



Half Year Results H1 2015

September 2015

*Investor
Presentation*

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Any reference to past performance is not necessarily indicative of future results.

The condensed consolidated financial statements for the six month period ended 30th June 2015 have been approved by the Boards of Directors dated 26th August 2015 and have been subject to a limited review.

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- Presentation of Crédit Mutuel Arkéa
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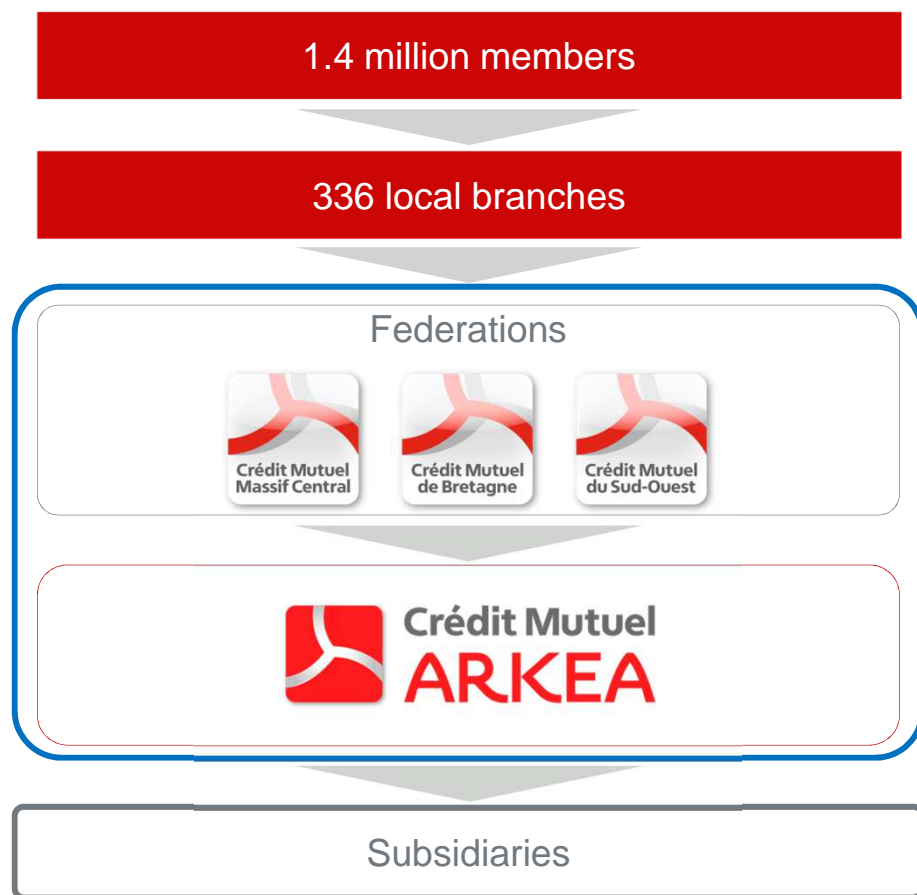


Crédit Mutuel
ARKEA

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 – including individuals and entities in the economic, social and institutional areas – 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 governance of a cooperative group



1.4 M members
the group's voting body

3,650 directors
1st level of governance

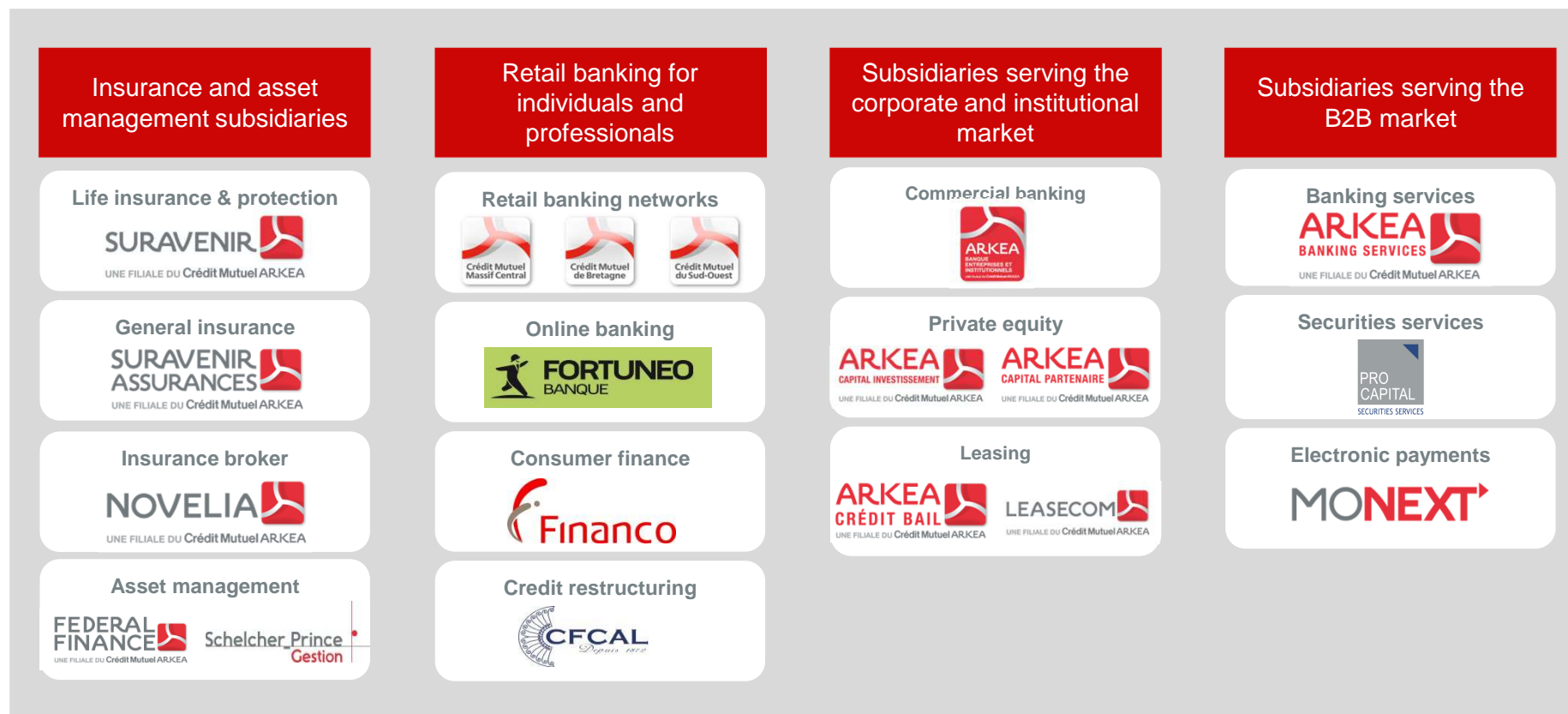
336 local branches

3 regional federations

**18 directors on the Board of
Directors of Crédit Mutuel Arkéa**

Crédit Mutuel Arkéa's business lines

A complete range of solutions for the benefits of customers



The Group's geographical presence

Regional foundations, national reach

A network of close to

480 local branches and points of sale, in Brittany, the South-West and Massif Central

