

# Tier 2 Capital Issuance

Investor Presentation

May 2016



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Any reference to past performance is not necessarily indicative of future results.

The consolidated financial statements as at, and for the year ended, 31 December 2015 have been approved by the Boards of Directors dated 26 February 2016 and have been audited.



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## Tier 2 Transaction Summary

#### Offering

- CRD IV-compliant dated Tier 2 capital securities
- 10-year bullet structure, €-benchmark size
- Redeemable in whole at par upon Tax and Regulatory Events
- Expected ratings: BBB (S&P)
- Issuance expected to be fully MREL (and TLAC) eligible

#### Rationale

- Capital optimisation: increase total capital levels by issuing new subordinated debt (existing Tier 2 notes will be redeemed in 2018 and are less efficient because of regulatory capital amortisation over the last 5 years to maturity)
- Protection of senior unsecured bondholders: convergence towards a MREL ratio of 8% excluding senior unsecured debt

#### Key Investment Highlights

- A strong ability to continuously generate growth and revenues
- A loan book with a limited risk profile
- A solid financial structure with leading solvency and liquidity levels
- A group with strong fundamentals to match its ambitions





# Crédit Mutuel Arkéa at a glance

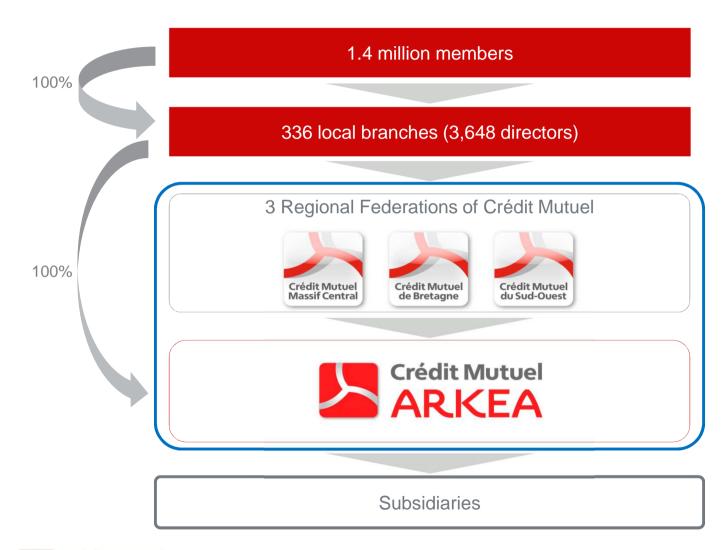
Key figures as at 31st December 2015	Crédit Mutuel Arkéa's clients		
■ 3.6 million customers, 1.4 million members	■ Private individuals		
■ Total assets: €110.1 bn	■ Corporates & Professionals		
■ Outstanding loans: €44.8 bn, outstanding savings: €86.4bn	Institutions		
■ Shareholders' equity: €5.8 bn	■ Public Sector		
■ Estimated fully loaded CET1 ratio: 15.6%			
■ Estimated leverage ratio: 6.9%*			

#### **Crédit Mutuel Arkéa's profile**

- A cooperative banking and insurance company, Crédit Mutuel Arkéa Group comprises the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations as well as approximately 20 specialised subsidiaries, which cover all of the business lines in the financial arena.
- A cooperative and mutual banking institution, Crédit Mutuel Arkéa is not listed on the stock exchange. It is owned by its customer shareholders, who are both shareholders and customers. The Group, which combines a strong financial position and a long-term growth strategy, thereby puts its performance to work on behalf of the real economy and the projects of its 3.6 million customers.
- As a producer and distributor, Crédit Mutuel Arkéa can offer its clients a comprehensive line of banking, financial, asset management and insurance products and services, among others. The Group also stands apart through its development of private label banking services on behalf of other financial institutions and payments providers.



