



# Group results

2019

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The consolidated financial statements for the year ended December 31, 2019 were approved by the Board of Directors of the Company on March 3, 2020 and are currently audited. They will be the subject of audit reports by the Company's statutory auditors.

In this presentation, revenues represent net banking and insurance income including gains on disposal or dilution in investments in associates, which amount to €205 M, of which €194 M relate to the gain on the sale of the shareholding in the Primonial group.

# Our development **strategy**

# Arkéa group profile

403

outlets in Brittany and South-West

19

regional Arkéa Banque Entreprises et Institutionnels business centres

8

regional Financo offices

6

regional Arkéa Investment Services offices



\* CMB (Crédit Mutuel de Bretagne) and CMSO (Crédit Mutuel du Sud-Ouest)

**ARKEA**  
SERVICES FINANCIERS

# The group's activities

Retail banking for individuals and professionals



Subsidiaries dedicated to BtoB



Corporate and institutional market



Insurance and asset management



Non-banking activities

4.7 M clients

o/w 1.5 M members

2,764 local directors

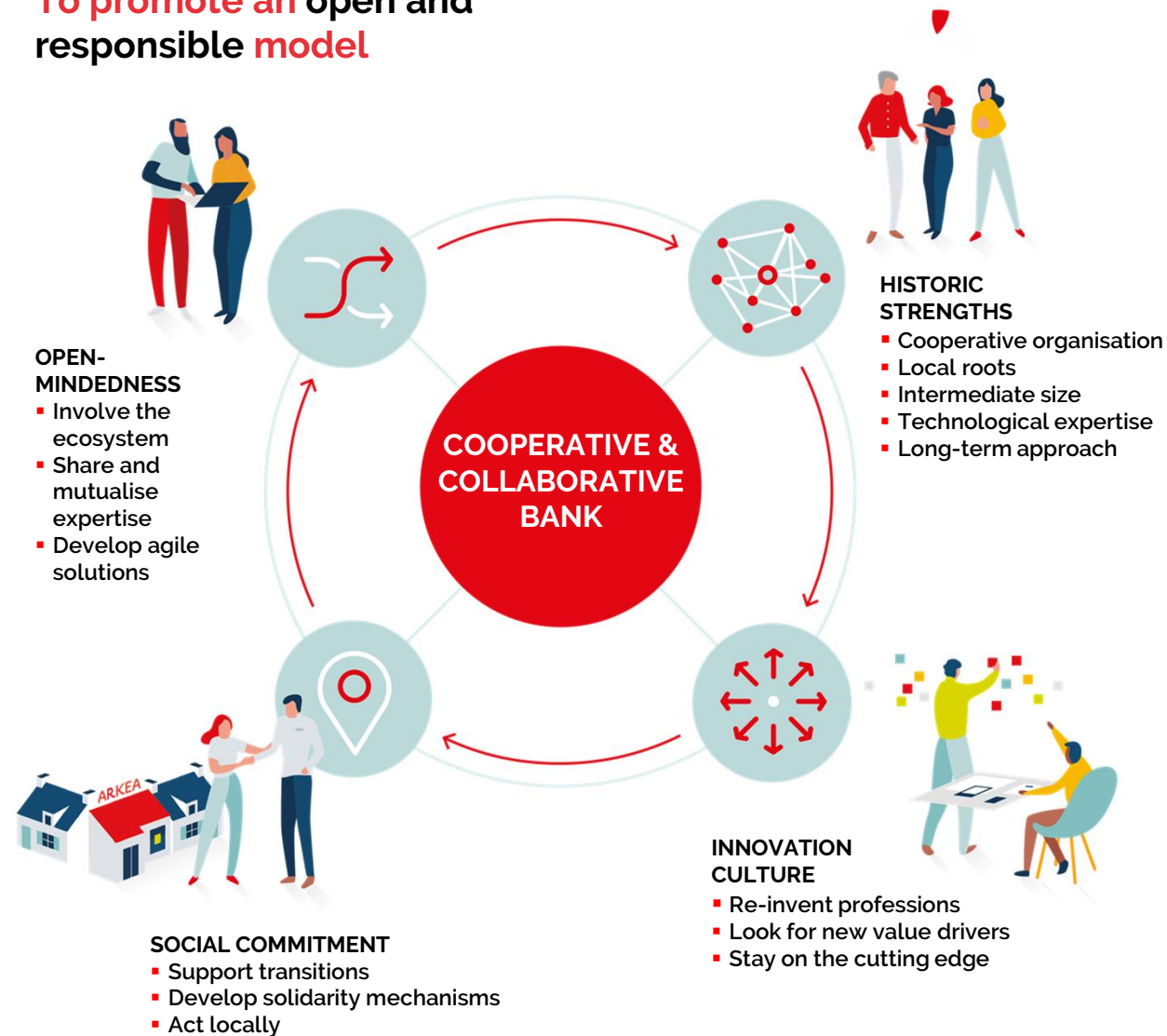
in 299 local savings banks

10,500+ employees

Figures  
as at 01/01/2020

# A model that creates value for all

To promote an open and responsible model