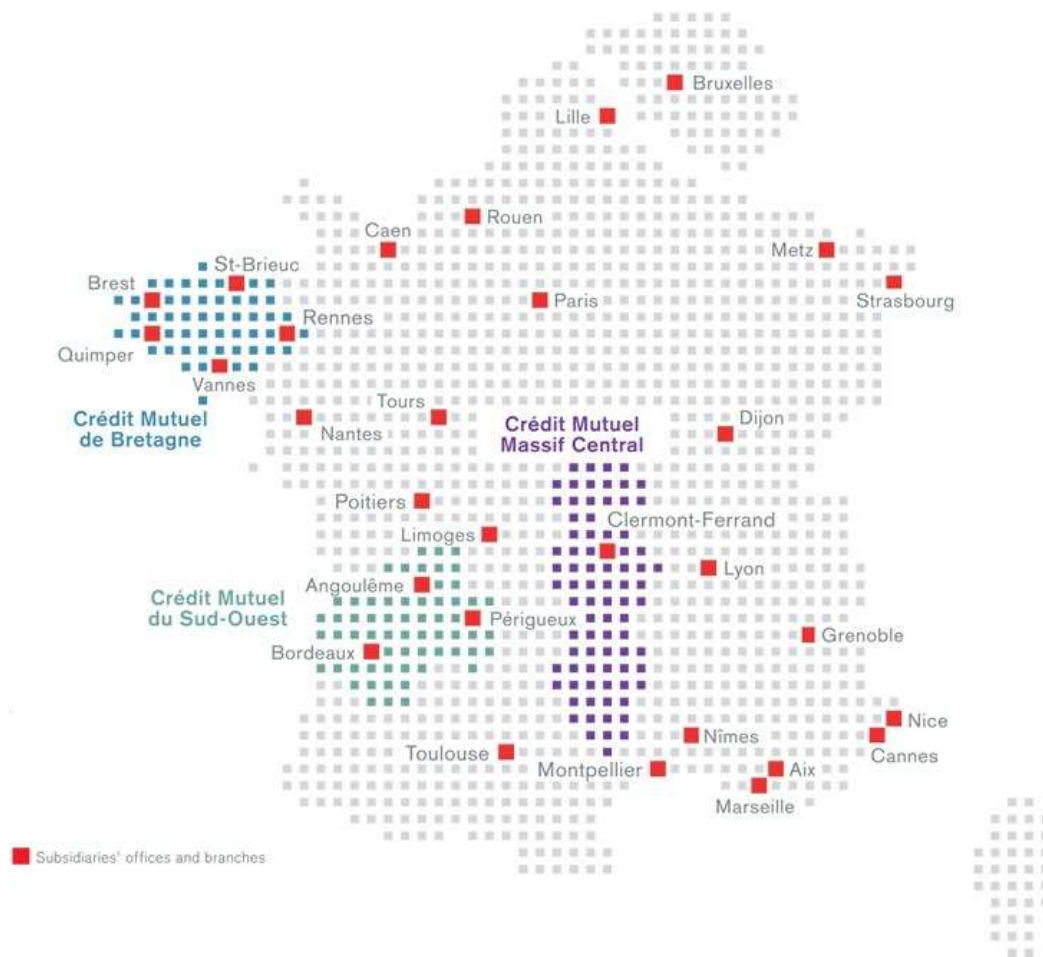
19 regional business centers for Arkéa Banque Entreprises et Institutionnels

9 regional branches for Leasecom

15 branches pour Financo

A presence in Belgium with Fortuneo Banque and Procapital Securities Services

Monnext provides services in **26 European countries**

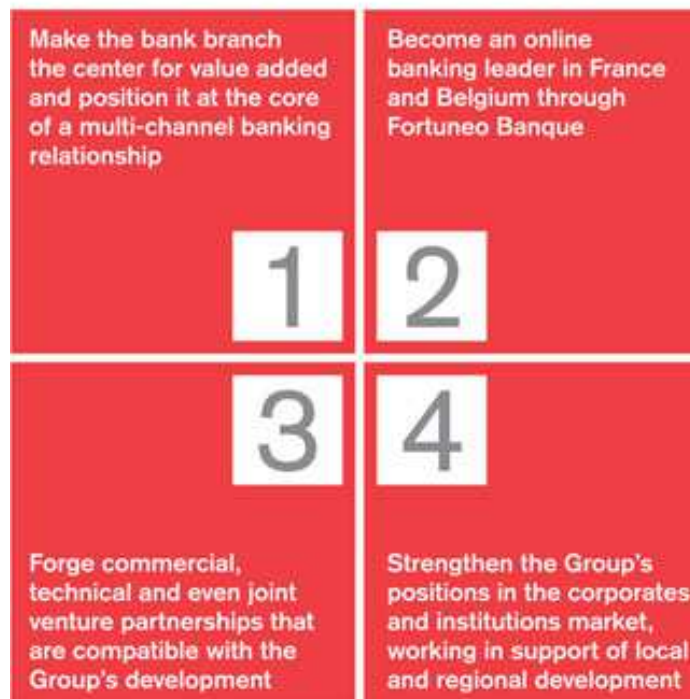


Crédit Mutuel Arkéa's strategy

The strategic plan "Horizons 2015"

- Since 2008, Crédit Mutuel Arkéa has been implementing its strategic business plan named "**Horizons 2015**". This plan, which is being managed and supported by the Group's 3,650 directors and 9,000 employees, has enabled the Group to accelerate its development while consolidating its economic and financial position. Horizons 2015 consists of **four key priorities**.

