

Senior Non-Preferred issuance

Presentation

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The consolidated financial statements of the Company for the years ended 31 December 2015 and 2016 have been audited and subject to an unqualified audit report by the auditors of the Company.



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Senior Non-Preferred Transaction Summary & Indicative terms

## Senior Non-Preferred Transaction Summary

Offering	<ul> <li>Inaugural Senior Non-Preferred (RegS) transaction for Crédit Mutuel Arkéa</li> <li>7-year bullet structure, €500 M no-grow</li> <li>Expected rating: BBB+ (S&amp;P)</li> <li>Issuance expected to be fully MREL (and TLAC) eligible</li> </ul>
Rationale	<ul> <li>Increase of "bail-inable" debt levels by issuing new senior non-preferred debt</li> <li>Compliance with expected MREL requirements</li> <li>Protection of senior preferred bondholders</li> </ul>
Key Investment Highlights	<ul> <li>A strong ability to organically generate CET1 capital</li> <li>A solid financial structure with leading solvency levels (16.5% total capital ratio) and limited MREL needs</li> <li>A group with a limited risk profile and strong fundamentals</li> </ul>



#### Senior Non-Preferred Transaction Indicative terms

Issuer	Crédit Mutuel Arkéa
Issuer Rating	Aa3/Negative (Moody's) ; A/Stable (S&P)
Structure	Bullet
Issue Rating (expected)*	[BBB+] (S&P)
Status of the Notes	<ul> <li>Senior Non-Preferred Notes</li> <li>The principal and interest on the Notes are Senior Non-Preferred Obligations, which constitute direct, unconditional, unsecured and senior (chirographaires) obligations of the Issuer, and rank and shall at all times rank: <ul> <li>(a) pari passu among themselves and with other Senior Non-Preferred Obligations;</li> <li>(b) senior to Subordinated Obligations; and</li> <li>(c) junior to present and future claims benefiting from statutory preferences, including Senior Preferred Obligations.</li> </ul> </li> <li>Subject to applicable law, if any judgment is issued for the judicial liquidation (liquidation judiciaire) of the Issuer or if the Issuer is liquidated for any other reason, the Noteholders will have a right to payment under the Notes: <ul> <li>(a) only after, and subject to, payment in full of holders of Senior Preferred Obligations; and</li> <li>(b)subject to such payment in full, in priority to Senior Non-Preferred Obligations; and</li> <li>(b)subject to such payment in full, in priority to holders of Subordinated Obligations; and</li> </ul> </li> </ul>
Bail-in Acknowledgment	The Notes are subject to bail-in in accordance with the European Bank Recovery and Resolution Directive as transposed under French Law. Contractual recognition of bail-in power of the resolution authorities.
No Negative Pledge	There is no negative pledge in respect of the Notes.
Early Redemption Events	Callable in the case of a MREL Disqualification Event or in the case of a Tax Event (subject to the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority, if required). In such cases, the Issuer's option to redeem the Senior Non-Preferred Notes is subject to such redemption being permitted by the MREL Regulations.
MREL Disqualification Event	MREL Disqualification Event means, at any time, that all or part of the outstanding nominal amount of the Notes does not fully qualify as MREL Eligible Instruments, except where such non-qualification is due to the remaining maturity of such Notes being less than any period prescribed by the MREL Regulations.
Tax Event	If, by reason of any change in French laws or regulations, or any change in the official application or interpretation of such laws or regulations, becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts.
Substitution and Variation	In the event that a MREL Disqualification Event, Tax Event or Variation Event occurs and is continuing, the Issuer may, at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Notes, subject to (i) the prior consent of the Relevant Prudential Authority and/or the Relevant Resolution Authority if required and (ii) having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Noteholders (which shall be irrevocable



