



Crédit Mutuel
ARKEA

FINANCIAL RESULTS

CRÉDIT MUTUEL ARKEA



2020

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The consolidated financial statements for the year ended December 31, 2021 were approved by the Board of Directors of the Company on February 3, 2021 and are currently being audited. They will be the subject of audit reports by the Company's statutory auditors.

In this presentation, revenues represent net banking and insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.

SECTION 1

DEVELOPMENT STRATEGY & 2020 KEY ELEMENTS

The group's presence

404

outlets in Brittany
and the South-West

20

regional business
centres
for Arkéa Banque Entreprises
et Institutionnels

7

regional offices
for Arkéa Capital

8

regional branches
for Financo

8

regional
branches for
Arkéa Investment
Services



A regional base and activities across Europe...

...with Leetchi and Mangopay
(United Kingdom, Germany,
Spain and Luxembourg),
ProCapital (Belgium),
Keytrade Bank (Belgium,
and Luxembourg)
and Monext (presence
in 25 countries)

● CMB* & CMSO* networks

● Subsidiaries offices

* CMB (Crédit Mutuel de Bretagne)
& CMSO (Crédit Mutuel du Sud-Ouest)

The group's activities

Retail banking for individuals and professionals



Retail banking dedicated to the corporate and institutional market



Insurance and asset management



Subsidiaries dedicated to BtoB



Non-banking activities



4.9 M clients
o/w 1.46 M members

2,700 local directors
in 295 local savings banks

nearly
11,000 employees

Main achievements in 2020



Innovation & BtoB

Crédit Mutuel Arkéa, first banking group to experiment **QR-Code mobile payment via transfer initiation** for CMB professional clients, in partnership with **budgetinsight**

Re-investment in **YOMONI**
a key player in on-line delegated savings management



Axa Banque becomes a **long term partner** of
Crédit Mutuel Arkéa by outsourcing the
management of part of its activities to ABS

pumpkin launches a **current account**

In partnership with Onepoint, Crédit Mutuel Arkéa will set up within the next 2 years an **IT site in Bordeaux**, in addition to the existing site in Brest.

The **Breizh Ma Bro** fund,
dedicated to the development, support and
economic recovery of Brittany, is awarded the



Crédit Mutuel Arkéa deploys its own
"instant payment" API to corporate
clients and financial institutions

Main achievements in 2020

Territories & CSR

Investment in the NACI 1 fund
Nouvelle-Aquitaine Capital-Investissement 1

**Arkéa Capital
and We Positive Invest investments**


FONTAINE PAJOT.

ANDJARO* PIRIOU

ASCOR
communication

Symbiomer

 **AirFan**
the breath of performance

Arkéa Banque Entreprises et Institutionnels
launched its first **impact loans**
and implemented **dedicated operations to finance
environmental transitions**

Social Bond **2nd social bond issue** - €750 M raised



1st structured green bond issue aimed at
funding renewable projects

First financings from 
an endowment fund supporting territories and
employment

 **europ
assistance**

In partnership with Europ Assistance,
Crédit Mutuel Arkéa adds **remote
consultation** to the range of
assistance services

The engagement of the group

in the health crisis context

Crédit Mutuel Arkéa has been fully engaged to **ensure the continuity of banking and insurance businesses and services, and to support members and clients** - individuals, professionals, corporates or institutions - impacted by the major economic consequences of the pandemic.

61,000 deferrals of professional, home and consumer loan repayments, representing €5.8 bn⁽¹⁾ outstanding : **11,000** state guaranteed loans (PGE), for € 1.8 bn⁽²⁾

Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest solidarity schemes

■ **2020 budget doubled to €4.18 M**

■ **More than 6,650 fragile clients supported :**

- **3,550 individuals** (donations, micro-loans, reversed expenses)
- **1,950 professionals** (support to companies, donations for creations or buy-outs), support to more than **2,500 jobs**
- **1,150 associations** struggling or supported for their charitable or environmental activities

■ **A €6.1 M contribution of insurance subsidiaries** to the SME/ very small business solidarity fund

■ **Reallocation of €2.4 M** of insurance premiums to impacted clients insured for their car, motorbike, home, or for life or health accidents :

- **8,200** individuals
- **1,300** professionals

■ **Frozen car insurance rates in 2021 :**
190,000 insured clients concerned

(1) CMB, CMSO, Arkéa Banque Entreprises et Institutionnels, Arkéa Banque Privée, Fortuneo, Financo, Arkéa Crédit Bail, CFCAL.

(2) CMB, CMSO, Arkéa Banque Entreprises et Institutionnels.



THE NEW STRATEGIC PLAN TRANSITIONS 2024



The strategic plan

Transitions 2024

This strategic plan was unanimously adopted by the Board of Directors on 28th January 2021.

“

"Transitions 2024 is the expression of our profound conviction that **value creation is not only financial**, and that it is our responsibility to accompany all our clients and territories in their environmental and societal transition"

”

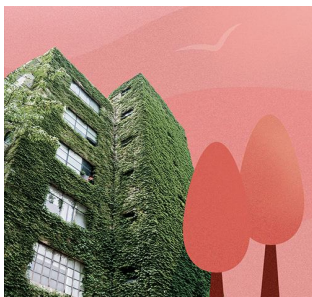
It is the **concrete implementation of commitments from the group's Raison d'être**, worded in 2019, adopted during May 2020's General meeting and the results of 9 months of **collective and collaborative work** from hundreds of local directors, employees, clients and partners.

The group positions itself as the **agile financial partner for the transitions of the future**. It aims at strengthening **its positive impact** and **its overall performance**, financial and non-financial

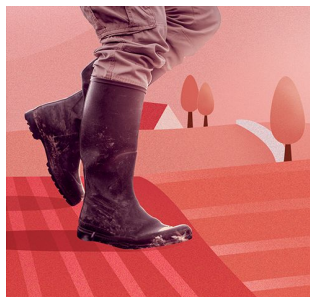
The strategic plan

Transitions 2024

The new **strategic plan** is structured into **4 strategic areas**, which are priorities for action to direct our business model.



