ARKEA

Public sector covered bond issuance

INVESTOR PRESENTATION

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The condensed consolidated financial statements for the six month period ended 30th June 2019 have been approved by the Board of Directors dated 28th August 2019 and have been subject to a limited review. They are available within the Company’s universal registration document for the year ended 31st December 2018, constituting the half yearly financial report for the six month period ended 30th June 2019.

Contents

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Arkéa at a glance

Arkéa group's activities

A **regional** base, an outreach **beyond historic territories of location**

4.6 million clients of which **1.5** million members

3,016 directors in **328** local savings banks

10,500 employees

Retail banking

Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Crédit Mutuel Massif Central, fortuneo BANQUE, KEYTRADE BANK, CFCAL (UNE FILIALE DU Crédit Mutuel ARKEA), Financo, max, leetchi, pumpkin

Corporates & institutions

ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS, ARKEA CAPITAL, ARKEA LENDING SERVICES, ARKEA CRÉDIT BAIL, BRESSST SMART SCIENCES & STARTUPS

Insurance – Asset Management

SURAVENIR (UNE FILIALE DU Crédit Mutuel ARKEA), SURAVENIR ASSURANCES (UNE FILIALE DU Crédit Mutuel ARKEA), NOVELIA (UNE FILIALE DU Crédit Mutuel ARKEA), ARKEA INVESTMENT SERVICES, PRIMONIAL

Non-banking activities

ARKEA ON LIFE, ARMORIQUE HABITAT (UNE FILIALE DU Crédit Mutuel ARKEA), ARKEA IMMOBILIER CONSEIL, Groupe IZIMMO

BtoB market

PROCAPITAL (UNE FILIALE DU Crédit Mutuel ARKEA), MONEXT, ARKEA BANKING SERVICES, MANGOPAY, NEXTALK

Arkéa's public sector lending activities

A **key player** in financing **local authorities** & **public institutions** in France

Arkéa Banque Entreprises & Institutionnels (ABEI) provides financing to **French public local authorities** as well as private players with missions of general interest:

- Local authorities: regions, "départements", "métropoles", municipalities and groups of municipalities
- Health & Care institutions
- Social housing organisations
- Local public companies and development agencies

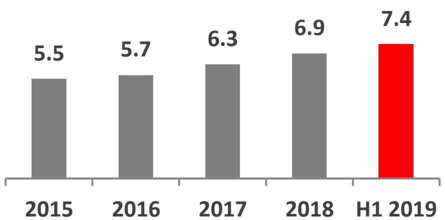
11 regions financed by ABEI, out of 13
2 out of 3 "départements"
15 of the largest "métropoles"

€7.4 bn of loans to the public sector on Arkéa's balance sheet at the end of June 2019

- Includes loans generated by ABEI and the 3 Crédit Mutuel Federations
- 12% of total outstanding loans,

  with a regular growth of the book

Public sector loans (Md€)



ARKEA

Arkéa's development strategy

The 3 key factors of Arkéa's strategy

An **innovative and collaborative** approach, where one generates value **by creating interactions with the ecosystem**

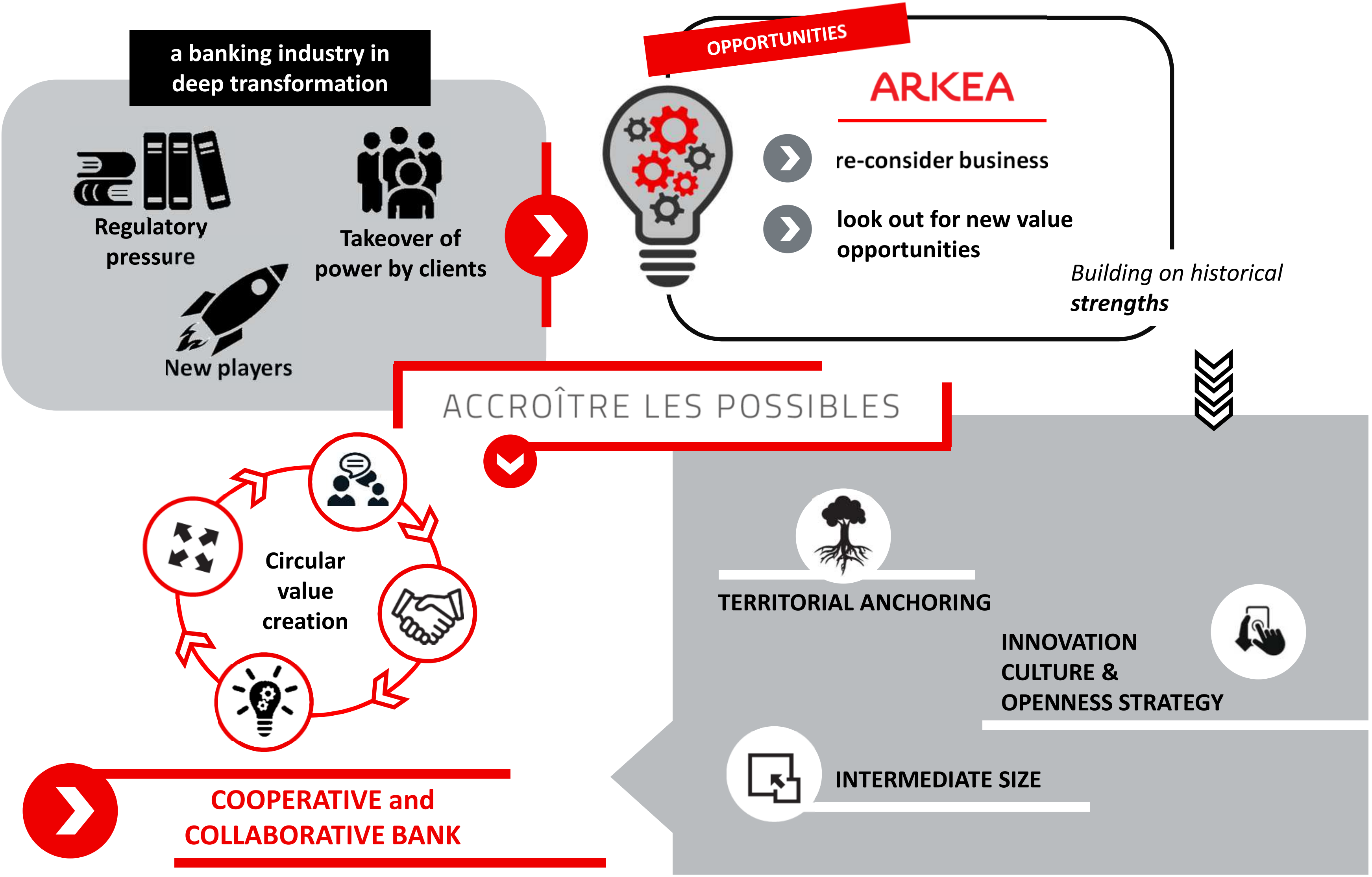
Territorial anchoring, particularly with the networks' coverage and a **dynamic investment policy** in regional companies

