



**2017**  
Annual  
Results

*Investor  
Presentation*

*March 2018*

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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 2017 have been approved by the Boards of Directors dated 28<sup>th</sup> February 2018 and have been audited.

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## 2017: a record year



**128**

billion euros of  
total assets

**18.5%**

CET1  
ratio

**2,090**

million euros of  
net banking &  
insurance income

**428**

million euros  
of net income group  
share

## 2017: results at a record high

### Very strong performances, a robust financial structure

#### Outstanding commercial performances

- Client portfolio growing by 176,200 (+4.3%)
- Outstanding loans increased by €3.6 bn (+7.7%)
- Outstanding savings higher by €7.2 bn (+7.2%)

#### Record earnings

- Strongly increased NBII of €2,090 M (+12.8%)
- Cost/income ratio down by 0.9 pt to 68.3%
- Significant decrease of cost of risk to €53 M (-48.9%)
- Sharp increase of net income to €428 M (+27.3%)

#### A robust financial structure

- Loan-to-deposit ratio of 103%
- CET1 ratio of 18.5% (\*)
- Leverage ratio of 6.4% (\*)
- LCR ratio of 117%

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**2017**

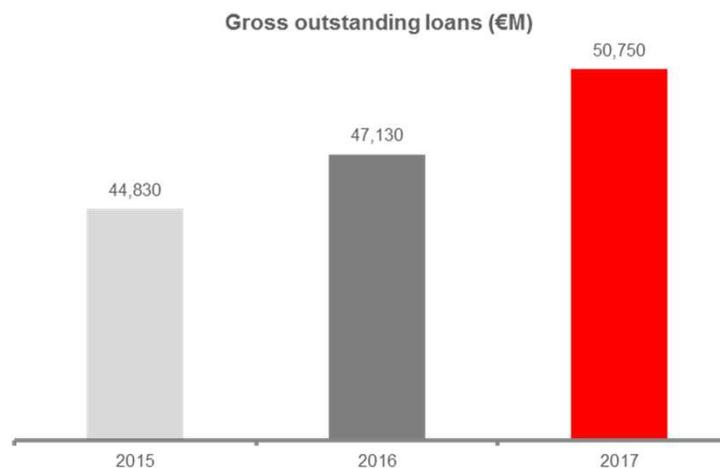
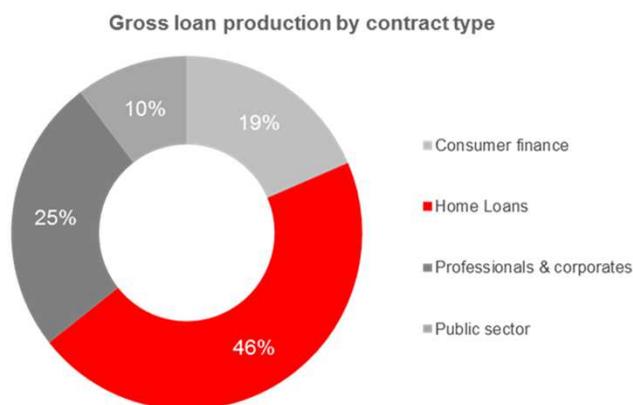
Activity & Results

## Outstanding loans growing by 7.7% to €50.7 bn

A €13 bn loan production\*, up by 19.2%

- Strong home loan production of €5.9 bn (+29.7%)
- €4.6 bn of new loans to professionals, corporates and public sector (+7.8%)
- €2.4 bn of new consumer loans (+19.8%)

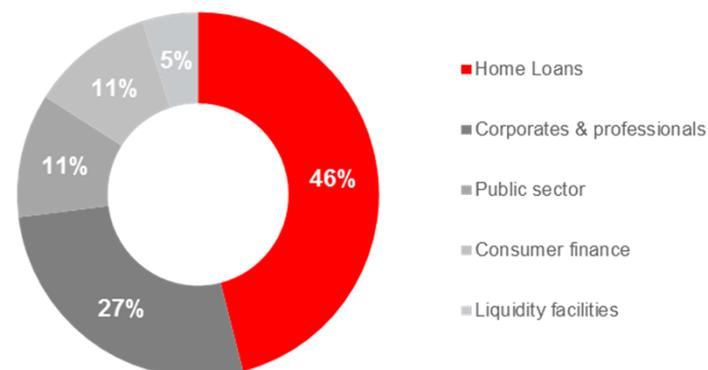
(\* Excluding loan renegotiations)



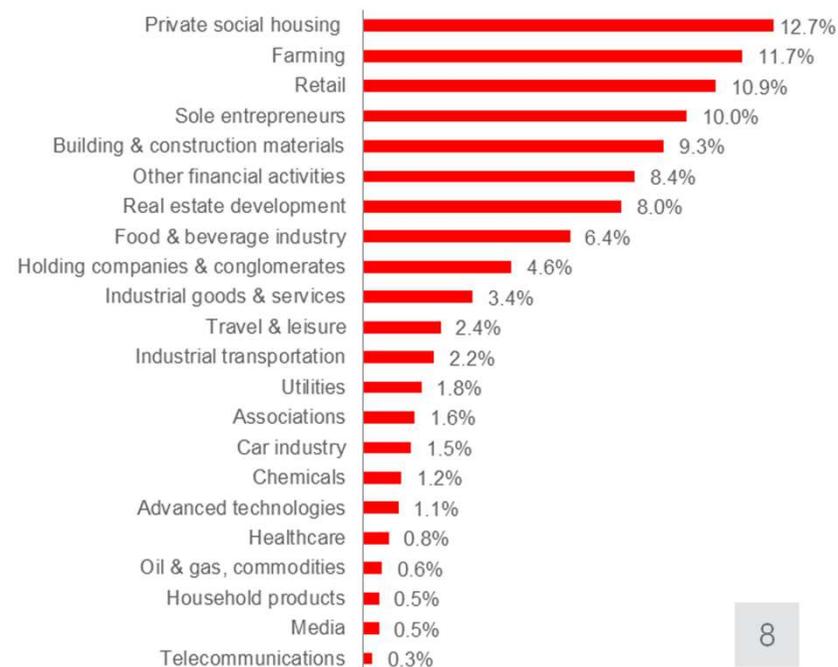
# A quality loan portfolio

- Outstanding home loans and loans to local authorities making up approximately 60% of total outstanding loans
- A well diversified portfolio of professional and corporate clients, with no business sector representing more than 12.7% of gross exposures
- Non Performing Loans standing lower than at end of 2016, at 2.9% of total outstanding loans

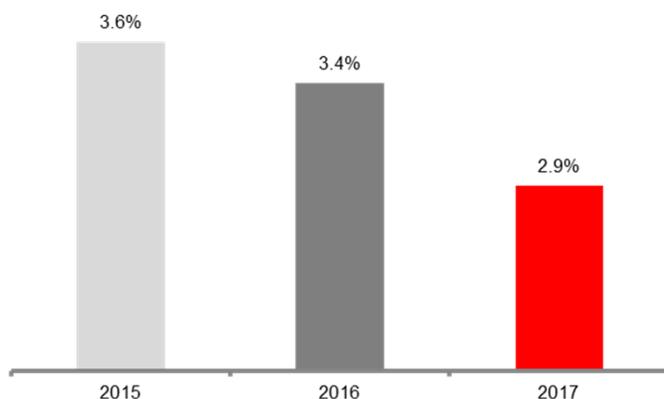
Outstanding loans to customers



Gross exposures (on- and off-balance sheet outstandings) of corporates & professionals by business sector



