# Consolidated financial statements for the year ended December 31, 2020
# Non audited consolidated financial statements

## Balance sheet
(in € thousands)

| Assets | Notes | 12.31.2020 | 12.31.2019 |
|---|---|---|---|
| Cash, due from central banks | 1 | 12,901,851 | 10,083,885 |
| Financial assets at fair value through profit or loss | 2 | 1,476,283 | 1,480,688 |
| Derivatives used for hedging purposes | 3 | 1,128,825 | 1,082,121 |
| Financial assets at fair value through equity | 4 | 11,922,563 | 9,654,975 |
| Securities at amortized cost | 5 | 640,787 | 635,489 |
| Loans and receivables - credit institutions, at amortized cost | 1 | 14,791,362 | 9,785,387 |
| Loans and receivables - customers, at amortized cost | 6 | 67,250,857 | 62,444,613 |
| Remeasurement adjustement on interest-rate risk hedged portfolios | | 933,849 | 790,682 |
| Placement of insurance activities | 7 | 55,304,242 | 58,172,448 |
| Current tax assets | 8 | 174,300 | 240,252 |
| Deferred tax assets | 9 | 145,059 | 144,962 |
| Accruals, prepayments and sundry assets | 10 | 951,587 | 911,703 |
| Non-current assets held for sale | 27 | 94,958 | 5,336 |
| Deferred profit-sharing | | 0 | 0 |
| Investments in associates | 11 | 167,698 | 197,630 |
| Investment property | 12 | 127,487 | 144,215 |
| Property, plant and equipment | 13 | 336,643 | 343,158 |
| Intangible assets | 14 | 477,403 | 457,604 |
| Goodwill | 15 | 550,017 | 566,776 |
| **TOTAL ASSETS** | | **169,375,771** | **157,141,925** |

| Liabilities | Notes | 12.31.2020 | 12.31.2019 |
|---|---|---|---|
| Due to central banks | 16 | 0 | 0 |
| Financial liabilities at fair value through profit or loss | 17 | 1,362,942 | 1,173,150 |
| Derivatives used for hedging purposes | 3 | 1,208,376 | 1,043,663 |
| Debt securities | 18 | 19,348,474 | 16,533,888 |
| Due to banks | 16 | 12,579,835 | 7,767,767 |
| Liabilities to customers | 19 | 68,361,123 | 61,700,260 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | | 228,384 | 274,938 |
| Current tax liabilities | 8 | 135,727 | 84,580 |
| Deferred tax liabilities | 9 | 169,681 | 151,241 |
| Accruals, deferred income and sundry liabilities | 20 | 2,393,952 | 2,323,013 |
| Liabilities associated with non-current assets held for sale | 27 | 94,028 | 0 |
| Insurance companies' technical reserves | 21 | 52,736,780 | 55,708,402 |
| Provisions | 22 | 479,730 | 531,286 |
| Subordinated debt | 23 | 2,547,739 | 2,498,059 |
| **Total equity** | | **7,729,000** | **7,351,679** |
| Shareholders' equity, group share | | 7,725,770 | 7,348,433 |
| Share capital and additional paid-in capital | 24 | 2,378,428 | 2,353,416 |
| Consolidated reserves | 24 | 4,793,563 | 4,294,471 |
| Gains and losses recognized directly in equity | 25 | 197,537 | 189,810 |
| Net income for the year | | 356,241 | 510,737 |
| Non-controlling interests | | 3,230 | 3,246 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **169,375,771** | **157,141,925** |

# Consolidated financial statements for the year ended December 31, 2020

## Income statement

(in € thousand)

| Income statement | Notes | 12.31.2020 | 12.31.2019 |
|---|---|---|---|
| Interest and similar income (1) | 30 | 1,805,157 | 1,821,128 |
| Interest and similar expense (1) | 30 | (1,154,498) | (1,230,230) |
| Commission income | 31 | 647,475 | 618,714 |
| Commission expense | 31 | (157,009) | (150,640) |
| Net gain (loss) on financial instruments at fair value through profit or loss | 32 | 10,341 | 70,728 |
| Net gain (loss) on financial instruments at fair value through equity | 33 | 16,178 | 39,025 |
| Net gain (loss) on derecognition of financial instruments at amortized cost | 34 | 320 | 0 |
| Net income from insurance activities | 35 | 669,555 | 736,205 |
| Income from other activities | 36 | 299,086 | 261,032 |
| Expense from other activities | 36 | (66,778) | (67,686) |
| **NET BANKING INCOME** | | **2,069,827** | **2,098,276** |
| Gains (losses) on disposal - dilution in investments in associates | 37 | 87,696 | 205,071 |
| **NET BANKING INCOME including gains (losses) on disposal - dilution in investments in associates** | | **2,157,523** | **2,303,347** |
| General operating expenses | 38 | (1,353,257) | (1,445,910) |
| Depreciation, amortization and impairment of property, plant and equipment and intangible assets | 39 | (139,761) | (132,950) |
| **GROSS OPERATING INCOME** | | **664,505** | **724,487** |
| Cost of credit risk | 40 | (160,071) | (98,650) |
| **OPERATING INCOME** | | **504,434** | **625,837** |
| Share in net income of equity-accounted associates and joint ventures | 11 | 1,106 | (1,837) |
| Gains (losses) on other assets | 41 | (1,953) | 18,512 |
| Changes in goodwill | | (10,974) | 0 |
| **PRE-TAX INCOME** | | **492,613** | **642,512** |
| Income tax | 42 | (136,346) | (131,683) |
| Net income (loss) from discontinued operations | | 0 | 0 |
| **NET INCOME** | | **356,267** | **510,829** |
| O/w non-controlling interests | | 26 | 92 |
| **NET INCOME - GROUP SHARE** | | **356,241** | **510,737** |

(1) The interest calculated using the effective interest rate method for instruments valued at fair value through OCI or at amortized cost is presented in note 30.

| Statement of net income and gains and losses recognized directly in equity | Notes | 12.31.2020 | 12.31.2019 |
|---|---|---|---|
| **Net income** | | **356,267** | **510,829** |
| Revaluation of financial assets at fair value through recyclable equity (net of taxes) | | 26,401 | (1,406) |
| Revaluation of available-for-sale financial assets (net of taxes) | | 20,960 | 71,294 |
| Revaluation of derivatives used to hedge recyclable items (net of taxes) | | 1,040 | 397 |
| Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) | | 368 | (16) |
| **Items to be recycled to profit or loss** | | **48,769** | **70,269** |
| Actuarial gains (losses) on defined benefit plans (net of taxes) | | (3,269) | (38,582) |
| Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes) | | (18,298) | (5,546) |
| Revaluation of equity instruments at fair value through equity (net of taxes) (1) | | (6,564) | 51,839 |
| Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss | | (12,912) | 7,470 |
| **Items not to be recycled to profit or loss** | | **(41,043)** | **15,181** |
| **Total gains and losses recognized directly in equity** | | **7,726** | **85,450** |
| **NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY** | | **363,993** | **596,279** |
| of which group share | | 363,968 | 596,174 |
| of which non-controlling interests | | 25 | 105 |

(1) of which the impact of the transfer to reserves of non-recyclable items for €(22,816,000).

## CHANGES IN SHAREHOLDERS' EQUITY

(in € thousands)

| | Share capital and reserves | Consolidated reserves | Total gains and losses recognized directly in equity | Net income attributable to equity holders of the parent | Shareholders' equity, group share | Non-controlling interests in equity | Total equity |
|---|---|---|---|---|---|---|---|
| **Position at January 1, 2019** | **2,266,390** | **3,896,396** | **104,373** | **437,288** | **6,704,447** | **3,153** | **6,707,600** |
| Capital increase/reduction | 87,026 | | | | 87,026 | | 87,026 |
| Cancellation of treasury shares | | | | | - | | 0 |
| Issuance of preferred shares | | | | | - | | 0 |
| Equity components of hybrid instruments | | | | | - | | 0 |
| Equity components whose payment is share-based | | | | | - | | 0 |
| Allocation of the previous year income | | 437,288 | | (437,288) | - | | 0 |
| Dividend paid in 2019 in respect of 2018 | | (39,505) | | | (39,505) | (4) | (39,509) |
| Change in equity interests in subsidiaries with no loss of control | | | | | 0 | | 0 |
| **Subtotal of changes involving transactions with shareholders** | **2,353,416** | **4,294,179** | **104,373** | **0** | **6,751,968** | **3,149** | **6,755,117** |
| Changes in gains and losses recognized directly in equity | | (60) | 85,437 | | 85,377 | 13 | 85,390 |
| 2019 net income | | | | 510,737 | 510,737 | 92 | 510,829 |
| **Subtotal** | **2,353,416** | **4,294,119** | **189,810** | **510,737** | **7,348,082** | **3,254** | **7,351,336** |
| Impact of acquisitions and disposals on non-controlling interests | | | | | 0 | | 0 |
| Share of changes in shareholders' equity from investments in associates and joint ventures | | (2,383) | | | (2,383) | | (2,383) |
| Change in accounting methods | | 7,500 | | | 7,500 | | 7,500 |
| Other changes | | (4,765) | | | (4,766) | (8) | (4,774) |
| **Position at December 31, 2019** | **2,353,416** | **4,294,471** | **189,810** | **510,737** | **7,348,433** | **3,246** | **7,351,679** |
| Capital increase | 125,942 | | | | 125,942 | | 125,942 |
| Cancellation of treasury shares | | | | | 0 | | 0 |
| Issuance of preferred shares | | | | | 0 | | 0 |
| Equity components of hybrid instruments | | | | | 0 | | 0 |
| Equity components whose payment is share-based | | | | | 0 | | 0 |
| Allocation of the previous year's income | | 510,737 | | (510,737) | 0 | | 0 |
| Dividend paid in 2020 in respect of 2019 | | (37,010) | | | (37,010) | (5) | (37,015) |
| Change in equity interests in subsidiaries with no loss of control | | | | | 0 | | 0 |
| **Subtotal of changes involving transactions with shareholders** | **2,479,358** | **4,768,198** | **189,810** | **0** | **7,437,366** | **3,241** | **7,440,607** |
| Changes in gains and losses recognized directly in equity | | 21,935 | 4,856 | | 26,791 | (43) | 26,748 |
| 2020 net income | | | | 356,241 | 356,241 | 26 | 356,267 |
| **Subtotal** | **2,479,358** | **4,790,133** | **194,666** | **356,241** | **7,820,398** | **3,224** | **7,823,622** |
| Impact of acquisitions and disposals on non-controlling interests | (100,930) | 9,527 | 2,871 | | (88,532) | | (88,532) |
| Share of changes in shareholders' equity from investments in associates and joint ventures | | (1,703) | | | (1,703) | | (1,703) |
| Change in accounting methods | | | | | 0 | | 0 |
| Other changes | | (4,393) | | | (4,393) | 6 | (4,387) |
| **Position at December 31, 2020** | **2,378,428** | **4,793,564** | **197,537** | **356,241** | **7,725,770** | **3,230** | **7,729,000** |

## Net cash flow statement

(in € thousands)