#### Senior Non-Preferred Transaction Indicative terms

Waiver of Set-Off	No Noteholder may at any time exercise or claim any Waived Set-Off Rights against any right, claim or liability the Issuer has or may have or acquire against such Noteholder, directly or indirectly, howsoever arising (and, for the avoidance of doubt, including all such rights, claims and liabilities arising under or in relation to any and all agreements or other instruments of any sort, whether or not relating to such Note) and each Noteholder shall be deemed to have waived all Waived Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities.
No Event of Default	There are no events of default under the Notes which would lead to an acceleration of the Notes if certain events occur.
Notional Amount	EUR Benchmark
Issue Date	[•] [May] [2017]
Settlement Date	[.]th [May] [2017]
Maturity Date	[•] [May] [2024]
Coupon payment date	Annually on [.]th [.]
Coupon	[.]%
First Coupon Date	[.]th [.] 2018
Day Count Convention	Actual/Actual ICMA
Business Day Convention	Fixed rate: Following Unadjusted
Business Days	Payments : TARGET Calculation : TARGET
Denomination	EUR 100,000
Listing	Luxembourg
Governing Law	The Notes are governed by, and shall be construed in accordance with, French law
Documentation	Preliminary Prospectus dated [.]th [.] 2017



# 2016 Annual Results

#### A **mid-tier** group adapted to current transformations

An unusual growth profile in the current banking landscape, the only mid-tier bank in France
An ambitious and original strategy: a firm territorial positioning, with forward commitments in digital and BtoB activities

A **robust** banking group matching market expectations

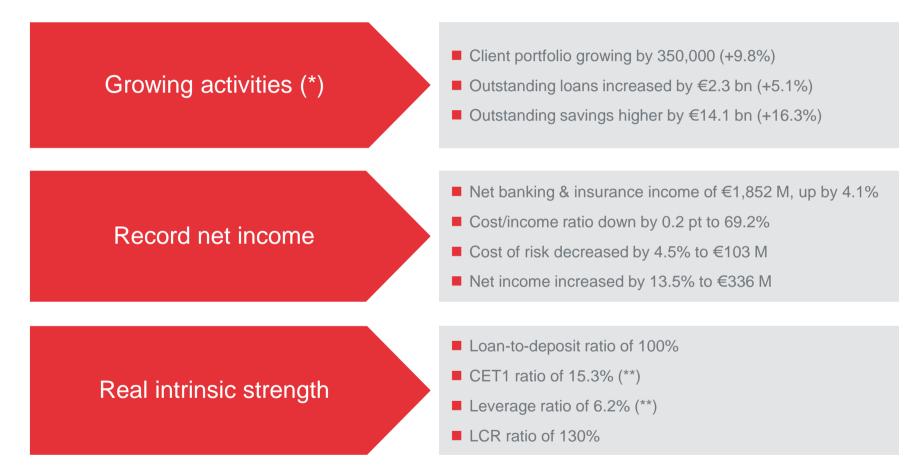
- Intrinsic performances confirming the merits of the strategy always independently implemented by Crédit Mutuel Arkéa
- Agility allowing speed of execution and transformation in a constantly changing universe

Performances confirming the effectiveness of our model as an autonomous bank

• Exceptional results reaching historic levels despite an unpromising economic environment



2016: a dynamic development, record financial results Solid performances in an unpromising environment



(\*) Crédit Mutuel Arkéa acquired the Belgian online bank Keytrade in June 2016. Excluding Keytrade, the client portfolio grew by 3.1% (+110,000 clients); outstanding savings increased by 6.7% (+ €5.8 bn)



Crédit Mutuel (\*\*) Basel III CRDIV ratio with transitory measures, including full year results. Leverage ratio calculated according to the Delegated Act released on 10 October 2014 with automatically applicable provisions (exclusion of assets from insurance subsidiaries) and excluding provisions subject to prior authorisation (inter-company transactions and centralised savings).