FOUR PRIORITY DEVELOPMENT AREAS



Crédit Mutuel Arkéa's strategy

Trajectory since 2008

**Outstanding
Loans
+ 41 %**

**Outstanding
Savings
+ 70 %**

**General
Insurance
Contracts
+ 81 %**

**Total Assets
+ 49 %**

**Equity
Group share
X 2**

**Net Banking
& Insurance
Income
+ 59 %**

Data as at 31/12/2014



2015 Half year results

Growing results

Solid fundamentals

A dynamic commercial activity

- 2%-growth of the client portfolio
- Outstanding loans increased by €1.1 bn (+2.6%)
- Outstanding savings increased by €3.3 bn (+4.2%)

Record half year revenues, increased net income

- Net banking & insurance income of €915 M, up 7.2%
- Cost/Income ratio of 69.3% (+0.8 pt)
- Cost of risk down by 5.6% at €47 M
- Net income of €150 M, increased by 8.9%

A solid financial structure

- Stable loan-to-deposit ratio of 110%
- CET1 ratio of 15.8% (*)
- Leverage ratio of 7.2% (**)
- LCR ratio of 108%

(*) Basel III CRDIV ratio with transitory measures. Half year results included.

(**) Includes half year results. Calculated according to the Delegated Act released on 10 October 2014; subject to the authorisation of the ECB regarding exemptions (inter-company transactions and centralised savings).

Key figures as at 30th June 2015

Growing results

€M	H1 2015	H1 2014	% Var.
Net Banking & Insurance Income (NBII)	915	853	+ 7.2 %
Operating expenses	634	585	+ 8.4 %
Gross Operating Income	281	268	+ 4.6 %
Cost of risk	47	50	- 5.6 %
Net Operating Income	234	219	+ 7.0 %
Net Income Group Share	150	138	+ 8.9%

A dynamic commercial activity

■ A client portfolio increased by 2% since end of 2014, at 3.6 M

■ Outstanding loans growing by 2.6% to €42.2 bn

■ A loan production up 42%, at €5.1 bn

■ €2.2 bn of new home loans (+56.5%) and new lending of €2 bn to professionals, corporates and public sector (+44.3%)

■ Outstanding savings increased by 4.2% at €82.1 bn

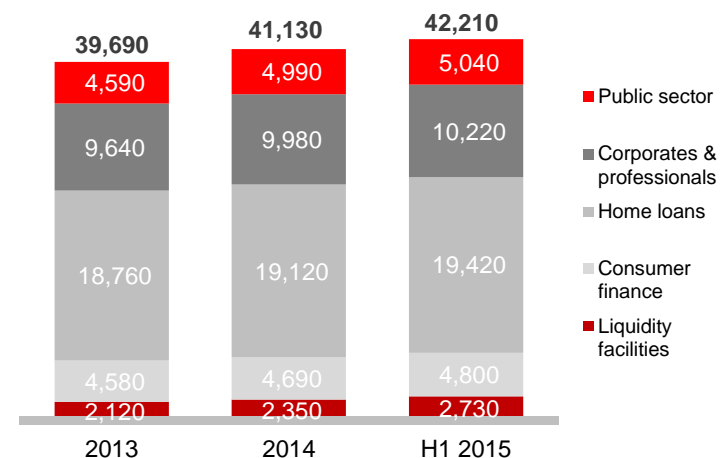
■ Total net savings inflows of more than €1.5 bn, of which €1.1 bn towards life insurance savings (+31,7%)

■ Outstanding deposits growing by 2.6% to €38.4 bn

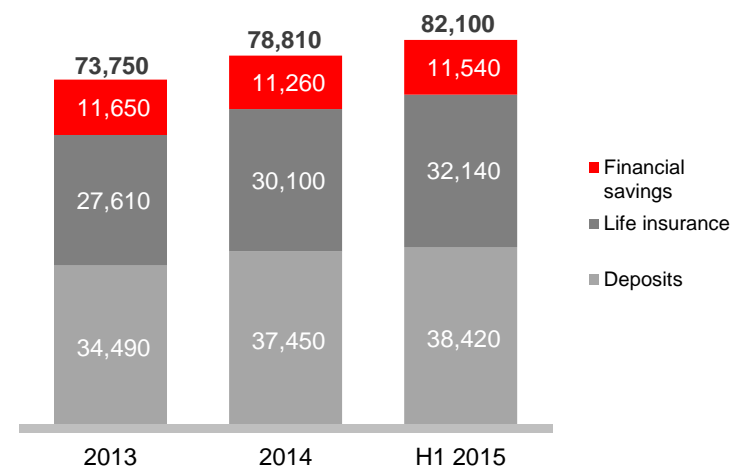
■ A 2.5%-growth of the general insurance and individual protection portfolio, to 1.9 M contracts

■ More than 187,000 new contracts in H1 2015 (+3.2%), with networks external to the Group contributing near to 30% of new business

Gross outstanding loans (€M)



Outstanding savings (€M)



Record half year revenues, increased net income

■ Historic half year NBII, up 7.2% to €915 M

On a comparable basis and after adjusting for exceptional items :

- NBII increased by €61 M (+7.1%) to €914 M
- A €14 M improvement of the financial margin, at €339M (+4.2%), with lower funding costs
- Commissions increased by €20 M to €224 M (+9.6%)
- Other income increased by €28 M to €351 M (8.5%), with growing insurance income

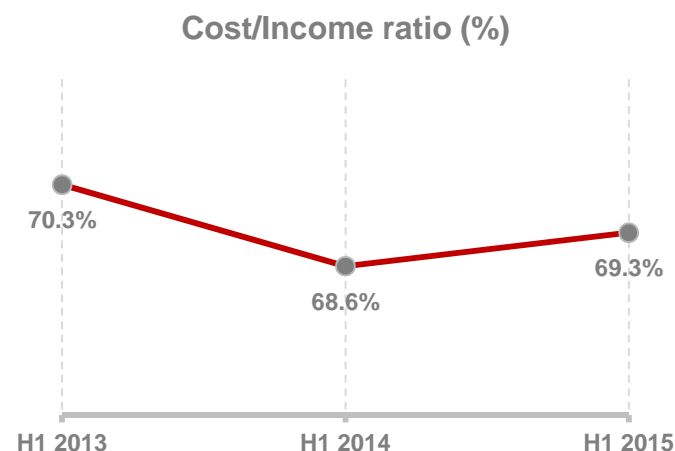
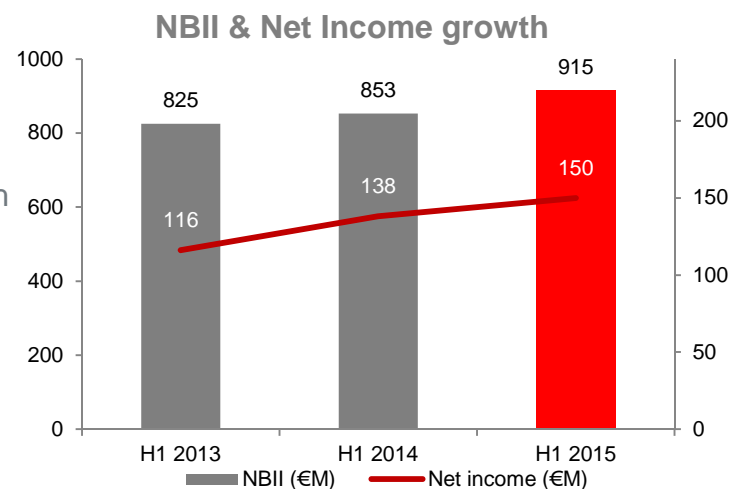
■ A cost/income ratio contained at 69.3%, despite regulatory impacts (+0.8 pt compared to H1 2014)