# To be a forerunner of a finance serving a responsible economy and a sustainable growth

## Our assets



**Strength** : economic performances that open a wide range of opportunities



**Cultural and technological innovation**, to explore new territories and capture emerging trends

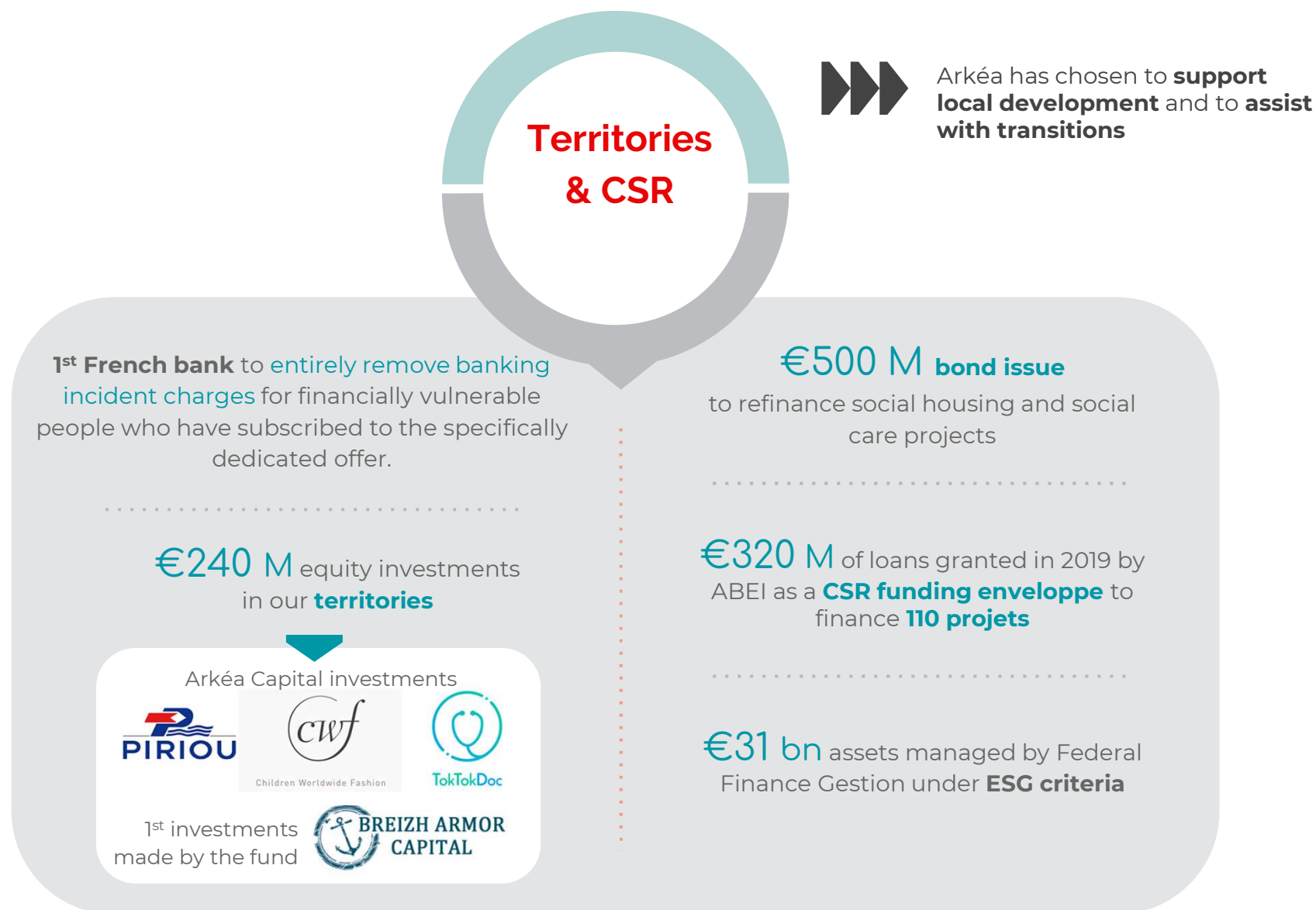


**Boldness**, with a cooperative and collaborative banking model taking with no hesitation an opposite approach from prevailing practice



**The power of a long-term approach**, essential to support transformations

# 2019 Main achievements





# 2019 Main achievements

## BtoB

Acquisition of  
 **budgetinsight**

.....

Partnership between **MONEXT** and  
enhanced shopping experience specialists

.....



**Axa Banque in talks with  
Arkéa Banking Services** to  
delegate some of its  
business

## Innovation



**Assur & Detect**, an all-in-one  
remote surveillance and  
comprehensive home insurance  
solution

.....



For Fortuneo and Max clients

.....



Arkéa launched a **distance selling  
chatbot with an integrated  
payment service**

.....

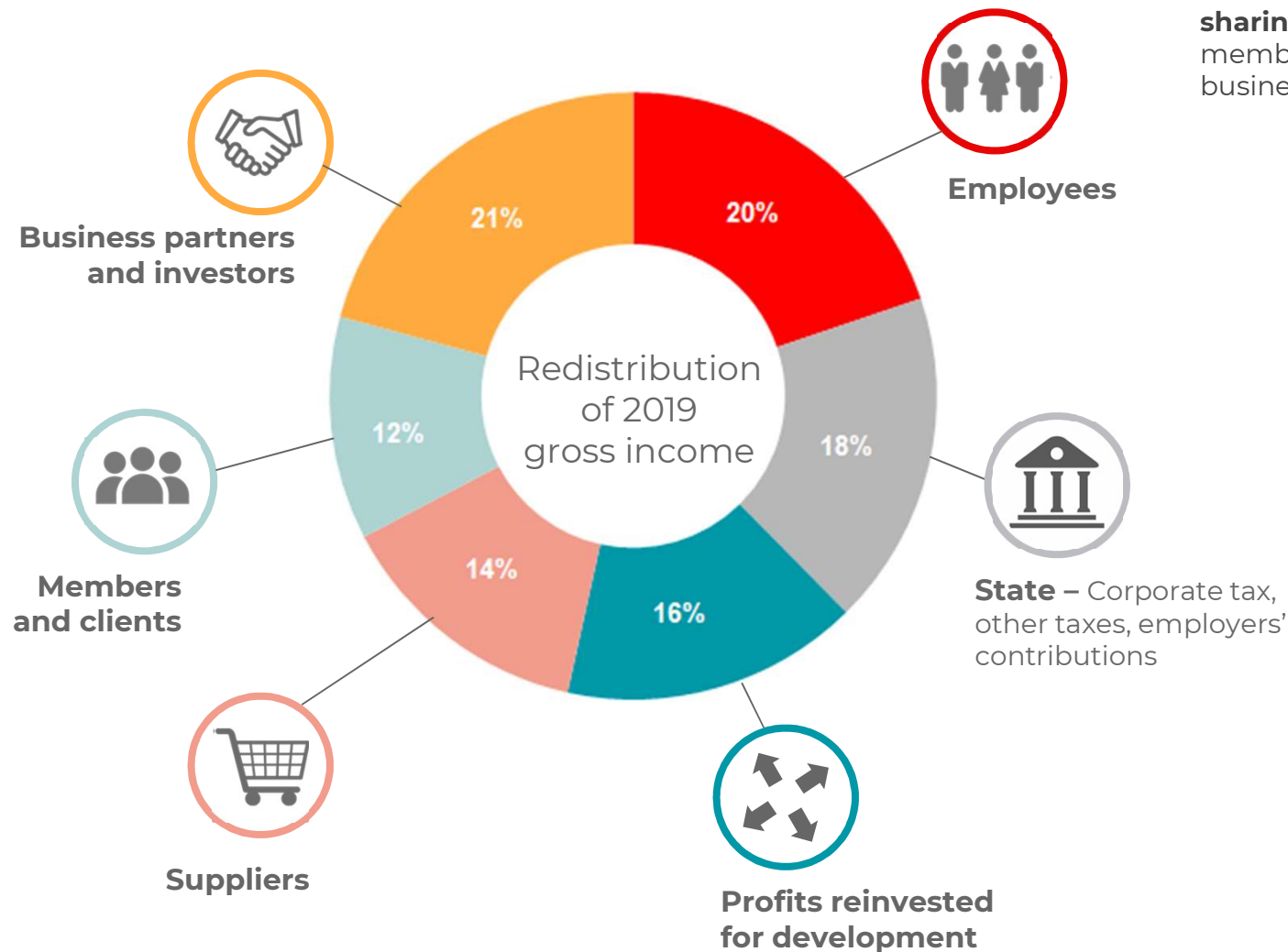


**Instant payment** solution for  
corporates and institutions

# A shared value creation to the benefit of our stakeholders



Arkéa has chosen to be a **cooperative and collaborative bank** that favours a **balanced sharing** of value with its members, clients, employees, business partners and territories