## **Growing activities**

Gro	ss outstand	ding loans	(€M)	A continuous increase of outstanding loans and savings
<b>41 130</b> 4 990	<b>44 830</b> 5 490	47 132 5 698	■ Public sector	<ul> <li>A client portfolio growing by 9.8%, to more than 3.9 M</li> <li>Acquisition of Keytrade: intake of 240,000 customers</li> </ul>
9 980	10 920	11 663	Corporates &	On a comparable basis, client portfolio increased by 3.1% to 3.7 M
			■ Corporates & professionals ■ Home loans	<ul> <li>Outstanding loans increased by 5.1% to €47.1 bn</li> <li>A loan production* of €10.9 bn</li> </ul>
	20 700		Consumer	A 10.8%-decrease after a record year in 2015 (€12.2 bn)
4 690	4 930 2 790	5 241 2 818	finance Liquidity facilities	€4.6 bn of new home loans and €4.3 bn of new loans to professionals, corporates and public sector
2 350	2015	2 818	raointioo	A 9.1%-growth of the consumer finance loan production, to €2 bn
Outstanding savings (€M)			M)	Outstanding savings growing by 16.3% to €100.5 bn
				Acquisition of Keytrade: intake of €8.3 bn of outstanding savings
		100 520		On a comparable basis, outstanding savings up by €5.8 bn to €92.2 bn (+6.7%)
78 810	86 400	8 340 12 040	Keytrade	■ Net savings inflows of €2.5 bn
11 260	12 050	36 210	■ Financial savings	<ul> <li>A 51.5%-decrease, essentially with deposit net inflows reduced to €1bn vs.</li> <li>€2.6 bn in 2015, after reaching a loan-to-deposit ratio of 100%</li> </ul>
30 100	33 120		■ Life insurance ■ Deposits	372,000 new contracts (-0.5%) in general insurance and individual protection
	41 230	43 930		<ul> <li>Close 30% of new business contributed by external networks</li> </ul>
37 450	41230			A portfolio growing by 3.4%, reaching more than 2 M contracts
2014	2015	2016	I	(*) Excluding loan renegotiations





#### Income statement

€M	2016	2015	% Var.
Net banking & insurance income (NBII)	1,852	1,780	+ 4.1 %
Operating expenses	1,282	1,235	+ 3.8 %
Gross operating income	570	545	+ 4.6 %
Cost of risk	103	108	- 4.5 %
Net operating income	466	437	+ 6.9 %
Net income Group share	336	296	+ 13.5 %



2000

1600

1200

800

400

0

2014

## **Record net income**

NBII and net income (€M)



■ Net Banking & Insurance Income growing by 4.1% (+€72 M) to 1.852 M€ 500 1.852 On a comparable basis and after adjusting for the exceptional gain on 1.780 1,724 Visa Europe shares (€26 M) : growth of revenues with Net Banking & 400 Insurance Income of €1,807 M (+1.7%) 336 300 200 100

2016

0

#### Slight decline of €11M of the financial margin to €676 M (-1.6%), negatively impacted by persistent low interest rates

- Commissions reduced by €39 M to €378 M (-9.3%), with lower volumes of early loan repayments as well as lower brokerage volumes
- Other income growing by  $\in$  80 M to  $\in$ 753 M (+8.8%), with growing insurance income (+€58 M to €616 M)
- Net income (Group share) on a record high, at €336 M (+13.5%)



2015

NBII (€M) — Net income (€M)

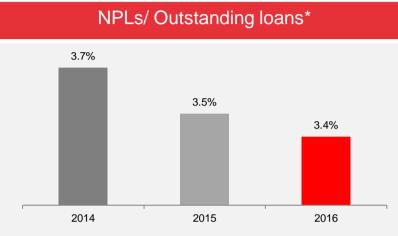
#### A controlled cost/income ratio

- A slight decrease of the cost/income ratio, at 69.2% (-0.2 pt)
  - Positive effect of Net Banking & Insurance Income enjoying a higher growth (+4.1%) than general expenses (+3.8% to €1,282 M)
  - On a comparable basis and after adjusting for the gain on Visa Europe shares: Net Banking & Insurance Income growing by 1.7% while general expenses up by 1.3%





