

Crédit Mutuel Arkéa Group 2014 Half Year Results

September 2014



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Any purchase of Instruments should be made only after a prospective investor had completed its own independent investigation of the Instrument or trading strategy and received all information it required to make its own investment decision, including, where applicable, a review of any prospectus, prospectus supplement or memorandum describing such Instrument or trading strategy. That information would supersede this material and contain information not contained herein and to which prospective investors are referred. Prospective investors should pay particular attention to the risk factors described in those documents.

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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 30 June 2014 have been approved by the Boards of Directors dated 26th August 2014 and have been subject to a limited review.



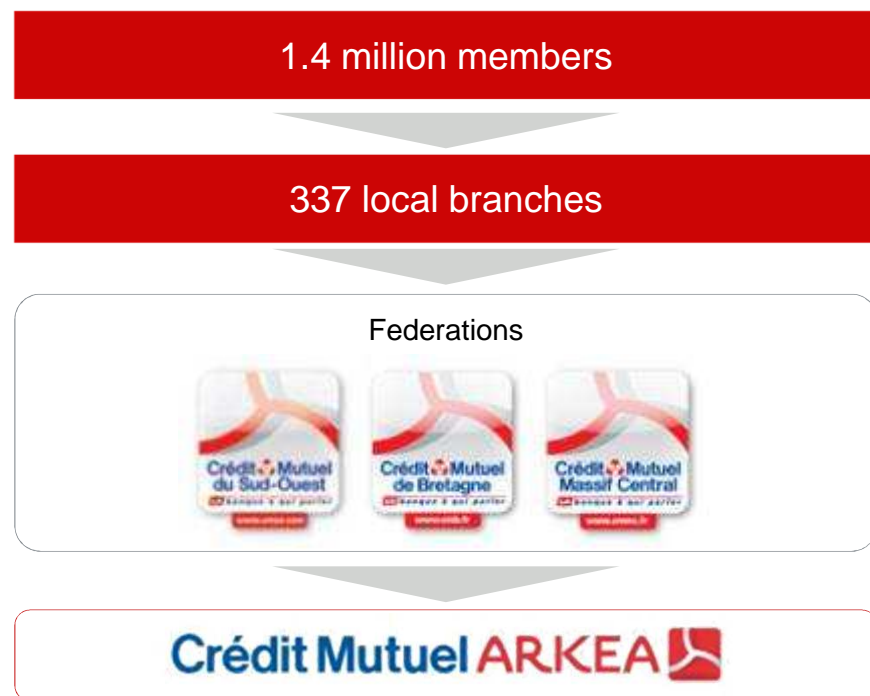
Crédit Mutuel
Arkéa Group

“

In a rapidly changing banking world, Crédit Mutuel Arkéa stands out as the main partner for its clients' projects by reinventing **a simple and unique model of a cooperative and regional bank.**

”

The governance of Crédit Mutuel Arkéa



- 1.4 M members, the group's electorate
- 3,700 directors, 1st level of governance
- 337 local branches
- 3 regional federations
- 18 directors make up the Board of Directors of Crédit Mutuel Arkéa

A complete range of solutions for the benefits of customers



Banking and insurance services production subsidiaries

Life insurance & protection



General insurance



Asset Management



Real estate investments



Retail banking for individuals

Regional branch networks



Online banking



Consumer finance



Credit repurchasing



Subsidiaries dedicated to the companies and institutions market

Commercial bank



Private equity



Leasing



BtoB market subsidiaries

Banking services



Securities services



Electronic payments



Regional foundations, national reach

A network of

480 points of sale,

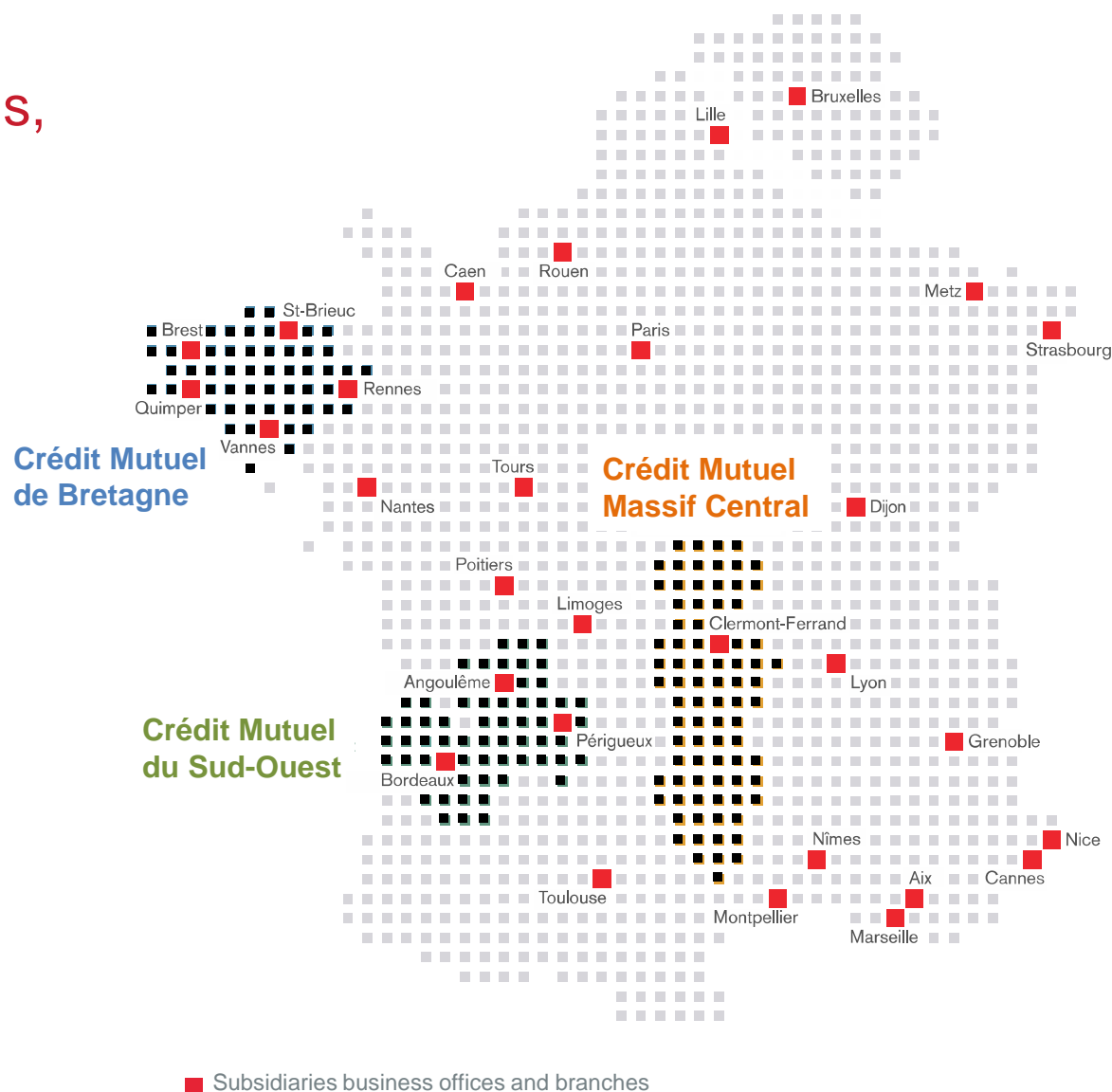
incl. 337 local branches,
in Brittany, the South-West
and Massif Central.