NPLs / Outstanding loans\*



\* As a % of outstanding loans to customers

## Outstanding savings increased by 7.2% to €107.8 bn

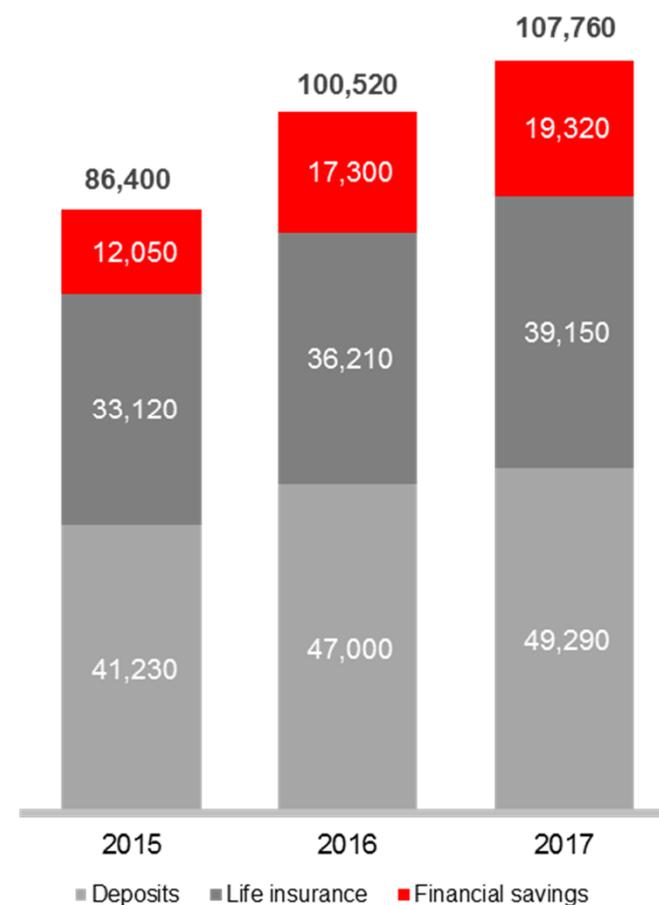
### Net savings inflows growing by 32.1% to €3.3 bn

- Record net inflows of €1.3 bn of financial savings
- Net life insurance savings inflows of €2 bn, up by 12.7%
  - Strategic direction: increase of 13 pts to 42% of the share of unit-linked products in gross life insurance inflows
  - Share of unit-linked products in total life insurance savings: 27% (+ 4 pts)
- Slightly negative net deposit inflows (€-0.1 bn vs. €1 bn in 2016), after reaching a loan-to-deposit ratio of 103%

### 398,600 new contracts (+7.1%) in P&C insurance

- Almost 30% of new business contributed by external networks
- A portfolio growing by 4.8% to 2.1 M contracts

### Outstanding savings (€M)



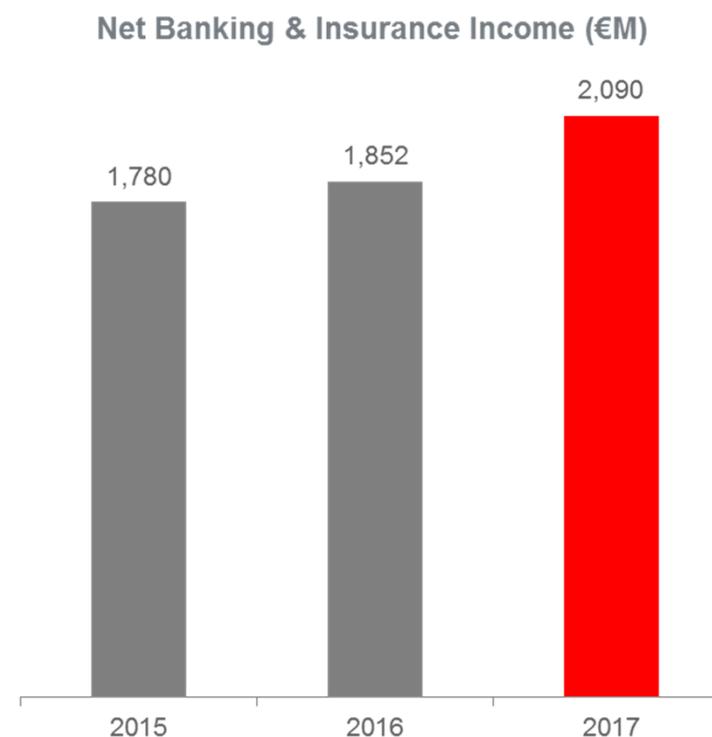
## Income statement for the year ended 31st December 2017

€M	2017 IFRS	2016 IFRS	Variation	%
<b>Net Banking &amp; Insurance Income</b>	2 090	1 852	238	12,8
Operating expenses	(1 427)	(1 282)	(145)	11,3
<b>Gross operating income</b>	662	570	93	16,2
Provisions for risks	(53)	(103)	50	(48,9)
<b>Operating income</b>	610	466	143	30,7
Shares of earnings of companies carried under equity method and income/loss on others assets	21	7	15	NS
<b>Net income before tax</b>	631	473	158	33,3
Income tax	(203)	(137)	(66)	48,1
<b>Net income – Group share</b>	428	336	92	27,3