A culture of innovation that enables Arkéa to overcome historic boundaries and to grow the group's influence all over France and even beyond

- The group has thereby become **one of the leaders in on-line banking** in Europe with Fortuneo Banque and Keytrade Bank
- **The provision of while label banking services** also allows Arkéa to keep up to date with market knowledge and to continuously raise its performance standards

An intermediate size, in a "massifying" industry", provides agility, proximity and the needed responsiveness to be **a reference partner of the digital ecosystem**, with which Arkéa implements various forms of co-operation

A development strategy based on collaboration to create circular value



Value sharing in the benefit of territories

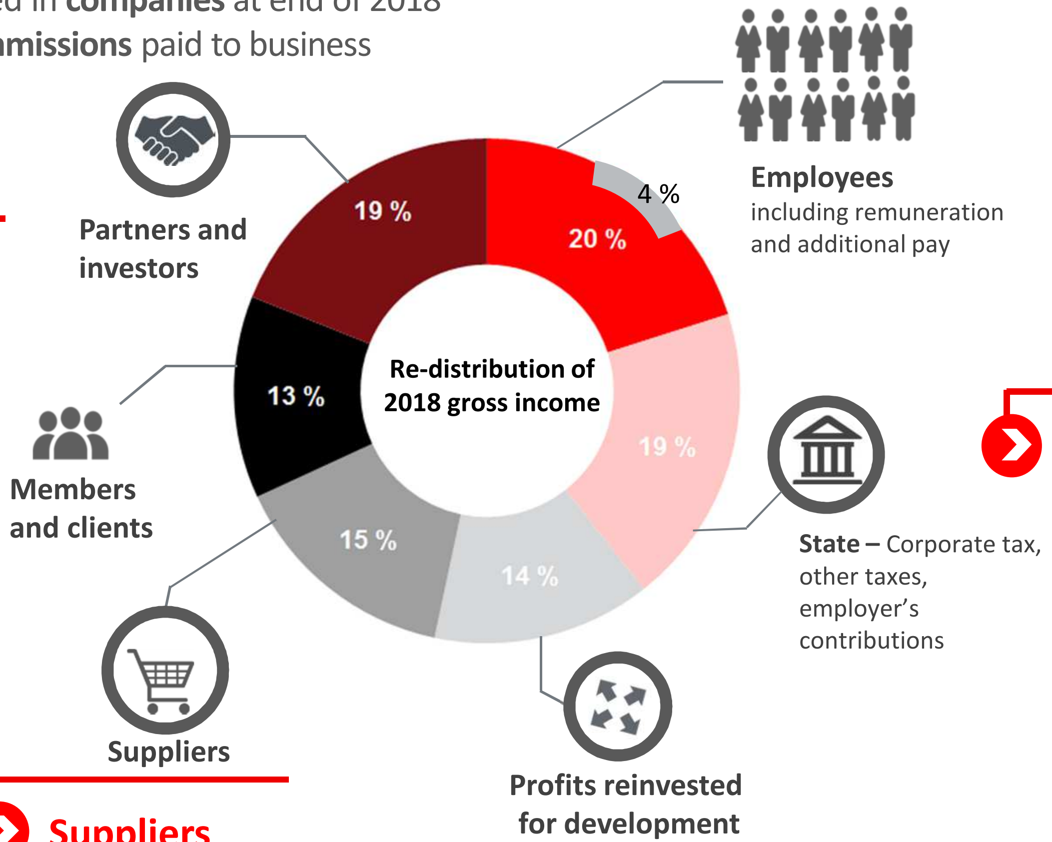
Arkéa has chosen to be **a cooperative and collaborative bank** that favours **a balanced sharing** of value with its members, clients, employees, business partners and territories

Business partners

- €1.6 bn invested in **companies** at end of 2018
- €309 M of **commissions** paid to business providers

Clients and members

- €334 M of **interest paid** on client deposits
- €37 M **paid to holders** of member certificates
- €14 bn of **loans** granted in the year