**19 regional
business centers**

for Arkéa Banque Entreprises
& Institutionnels.

**A presence
in Belgium**

with Fortuneo Banque
and Procapital Securities Services.





2014 Half Year Results

Half year 2014

Significantly growing results and strong fundamentals in a still difficult economic environment

A sustained commercial activity

- Loan production of €3.6 bn, increased by 3%
- Net savings inflows of €2.3 bn

Growing income levels, strongly increased results

- NBII: €853 M (+3.5%), Net income: €138 M (+19%)
- Cost/Income ratio at 68.6%, down 1.8 pt
- Cost of risk down by 27.5% at €50 M

A solid balance sheet, high solvency levels

- Stable loan-to-deposit ratio at 116%
- Core Equity Tier 1 ratio of 15.8%* at the highest market levels

Crédit Mutuel Arkéa Group, banking & insurance entrepreneur

*In compliance with Basel 3 standards (CRD 4)

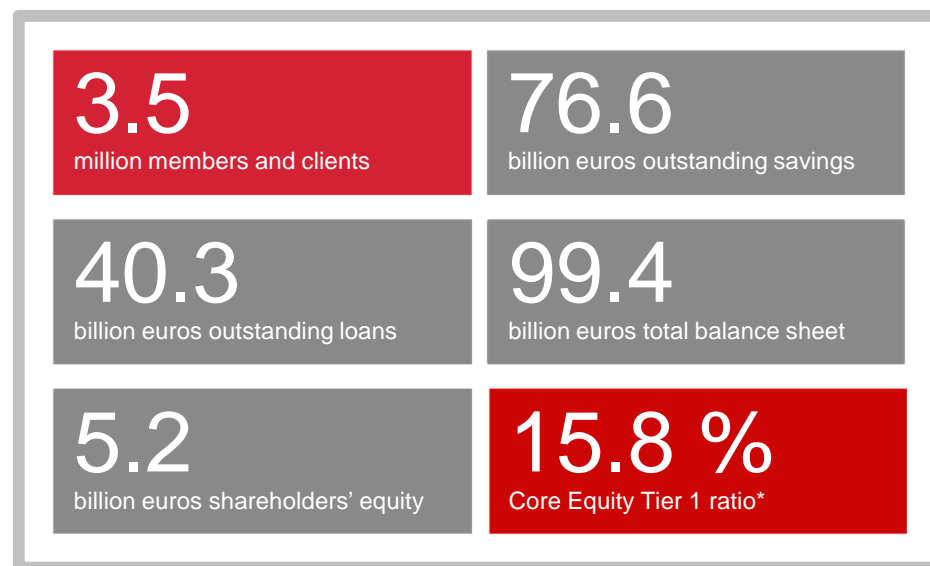
Half year 2014

Significantly growing results

€M	HY 2014	HY 2013	% Var.
Net Banking & Insurance Income (NBII)	853	825	+ 3.5 %
Operating expenses	585	580	+ 0.9 %
Gross Operating Income	268	245	+ 9.6 %
Cost of risk	50	69	- 27.5 %
Net Operating Income	219	176	+ 24.0 %
Net Income	138	116	+ 19.0 %

Half year 2014

Pursuing an ambition with strong fundamentals

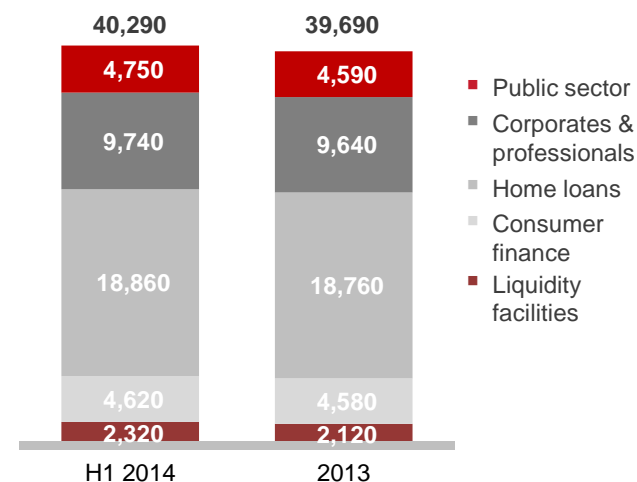


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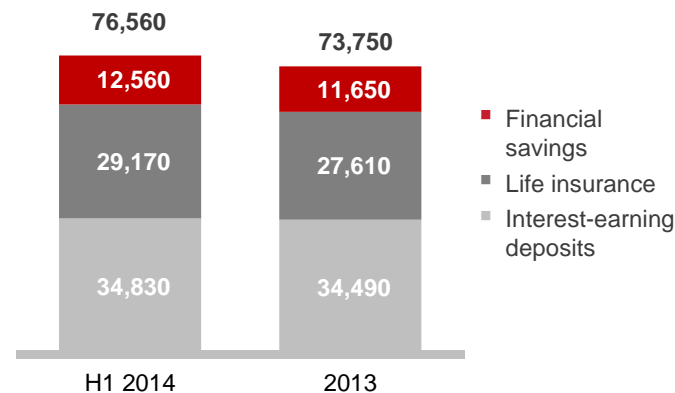
A sustained commercial activity