## Net banking & insurance income growing by 12.8% to an all-time high of €2,090 M

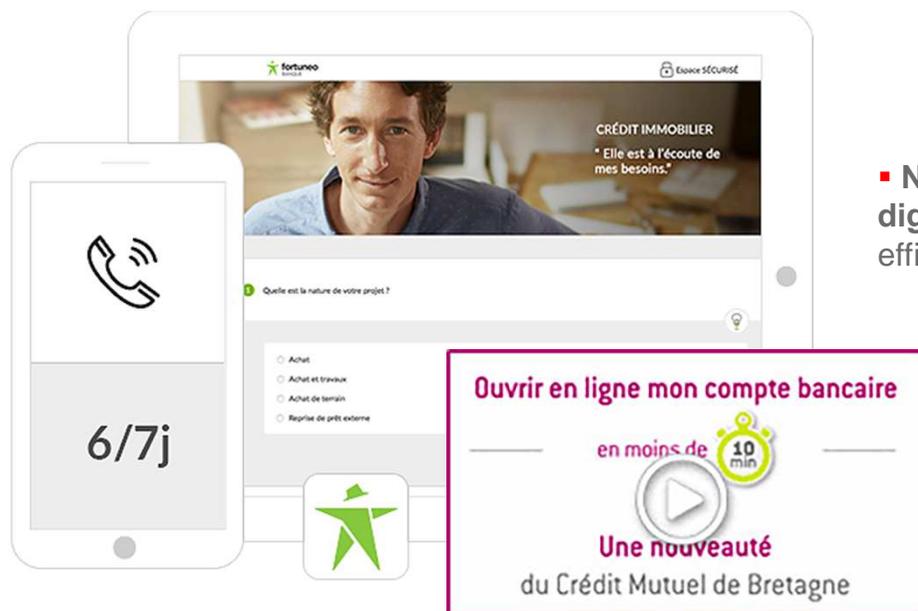
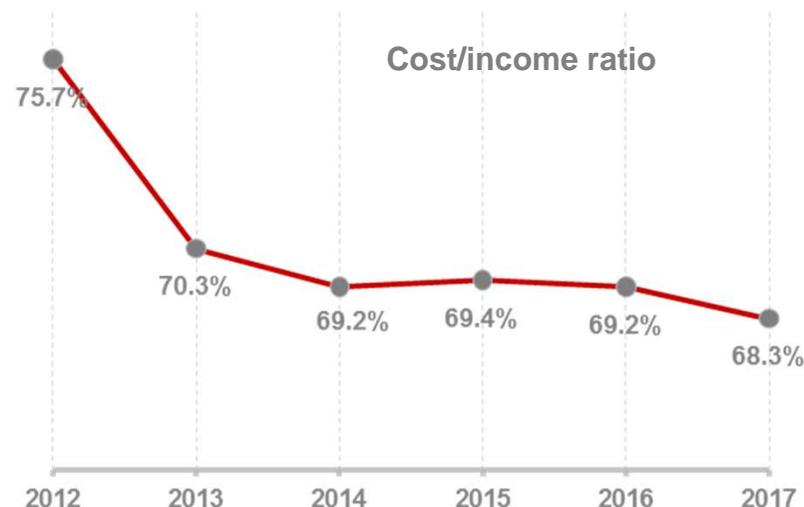
On a comparable basis and after adjusting for exceptional items, net banking & insurance income up by 11% to €2,014 M

- 2017 exceptional item: €51 M gain on the sale of CIC shares
- Increase of €95 M of the financial margin to €771 M (+14.1%), mainly driven by:
  - Good performances in private equity
  - A significant reduction of the cost of funding
  - The gain on the partial sale of the Group's stake in Primonial
- Commissions increased by €14 M to €391 M (+3.8%), with:
  - Strong performances of Arkéa Investment Services funds
  - Higher volumes of early loan repayments
- Other income up by €90 M to €853 M (+11.9%), driven by growing insurance income (+€73 M to €509 M)



## A decrease of 0.9 pt of the cost/income ratio, at 68.3%

- Positive effects of net banking & insurance income enjoying a higher growth (+12.8%) than general expenses (+11.3%)
- On a comparable basis, €114 M increase of general expenses to €1,375 M (+9%), driven by personnel costs as well as regulatory and Group development projects



- **New services and operations, including digital services**, to increase operational efficiency:

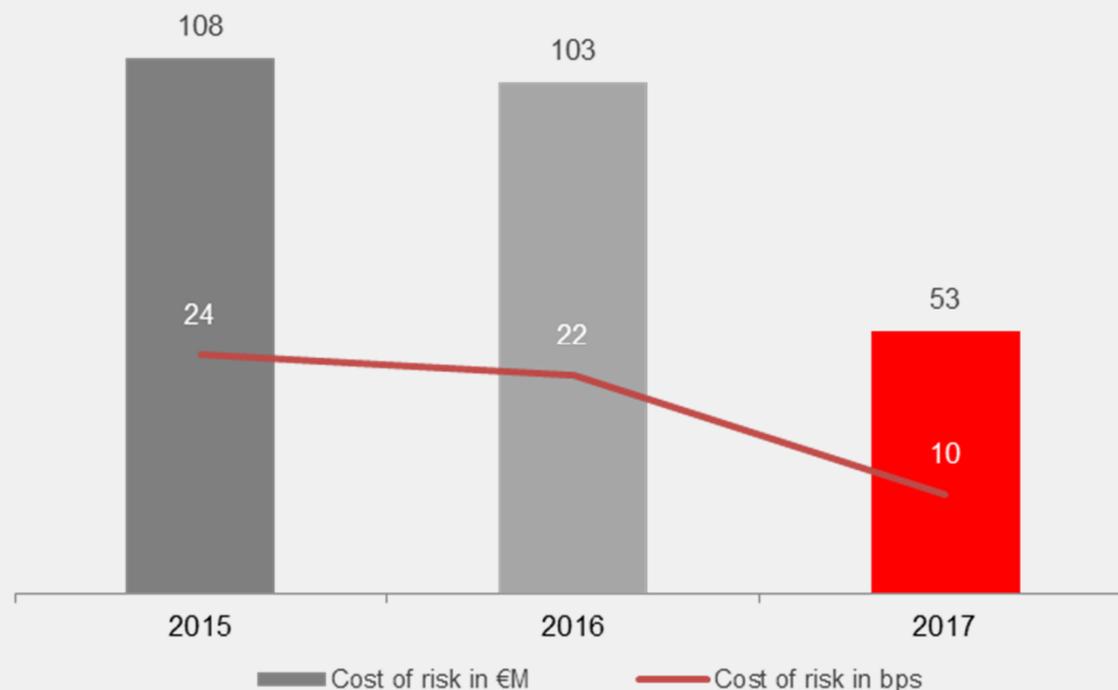
- “Entrée en relation 9.0” for CCM networks: on-line account opening and immediate procurement of means of payment in 9 minutes only
- 100%-digital home loan application process at CCM networks, Fortuneo and Keytrade

## A significant decrease of the cost of risk, at €53 M (-48.9%)

### A prudent approach, a controlled cost of risk

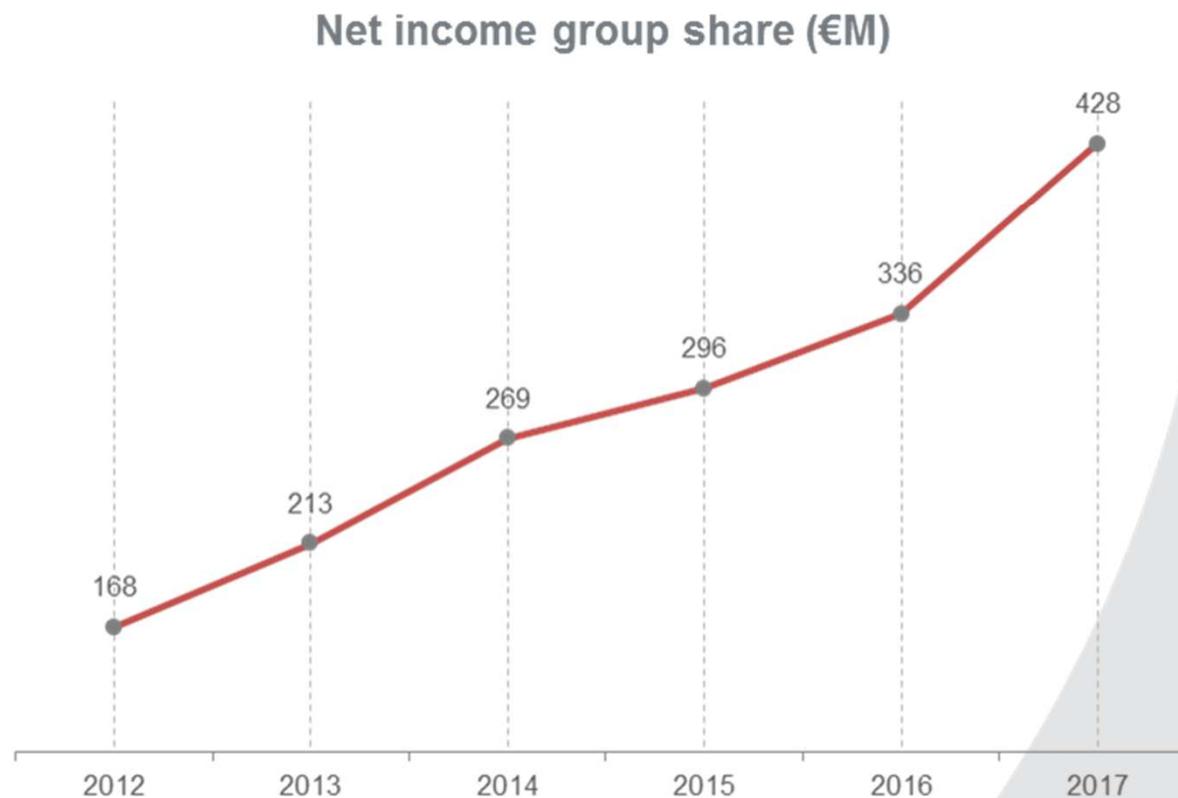
- Non Performing Loans provisioning rate of 57.4% (55.1% at end 2016)
  - Provisioning rate of 66.4% for corporates
- Excluding changes in scope and methods, €22 M decrease of the cost or risk, to €52 M:
  - Specific credit risk provisions reduced by €18 M
  - €3 M recovery on general provisions
- 2017 cost of risk amounts to 10 bps of total outstanding loans to customers (22 bps at end of 2016)