Employees

- **+ 36% in headcount** in 10 years
- €575 M of paid **remuneration**

Sovereigns and public authorities

- €552 M of **taxes paid**

Suppliers

- Close to 3,000 **local companies**
- 95% **of purchases** made from French suppliers

ARKEA

2019

Half-Year results

Dynamics confirmed in the 1st half of 2019

Outstanding performances, a **robust financial structure**

Dynamic commercial development

Expanding client portfolio

+ 1.8 %

Increased outstanding gross loans

+ 5.2 %

Growing outstanding savings

+ 5.7 %

Revenues at their highest level

Revenues

Growing net banking & insurance income

€1,116 M i.e. + 3.1 %

Risk

Moderate cost of risk

€34 M i.e. 12 bps of outstanding client exposures

Net income

Slightly lower net income group share

€244 M i.e. – 0.9 %

A robust financial structure

Gross Loan to deposit ratio

105 %

CET 1

Common Equity Tier One ratio

17.5 %

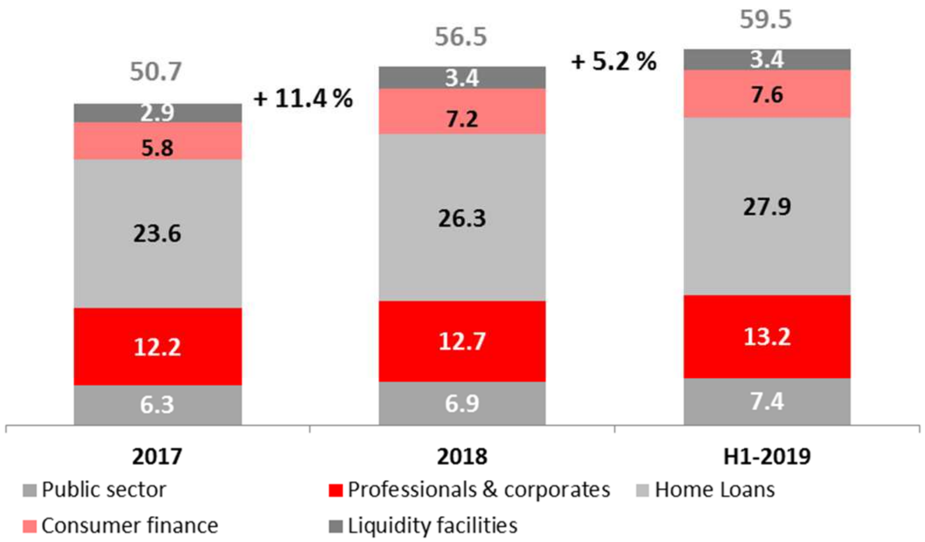
Liquidity

Liquidity reserves of

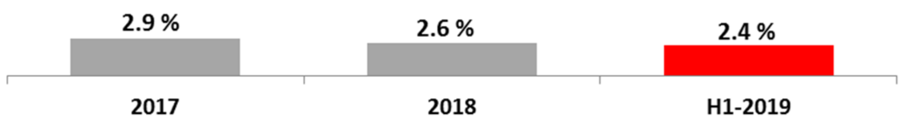
€19.1 bn

Outstanding loans increased by 5.2 % to €59.5 bn

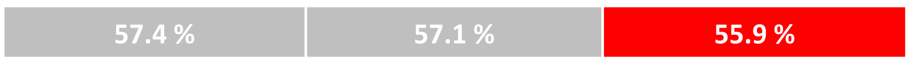
Gross outstanding loans (in €bn)



NPL / Total outstanding loans



Provisioning rate / Depreciated assets



A growth of outstanding loans driven by a **€7.7 bn production in the first half of the year** (vs. €6.3 bn in H1 2018), covering all types of loans :

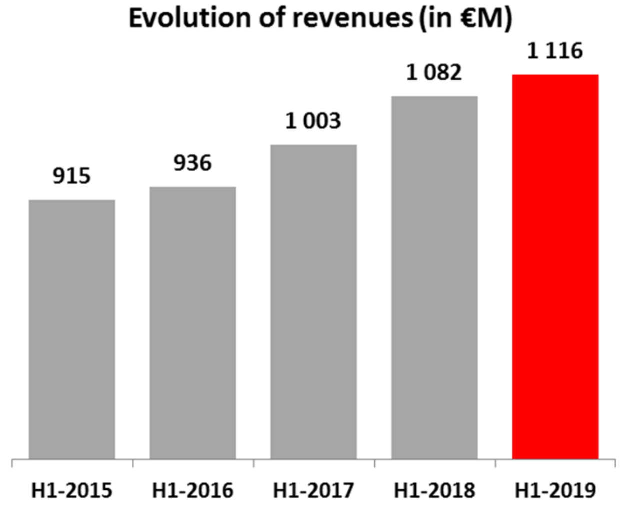
- **Loans to corporates and professionals** (+ 25 % to €2 bn)
- **Loans to individuals** (+ 11.6 % to €4.8 bn)
  - + €3.2 bn in home loans
  - + €1.6 bn in consumer finance
- **Loans to the public sector** (x2 to €0.9 bn)

