



2016 Annual Results

*Investor
Presentation*

March 2017

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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 2016 have been approved by the Boards of Directors dated 3rd March 2017 and have been audited.

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2016 Annual Results

2016 Key Takeaways

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

Growing activities (*)

- Client portfolio growing by 350,000 (+9.8%)
- Outstanding loans increased by €2.3 bn (+5.1%)
- Outstanding savings higher by €14.1 bn (+16.3%)

Record net income

- Net banking & insurance income of €1,852 M, up by 4.1%
- Cost/income ratio down by 0.2 pt to 69.2%
- Cost of risk decreased by 4.5% to €103 M
- Net income increased by 13.5% to €336 M

Real intrinsic strength

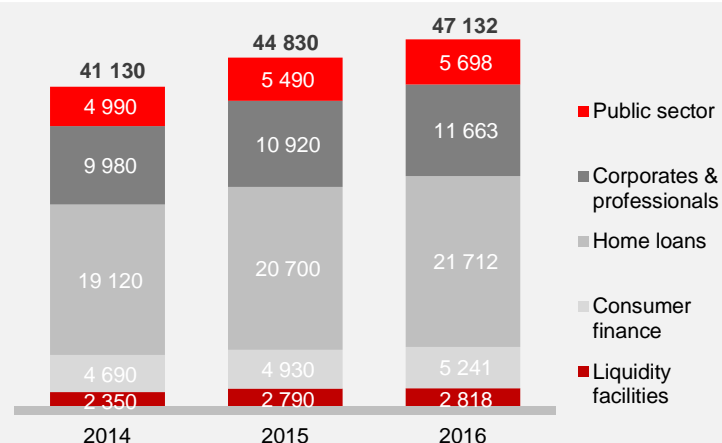
- Loan-to-deposit ratio of 100%
- CET1 ratio of 15.3% (**)
- Leverage ratio of 6.2% (**)
- LCR ratio of 130%

(*) 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)

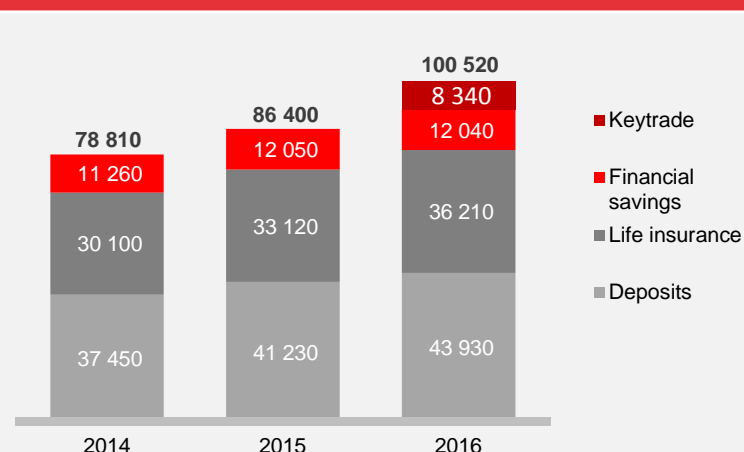
(**) Basel III CRDIV ratio with transitory measures, including full year results. Leverage ratio calculated according to the Delegated Act released on 10 October 2014 with automatically applicable provisions (exclusion of assets from insurance subsidiaries) and excluding provisions subject to prior authorisation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

Growing activities

Gross outstanding loans (€M)



Outstanding savings (€M)



A continuous increase of outstanding loans and savings

■ A client portfolio growing by 9.8%, to more than 3.9 M

- Acquisition of Keytrade: intake of 240,000 customers
- On a comparable basis, client portfolio increased by 3.1% to 3.7 M

■ Outstanding loans increased by 5.1% to €47.1 bn

- A loan production* of €10.9 bn
 - A 10.8%-decrease after a record year in 2015 (€12.2 bn)
 - €4.6 bn of new home loans and €4.3 bn of new loans to professionals, corporates and public sector
 - A 9.1%-growth of the consumer finance loan production, to €2 bn

■ Outstanding savings growing by 16.3% to €100.5 bn

- Acquisition of Keytrade: intake of €8.3 bn of outstanding savings
- On a comparable basis, outstanding savings up by €5.8 bn to €92.2 bn (+6.7%)

■ Net savings inflows of €2.5 bn

- A 51.5%-decrease, essentially with deposit net inflows reduced to €1bn vs. €2.6 bn in 2015, after reaching a loan-to-deposit ratio of 100%