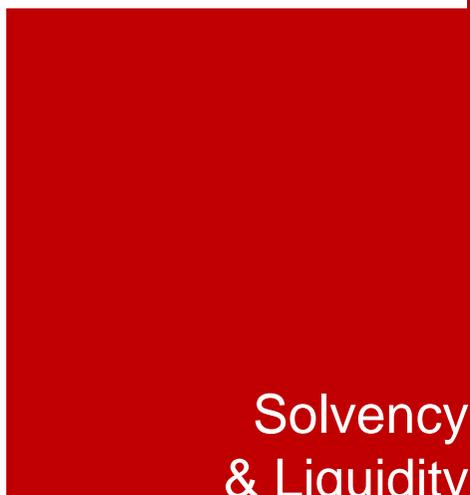
Cost of risk



## Net income growing by 27.3% to €428 M

- Another all-time high, despite an increase of 48.1% (+€66 M) to €203 M of taxes on profits, with an exceptional €33 M contribution
- Net income before tax growing by 33.3% to €631 M
  - On a comparable basis and excluding exceptional items, 25.6% increase of net income before tax to €620 M





Solvency  
& Liquidity

## Risk weighted assets of €28.6 bn at end of 2017

RWAs (€bn)	31/12/2015	31/12/2016	31/12/2017
Credit risk	27.6	29.6	26.6
Market risk	0.1	0.1	0.1
Operational risk	1.8	2.0	1.9
	29.6	31.7	28.6

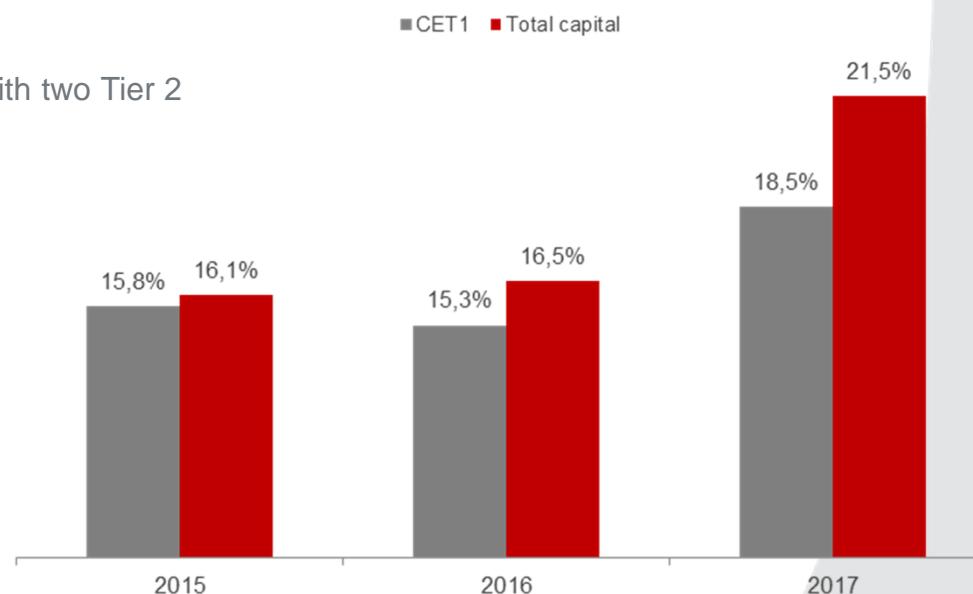
- 93% of risk weighted assets relate to credit exposures

- Total capital requirements of €2.3 bn, down by €252 M vs. end of 2016 (-9.9%), mainly due to the end of the transitory floor for corporate exposures under the advanced method

€M	2017	2016
Credit risk	2 125	2 372
Standard approach	420	371
Internal ratings-based approach	1 705	2 001
Market risk & CVA (standard approach)	7	8
Operational risk (almost exclusively advanced method)	155	159
<b>Total capital requirements</b>	<b>2 287</b>	<b>2 539</b>

