

2019 HALF YEAR RESULTS



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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.



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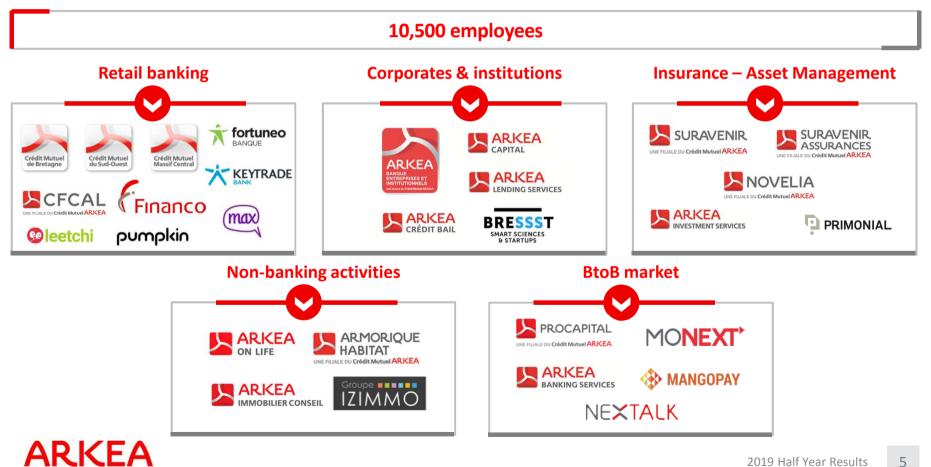
Arkéa's development strategy

Arkéa group's activities



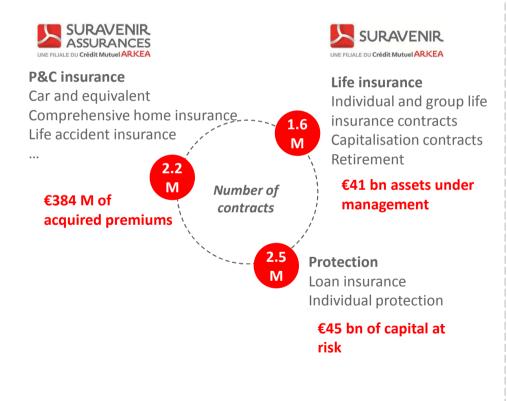
4.6 million clients of which **1.5** million members

3,016 directors in 328 local savings banks



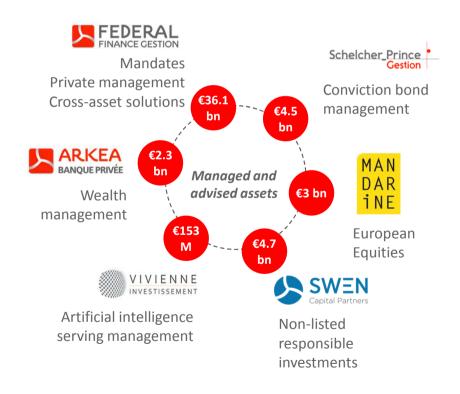
Focus on insurance and asset management

Within the Arkéa group, Suravenir and Suravenir Assurances are **two complementary entities in the insurance business** with a cumulated turnover of €5 bn in 2018