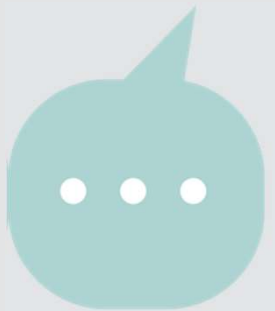


# A regular, balanced and sustainable growth path

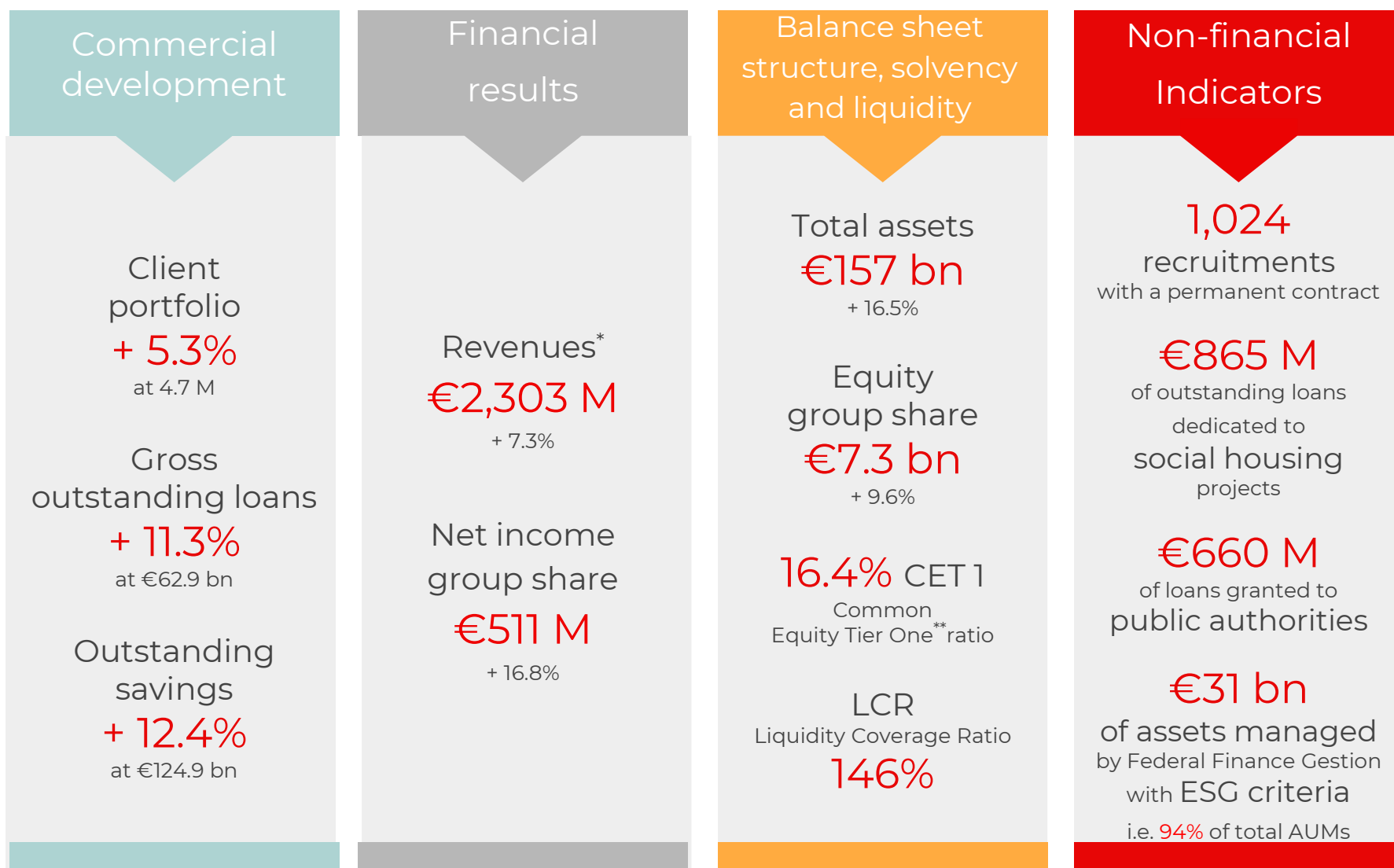


# 2019 results

**Outstanding results**  
serving an  
**overall performance**



# An overall performance



\* Net banking and insurance income including gains on disposal or dilution in investments in associates

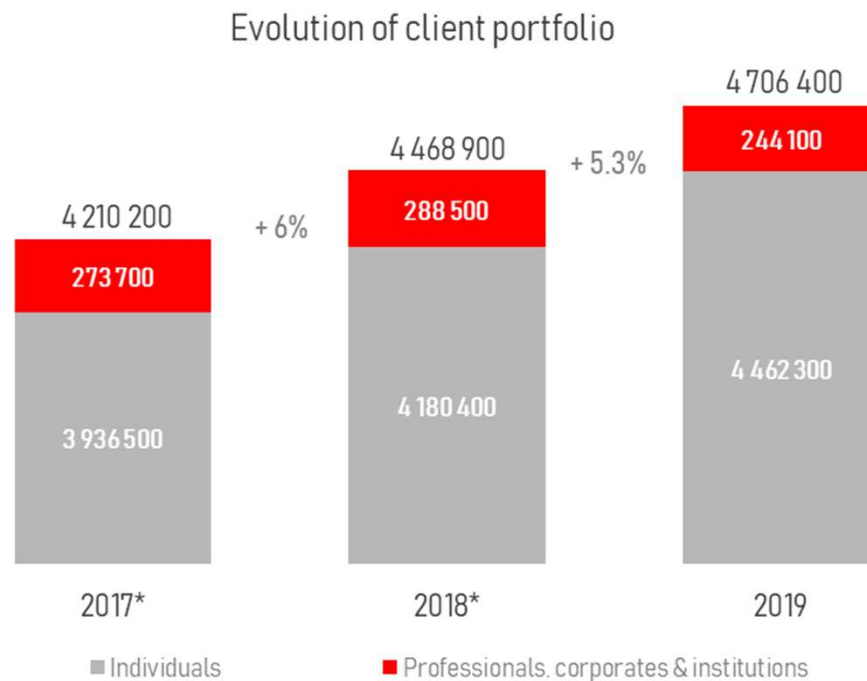
\*\* Excluding Irrevocable Payment Commitments (12 bp-impact)



# Commercial Development

# A client portfolio

increased by 5.3 % to 4.7 million clients



263,340  
new clients  
net acquisition

Client acquisition is mainly **driven by subsidiaries:**

- the personal assistant **max** (+ 75,300 clients),
- **insurance businesses** (+ 66,600 clients),
- **on-line banks** (+ 63,500 clients)

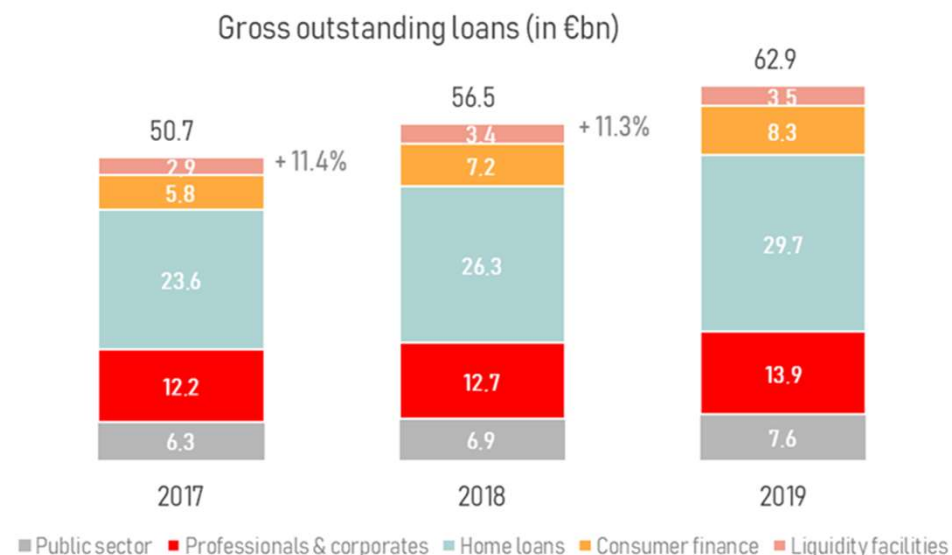
**A portfolio increased by 5.3% vs. 2018, to 4.7 million clients**

A 6%-increase on a comparable basis (sale of Leasecom and acquisition of Moneyou client portfolio in Belgium).