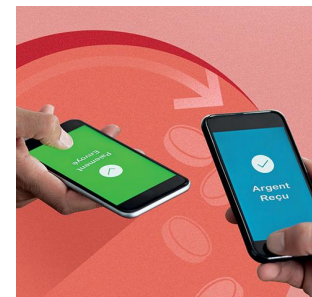
**Enrich our positive
impact range of
products and services**



**Support the
responsible
development
of territories**



**Personalise
customer
experience**



**Develop
our partnership
model**

These strategic areas are supported by **5 execution levers**

- | | | | |
|---|---|---|--|
| Promote our cooperative model | 1 | : | 4 Offer a singular experience to employees and local directors |
| Set an example with our own actions and transitions | 2 | : | |
| Improve collective efficiency | 3 | : | 5 Value an open innovation approach |
| | | : | |

SECTION 2

2020 FINANCIAL RESULTS

A resilient model

with revenues impacted by the health crisis

Commercial development

Client portfolio
+ 4.0 %
to 4.9 M

Gross outstanding loans
+ 7.6 %
to €67.7 bn

Outstanding savings
+ 10.2 %
to €137.7 bn

Financial results

Revenues*
€2,158 M
i.e. - 6.3 %

Cost of risk
€160 M
i.e. + 62.3 %

Net income
group share
€356 M
i.e. - 30.2%

Balance sheet structure, solvency & liquidity

Total assets
€169 bn
ie. + 7.8%

CET1
Common
Equity Tier One ratio
16.8 %

LCR
Liquidity Coverage Ratio
149 %

Non-financial indicators

1,000+
permanent recruitments
in 2020

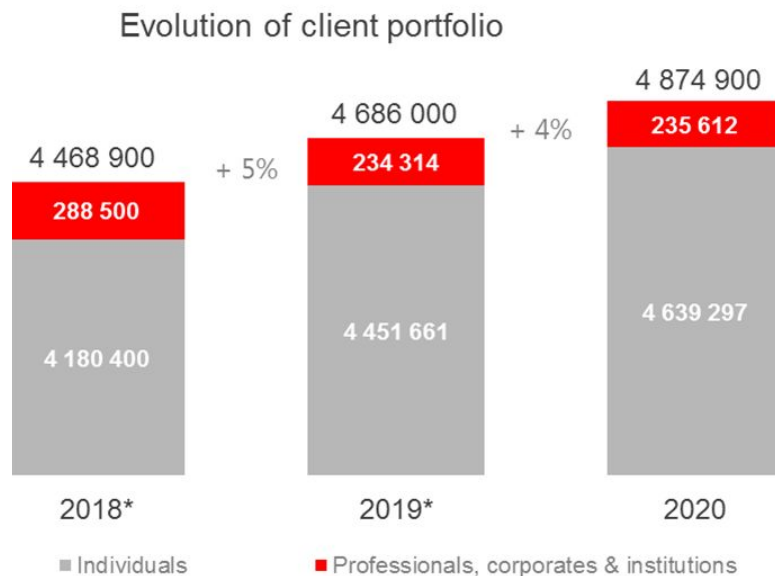
+ 27 %
of 0%-loans
granted in 2020 and aiming at
improving energy efficiency

€28 bn
of assets managed
by Federal Finance Gestion
with ESG criteria
i.e. **95 %** of total AUMs

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

A client portfolio

increased by 4% to 4.9 million clients



190,000
new clients
net acquisition



Client acquisition is **mainly driven by subsidiaries** :

- **on-line banking** (+ 79,000 clients)
- the personal assistant **max** (+ 53,000 clients)
- **insurance** (+ 44,000 clients)

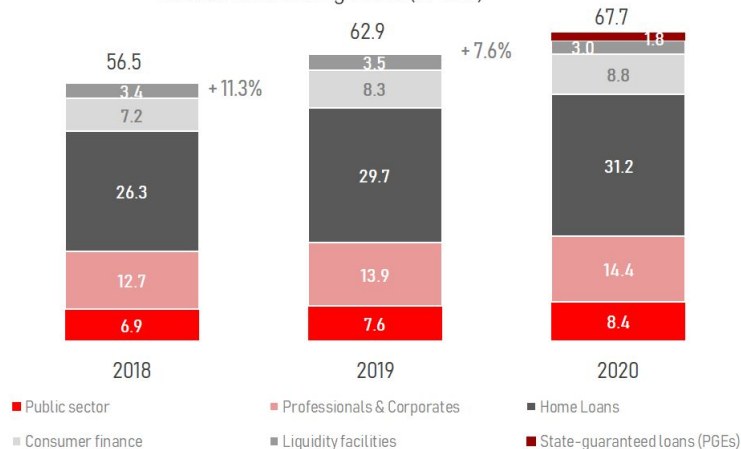
A portfolio increased by 4% compared to 2019, to 4.9 million clients

*Restated portfolios following quality actions undertaken on dormant accounts

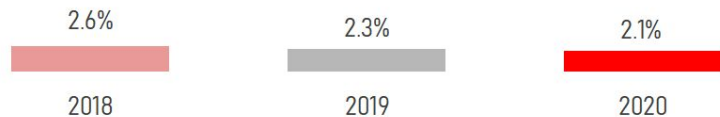
Outstanding loans

growing by 7.6% to €67.7 bn

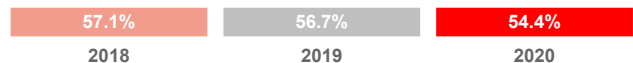
Gross outstanding loans (in €bn)



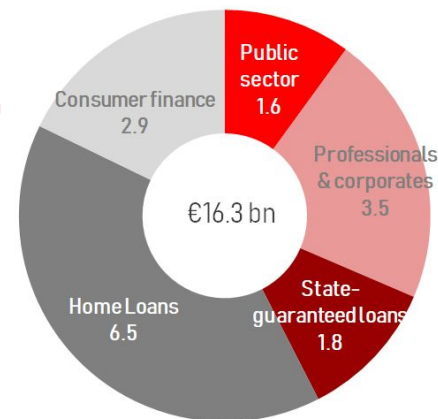
NPLs / Total outstanding loans



Provisions / Impaired loans



▶ A **growth of outstanding loans** driven by a **€16.3 bn** production in 2020 (€16.1 bn in 2019) **with €1.8 bn of state-guaranteed loans (PGEs)**:



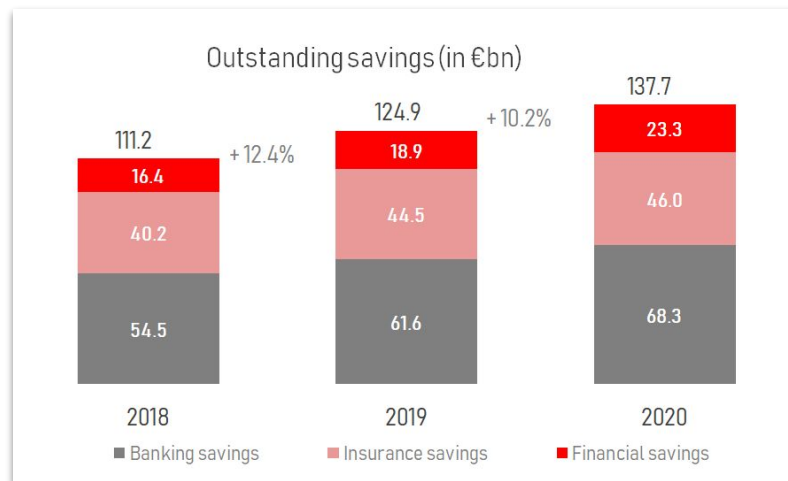
▶ A **quality loan portfolio**

Outstanding loans of a good quality with a **non-performing loan (NPL) ratio of 2.1%**

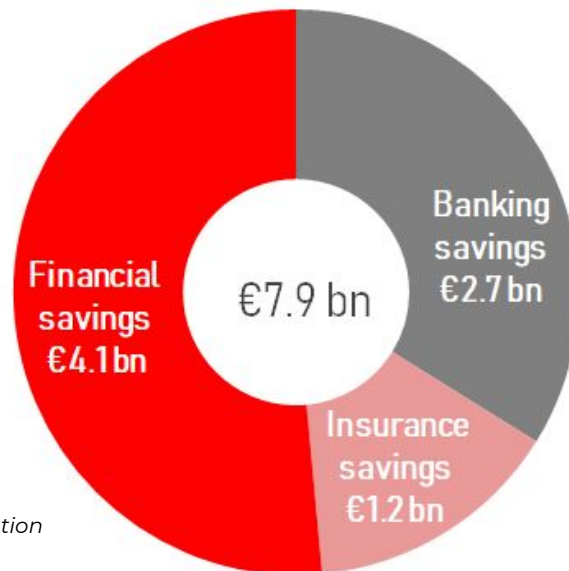
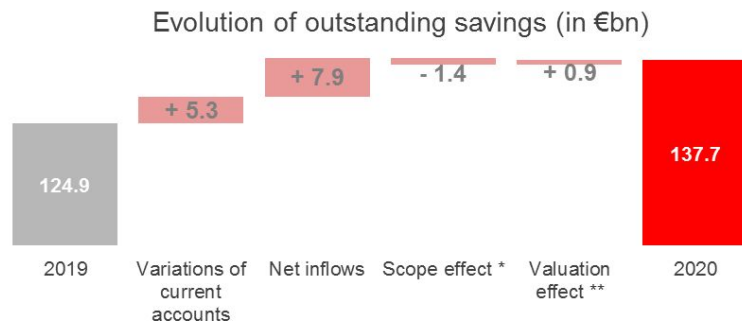
A prudent approach over client credit risk with a **54.4% provisioning rate for balance sheet impaired loans**

Outstanding savings

up 10.2% to €137.7 bn



► Outstanding savings of €137.7 bn, increased by 10.2% in comparison to end 2019, driven by **net inflows of €7.9 bn** :



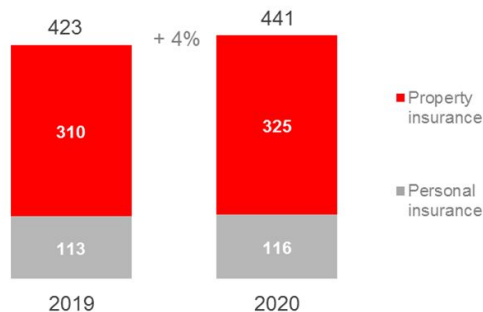
* Exit of CMMC

** Including capitalisation

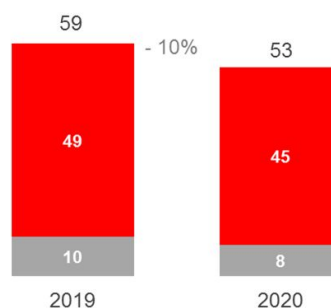
Insurance activities

growing earned premiums

Earned premiums on existing policies (in €M)



New business premiums (in €M)



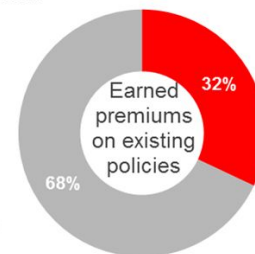
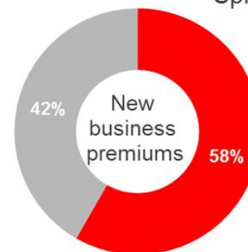
Earned premiums on existing policies growing by €17 M vs. 2019

New business premiums down by €5.8 M vs. 2019, affected by the lockdown period

Business from external networks is growing and represents :

- 58 % of new business premiums (+ 2 points vs. 2019)
- 32 % of earned premiums on existing policies (+ 2 points vs. 2019)