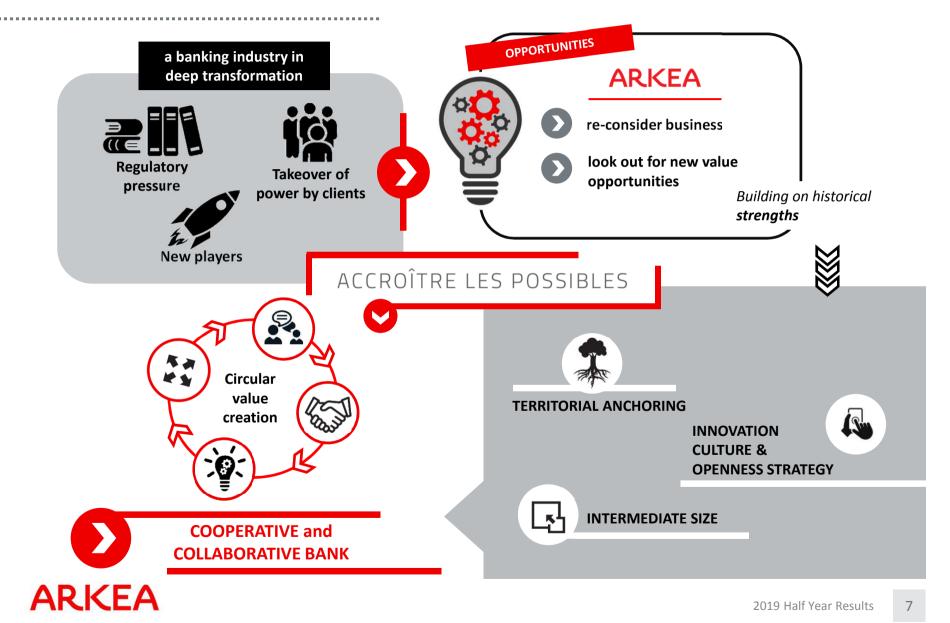
Arkéa Investment Services bring together Arkéa group's **asset and wealth management specialists**, with €51 bn of managed and advised assets



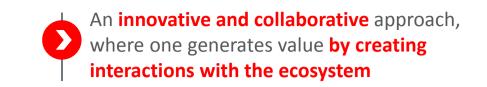


Data at end of 2018

A development strategy based on collaboration to create circular value



The 3 key factors of Arkéa's strategy





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

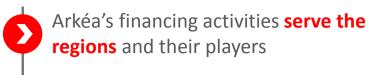
- The group has thereby become **one of the leaders in on-line banking** in Europe with Fortuneo Banque and Keytrade Bank
- The provision of while label banking services also allows Arkéa to keep up to date with market knowledge and to continuously raise its performance standards



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



Territorial anchoring with private equity



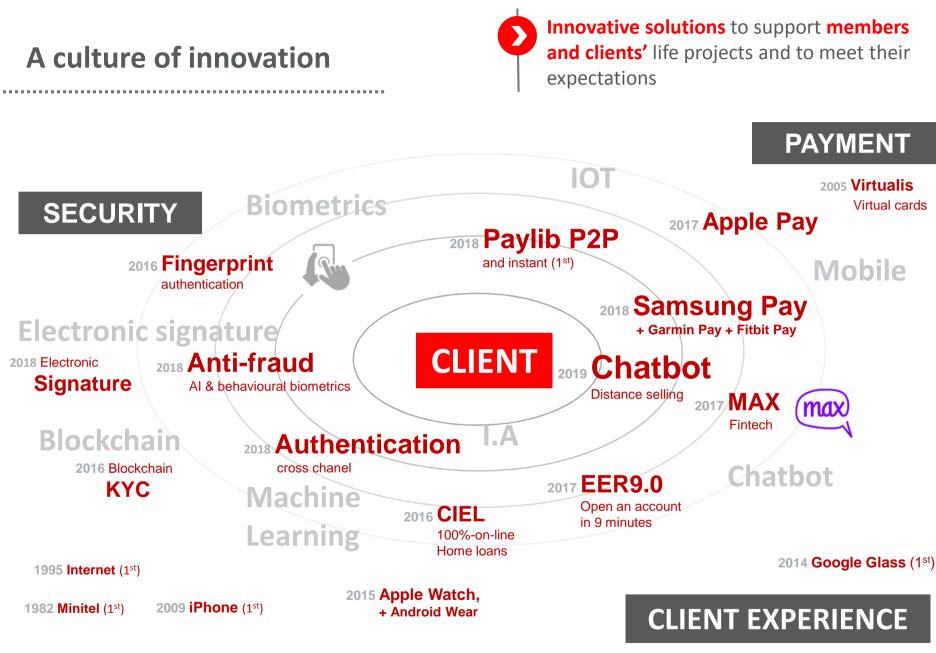
With 5 dedicated vehicles and **a €1bn investment capacity**, Arkéa Capital covers all business development stages