## A decreased cost of risk



\* As a % of outstanding loans to customers



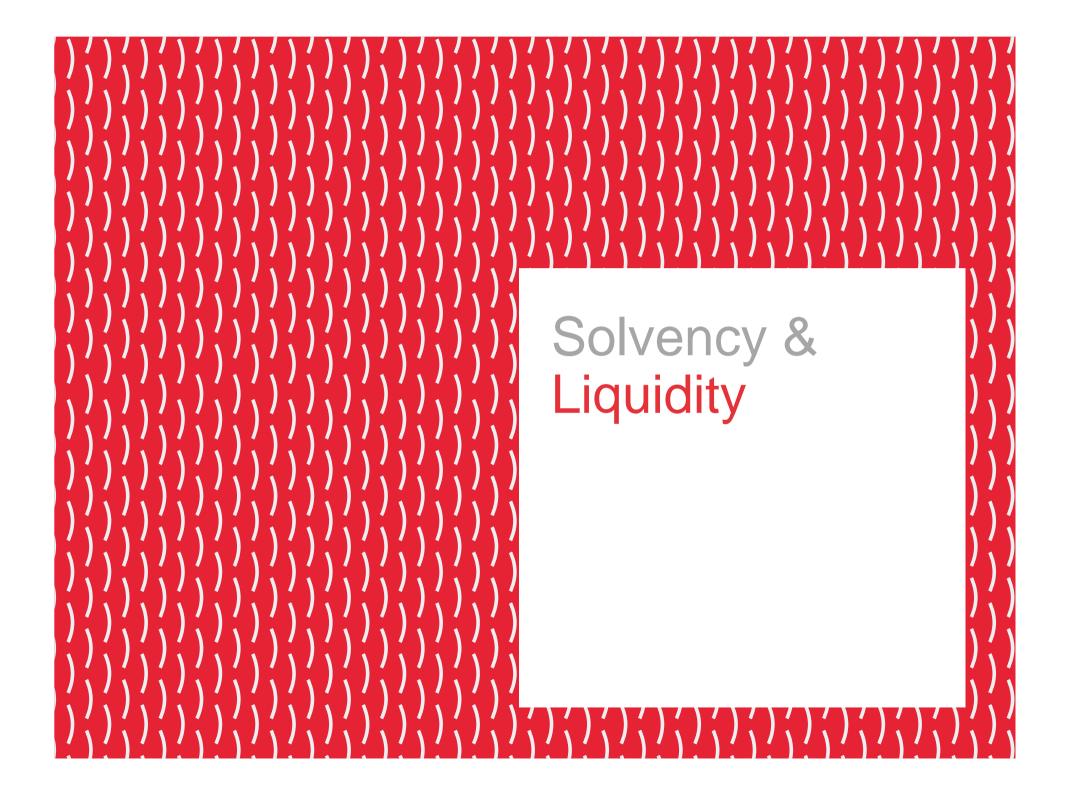


#### A quality loan portfolio

- Outstanding home loans and loans to local authorities make up approx. 60% of total outstanding loans
- NPLs stand lower than at end of 2015, at 3.4% of total outstanding loans

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

- Prudent risk management in a still unfavourable and low growth economic context
- NPL provisioning rate of 55.1% (56.3% at end of 2015)
  - Provisioning rate of 58.1% for corporates
- A cost of risk of €103 M, lower by €5 M (-4.5%) with the reduced cost of specific credit risk
- Annualised cost of risk amounts to 22 bps of total outstanding loans to customers (24 bps at 2015 year end)



