

Annual results

## Fully mobilised to support its members and customers during the health crisis, Crédit Mutuel Arkéa confirms its solid fundamentals and the resilience of its original development model

*Brest, February 25, 2021* - The Board of Directors of Crédit Mutuel Arkéa today approved the financial statements for 2020. In an environment deeply marked by the economic and health crisis, Crédit Mutuel Arkéa posted solid results and a strong financial structure. The cooperative and regional banking group was particularly mobilized during this unprecedented year to support its members and customers through concrete and immediate measures, including a considerable strengthening of solidarity measures. Continuing on from a very fine 2019, with revenues\* at their highest level ever, the group once again posted a remarkable performance in 2020 in this exceptional context. It is continuing its growth trajectory and asserting its unique identity in the service of its stakeholders. In a world subject to unprecedented challenges, and on the strength of its convincing results, the company is confidently committed to its new strategic plan, Transitions 2024, to achieve a positive impact.

### Sustained commercial activity at the service of its members and customers in the context of the health crisis

Throughout this year deeply marked by a major economic and health crisis, the directors and employees of Crédit Mutuel Arkéa were mobilised to ensure the continuity of activities and banking and insurance services, and to support members and customers - individuals, professionals, businesses and associations - throughout its territories.

- **The portfolio of members and customers** grew by 4% to nearly 4.9 million. 190,000 new individual, professional, business and institutional clients (net new business) have chosen to place their trust in the local banking group. This client acquisition is mainly driven by online banking (Fortuneo and Keytrade), the personal assistant “Aumax pour moi” developed by the group, and the insurance business. It reflects the quality and attractiveness of the range of products and services designed and developed by Crédit Mutuel Arkéa. It is also an illustration of the relevance of the group's diversification strategy.

- **Gross outstanding loans** increased by 7.6% to €67.7bn, with production of €16.3bn, of which €1.8bn was in State Guaranteed Loans (PGE). The local networks of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Arkéa Banque Entreprises et Institutionnels were particularly mobilised throughout the year to support their business customers, and granted nearly 11,000 PGEs.  
To support members and customers facing cash flow difficulties due to the decline or total cessation of their activities during the health crisis, **61,000 business, real estate or consumer loans were also subject to maturity extensions** granted by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Arkéa Banque Entreprises et Institutionnels, Arkéa Banque Privée, Fortuneo, Financo, Arkéa Crédit Bail and CFCAL, **for an outstanding amount of €5.8 billion.**
- **Total outstanding savings** increased by 10.2% to €137.7 billion. This increase, which benefited all saving categories, was driven by **net inflows of €7.9 billion**. In particular, the Group posted positive net inflows in life insurance, in contrast to the net outflows observed in the French life insurance market in 2020. This performance is the result of the actions undertaken for many years in favor of unit-linked products, which allow clients to give meaning to their savings. Unit-linked policies will account for 56% of gross life insurance inflows in 2020, and 32% of total outstandings.
- **In property, life and health insurance, earned premiums in the portfolio increased by €17 million (+4%) to €441 million.** The share of distribution networks outside the Group, both physical and digital, increased again in 2020. They now represent 58% of new business premiums and 32% of earned premiums in portfolio (+2 points).

#### A resilient model driven by the diversification of income sources

- **The group's revenues\***, on a like-for-like basis and excluding remarkable non-recurring operations, were stable at over €2 billion for the fourth consecutive year. This demonstrates the relevance and resilience of Crédit Mutuel Arkéa's development model. They amounted to €2.16 billion. This excellent performance in this environment was driven by strong sales momentum and by the proceeds from the deconsolidation and revaluation of Fintech Younited shares invested by Crédit Mutuel Arkéa. Net interest margin and commissions increased, driven in particular by the growth in outstanding loans and the increase in stock market volumes (x1.6) achieved by customers during the lockdowns. The group benefited from its strategy of diversifying its revenue sources, with a 17% contribution from the BtoB and white label banking services division (€375 billion). Lastly, these revenues\*, which in 2019 included an exceptional capital gain of €194 million related to the disposal of the stake in the Primonial group, are suffering from the impact of the health crisis on the valuation of life insurance and private equity assets.
- **Net income group share** amounted to €356 million. It was impacted by a **cost of risk of €160 million, up 62%**, i.e. 23 basis points relative to outstanding customer commitments, including 13 basis points related to the provisioning of performing loans. This controlled increase in the cost of risk makes it possible to anticipate, in a prudent and reasoned manner, the expected economic effects of the Covid-19 crisis. It also results from the good quality of the credit portfolio and the group's limited exposure to sectors considered vulnerable.

## A robust financial structure with high solvency ratios

- **Total assets** increased by 7.8% compared with 31 December 2019, to €169 billion, with a gross loan-to-deposit ratio of 99%.
- **Group shareholders' equity** increased by 5.1% to €7.7 billion, of which €2.4 billion in member shares.
- **The Common Equity Tier One (CET1) solvency ratio** stands at 16.8%, more than 8 points above the requirements set by the European Central Bank (excluding P2G). With **the overall solvency ratio** at 21.6%, these two indicators are well above regulatory requirements.