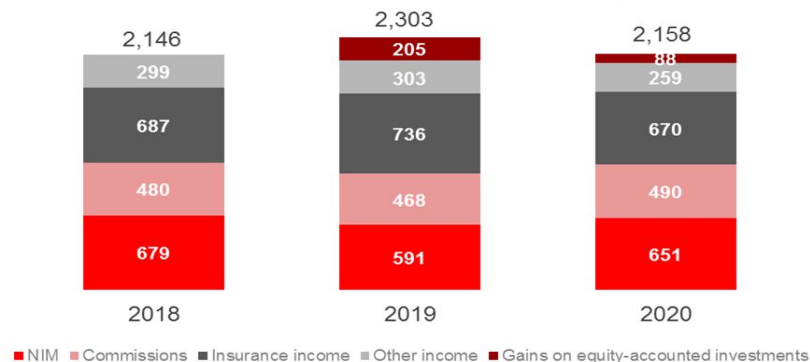
Split of 2020 premiums



■ External part
■ Internal part

Resilience of revenues*

Evolution of revenues* (in €M)



Net interest margin increased with favourable volume effects on loans, coupled with a recovery on the provision for home saving products

Commissions are up, mainly in line with higher volumes of stock market transactions (x 1.6) carried out by clients during the lockdowns

Net revenues of insurance activities decreased, penalised by the effects of the Covid-19 crisis on the valuation of assets at fair value through P&L and by higher loan insurance provisions

Other operating income is lower, with adverse variations on securities at fair value through P&L (Covid-19 crisis), especially from private equity investments

Gains on **equity-accounted investments** decreased, with the remarkable Primonial transaction in 2019 (€194 M), and the favourable impact of the deconsolidation of Younited following the loss of significant influence in 2020 (€86 M)

Main variations of revenues* (in €M)



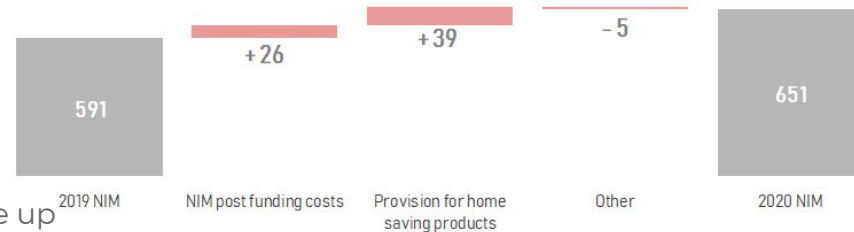
* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method

A diversification of revenue* sources

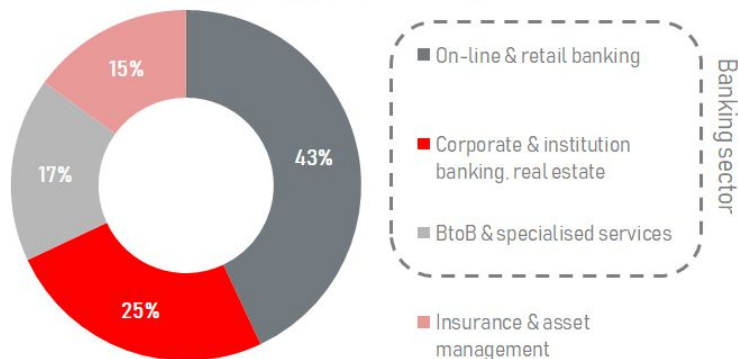
Major strategic directions resulting in revenue diversification, enabling Crédit Mutuel Arkéa to be less dependent to interest rate levels with a **net interest margin** (€651 M) making up **30% of revenues* in 2020**

Other income (€259 M) and **insurance income** (€670 M) make up **43% of revenues* in 2020**

Main variations
of the net interest margin (in €M)



Sectoral distribution of revenues*



B2B and B2B2C contribute to the growth of revenues*

17% of Crédit Mutuel Arkéa revenues* come from the development of the B2B & Specialised Services division (i.e. €375 M)

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

A stable cost/income ratio

Evolution of the cost/income ratio



A cost/income ratio of **69.2%**,
stable over the past 5 financial year-ends

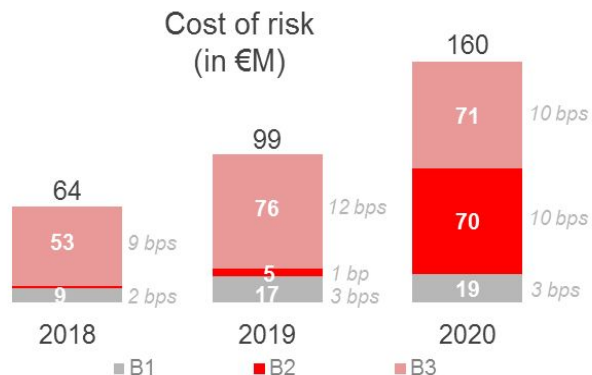
▶ **Operating expenses amount to € 1,493 M, down by €86 M (- 5.4%),** led by a non-recurring accounting impact of €81 M, following changes to the pension system brought by the “loi Pacte”, generating a 3.8-point positive impact on the cost/income ratio.

On a comparable basis, operating expenses increase by €19 M (+ 1.3%) with :

- costs associated to the group's regulatory and development projects ;
- contributions to the Single Resolution Fund and to the Deposit Guarantee & Resolution Fund.

A cost of risk

increased with the Covid-19 crisis



A cost of risk strongly increased to €160 M (+62.3%),
representing 23 bps of balance sheet client exposures

In 2020, this increase is explained by :

- a €4.8bn **growth of performing loans (B1/B2)** to €67bn (including €1.8bn of state-guaranteed loans)
- a €23M **decrease of impaired loans (B3)** to €1.4 bn