## **Increased Risk Weighted Assets**

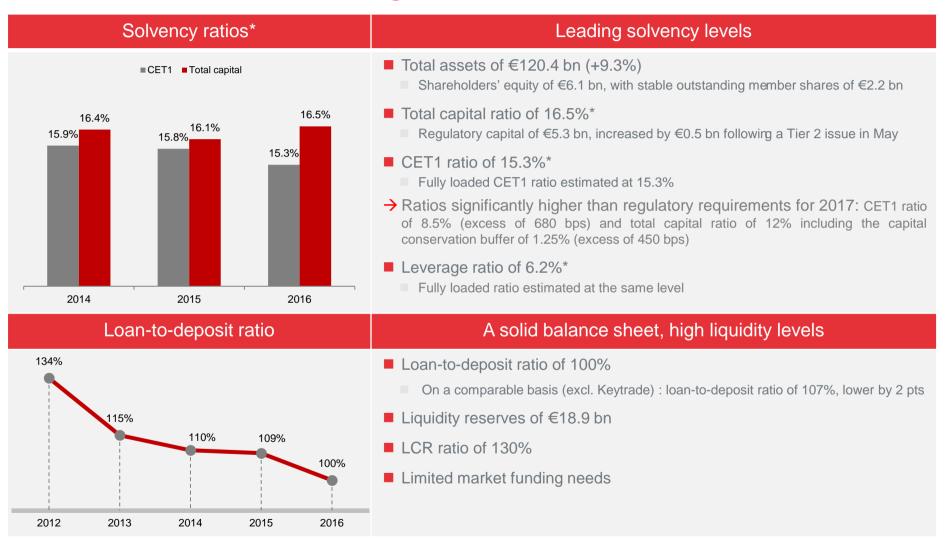
RWAs (€bn)	31/12/2016	31/12/2015	31/12/2014
Credit risk	29.6	27.6	25.6
Market risk	0.1	0.1	0.1
Operational risk	2.0	1.8	1.9
	31.7	29.6	27.6

#### Risk weighted assets & Total capital requirements

- RWAs of €31.7 bn at the end of 2016 (+7%)
- 93% of RWAs relate to credit risk exposures
- Total capital requirements of €2.5 bn, increased by €171 M since the end of 2015 in line with growing outstanding loans