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa, said: *"The quality of Crédit Mutuel Arkéa's results for 2020 once again illustrates the attractiveness and resilience of its cooperative and collaborative model in this unprecedented context, and is a source of pride in more ways than one. It is the result of the commitment of our employees, the group's diversity, the quality of its customer portfolio and the relationships we maintain on a daily basis with our members and customers. It is also a reflection of the attractiveness of our range of products and services that we offer to support everyone in their life projects. The group's dynamism is also illustrated by the more than 1,000 employees on permanent contracts who joined Crédit Mutuel Arkéa in 2020, at a time when the European banking sector is being hit by a massive wave of job cuts. These observations show that our unique model of agile, innovative and bold territorial banking makes sense. It is this model that we intend to promote and develop through our strategic plan that we have just unveiled. Transitions 2024 expresses the group's ambition to contribute to sustainable, ethical and inclusive finance and to be the agile financial partner for all its stakeholders in the transitions of the future".*

Anne Le Goff, Deputy Chief Executive Officer of Crédit Mutuel Arkéa, added: *"Crédit Mutuel Arkéa's results demonstrate the group's resilience in the turbulent period we have just gone through. Our solid fundamentals, high solvency ratios and sustainable growth trajectory are all assets that will enable us to pursue our development in our territories and pursue our own strategy, as we have always done. Throughout this very special year, all of the group's directors and employees have been fully committed, together, to their mission of accompanying and supporting our individual, professional and corporate members and customers. Their commitment and dedication, their sense of teamwork have made it possible to provide all those who needed it with attentive listening and concrete and immediate solutions, notably through the solidarity measures that we have particularly deployed in 2020. »*

### About Crédit Mutuel Arkéa

Crédit Mutuel Arkéa is made up of two regional federations representing two main French geographic zones (Brittany in the West and the South West) and their member local savings banks. Crédit Mutuel Arkéa also has a presence across Europe thanks to its corporate and online subsidiaries (Fortuneo, Monext, Financo, Arkéa Investment Services, Suravenir, CFCAL...). Crédit Mutuel Arkéa is entirely owned by its customer shareholders. Crédit Mutuel Arkéa employs nearly 11,000 people, counts 2,800 directors and has a total of 4.9 million customers. The bank has 169 billion euro in total assets. Crédit Mutuel Arkéa ranks among the leading banks with headquarters in the regions. A detailed presentation for the first half of 2020 is available on the group's website at the following address:

[https://www.arkea.com/banque/assurance/credit/mutuel/ecb\\_5037/en/investor-presentations](https://www.arkea.com/banque/assurance/credit/mutuel/ecb_5037/en/investor-presentations)

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



# FINANCIAL RESULTS

## CRÉDIT MUTUEL ARKEA



2020



# A 2020 context

strongly impacted by Covid-19

## A French economy struck by a historical recession

- A **drop in economic growth**
- European sovereign long-term rates reaching **historically low levels**
- A rise of the **unemployment** rate after a 5-year decrease
- A **record saving rate** of more than 20 %
- A **stable production of loans to individuals**
- Important **financing needs for corporates**

## An rapidly changing banking environment

- New **environmental, social and economical challenges**
- **Rapid and major changes in customer needs, expectations and ways of consuming**
- **New regulatory constraints**
- **New growth drivers to invest** in a persisting low interest rate environment

# The group's profile

## A **resilient and strong development model** in the health crisis context

- **Stable revenues\*** on a like-for-like basis and excluding remarkable non-recurring operations, at €2,158 M
- A **sustained commercial activity**, benefiting from the success of the group's diversification strategy
- A **strong financial structure**, with high ratios (solvency, liquidity,...) in comparison to regulatory requirements
- A **net income group share** of €356 M
- **Global impact of the crisis under control** thanks to the diversity of activities and the quality of the customer portfolio

## A **singular** identity within the French banking landscape

- A **intermediate size model**, cooperative and collaborative, **creating value for all its stakeholders**
- An **ethical and inclusive** company, showing **solidarity**, to **support transitions**
- An **innovative and open bank**, **at the heart of territories**
- A **modern, human and responsible view** of the bank of tomorrow

\* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.

# The engagement of the group

## in the health crisis context

Crédit Mutuel Arkéa has been fully engaged to **ensure the continuity of banking and insurance businesses and services, and to support members and clients** - individuals, professionals, corporates or institutions - impacted by the major economic consequences of the pandemia.

**61,000** deferrals of professional, home and consumer loan repayments, representing €5.8 bn<sup>(1)</sup> outstanding

**11,000** state guaranteed loans (PGE), for € 1.8 bn<sup>(2)</sup>

### Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest solidarity schemes

**2020 budget doubled to €4.18 M**

**More than 6,650 fragile clients supported :**

- **3,550 individuals** (donations, micro-loans, reversed expenses)
- **1,950 professionals** (support to companies, donations for creations or buy-outs), support to more than **2,500 jobs**
- **1,150 associations** struggling or supported for their charitable or environmental activities

**A €6.1 M contribution of insurance subsidiaries** to the SME/ very small business solidarity fund

**Reallocation of €2.4 M** of insurance premiums to impacted clients insured for their car, motorbike, home, or for life or health accidents :

- **8,200** individuals
- **1,300** professionals

**Frozen car insurance rates in 2021 :**  
190,000 insured clients concerned

(1) CMB, CMSO, Arkéa Banque Entreprises et Institutionnels, Arkéa Banque Privée, Fortuneo, Financo, Arkéa Crédit Bail, CFCAL.


(2) CMB, CMSO, Arkéa Banque Entreprises et Institutionnels.


# Main achievements

## in 2020



### Innovation & BtoB

**Crédit Mutuel Arkéa, first banking group** to experiment **QR-Code mobile payment via transfer initiation** for CMB professional clients, in partnership with  **budgetinsight**

**Re-investment** in  **YOMONI** a key player in on-line delegated savings management



Axa Banque becomes a **long term partner** of Crédit Mutuel Arkéa by outsourcing the management of part of its activities to ABS

**pumpkin** launches a **current account**

In partnership with Onepoint, Crédit Mutuel Arkéa will set up within the next 2 years an **IT site in Bordeaux**, in addition to the existing site in Brest.