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | 356,267 | 510,829 |
| Tax | 136,346 | 131,683 |
| **Pre-tax income** | **492,613** | **642,512** |
| Depreciation and amortization of property, plant and equipment and intangible assets | 138,537 | 135,189 |
| Impairment of goodwill and other non-current assets | 10,762 | (2,796) |
| Net additions to depreciations | 104,616 | 196,454 |
| Share of income (loss) from investments in associates | (3,197) | 992 |
| Net loss (gain) from investing activities | (114,900) | (207,415) |
| (Income)/expense from financing activities | 0 | 0 |
| Other changes | 1,184,103 | 4,881,808 |
| **Total non-cash items included in net income and other adjustments** | **1,319,921** | **5,004,232** |
| Interbank transactions | 484,361 | (1,654,361) |
| Transactions with customers | 2,179,644 | 688,115 |
| Transactions involving other financial assets/liabilities | 2,432,313 | (5,176,357) |
| Transactions involving other non-financial assets/liabilities | (4,161,240) | 2,802,486 |
| Dividends from investments in associates | 2,538 | 866 |
| Taxes paid | (22,421) | (159,666) |
| **Net decrease/(increase) in operating assets and liabilities** | **915,195** | **(3,498,917)** |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | **2,727,729** | **2,147,828** |
| | | |
| **Cash flows from investing activities** | | |
| Financial assets and investments | 136,251 | (264,669) |
| Investment property | 40,851 | (45,416) |
| Property, plant and equipment and intangible assets | (130,534) | (154,169) |
| Other | 0 | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | **46,568** | **(464,254)** |
| | | |
| **Cash flows from financing activities** | | |
| Cash flows from/to shareholders | 92,999 | 72,518 |
| Other cash flows from financing activities | 1,347,958 | 3,607,500 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | **1,440,957** | **3,680,018** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **4,215,254** | **5,363,592** |
| Cash flows from operating activities | 2,727,729 | 2,147,828 |
| Cash flows from investing activities | 46,568 | (464,254) |
| Cash flows from financing activities | 1,440,957 | 3,680,018 |
| | | |
| **Cash and cash equivalents, beginning of the year** | **9,195,374** | **3,831,782** |
| Cash, central banks (assets & liabilities) | 10,083,885 | 3,236,588 |
| Deposits (assets and liabilities) and demand loans with credit institutions | (888,511) | 595,194 |
| **Cash and cash equivalents, end of the year** | **13,211,933** | **9,195,374** |
| Cash, central banks (assets & liabilities) (Notes 1 and 16) | 12,901,851 | 10,083,885 |
| Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 16 and 21b) | 310,082 | (888,511) |
| **CHANGE IN NET CASH AND CASH EQUIVALENTS** | **4,016,559** | **5,363,592** |

The cash flow statement is presented using the indirect method.

Net cash and cash equivalents includes cash, debit and credit balances with central banks and demand debit and credit sight balances with banks.

Changes in cash flow from operations record the cash flow generated by the group's activities, including such flows arising from negotiable debt securities.

Changes in cash from financing activities include changes related to shareholders' equity and subordinated debt.

## Notes

## Consolidated financial statements for the year ended December 31, 2020

## HIGHLIGHTS OF THE YEAR

Crédit Mutuel Arkéa worked tirelessly throughout 2020 to serve all customers affected by the COVID-19 crisis. It has become apparent that the effects of the crisis on economic activity are largely correlated to the types of business sectors.

Crédit Mutuel Arkéa's diversified model, its close ties to local areas and its customers, and its financial soundness all put it at an advantage when dealing with the current crisis.

Revenues fell 6% to €2.158 billion from the all-time high posted for the year ended December 31, 2019, which included the €194 million capital gain on the sale of Primonial.

Operating expenses were kept under control at €1.493 billion, down 5% on the December 31, 2019 figure.

In an uncertain environment, a prudent impairment policy was introduced for the credit portfolio, which continued to be of a high standard: at €160 million, cost of risk rose by €61 million, or 62%, year on year.

After noting the value-in-use of its subsidiary Pumpkin and its equity interest in Finansemble, Crédit Mutuel Arkéa recognized goodwill impairment of €11 million and €1.4 million, respectively, at December 31, 2020.

These impairment charges have had no impact on the group's solvency ratios, which remain high.

In 2020, the changes in consolidation scope were as follows:

- The federation, the regional bank, and the local banks of Crédit Mutuel Massif Central were deconsolidated on January 1, 2020. This had the following impacts: -€89 million on group equity, -€1.451 billion on customer loans, and -€1.180 billion on amounts due to customers.
- In the second quarter of 2020, Crédit Mutuel Arkéa ceased to have significant influence over Younited. Pursuant to IAS 28, Younited, which was previously consolidated using the equity method, was deconsolidated. The transaction recognized under “Gains (losses) on disposal - dilution in investments in associates” generated a gain of €86 million.
- The Linxo divestment process that began in late 2019 was completed in the first half of 2020 and the company was subsequently deconsolidated.
- Crédit Mutuel Arkéa continued and confirmed the process of divesting the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank, earmarked for the first half of 2021. Stratéo’s contribution to the consolidated financial statements for the year ended December 31, 2020 has been recognized in accordance with IFRS 5.

## COVID-19 INFORMATION

The information specific to Covid-19 health crisis is presented pages 6 and 7.

## ACCOUNTING STANDARDS APPLIED

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its summary consolidated financial statements for the period ending December 31, 2020 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

At December 31, 2020, the group applied the standards in force as at January 1, 2020 and adopted by the European Union. The group chose to forgo early application of other standards and interpretations adopted by the European Union whose application was optional in 2020.

The group has elected to publish its Annual Financial Report 2020 using the European Single Electronic Format (ESEF) as defined by the European Delegated Regulation 2019/815amended by the Delegated Regulation 2020/1989.

Amendment to IAS 1 and IAS 8

The aim of this amendment is to clarify the definition of "materiality" and to align the definition used in the Conceptual Framework and the standards themselves. According to this amendment, information is material (i.e., relatively significant) if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Amendment to IFRS 3

The aim is to clarify the accounting treatment of the acquisition of an interest in a joint operation (vs. acquisition of an asset, which is recognized under the standard applicable to it, for example IFRS 9). Only joint ventures, and not joint operations, apply to the group.

These amendments have little or no material impacts for the group.

**Health crisis related to COVID-19**

The Crédit Mutuel Arkéa group is fully committed to confronting the COVID-19 health crisis. As a credit institution, it is offering its full support at the local level to business and corporate customers that may be experiencing difficulties, particularly small and medium-sized companies.

1. COVID-19 support measures

The group is participating in the government's economic support program. It offers government-backed loans to help its business and corporate customers maintain their cash flow. This form of financing is a 12-months bullet loans which includes a deferred repayment clause over a period of one to five years. At the end of the first 12 months period, the beneficiary of the government-backed loan may set a new time period to the government-backed loan (with a limit of 6 years in total) and its repayment periods. The loan is first offered at an interest rate of 0% plus the cost of the government guarantee (charged through a fee paid by the customer).
These loans, which are held to collect cash flows and meet the "basic loan" criterion, are recognized at amortized cost using the interest rate method. At the initial recognition date, they are recognized at their nominal value, which is representative of the fair value.

At December 31, 2020, government-guaranteed loans distributed by the Crédit Mutuel Arkéa group totaled €1.8 billion on the balance sheet, with guarantees totaling €1.6 billion.

The measurement of expected credit losses on these loans factors in the effect of the government guarantee (implemented by Bpifrance) in the amount of 70% to 90% of the principal and interest outstanding. At December 31, 2020, the impairment amount of these loans was immaterial.

The Crédit Mutuel Arkéa group is taking concrete measures to support companies and individuals. It has offered loan repayment deferrals, mainly to companies, for up to six months (suspension of interest payments and/or deferral of principal repayment), with no penalties.

In particular, the repayment deferral measures were granted across the board without specific lending conditions. They are part of a financial scheme initiated by French banks, in accordance with the EBA's "Guidelines on payment moratoria".

These measures are not necessarily an indicator of a significant increase in the credit risk of the financial assets in question or of reclassification as restructured (forborne) assets.
However, transfer to bucket 2 or 3 may occur in accordance with the group's rules.

At December 31, 2020, the cash flow losses relating to loans benefiting from these support measures were immaterial. Accordingly, from an accounting perspective, these moratoria were not considered as substantial changes in the contractual cash flows of the loans to which they were applied, and therefore did not result in the derecognition of the loans. Outstanding loans subject to payment extensions amounted to €5.8 billion. For 94.9% of these outstandings, customers resumed payments in accordance with their repayment schedule. The schedules are still on hold for the remaining 5.1%.

2. Calculation of expected credit losses

In this context characterized by a novel degradation of the activity, provoked by the pandemic, combined to equally novel support measures, the Crédit Mutuel Arkéa group has implemented the necessary adaptations to its credit risk detection and measurement system, in order to take into account the characteristics and potential effects of the crisis.

The Crédit Mutuel Arkéa group considered the publications issued by the IASB (International Accounting Standards Board), the ECB (European Central Bank), the EBA (European Banking Authority) and the ESMA (European Securities and Markets Authority) for the calculation of expected credit losses.

It exercises judgment in recognizing expected credit losses in the special context of the COVID-19 crisis.

With respect to provisions for credit loss , the Crédit Mutuel Arkéa group took into account the unprecedented and brutal effect of the COVID-19 crisis on the macroeconomic environment. When confronting data from the financial sector (analysis by credit insurance companies, rating agencies and institutional investors) to the Crédit Mutuel Arkéa studies, the group anticipates a widespread financial crisis with a much stronger impact for companies of certain economic sectors. In this context, the Crédit Mutuel Arkea implemented developments around four main axes :

- The group changed the weightings of its forward-looking scenarios in 2020. At December 31, 2019, the pessimistic scenario was weighted at 60% and the neutral scenario at 40%. At June 30, 2020, the pessimistic scenario was weighted at 70% and the neutral scenario at 30%. At December 31, 2020, the pessimistic scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1%. As a result of these adjustments, the overall impact was -€36 million at December 31, 2020.

- The pessimistic scenario was also changed: the group now uses a method in which the probability of default is the higher of the observed default rate plus the maximum variation in the consecutive default rates over the historical observation period, and the maximum default rate over the historical observation period. Previously, the probability of default used by the group was the observed default rate plus the maximum variation in the consecutive default rates over the historical observation period.

- Thirldy, the group changed the way economic sectors are analyzed. All NACE codes were examined in light of the effects of the pandemic on the different economic sectors and government measures to support the economy. On completion of this examination, carried out based on expert opinion, 59 sectors were selected. They were divided into three groups, depending on the degree to which they had been affected by the two waves of the epidemic. The outstanding loans in the selected sectors were essentially transferred to bucket 2 and a minimum provisioning rate was set and applied for each group. The provisioning rate is set in accordance with the Banque de France publications on the impact of the crisis by sector.

The selected sectors are subject to specific monitoring based on two elements:

  - An expert element with the formation of an ad hoc committee in charge of providing an economic view of the business sectors and of expressing opinions to justify the entry or exit of vulnerable sectors,
  - A quantitative element with monthly monitoring of internal indicators such as the rate of performing loans past due by more than 30 days out of the total performing loans.