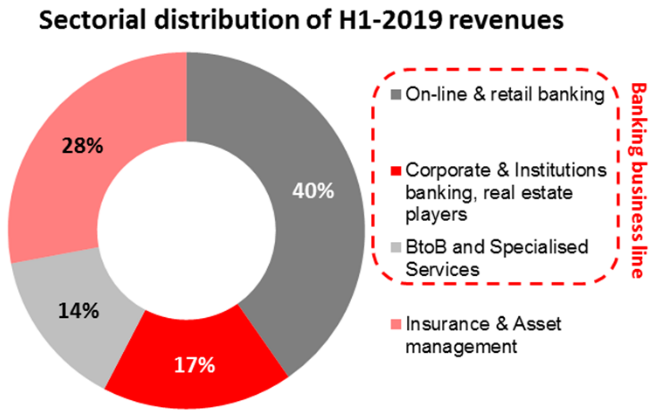
A quality loan portfolio

Outstanding loans of a good quality, **with a NPL ratio of 2.4 %**

A prudent approach over client credit risk with **a 55.9% provisioning rate for balance sheet impaired loans**

Revenues growing by 3.1 % to a historic level of €1,116 M





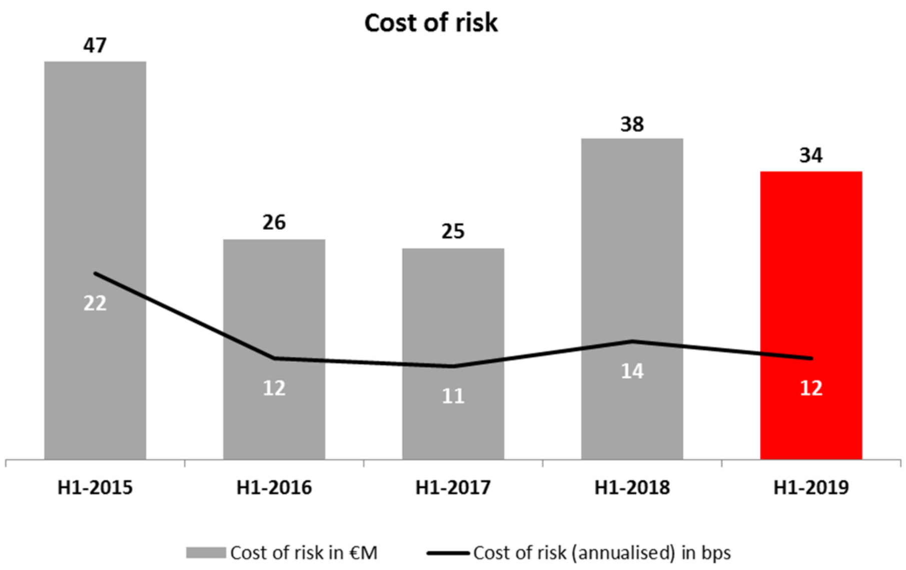
Revenues of the banking business line are down by 2.9% compared to H1 2018, to €804 M

On a comparable basis, revenues decreased by €23 M to €787 M:

- The financial margin decreased by €20 M to €389 M mainly due to **lower changes in value of equity instruments at fair value through P&L**
- Commissions are down by €8 M to €313 M with the implementation at the start of 2019 of **a ceiling on banking charges for financially vulnerable people and with the removal of banking incident charges for financially vulnerable clients benefiting from the dedicated services**
- Other operating income and charges grew by €5 M to €86 M

Revenues of the insurance and asset management business line increased by €57 M to €312 M, with the development of the business and the improvement in the claims level on all products compared to H1 2018

A 10.4 % decrease of the cost of risk, at €34 M

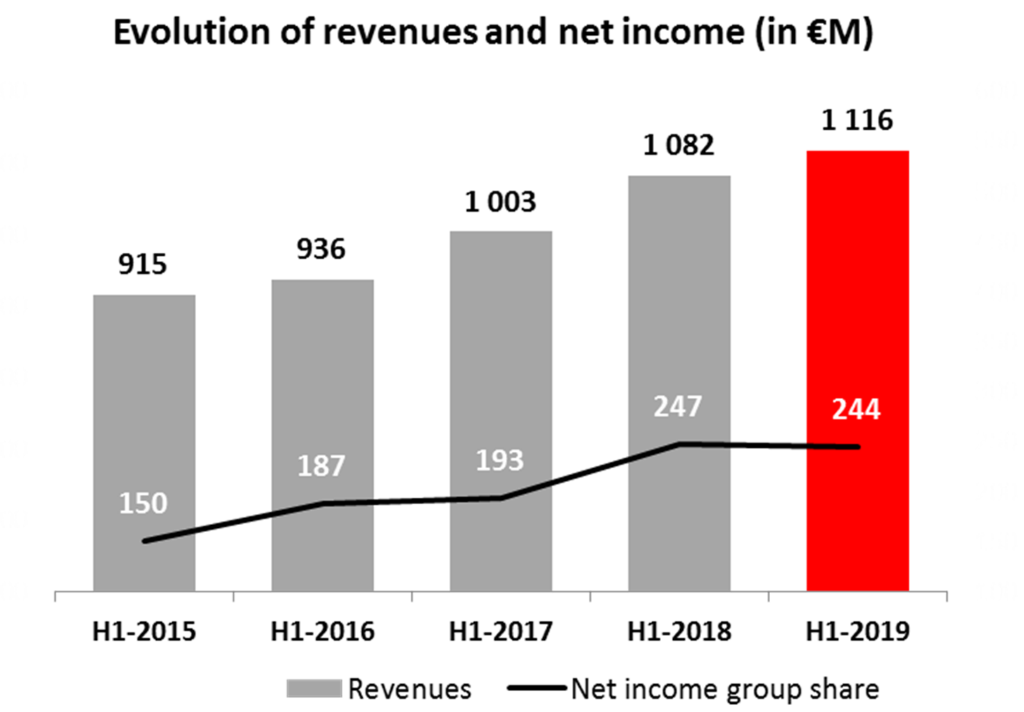


A cost of risk down by €4 M to €34 M, representing **a moderate proportion of outstanding client exposures (12 bps)**