■ 372,000 new contracts (-0.5%) in general insurance and individual protection

- Close 30% of new business contributed by external networks
- A portfolio growing by 3.4%, reaching more than 2 M contracts

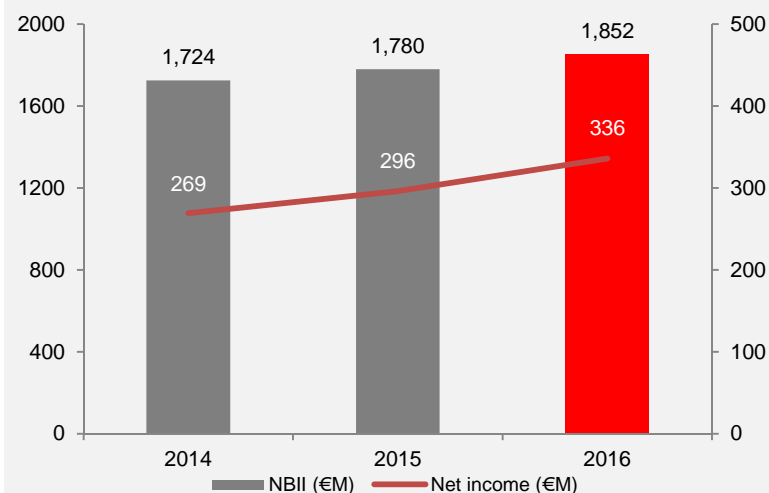
(*) Excluding loan renegotiations

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 %

Record net income

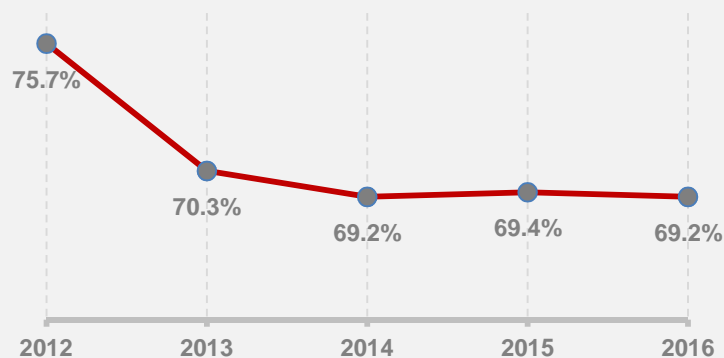
NBII and net income (€M)



A strong increase of NBII and net income

- Net Banking & Insurance Income growing by 4.1% (+€72 M) to 1,852 M€
- On a comparable basis and after adjusting for the exceptional gain on Visa Europe shares (€26 M) : growth of revenues with Net Banking & Insurance Income of €1,807 M (+1.7%)
 - 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 €80 M to €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%)

Cost/income ratio



A controlled cost/income ratio

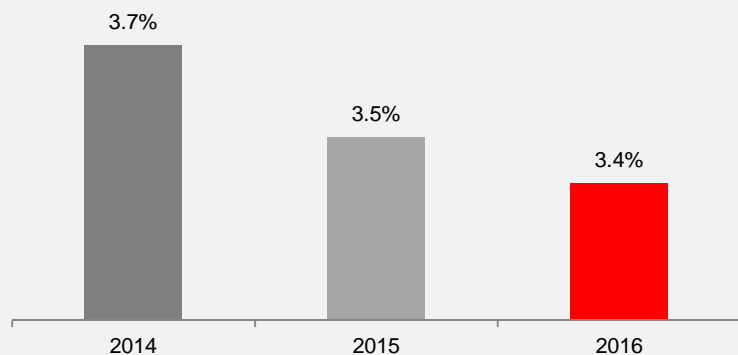
- A slight decrease of the cost/income ratio, at 69.2% (-0.2 pt)
 - Positive effect of Net Banking & Insurance Income enjoying a higher growth (+4.1%) than general expenses (+3.8% to €1,282 M)
 - On a comparable basis and after adjusting for the gain on Visa Europe shares: Net Banking & Insurance Income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