- Operating expenses up 8.4% to €634 M, strongly impacted by new regulation: IFRIC 21 implementation and contribution to the Single Resolution Fund make up approx. 60% of the increase of operating expenses

On a comparable basis and after adjusting for exceptional items, cost/income ratio improved by 1.7 pt

■ A highly increased net income, at 150 M€ (+8.9%)

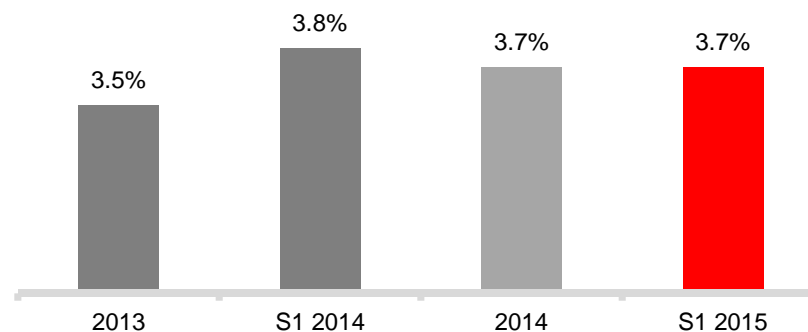
On a comparable basis and after adjusting for exceptional items, net income up by €23 M (+17%) to €161 M



A reduction of the cost of risk

- A cost of risk of €47 M, reduced by €3 M (-5.6%) compared to H1 2014
- Cost of customer credit risk down by €6 M to €48 M
 - Specific provisions for customer credit risk reduced by €14 M to €41 M
 - General and special provisions increased by €7 M to €6 M
- Annualised cost of risk amounts to 22 bps of total outstanding loans to customers (vs. 29 bps at end of 2014)
- A client portfolio of quality, a prudent approach to risk
 - Outstanding home loans and loans to institutions and local authorities make up approx. 60% of total outstanding loans
 - Non-Performing Loans (NPLs) remain stable compared to end of 2014, at 3.7% of total outstanding loans
 - NPL provisioning rate of 56.8% (57.4% at end of 2014), with a provisioning rate of 63.4% for corporates

NPLs over outstanding loans



A solid financial structure

■ **Total assets of €105.7 bn, increased by €2.5 bn since end of 2014**

- Shareholders' equity of €5.6 bn (+€0.1 bn)
- Stable outstanding member shares, at €2.2 bn

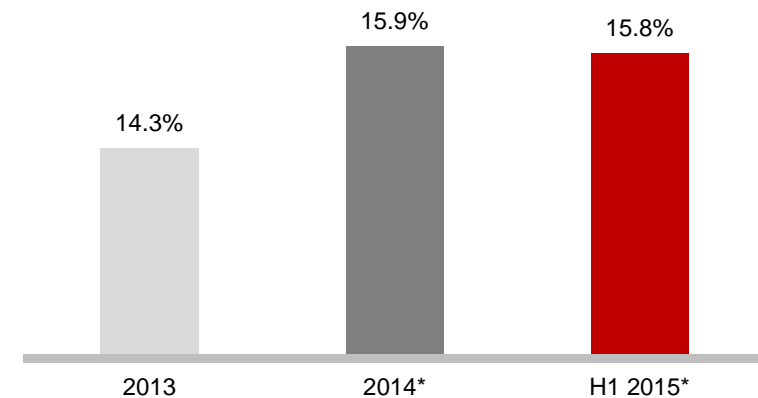
■ **Leading solvency levels**

- Stable CET1 ratio of 15.8%* ("Fully loaded" CET1 ratio estimated at 15.4%)
- Total capital ratio of 16.2%*, with regulatory capital of €4.6 bn
- Estimated leverage ratio of 7.2%**

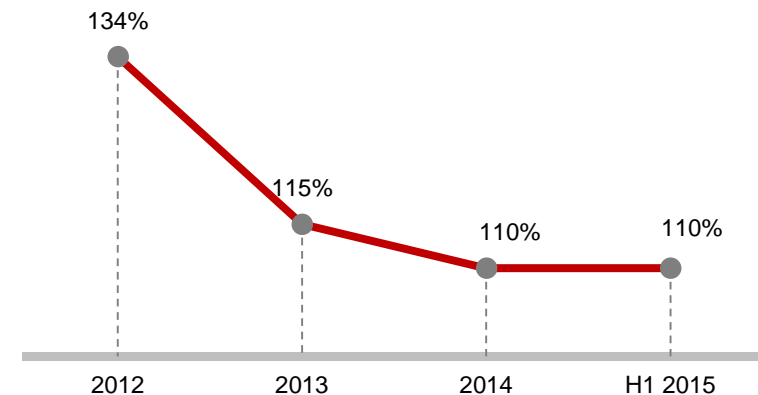
■ **A controlled balance sheet and high liquidity levels**

- Stable gross loan-to-deposit ratio of 110%
- Net loan-to-deposit ratio of 108%
- Liquidity reserves of more than €11bn as at 30th June 2015
- LCR ratio of 108% as at 30th June 2015

CET1 ratio



Gross loan-to-deposit ratio



Conclusion

Half year 2015: continuously growing results

- Historic half year revenues for the Group
- A dynamic commercial activity, with a strong growth in new lending and in life insurance savings inflows
- A continuously growing net income
- Leading solvency and liquidity levels, highlighted by Moody's in its decision to upgrade Crédit Mutuel Arkéa's LT rating by one notch