The **Breizh Ma Bro** fund, dedicated to the development, support and economic recovery of Brittany, is awarded the



Crédit Mutuel Arkéa deploys its own **"instant payment" API** to corporate clients and financial institutions



# Main achievements

## in 2020

### Territories & CSR

**Investment in the NACI 1 fund**  
Nouvelle-Aquitaine Capital-Investissement 1

**Arkéa Capital  
and We Positive Invest investments**

  
FOUNTAINE PAJOT.

ANDJARO\* PIRIOU

**ASCOR**  
communication

*Symbiomer*

 **Airfan**  
The breath of performance

**Arkéa Banque Entreprises et Institutionnels**  
launched its first **impact loans**  
and implemented **dedicated operations to finance  
environmental transitions**

**Social Bond** **2<sup>nd</sup> social bond issue** - €750 M raised



**1<sup>st</sup> structured green bond issue** aimed at  
funding renewable projects

**First financings** from   
an endowment fund supporting territories and  
employment

 **europ  
assistance**

In partnership with Europ Assistance,  
Crédit Mutuel Arkéa adds **remote  
consultation** to the range of  
assistance services

# A resilient model

## Commercial development

Client portfolio  
**+ 4.0 %**  
 to 4.9 M

Gross outstanding loans  
**+ 7.6 %**  
 to €67.7 bn

Outstanding loans  
**+ 10.2 %**  
 to €137.7 bn

## Financial results

Revenues\*  
**€2,158 M**

Cost of risk  
**€160 M**  
 i.e. + 62.3 %

Net income group share  
**€356 M**

## Balance sheet structure, solvency & liquidity

Total assets  
**€169 bn**  
 ie. + 7.8%

CET1  
 Common  
 Equity Tier One ratio  
**16.8 %**

LCR  
 Liquidity Coverage Ratio  
**149 %**

## Non-financial indicators

**1,000+**  
 permanent recruitments  
 in 2020

**+ 27 %**  
 of 0%-loans  
 granted in 2020 and aiming at  
 improving energy efficiency

**€28 bn**  
 of assets managed  
 by Federal Finance Gestion  
 with ESG criteria  
 i.e. **95 %** of total AUMs

\* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method

# Income statement

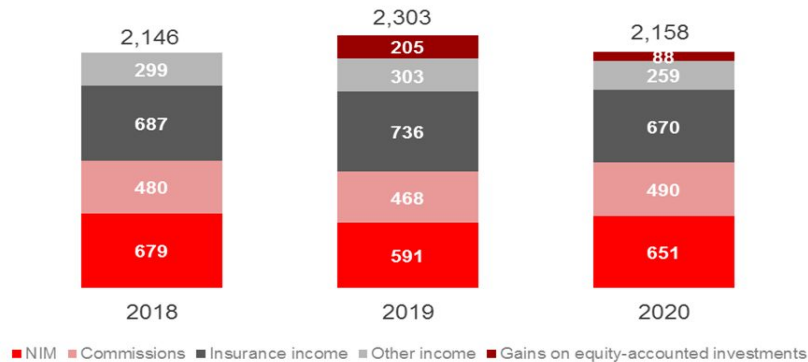
simplified for the year ended 31/12/2020

€M	31/12/2020	31/12/2019	Variation	%
Net banking and insurance income including gains on disposal or dilution of companies accounted for by the equity method	2158	2303	-146	-6.3%
Operating expenses	1493	1579	-86	-5.4%
<b>Cost/income ratio</b>	<b>69.2%</b>	<b>68.5%</b>	<b>+0.7 points</b>	
Gross operating income	665	724	-60	-8.3%
Cost of risk	160	99	+61	x1.6
Operating income	504	626	-121	-19.4%
<b>Net income - group share</b>	<b>356</b>	<b>511</b>	<b>-154</b>	<b>-30.2%</b>

# Stable revenues\*

on a like-for-like basis and excluding remarkable non-recurring operations

Evolution of revenues\* (in €M)



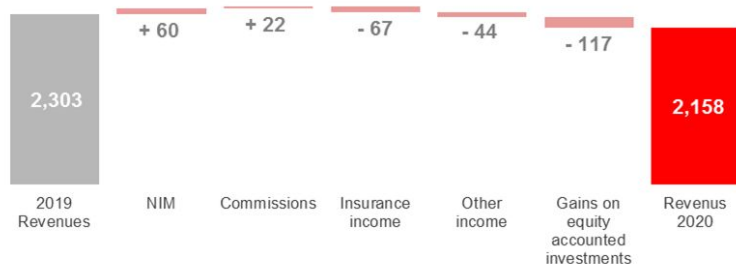
► **Net interest margin** increased with favourable volume effects on loans, coupled with a recovery on the provision for home saving products

**Commissions** are up, mainly in line with higher volumes of stock market transactions (x 1.6) carried out by clients during the lockdowns

**Net revenues of insurance activities** decreased, penalised by the effects of the Covid-19 crisis on the valuation of assets at fair value through P&L and by higher loan insurance provisions

**Other operating income is lower**, with adverse variations on securities at fair value through P&L (Covid-19 crisis), especially from private equity investments

Gains on **equity-accounted investments** decreased, with the remarkable Primonial transaction in 2019 (€194 M), and the favourable impact of the deconsolidation of Younited following the loss of significant influence in 2020 (€86 M)