- Outstanding loans increasing by 1.5%, at €40.3 bn
 - A loan production of €3.6 bn, increasing by 2.9%
 - New lending of €1.3bn to corporates, professionals and local authorities; €1.4 bn of new home loans
- Outstanding savings up 3.8%, at €76.6 bn
 - Lower yet substantial net inflows of €2.3 bn, after a record year in 2013
 - Life insurance savings inflows up 67.3% at €0.8 bn
- A 5.2%-growth of the general insurance and individual protection portfolio
 - More than 180,000 new contracts, with networks external to the Group contributing more than a quarter of new business
 - 1.9 million contracts in stock (+5.2%)

Outstanding loans (€M)



Outstanding savings (€M)



Growing income levels, controlled operating costs

- Net Banking & Insurance Income at €853 M, up 3.5%

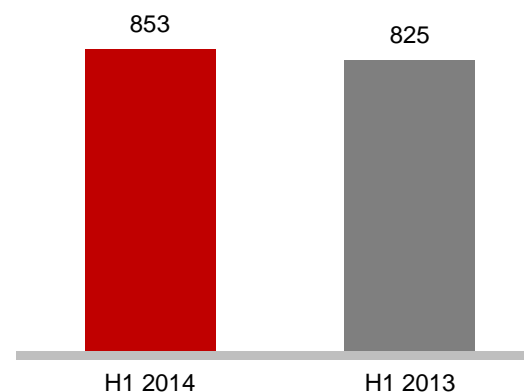
On a comparable basis and after adjusting for exceptional items:

- NBII increasing by €44 M (+5.5%)
- A €34 M (+11.7%) improvement of the financial margin, at €325 M, with lower market funding and customer deposits costs
- A €5 M (+2.5%) increase of commissions, at €205 M

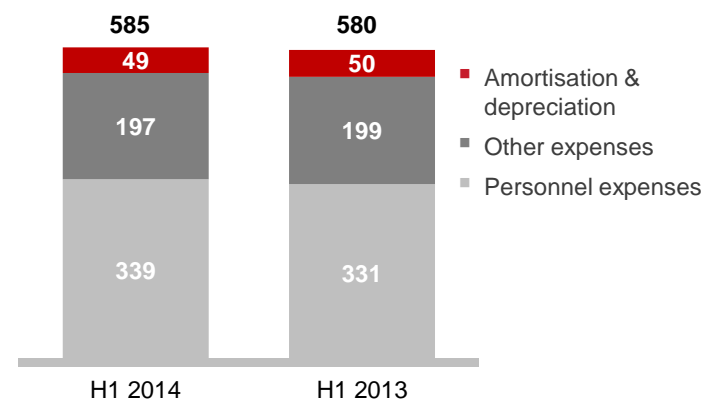
- Controlled operating expenses, at €585 M (+0.9%)

- Personnel costs up by €8 M (+2.5%)
- Other expenses cut by €2 M (-0.9%), with on-going implementation of measures to improve operational efficiency

Net Banking & Interest Income (€M)



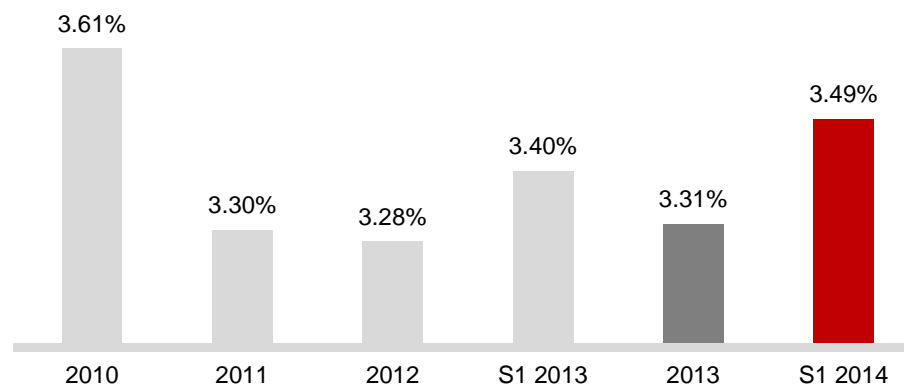
Operating expenses (M€)



A significant reduction of the cost of risk

- A cost of risk decreasing by €19 M (-27.5%) to €50M, after the large increase recorded in H1 2013
 - Specific provisions for credit risk reduced by €13 M
 - A global provisioning rate of 52.3% (-2 pts since December 2013), with a provisioning rate of 56.1% for corporates and professionals
 - Annualised cost of risk amounts to 26 bps of total outstanding loans (37 bps in 2013)
- A client portfolio of quality
 - Non Performing Loans (NPLs) levels are slightly higher but amount to only 3.49% of total outstanding loans
 - Prudent risk management policies maintained in a difficult economic context