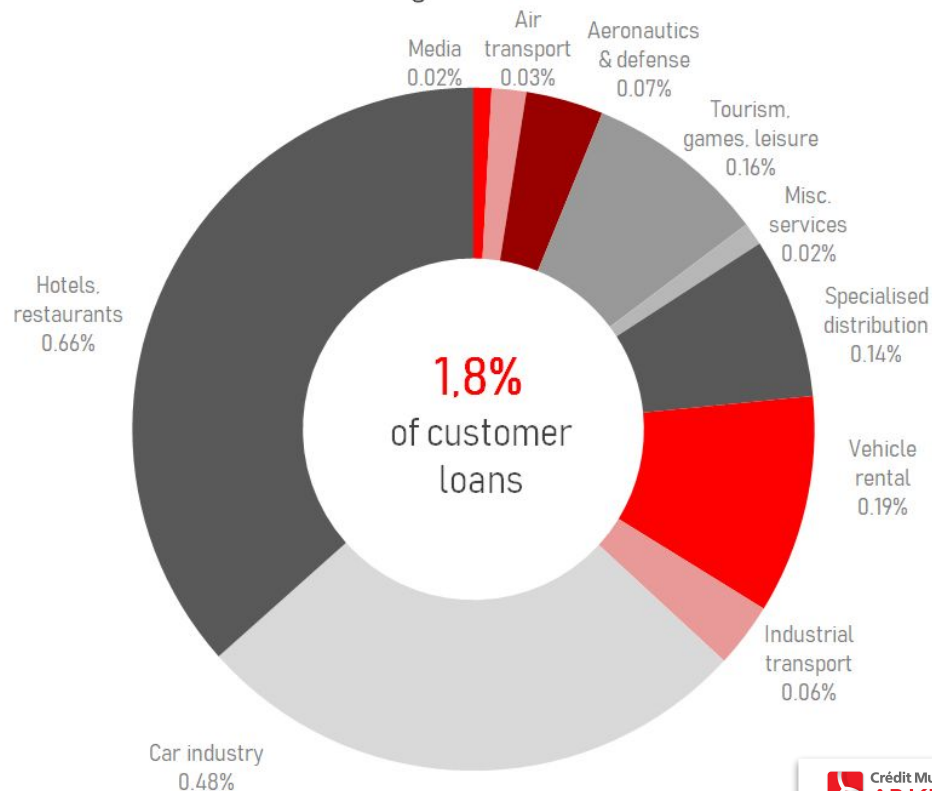
In the context of provisioning for performing loans (buckets 1 & 2), Crédit Mutuel Arkéa has taken into account the **unique and brutal nature of the Covid-19 crisis** on the macro-economic environment :

- the **Forward looking** calibration has been reviewed, leading to a **€36 M** impact;
- **an additional provision** has been accounted for to anticipate an increase of defaults within the **business sectors identified as the most vulnerable** to the health crisis, with a **€17 M** impact

Moreover, the annual updating of the probability of default (PD), CCF and loss given default (LGD) parameters has led to a **€21 M** increase of the cost of risk.

A very limited exposure to sectors considered as vulnerable

Distribution of outstanding loans to vulnerable sectors



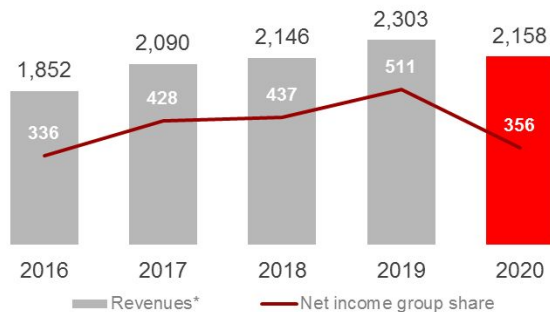
Less than 2% of outstanding customer loans have been granted to companies from a business sector considered as vulnerable to the economic effects of the Covid-19 health crisis

Several sectors have been hit by the crisis, such as activities related to the movement or gathering of people :

- **Hotels, Restaurants** (< 0.7% of outstanding customer loans) ;
- **Tourism, Games, Leisure** (< 0.2% of outstanding customer loans).

A net income of €356 M

Evolution of revenues* and net income (in €M)



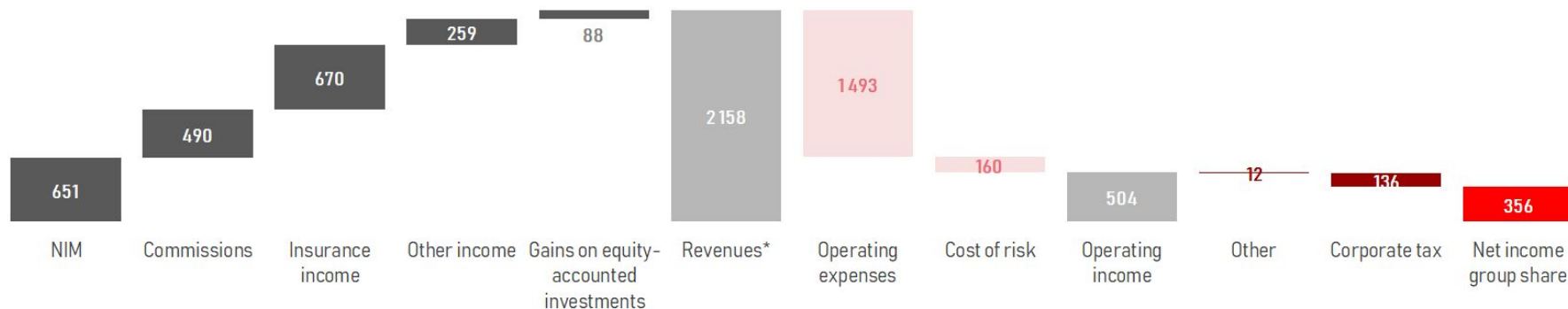
Δ Over 5 years

Revenues* : + 14%

Net income GS : + 6%

▶ **A decrease of net income group share to € 356 M**, penalised by the effects of the Covid-19 crisis on cost of risk and on the valuation of assets at fair value through P&L (insurance and private equity))

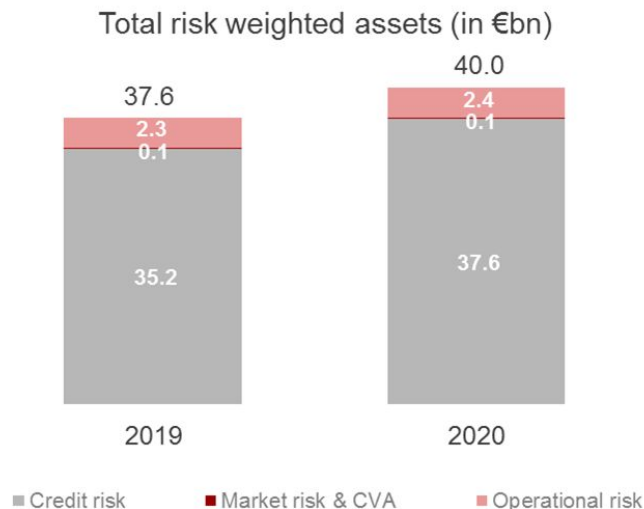
Build-up to net income (in €M)