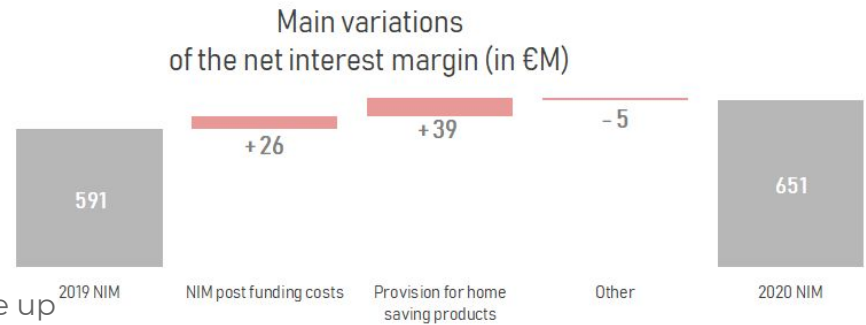


\* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method

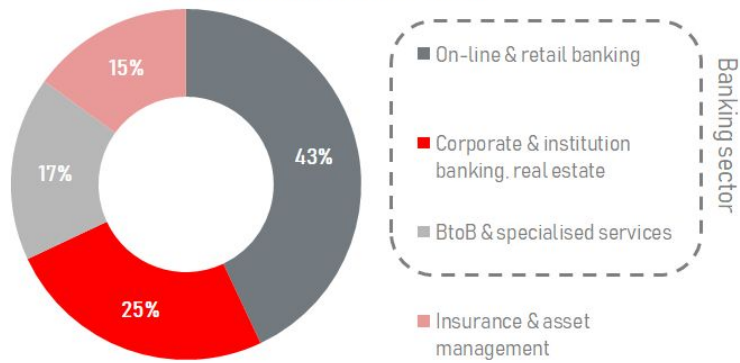
# A diversification of revenue\* sources

Major strategic directions resulting in revenue diversification, enabling Crédit Mutuel Arkéa to be less dependent to interest rate levels with a **net interest margin** (€651 M) making up **30% of revenues\* in 2020**

**Other income** (€259 M) and **insurance income** (€670 M) make up **43% of revenues\* in 2020**



Sectoral distribution of revenues\*

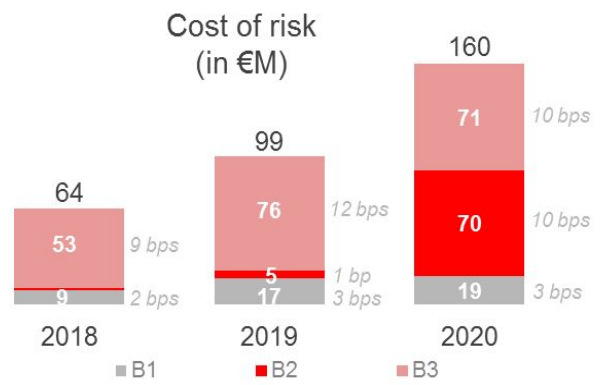


**B2B and B2B2C contribute to the growth of revenues\***

17% of Crédit Mutuel Arkéa revenues\* come from the development of the B2B & Specialised Services division (i.e. €375 M)

\* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method

# A cost of risk increased with the Covid-19 crisis



▶ A cost of risk strongly increased to €160 M (+62.3%), **representing 23 bps of balance sheet client exposures**

In 2020, this increase is explained by :

- a €4.8bn **growth of performing loans (B1/B2)** to €67bn (including €1.8bn of state-guaranteed loans)
- a €23M **decrease of impaired loans (B3)** to €1.4 bn

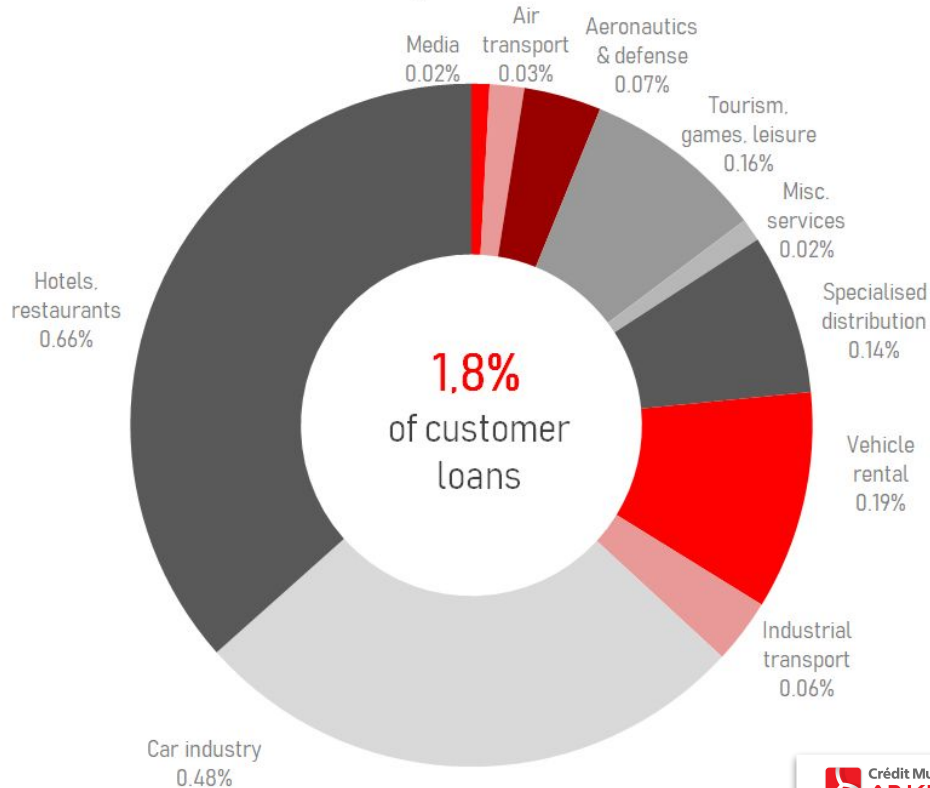
▶ In the context of provisioning for performing loans (buckets 1 & 2), Crédit Mutuel Arkéa has taken into account the **unique and brutal nature of the Covid-19 crisis** on the macro-economic environment :

- the **Forward looking** calibration has been reviewed, leading to a **€36 M** impact;
- **an additional provision** has been accounted for to anticipate an increase of defaults within the **business sectors identified as the most vulnerable** to the health crisis, with a **€17 M** impact

▶ Moreover, the annual updating of the probability of default (PD), CCF and loss given default (LGD) parameters has led to a **€21 M** increase of the cost of risk.