The impact of changes implemented in the economic sectors analysis is estimated at -€17 million.

- Lastly, the loss given default (LGD) of certain portfolios has been adjusted in order to better take into account the effets of Covid-19 crisis, in particular within its specialized subsidiaries (CFCAL, Financo and Arkéa Crédit Bail).

Alongside this, the probability of default (PD), credit conversion factor (CCF) and loss given default (LGD) parameters were updated in keeping with the group's customary annual revision practices, resulting in a €21 million increase in the cost of risk.

The Crédit Mutuel Arkéa group made no other changes. The effects of all the developments implemented sum up to a €74 million increase in the cost of risk.

Information regarding risk management is provided in the section entitled “Risk factors”.

3. Targeted longer-term refinancing operations - TLTRO III

Since September 2019, the TLTRO III program has enabled banks to benefit from seven new refinancing tranches, each with a maturity of three years, at an interest rate that varies depending on the period.
The TLTRO III amount that Crédit Mutuel Arkéa can borrow depends on the percentage of outstanding loans granted to non-financial companies and households at the end of February 2019.

The TLTRO III interest rate is set according to market conditions defined by the ECB and banks may benefit from a lower rate (the “special interest rate”) depending on their lending performance.
The rate is equal to the ECB’s deposit facility rate (DFR) if the volume of loans granted between March 1, 2020 and March 31, 2021 is at least stable. If this is not the case, the TLTRO III rate will range between the interest rate on the ECB’s main refinancing operations (MRO) and the DFR, subject to a stable or increasing volume of loans granted between April 1, 2019 and March 31, 2021. Otherwise, it will be equal to the MRO rate.

In the context of the health crisis, the ECB has relaxed the conditions of these refinancing operations twice to support the distribution of loans to households and businesses.
Banks' borrowing capacity has been increased to 50% of eligible outstanding loans (from 30% previously) and the availability of the early repayment option on each operation has been shortened to 12 months.
An “additional special interest rate” has been introduced for the period from June 2020 to June 2021, resulting in a 50bp reduction in the TLTRO III interest rate.

At December 31, 2020, Crédit Mutuel Arkéa participated in TLTRO III refinancing operations in the amount of €9 billion. This involved variable-rate financial instruments recognized at amortized cost.

The effective interest rate on these operations has been calculated based on the refinancing rate that the Crédit Mutuel Arkéa group will secure based on the hypothesis of satisfying the lending performance threshold set by the ECB for the period from March 1, 2020 to March 31, 2021; it takes into account the spreading of the “special interest rate” over the term of the operation and the spreading of the 0.50% “additional special interest rate” over one year.

4. Amendment to IFRS 16 – COVID-19-Related Rent Concessions

This amendment, adopted by the IASB at the end of May, introduces a simplification measure for lessees benefiting from a reduction in rents in the context of the COVID-19 crisis.

It exempts lessees from accounting for COVID-19-related rent concessions as if they were not lease modifications, if the following conditions have been met:

- the rent concessions are substantially identical or lower than the rents provided for in the initial contract;
- the reduction in rent payments relates only to payments due until June 30, 2021;
- there are no material changes to the other terms and conditions of the contract.

If the lessee opts for this exemption, the rent reduction will generally be accounted for as a negative variable payment, not taken into account in the initial measurement of the liability.

Crédit Mutuel Arkéa group is not affected by these provisions.

## MAIN STANDARDS NOT YET ADOPTED BY THE EUROPEAN UNION

**IFRS 17 Insurance Contracts**

Date and methods of first-time application

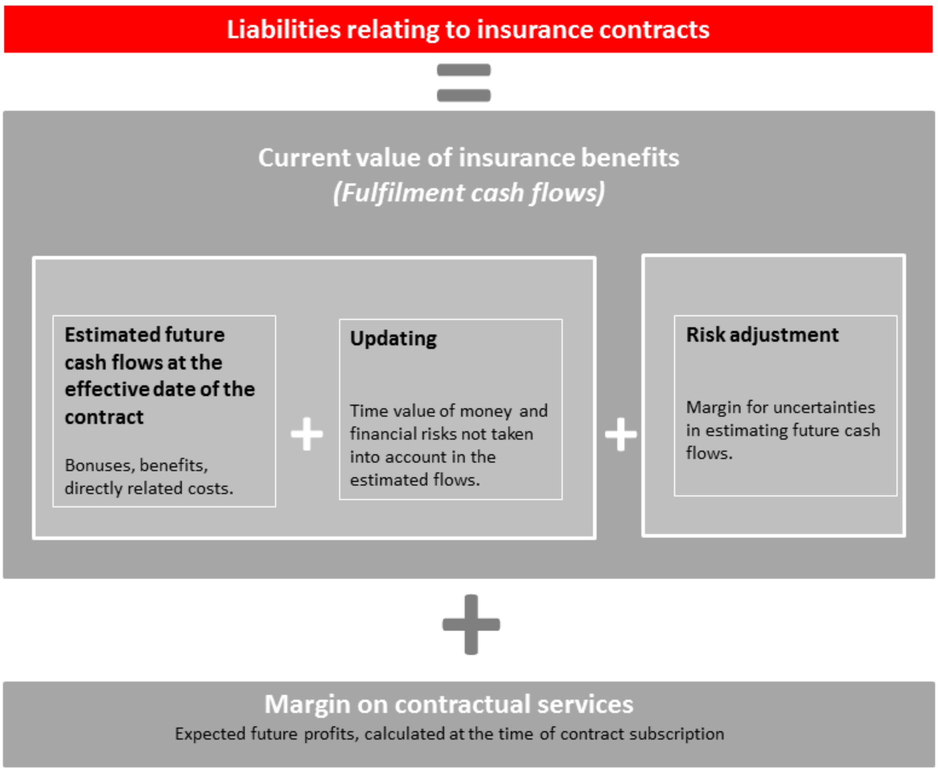
On May 18, 2017, the IFRS Foundation published the new IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 Insurance Contracts published in 2004. Under IFRS 4, companies were allowed to continue using national accounting rules for insurance contracts, which resulted in a large number of different approaches, making it difficult for investors to compare the financial performance of companies.
IFRS 17 offers a solution to the comparison problems created by IFRS 4 by requiring all insurance contracts to be recognized in a standardized manner.

The IASB has examined some of the implementation issues raised by various stakeholders since the publication of IFRS 17 and will determine whether it is necessary to amend IFRS 17. In addition, on June 26, 2019 the IASB published an exposure draft containing a number of amendments to IFRS 17 "Insurance Contracts". The aim of the amendments is to facilitate implementation of the standard. The date of application, originally planned for 2021, was pushed back to January 1, 2023 through an amendment adopted on June 25, 2020.

Accounting policies under IFRS 17

IFRS 17 defines the new rules for the recognition, measurement and presentation of insurance contracts that fall within its scope (insurance contracts, reinsurance contracts and financial contracts with a discretionary profit-sharing component). The technical provisions currently recognized on the liability side of the balance sheet will be replaced by a valuation of the insurance contracts at current value.

The general model used to evaluate contracts shown as liabilities will be based on the aggregation of three components using a building blocks approach: discounted future cash flows, a risk margin and a margin on contractual services.




Positive margins on contractual services will be recognized progressively in profit or loss over the duration of the insurance service. In the case of loss-making contracts, the loss corresponding to the net cash outflow for the group of contracts must be recognized in profit or loss upon subscription.
This general model will apply by default to all insurance contracts.

However, IFRS 17 also provides for an adjustment of the general model for direct profit-sharing contracts. This adapted model, known as the ‘Variable Fee Approach’, will allow the obligation to return to policyholders a substantial portion of the return on the underlying assets net of policy charges to be reflected in the valuation of the insurance liability (the changes in the value of the underlying assets accruing to policyholders being neutralized in the margin on contractual services).

The standard also makes it possible, subject to conditions, to apply a simplified approach known as the “premium allocation approach” to contracts with a term of 12 months or less or if the application of the simplified approach gives a result close to the general model.

These valuation models for insurance liabilities will have to be applied to portfolios of similar insurance policies, the granularity of which will be determined by combining three areas:

- aggregation of contracts exposed to similar risks and managed together,
- a breakdown of policies by year of underwriting, and
- upon initial recognition, a distinction is made between loss-making contracts, contracts for which there is no significant possibility of subsequently becoming loss-making, and other contracts.

The standard requires a more detailed level of granularity in the calculations since it requires estimates per group of contracts.

IFRS 17 project

Despite the uncertainties still surrounding the standard (date of application, actions underway to change certain positions, exposure draft published on June 26, 2019), the CM Arkéa group's insurance entities have set up project structures to keep up with the changes resulting from the standard and continued their preparatory work throughout 2020: assessment and documentation of choices related to standards, modeling, adaptation of systems and organizations, production of accounts and changeover strategy, financial communication and change management.

The standards adopted by the European Union are available on the European Commission’s website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr

# ACCOUNTING PRINCIPLES AND VALUATION METHODS

The group has applied IFRS 9 since January 1, 2018 for the recognition of financial instruments for its banking activity. The insurance business continues to apply IAS 39 following the adoption of the temporary exemption from applying IFRS 9, as provided for by the amendment to IFRS 4.

To take advantage of this deferral, the following conditions must be met:

- no transfer of financial instruments between the insurance segment and the conglomerate's other segments (with the exception of financial instruments at fair value through profit or loss for both segments involved in the transfer),
- indication of the insurance entities deferring application of IFRS 9,
- the provision of additional information in notes presenting the insurance activities separately from the banking activities.

In compliance with the conditions listed above, the group entities that are deferring application of IFRS 9 are Suravenir and Suravenir Assurances.

The accounting principles and valuation rules applied to assets and liabilities arising from the issuance of insurance policies are established in accordance with IFRS 4.

Excepting the cases described above, the other assets held and liabilities issued by insurance companies follow the rules common to all of the group's assets and liabilities.

## *Accounting principles for the banking business*

IFRS 9 sets out different classification rules for equity instruments (shares or other variable-income securities) and for debt instruments (bonds, loans or other fixed-income securities).

To determine the accounting category of debt instruments (debt securities, loans and receivables), the following two criteria must be analyzed:

- The business model that summarizes the way in which the entity manages its financial assets in order to generate cash flows: "Collection of cash flows", "Collection of cash flows and sale" or "Other";
- Characteristics of cash flows that will be "SPPI – Solely payments of principal and interest" if they are cash flows from a basic loan and, more specifically, if "the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding".

➢ Business models

The business model represents the way in which instruments are managed in order to generate cash flows and revenue. It is based on observable facts and not simply on management's intention. It is not assessed at the entity level, or on an instrument-by-instrument basis, but rather at a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at inception and may be reassessed in the case of a change in model.

To determine the model, all the available information must be observed, including:

- the way in which the business's performance is reported to decision-makers,
- the way in which managers are compensated,
- the frequency, schedule and volumes of sales in previous periods,
- the reasons for the sales,
- future sales forecasts,
- the way in which risk is assessed.

Under the hold-to-collect model, certain examples of authorized sales are explicitly indicated in the standard:

- in relation to an increase in credit risk,
- close to maturity.