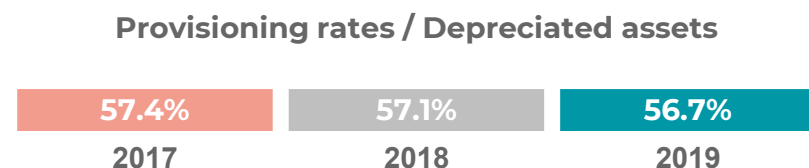
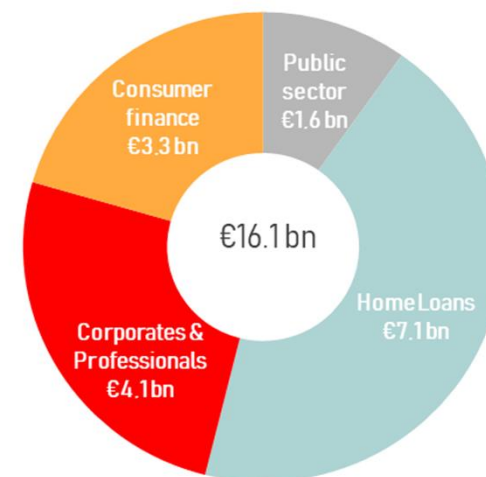
\* Restated portfolios following quality actions undertaken on dormant accounts



# Outstanding loans: growing by 11.3% to €62.9 bn



► A **growth of outstanding loans** driven by a **€16.1 bn** production in 2019 (€14 bn in 2018), impacting all types of loans:



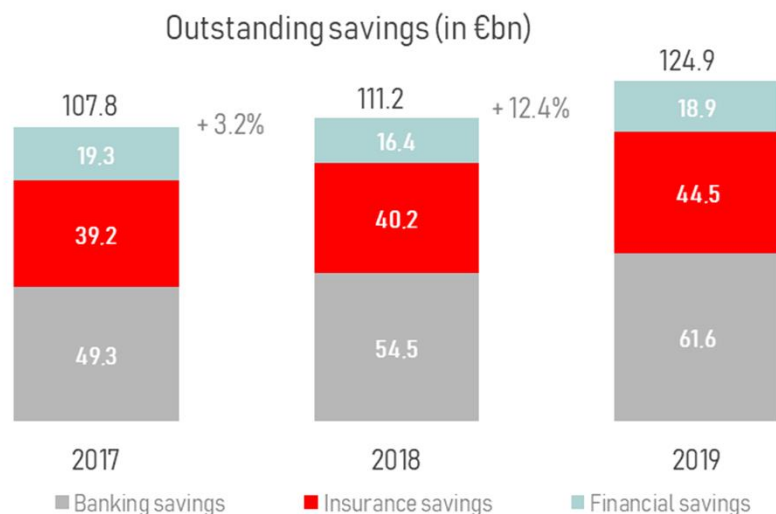
## ► A quality loan portfolio

Outstanding loans of a good quality, **with a non-performing loan (NPL) ratio of 2.3%**

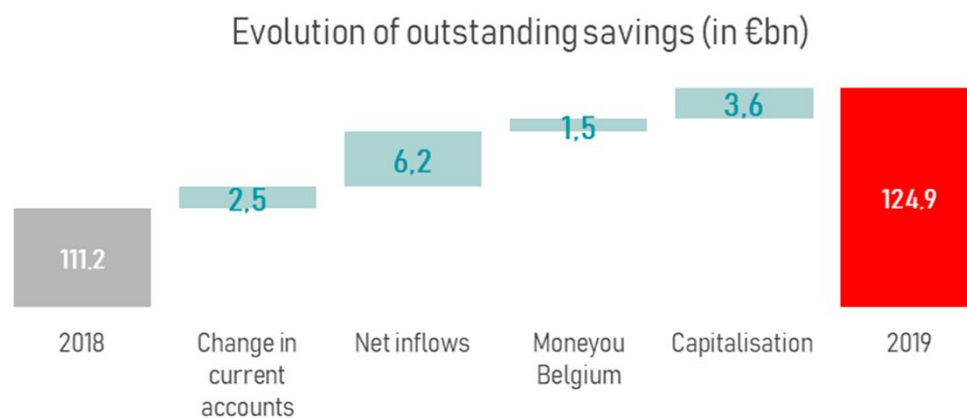
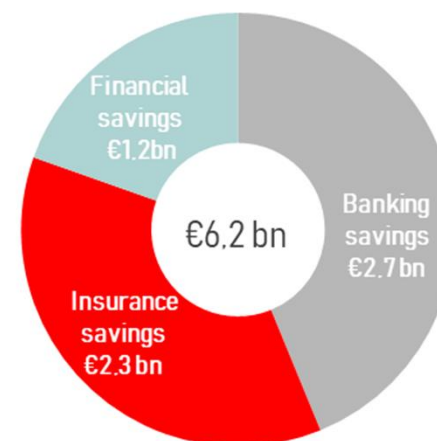
A prudent approach over client credit risk with a **56.7% provisioning rate** for balance sheet impaired loans

# Outstanding savings :

up 12.4% to €124.9 bn

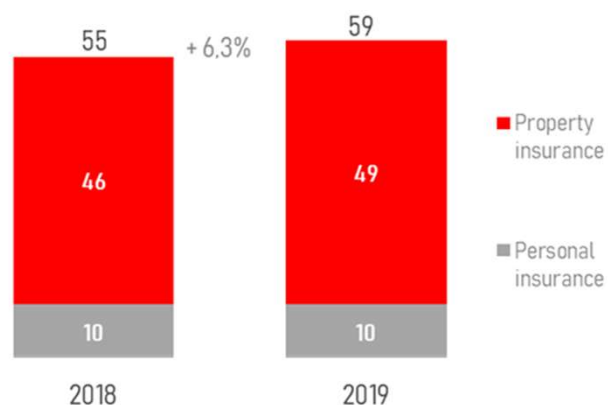


► **Outstanding savings** of €124.9 bn, **increased by 12.4%** in comparison to end of 2018, driven by **net inflows of €6.2 bn**, up 139% vs. 2018 :



# Insurance activities: a strong commercial development

New business premiums (in €M)



Earned premiums on existing policies (in €M)

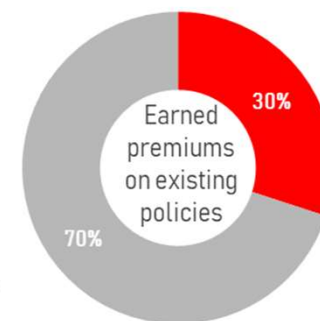
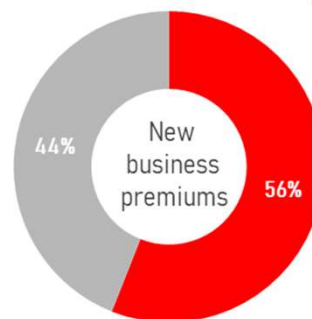


► **New business premiums** are up €4 M and **earned premiums on existing policies** are up €23 M vs. 2018, mainly in property insurance

► **Business from external networks** is growing and represents :

- 56 % of new business premiums (+ 2 points vs. 2018)
- 30 % of earned premiums on existing policies (+ 1 point vs. 2018)

Split of 2019 premiums



■ External part  
■ Internal part

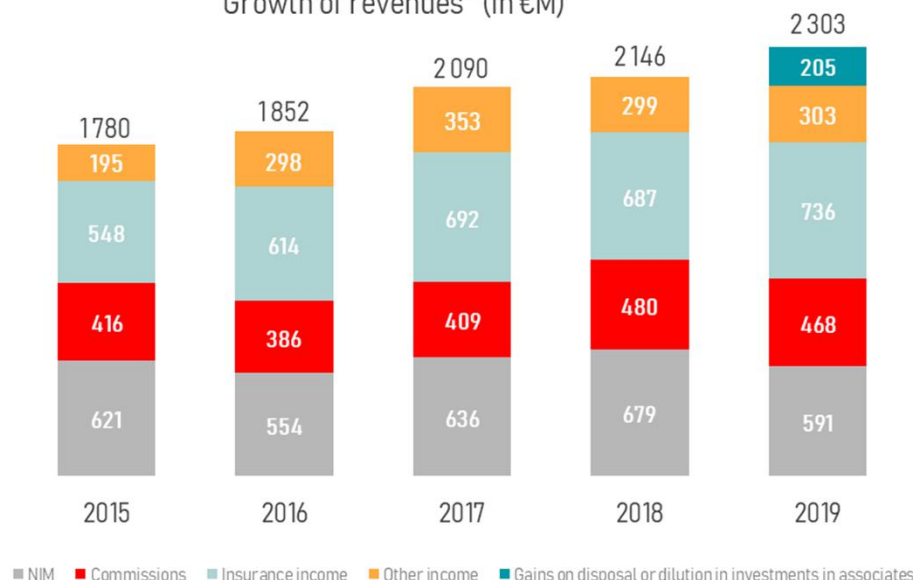


# Financial Results

# Revenues\* growing by 7.3%

to a historic level of €2,303 M

Growth of revenues\* (in €M)