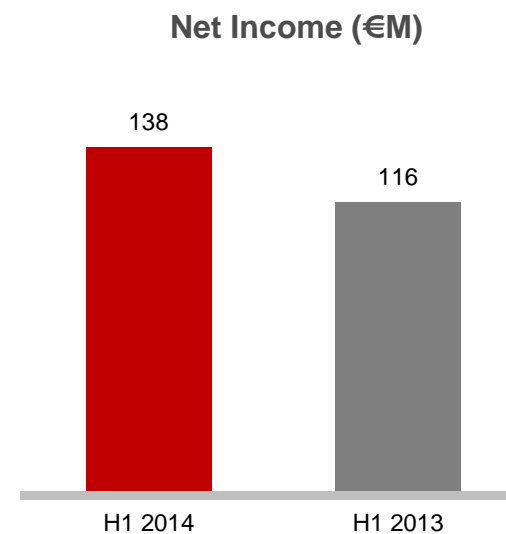
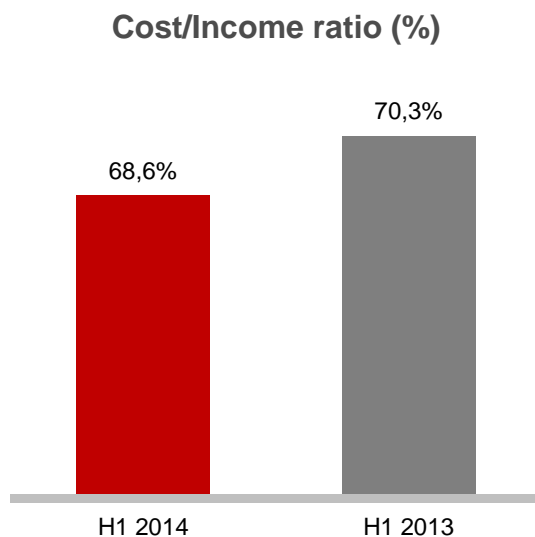
NPLs* over outstanding loans



*Excluding interests

Improved operational efficiency, strongly increased results

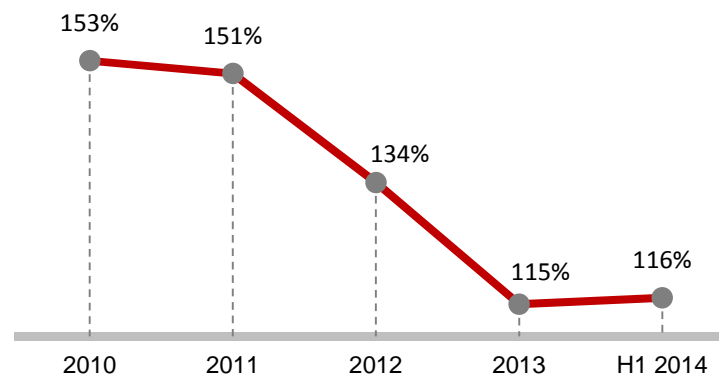
- A cost/income ratio improved by 1.8 point at 68.6%
 - A positive trend confirming the dynamics initiated in 2012
- A significantly increased net income, at €138 M
 - A €22 M (+19%) growth



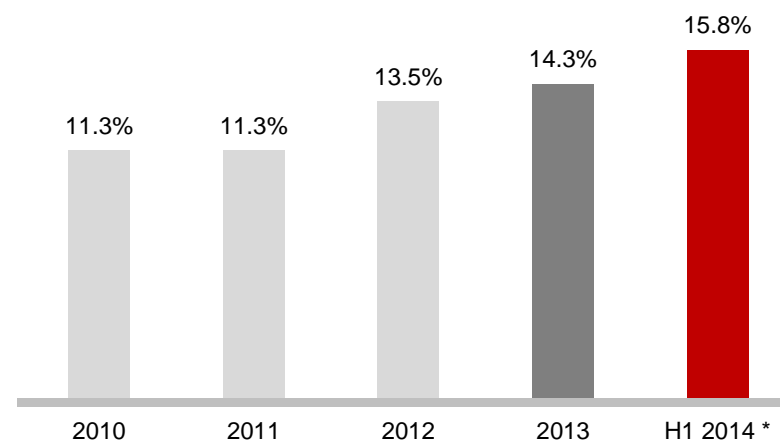
A solid balance sheet, high solvency levels

- A contained loan-to-deposit ratio of 116% (114% with net loans)
 - Reduced by 18 points since 2012
- An improved total balance sheet of €99.4 bn (+€5.4 bn)
 - Shareholders' equity of €5.2 bn
 - Outstanding member shares up 1.5% at €2.2 bn
- A Core Equity Tier 1 ratio of 15.8% (Basel 3, CRD 4)
 - Largely above regulatory requirements
 - At the highest market levels
- A leverage ratio above 3%

Loan-to-deposit ratio



Core Tier One Ratio

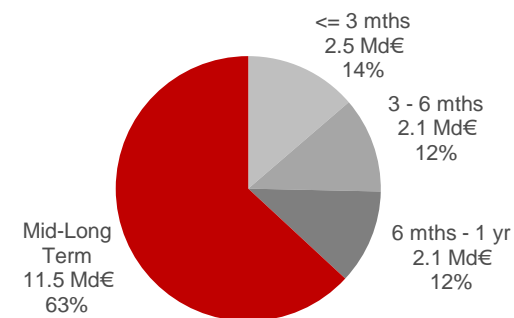


*In compliance with Basel 3 standards (CRD 4)

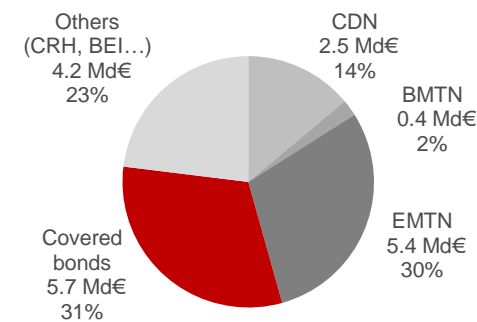
Comfortable liquidity reserves

- Total liquidity reserves of €12 bn
 - Liquidities and short term replacements: €3 bn
 - ECB eligible assets: €9 bn
- A Liquidity Coverage Ratio (LCR) above 100%
- Market funding
 - Diversification achieved using different debt programmes
 - Long term resources favoured
 - Average residual maturity of 6 years

Residual Maturity Profile (ST & MLT funds raised)