Asset Quality

A decreased cost of risk

NPLs/ Outstanding loans*

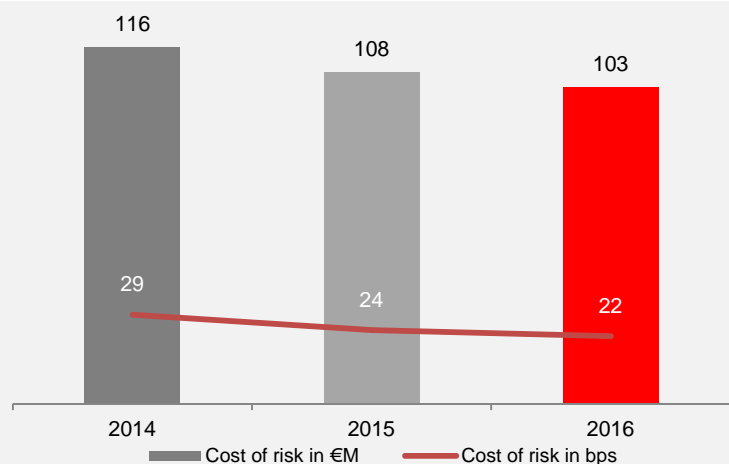


* As a % of outstanding loans to customers

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

Cost of risk



■ Cost of risk in €M ■ Cost of risk in bps

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)



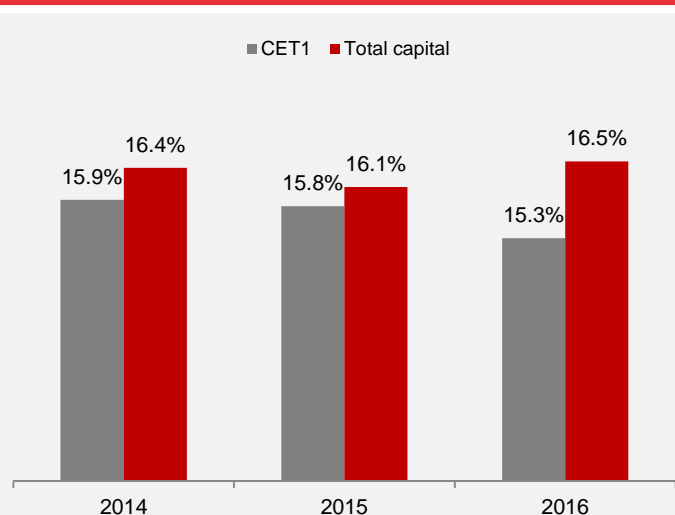
Solvency & Liquidity

Increased Risk Weighted Assets

				Risk weighted assets & Total capital requirements	
RWAs (€bn)	31/12/2016	31/12/2015	31/12/2014		
Credit risk	29.6	27.6	25.6	<ul style="list-style-type: none"> ■ 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 	
Market risk	0.1	0.1	0.1		
Operational risk	2.0	1.8	1.9		
	31.7	29.6	27.6		

Real intrinsic strength

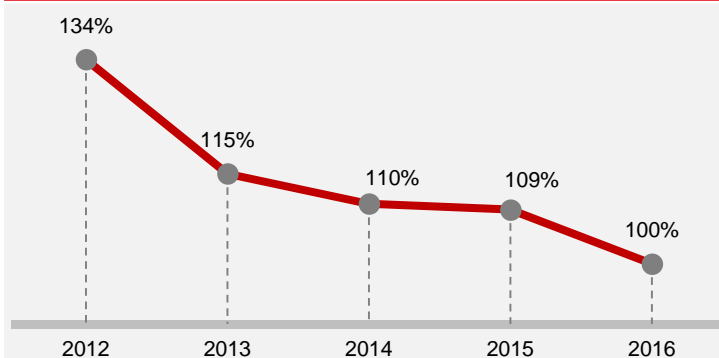
Solvency ratios*



Leading solvency levels

- Total assets of €120.4 bn (+9.3%)
 - Shareholders' equity of €6.1 bn, with stable outstanding member shares of €2.2 bn
- Total capital ratio of 16.5%*
 - Regulatory capital of €5.3 bn, increased by €0.5 bn following a Tier 2 issue in May
- CET1 ratio of 15.3%*
 - Fully loaded CET1 ratio estimated at 15.3%
- ➔ Ratios significantly higher than regulatory requirements for 2017: CET1 ratio of 8.5% (excess of 680 bps) and total capital ratio of 12% including the capital conservation buffer of 1.25% (excess of 450 bps)
- Leverage ratio of 6.2%*
 - Fully loaded ratio estimated at the same level