These "authorized" sales are not included in the analysis of the significant and frequent nature of the sales carried out on a portfolio. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.
For other sales, thresholds have been defined based on the maturity of the securities portfolio (the group does not sell its loans).

The group has mainly developed a model based on the collection of contractual cash flows from financial assets, which applies in particular to the customer financing activities.

It also manages financial assets according to a model based on the collection of contractual cash flows from financial assets and on the sale of these assets. Within the group, the contractual cash flow collection and sale model applies primarily to the cash management and liquidity portfolio management activities.

- Cash flow characteristics

The contractual cash flows, which represent only repayments of principal and payments of interest on the principal balance, are compatible with a so-called basic agreement.
In a basic agreement, interest mainly represents consideration for the time value of money (including in case of negative interest) and credit risk. Interest may also include liquidity risk, administrative fees to manage the asset and a profit margin.

All the contractual clauses must be analyzed, including those that could change the repayment schedule or the amount of the contractual cash flows. The option under the agreement, on the part of the borrower or the lender, to repay the financial instrument early is compatible with the SPPI (Solely Payments of Principal and Interest) nature of the contractual cash flows insofar as the amount repaid essentially represents the principal balance and related receivables and, where applicable, a reasonable compensatory payment.

An analysis of the contractual cash flows may also require comparing them with those of a benchmark instrument when the time value of money component included in the interest can be changed as a result of the instrument's contractual clauses. This is the case, for example, if the interest rate of the financial instrument is revised periodically, but there is no correlation between the frequency of the revisions and the term for which the interest rate is defined (monthly revision of a one-year rate, for example), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the undiscounted contractual cash flows of the financial asset and those of the benchmark instrument is or may become significant, the financial asset cannot be considered basic.

Depending on the case, the analysis is either qualitative or quantitative. The materiality or immateriality of the difference is assessed for each fiscal year, and cumulatively over the life of the instrument. The quantitative analysis takes into account a set of reasonably possible scenarios.

### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss consist mainly of debt securities (fixed- or variable-income) and loans to credit institutions and customers:

- held for trading ("Resale" business model); or
- related to the application of the option made available under IFRS 9 to designate a financial instrument at fair value through profit or loss if doing so eliminates or significantly reduces an accounting treatment inconsistency; or
- whose cash flows do not correspond to those of a basic loan ("non-SPPI" cash flows); UCI (undertaking for collective investment) and mutual fund instruments will be recognized as such.

By default, shares will also be recognized at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognized at fair value excluding acquisition costs and including accrued dividends.
The accrued or earned income from fixed-income securities is recognized in the income statement under the heading “interest and similar income” according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognized in the income statement under the heading “Net gain (loss) on financial instruments at fair value through profit and loss.”
Changes in fair value during the period, at the reporting date, as well as capital gains or losses on assets in this category are also recognized in "Net gain (loss) on financial instruments at fair value through profit or loss".
No impairment is recognized on the assets at fair value through profit or loss, since the counterparty risk is included in the market value (fair value).

### *Derivative financial instruments used for trading and hedging purposes – assets and liabilities*

In accordance with the option offered by IFRS 9 pending the finalization and adoption of the standard's macro hedging component, the Crédit Mutuel Arkéa group has decided not to adopt the Hedging component of IFRS 9 and continues to apply all the provisions of IAS 39 with regard to hedging.
However, the additional disclosures on hedging required by amended IFRS 7 are presented as of January 1, 2018.

Unless they qualify for hedge accounting, derivative financial instruments are by default classified as trading instruments.

The group deals mainly in simple derivative instruments (swaps, vanilla options), particularly interest-rate instruments and classified in level 2 of the fair value hierarchy.

Derivatives are covered by master netting agreements, which make it possible to net winning and losing positions in case of counterparty default. The group negotiates ISDA-type (International Swaps and Derivatives Association) master agreements for each derivative transaction.
However, these derivatives are not netted on the balance sheet, in accordance with IAS 32.
Through these collateralization agreements, the group receives or disburses only cash as guarantees.

IFRS 13 allows for the recognition of own credit risk when valuing derivative financial liabilities (debt value adjustment – DVA) and the measurement of counterparty risk in the fair value of derivative financial assets (credit value adjustment – CVA).

The group calculates the CVA and DVA on derivative instruments for each counterparty to which it is exposed.

The CVA is calculated on the basis of the group's expected positive exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the counterparty's probability of default (PD) and by the loss given default (LGD) rate. DVA is calculated on the basis of the group's expected negative exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the group's probability of default (PD) and by the loss given default (LGD) rate.

The calculation methodology uses market data, particularly on the credit default swap (CDS) curves to estimate the PD.

The Funding Valuation Adjustment (FVA) represents the cost of financing positions on derivative instruments that do not involve the transfer of collateral. The FVA calculation involves multiplying the group's expected exposure to the counterparty by the estimated market financing cost.

An amount of €18.7 million was recognized on the balance sheet for valuation adjustments as at December 31, 2020.

To classify a financial instrument as a hedging derivative, the group prepares formalized documentation of the hedging transaction at inception: hedging strategy, designation of the hedged instrument (or the portion of the instrument), nature of the hedged risk, designation of the hedging instrument, procedures for measuring the effectiveness of the hedging relationship. According to this documentation, the group assesses the effectiveness of the hedging relationship at inception and at least every six months. A hedging relationship is deemed to be effective if:

- the ratio between the change in value of the hedging derivatives and the change in value of the hedged instruments for the risk hedged lies between 80% and 125%; and
- the changes in value of the hedging derivatives expected over the residual term of said derivatives offset those expected from the hedged instruments for the risk hedged.

The group designates a derivative financial instrument as a hedging instrument in a fair value hedge or in a cash flow hedge based on the nature of the risk hedged.

*Risks hedged:*

Micro-hedging is the hedging of part of the risks incurred by an entity on the assets and liabilities its holds. It applies specifically to one or more assets and liabilities with regard to which the entity hedges the risk of a negative change in a given type of risk, using derivatives.

Macro-hedging aims to protect all the group's assets and liabilities against unfavorable trends, particularly in interest rates.

The group hedges only interest rate risk for accounting purposes, through micro-hedges or more globally through macro-hedges.

Overall interest rate risk management is described in the management report, together with the other risks that may give rise to economic hedging through natural matching of assets/liabilities or the recognition of derivatives transactions.

Micro-hedges are implemented in particular via asset swaps and are generally aimed at synthetically converting a fixed-rate instrument into a variable-rate instrument.

*Fair value hedging:*

The goal of fair value hedging is to reduce the risk of a change in the fair value of a financial transaction. Derivatives are used notably to hedge the interest rate risk on fixed-rate assets and liabilities.

With respect to fair value hedging transactions, the change in fair value of the derivative is recorded on the income statement under the heading "Net gain (loss) on financial instruments at fair value through profit or loss" in symmetry with the revaluation of the hedged risk. The only impact on the income statement is the potential ineffectiveness of the hedge. This may result from:

- the "counterparty risk" component included in the value of the derivatives,
- differences in the price curves of the hedged item and of the hedge. For instance, swaps are valued using the Overnight Indexed Swap curve if they are collateralized and using the BOR curve if they are not. The hedged items are valued using the BOR curve.

The goal of the derivative financial instruments used as macro-hedging transactions is to hedge comprehensively all or part of the structural rate risk resulting primarily from retail banking operations. For the accounting treatment of such transactions, the group applies the provisions contained in IAS 39 as adopted by the European Union (the IAS 39 "carve-out").

The accounting treatment of derivative financial instruments designated from an accounting standpoint as fair value macro-hedging is the same as the accounting treatment for derivatives used in fair value micro-hedging. The change in the fair value of portfolios hedged against interest rate risk is recorded in a separate line of the balance sheet entitled "Remeasurement adjustment on interest-rate risk hedged portfolios" with an offsetting entry recorded in the income statement. The effectiveness of hedges is checked prospectively by verifying that at inception derivatives reduce the interest rate risk of the hedged portfolio. Hedges must be de-designated when the underlyings to which they are linked become insufficient with effect from the most recent date on which the hedge was found to be effective.

*Cash flow hedging:*

The goal of cash flow hedging is to reduce the risk related to a change in future cash flows from financial instruments. Derivatives are used notably to hedge the interest rate risk on adjustable rate assets and liabilities.

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity "Gains and losses recognized directly in equity" while the ineffective portion is recognized in the income statement under the heading "Net gain (loss) on financial instruments at fair value through profit or loss."
As long as the hedge is effective, the amounts recorded in equity are transferred to the income statement under "interest and similar income (expense)" synchronized with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or is no longer highly effective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under "interest and similar income (expense)" at the same time as the hedged transaction itself impacts the income statement, or when it has been determined that such transaction will not take place.

The group does not hedge net investments in foreign operations.

*Benchmark rate reform*

IBOR reform is a response to the weaknesses observed in the methodologies used to develop indices and set interbank rates, which are based on data reported by banks and on a significantly lower volume of underlying transactions.

In Europe, it takes the form of the Benchmark Regulation (BMR), which was published in 2016 and came into force in early 2018. The key element of this reform is the calculation of rates based on actual transactions to ensure the security and reliability of the indices used by the market.

Indices created on or after January 1, 2018 must now comply with the BMR regulation and be approved by the regulator. Existing indices can continue to be used until December 31, 2021. Eventually, the old benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will no longer be accepted unless they comply with the new regulation.

To ensure a smooth transition, the group has identified the legal, commercial, organizational, tool-related and financial/accounting impacts. It began work in project mode in the first quarter of 2019.

Regarding the accounting aspects, the group is monitoring all the work carried out by the IASB on the effects of benchmark rate reform on financial information. The stakeholders were informed of the flexibility measures proposed in the Phase 2 exposure draft published in April 2020.

Since January 1, 2019, the group has applied the Phase 1 amendment to IAS 39, IFRS 9 and IFRS 7 published by the IASB, which allows it to maintain existing hedging relationships in this exceptional and temporary context until the uncertainty created by IBOR reform is resolved as to the choice of a new index and the effective date of this change.

The group believes that there are still uncertainties regarding the Eonia rate (date of transition to €STR unknown), the EURIBOR rate (in the absence of contractual changes to financial instruments indexed to this benchmark (including fall-back clause)) and LIBOR rates (uncertainties about replacement rates).

At December 31, 2020, the derivatives notional amounts, all derivatives included, are the following:

| Derivatives | |
|---|---|
| *(in € thousands)* | **Notional amounts 12.31.20** |
| **Taux EURIBOR** | **70,042,380** |
| **Taux ESTER** | **13,375,000** |
| **Taux EONIA** | **2,588,239** |
| **Taux LIBOR** | **22,812** |

### *Financial assets at fair value through equity*

Financial assets at fair value through equity consist of securities (fixed- or variable-rate):

- held in order to collect the cash flows inherent in the instrument and to generate gains and losses through sales; and
- whose cash flows correspond to those of a basic loan ("SPPI" cash flows).