# The stable structure of a cooperative group

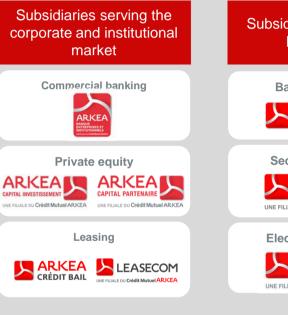




## Crédit Mutuel Arkéa's business lines

## A complete range of solutions for the benefits of customers









## The Group's geographical presence

## Regional foundations, national reach

A network of close to
480 local branches and points of
sale, in Brittany, the South-West and
Massif Central

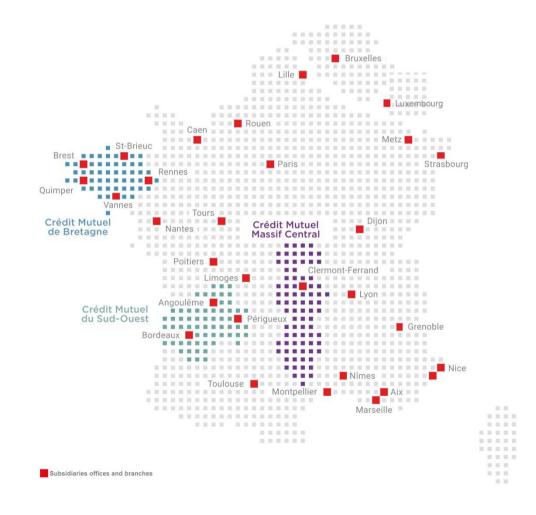
19 regional business centers for Arkéa Banque Entreprises et Institutionnels

9 regional branches for Leasecom

15 branches for Financo

A presence in Belgium with Fortuneo Banque and Procapital Securities Services

Monext provides services in 26 European countries







# 2015: a year of reference

#### Performances confirming the solidity of Crédit Mutuel Arkéa

# A sustained commercial development

- Client portfolio growing by 4%
- Outstanding loans increased by €3.7 bn (+9%)
- Outstanding savings higher by €7.6 bn (+10%)

# A strong growth of the financial results

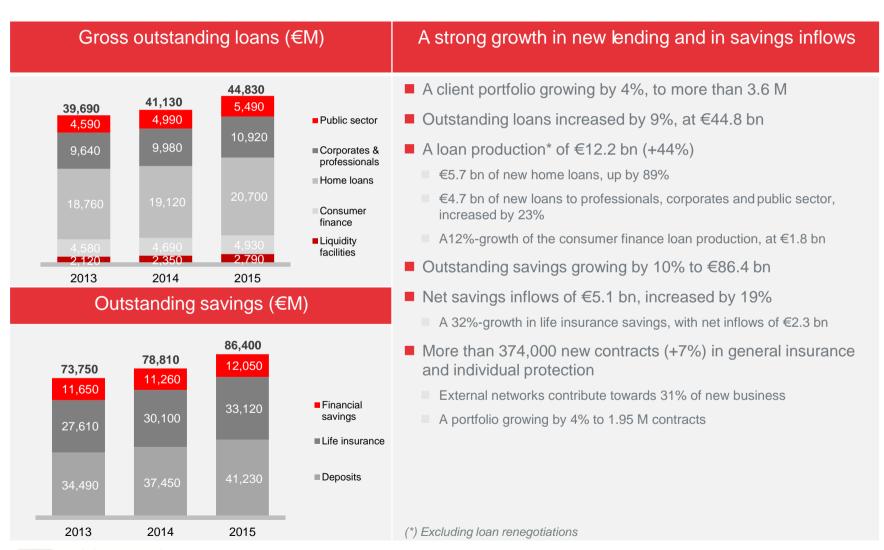
- Net banking & insurance income of €1,780 M, up 3.3%
- Cost/income ratio of 69.4% (+0.2 pt)
- Cost of risk down by 7.2% at €108 M
- Historic net income of €296 M, increased by 10%

#### A real intrinsic strength

- Loan-to-deposit ratio of 109%
- Estimated fully loaded CET1 ratio of 15.6%
- Leverage ratio of 6.9% (\*)
- LCR ratio of 117%