Loan-to-deposit ratio



A solid balance sheet, high liquidity levels

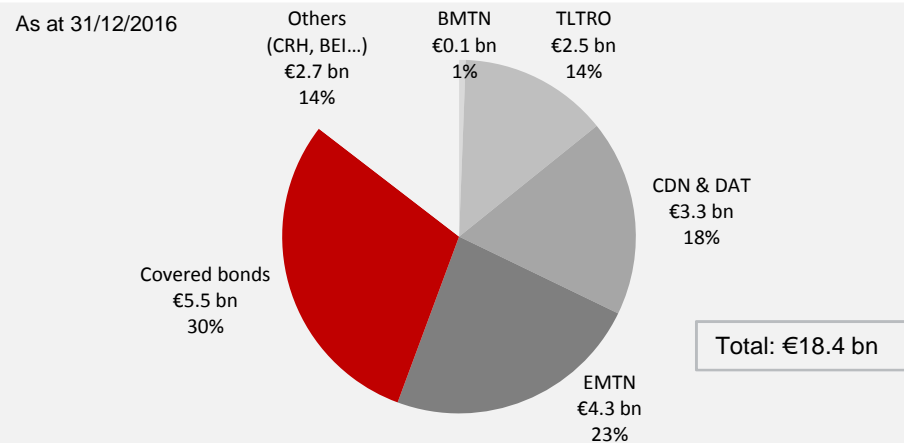
- Loan-to-deposit ratio of 100%
 - On a comparable basis (excl. Keytrade) : loan-to-deposit ratio of 107%, lower by 2 pts
- Liquidity reserves of €18.9 bn
- LCR ratio of 130%
- Limited market funding needs



Funding

Funding

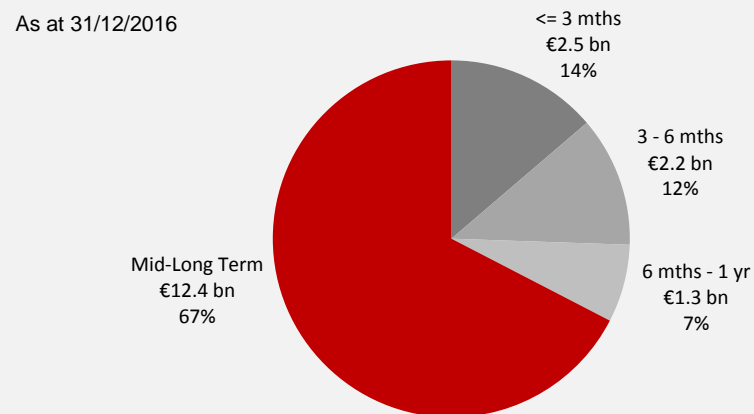
Outstanding issues



Diversification & balance between programmes

- Long term resources favoured, with an average residual maturity of 6.7 years
- EMTN and covered bond issues make up 53% of outstanding issues

Residual maturity profile (ST & MLT funds raised)





Issues and market needs

- Public issues
 - 2016: Tier 2 issue in May: €500M 10Y bullet at MS+270 bps
 - 2017: Tier 2 issue in February: €500M 12Y bullet at MS+250 bps
- Participation in the TLTRO given the favourable terms
 - €800 M in 2016, as in 2015
- 188% of short term market needs covered by HQLA assets and cash reserves

Ratings

Quality ratings illustrating Crédit Mutuel Arkéa's solidity

	Ratings
	<ul style="list-style-type: none">■ Long-term deposit: Aa3■ Outlook: negative■ Senior unsecured short-term debt: P-1
	<ul style="list-style-type: none">■ Senior unsecured long-term debt: A■ Outlook: stable■ Senior unsecured short-term debt: A-1

The background of the slide is a solid red color with a repeating pattern of white, stylized, wavy lines that resemble a woven or knitted texture. These lines are arranged in vertical columns, creating a rhythmic visual effect.

Conclusion

2016 Financial year

In a context of low interest rates and significant stock market volatility:

- Revenues growing by 4.1%
 - A quality portfolio, with a lower cost of risk
 - A net income at its highest historic level
 - A solid financial structure, with high solvency and liquidity levels
- ➔ Financial results and ratios illustrating the Group's solidity and the strength of its diversified business model combining growth and profitability