Outstanding Issues



Quality ratings



A / A-1 / negative outlook



Aa3 / P-1 / negative outlook

Half year 2014

Increased performances for Crédit Mutuel Arkéa

- A strong growth of the Group's financial results
- A continuous improvement of operational efficiency
- A very solid balance sheet

A group
with
strong
fundamentals

An **agile**
& **initiative-**
driven
group

A group **ready**
to overcome
tomorrow's
challenges

“ *Crédit Mutuel Arkéa Group,
banking & insurance entrepreneur* ”

Appendix

Income statement for the 6 months ended 30th June 2014

€M	H1 2014 IFRS	H1 2013 IFRS	Variation	%
Net Banking & Insurance Income	853	825	28	(3.5)
General operating expenses	(537)	(530)	7	1.3
Amortisation and depreciation	(48)	(50)	(2)	(3.7)
Gross operating income	268	245	23	9.6
Provisions for risks	(50)	(69)	(19)	(27.5)
Operating income	219	176	42	24.0
Shares of earnings of companies carried under equity method and income/loss on others assets	4	3	1	47.7
Pre-Tax income	222	179	43	24.4
Income tax	(83)	(62)	21	34.2
Net income	139	117	22	19.1
Minority interest	1	1	-	-
Net income – Group share	138	116	22	19.0

Group consolidated balance sheet as at 30th June 2014

Assets (€M)	30/06/2014 IFRS	31/12/2013 IFRS	Liabilities (M€)	30/06/2014 IFRS	31/12/2013 IFRS
Cash, due from central banks	316	2,301	Liabilities at fair value	1,125	803
Financial assets at fair value	12,834	10,343	Due to banks	3,925	3,526
Financial assets available for sale	34,912	29,111	Customer accounts	35,169	34,550
Due from banks	7,441	8,936	Debt securities in issue	17,190	17,077
Loans and advances to customers	40,021	39,244	Accruals, deferred income and sundry liabilities	3,819	1,994
Held-to-maturity financial assets	216	228	Insurance companies technical reserves	32,228	30,283
Accruals, prepayments and sundry assets	2,119	2,249	Provisions for contingencies and charges	317	325
Investment property	1,121	1,134	Subordinated debt	409	397
Goodwil	423	423	Shareholders' equity	5,216	5,010
			Share capital and reserves	2,171	2,138
			Consolidated reserves	2,750	2,592
			Unrealised or deferred gains or losses	157	68
			Net income	138	213
			Minority interest	5	4
Total Assets	99,403	93,969	Total Liabilities	99,403	93,969

Covered bond programmes

	Crédit Mutuel Arkéa Public Sector SCF	Crédit Mutuel Arkéa Home Loans SFH
Programme size	€10 bn	€ 10 bn
Rating	AA+ (S&P) and Aaa (Moody's)	AAA (S&P)
Minimum over-collateralisation	Legal minimum : 105 % Contractual minimum : 105 % (Max. Asset percentage 95.2%)	Legal minimum : 105 % Contractual minimum : 108.1 % (Max. Asset Percentage 92.5%)
Asset Cover Test	Monthly Non-performing assets are not taken into account in Asset Cover Test calculations	Monthly Non-performing assets are not taken into account in Asset Cover Test calculations
Liquidity Support	Direct access to ECB using directly the cover pool	Direct access to ECB
Asset-Liability Management	Back-to-back loans to Crédit Mutuel Arkéa to ensure there is no mismatch Hedging strategy mitigates potential currency or interest rate risks in case of effective transfer of the collateral	
Risk weighting	10 %	20 % (CRD 3)
Listing	Luxembourg	Luxembourg
Specific controller	Cailliau Dedouit et Associés	Cailliau Dedouit et Associés

Covered bond programmes

	Crédit Mutuel Arkéa Public Sector SCF	Crédit Mutuel Arkéa Home Loans SFH
Current size	€1,302 M	€7,332 M
Over collateralisation	150 %	152 % (72,6 % asset percentage)
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 23 %, Île-de-France 18 %, Aquitaine 10 %, Nord-Pas-de-Calais 9 %)	100 % France (Brittany 65 %, Aquitaine 15 %, Île-de-France 5 %, Auvergne 3 %)
Seasoning	45 months	55 months
Average remaining terms	199 months	159 months
Average Loan Balance	€1,546,366	€74,065
Average LTV	N/A	Unindexed : 69 % Indexed : 68 %
Number of Borrowers	842	93,739
Issue outstanding	€870 M	€4,823 M