With more than half of its investments completed outside of Arkéa's historical regions, Arkéa Capital supports the growth of companies throughout the entire French territory

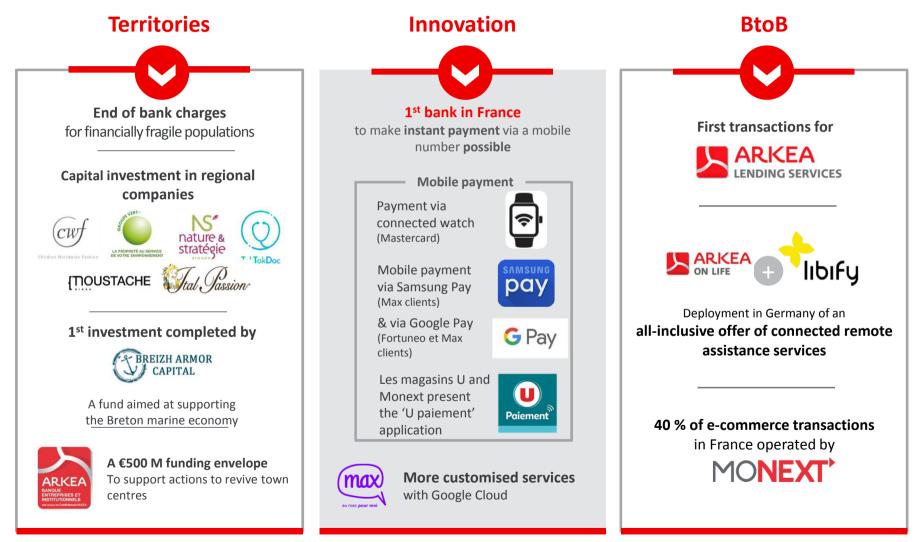








Main achievements in the first half of 2019





A group on the move



100% acquisition*

Digital German bank

Main business areas :

• BtoB services in lending and payments

Arkéa's objectives :

- Business development (including subsidiaries) in Germany
- Broadening of white-label banking solutions (payments, factoring, e-banking, lending...)



Arkéa incorporates **new expertise** that broaden the group's offering to serve **new customers**



Acquisition* of a 80 % stake

French « fintech » set up in 2012

Business areas :

- Data aggregation
- Payment initiation
- API** for BtoB players

Arkéa's objectives :

- Enriched customer experience with usage simplification
- Constitution of a real Open Banking platform



Corporate social responsibility at the heart of Arkéa's model



Arkéa wants to be a player in a world with a long term vision that deals with major social and environmental challenges

CONVICTION : Corporate social responsibility is a real lever for innovation, performance and motivation

Extra-financial performance : a source of financial performance in the long term

AMBITION : support clients in achieving their projects with a special attention given :

- to forerunners, who invent tomorrow's world
- to people in a fragile situation



ACHIEVEMENTS :

« Support clients in societal and environmental transitions »

- **€327 M CSR project funding** to Arkéa Banque Entreprises & Institutionnels' clients as at 31/12/2018
- Close to **1 over 2 agricultural methanation plants** in Brittany supported by Crédit Mutuel de Bretagne at end of 2018
- Realignment of Arkéa Banque Entreprises & Institutionnels' investment products to 100%responsible investments