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

Risk weighted assets

increased in line with outstanding loans



A €2.4 bn increase driven by the growth of outstanding loans and the update of the probability of default (PD) parameters

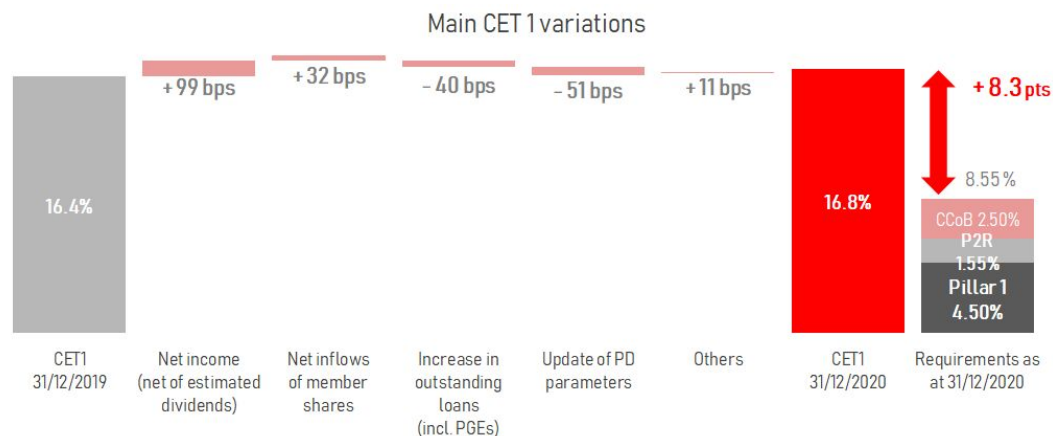
94% of risk weighted assets relate to **credit risk** exposures, with :

- €7.2 bn from a standard approach
- €30.4 bn from an internal ratings-based approach

Leading solvency levels

A strong balance sheet struct

- **Total assets of €169 bn** (+ 7.8% vs. 31/12/2019)
- **Shareholders' equity of €7.7 bn** (+ 5.1% vs. 31/12/2019) of which **€2.4 bn of member shares**
- **Regulatory capital of €8.6 bn** (+ 7.4% vs. 31/12/2019)



Ratios significantly above regulatory requirements

	31/12/2020	Regulatory requirements
CET 1 ratio	16.8%	8.55% <i>(excl. P2G)</i>
Total capital ratio	21.6%	13.25% <i>(excl. P2G)</i>
Leverage ratio	6.8%	3.0%

Suravenir

Strong solvency and financial results

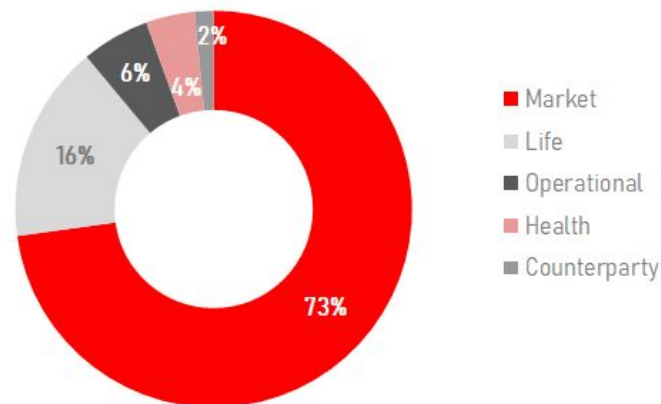
Solvency2 ratio*
as at 31/12/2020



**Regulatory capital of €4.5 bn
vs. capital requirements of
€1.8bn**

85% of regulatory capital made
of Tier 1 components

SCR distribution as at 31/12/2020
(before diversification)

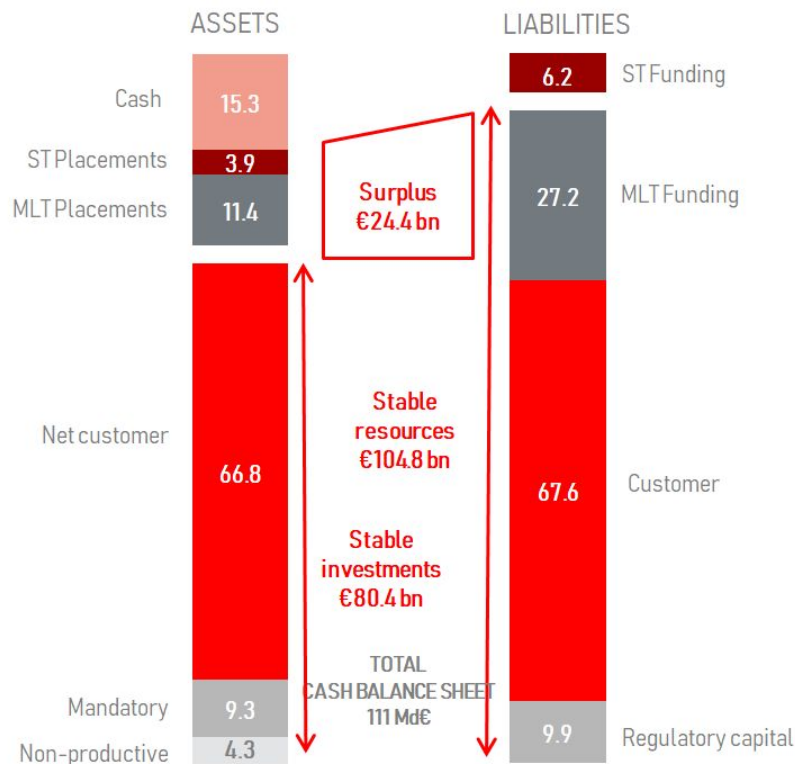


**Suravenir's contribution to 2020 consolidated results is down by 21% vs. 2019, to
€151 M, with negative impacts from assets at fair value through P&L**