## A sustained commercial development



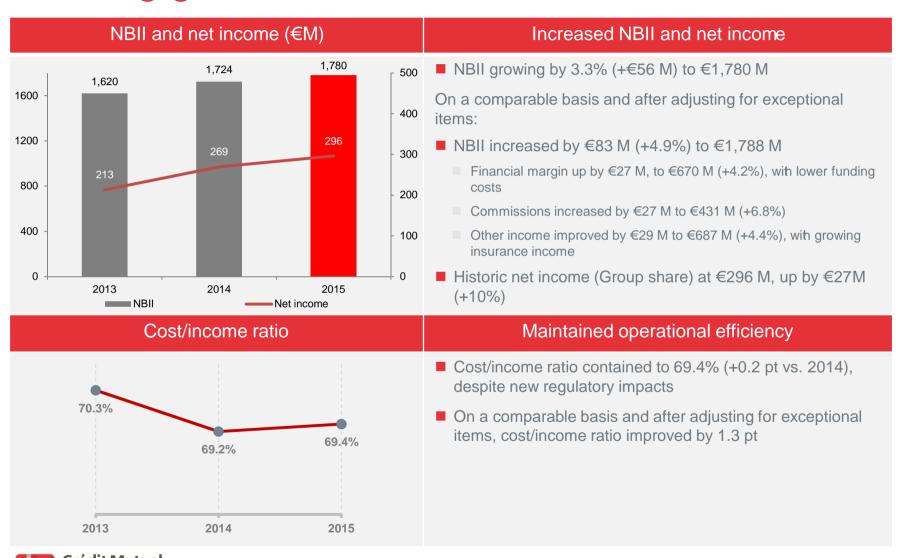


## Income statement

€M	2015	2014	% Var.
Net banking & insurance income (NBII)	1,780	1,724	+ 3.3 %
Operating expenses	1,235	1,193	+ 3.6 %
Gross operating income	545	531	+ 2.5 %
Cost of risk	108	116	- 7.2 %
Net operating income	437	415	+ 5.3 %
Net income Group share	296	269	+ 10.0 %



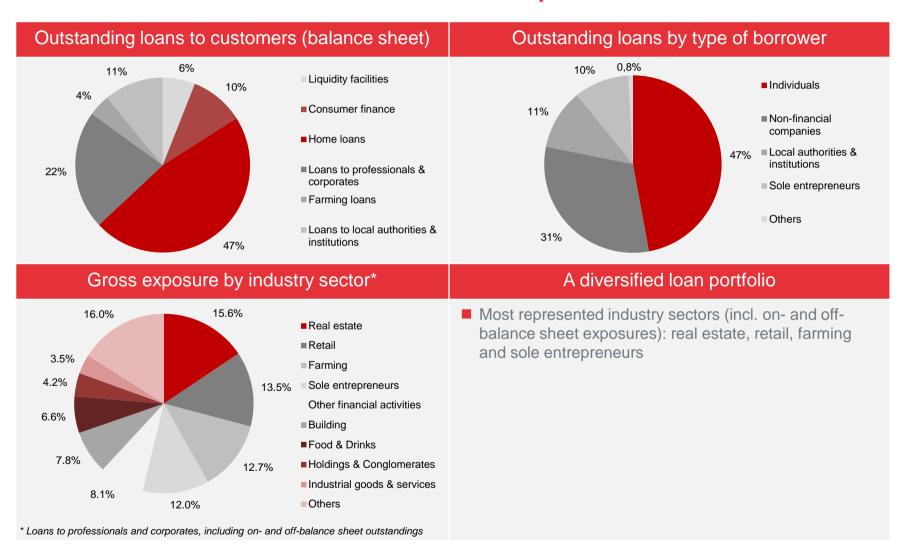
## A strong growth of the financial results