# A very limited exposure to sectors considered as vulnerable

Distribution of outstanding loans to vulnerable sectors



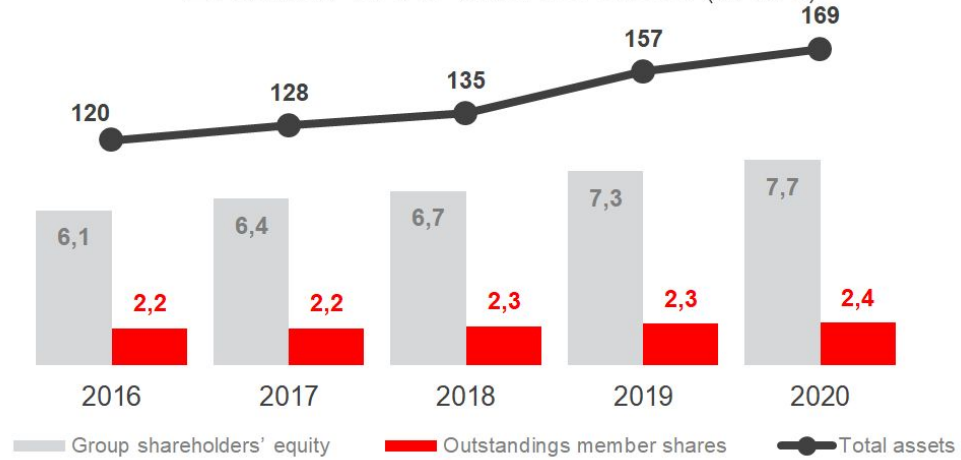
Less than 2% of outstanding customer loans have been granted to companies from a business sector considered as vulnerable to the economic effects of the Covid-19 health crisis

Several sectors have been hit by the crisis, such as activities related to the movement or gathering of people :

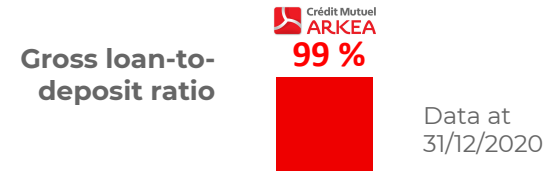
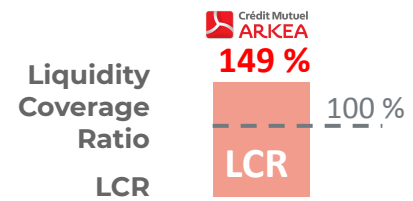
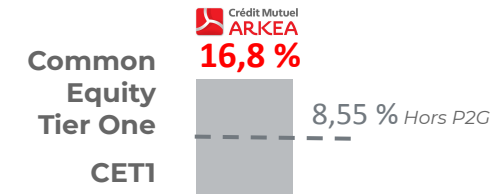
- **Hotels, Restaurants** (< 0.7% of outstanding customer loans) ;
- **Tourism, Games, Leisure** (< 0.2% of outstanding customer loans).

# A strong financial structure

Evolution of the balance sheet (in M€)



## Ratios well above regulatory requirements



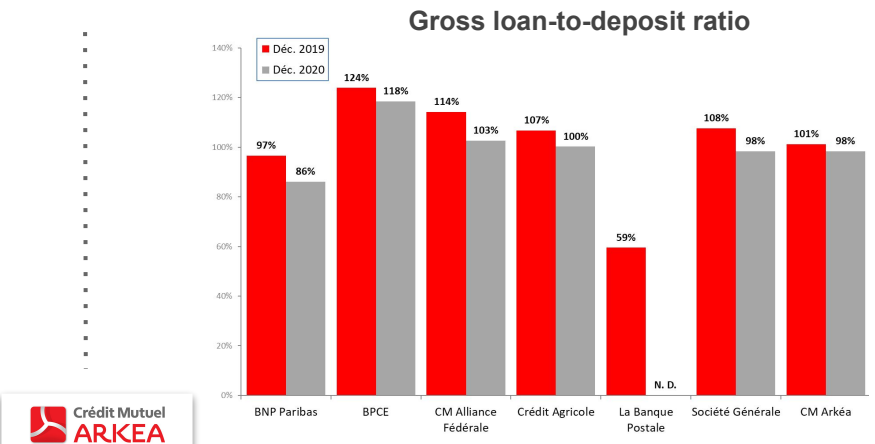
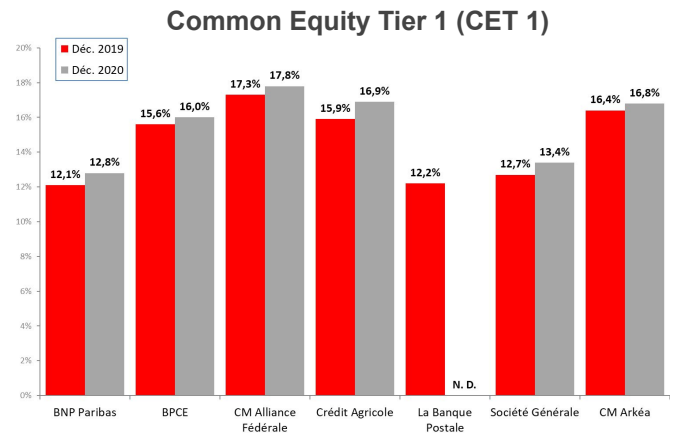
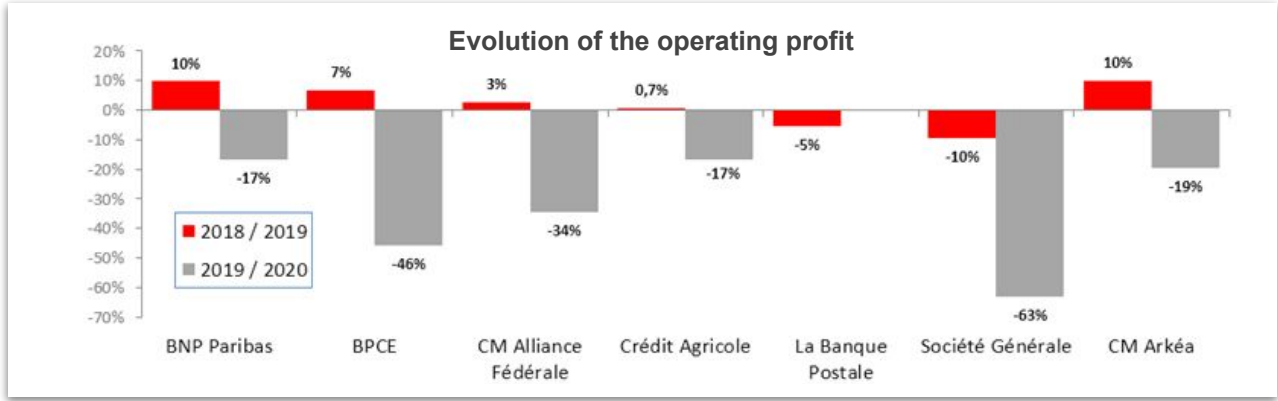
## A very solid balance sheet structure