► **Net interest margin** is down, impacted by the market environment (low interest rates), particularly on the provision for home savings products

**Commissions** received are lower, with the regulatory cap on bank charges introduced for financially vulnerable people, supplemented by Arkéa's specific decision to remove incident charges for people who have subscribed to the dedicated specific offer

**Net revenues of insurance activities** are increasing, in line with the life insurance business (growing assets under management)

**Other operating income** is growing, driven by the growth of the B2B activities of Leetchi and Monext

Gains on **disposal or dilution in investments in associates** are up, driven by a €194 M gain on the sale of Arkéa's shareholding in the Primonial group

Main variations of revenues\* (in €M)



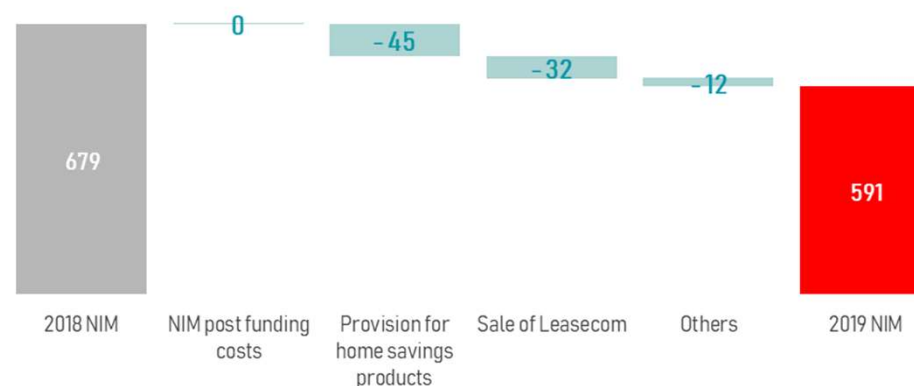
\* Net banking and insurance income including gains on disposal or dilution in investments in associates

# A diversification of revenue sources\*

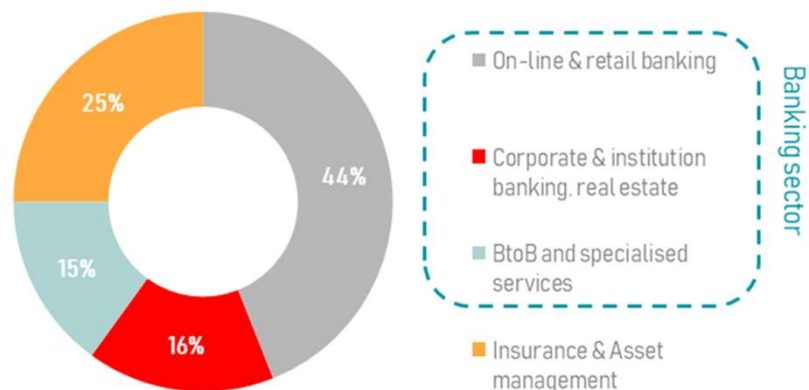
Major strategic directions resulting in revenue diversification, enabling Arkéa to be less dependent to interest rate levels with a **net interest margin** making up **26% of revenues\*** in 2019

**Other income** (excl. sale of Primonial) and **insurance income** represent **46 % of revenues\*** in 2019

Main variations of the net interest margin (in €M)



Sectorial distribution of 2019 revenues\*



## B2B and B2B2C contribute to the growth of revenues\*

15% of Arkéa's 2019 revenues\* come from the development of the B2B & Specialised Services division (i.e. €351 M)

The BtoB client portfolio (Monext, Nextalk, Arkéa Banking Services, Procapital Securities Services) kept growing over the year (+2.3%) and reached 1, 679 clients

\* Net banking and insurance income including gains on disposal or dilution in investments in associates

# A cost/income ratio of 68.5%



A cost/income ratio of **68.5%\***  
stable over the last 5 years

\* Includes the 4.6 point-net impact of the sale of Arkéa's shareholding in the Primonial group

► Operating expenses amount to €1,579 M. The gain on the sale of Arkéa's shareholding in the Primonial group generates €35 M of non-recurring charges, mainly linked to higher staff incentives and profit-sharing costs.

Operating expenses increased by €65 M (+ 4.3%). On a comparable basis, costs increased by €45 M (+3%) in line with :

- **recruitment and pay policy** (+ €15 M)
- Other expenses linked to the **group's investment and development strategy** (+ €27 M) particularly in relation to technological transformation and regulatory projects

# A moderate cost of risk despite an increase in 2019



A cost of risk up by €35 M to €99 M (after a particularly low level in 2018), **that remains moderate in proportion to outstanding client exposures (16 bps)**

In 2019, this increase of the cost or risk on client exposures is driven by the growth of :

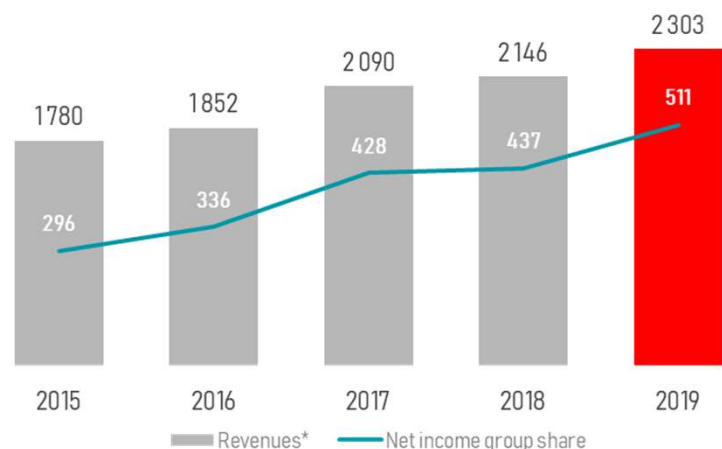
- **Outstanding performing assets (buckets 1 et 2)** by 12.5% to €62.1 bn, in line with business development
- **Outstanding depreciated assets (bucket 3)** by 2.4% to €1.5 bn



# A growth of net income

group share of 16.8% to €511 M

Evolution of revenues\* and net income (in €M)



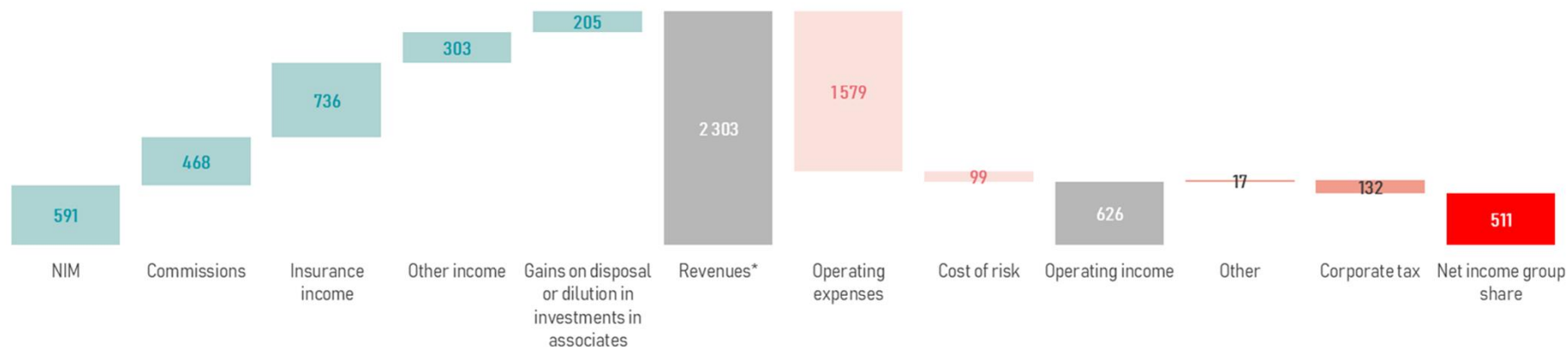
Δ over 5 years

Revenues\* : + 29%

Net income GS : + 73%

► **Attributable profit at the highest historic level of €511 M**, growing by 16.8% and driven by **diversified revenues** (especially with insurance income) and the **€194 M gain on the disposal of Arkéa's investment in Primonial**