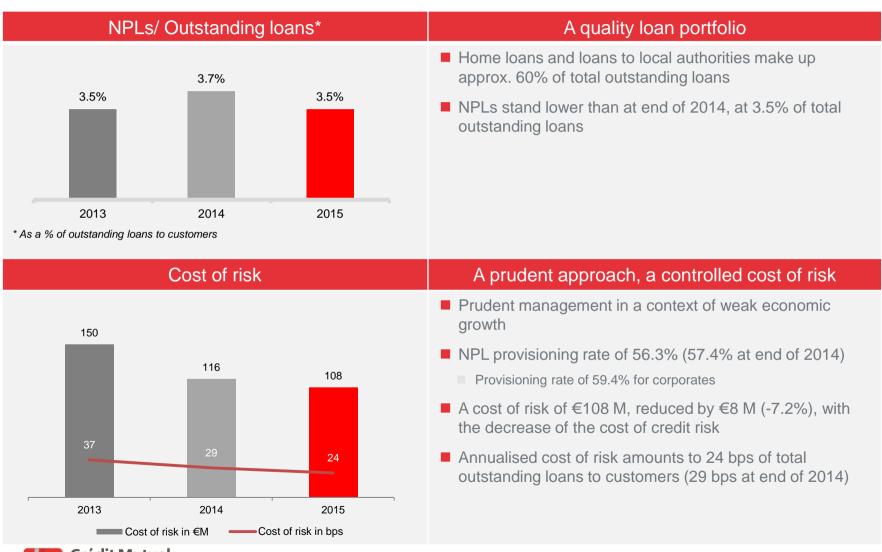


## A loan book with a limited risk profile

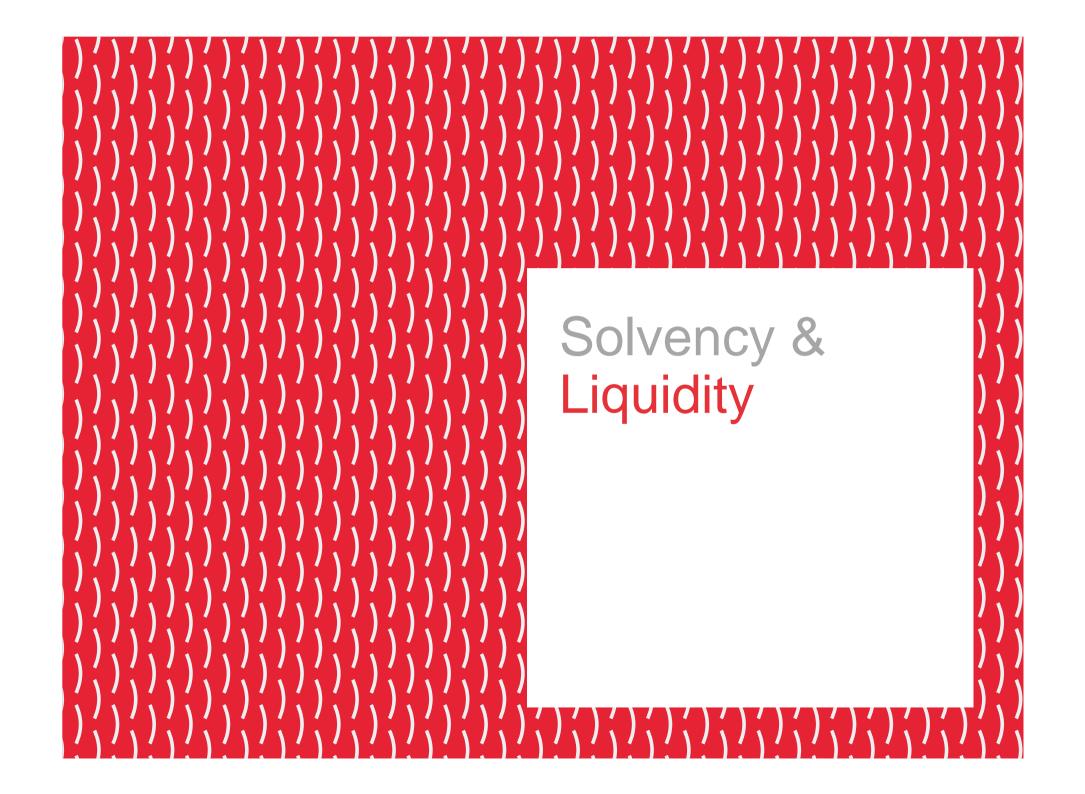




### A lower cost of risk





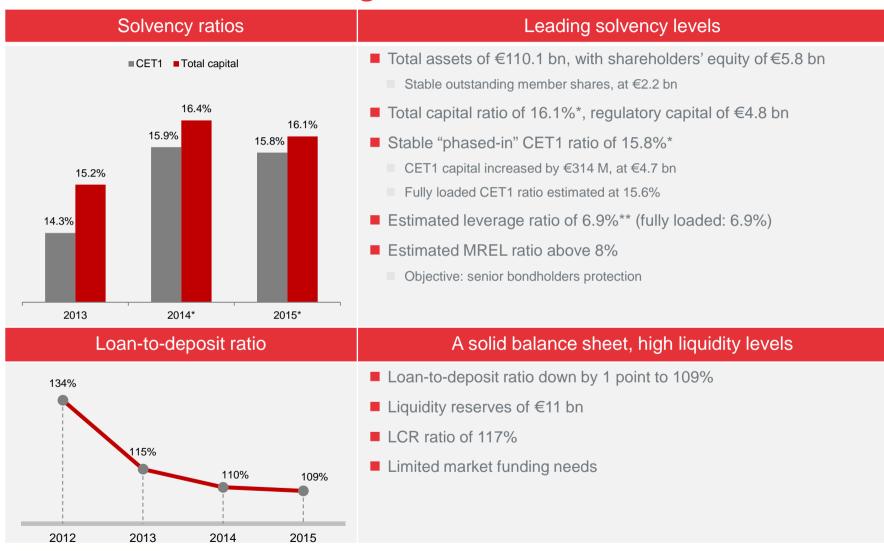


# Risk weighted assets

RWAs (€bn)	31/12/2015	31/12/2014
Credit risk	27.6	25.6
Market risk	0.1	0.1
Operational risk	1.8	1.9
	29.6	27.6