Ratings

Quality ratings illustrating Crédit Mutuel Arkéa's solidity



Aa2* / P-1 / negative outlook

(*) 30/06/2015: Upgrade from Aa3 to Aa2



A / A-1 / negative outlook

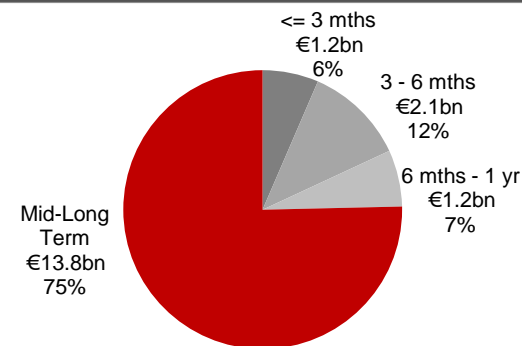


Market Funding

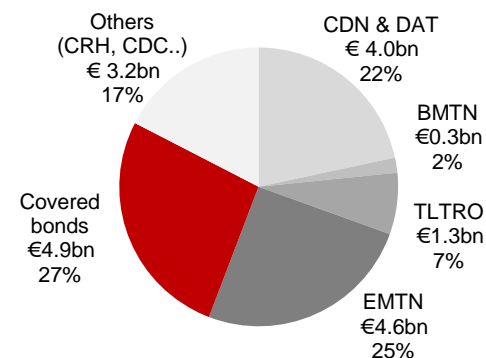
Funding programme

- Diversification achieved using different debt programmes
 - Long term resources favoured, with an average residual maturity of 7.3 years
 - EMTN & Covered bonds make up 52% of outstanding issues
 - Intention to carry out approx. two public issues a year, as well as private placements
- 2015 Funding programme
 - €500 M raised in January with a 8-year senior unsecured bond issue
 - Second public issue considered, depending on market conditions
- Opportunistic participation in the TLTROs, given the favourable terms
 - €400 M subscribed so far in 2015 (€900 M in 2014)

Residual Maturity Profile (ST & MLT funds raised)



Outstanding Issues



Covered Bond Programmes



Programmes characteristics



	Arkéa Public Sector SCF	Arkéa Home Loans SFH
Programme size	€10 bn	€ 10 bn
Rating	AAA (S&P) and Aaa (Moody's)	AAA (S&P)
Maturity of the bonds	Soft bullet	Soft bullet
Currency	EUR	EUR
Minimum legal collateralisation	105 %	105 %
Asset Cover Test	Monthly	Monthly
Liquidity Support	Direct access to ECB using the cover pool	
Asset-Liability Management	Back-to-back loans to Crédit Mutuel Arkéa to ensure there is no mismatch	
Risk weighting	10 %	10 %
Listing	Luxembourg	
Specific controller	Cailliau Dedouit et Associés	

Cover Pools as at 31/07/2015



	Arkéa Public Sector SCF	Arkéa Home Loans SFH
Current size	€ 1,305 M	€ 5,044 M
Over collateralisation	150 %	125,4 %
Assets	100% loans to French public sector and social housing agencies originated by Crédit Mutuel Arkéa	100% French prime home loans originated by Crédit Mutuel Arkéa
Geographical breakdown	100 % France (Brittany 22 %, Île-de-France 21 %, Nord-Pas-de-Calais 11 %, Aquitaine 10%)	100 % France (Brittany 65 %, Aquitaine 15 %, Île-de-France 6 %, Auvergne 3 %)
Seasoning	53 months	57 months
Average remaining terms	206 months	152 months
Average Loan Balance	€ 1,652,143	€ 73,969
Average LTV	N/A	Un-indexed : 68 % Indexed : 68 %
Number of Borrowers	790	€ 108,944
Issues outstanding	€ 870 M	€ 4,023 M

Arkéa Home Loans SFH



■ Arkéa Home Loans SFH (Issuer)

- A duly licensed French Société de Financement de l'Habitat, specialised credit institution with an exclusive purpose
- Strong protection in case of Crédit Mutuel Arkéa bankruptcy or liquidation ensured by French law
- Legal privilege for Obligations de Financement de l'Habitat investors: absolute seniority of payments
- Support from Credit Mutuel Arkéa in terms of solvability and liquidity
- Entitled to enter into ECB repo facilities, using its own Obligations de Financement de l'Habitat (limited to 10% of the cover pool)

■ Cover Pool

- Exclusively French prime home loans, originated by Crédit Mutuel Arkéa group with conservative underwriting procedures, restrictive eligibility criteria
- Benefits from the sound French home loans market (strict controls and non speculative market)
- Transfer relies on the collateral provisions of the French monetary and financial code (Article L211-38, transposition of EU Collateral Directive 2002/47)

■ Crédit Mutuel Arkéa has chosen external insurance companies to guarantee home loans (excl. mortgages)

- The insurer provides an unconditional first demand guarantee to Crédit Mutuel Arkéa
- Crédit Mutuel Arkéa has chosen L'Équité, subsidiary of Generali France (rated Baa1 by Moody's and A- by Fitch)
- The new loan production (excl. mortgages) is guaranteed by CNP Caution, subsidiary of CNP Assurances (rated "A" by S&P)
- To a lesser extent Crédit Mutuel Arkéa also uses Crédit Logement's guarantee (rated "Aa3" by Moody's)

■ Closely monitored and supervised

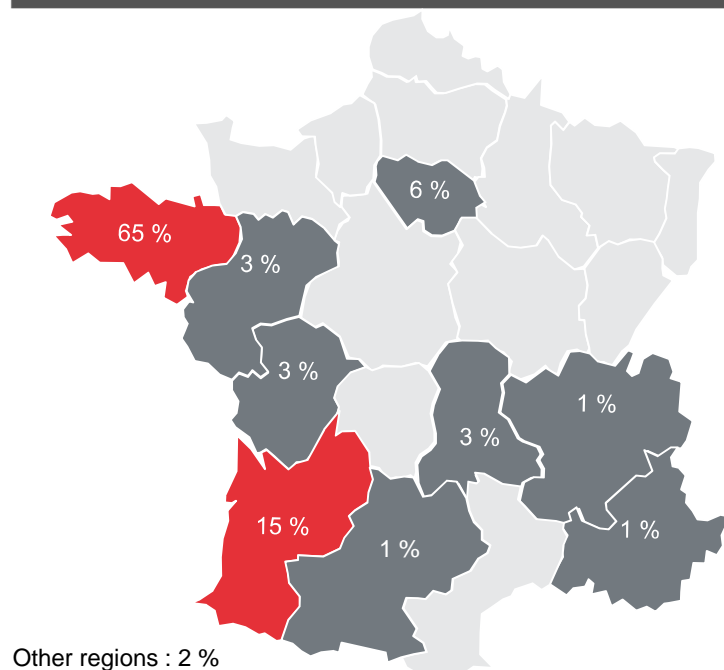
- Regulation strengthened in 2014
- Regulated by the French Banking Authorities (ACPR) with strict conditions
- Independent specific controller, who regularly audits the collateral portfolio
- Minimum legal collateralisation of 105 %
- Liquidity rule: 180 days of liquidity ahead to cover forthcoming payments