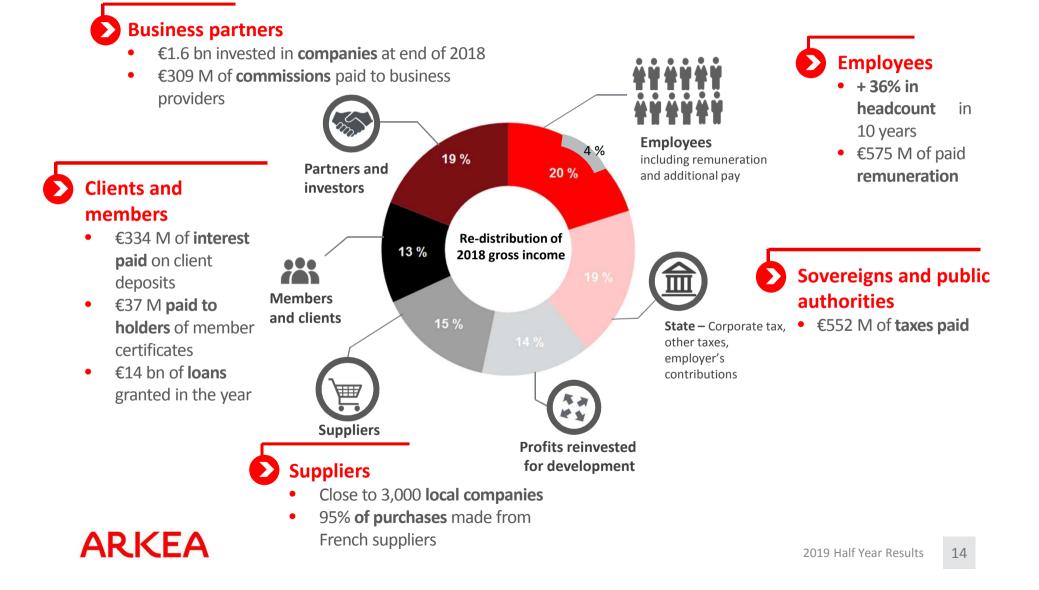
« An ethical, socially responsible and inclusive company »

• Removal of all banking incident charges for all clients benefiting from the fragile clientele services