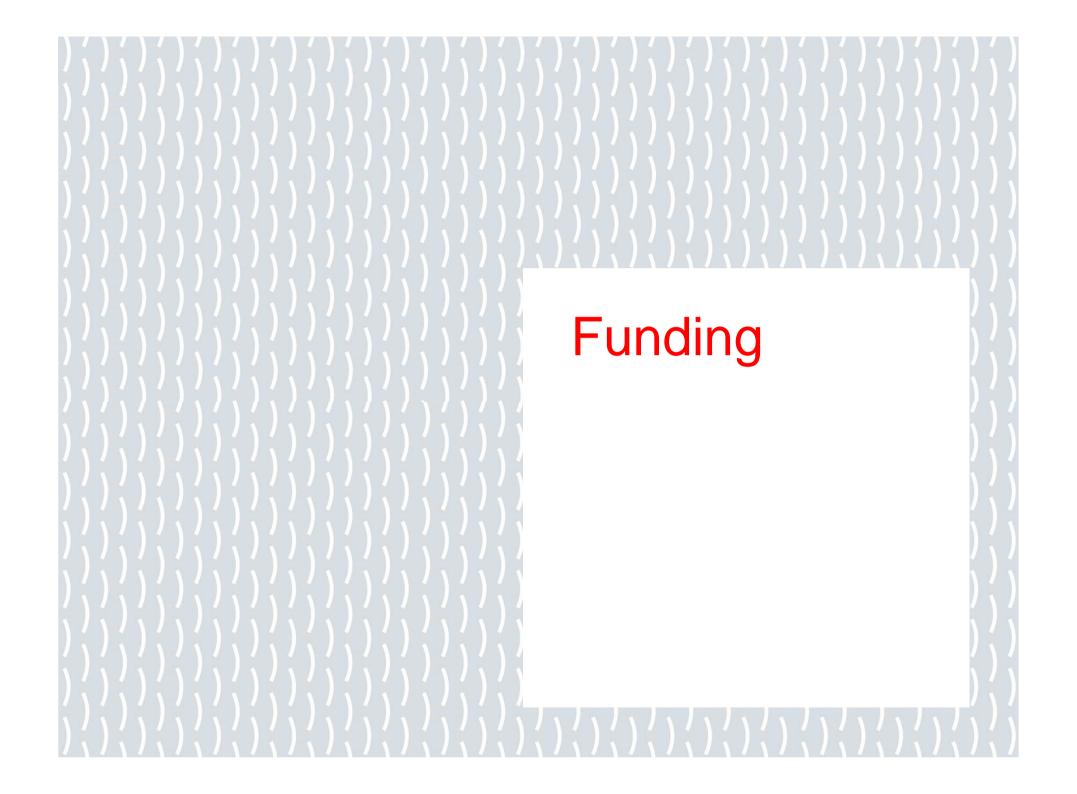
## A real intrinsic strength



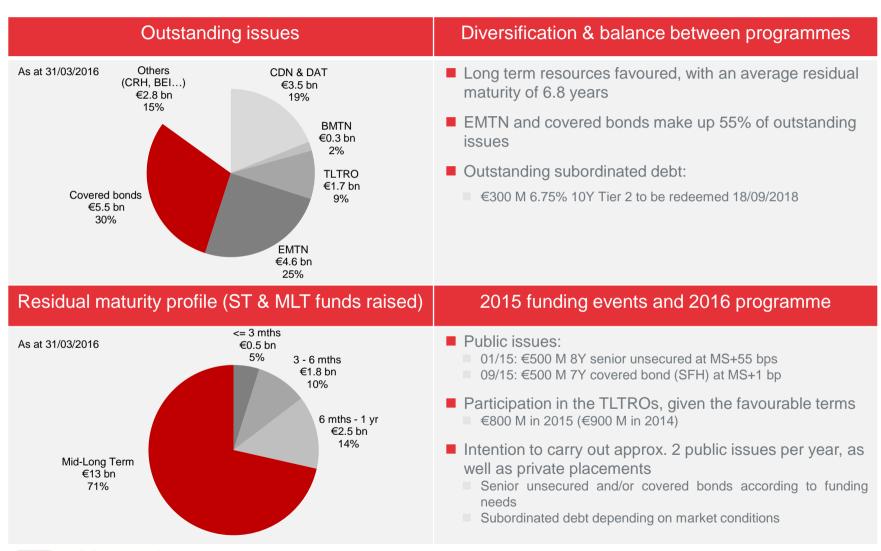


<sup>(\*)</sup> Basel III CRDIV ratio with transitory measures. Annual results included.

<sup>(\*\*)</sup> Includes annual results. Calculated according to the Delegated Act released on 10 October 2014; subject to the authorisation of the ECB regarding exemptions (inter-company transactions and centralised savings).