* Data from quarterly QRTs as at 31/12/2020 filed with ACPR

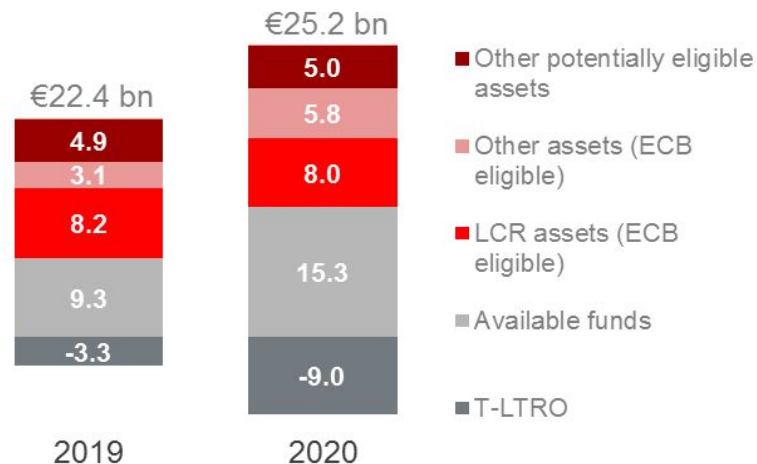
High liquidity levels

Surplus MLT funding of €24.4 bn



A LCR of 149%

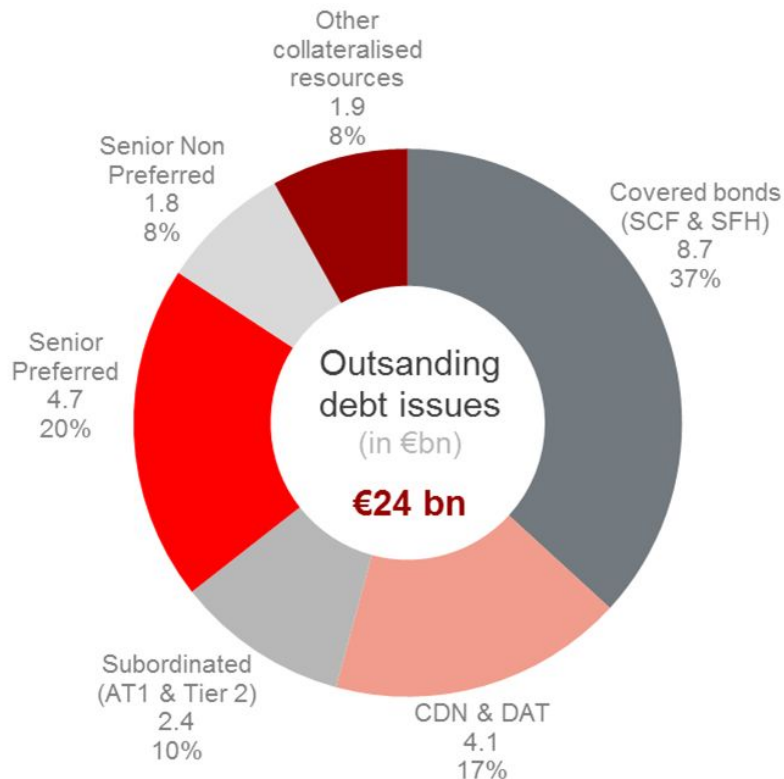
Liquidity reserves of €25.2 bn



Crédit Mutuel Arkéa actively took part to operations implemented by the ECB in the first half of 2020 (TLTRO, LTRO)