Debt instruments at fair value through equity are initially recognized at fair value, i.e. their purchase price, including acquisition costs – if material – and accrued dividends. At the end of the reporting period, such securities are measured at their fair value, with any changes in value recognized in equity under “Unrealized gains (losses) recognized directly in equity”.

These unrealized gains or losses recognized in equity are recognized through profit or loss only in case of a sale or impairment for credit risk.
The accrued or earned income from fixed-income securities is recognized in the income statement under the heading “interest and similar income” according to the effective interest rate method.

This category also includes shares resulting from the application of the irrevocable option made available under IFRS 9 at the time of initial recognition. This irrevocable choice is made on a deal-by-deal basis, i.e. each time a security is added to the portfolio.
Impairment is not recorded for these assets.
The unrealized gains or losses on these instruments recognized in equity are never recognized through profit or loss for equity instruments, even in the case of a sale.

Dividends from variable-income securities are recognized in the income statement under the heading “Net gain (loss) on financial assets at fair value through equity”.

### *Financial assets at amortized cost*

Financial assets at amortized cost meet the following criteria:

- they are held in order to collect the cash flows inherent in the instrument; and
- the cash flows correspond to those of a basic loan ("SPPI" cash flows).

Most of the loans and receivables owed to Crédit Mutuel Arkéa group by financial institutions and customers that are not intended for sale when extended are recognized under “Loans and receivables at amortized cost”.

Debt securities (fixed- or variable-rate) that meet the aforementioned criteria are also recognized at amortized cost.

Initially, they are recognized at market value which is usually the net amount initially paid out including the transaction costs directly attributable to the transaction and fees analyzed as an adjustment to the effective yield of the loan. Financial assets are valued at amortized cost on the closing date. Interest, transaction costs and fees included in the initial value of the loans are amortized over the life of the loan using the effective interest rate method. In this manner they contribute to the formation of income over the life of the loan.

With regard to loans, the fees received in connection with financing commitments that have a low probability of being drawn or which are used haphazardly over time and in terms of amount are spread on a straight-line basis over the term of the commitment.

The restructuring of a loan due to financial difficulties encountered by the borrower is defined as a change in the terms and conditions of the initial transaction that the group only consents for economic or legal reasons linked to the borrower’s financial difficulties.
For restructuring that does not result in de-recognition of the financial asset, the value of the restructured asset is adjusted to bring the net carrying amount to the present value of the new expected future cash flows discounted using the original effective interest rate of the asset in question. The change in the value of the asset is recognized in the income statement under the heading ”Cost of credit risk” and may be reversed through profit or loss when the provision for calculated expected loss decreases.

The restructuring of a loan as a result of the debtor’s financial difficulties results in the loan agreement’s novation. Based on the definition of this concept by the European Banking Authority (EBA), the Group identified loan restructuring (forbearance) on those loans held.

Changes in financial assets that are not made due to financial difficulties of the borrower (i.e. commercial renegotiations) are generally analyzed as the prepayment of the old loan, which is derecognized, followed by the introduction of a new loan at market terms.

### *Customer finance leases*

Lease transactions are considered finance leases when all of the risks and rewards incidental to the ownership of the leased property are transferred to the lessee. Otherwise leasing transactions are classified as operating leases.
Finance leases are recognized on the balance sheet at the amount corresponding to the value of the minimum payments due from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the lease payments is recorded on the income statement under the heading “Interest and similar income.”

### *Impairment of financial assets and commitments given*

In accordance with IFRS 9, a provision for expected losses is recognized when the financial asset is recorded on the balance sheet.

The financial assets in question include:

- debt instruments (securities and loans and receivables) recognized at amortized cost or at fair value through equity
- leasing receivables
- other receivables, such as customer receivables, and receivables under IFRS 15 Revenue from Contracts with Customers, etc.

The Group has chosen to use the simplifying measures (art. IFRS 9 B5.5.35) provided for by the standard for entities that do not have source data enabling the assessment of the credit loss.

Financing or guarantee commitments given that are not measured at fair value through profit or loss are also subject to impairment.
Equity instruments and debt instruments recognized at fair value through profit or loss are not covered by provisions for impairment for credit risk.

Provisions for impairment are also set up for receivables with guarantees when an expected credit risk exists.

Impairment is recognized under “Net additions to/reversals from provisions for loan losses” and may be reversed through profit or loss when the provision for calculated expected loss decreases.

Under the IFRS 9 provisioning model, financial assets for which a provision for impairment is recognized are classified into three groups called "buckets" based on the credit risk level:

- Bucket 1: IFRS 9 introduces the notion of "expected loss"; consequently, since credit/counterparty risk cannot be zero regardless of the asset, a provision for individual credit risk is calculated (based on one-year expected losses) and recognized when the financial asset is recorded on the balance sheet.

- Bucket 2: if, during the life of the instrument, credit risk increases significantly, the loan is reclassified into bucket 2 and a provision for lifetime expected losses is recognized.

- Bucket 3: in case of actual credit risk (counterparty default, for example), the loan is classified into bucket 3. A provision for lifetime expected losses is recognized.

Actual loss exists where:

- there are one or more delinquent payments for three months;
- the position of a counterparty presents characteristics such that even in the absence of delinquent payments, we can conclude that there is a known risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganization/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy and liquidation of property, including a summons to appear before an international court.

The classification of the outstandings of any given counterparty as impaired leads by contagion to an identical classification of all those counterparty’s assets and liabilities, regardless whether guarantees or collateral exist. This contagion extends to all of the other members of the same household (except minors) as well as all counterparties belonging to the same risk group.

- Significant increase in credit risk

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans to assess any significant increase in credit risk:

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing,
- high default portfolios (HDP), for which historical data is used to develop a statistical rating model: mass corporate, retail.

A significant increase in credit risk, which entails transferring a loan out of bucket 1 into bucket 2, is assessed by:

- taking into account all reasonable and justifiable information, and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this entails measuring risk at the borrower level. All the group's counterparties are rated by the rating system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- manual rating grids developed by experts (LDP).

Change in risk since initial recognition is measured on a contract-by-contract basis. Unlike bucket 3, transferring a customer's contract into bucket 2 does not entail transferring all the customer's outstanding loans or those of related parties (absence of contagion).

The expected credit loss approach under IFRS 9 is symmetrical, i.e. if expected credit losses at maturity were recognised in a previous periodand if it appears that there is no longer a significant increase in credit risk for the financial instrument for the current reporting period since its initial recognition, the provision is recalculated on the basis of an expected credit loss over 12 months.
It should be noted that the group applies the principle of symmetry set out in the standard. This means that the criteria for transfer into and out of bucket 2 are the same.

The group has demonstrated that a significant correlation exists between the risks of default at 12 months and at termination, which allows it to use 12-month credit risk as a reasonable approximation of the change in risk since initial recognition, as the standard permits.

- Quantitative criteria

For the LDP portfolios, the boundary is based on an allocation matrix that shows the relationship between the internal ratings at origination and at the reporting date.

For the HDP portfolios, a continuous and growing boundary curve shows the relationship between the default rate at origination and the default rate at the reporting date. The group does not use the operational simplification offered by the standard, which allows outstanding loans with low risk at the reporting date to be maintained in bucket 1.

- Qualitative criteria

As well as this quantitative data, the group uses qualitative criteria such as the notion of restructured loans, etc.
Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

- Buckets 1 and 2 – calculation of expected credit losses.

In terms of calculation, the provisioning model takes into account:

- probability of the debtor's default
- loss given the debtor's default
- The Crédit Mutuel Arkéa group's exposure (i.e. loans outstanding with this counterparty on the balance sheet and in commitments given).

Provisions must also take into account past, present and forward-looking information.

Expected credit losses are measured by multiplying the outstanding amount of the loan by its probability of default (PD) and by the loss given default (LGD). The off-balance sheet exposure is converted to an on-balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for bucket 1 and the probability of default at termination for bucket 2.

These parameters are taken from the models developed for prudential purposes and adapted to IFRS 9 requirements. They are used for both assignment to the buckets and the calculation of expected losses.

- Probability of default

This is based:
- for high default portfolios, on the models approved under the IRB-A approach,
- for low default portfolios, on an external probability of default scale.

- Loss given default

This is based:
- for high default portfolios, on the flows of collections observed over a long period of time, discounted at the interest rates of the contracts,
- for low default portfolios, on the regulatory levels.

- Conversion factors

These are used to convert off-balance sheet exposure to an on-balance sheet equivalent and are mainly based on the prudential models.

- Forward-looking aspect

The general forward-looking approach adopted has an impact on:
- the bucket allocation of outstanding loans: in effect, the application of forward-looking parameters has an impact on the analysis of significant deterioration and consequently on the allocation by bucket.
- the calculation of expected credit loss (ECL) with parameters that take forward-looking factors into account.

To calculate expected credit losses, the standard requires that reasonable and justifiable information, including forward-looking information, be taken into account. The development of the forward-looking aspect requires anticipating changes in the economy and applying these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral and pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data available from well-known national or international statistics agencies. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:
- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking aspect for maturities other than one year is derived from the forward-looking aspect for the one-year maturity.

The forward-looking aspect is also included in the LGD by incorporating information observed over a period close to current conditions.

For low default portfolios, forward-looking information is incorporated into the large accounts and bank models, and not into the local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

- Bucket 3: recognition

Impairment reflects the difference between amortized cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans. In practice, future flows are discounted only if the impact of discounting is material compared to their estimated amounts. Consequently, the provisions are discounted. In the income statement, changes in impairment are recorded under "cost of risk" except for reversals related to the effects of the reversal of discounting, which are recorded under "Interest and similar income."

- Originated credit-impaired financial assets

These are contracts with incurred credit losses on the date of initial recognition or acquisition. These financial assets are subject to specific recognition under the provisions of IFRS 9
At the reporting date, these contracts are identified in an "originated credit-impaired assets" category and provisioned based on the same method used for exposures in bucket 2, i.e. an expected loss over the residual maturity of the contract.

### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit and loss are divided into those held for trading and those assigned to this category under the option afforded by IFRS 9. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:
- hybrid instruments containing one or more embedded derivatives,
- groups of assets or liabilities measured and managed at fair value,
- substantial elimination or reduction of an accounting treatment inconsistency.

The Crédit Mutuel Arkéa group uses this option to record at fair value through profit or loss issues of liabilities originated and structured on behalf of clients whose risks and any hedging thereof are managed as part of the same whole.

Initially, financial liabilities at fair value through profit or loss are recognized at their fair value excluding acquisition costs and including accrued dividends. At the reporting date, they are measured at fair value and changes in fair value are recognized:
- under "Gains or losses recognized directly in non-recyclable equity", for the portion corresponding to own credit risk;
- in profit or loss for the period under "Net gain (loss) on financial instruments at fair value through profit or loss", for the remaining portion.

<u>Embedded derivatives</u>

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.
This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit or loss when the following three conditions are met:
- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realized and unrealized gains and losses are recognized on the income statement under "Net gain (loss) on financial instruments at fair value through profit or loss".

### *Amounts owed to credit institutions and customers*

At inception, amounts owed to credit institutions and customers are recognized at fair value. This is normally the net amount received initially less transaction costs that can be directly attributed to the transaction when they are significant. On the closing date, such amounts are valued at their amortized cost according to the effective interest rate method.