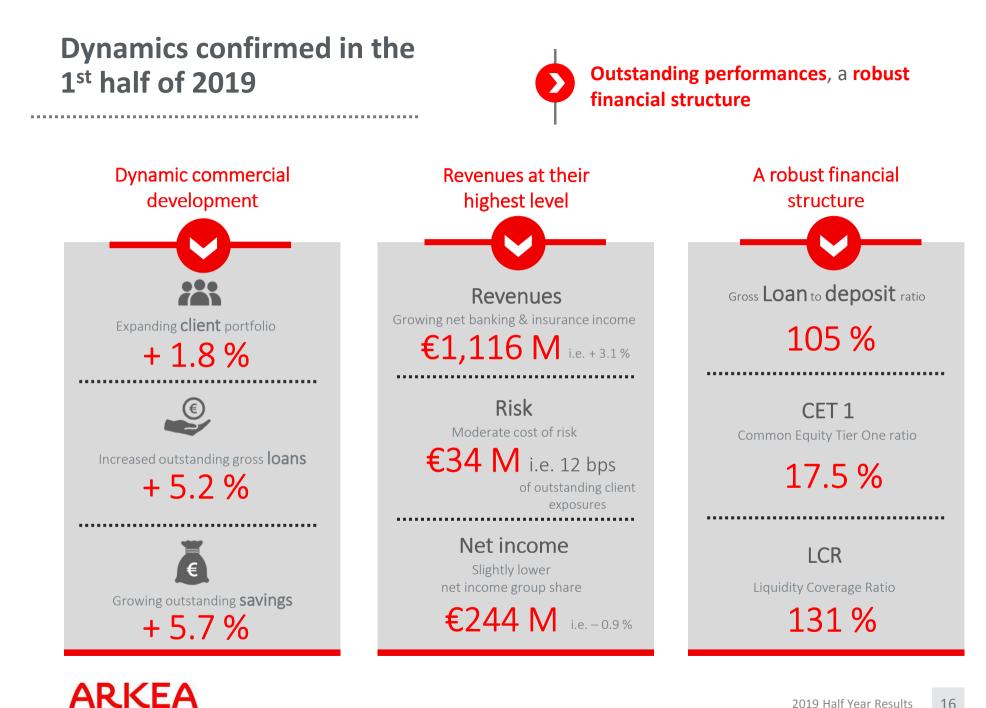


Value sharing in the benefit of territories

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

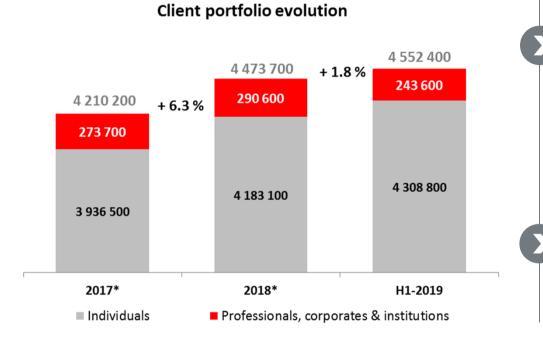


Arkéa's results



Business

A client portfolio growing by 1.8 %



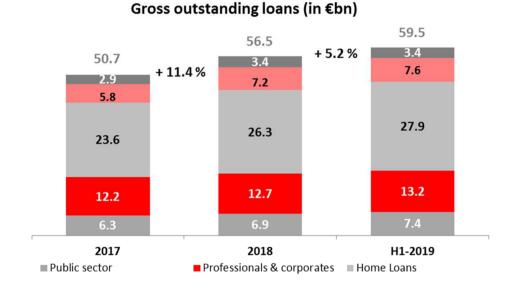
128,600 new clients

Customer acquisition driven mainly by subsidiaries : **the personal assistant max** (+34,000 clients), **insurance companies** (+43,000 clients), **on-line banking** (+26,000 clients)

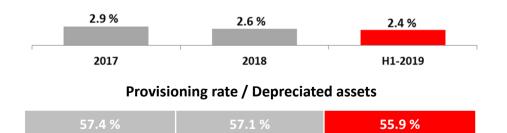
A portfolio increased by 1.8 % compared to 2018, reaching 4.6 million clients. On a comparable basis, the portfolio increased by 2.9% (sale of Leasecom in H1 2019)



Outstanding loans increased by 5.2 % to €59.5 bn



NPL / Total outstanding loans



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)

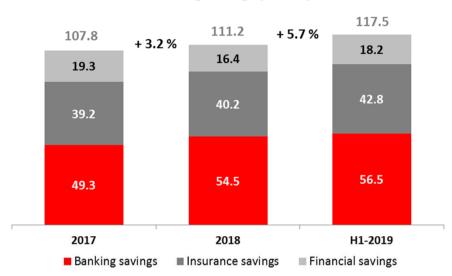
A quality loan portfolio

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

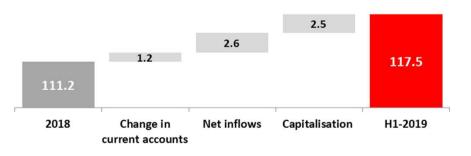


Outstanding savings growing by 5.7 % to €117.5 bn



Outstanding savings (in €bn)

Change in outstanding savings (in €bn)



Outstanding savings at €117.5 bn, a

5.7 %-increase since end of 2018 driven by net inflows and capitalisation

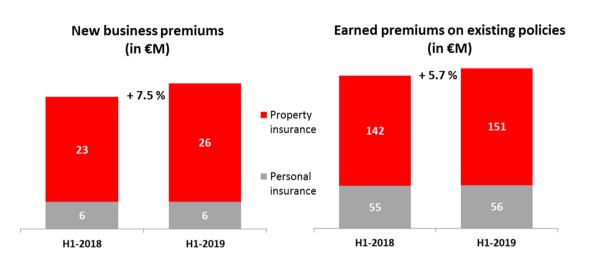
Net inflows amount to €2.6 bn, up

59.5 % vs. H1 2018 :

- + €0.8 bn of **banking savings**
- + €1.2 bn of insurance savings
- + €0.7 bn of financial savings



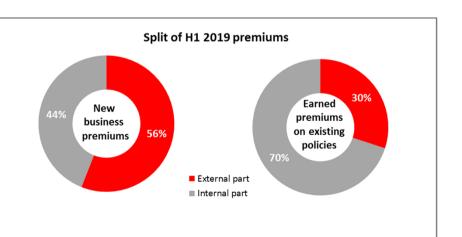
A strong commercial development of insurance activities