Arkéa Home Loans SFH

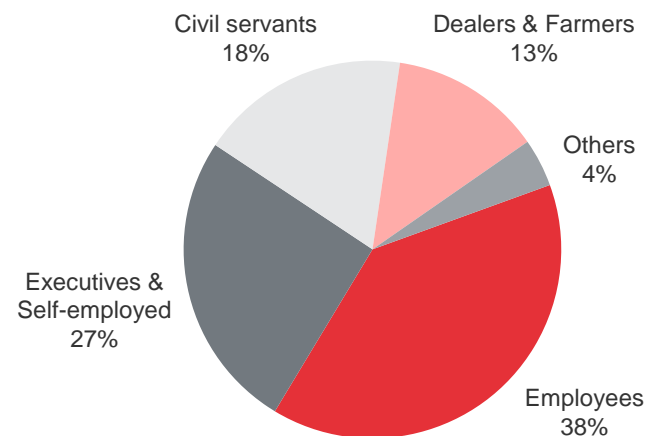
Cover Pool as at 31/07/2015 – Borrowers



Geographical breakdown



Borrowers by social category



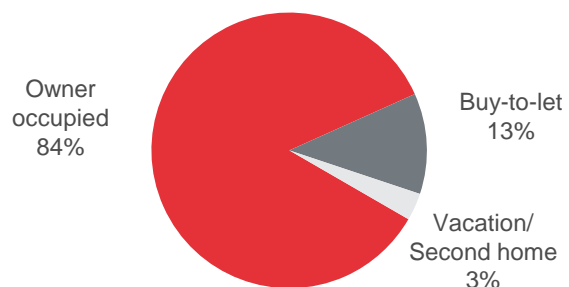
- The cover pool is made of 100 % domestic home loans originated by Crédit Mutuel Arkéa
- The cover pool is very granular with 95 % of outstanding loans being lower than €200,000

Arkéa Home Loans SFH

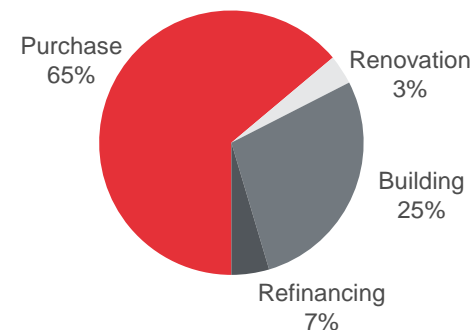
Cover Pool as at 31/07/2015 – Home Loans



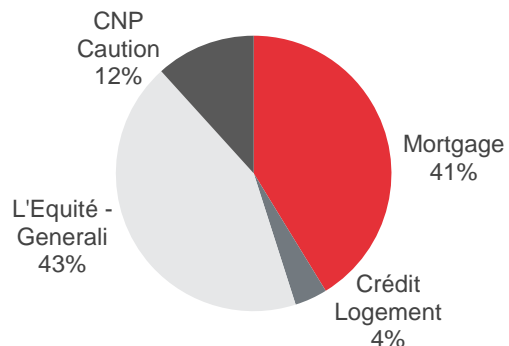
Occupancy type



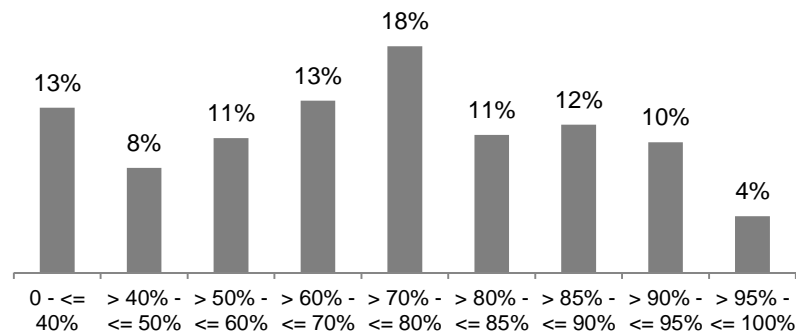
Loan purpose



Types of Guarantee



Un-indexed LTV

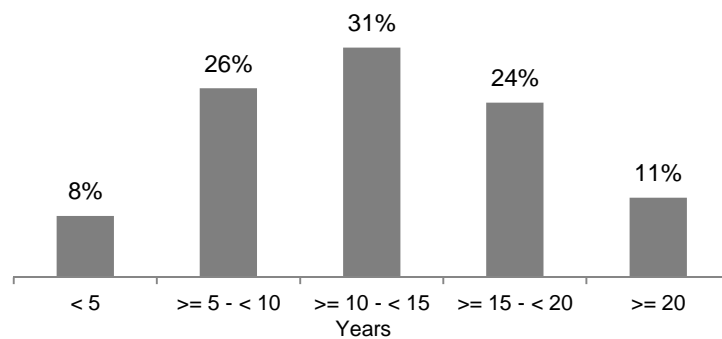


Arkéa Home Loans SFH

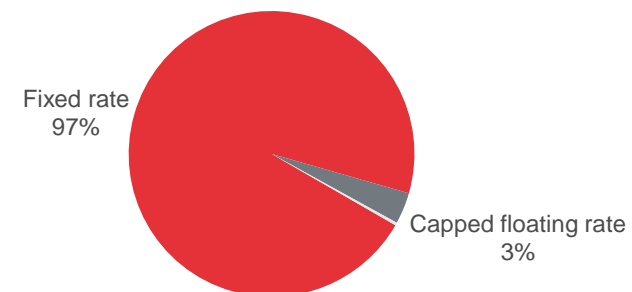
Cover Pool as at 31/07/2015 – Home Loans