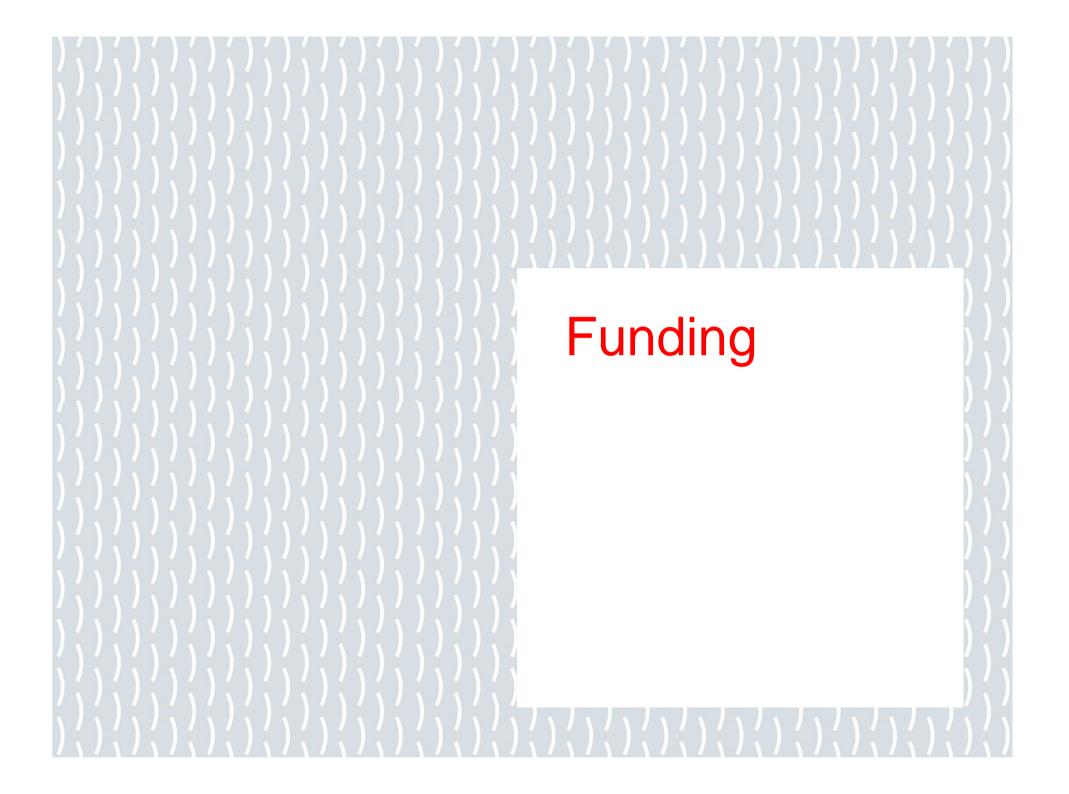


## Real intrinsic strength



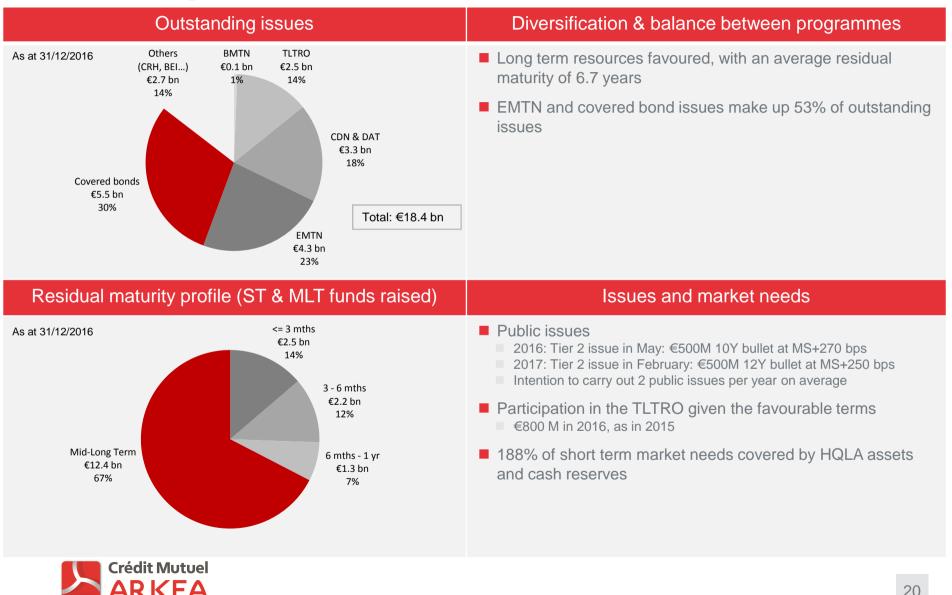


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Funding

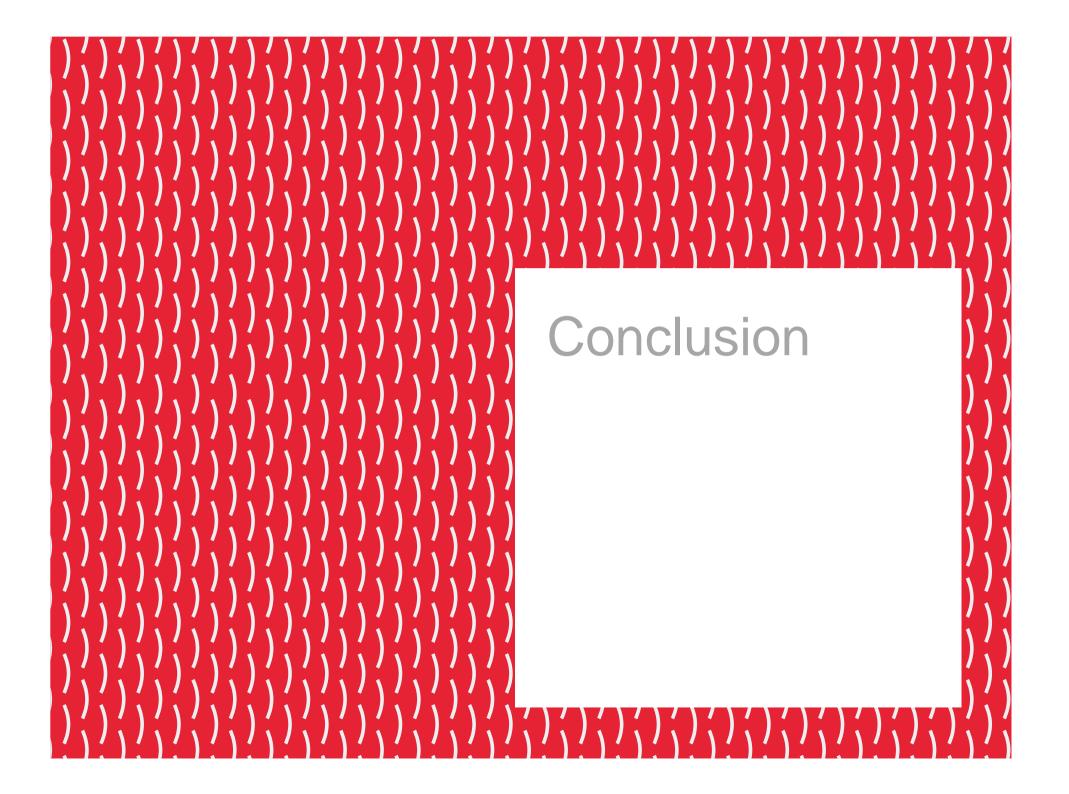
## Funding



## Ratings Quality ratings illustrating Crédit Mutuel Arkéa's solidity

	Ratings
Moody's	<ul> <li>Long-term deposit: Aa3</li> <li>Outlook: negative</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: stable</li> <li>Senior unsecured short-term debt: A-1</li> </ul>





## Conclusion

- 2016 financial results illustrate Crédit Mutuel Arkéa's solidity and the strength of its diversified business model combining growth and profitability
- Crédit Mutuel Arkéa's high solvency ratios show its ability to address regulatory capital requirements
- A Senior Non-Preferred transaction will help the Group fulfill its MREL needs



## Appendix

- 2016 Income statement and balance sheet
- Crédit Mutuel Arkéa Group overview

## Income statement for the year ended 31<sup>st</sup> December 2016

€M	2016 IFRS	2015 IFRS	Variation	%
Net Banking & Insurance Income	1,852	1,780	72	4.1
Operating expenses	(1,282)	(1,235)	(47)	3.8
General operating expenses	(1,171)	(1,137)	(35)	3.0
Amortisation and depreciation	(111)	(99)	(12)	12.3
Gross operating income	570	545	25	4.6
Provisions for risks	(103)	(108)	5	(4.5)
Operating income	466	437	30	6.9