By their nature, regulated savings products earn interest at the market rate. Housing savings plans and housing savings accounts are subject to a provision when necessary.

Related receivables or interest due on amounts due to credit institutions and customers are recorded on the income statement under "Interest and similar expense."

### *Debt securities*

Debt securities are broken down by type of security (certificates of deposit, interbank market securities and negotiable debt instruments, bonds and similar).

They are initially recognized at fair value i.e. at their issue price less any transaction costs that can be directly attributed to the transaction when they are significant. On the closing date, such amounts are valued at their amortized cost according to the effective interest rate method. Related receivables or interest due on debt securities is recorded in the income statement under “Interest and similar expense.”

### *Subordinated debt*

Subordinated debt includes fixed or indefinite term debt that may or may not be represented by a certificate and that differs from receivables or bonds because in the event of the liquidation of the debtor, repayment will only occur after all secured creditors have been paid. This debt is valued according to the amortized cost method. Related receivables or interest owed on subordinated debt is recorded on the income statement under “Interest and similar expense.”

### *Renegotiated debt*

Renegotiation of a debt with an existing borrower can, depending on the circumstances, be considered to be a modification of the terms of the debt or an extinction of the debt.

Under the standard, when a financial debt is modified because the duration, interest rate or contractual terms and conditions have been adjusted, an assessment must be made of the materiality of said change (10% threshold). This assessment is based on a quantitative test that may be supplemented by a more qualitative test.
The quantitative test consists of comparing the value of the future cash flows under the new terms and conditions discounted at the effective interest rate of the original loan with the discounted value of the residual cash flows of the initial liability.
The quantitative test is supplemented by a qualitative test when the result is less than 10%. In particular, this qualitative test enables a significant change in the debt's risk profile to be taken into consideration (change of currency of the debt, type of interest rate or very substantial extension of the duration of the loan) which the quantitative test does not take into account, and to analyze, if appropriate, the change as an extinction of the debt.

A renegotiated debt that does not result in derecognition must be maintained at its original effective interest rate and the impact related to renegotiation (gain or loss) recognized immediately through profit or loss.

## Accounting principles for the insurance business

The insurance activity may defer application of IFRS 9 until 2022, as provided for by the amendment to IFRS 4 as adopted by the European Union.
The financial assets and liabilities of the insurance companies are subject to the provisions of IAS 39, as described below. They are presented under "Investments of insurance activities" and "Liabilities related to contracts of insurance activities", respectively, on the balance sheet.
Income and expenses related to the insurance activities are presented under "Net income from insurance activities" in the income statement, within which:

- Income and expenses recognized in respect of insurance contracts issued are presented under "Other income/expense related to insurance activities".
- Income and expenses relating to the insurance entities’ proprietary activities are recognized under the appropriate line items.

When they are significant, the disclosures required under IFRS 7 are produced separately for the insurance entities.

In accordance with the adoption regulation of November 3, 2017, the group has taken the necessary measures to ensure that there are no transfers of financial instruments that could lead to derecognition, between the insurance segment and the group's other segments, other than those measured at fair value through profit or loss in both segments.

The accounting policies applied to assets and liabilities arising from the issuance of insurance policies are established in accordance with IFRS 4. This standard also applies to reinsurance contracts subscribed and financial contracts that include a discretionary profit-sharing provision.

Excepting the cases described above, the other assets held and liabilities issued by insurance companies follow the rules common to all of the group’s assets and liabilities.

The same assumptions were used in both fiscal years to value assets under insurance contracts and insurance liabilities.

### *Financial assets at fair value through profit or loss*

Financial assets and liabilities at fair value through profit or loss are divided into those held for trading and those assigned to this category under the option afforded by IAS 39. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:

- hybrid instruments containing one or more embedded derivatives;
- groups of assets measured and managed at fair value;
- substantial elimination or reduction of an accounting treatment inconsistency.

The group uses this option to record the following financial instruments at fair value through profit or loss:

- investments serving as cover for unit-linked life insurance contracts in order to eliminate the inconsistency in accounting treatment with the related insurance liabilities,
- shares of mutual funds whose management company is part of the group,
- certain structured or restructured products (CDOs, convertible bonds),

Financial assets representative of unit-linked insurance contracts include bonds issued by group entities that have not been eliminated through consolidation, in order to maintain the matching of technical provisions on unit-linked contracts with the fair value of the identified assets, which are themselves recognized at fair value. Non-eliminated fixed-income securities totaled €96 million at December 31, 2019. Their elimination would have had an impact of €5 million on net income in the year to December 31, 2019. As of December 31, 2020, the group is no longer concerned by this typologiy of fixed-income securities

Financial assets representing the technical provisions on unit-linked contracts are presented in "Financial assets at fair value through profit or loss" (insurance activities).

The accounting treatment described in the banking section also applies to derivatives.

Financial assets at fair value through profit or loss are initially recognized at fair value excluding acquisition costs and including accrued dividends.

The accrued or earned income from fixed-income securities is recognized in the income statement under the heading "Interest and similar income" (insurance activities). Dividends from variable-income securities are recognized in the income statement under the heading "Net gain (loss) on financial instruments at fair value through profit and loss" (Insurance activity).

Changes in fair value during the period, at the reporting date, as well as capital gains or losses on assets in this category are also recognized in "Net gain (loss) on financial instruments at fair value through profit or loss" (insurance activity).

No impairment is recognized on the assets at fair value through profit or loss as the counterparty risk is included in the market value.

**Embedded derivatives**

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.

This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit or loss when the following three conditions are met:

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realized and unrealized gains and losses are recognized on the income statement under "Net gain (loss) on financial instruments at fair value through profit or loss" (insurance activity)

**Derivative financial hedging instruments – assets and liabilities**

The treatment described in the accounting principles for banking activities also applies to derivative financial hedging instruments.

### *Available-for-sale financial assets*

IAS 39 defines available-for-sale financial assets (AFS) as a residual category containing both fixed- and variable-income securities that are neither financial assets at fair value through profit or loss, financial assets held to maturity nor loans.

Available-for-sale securities are recognized initially at their fair value i.e. the purchase price, including acquisition costs – if they are material – and accrued dividends. At the end of the reporting period, such securities are measured at their fair value, with any changes in value recognized in equity under “Unrealized gains (losses) recognized directly in equity”.

Such unrealized gains or losses recognized in equity are only recognized in the income statement if the securities are sold or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognized in the income statement under the heading “Interest and similar income” (insurance activity) using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognized in the income statement under the heading “Net gain (loss) on financial instruments available-for-sale.”

**Impairment of securities**

Impairment is recorded when objective indicators of impairment for the securities exist. Such indicators are evidenced by a long-term, material decline in the value of shares or by the appearance of a material decline in credit risk due to default risk on debt securities.

In the case of equity securities, the group employs a quantitative criterion to identify material and long-term declines: impairment is recognized when a security has lost at least 50% of its value compared with its initial cost or over a period of more than 24 consecutive months. Analysis is performed line by line. Securities that do not meet the aforementioned criteria are nevertheless assessed for impairment if management believes that the amount invested cannot reasonably be expected to be collected in the near future. The loss is recognized in the income statement under “Net gain (loss) on financial instruments available-for-sale”. Any subsequent decline in value results in an increase in impairment charged against income. An increase in value does not lead to the provision being reversed through profit.

In the case of on debt securities, impairment is recorded in “Cost of risk,” (insurance activity) and may be reversed through profit when the market value of the security has increased due to some objective event that has taken place since the most recent impairment.

### *Held-to-maturity financial assets*

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the insurance entities intend and are able to hold to maturity.
Initially, they are recognized at their acquisition price including acquisition costs – when material – and accrued dividends. At the end of the reporting period, they are valued according to the amortized cost method at the effective interest rate and may be the subject of impairment when necessary.

### *Loans and receivables due from credit institutions and loans and receivables related to the insurance activities*

“Loans and receivables” are financial assets with fixed or determinable payments that are not quoted on an active market. All loans and receivables due from credit institutions and those related to the insurance activities which are not intended for sale from their origination are recognized in the "Loans and receivables" (insurance activity) category.

The treatment of these financial assets (excluding impairment) is identical to the treatment applied to loans and receivables due from credit institutions and from customers at amortized cost under IFRS 9.

**Impairment of loans and receivables**

*Individually impaired receivables*

Recorded in the cost of risk, impairment losses are recognized on all types of receivables, even those with guarantees, once there is an established credit risk corresponding to one of the following situations:

- there are one or more delinquent payments for three months;
- the position of a counterparty presents characteristics such that even in the absence of delinquent payments, we can conclude that there is a known risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganization/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy and liquidation of property, including a summons to appear before an international court.

Impairment reflects the difference between amortized cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans. In the income statement, impairment loss movements are recorded under the heading “cost of risk” (insurance activities).

## *Financial liabilities*

With regard to financial liabilities, the rules for the accounting treatment of financial liabilities at fair value through profit or loss, liabilities with credit institutions and customers, debt securities and subordinated debt are the same under IAS 39 and IFRS 9 (excluding recognition of renegotiated debts).

Insurance liabilities, representing commitments to policyholders and beneficiaries, are reported on the line “Insurance companies’ technical reserves”. They are valued, recognized and consolidated in accordance with French GAAP.

Technical provisions on life insurance contracts consist primarily of mathematical provisions representing the difference between the present value of the commitments undertaken respectively by the insurer and the policyholders. The risks covered include primarily death, disability and the inability to work (for borrower’s insurance).

Life insurance provisions are estimated conservatively on the basis of contractually-defined technical rates.

Technical provisions on unit-linked contracts are valued at the reporting date, based on the value of the assets used to support these contracts.

Technical provisions on non-life insurance contracts include unearned premiums (portion of premiums issued pertaining to later years), provisions for increasing risks (difference between the present value of the commitments undertaken respectively by the insurer and the policyholder) and claims payable.

Technical provisions are calculated gross of reinsurance, and the reinsurers' share is stated in assets.

Insurance contracts and financial contracts with a discretionary profit-sharing provision are subject to “shadow accounting.” The provision for deferred profit-sharing represents the share of capital gains and losses on assets attributable to the policyholders. This provision is presented on either the liability or the asset side of the balance sheet. On the asset side, it appears as a separate item.

At the reporting date, an adequacy test is performed on the liabilities associated with these contracts (net of other items involving related assets or liabilities, such as deferred acquisition costs and the portfolio securities acquired). A verification is performed to ensure that the liability recorded is adequate to cover the future cash flows projected at that date. Any shortfall in the technical provisions is shown through a loss for the period (and potentially reversed at a subsequent date).

## *Common accounting principles for banking and insurance activities*

### *Shareholders' equity*

Difference between liabilities and equity

A debt instrument or financial liability is defined as a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under potentially unfavorable conditions.
An equity instrument is defined as a contract containing a residual interest in an enterprise after subtracting all its debts (net assets).

Shares

Pursuant to these definitions, the shares issued by the Crédit Mutuel savings banks are considered shareholders’ equity within the meaning of IAS 32 and IFRIC 2 and are treated as such in the group’s consolidated financial statements.