- **Performing assets (Bucket 1 et 2)**
  Outstanding performing assets increased by 6.3 % to €58.4 bn in H1 2019 (vs. a 5.4 % increase to €52.5 bn in H1 2018)

- **Depreciated assets (Bucket 3)**
  Outstanding depreciated assets increased by 0.4 % to €1.4 bn in H1 2019 (vs. a 0.9 % decrease to €1.5 bn in H1 2018)

A net income (group share) of €244 M



After a record level in 2018, net income (group share) reaches **€244 M**, slightly lower **(-0,9 %)** but still driven by **growing revenues**

ARKEA

2019 : a reference first half

After a record year in 2018, the 1st half of 2019 confirms the pertinence of Arkéa's development strategy with excellent results and ratios :

- On-going commercial development with **record revenues of €1,116 M**
- A **high asset quality** with a decreased cost of risk
- A growth path generating a **steady profitability** with net income of €244 M
- A **robust financial structure**, with high **solvency** and **liquidity** levels

An original model combining growth and profitability

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**

Financial Management

Leading solvency levels

A solid balance sheet structure

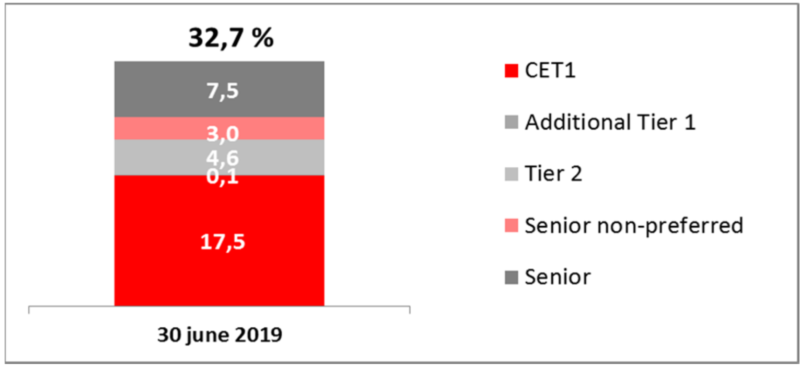
- **Total assets of €147.4 bn** (+ 9 % vs. 31/12/2018)
- **Shareholders' equity of €7.1 bn** (+ 5 % vs. 31/12/2018) **with €2.3 bn of member shares**

CET 1 ratio of 17.5 %*, stable since 31/12/2018 and largely above **regulatory requirements of 9.76 %** (SREP – excl. P2G)

Total capital ratio of 22.1 %*, increased by 2.3 points since 31/12/2018 with Tier 2 bond issues in H1 2019, with **regulatory requirements of 13.26 %**

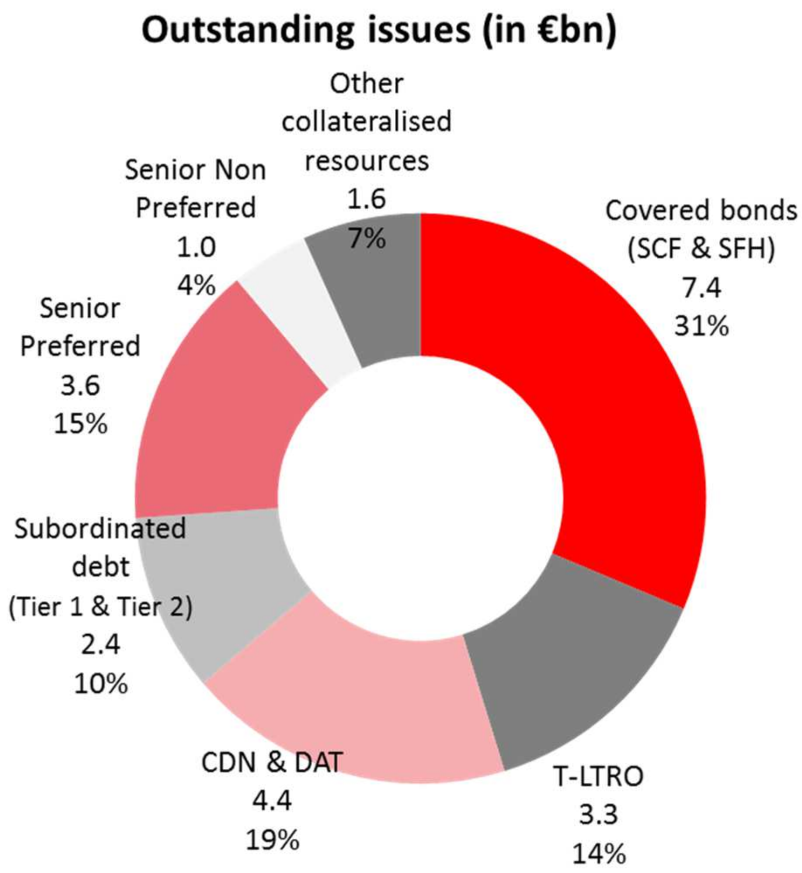
Leverage ratio of 6.7 %*

MREL Ratio*
(as a % of risk weighted assets)