1-year market redemptions **1.9x** covered by HQLAs and cash

A diversification of funding programmes



2020 public bond issues

Senior Preferred

€750 M / 7Y / MS + 112 bps
€500 M / 5Y / MS + 50 bps

Senior Non Preferred

€750 M / 9Y / MS + 150 bps
Social bond

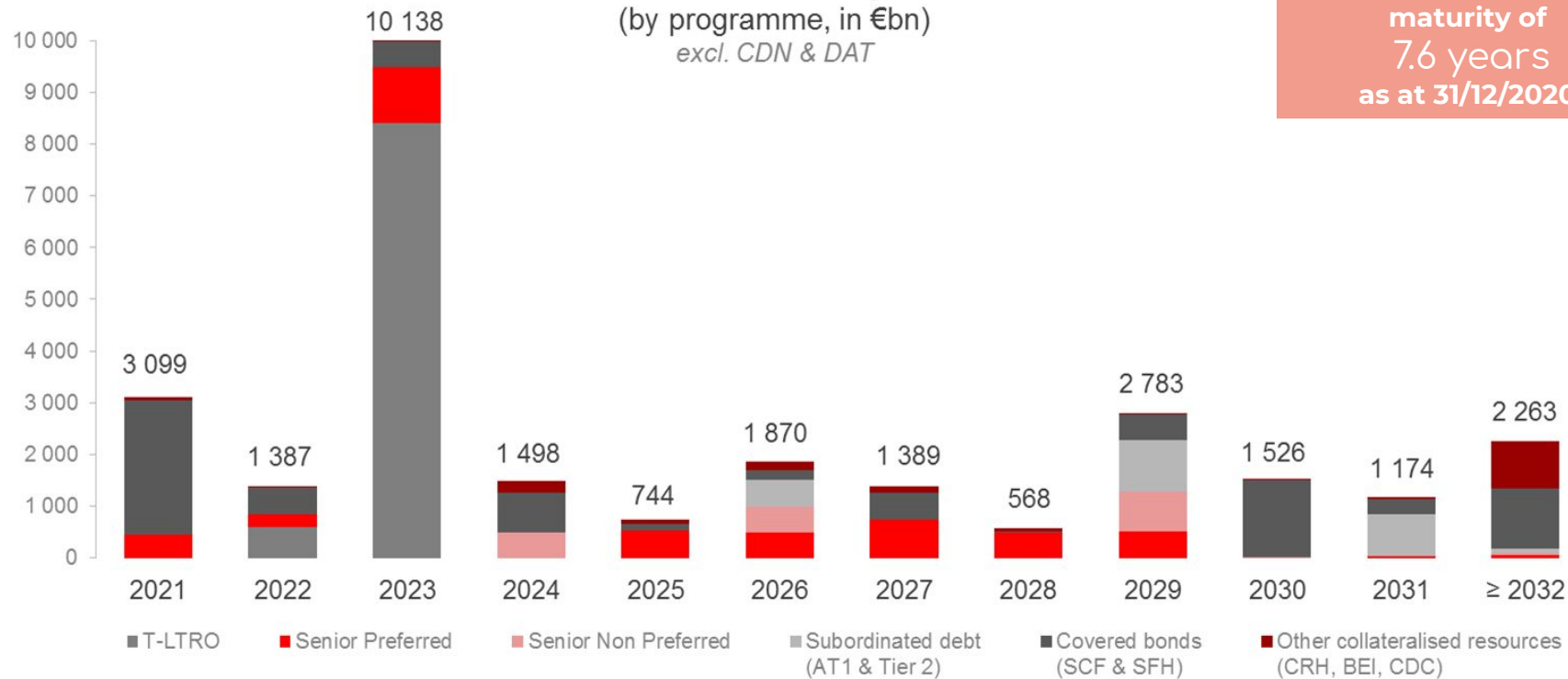
Covered Bonds

Home Loans SFH
€1 bn / 10Y / MS + 15 bps

Outstanding **Senior Preferred** debt with a maturity date > 1 year and outstanding **Senior Non Preferred** respectively account for **10.5%** and **4.5%** of total RWAs as at 31/12/2020

Long-term resources favoured

Debt and T-LTRO maturity schedule
(by programme, in €bn)
excl. CDN & DAT



Quality ratings

illustrating Crédit Mutuel Arkéa's financial strength

MOODY'S
INVESTORS SERVICE

Fitch
Ratings

Issuer rating	Aa3	A-
Outlook	Negative	Negative
Long Term Senior Preferred debt	Aa3	A
Short Term Senior Preferred debt	P-1	F1
Long Term Senior Non Preferred debt	Baa1	A-
Tier 2 Subordinated debt	Baa1	BBB

In summary

A solid model facing a unique crisis

- A **continuity of commercial activity** despite the health crisis and the lockdown period, with indicators reflecting the engagement of employees and local directors
- **Revenues* above €2 bn** for the fourth consecutive year, illustrating the pertinence and the resilience of Crédit Mutuel Arkéa's development model
- A **robust financial structure** with solvency ratios largely above regulatory requirements

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

The group's growth path over the period of the Arkéa 2020 strategic plan

“ The group has **sped up its development** compared to competitors, while diversifying its revenues. ”



+ 21 %

Revenues*

€2.16 bn for y.e. 31/12/2020
vs. €1.78 bn for y.e. 31/12/2015



+ 20 %

**Net income
group share**

€356 M for y.e. 31/12/2020
vs. €296 M for y.e. 31/12/2015



+ 33 %

**Equity
group share**

€7.7 bn as at 31/12/2020
vs. €5.8 bn as at 31/12/2015



+ 54 %

Total assets

€169 bn as at 31/12/2020
vs. €110 bn as at 31/12/2015



+ 36 %

Client portfolio

4.9 M clients as at 31/12/2020
vs. 3.6 M clients
as at 31/12/2015



+ 59 %

Outstanding savings

€137.7 bn as at 31/12/2020
vs. €86.4 bn as at 31/12/2015



+ 51 %

Outstanding loans

€67.7 bn as at 31/12/2020
vs. €44.8 bn as at 31/12/2015



+ 15 %

**Total group
workforce**

10,846 employees as at
31/12/2020 vs. 9,387 as at
31/12/2015

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

APPENDIX



Consolidated balance sheet

simplified as at 31/12/2020

Assets (€bn)	31/12/2020	31/12/2019	Liabilities (€bn)	31/12/2020	31/12/2019
Cash, due from central banks	12.9	10.1	Financial liabilities at fair value	2.8	2.5
Financial assets at fair value through P&L	1.5	1.5	Due to banks	12.6	7.8
Derivatives used for hedging purposes	1.1	1.1	Customer accounts	68.4	61.7
Financial assets at fair value through equity	11.9	9.7	Debt securities	19.3	16.5
Securities at amortised cost	0.6	0.6	Tax & other liabilities, provisions	3.3	3.1
Loans & advances to banks	14.8	9.8	Insurance companies technical reserves	52.7	55.7
Loans & advances to customers	67.3	62.4	Subordinated debt	2.5	2.5
Remeasurement adjustment on interest-rate risk hedged portfolios	0.9	0.8	Total equity	7.7	7.3
Placements of insurance activities	55.3	58.2	Share capital and reserves	2.4	2.4
Tax & other assets, equity method investments	1.5	1.5	Consolidated reserves	4.8	4.3
Investment property, property, plant & equipment, intangible assets	0.9	0.9	Gains and losses recognised directly in equity	0.2	0.2
Goodwill	0.6	0.6	Net income	0.4	0.5
			Minority interest	0.0	0.0
Total assets	169.4	157.1	Total liabilities	169.4	157.1

Income statement

simplified for the year ended 31/12/2020

€M	31/12/2020	31/12/2019	Variation	%
Net banking and insurance income including gains on disposal or dilution of companies accounted for by the equity method	2 158	2 303	- 146	-6.3%
Operating expenses	1 493	1 579	- 86	-5.4%
Cost/income ratio	69.2%	68.5%	+ 0.7 points	
Gross operating income	665	724	- 60	-8.3%
Cost of risk	160	99	+ 61	x 1.6
Operating income	504	626	- 121	-19.4%
Net income – group share	356	511	- 154	-30.2%

Laurent GESTIN

Investor Relations

laurent.gestin@arkea.com

Stéphane CADIEU

Head of Capital Markets

stephane.cadieu@arkea.com



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