Crédit Mutuel Arkéa Home Loans SFH

▪ **Crédit Mutuel 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)**

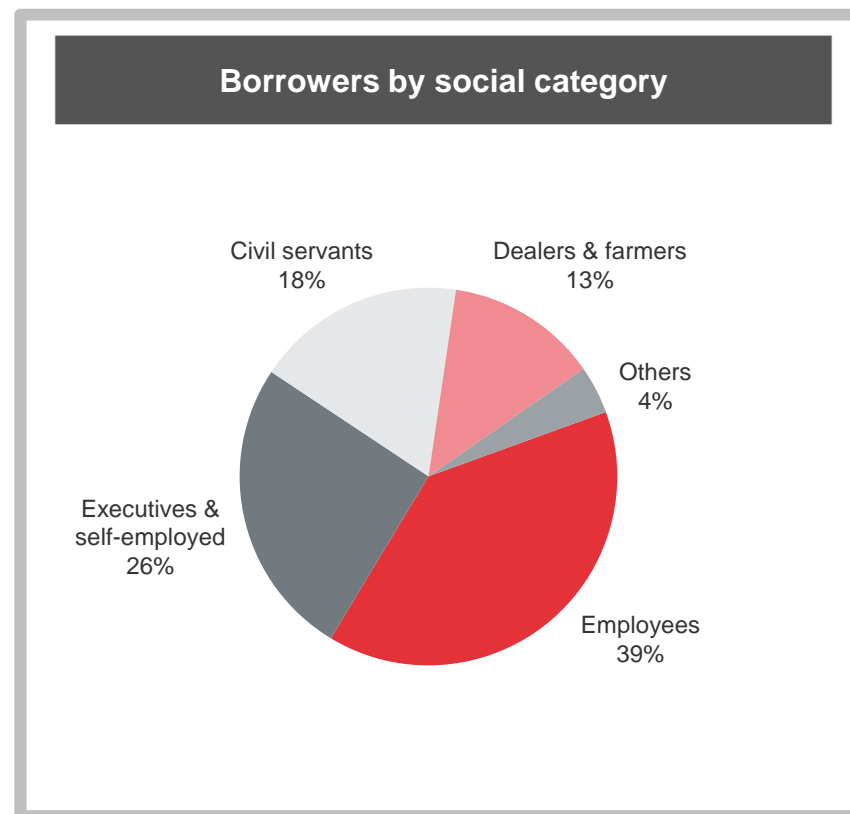
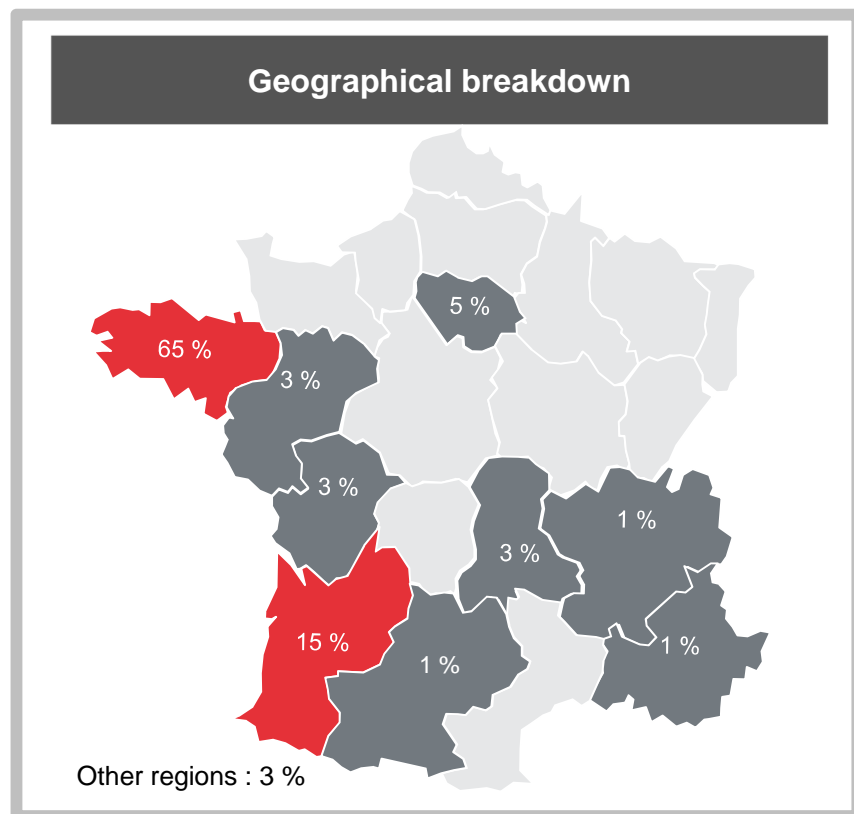
- The insurer provides an unconditional first demand guarantee to Crédit Mutuel Arkéa
- Crédit Mutuel Arkéa has chosen L'Équité, subsidiary of Generali France (Baa1/A-/A-)
- The new loan production (excl. mortgages) is guaranteed by CNP Caution, subsidiary of CNP Assurances (rated "A" by S&P)
- To a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

▪ **Closely monitored and supervised**

- Regulated by the French Banking Authorities (ACPR) with strict conditions
- Independent specific controller, who regularly audits the collateral portfolio
- Legal minimum collateralisation of 105 % reinforced by a contractual minimum of 108.1 %
- Liquidity rule: 180 days of liquidity ahead to cover forthcoming payments

SFH cover pool as at 31/07/2014

Borrowers

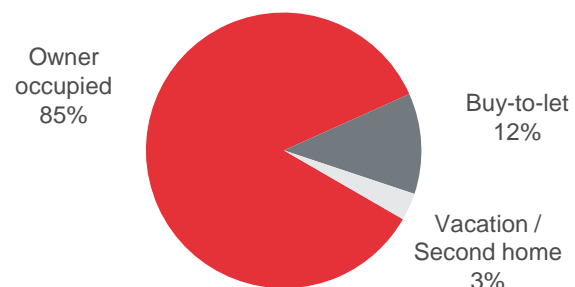


- The cover pool is made of 100 % domestic home loans originated by Crédit Mutuel Arkéa
- The cover pool is very granular with 97 % of loans being lower than €150,000