## Funding programme



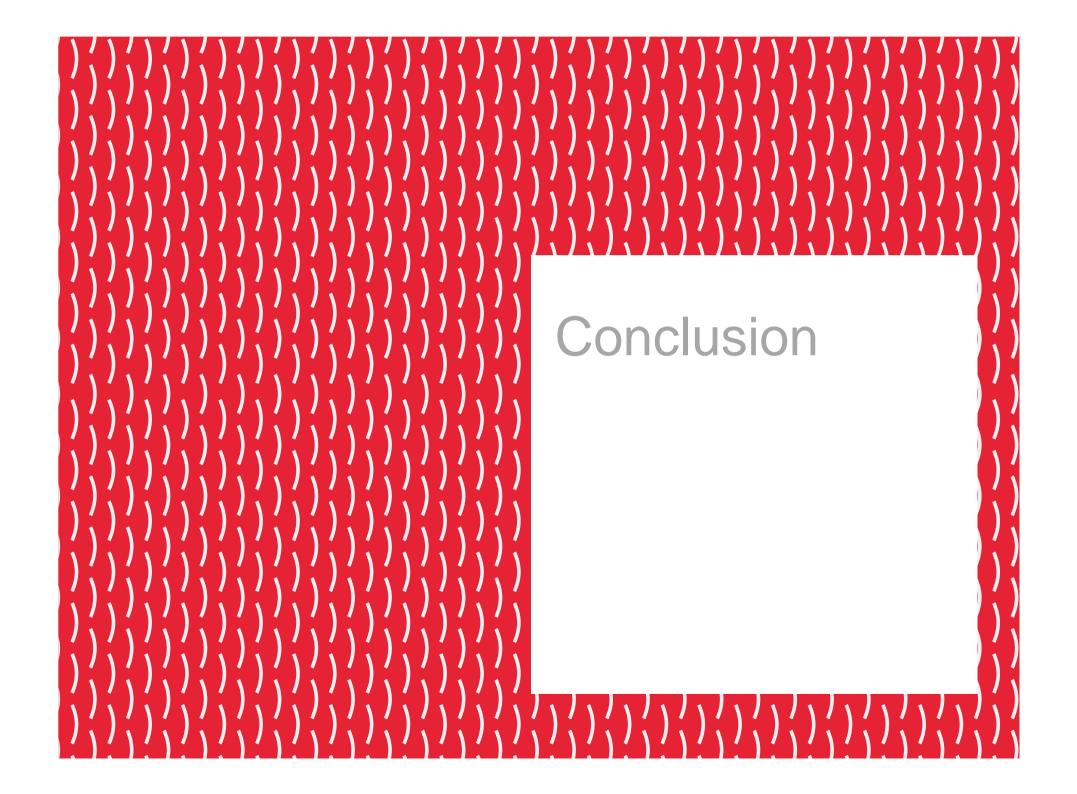


# Ratings

## Quality ratings illustrating Crédit Mutuel Arkéa's solidity

	Ratings
Moody's	<ul> <li>Long-term deposit: Aa3</li> <li>Outlook: stable</li> <li>Senior unsecured short-term debt: P-1</li> </ul>
STANDARD & POOR'S RATINGS SERVICES	<ul> <li>Senior unsecured long-term debt: A</li> <li>Outlook: negative</li> <li>Senior unsecured short-term debt: A-1</li> </ul>





## 2015

#### High level performances for Crédit Mutuel Arkéa

- A sustained commercial development
- Net income growth driven by an increase in revenues
- A solid financial structure, with leading solvency and liquidity levels
- A strong development model



## "Horizons 2015" strategic plan

Growth trajectory since 2008

Outstanding
Loans
+ 52 %

Outstanding Savings + 87 %