- **Balance sheet total of €169bn** (+7.8% compared with 31/12/2019)
- **Group shareholders' equity €7.7 billion** (+5.1% compared to 31/12/2019), of which **€2.4 billion in member shares**



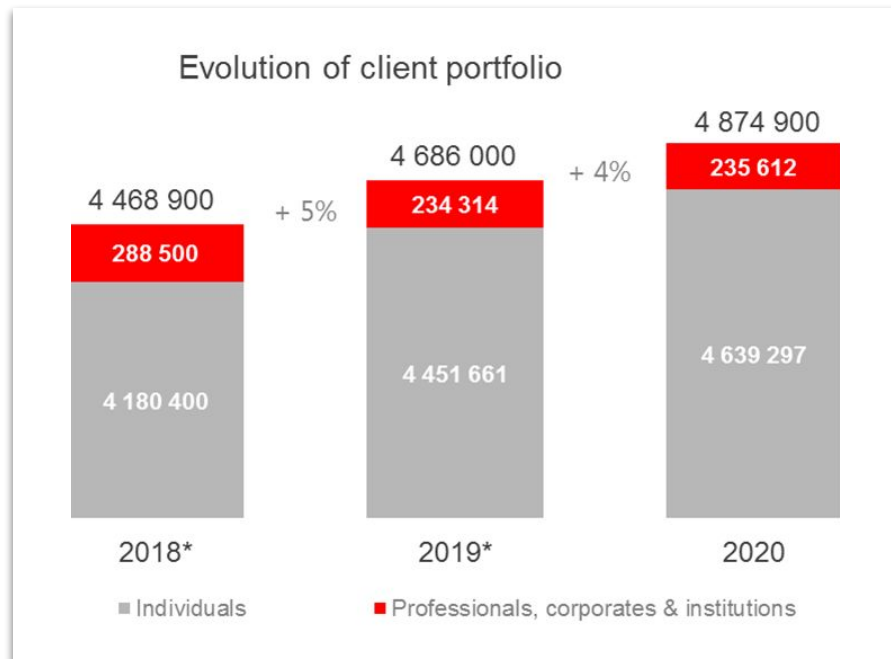
# Benchmark

of the 2020 results of French banks



# A client portfolio

increased by 4% to 4.9 million clients



## 190,000

new clients  
net acquisition

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

- **on-line banking** (+ 79,000 clients)
- the personal assistant **max** (+ 53,000 clients)
- **insurance** (+ 44,000 clients)

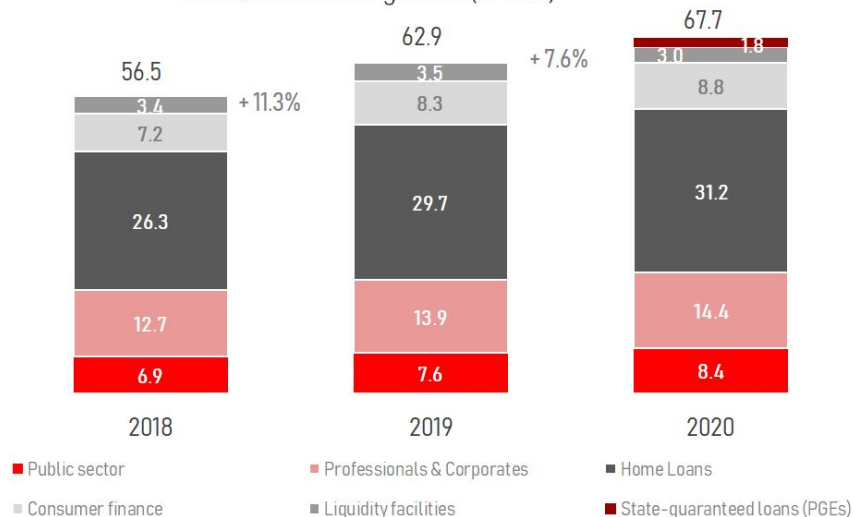
**A portfolio increased by 4% compared to 2019, to 4.9 million clients**