Shares of earnings of companies carried under equity method and income/loss on others assets	7	7	0	2.6
Pre-Tax income	473	443	30	6.8
Income tax	(137)	(147)	10	(6.6)
Net income – Group share	336	296	40	13.5
Net Banking & Insurance Income	- 336	- 296	- 40	13.5



## Balance sheet as at 31<sup>st</sup> December 2016

Assets (€M)	31/12/2016 IFRS	31/12/2015 IFRS	Liabilities (M€)	31/12/2016 IFRS	31/12/2015 IFRS
Cash, due from central banks	3,617	2,113	Liabilities at fair value	1,172	1,094
Financial assets at fair value	19,565	15,830	Due to banks	7,087	6,456
Financial assets available for sale	38,973	36,268	Customer accounts	47,173	41,45
Due from banks	6,944	7,040	Debt securities in issue	12,870	13,78
Loans and advances to customers	46,656	44,368	Accruals, deferred income and sundry liabilities	4,949	3,59
Held-to-maturity financial assets	117	152	Insurance companies technical reserves	39,782	37,21
Accruals, prepayments and sundry assets	2,783	2,740	Provisions for contingencies and charges	397	36
Investment property	1,196	1,152	Subordinated debt	890	382
Goodwil	542	449	Shareholders' equity	6,070	5,77
			Share capital and reserves	2,203	2,20
			Consolidated reserves	3,239	2,98
			Unrealised or deferred gains or losses	292	294
			Net income	336	29
			Minority interest	3	:
Total Assets	120,393	110,112	Total Liabilities	120,393	110,11