** Solvency ratios including half-year results and excluding IPCs (-13 bp impact on CET1 ratio). Leverage ratio according to the "European delegated act", with automatically applicable provisions (mainly exclusion of insurance subsidiaries assets), excluding savings centralised with CDC and excluding provisions subject to prior authorisation (inter-company transactions)*

Diversification and balance between funding programmes



Data as at 17/10/2019

2019 Public issues

Senior Preferred

6Y / MS + 110 bps
€500 M

10Y / MS + 75 bps
€500 M

9Y / MS + 70 bps
€500 M ***Social Bond***

Senior Non Preferred

7Y / MS + 145 bps
€500 M

Tier 2

12Y / MS + 255 bps
€750 M

Covered Bonds (SFH)

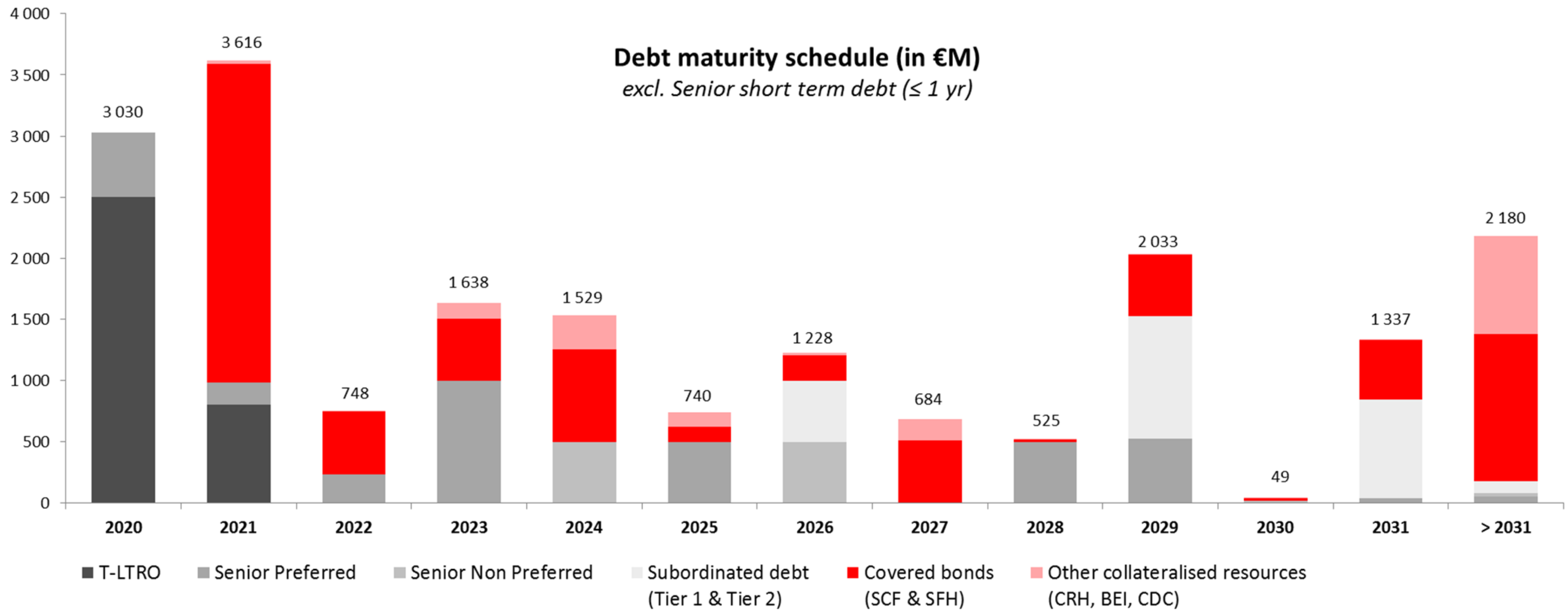
10Y / MS + 6 bps
€500 M

Quality ratings illustrating Arkéa's financial solidity

	MOODY'S INVESTORS SERVICE	Fitch Ratings
Long Term Senior Preferred Debt	**Aa3**	**A**
Outlook	**Negative**	**Stable**
Short Term Senior Preferred Debt	**P-1**	**F1**
Long Term Senior Non Preferred Debt	**Baa1**	**A-**
Tier 2 Subordinated Debt	**Baa1**	**BBB+**

Long term resources favoured

Average residual maturity of 6.8 years



Data as at 17/10/2019

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Arkéa

Public Sector SCF

Arkéa Public Sector SCF:
Key features

Arkéa Public Sector SCF's purpose is:

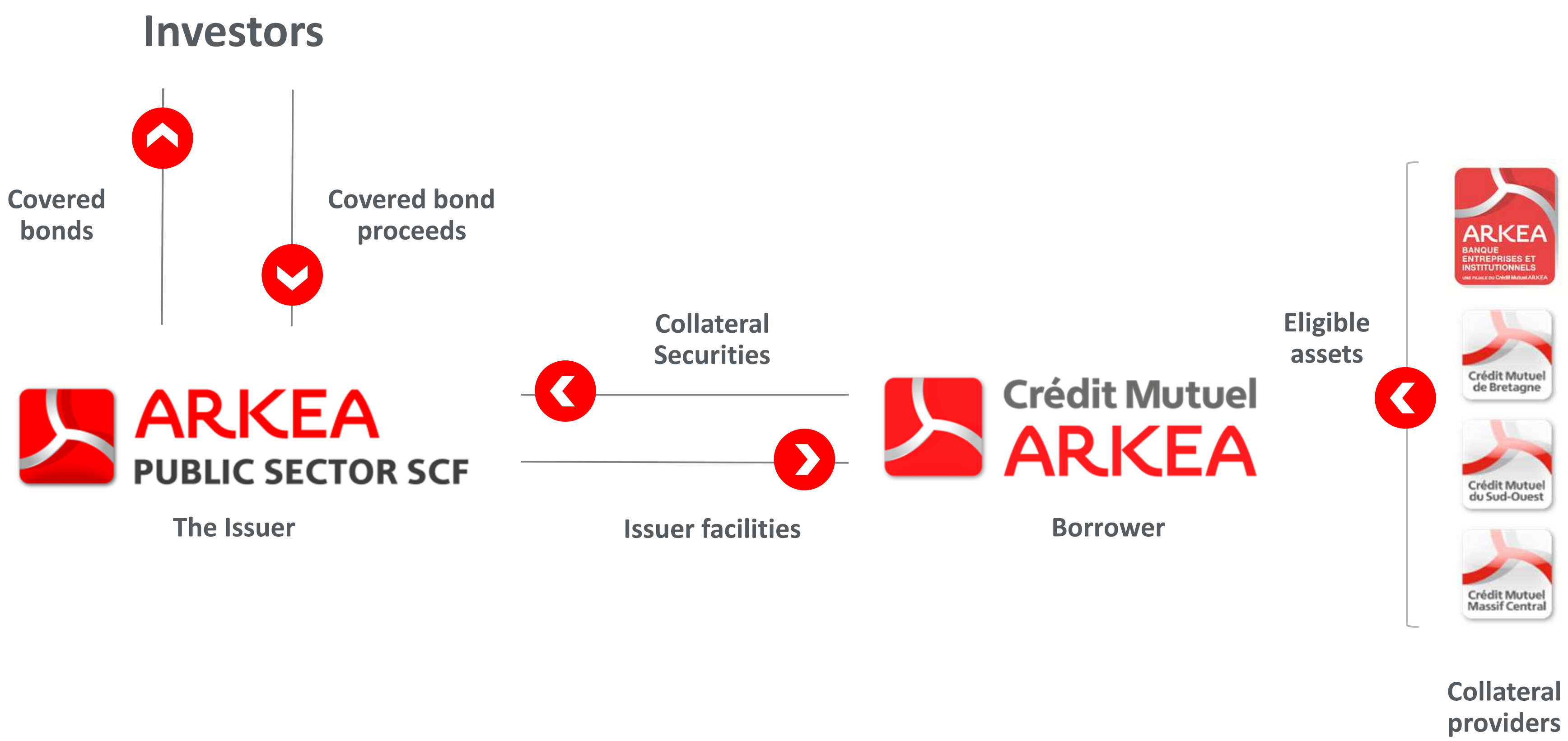
- To refinance Arkéa's lending to public sector entities
- To diversify and optimise Crédit Mutuel Arkéa's funding sources

Arkéa Public Sector SCF is a regulated credit institution, licensed as a *Société de Crédit Foncier* under the **French legal framework**

- **Only eligible exposures to public entities** refinanced with *Obligations Foncières*
- **Legal privilege over assets** given to investors in *Obligations Foncières*
- **Bankruptcy remoteness** of Arkéa Public Sector SCF from Crédit Mutuel Arkéa ensured by French law
- **Recourse** of Arkéa Public Sector SCF **on the cover pool and on Crédit Mutuel Arkéa**
- Regulation and supervision by the French Banking Authorities (ACPR)
- Close monitoring by the specific controller, with regular audit of the collateral portfolio

Arkéa Public Sector SCF is a French public sector covered bond programme with a cover pool including **EUR-denominated French public sector exposures only**

Arkéa Public Sector SCF:
Structure overview



Arkéa Public Sector SCF:
Cover pool eligibility criteria

COVERED BOND · LABEL ·

Main eligibility criteria	
	Loans to French public entities: • **Directly granted to a public entity, or** • **100%-guaranteed by a public entity**
	Loans commercialised by Arkéa Banque Entreprises & Institutionnels, Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central
	No structured loans
	No asset-backed securities
	No defaulted loans
	Only loans not already encumbered

Arkéa Public Sector SCF:
Programme characteristics

	Arkéa Public Sector SCF
Programme size	€10 bn of *Obligations Foncières*
Rating	Aaa (Moody’s)
Maturity of the bonds	Soft and hard bullet
Currency	EUR
Minimum collateralisation	Legal: 105 % Committed: 126%
Asset Cover Test	Over-collateralisation monitored monthly with Asset Cover Test
Liquidity	180 days of liquidity ahead to cover interest and principal amounts due Possibility for the Issuer to subscribe its own covered bonds for pledge as collateral with the ECB, up to 10% of outstanding covered bonds
Asset-Liability Management	Back-to-back loans to Crédit Mutuel Arkéa to ensure there is no mismatch
Risk weighting	Reduced risk weighting of 10% in Standard Approach according to the EU Capital Requirements Regulation (CRR)
UCITS Compliance	Compliance with provision 52 (4) of the UCITS EU Directive
Listing	Luxembourg
Specific controller	Cailliau Dedouit et Associés