Build up of net income (in €M)



Δ 2018-2019

+ 7.3%

+ 10.1%

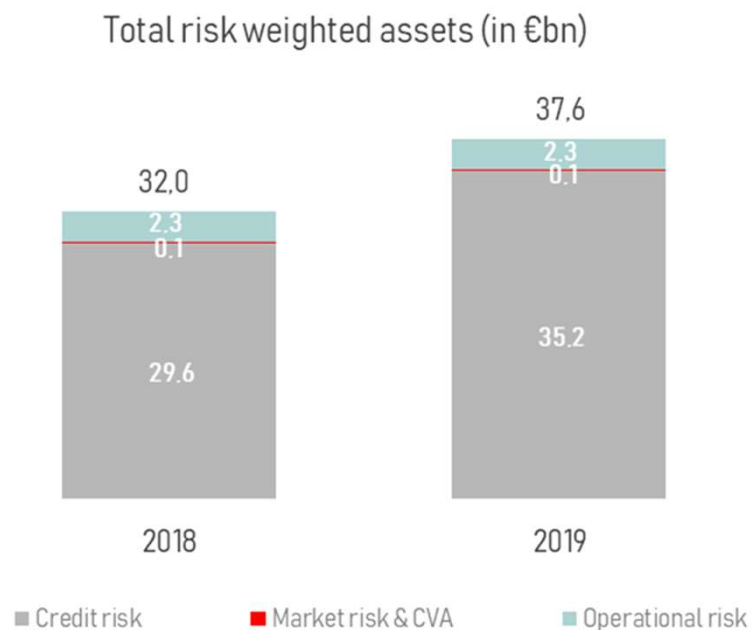
+ 16.8%

\* Net banking and insurance income including gains on disposal or dilution in investments in associates

▶▶▶ Balance sheet structure,  
solvency and liquidity

# Growing risk weighted assets

in line with outstanding loans



► A €5.6 bn increase driven by the growth of outstanding loans and the higher value of insurance subsidiaries accounted for by equity method

93% of risk weighted assets relate to **credit risk**, with :

- €6.7 bn from a standard approach
- €28.5 bn from an internal ratings-based approach

## Total capital requirements



► Higher capital requirements in line with the growth of credit risk exposures

# High solvency levels

## ► A strong balance sheet structure

- **Total assets of €157 bn** (+ 16.5% vs. 31/12/2018)
- **Shareholders' equity of €7.3 bn** (+ 9.6% vs. 31/12/2018)  
of which **€2.3 bn member shares** (+ 3.8% vs. 31/12/2018)
- **Regulatory capital of €8.1 bn** (+ 27.2% vs. 31/12/2018)

## ► Ratios significantly above regulatory requirements

	As at 31/12/2019	Regulatory requirements	Estimate post CMMC exit
<b>CET 1 ratio *</b>	<b>16.4%</b>	10% (excl. P2G)	16.5%
<b>Total capital ratio *</b>	<b>21.4%</b>	13.5% (excl. P2G)	21.6%
<b>Leverage ratio *</b>	<b>6.3%</b>	3%	6.5%

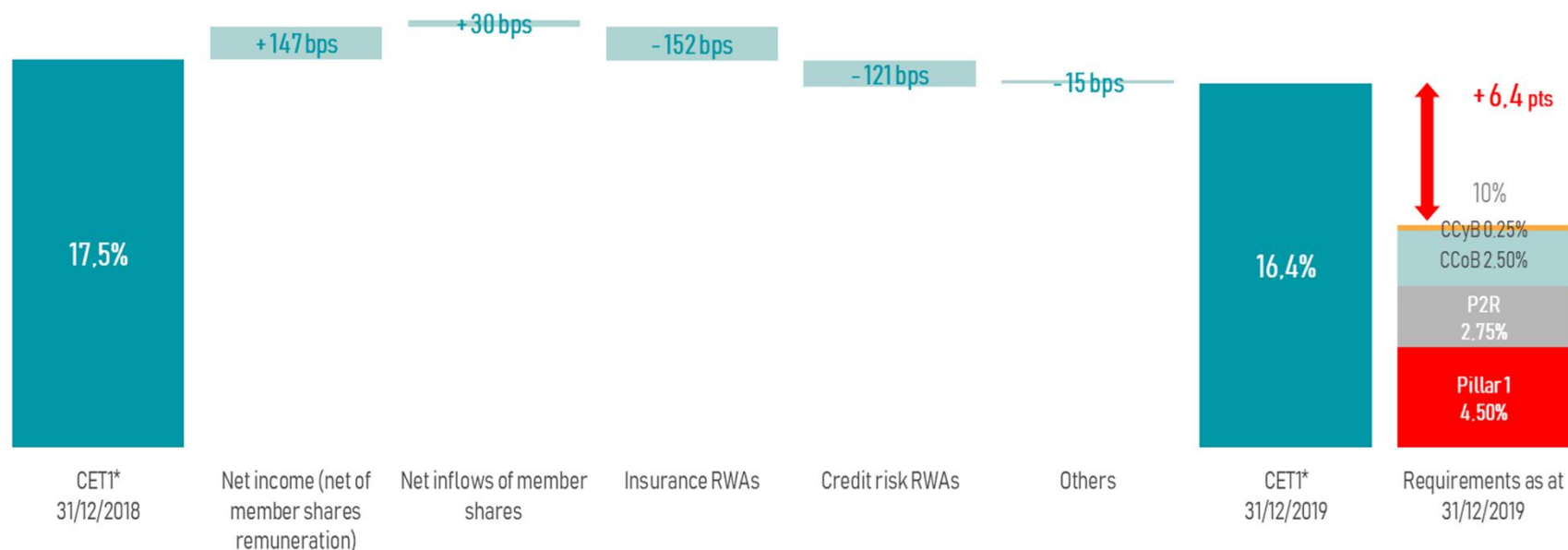
## ► The exit of CMMC on 1st January 2020 marginally impacts the group's solvency

In the context of the disaffiliation of CMMC from Crédit Mutuel Arkéa as a credit institution on 1st January 2020, solvency ratios as at 31st December 2019, which were filed with the ECB, include, as requested, a deduction for CMMC member shares due to be reimbursed, while keeping RWAs of CMMC on the ratio's denominator.