## Crédit Mutuel Arkéa at a glance

# Key figures as at 31st December 2016Crédit Mutuel Arkéa's clients• 3.9 million customers, 1.5 million members• Private individuals• Total assets: €120.4 bn• Corporates & Professionals• Outstanding loans: €47.1 bn, outstanding savings: €100.5 bn• Institutions• Shareholders' equity: €6 bn• Public Sector

CET1 ratio ("phased-in"): 15.3%\*
Estimated leverage ratio: 6.2%\*

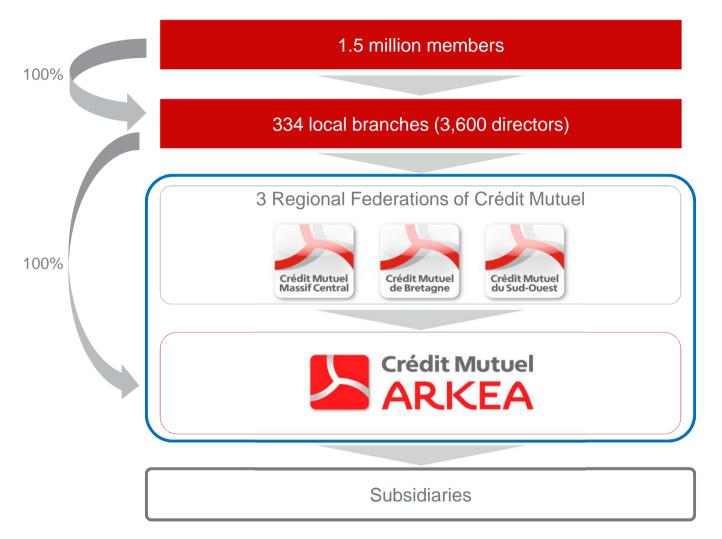
#### Crédit Mutuel Arkéa's profile

- 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.



(\*) Basel III CRDIV ratio with transitory measures, including full year results. Leverage ratio calculated according to the Delegated Act released on 10 October 2014 with automatically applicable provisions (exclusion of assets from insurance subsidiaries) and excluding provisions subject to prior authorisation (inter-company transactions and centralised savings).

## The stable structure of a cooperative group





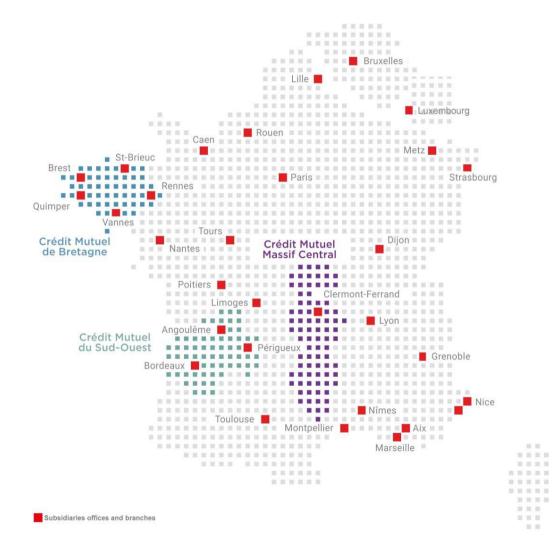
## Crédit Mutuel Arkéa Group profile





## Crédit Mutuel Arkéa Group profile

- A network of **468 points of sale**, with 334 local branches in Brittany, the South-West and Massif Central
  - **18 regional business centres** for Arkéa Banque Entreprises et Institutionnels
- A presence in Belgium with Keytrade Bank and ProCapital Securities Services. Keytrade Bank is also operating in Switzerland and Luxembourg
  - Leetchi and Mangopay have a presence in the United Kingdom, Germany, Spain and Luxembourg
  - Activities **throughout Europe** with Monext, subsidiary specialised in electronic payments





### 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





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