New business premiums are up €2 M and earned premiums on existing policies are up €11 M vs. H1 2018, mainly in property insurance

Business from external networks is growing and accounts for :

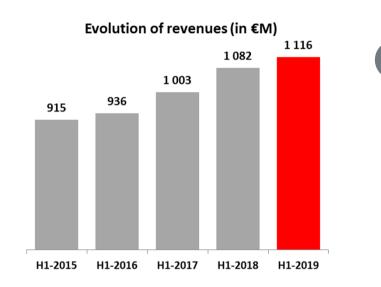
- 56 % of new business premiums (+ 3 points vs. H1 2018)
- **30 % of earned premiums** on existing policies (+ 2 points vs. H1 2018)



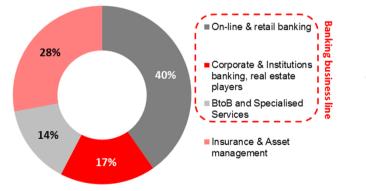


2019 Half-Year results

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



Sectorial distribution of H1-2019 revenues



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

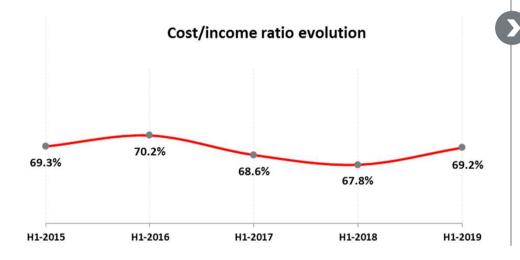
On a comparable basis, revenues decreased by €23 M to €787 M:

- 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 cost/income ratio of 69.2 %



Operating expenses increased by €39 M to €773 M (+ 5.3 %)

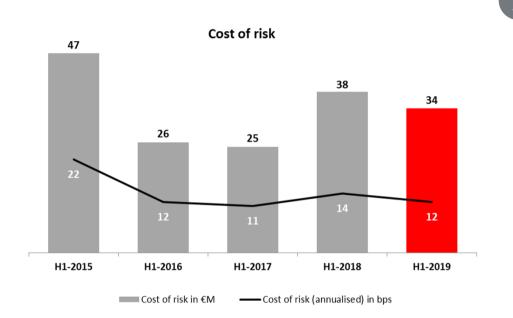
On a comparable basis, operating expenses increased by €44 M with :

- **Recruitment** and **remuneration policy** (+ €12 M)
- Other expenses linked to the investment and development strategy of the group (+ €29 M) including technological transformation and regulatory projects

A **69.2 %** cost/income ratio, stable over the last 5 half-year closings



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

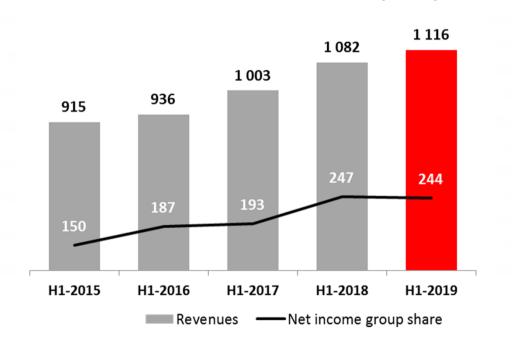


A cost of risk down by €4 M to €34 M, representing a moderate proportion of outstanding client exposures (12 bps)

- 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



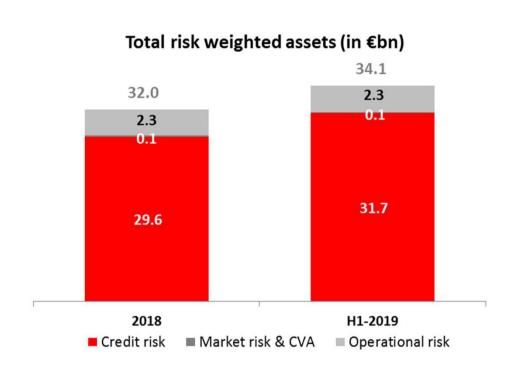
Evolution of revenues and net income (in €M)