\* Solvency ratios excluding Irrevocable Payment Commitments (12 bp-negative impact on CET1 ratio). Leverage ratio taking into account automatically applicable provisions of the European Delegated Act, but excluding provisions subject to prior authorisation of the supervisor

# High solvency levels

A CET1 ratio\* significantly above regulatory requirements



► Crédit Mutuel Arkéa is not considered as a resolution entity on an individual basis by the Single Resolution Board (SRB). Therefore, the SRB has not notified Crédit Mutuel Arkéa of a minimum requirement for own funds and eligible liabilities ("MREL ratio")

\* Excl. Irrevocable Payment Commitments (12 bp-impact as at 31/12/2019)  
CCyB : Countercyclical Buffer  
CCoB : Capital Conservation Buffer

# Suravenir

Strong solvency and results at their highest

Solvency 2 ratio\*  
as at 31/12/2019

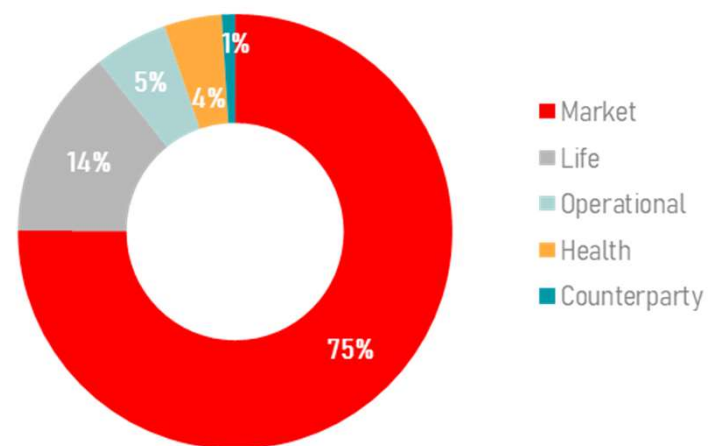
265%\*\*



More than €4.5 bn of regulatory capital vs. a requirement of €1.7 bn

86% of regulatory capital made of Tier 1 components

SCR distribution as at 31/12/2019  
(before diversification)



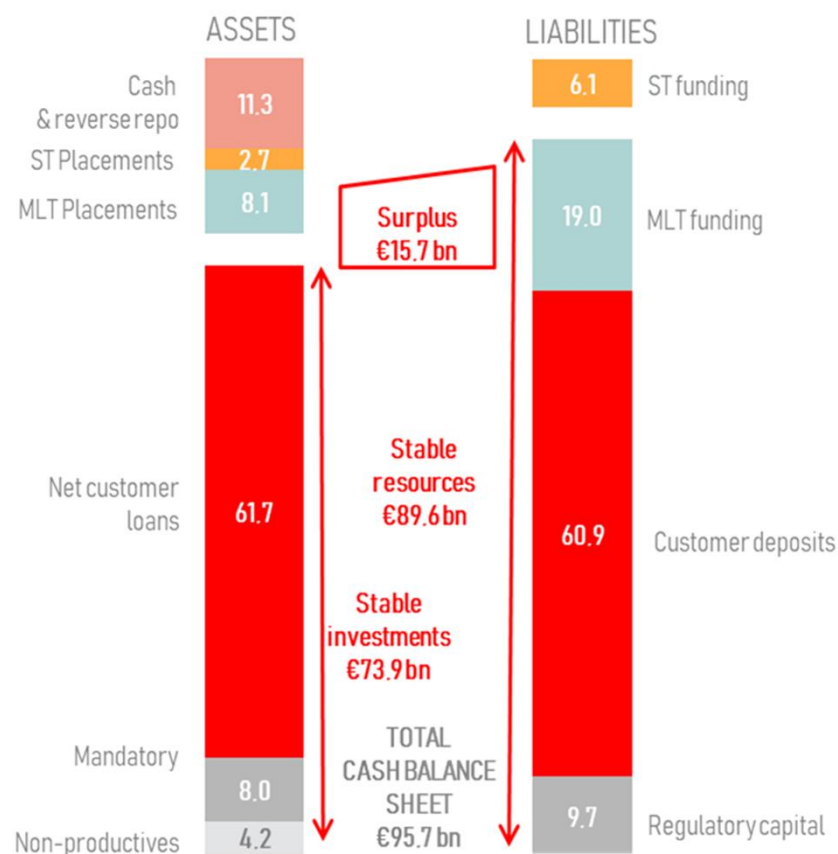
Suravenir's contribution to 2019 consolidated results  
at a highest historic level of €191 M (+ 17.7% vs. 2018)

\* Data from quarterly QRTs as at 31/12/2019 filed with ACPR

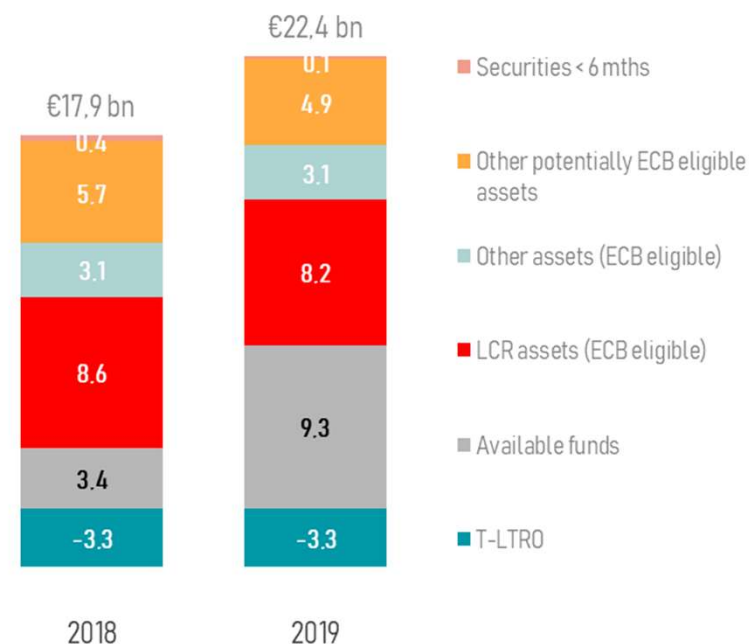
\*\* When excluding the Solvency 2 transitory measure on technical provisions, the SCR coverage ratio stands at 190%

# High liquidity levels

## ► Surplus MLT funding of €15.7 bn



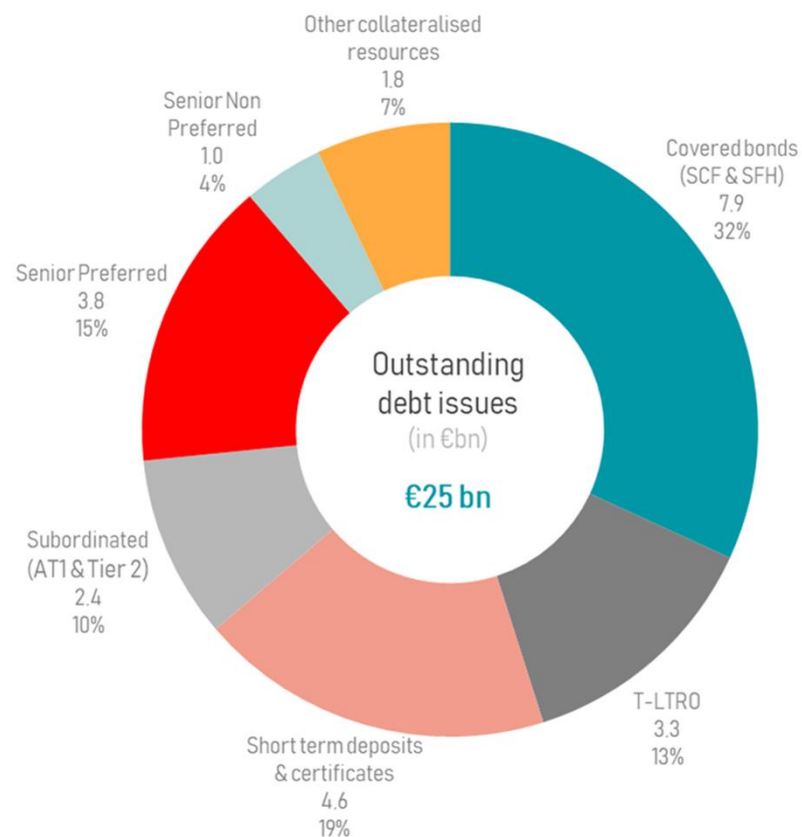
## ► Liquidity reserves of €22.4 bn



► 1-year market redemptions 2.1x covered by HQLAs and cash

A LCR of 146%

# A diversification of funding programmes



► Outstanding **Senior Preferred** debt with a maturity date > 1 year and outstanding **Senior Non Preferred** debt respectively account for **8.8%** and **2.8%** of total RWAs as at 31/12/2019