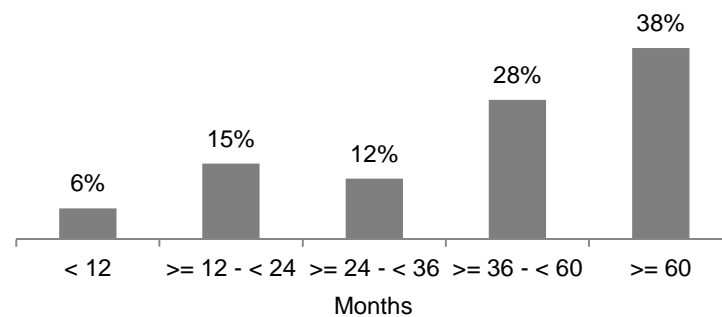
Residual Maturity



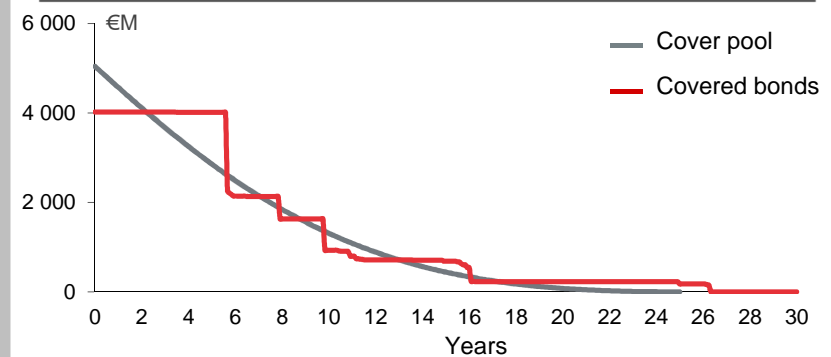
Rate type



Seasoning



Amortisation profile



The French property market

- **Positive demographics, with a growing population**

- **Housing supply structurally lower than the strong demand, keeping prices at their level**

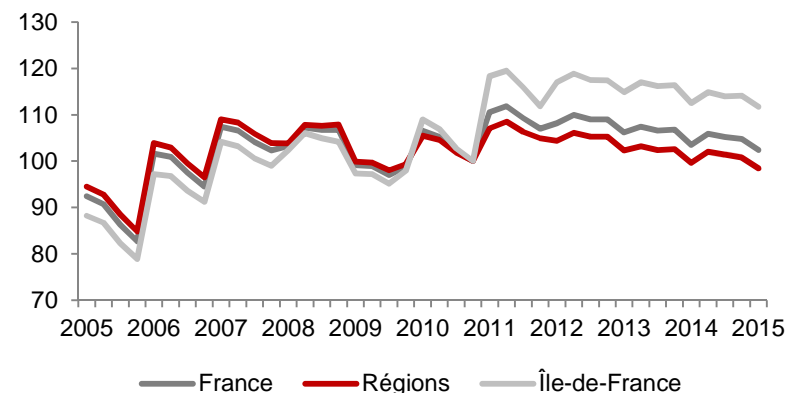
- **2015: an upturn in lending and in the volume of transactions**

- Context of low interest rates (average rate of 2.06% at end of June 2015), regained dynamism of demand
- Higher number of transactions
- Upturn in loan production: +52.3% in Q2 2015 vs. Q2 2014

- **High solvency of borrowers, limited risks for banks**

- Granting of a loan subject to the analysis of the borrower's solvency and not to the LTV: disconnection between property price evolution and risks taken by banks
- More than 90% of home loans have a fixed rate for the duration of the loan
- Guarantee system allowing the lender to neutralise the default risk from the borrower

Housing price index (existing buildings)
(base 100 in Q1 2010, source: INSEE)



Number of transactions cumulated over the past 12 months (existing buildings, in 000's)
Source: CGEDD



The French home loan external guarantee system

A financial guarantee linked to the risk profile of the borrower

- **Since the beginning of the years 2000, the share of external guarantees among the different types of guarantees used for property transactions in France has considerably increased**
 - The external guarantees' share is reported to have risen from 30.3% of new home loans in 2000 to 56.6% in 2013 (*source: Crédit Logement 2013 Annual Report*)
- **External guarantees are an alternative to mortgages in order to guarantee home loans**
 - Home loans are guaranteed by a specialised institution which is answerable for borrowers
 - The external guarantee system consists in a financial guarantee linked to the intrinsic risk profile of the borrower
 - In the event of default of the borrower, the external guarantor takes responsibility for recovering amounts due. The guarantor pays the bank the outstanding balance on the loan and can then register a judicial mortgage on the property.
- **Advantages of the external guarantee system for borrowers**
 - Cheaper and faster than mortgages to set up (no notarial deed)
 - Option to transfer the guarantee without any discharge fee in the case of sale of the property and new acquisition
 - More flexible negotiation terms in case of default
 - No discharge fee when the loan is entirely repaid
- **Advantages of the external guarantee system for banking institutions**
 - Commercial advantages due to the cost and flexibility of the system
 - Way for the bank to externalise the property market risk, borne by the external guarantor
 - Independent assessment of the credit risk of the borrower
 - Collection procedures undertaken by the external guarantor

Source: French Competition Authority

Arkéa Public Sector SCF



■ Arkéa Public Sector SCF (issuer)

- A licensed Société de Crédit Foncier (SCF) to issue Obligations Foncières
- Strong protection in case of Crédit Mutuel Arkéa bankruptcy or liquidation ensured by French law
- Legal privilege for Obligations Foncières investors : absolute seniority of payments
- Support from Credit Mutuel Arkéa in terms of solvability and liquidity
- Direct access to ECB liquidity

■ Cover Pool

- Strict eligibility criteria to enter cover pool
- Pure French public sector exposure (direct exposure or 100% guaranteed by such entities), no ABS
- Loans originated by Crédit Mutuel Arkéa only

■ Une régulation et une supervision strictes

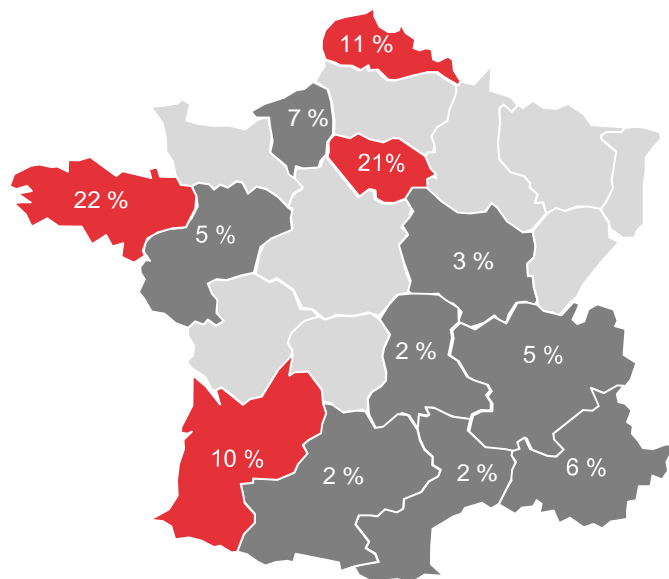
- Regulation strengthened in 2014
- Regulated by the French Banking Authorities (ACPR) with strict conditions
- Independent specific controller, regular audit of the collateral portfolio
- Minimum legal collateralisation of 105 %
- Liquidity rule: 180 days of liquidity ahead to cover forthcoming payments