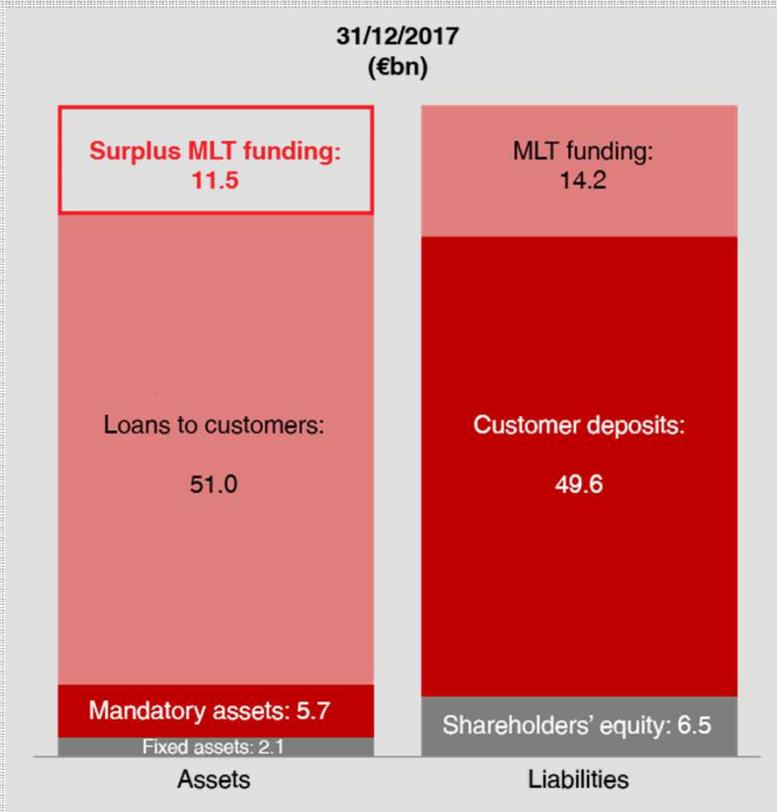
## Leading solvency levels

- **Total assets of €128.4 bn (+6.6%)**
  - Shareholders' equity of €6.4 bn, with stable outstanding member shares of €2.2 bn
- **Regulatory capital of €6.1 bn**, increased by €0.9 bn with two Tier 2 bond issues in 2017
- **Total capital ratio\* of 21.5% (+496 bps)**
  - Reduced capital requirements: +214 bps
  - Tier 2 issues: +147 bps
  - 2017 net income: +123 bps
- **CET1 ratio\* of 18.5% (+322 bps)**
  - Estimated "fully loaded" CET1 ratio of 18.5%
  - Estimated IFRS 9 impact of around -25 bps\*\* at 1st Jan. 2018
- **Leverage ratio\* of 6.4% (+20 bps)**
- **Ratios significantly higher than regulatory requirements for 2018 (SREP excl. P2G):**
  - CET1 ratio of 9.125% (excess of 940 bps)
  - Total capital ratio of 12.625% (excess of 880 bps)

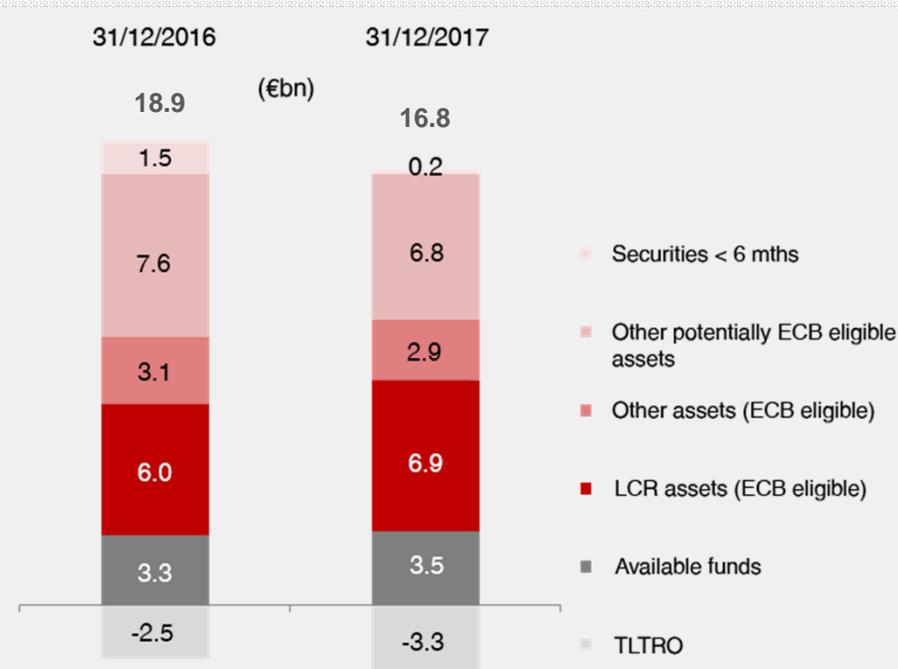


# High liquidity levels

- Surplus MLT market funding of €11.5 bn



- Liquidity reserves of €16.8 bn



- 2018 market needs covered 3 times by HQLAs and cash reserves
- LCR ratio of 117%



Funding

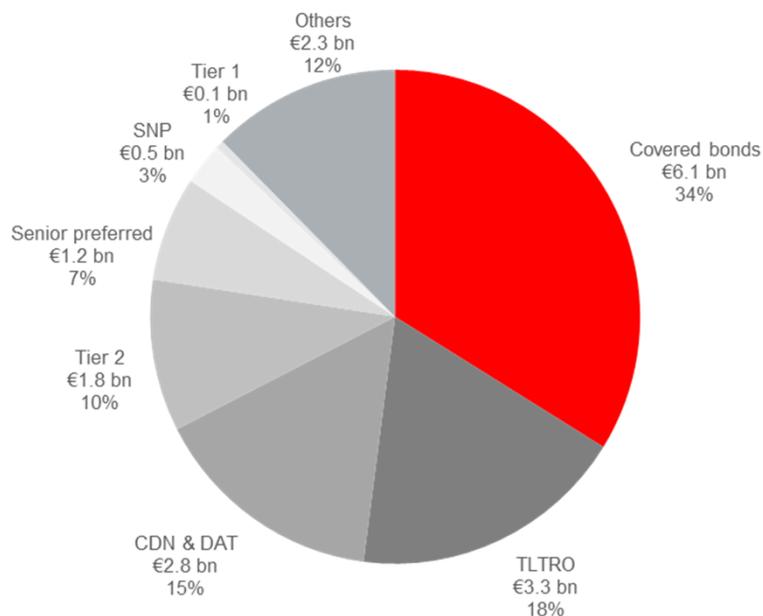
# Diversification and balance between programmes

- Long term resources favoured, with an average residual maturity of 7.6 years
- EMTN and covered bond issues make up 51% of outstanding issues

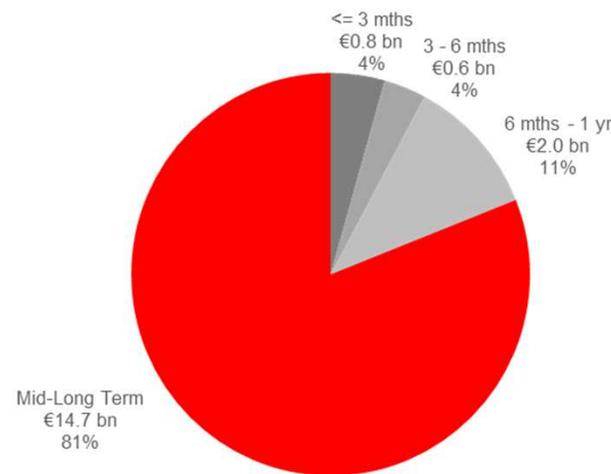
- 2017 public bond issues



Outstanding issues



Residual maturity profile (ST & MLT funds raised)



## Quality ratings illustrating Crédit Mutuel Arkéa's strength

	MOODY'S	STANDARD & POOR'S
LT senior unsecured debt	Aa3	A
<i>Outlook</i>	<i>Negative</i>	<i>Negative</i>
ST senior unsecured debt	P-1	A-1



Conclusion

## 2017: a record year

- A strong commercial development, with revenues beyond €2 bn
- An asset portfolio of a high quality, with a significantly lower cost of risk
- A net income at an all-time high of €428 M
- A robust financial structure, with high solvency and liquidity levels



Excellent results and ratios confirming the soundness of a business model generating profitable growth and strengthening Crédit Mutuel Arkéa's balance sheet