## ► 2019 Public bond issues

### Senior Preferred

6Y / MS + 110 bps

€500 M

10Y / MS + 75 bps

€500 M

9Y / MS + 70 bps

€500 M **Social Bond**

### Senior Non Preferred

7Y / MS + 145 bps

€500 M

### Tier 2

12Y / MS + 255 bps

€750 M

### Covered Bonds

**Home Loans** - 10Y / MS + 6 bps

€500 M

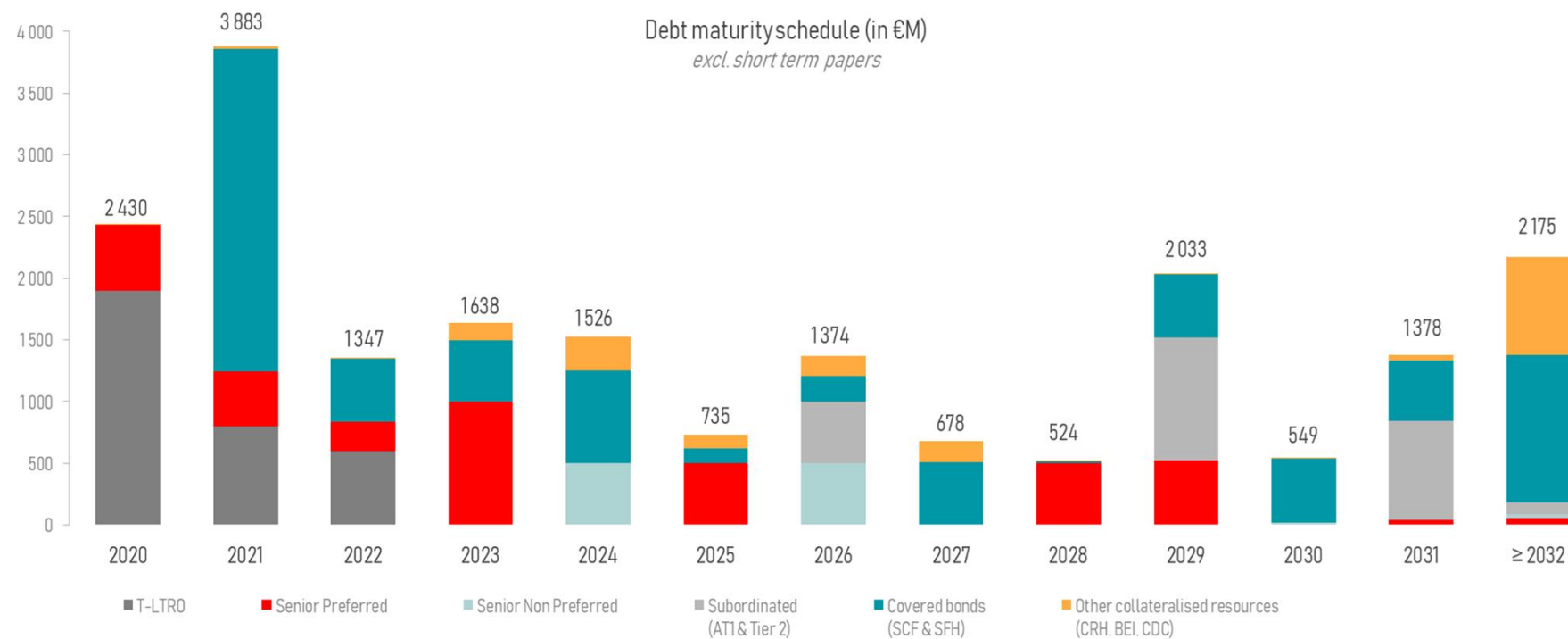
**Public Sector** - 10Y / MS + 4 bps

€500 M



# Long-term resources favoured

► Average residual maturity of 7 years



# Quality ratings

illustrating Arkéa's financial strength

MOODY'S  
INVESTORS SERVICE

Fitch  
Ratings

Long Term  
Senior Preferred debt

Aa3

A

Perspective

Negative

Stable

Short Term  
Senior Preferred debt

P-1

F1

Long Term  
Senior Non Preferred debt

Baa1

A-

Tier 2 Subordinated debt

Baa1

BBB+

# In summary

2019 : A reference year for new ambitions



- A **strong commercial dynamism**, with accelerated client acquisition in all banking and insurance businesses
- A **net income group share at a highest, reaching €511 M**
- A **robust financial structure** with ratios (solvency, liquidity, ...) well above regulatory requirements

# Outstanding results

serving our overall performance



Today, performance is global : financial and non-financial. One cannot only rely on financial indicators anymore



With new challenges being faced, new economic models must be devised, reconciling the economy, humanity and the environment.



Arkéa is in a position and has a responsibility to commit for this economy of tomorrow

# Appendix

Other financial information

# Simplified consolidated balance sheet

as at 31/12/2019

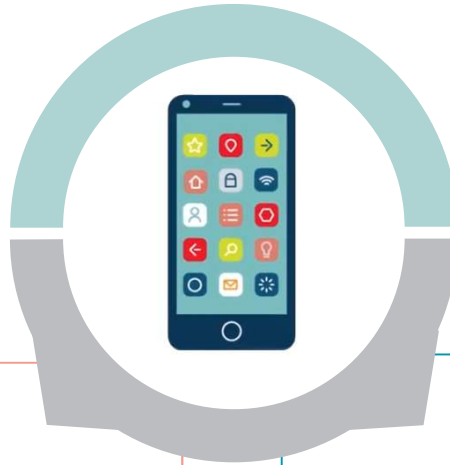
Assets (€M)	31/12/2019	31/12/2018	Liabilities (€M)	31/12/2019	31/12/2018
Cash, due from central banks	10 084	3 237	Financial liabilities at fair value	2 492	1 302
Financial assets at fair value through P&L	1 481	1 176	Due to banks	7 768	7 117
Derivatives used for hedging purposes	1 082	696	Customer accounts	61 700	54 555
Financial assets at fair value through equity	9 655	11 324	Debt securities	16 534	12 771
Securities at amortised cost	635	164	Tax & other liabilities, provisions	3 090	2 767
Loans and advances to banks	9 785	8 987	Insurance companies' technical reserves	55 708	48 033
Loans and advances to customers	62 445	55 575	Subordinated debt	2 498	1 667
Remeasurement adjustment on interest-rate risk hedged portfolios	791	299	Total equity	7 348	6 704
Placement of insurance activities	58 172	50 190	Share capital and reserves	2 353	2 266
Tax & other assets, equity method investments	1 500	1 887	Consolidated reserves	4 294	3 896
Investment property, property, plant & equipment, intangible assets	945	848	Gains and losses recognised directly in equity	190	104
Goodwill	567	538	Net income	511	437
			Minority interests	3	3
<b>Total assets</b>	<b>157 142</b>	<b>134 920</b>	<b>Total liabilities</b>	<b>157 142</b>	<b>134 920</b>

# Simplified income statement

## for the year ended 31/12/2019

€M	31/12/2019	31/12/2018	Variation	%
Net banking and insurance income including gains on disposal or dilution in investments in associates	2 303	2 146	+ 158	+ 7.3%
Operating expenses	1 579	1 514	+ 65	+ 4.3%
Cost/income ratio	68.5%	70.5%	-2 points	
Gross operating income	724	632	+ 92	+ 14.6%
Cost of risk	99	64	+ 35	+ 54.9%
Operating income	626	569	+ 57	+ 10.1%
Net income - group share	511	437	+ 73	+ 16.8%

# Contacts



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