Arkéa Public Sector SCF

Cover Pool as at 31/07/2015 – Borrowers

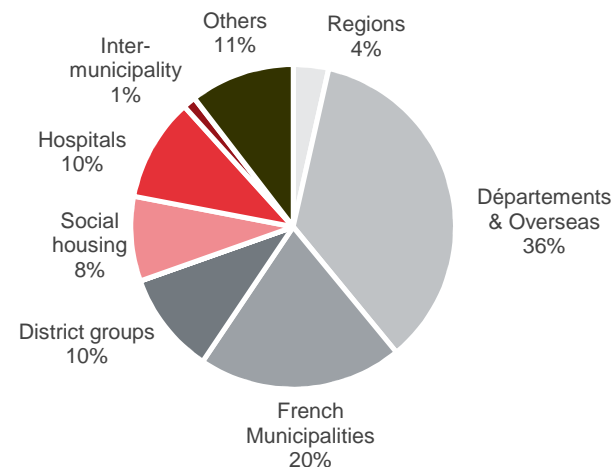


Geographical breakdown



- Cover pool is 100 % made of French public sector loans originated by Crédit Mutuel Arkéa
- A diversified regional distribution of the cover pool, due to the group's historical regional specificities

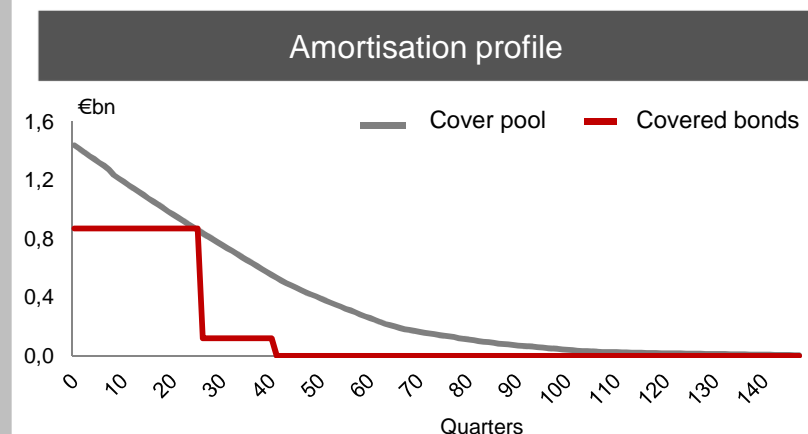
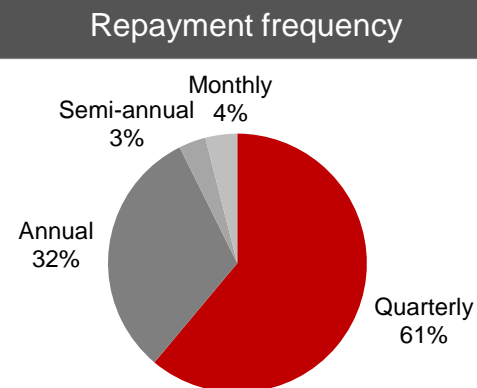
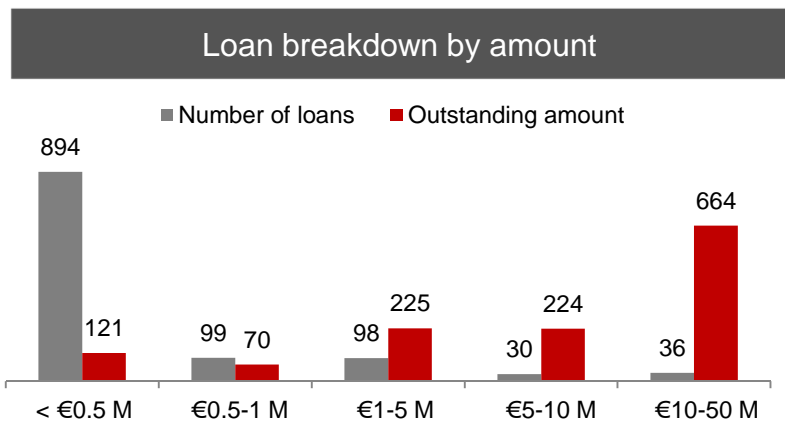
Borrower breakdown by activity



- Average loan balance per borrower: €1.65 M
- 10 largest borrowers represent 34 % of the cover pool, distributed across France
- 96 % of the pool is directly eligible to ECB funding

Arkéa Public Sector SCF

Cover Pool as at 31/07/2015 – Loans





Appendix

Income statement for the 6 months ended 30th June 2015

€M	H1 2015 IFRS	H1 2014 IFRS	Variation	%
Net banking & insurance income	915	853	62	7.2
Operating expenses	(634)	(585)	(49)	8.4
- General operating expenses	(588)	(537)	(51)	9.5
- Amortisation and depreciation	(47)	(48)	1	(3.0)
Gross operating income	281	268	12	4.6
Cost of risk	(47)	(50)	3	(5.6)
Operating income	234	219	15	7.0
Share of earnings of companies carried under equity method and gains/losses on other assets	7	4	4	NS
Pre-tax income	241	222	19	8.5
Tax on profit	(91)	(83)	(7)	8.5
Net income	150	139	11	7.9
Minority interest	(0)	(1)	1	NS
Net income - Group share	150	138	12	8.9

Consolidated balance sheet as at 30th June 2015

Assets (€M)	30/06/2015 IFRS	31/12/2014 IFRS	Liabilities (€M)	30/06/2015 IFRS	31/12/2014 IFRS
Cash, due from central banks	1,884	1,340	Liabilities at fair value	1,181	1,406
Financial assets at fair value	14,398	12,943	Due to banks	6,235	5,056
Financial assets available for sale	35,562	36,334	Customer accounts	38,761	37,611
Due from banks	7,356	7,364	Debt securities in issue	14,209	15,194
Loans and advances to customers	41,959	40,749	Accruals, deferred income and sundry liabilities	3,701	3,919
Held-to-maturity financial assets	205	210	Insurance companies technical reserves	35,228	33,806
Accruals, prepayments and sundry assets	2,819	2,756	Provisions for contingencies and charges	377	361
Investment property	1,071	1,084	Subordinated debt	392	382
Goodwil	423	423	Shareholders' equity	5,588	5,463
			Share capital and reserves	2,200	2,217
			Consolidated reserves	2,988	2,753
			Unrealised or deferred gains or losses	250	224
			Net income	150	269
			Minority interest	5	6
Total Assets	105,677	103,204	Total Liabilities	105,677	103,204

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