\*Restated portfolios following quality actions undertaken on dormant accounts

# Outstanding loans

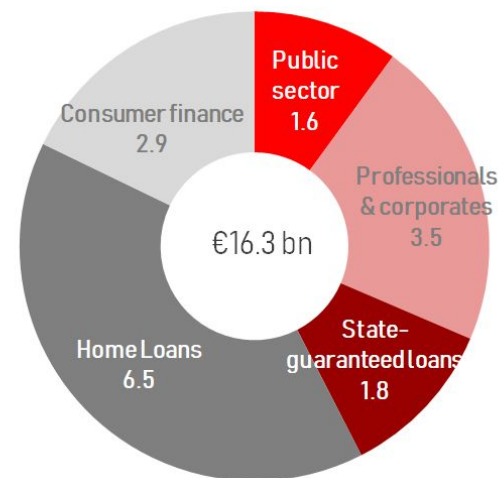
growing by 7.6% to €67.7 bn

Gross outstanding loans (in €bn)



▶ A **growth of outstanding loans** driven by a **€16.3 bn** production in 2020 (€16.1 bn in 2019) **with €1.8 bn of state-guaranteed loans (PGEs)**

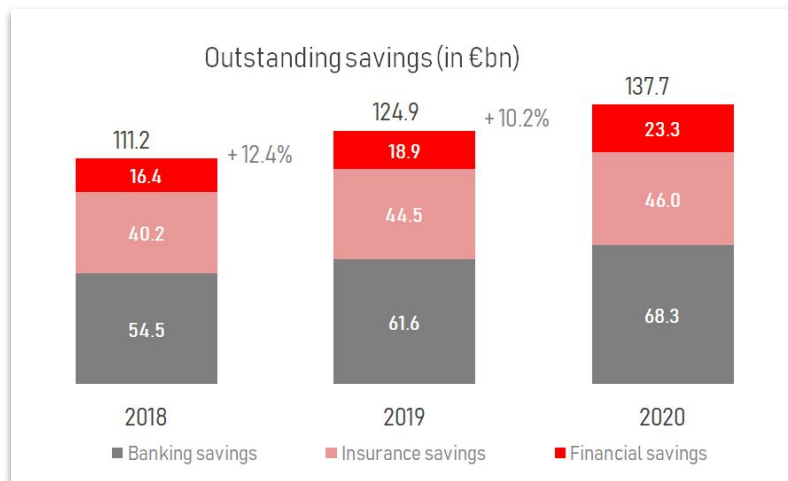
## A group that finances territories



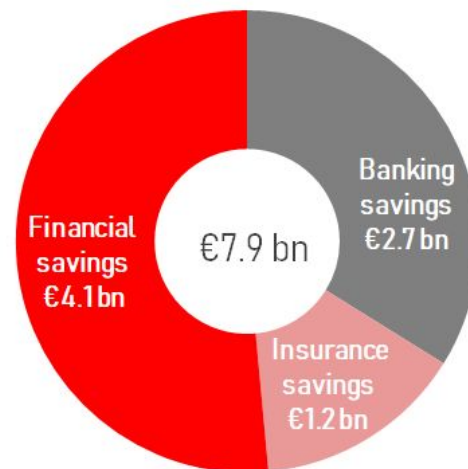
A very good performance of the local branches of CMB and CMSO as well as Arkéa Corporate and Institutional Banking

# Outstanding savings

up 10.2% to €137.7 bn



Outstanding savings of €137.7 bn, increased by 10.2% in comparison to end 2019, driven by **net inflows of €7.9 bn** :



Evolution of outstanding savings (in €bn)

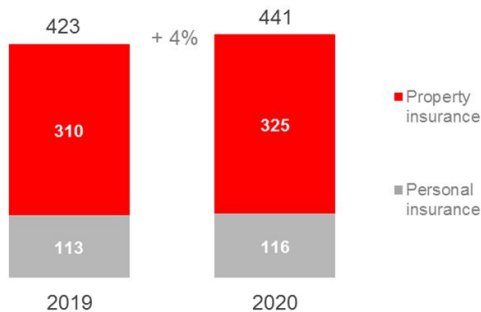


**Positive net inflows in life insurance**

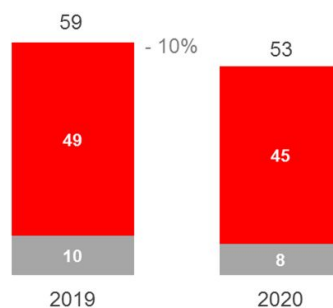
# Insurance activities

## growing earned premiums

Earned premiums on existing policies (in €M)



New business premiums (in €M)



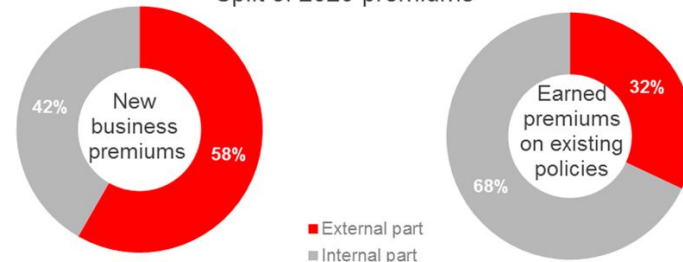
**Earned premiums on existing policies growing** by €17 M vs. 2019

