBB+	Baa1	A-
Tier 2 Subordinated Debt	BBB	Baa1	BBB+



From June 1st 2019, Arkéa will no longer be rated by S&P Global Ratings

This decision has been driven by the analysis criteria and the methodology used by S&P Global Ratings, particularly the unfavourable treatment of insurance activities, which are key components to the success of the growth model implemented by Arkéa

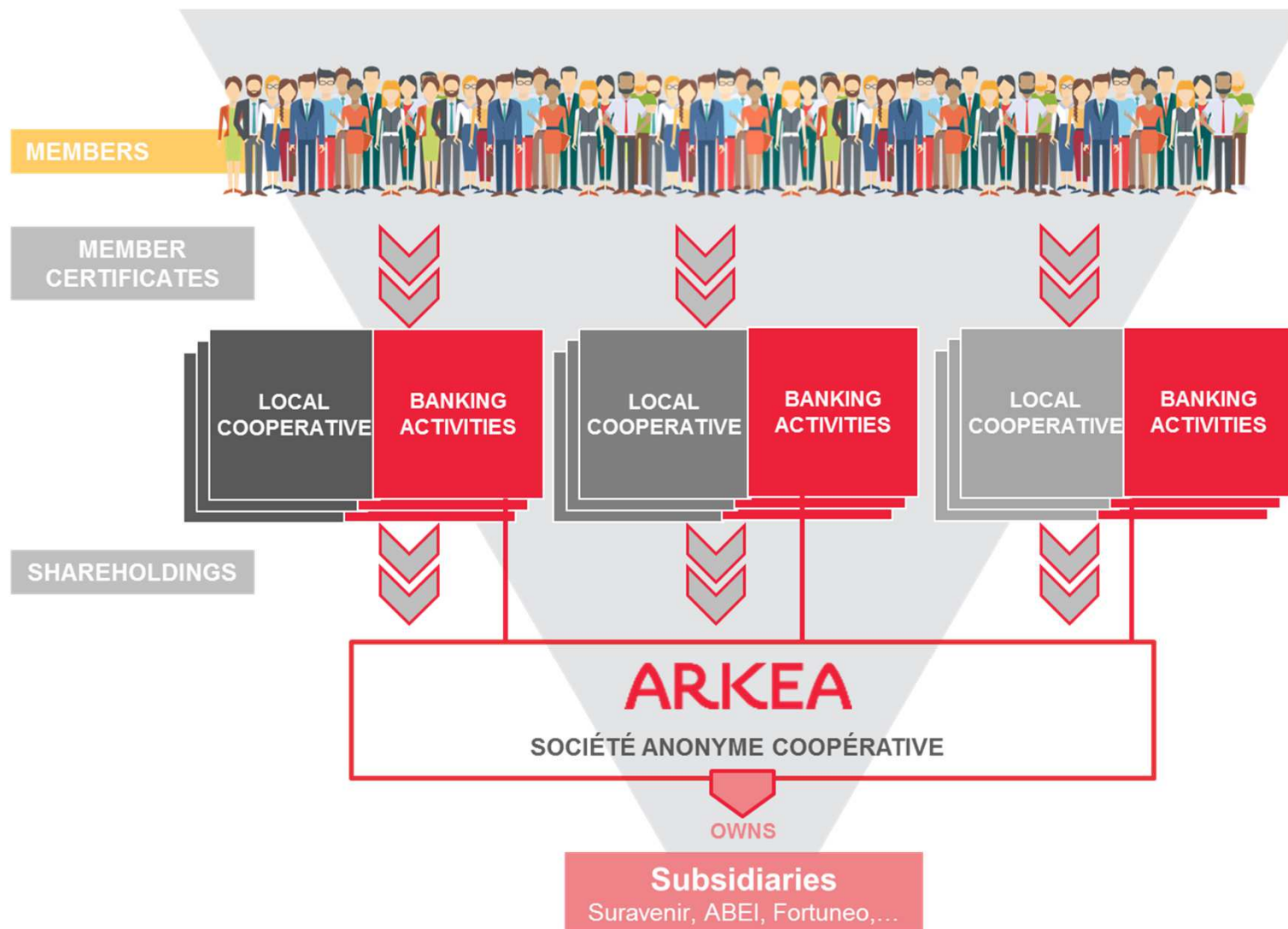
A white L-shaped graphic element consisting of a horizontal line segment and a vertical line segment meeting at a right angle, positioned to the left of the text.

Our independence project

2018 was marked by the independence project

- The Board of Directors of Crédit Mutuel Arkéa, meeting on 17th January 2018, gave a mandate to management to take any actions enabling Crédit Mutuel Arkéa to become an independent cooperative and mutual banking group, entirely separate from the rest of Crédit Mutuel
- Local savings banks and directors of the federations of Brittany, South-West and of Massif Central were invited to vote in the first half of 2018. 94.5 % of the local savings banks that voted did so in favour of the independence of Crédit Mutuel Arkéa
- The Board of Directors of Crédit Mutuel Arkéa, meeting on 29th June 2018, approved the target organisational scheme of the future independent group. On this ground, the group engaged in preparatory work for an orderly separation from Crédit Mutuel
- The operational implementation of the exit of the Arkéa group from Crédit Mutuel remains subject to the approval of the local banks. The consultation of the local banks will take place following on-going discussions and work with supervising authorities particularly, and on the basis of a finalised consultation file

Target organisation : a democratic model that still belongs to its members



ARKEA

Your contacts

Laurent GESTIN

Investor Relations

laurent.gestin@arkea.com



Stéphane CADIEU

Head of Capital Markets

stephane.cadieu@arkea.com

ARKEA