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



Financial strength

Risk weighted assets growing in line with outstanding loans



Total capital requirements

€2.6 bn	€2.7 bn

A €2.1 bn increase driven by the growth of outstanding loans

93 % of risk weighted assets relate to **credit risk**, with :

- €6.2 bn from a **standard approach**
- €25.5 bn from an internal ratings-based approach

Higher capital requirements in line with the growth of credit risk exposures



Leading solvency levels

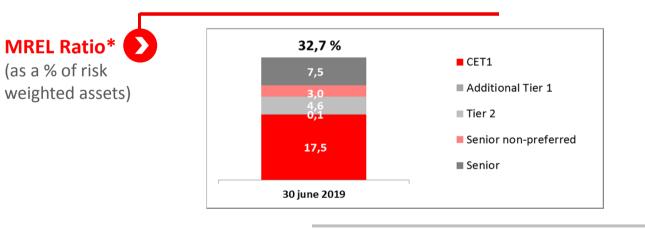
A solid balance sheet structure

- 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 %*

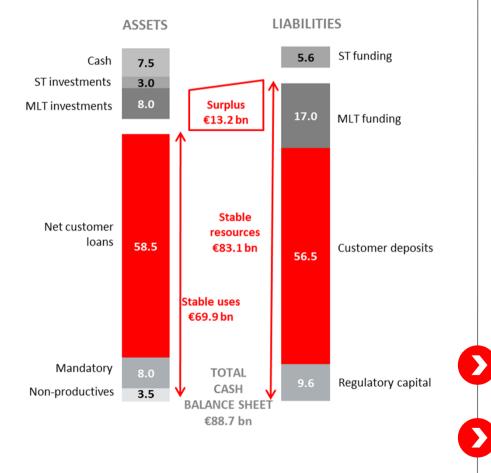


ARKEA

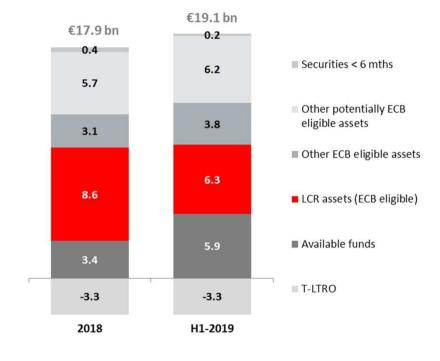
* Solvency ratios including half-year results and excluding IPCs (-13 bp impact on CET1 ratio). Leverage ratio according to the "European delegated act", with automatically applicable provisions (mainly exclusion of insurance subsidiaries assets), excluding savings centralised with CDC and excluding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

High liquidity levels

Surplus MLT market funding of €13.2 bn



Liquidity reserves of €19.1 bn

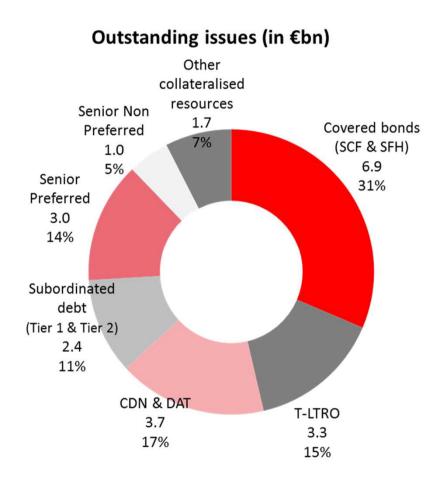


Market redemptions over 1 year **1.5 time** covered by HQLAs and cash

LCR of 131%



Diversification and balance between programmes



2019 Public issues

Senior Preferred

6Y / MS + 110 bps €500 M

10Y / MS + 75 bps €500 M

Senior Non Preferred

7Y / MS + 145 bps €500 M

Tier 2

12Y / MS + 255 bps €750 M

Covered Bonds (SFH)