General Insurance Contracts + 88 %

Total Assets
+ 59 %

Data as at 31/12/2015

Equity
Group share
X 2.2

Net Banking & Insurance Income + 65 %



#### Arkéa 2020

# Increasingly open our model and position ourselves as a solutions integrator

#### **Retail banking for individuals**

- Further develop our on-line banking business and adapt our networks
- Test new models

#### **Manufacturers**

- Intensify the development and the distribution of services through external networks
- Keep an opportunistic approach towards acquisitions, especially in the asset management area

# Bank for professionals, corporates and institutions

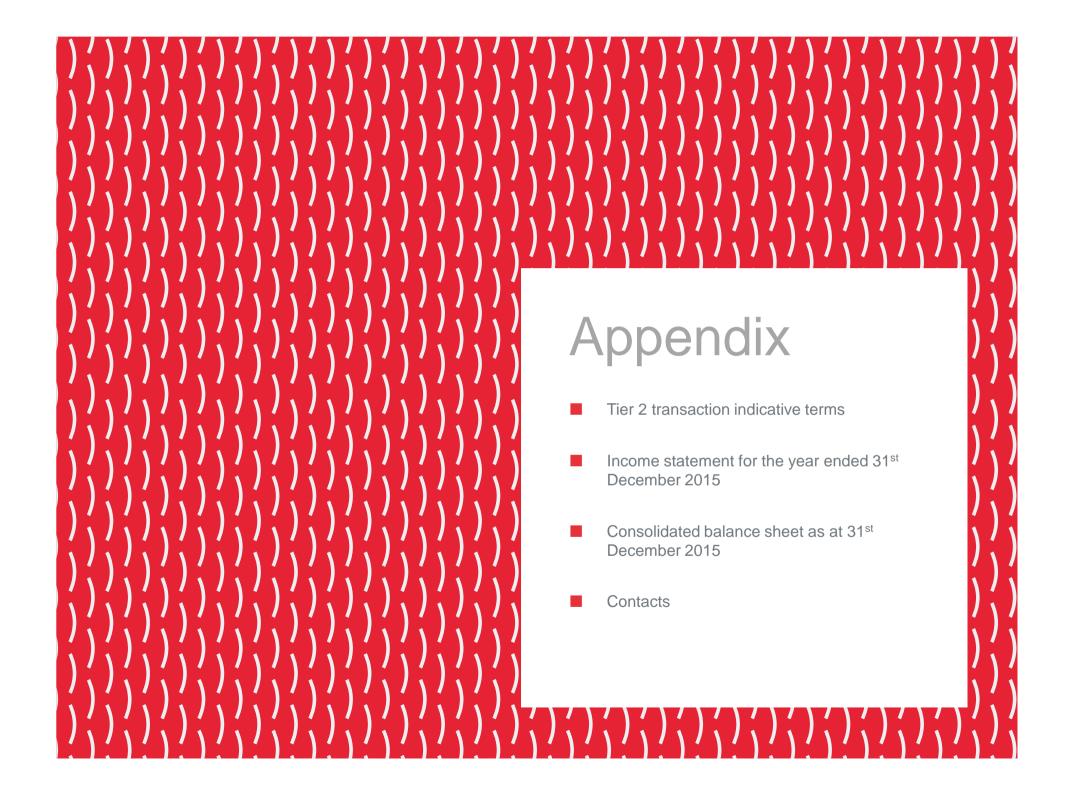
- Assist these clients with services (mobilising less capital)
- Reinforce our position in key areas, e.g. the "digital entrepreneurship" sector