### *Measurement of the fair value of financial instruments*

Fair value is defined by IFRS 13 as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date". Initially, fair value is usually the transaction price.

Financial assets and liabilities measured at fair value are assessed and recognized at fair value as of their first-time consolidation as well as at subsequent measurement dates. These assets and liabilities include:

- financial assets and liabilities at fair value through profit or loss;
- financial assets at fair value through equity;
- available-for-sale financial assets;
- derivatives

Other financial assets and liabilities are initially recognized at fair value. They are subsequently recognized at their amortized cost and are subjected to valuations whose methods are disclosed in the notes to the financial statements. These other financial assets and liabilities include:

- loans and receivables with credit institutions and with customers at amortized cost under IAS 39 and IFRS 9 (including loans and receivables related to the insurance activities);
- debt securities at amortized cost;
- held-to-maturity securities;
- liabilities to credit institutions and customers;
- debt securities;
- subordinated debt.

Assets and liabilities are also classified in three hierarchal levels corresponding to the level of judgment used in valuation techniques to determine fair value.

*Level 1: Assets and liabilities whose fair value is calculated using prices quoted (unadjusted) to which the entity has access on the measurement date on active markets for identical assets or liabilities.*

An active market is one which, for the asset or liability being measured, has transactions occurring with sufficient frequency and volume so as to provide price information on a continuous basis.

This category includes notably equities, bonds and shares of mutual funds listed on an active market.

*Level 2: Assets and liabilities whose fair value is calculated based on adjusted prices or using data other than quoted prices that are observable either directly or indirectly.*

In the absence of any such quotation, fair value is determined using “observable” market data. These valuation models are based on techniques widely used by market operators, such as the discounting of future cash flows or the Black & Scholes model.

This category includes notably the following financial instruments:

- equities and bonds listed on a market that is considered inactive or that are unlisted;
- over-the-counter derivative instruments such as swaps and options,
- venture capital funds, innovation funds and real estate investment vehicles;
- structured products.

The fair value of loans and receivables, liabilities to credit institutions and debt securities (including subordinated debt) are also included in this level.

Loans and receivables and liabilities to credit institutions are measured using two methods:

- the fair value of fixed-rate items, such as fixed-rate loans and deposits, is measured by discounting the expected future cash flows;
- the fair value of variable-rate items, such as adjustable-rate loans with a maturity of more than one year, is measured using the Black & Scholes model.

The fair value of traditional fixed-rate loans, borrowings, debt securities and subordinated debt is obtained by discounting future cash flows and using dedicated yield curve spreads.

The fair value of variable-rate loans, borrowings, debt securities and subordinated debt is obtained by discounting future cash flows with the calculation of a forward rate and the use of dedicated yield curve spreads.
The group's counterparty default risk is factored into the yield curve used to value debt securities and subordinated debt.

For current receivables and liabilities (less than one year), fair value is considered equivalent to their nominal value.

*Level 3: Assets and liabilities whose fair value is calculated using information on assets or liabilities not based on observable market data.*

Valuation methods using unobservable market data are used only in the following cases:

- loans and receivables, and liabilities to customers,
- equity securities not listed on an active market,
- certain specialized financings,
- securities held by private equity companies.

Thus, for example, equity investments not listed on an official market are measured internally:

- in most cases, these holdings are measured on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

Similarly, the valuation methods used by private equity companies generally include:

- the transaction price for recent acquisitions
- the historical multiples method for mature companies
- adjusted net asset value for portfolio companies (holding companies) and investment firms (funds).

In the context of the health crisis, the securities held in the group's venture capital portfolio were valued in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The following principles were applied:

- the group relied on information known at the measurement date and on what it considered to be reliable forecasts,
- a medium-term approach was followed in order not to focus solely on the fiscal year impacted by COVID-19 and to observe averages over several fiscal years in order to obtain the fairest possible measurement.

The group adopted an "investment-by-investment" approach and adapted its method to four different situations:

- investment materially impacted by the crisis,
- investment positively impacted by the crisis,
- investment minimally impacted,
- investment very heavily impacted and for the medium term.

Given the diversity of the instruments valued and the reasons for their inclusion in this category, any calculation of the sensitivity of the fair value to changes in parameters would not provide relevant information.

The valuation provided by the models is adjusted to reflect liquidity risk. Using the valuations produced on the basis of a median market price, prices are adjusted to reflect the net position of each financial instrument at the bid or ask price (on selling or buying positions, respectively).

The day-one profit, i.e. the difference between the transaction price and the valuation of the instrument using valuation techniques, is considered null: transactions carried out by the group for its own account are recognized at their fair value. For transactions carried out on behalf of customers, the part of the margin not yet recognized is recorded in income when the parameters are observable.

### *Use of judgments and estimates in the preparation of financial statements*

Preparation of the group's financial statements requires making assumptions and estimates whose future realization involves certain risks and uncertainties. Accounting estimates requiring the use of assumptions are used primarily for measuring the following:

- fair value of financial instruments not quoted on an active market and measured at fair value,
- impairment of financial assets and guarantee and financing commitments subject to impairment,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

The conditions for using any judgments or estimates are specified in the accounting policies described below.

### *Property, plant and equipment, intangible assets and investment real estate*

- **Non-current assets owned by the group**

Pursuant to IAS 16, IAS 38 and IAS 40, property, plant and equipment or investment property is recognized as an asset if:
- it is likely that the future economic benefits from this asset will accrue to the company, and
- the cost of said asset can be measured reliably.

Pursuant to IAS 40, the group's property is classified as "investment property" (banking scope or insurance scope) when it is held primarily to generate rental income or capital appreciation. Property held primarily to be occupied by the group for administrative or sales uses is classified as "property, plant and equipment."

Property, plant and equipment and investment property are recorded on the balance sheet at cost plus expenses that can be directly attributable to the purchase of the property (e.g. transfer duties, fees, commissions, legal fees).
After the initial recognition, property, plant and equipment and investment property are valued at cost minus accumulated depreciation and any impairment losses.

The fair value of investment properties, disclosed in the notes, is subject to an expert valuation.

The method used to account for internally developed software is as follows:
- all software-related expenses that do not satisfy the conditions for capitalization (notably preliminary research and functional analysis expenses) are recognized as expenses in accordance with IAS 38;
- all software expenses incurred after the start of the production process (detailed analysis, development, validation, documentation) are capitalized if they meet the criteria of a self-created asset established by IAS 38.

In cases where the software is used in connection with a commercial contract, the amortization period may exceed five years; it is defined on the basis of the contract term.

If one or more components of property, plant and equipment or investment property have a different use or earn economic rewards at a different pace than that of the property, plant and equipment or investment property as a whole, said components are depreciated according to their own useful life. The group applied this accounting method for its operating and investment properties. The following components and depreciation periods have been adopted by the group:

| Component | Depreciation periods |
|---|---|
| Land | Not depreciable |
| Building shell | Corporate buildings and investment properties: 50 years<br>Branches: 25 years |
| Roof and siding | 25 years |
| Technical work packages | 20 years |
| Fixtures | 3 to 10 years |

The other tangible and intangible assets are depreciated and amortized according to their own useful lives:

| | Depreciation periods |
|---|---|
| Movable goods | 10 years |
| Electronic equipment | 3 to 5 years |
| Created or acquired software | 2 to 5 years |
| Portfolio of acquired customer contracts | 6 to 13 years |

Amortization is calculated using the straight-line method. For property, plant and equipment and intangible assets, amortization is recorded on the income statement under “Depreciation, amortization and impairment of property, plant and equipment and intangible assets”. For investment property, it is recorded under “Expense from other activities.”

Indefinite-life assets are not depreciated but are tested for impairment at least once a year.

Capital gains or losses on the disposal of operating property, plant and equipment are recorded in the income statement under “Gains or losses on other assets”. Capital gains or losses on the disposal of investment property are recorded under “Income or expense from other activities.”

- **Fixed assets leased by the Group**

For all leases, the lessee must recognize in its balance sheet an asset representing the right to use the leased asset and a liability representing the obligation to pay the lease payments; in the income statement, the depreciation expense is shown separately from the interest expense on the liability. This treatment, currently applied to finance leases in lessee financial statements, is thus extended to include operating leases.

➢ Scope

IFRS 16 applies to all lease contracts except:

- contracts for the prospecting or exploitation of non-renewable natural resources, or for biological assets,
- service concession agreements,
- intellectual property licenses,
- the rights held by the lessee under license agreements on cinematographic films, video recordings, plays, manuscripts, patents and copyrights.

➢ Exemption measures

Lessees may choose not to apply the new lease treatment to contracts with a term of less than one year (including renewal options) or to contracts for goods with a low unit value. This latter simplification is aimed in particular at small equipment such as computers, telephones and small office furniture. The IASB mentioned an indicative threshold of USD 5,000 in the basis for conclusions of the standard (threshold to be assessed with regard to the new unit value of the leased asset).
The Group has decided to apply this exemption threshold of USD 5,000 and has also considered the possibility of excluding certain contracts the effect of which would be immaterial to its financial statements. The majority of vehicle lease agreements are entered into with the group’s consolidated entities. Vehicle leases entered into with external lessors are marginal and have been excluded due to their low materiality.

Real estate leases were reclassified under IFRS 16. The scope of the IT, automotive and other leases is not material.

➢ Accounting treatment of leases by lessees

On the date the leased property is made available, the lessee recognizes a rental debt under liabilities. The initial amount of the liability is equal to the present value of the lease payments payable over the lease term.
This rental debt is then measured at amortized cost using the effective interest rate method: each lease payment is thus recognized partly as interest expense in the income statement and partly as a gradual reduction of the rental debt under liabilities in the balance sheet.
The amount of the rental debt may be subsequently adjusted in the event of a change to the lease agreement, a re-estimate of the lease term, and to take account of contractual changes in rents relating to the application of indices or rates.

➢ Lease term

The lease term to be used to calculate the rentals to be discounted corresponds to the non-cancellable lease term adjusted to take into account:

- options to extend the contract that the lessee is reasonably certain to exercise,

- early termination options that the lessee is reasonably certain not to exercise.

The assessment of whether any extension options and early termination options are reasonably certain must take into account all facts and circumstances that may create an economic incentive to exercise those options or not, notably:

- the conditions for exercising these options (including an assessment of the level of rents in the event of an extension or of the amount of any penalties in the event of early termination),
- major improvements made to the leased premises (specific fittings, such as a safe-deposit room for example),
- the costs associated with the termination of the contract (negotiating costs, moving costs, cost of searching for a new asset suited to the lessee, etc.),
- the importance of the leased property to the lessee in view of its specific nature, its location or the availability of replacement assets (in particular for agencies located in strategic sites from a commercial point of view, for example in view of their accessibility, the expected influx or the prestige of the location),
- a history of similar contract renewals as well as the strategy concerning the future use of the assets (depending on the prospects for the redeployment or redevelopment of a commercial network of agencies, for example).

If the lessee and the lessor each have the right to terminate the lease without the other party's prior agreement and without a non-negligible penalty, the lease is no longer enforceable and therefore no longer generates any rental debt.