## An exceptional growth path\* confirming the pertinence of the business model and strategy



**x 8.4**

**Net income**

€428 M y.e. 31/12/2017  
versus €51.1 M  
y.e. 31/12/2008



**x 2.5**

**Equity**

€6.4 bn as at 31/12/2017  
versus €2.6 bn  
as at 31/12/2008



**+ 86 %**

**Total assets**

€128.4 bn as at 31/12/2017  
versus €69 bn  
as at 31/12/2008



**+ 93 %**

**NBII**

€2.09 bn as at 31/12/2017  
versus €1.08 bn  
as at 31/12/2008

**+ 46 %**

**Client  
portfolio**



**+ 133 %**

**Outstanding  
savings**



**+ 72 %**

**Outstanding  
Loans**



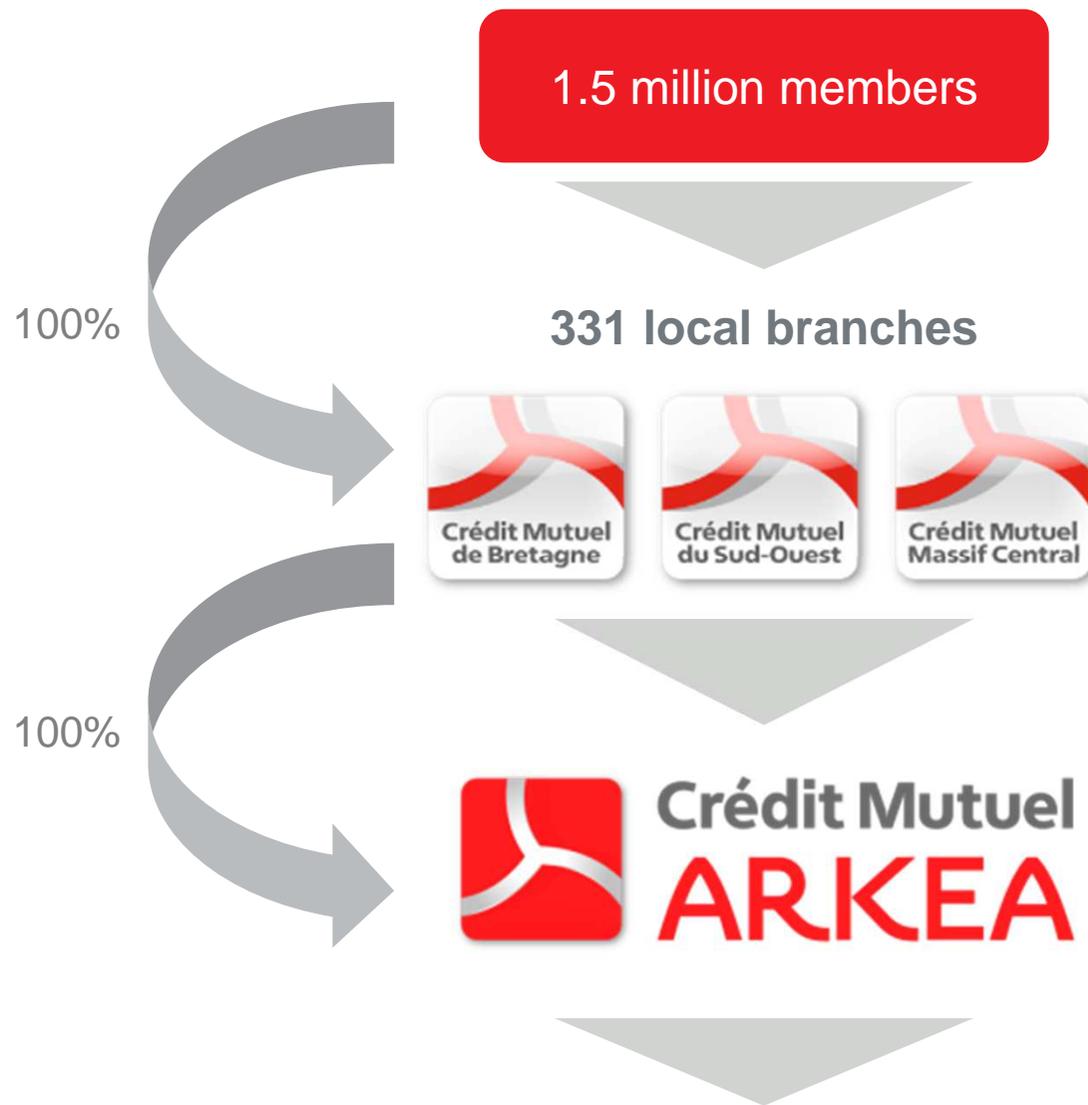
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Appendix

## Consolidated balance sheet as at 31st December 2017

Assets (€M)	31/12/2017 IFRS	31/12/2016 IFRS	Liabilities (M€)	31/12/2017 IFRS	31/12/2016 IFRS
Cash, due from central banks	4,183	3,617	Liabilities at fair value	1,056	1,172
Financial assets at fair value	23,933	19,565	Due to banks	9,814	7,087
Financial assets available for sale	38,031	38,973	Customer accounts	49,436	47,173
Due from banks	7,259	6,944	Debt securities in issue	10,788	12,870
Loans and advances to customers	50,483	46,656	Accruals, deferred income and sundry liabilities	5,743	4,949
Held-to-maturity financial assets	101	117	Insurance companies technical reserves	42,808	39,782
Accruals, prepayments and sundry assets	2,625	2,783	Provisions for contingencies and charges	395	397
Investment property	1,196	1,196	Subordinated debt	1,893	890
Goodwil	573	542	Shareholders' equity	6,449	6,070
			Share capital and reserves	2,208	2,203
			Consolidated reserves	3,531	3,239
			Unrealised or deferred gains or losses	282	292
			Net income	428	336
			Minority interest	3	3
<b>Total Assets</b>	<b>128,385</b>	<b>120,393</b>	<b>Total Liabilities</b>	<b>128,385</b>	<b>120,393</b>







## ARKÉA 2020

# UNDERTAKING BANK AND INSURANCE

### 1 FINANCIAL COACHING & NEW BANKING CONCEPT

Transitioning from a model of banking distribution to a **"financial coaching"** concept. Launch a new retail banking concept that combines the best of brick-and-mortar and online banking.



### 3 PARTNERSHIPS & DISTRIBUTION

As a producer of banking and insurance products, continue to **diversify its distribution** networks through partnerships or even acquisitions of niche players.



### 2 LOCAL DEVELOPMENT & DIGITAL ENTREPRENEURSHIP

Strengthen the group's positioning as the **go-to partner** in its home regions. Establish of a function dedicated to supporting **digital entrepreneurship**.