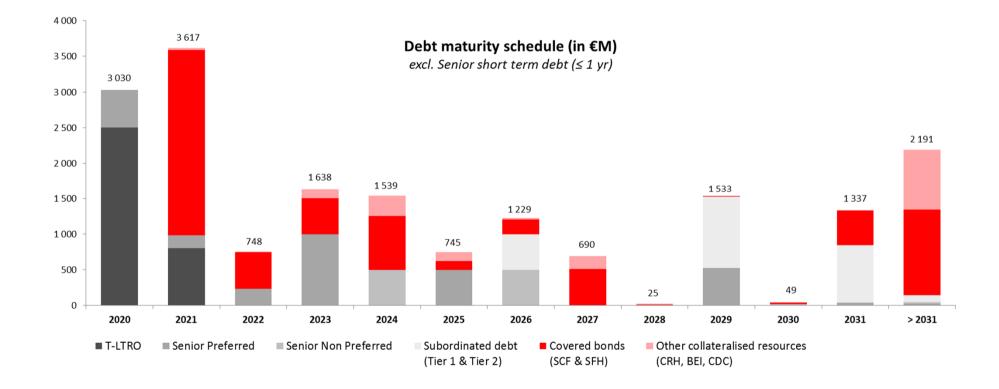
10Y / MS + 6 bps €500 M



Long term resources favoured

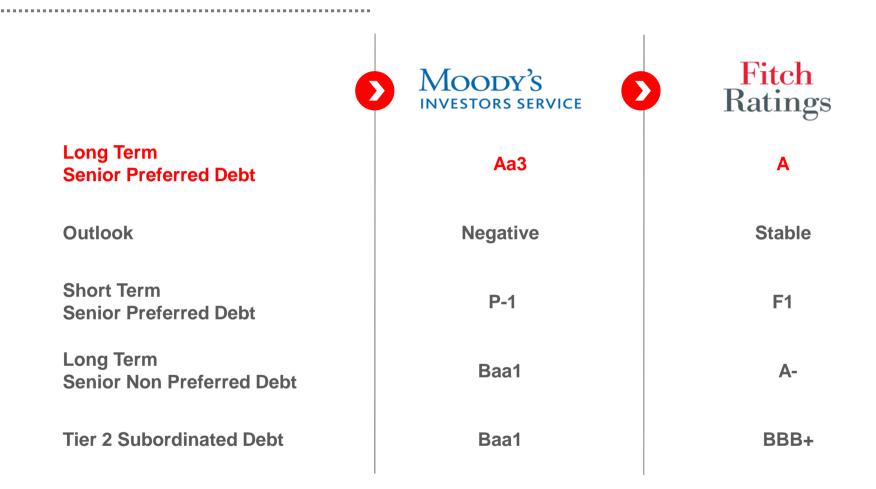
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Average residual maturity of 7 years





Quality ratings illustrating Arkéa's financial solidity





In summary

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



APPENDIX

Other financial information

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

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€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	Liabilities (€M)	30/06/2019	31/12/2018
Cash, due from central banks	6 148	3 2 3 7	Financial liabilities at fair value	2 156	1 302
Financial assets at faire value through P&L	1 420	1 179	Due to banks	7 962	7 117
Derivatives used for hedging purposes	1 053	693	Customer accounts	56 698	54 555
Financial assets at faire value through equity	9 742	11 324	Debt securities	14 357	12 771
Securities at amortised cost	440	164	Tax & other liabilities, provisions	3 140	2 767
Loans and advances to banks	9 721	8 987	Insurance companies' technical reserves	53 528	48 033
Loans and advances to customers	59 053	55 575	Subordinated debt	2 508	1 667
Remeasurement adjustment on interest-rate risk hedged portfolios	774	299	Total equity	7 057	6 704
Placement of insurance activities	55 947	50 190	Share capital and reserves	2 335	2 266
Tax & other assets, equity method investments	1 643	1 887	Consolidated reserves	4 299	3 896
Investment property, property, plant & equipment, intangible assets	932	848	Gains and losses recognised directly in equity	179	104
Goodwill	538	538	Net income	244	437
			Minority interests	3	3
Total Assets	147 409	134 920	Total Liabilities	147 409	134 920



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