**New business premiums down** by €5.8 M vs. 2019, affected by the lockdown period

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

- 58 % of new business premiums (+ 2 points vs. 2019)
- 32 % of earned premiums on existing policies (+ 2 points vs. 2019)

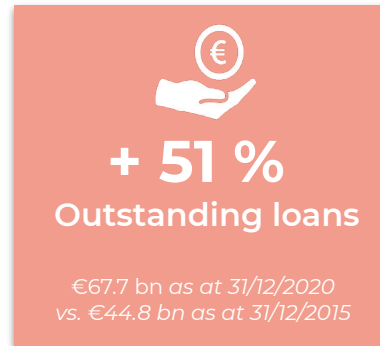
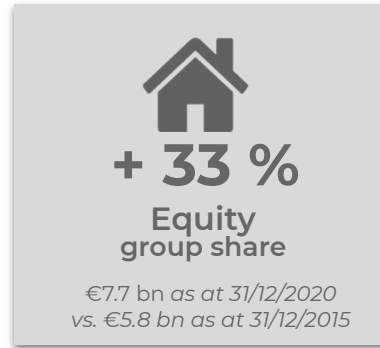
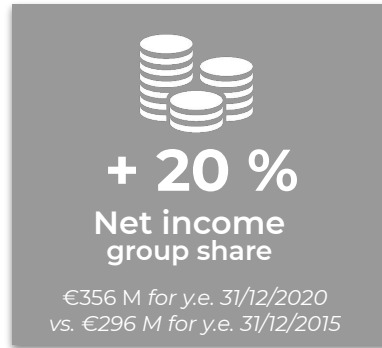
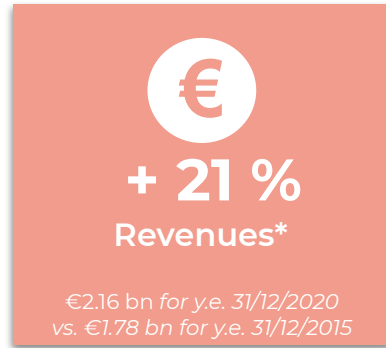
Split of 2020 premiums



# The group's growth path

## over the period of the Arkéa 2020 strategic plan

“ The group has *sped up its development* compared to competitors, while diversifying its revenues. ”



\* Net banking & insurance income including gains and losses on disposal or dilution of companies accounted for by the equity method.



# THE NEW STRATEGIC PLAN TRANSITIONS 2024

# The strategic plan

## Transitions 2024

This strategic plan was unanimously adopted by the Board of Directors on 28th January 2021.

“

"Transitions 2024 is the expression of our profound conviction that **value creation is not only financial**, and that it is our responsibility to accompany all our clients and territories in their environmental and societal transition"

”

It is the **concrete implementation of commitments from the group's Raison d'être**, worded in 2019, adopted during May 2020's General meeting and the results of 9 months of **collective and collaborative work** from hundreds of local directors, employees, clients and partners.

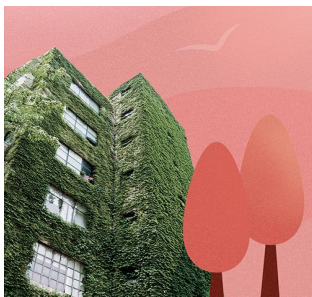
The group positions itself as the **agile financial partner for the transitions of the future**. It aims at strengthening **its positive impact** and **its overall performance**, financial and non-financial



# The strategic plan

## Transitions 2024

The new strategic plan is structured into **4 strategic areas**, which are priorities for action to direct our business model.



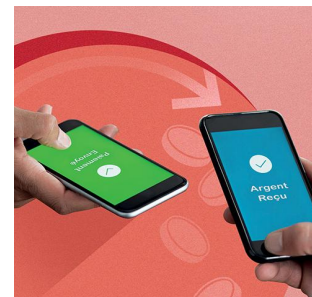
**Enrich our positive impact range of products and services**



**Support the responsible development of territories**



**Personalise customer experience**



**Develop our partnership model**

These strategic areas are supported by **5 execution levers**

- |   |          |   |          |  |
|---|----------|---|----------|--|
| Promote our cooperative model                       | <b>1</b> | : | <b>4</b> | Offer a singular experience to employees and local directors |
| Set an example with our own actions and transitions | <b>2</b> | : |          |  |
| Improve collective efficiency                       | <b>3</b> | : | <b>5</b> | Value an open innovation approach                            |

# APPENDIX



# The group's presence

404

outlets in Brittany and the South-West

20

regional business centres for Arkéa Banque Entreprises et Institutionnels

7

regional offices for Arkéa Capital

8

regional branches for Financo

8

regional branches for Arkéa Investment Services



**A regional base and activities across Europe...**

...with Leetchi and Mangopay (United Kingdom, Germany, Spain and Luxembourg), ProCapital (Belgium), Keytrade Bank (Belgium, and Luxembourg) and Monext (presence in 25 countries)

- CMB\* & CMSO\* networks
- Subsidiaries offices

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



# The group's activities

Retail banking for individuals and professionals

Retail banking dedicated to the corporate and institutional market

Insurance and asset management

Subsidiaries dedicated to BtoB

Non-banking activities

4.9 M clients  
o/w 1.46 M members

2,700 local directors  
in 295 local savings banks

nearly  
11,000 employees

# Avertissement

This presentation has been prepared and is distributed by Crédit Mutuel Arkéa for information purposes only.

This presentation may contain projections, forecasts, estimates and other forward-looking statements. By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there is the possibility that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

In any case, any reference to past performance is not necessarily indicative of future results.

The consolidated financial statements for the year ended December 31, 2021 were approved by the Board of Directors of the Company on February 3, 2021 and are currently being 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 and losses on disposal or dilution of companies accounted for by the equity method.



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