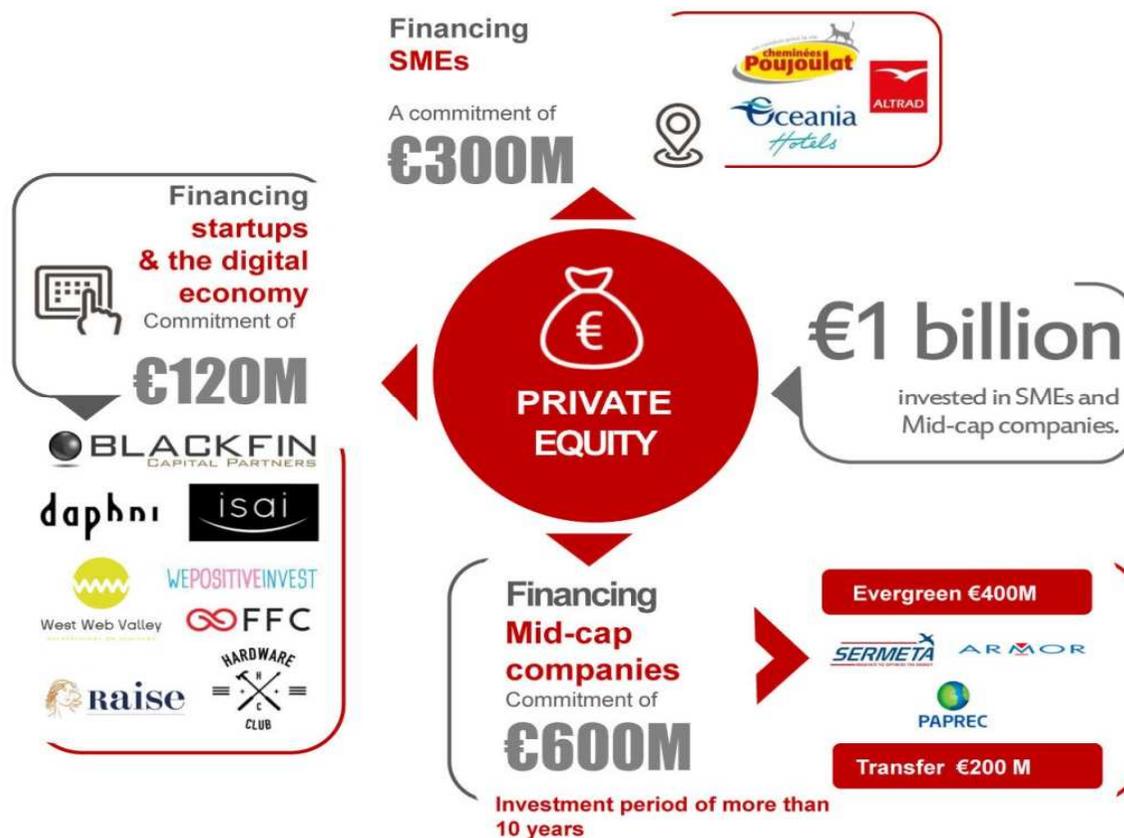
### 4 BTOB ACTIVITIES & SKILLS

Take advantage of its unique positioning as a **third-party service provider** by expanding its product and service lines to better serve existing clients and win new ones.



## A group at the heart of local development

### A key player in private equity





## Crédit Mutuel Arkéa, a reference partner for Fintechs



Quantitative management

Savings, loans, insurance, estate

Financial coaching, account aggregator

Instant payment, on-line money pots





## Corporate social responsibility at the heart of the strategic plan

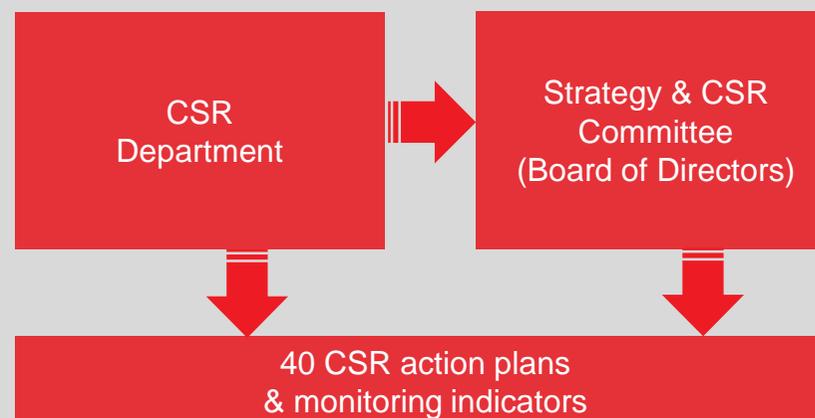
### Our CSR strategy

- **Our ambition** : support our stakeholders in societal and environmental transformations.
- **Our conviction** : CSR must be a **lever** for **innovation** and **development**. It is fully **integrated in all our business lines**.

### 2017 Achievements

- €200 M of funding dedicated to environmental and social projects from corporates
- €1 bn outstanding loans to social housing players (PLS, PSLA) at end of 2017
- Partnership with the CRESUS foundation to fight over-indebtedness
- First 3 investments of the €20 M innovation fund We Positive Invest

### A structured CSR monitoring



### A recognised extra-financial performance

Extra-financial rating from VIGEO Eiris

60 /100



Prize of 2017 Best COP

## 2017 : key achievements of the strategic plan

**Digital**



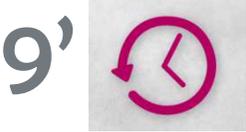
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to open an account

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**BtoB**



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**Regions**

**€100M**

Funds dedicated to CSR investments

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New offices in the regions



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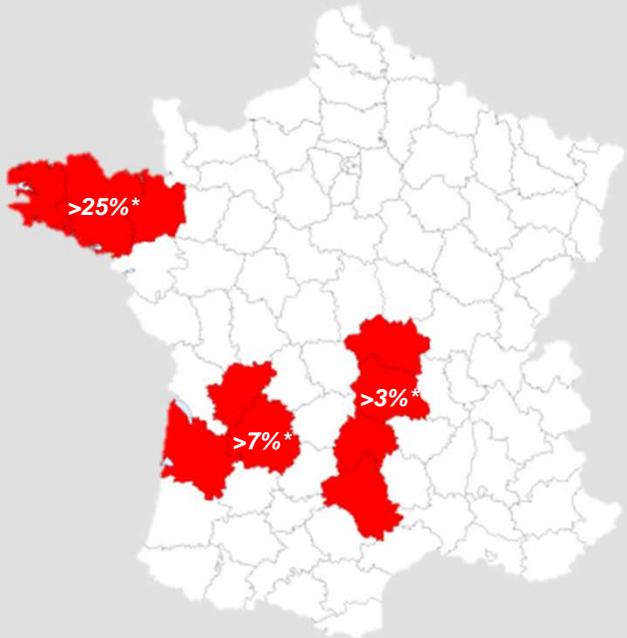
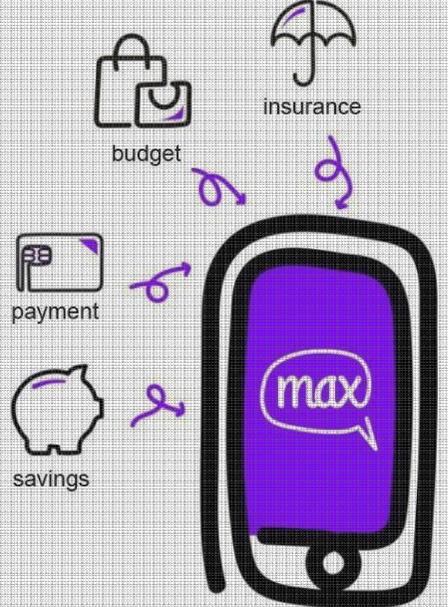
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## Retail banking for individuals

1st Generation	2nd Generation	3rd Generation
  <p><i>* market share</i></p>	 	
	<p><b>100% on-line home loans</b></p>	<p><b>"Entrée en Relation" 9.0</b></p> <p><b>Personal assistant</b></p>