Appendix

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

Income statement for the year ended 31st 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
<i>General operating expenses</i>	<i>(1,171)</i>	<i>(1,137)</i>	<i>(35)</i>	<i>3.0</i>
<i>Amortisation and depreciation</i>	<i>(111)</i>	<i>(99)</i>	<i>(12)</i>	<i>12.3</i>
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 31st 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	41,451
Due from banks	6,944	7,040	Debt securities in issue	12,870	13,780
Loans and advances to customers	46,656	44,368	Accruals, deferred income and sundry liabilities	4,949	3,593
Held-to-maturity financial assets	117	152	Insurance companies technical reserves	39,782	37,213
Accruals, prepayments and sundry assets	2,783	2,740	Provisions for contingencies and charges	397	366
Investment property	1,196	1,152	Subordinated debt	890	382
Goodwil	542	449	Shareholders' equity	6,070	5,774
			Share capital and reserves	2,203	2,203
			Consolidated reserves	3,239	2,981
			Unrealised or deferred gains or losses	292	294
			Net income	336	296
			Minority interest	3	3
Total Assets	120,393	110,112	Total Liabilities	120,393	110,112

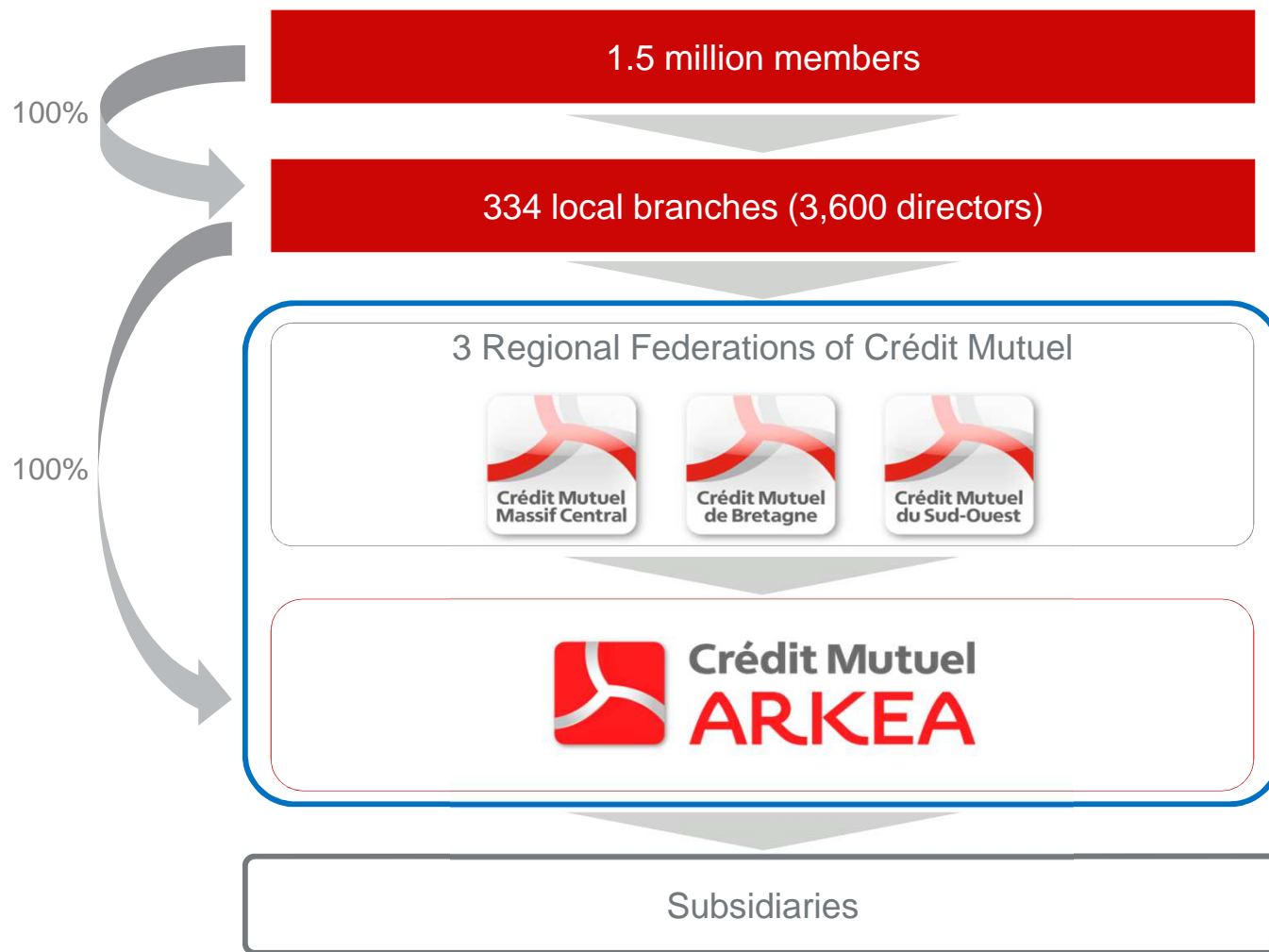


Crédit Mutuel
ARKEA

Crédit Mutuel Arkéa at a glance

Key figures as at 31 st December 2016	Crédit Mutuel Arkéa's clients