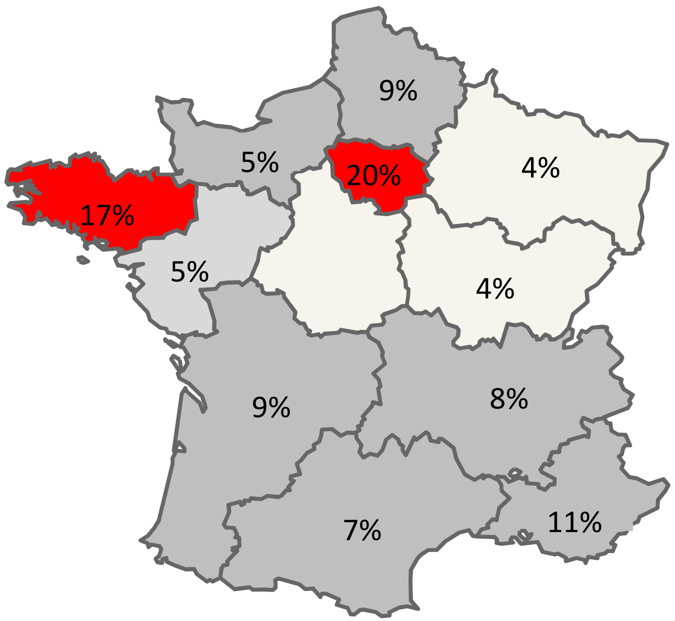
Arkéa Public Sector SCF:
Cover pool as at 30/09/2019

	Arkéa Public Sector SCF
Assets	100% EUR loans to French public sector and social housing agencies originated by Crédit Mutuel Arkéa only Direct exposures to public entities: 85% Exposures 100%-guaranteed by public sector entities: 15%
Current size	€2,117 M
Number of loans	1,516
Number of Borrowers	899
Average Loan Balance	€2,354,686
Loan type	Fixed rate loans: 43% Non capped floaters: 57%
Repayment type	100% amortising
Seasoning	67 months
Average remaining terms	16.6 years
Issues outstanding	€1,578 M
Over collateralisation	134.2%

Arkéa Public Sector SCF:
Cover pool as at 30/09/2019

ARKEA PUBLIC SECTOR SCF

Geographical breakdown

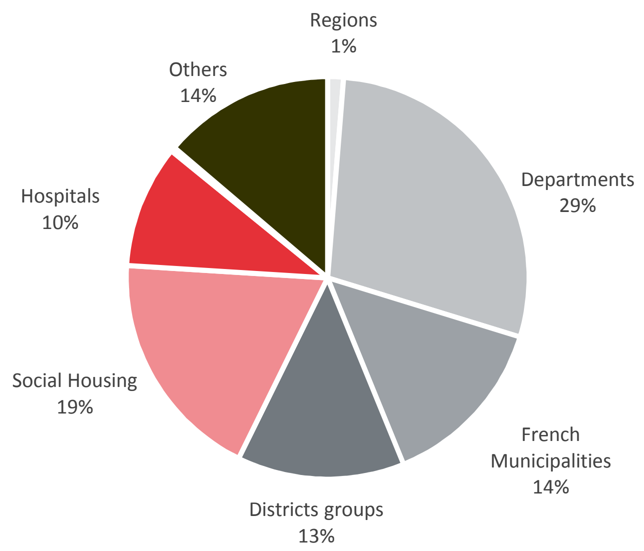


- A diversified geographic distribution of the cover pool, thanks to:
  - Arkéa's historic regional specificities, with a strong presence in Brittany and in the South-West
  - Arkéa Banque Entreprises & Institutionnels' national dimension, with offices in all French regions

Arkéa Public Sector SCF:
Cover pool as at 30/09/2019

ARKEA PUBLIC SECTOR SCF

Borrower breakdown by activity



- A well diversified pool of borrowers between:
  - Local public authorities
  - Social housing organisations
  - Health & Care institutions

APPENDIX

Income statement for the 6-month period ended 30th June 2019

€M	H1-2019	H1-2018	Variation	%
Revenues	**1 116**	**1 082**	**33**	**3.1%**
Operating expenses	-773	-734	-39	5.3%
Cost/income ratio	69,2%	67,8%	-1.5 point	
Gross operating income	**343**	**349**	**-6**	**-1.6%**
Provisions for risk	-34	-38	4	-10.4%
Operating income	**309**	**311**	**-2**	**-0.6%**
Net income - Group share	**244**	**247**	**-2**	**-0.9%**

Consolidated balance sheet as at 30th June 2019

Assets (€M)	30/06/2019	31/12/2018
Cash, due from central banks	6 148	3 237
Financial assets at faire value through P&L	1 420	1 179
Derivatives used for hedging purposes	1 053	693
Financial assets at faire value through equity	9 742	11 324
Securities at amortised cost	440	164
Loans and advances to banks	9 721	8 987
Loans and advances to customers	59 053	55 575
Remeasurement adjustment on interest-rate risk hedged portfolios	774	299
Placement of insurance activities	55 947	50 190
Tax & other assets, equity method investments	1 643	1 887
Investment property, property, plant & equipment, intangible assets	932	848
Goodwill	538	538
Total Assets	**147 409**	**134 920**

Liabilities (€M)	30/06/2019	31/12/2018
Financial liabilities at fair value	2 156	1 302
Due to banks	7 962	7 117
Customer accounts	56 698	54 555
Debt securities	14 357	12 771
Tax & other liabilities, provisions	3 140	2 767
Insurance companies' technical reserves	53 528	48 033
Subordinated debt	2 508	1 667
Total equity	7 057	6 704
Share capital and reserves	2 335	2 266
Consolidated reserves	4 299	3 896
Gains and losses recognised directly in equity	179	104
Net income	244	437
Minority interests	3	3
Total Liabilities	**147 409**	**134 920**

ARKEA

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November 2019