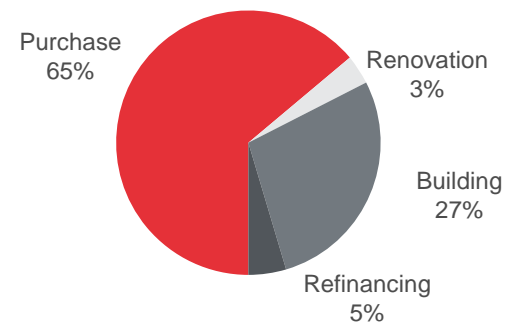
SFH cover pool SFH as at 31/07/2014

Home Loans

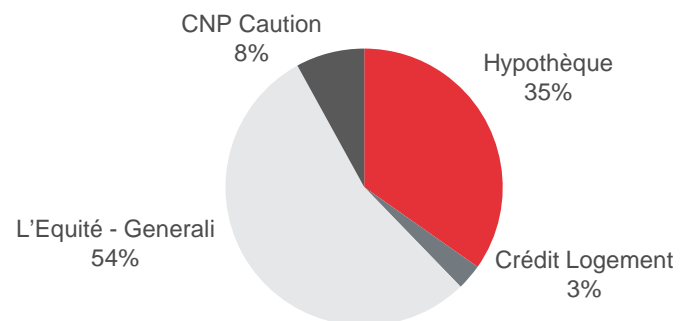
Occupancy type



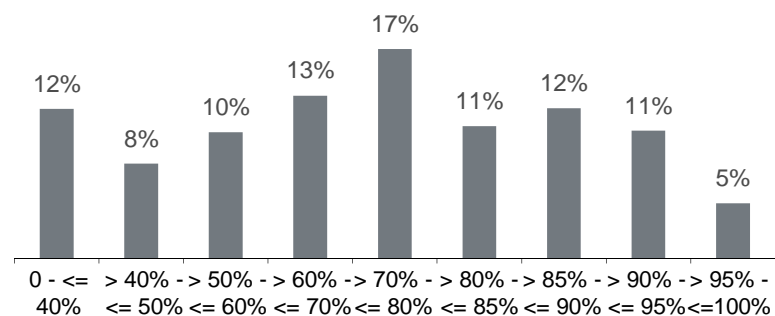
Loan purpose



Mortgage vs Guarantee

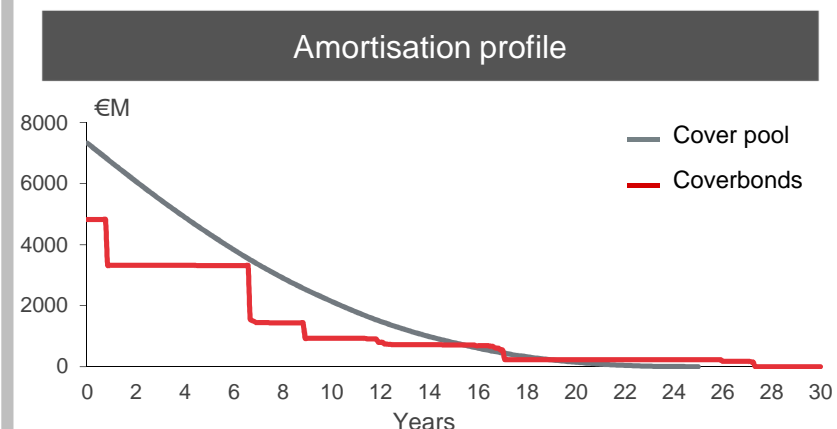
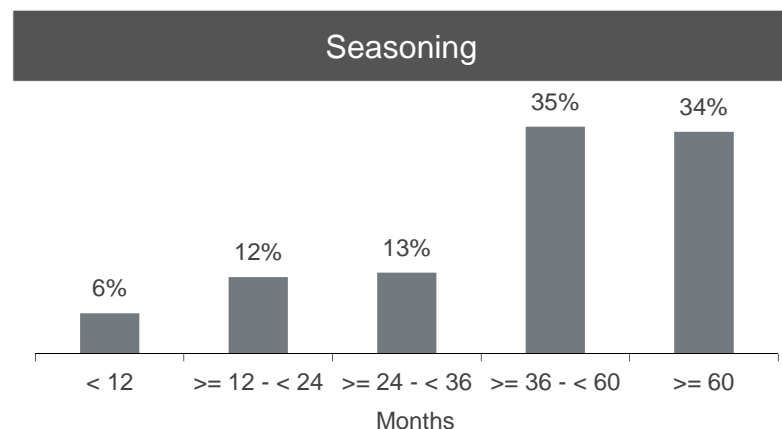
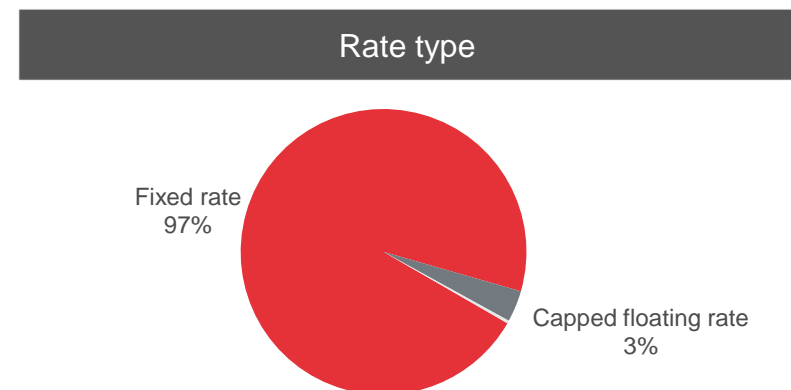
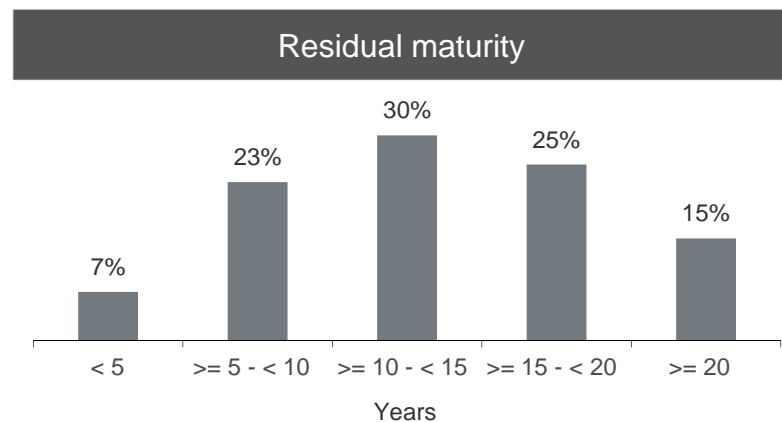