<ul style="list-style-type: none"> ■ 3.9 million customers, 1.5 million members ■ Total assets: €120.4 bn ■ Outstanding loans: €47.1 bn, outstanding savings: €100.5bn ■ Shareholders' equity: €6 bn ■ CET1 ratio ("phased-in"): 15.3%* ■ Estimated leverage ratio: 6.2%* 	<ul style="list-style-type: none"> ■ Private individuals ■ Corporates & Professionals ■ Institutions ■ Public Sector
Crédit Mutuel Arkéa's profile	
<ul style="list-style-type: none"> ■ 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. 	

The stable structure of a cooperative group



Crédit Mutuel Arkéa Group profile



Retail banking for individuals



Retail banking for companies and institutions



Insurance and asset management business lines



BtoB market

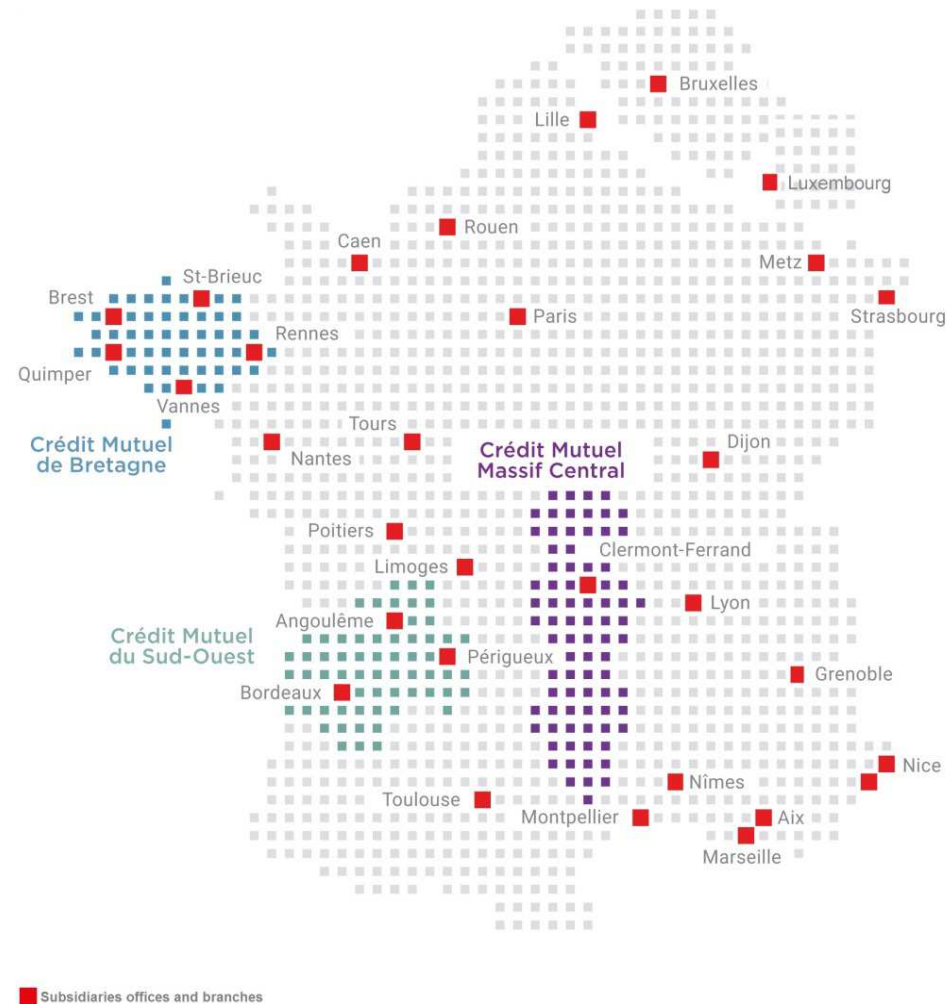


Non-banking activities



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

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

Manufacturers

- Intensify the development and the distribution of services through external networks
- Keep an opportunistic approach towards acquisitions, especially in the asset management area

Services on account of third parties

- Broaden our product range to develop loyalty and attract new clients
- Assist our clients, in France and abroad

Your contacts

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