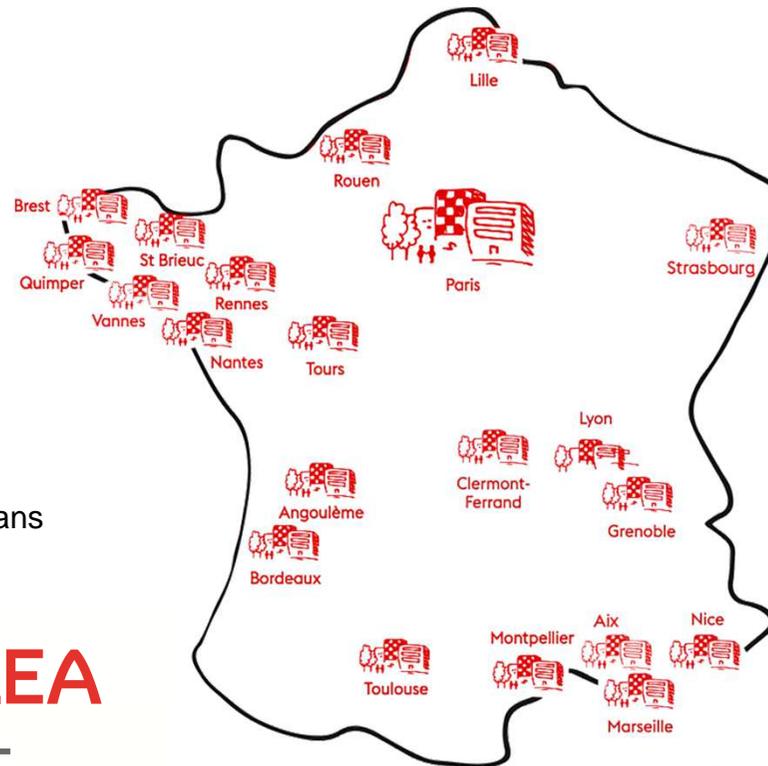
## Retail banking for corporates and institutions



**3,500** clients  
**€12.9 bn** outstanding loans



**€1 bn** assets under management  
**€100 M to €150 M** annual investment capacity



UNE FILIALE DU Crédit Mutuel **ARKEA**  
**1,200** business partners  
**43,000** clients



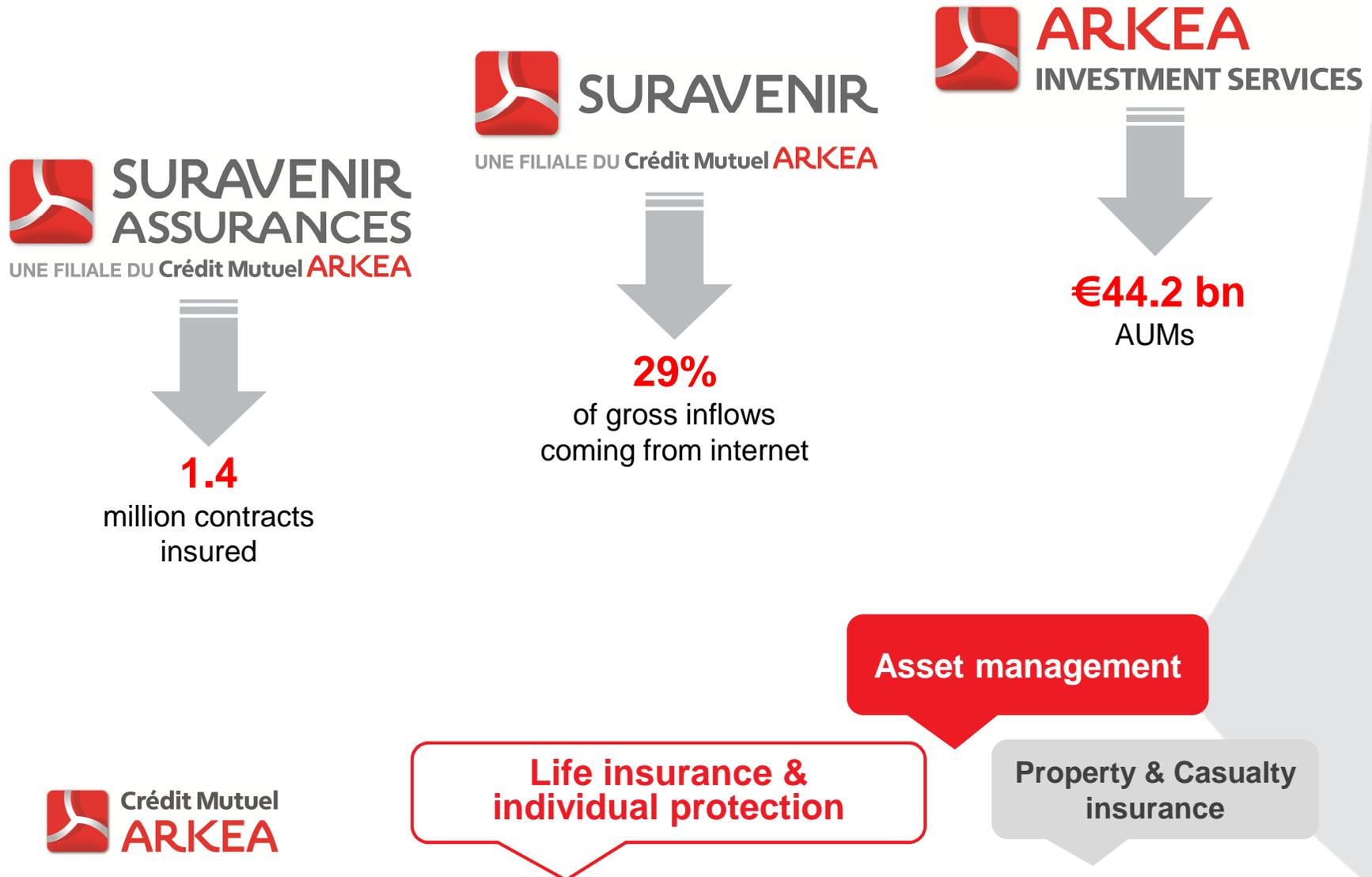
**€765 M** outstanding loans  
Equipment & property **leasing**

**Local economic development**

**Corporates, institutions, local authorities**

**21 business centers in France**

## Insurance and Asset management business lines



## Subsidiaries dedicated to the BtoB market



UNE FILIALE DU Crédit Mutuel ARKEA

**Leader** of mortgage restructuring in France  
**€2.2 bn** outstanding loans



UNE FILIALE DU Crédit Mutuel ARKEA

**820,000** customer accounts  
**€43 bn** in custody



UNE FILIALE DU Crédit Mutuel ARKEA

**7,500** business clients  
**2.5 bn** transactions for **€122 bn**  
**40%** of e-transactions in France



**415,000+** individual clients  
**€2 bn** outstanding loans



**Whitel-label** banking services  
**Renown clients:** Allianz Banque, RCI Bank, PSA Banque, Système U, Brinks,...



**2,000+** internet platforms  
**€1.1 bn** of transactions processed in 2017

Payment solutions

White-label banking services

Consumer finance & loan restructuring

Securities services

## Your contacts

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