#### Services on account of third parties

- Broaden our product range to develop loyalty and attract new clients
- Assist our clients, in France and abroad







#### Appendix > Tier 2 Transaction Indicative terms

Issuer	Crédit Mutuel Arkéa
Issuer Rating	Aa3/Stable (Moody's) ; A/Negative (S&P)
Structure	Bullet
Issue Rating (expected)*	[BBB] (S&P)
Status of the Notes	The Subordinated Notes, including any amount of interest relating to them, constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank:  i. pari passu without any preference among themselves;  ii. pari passu with (a) any present or future obligations or capital instruments of the Issuer which constitute Tier 2 Capital of the Issuer and (b) any other present and future direct, unconditional, unsecured and subordinated obligations of the Issuer that rank or are expressed to rank equally with the Subordinated Notes;  iii. senior to any present and future prêts participatifs granted to the Issuer, titres participatifs issued by the Issuer and deeply subordinated obligations of the Issuer (engagements dits "super subordonnés" or engagements subordonnés de dernier rang);  iv. junior to (a) any present and future unsubordinated creditors (including depositors) of the Issuer and (b) any present or future subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank pari passu with or junior to the Subordinated Notes
Enforcement	No events of default under the Notes
Principal Amount	EUR Benchmark
Issue Date	[●] [May] [2016]
Maturity Date	[•] [May] [2026]
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	[●] [May] in each year from (and including) [●] [May] [2017]
Deferral of Interest	None
Optional 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

<sup>(\*)</sup> A security rating is not a recommendation to buy, sell or hold securities and should be evaluated independently of any other rating. The rating is subject to revision or withdrawal at any time by the assigning rating organisation.



# Income statement for the year ended 31st December 2015

€M	2015 IFRS	2014 IFRS	Variation	%
Net Banking & Insurance Income	1,780	1,724	56	3.3
Operating expenses	(1,235)	(1,193)	(43)	3.6
General operating expenses	(1,137)	(1,098)	(39)	3.5
Amortisation and depreciation	(99)	(94)	(4)	4.3
Gross operating income	545	531	13	2.5
Provisions for risks	(108)	(116)	8	(7.2)
Operating income	437	415	22	5.3
Shares of earnings of companies carried under equity method and income/loss on others assets	7	4	3	85.0
Pre-Tax income	443	418	25	5.9
Income tax	(147)	(147)	1	(0.4)
Net income	296	271	25	9.3
Minority interest	-	(2)	2	(90.6)
Net income – Group share	296	269	27	10.0



# Consolidated Group balance sheet as at 31st December 2015

Assets (€M)	31/12/2015 IFRS	31/12/2014 IFRS	Liabilities (M€)	31/12/2015 IFRS	31/12/201 IFR
Cash, due from central banks	2,113	1 340	Liabilities at fair value	1 094	1 40
Financial assets at fair value	15,830	12 943	Due to banks	6 456	5 05
Financial assets available for sale	36,268	36 334	Customer accounts	41 451	37 61
Due from banks	7,040	7 364	Debt securities in issue	13 780	15 19
Loans and advances to customers	44,368	40 749	Accruals, deferred income and sundry liabilities	3 593	3 91
Held-to-maturity financial assets	152	210	Insurance companies technical reserves	37 213	33 80
Accruals, prepayments and sundry assets	2,740	2 756	Provisions for contingencies and charges	366	36
Investment property	1,152	1 084	Subordinated debt	382	38
Goodwil	449	423	Shareholders' equity	5 774	5 46
			Share capital and reserves	2 203	2 21
			Consolidated reserves	2 981	2 75
			Unrealised or deferred gains or losses	294	22
			Net income	296	26
			Minority interest	3	
Total Assets	110 112	103 204	Total Liabilities	110 112	103 20



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