Unindexed LTV



SFH cover pool as at 31/07/2014

Home Loans

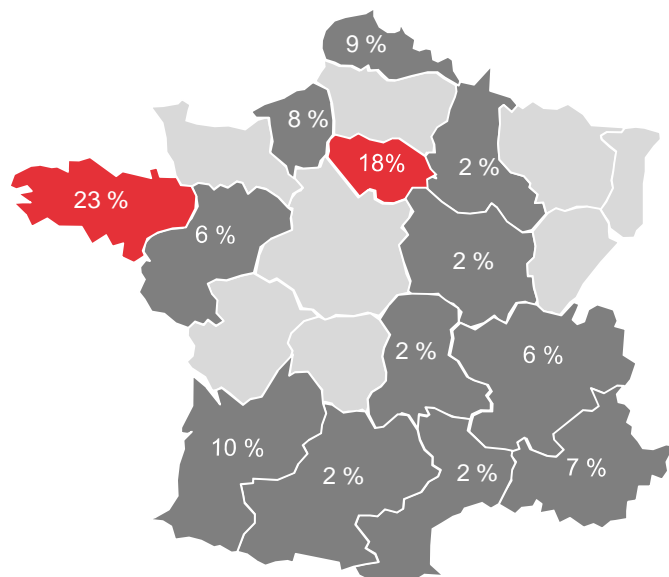


Crédit Mutuel Arkéa Public Sector SCF

- Crédit Mutuel 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
- Closely monitored and supervised
 - Regulated by the French Banking Authorities (ACPR) with strict conditions
 - Independent specific controller, regular audit of the collateral portfolio
 - Legal and contractual minimum collateralisation of 105 %
 - Liquidity rule: 180 days of liquidity ahead to cover forthcoming payments

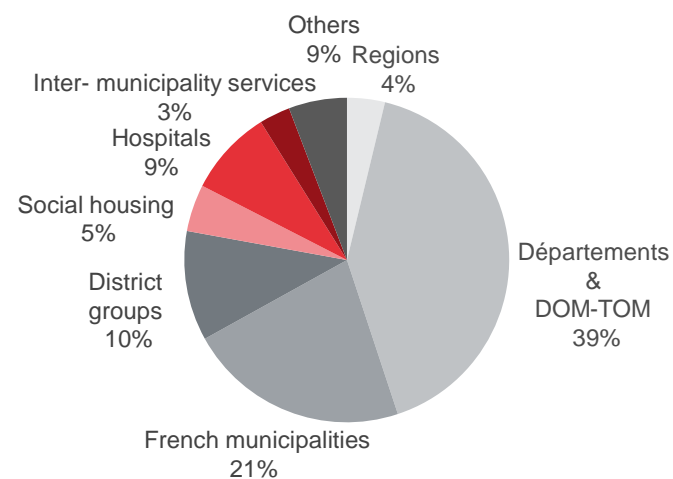
SCF cover pool SCF as at 31/07/2014 - Borrowers

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

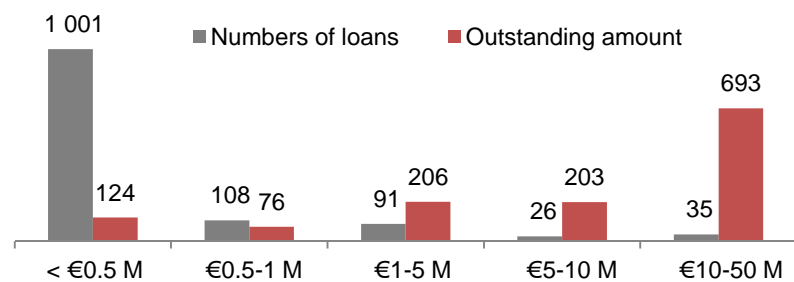
Borrower breakdown by activity



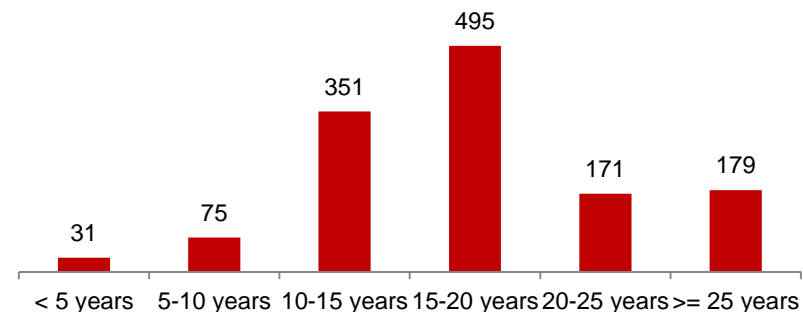
- Average loan balance per borrower: €1.5 m
- 20 largest borrowers represent 53 % of the cover pool, distributed across France
- 98 % of the pool is a direct claim to a public borrower

SCF cover pool as at 31/07/2014 – Loans

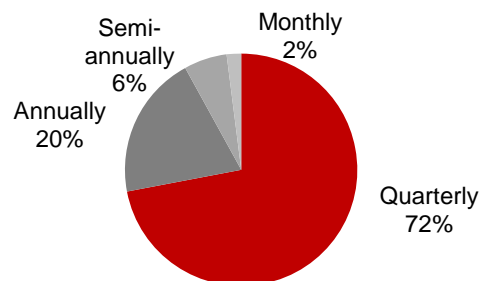
Loan breakdown by amount



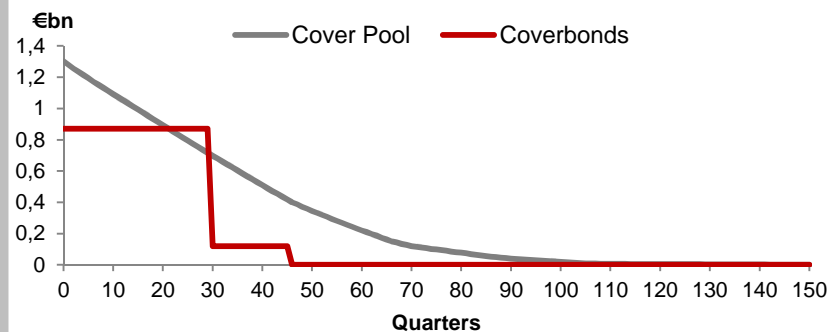
Residual maturity (€M)



Repayment frequency



Amortisation profile



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unique



daring



local and regional



open



committed