In March 2019, noting a variety of practices, ESMA referred to IFRIC on the matter of determining the term of certain leases, and on the depreciation period for fixtures and fittings inseparable from the leased property. Following this referral, IFRIC called attention to the facts:

- that the enforceable period of a lease must be assessed from an overall economic point of view and not solely from a legal point of view,
- that there is a presumption of alignment of the depreciation period for the fixtures that are inseparable from the leased property and the duration of the corresponding lease.

Crédit Mutuel Arkéa has analyzed the impacts of the December 2019 IFRS IC decision on the assumptions used upon first-time application for 3/6/9 commercial leases and for leases with automatic renewal. The repercussions of this decision are not material at the group level.

- Rent discount rate

The implied rates on contracts are generally not known or readily determinable, particularly for real estate leases. The group therefore decided to use its refinancing rate to discount rents and thus calculate the amount of rental debt.

- Rent amount

The payments to be taken into account for the valuation of the rental debt include fixed and variable rents based on an index (e.g. consumer price index or construction cost index) or a reference interest rate (Euribor, etc.), as well as, if applicable, the sums that the lessee expects to pay to the lessor under residual value guarantees, purchase options or early termination penalties.
However, variable rents that are indexed based on the use of the leased property are excluded from the assessment of rental debt (indexation to actual revenues or the mileage covered, for example). This variable portion of rental payments is recognized in profit or loss over time in accordance with changes in the contractual indexation.
In France, rents are recorded on the basis of their amount excluding value added tax. Furthermore, in the case of real estate leases, real estate taxes rebilled by lessors and the local residence tax are excluded from rental debts insofar as their amounts, as determined by the competent public authorities, may vary.

- Recognizing a right of use by lessees

On the date the leased property is made available, the lessee must recognize as an asset a right to use the leased property in an amount equal to the initial value of the rental debt plus, if applicable, initial direct costs, advance payments and rehabilitation costs.
This asset is then amortized on a straight-line basis over the lease term used to value the rental debt.
The asset value may be subsequently adjusted in the event of a change in the lease agreement, a re-estimate of the lease term, and to take into account contractual variations in rents linked to the application of indices or rates.
The rights of use are shown in the lessee's balance sheet in the fixed asset lines where assets of the same kind held in full ownership are recorded. Where the lease agreements provide for the initial payment of a lease right to the former tenant of the premises, the amount of such right is treated as a separate component of the right of use and is presented in the same heading as the latter.
In the income statement, depreciation charges on rights of use are presented together with depreciation charges on fully-owned fixed assets.

- Income tax

A deferred tax is recognized based on the net amount of taxable and deductible temporary differences.

### *Non-current assets held for sale*

A non-current asset (or group of assets) satisfies the criteria for assets held for sale if it is available for sale and if the sale is highly likely to occur within 12 months.

The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are recorded at the lower of their carrying amount and fair value less costs to sell and are no longer amortized.

When non-current assets held for sale or associated liabilities become impaired, an impairment loss is recognized in the income statement.

Discontinued operations include operations which are held for sale or have been shut down, and subsidiaries acquired exclusively with a view to resale. They are shown separately in the income statement, on the line "After-tax income (loss) from discontinued operations."

### *Provisions*

Provisions are established for the group's commitments when it is likely that an outflow of resources will be needed for their settlement and when their amount or due date is uncertain but may be estimated reliably. In particular, such provisions cover employee-related commitments, home savings product risks and disputes.

*Provisions for pension obligations*

Pension plans include defined contribution plans and defined benefit plans. Defined contribution plans do not give rise to an obligation for the group and consequently do not require a provision. The amount of employer's contributions payable during the period is recognized as an expense and recognized under "Personnel expenses." Defined benefit plans are those for which the group has agreed to provide a benefit amount or level. This commitment constitutes a medium- or long-term risk. Obligations related to plans that are not defined contribution plans are fully provisioned under "Provisions." End-of-service benefits, supplementary retirement plans, time savings accounts and length-of-service benefits are recorded in this item.

The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. Specifically, the December 2020 calculations used a discount rate of 0.48%, which was determined by reference to the iBoxx corporate AA 10+ euro zone index for corporate bonds. The calculations also include an employee turnover rate of between 0.06% and 8.13% and a salary increase rate of between 2.62% and 4.30%[1]. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the obligation accrual phase and the TGH05 and TGF05 life expectancy tables for the pay-out phase.Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results.

For the category of other long-term benefits, differences are recognized immediately through profit or loss.

As for post-employment benefits, actuarial differences are recognized under "Gains and losses recognized directly in equity".
*Provisions for home savings accounts and plans*

The purpose of the home savings provision is to cover the risks related to:
- the commitment to extend home loans to account holders and subscribers of home savings plans at a regulated interest rate that may be lower than the prevailing market rate.
- the obligation to pay interest for an indeterminate period of time on the savings in home savings plans at a rate set when the contract is signed (this rate can be higher than future market rates).

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all the home savings accounts (which are a single generation). The commitments between different generations are not offset. The commitments are computed based on a model that factors in:
- historical data on subscriber behavior,
- the yield curve and a stochastic modeling of changes thereto.

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[1] UES Arkade and Arkéa-SCD rates, representing 96% of the obligation.

Provision allocations and reversals are recognized in the income statement under “Interest and similar income” and “Interest and similar expense” (banking activity).

(1) Arkade and Arkéa-SCD UES rate, representing 98% of the obligation

# CONSOLIDATION PRINCIPLES AND METHODS

## CONSOLIDATION SCOPE AND METHOD

### *Consolidating entity*

The consolidating entity of the Crédit Mutuel Arkéa group is Crédit Mutuel Arkéa as defined in the collective license issued by the French Prudential Supervisory and Resolution Authority. This credit institution consists of:

- the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations,
- the Crédit Mutuel savings banks that are members of said federations,
- Crédit Mutuel Arkéa.

Entities included in the consolidation scope are those over which the group exercises exclusive or joint control or significant influence and whose financial statements have a material impact on the group's consolidated financial statements, in particular with respect to total assets and net income contribution.

Investments held by private equity companies and over which joint control or significant influence is exercised are excluded from the consolidation scope. These investments are recognized at fair value through profit or loss.

### *Controlled entities*

Control exists when the group (i) has power over an entity, (ii) is exposed or has a claim on variable returns through its ties to the entity, and (iii) has the ability to exercise its power over the entity in such a way as to influence the amount of the return it obtains.

The consolidation of a subsidiary in the group's consolidated financial statements begins on the date when the group obtains control and ceases on the date the group relinquishes control over this entity.

Companies under exclusive control are fully consolidated. Full consolidation consists in substituting the value of the shares with the assets and liabilities of each subsidiary. The share of non-controlling interests in shareholders' equity and net income is recorded separately in the consolidated balance sheet and consolidated income statement, respectively.

### *Investments in associates and joint ventures*

An associate is an entity in which the group exercises significant influence. Such influence is characterized by the ability to participate in the entity's financial and operating decisions without necessarily controlling or jointly controlling these policies. Significant influence is presumed if the group holds, directly or indirectly, 20% or more of the voting rights in an entity. If more than 20% of the voting rights are held, the absence of significant influence may be shown through the absence of representation in the governance bodies or the lack of participation in the process for setting policies.

A joint venture is a partnership in which the parties who exercise joint control over the entity have rights to the entity's net assets.

Joint control involves the contractually agreed-upon sharing of control exercised over an entity, which exists only in the event that decisions regarding the relevant activities require unanimous consent of the parties sharing control.

The earnings, assets and liabilities of associates or joint ventures are recognized in the group's consolidated financial statements using the equity method.

Under this method, an investment in an associate or joint venture is initially recognized at its acquisition cost and subsequently adjusted to reflect the group's share of the earnings and other comprehensive income of the associate or joint venture.

An investment is recognized under the equity method starting on the date the entity becomes an associate or joint venture. At the time of acquisition of an associate or joint venture, the difference between the cost of the investment and the group's share of the fair value of the entity's identifiable net assets and liabilities is recognized as goodwill. If the net fair value of the entity's identifiable assets and liabilities exceeds the cost of the investment, the difference is shown through profit.

Gains or losses obtained through the dilution or the sale of investments in associates are accounted for in the profit and loss account, within the "Gains (losses) on disposal – dilution in investments in associates".

### *Investment in joint ventures*

A joint venture is a partnership in which the parties exercising control over the entity have direct rights over the assets and obligations with respect to the liabilities involving this entity.

### *Main changes in the scope of consolidation*

Linxo was sold in June 2020. Younited was deconsolidated following the loss of significant influence. Crédit Mutuel Arkéa began a divestment process for the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank. Stratéo's contribution to the consolidated financial statements is recognized under IFRS 5 on entities held for sale.

The companies included in the Crédit Mutuel Arkéa group's consolidation scope are presented in note 48.

## CONSOLIDATION RULES

### *Closing date*

The closing date for all consolidated companies is December 31.

### *Inter-company transactions*

Reciprocal receivables, payables and commitments and significant reciprocal expenses and income are completely eliminated among fully consolidated companies.

### *Accounting for acquisitions and goodwill*

The group applies IFRS 3 (revised) for business combinations. The acquisition cost is the sum of the fair values, at the business combination date, of the assets contributed, liabilities incurred or assumed and equity instruments issued.
IFRS 3 (revised) allows the recognition of total or partial goodwill, as selected for each business combination. In the first case, non-controlling interests are measured at fair value (the so-called total goodwill method); in the second, they are based on their proportional share of the values assigned to the assets and liabilities of the acquired company (partial goodwill).

If goodwill is positive, it is recorded on the balance sheet under "Goodwill"; if negative, it is recorded immediately in the income statement through "Goodwill variations".

Goodwill is subject to an impairment test at least once a year and whenever evidence of impairment exists.
Each goodwill item is allocated to a cash generating unit or group of cash generating units that stands to benefit from the acquisition. Any goodwill impairment is determined based on the recoverable amount of the cash generating unit to which it was allocated. Cash generating units are defined based on the group's organizational and management methods and take into account the independent nature of these units.

With respect to goodwill, if the recoverable amount of the related cash-generating unit (CGU) is less than its carrying amount, an irreversible provision for goodwill impairment loss is recognized. Impairment is equal to the difference between the carrying amount and the recoverable amount. The recoverable amount is calculated by applying the most appropriate valuation method at the level of the CGU.

Under this approach, the measurement work is mainly based on the discounted dividend model (DDM) and the discounted cash flow (DCF) method, in accordance with the principles of IAS 36. The DDM method is selected for cash generating units (CGU) that are subject to prudential capital requirements (credit institutions and insurance companies) and the DCF method is used for all other CGUs.

The cash flows used are determined based on each CGU's business plan over a specific time horizon of between four and five years. These business plans are drawn up based on a common macroeconomic scenario for all fully-consolidated entities. This scenario is notably based on the following assumptions:

- a 9.9% contraction in French GDP in 2020, followed by growth of 6.7% in 2021 and 1.6% in 2022.
- a sharp increase in the number of defaults and in job destruction from the second half of 2021 and in 2022. Capital spending and hiring would not resume until 2023.
- a weak labor market, with unemployment peaking at 12% at the end of 2021.
- very moderate inflation up to 2024, gradually rising from 0.3% in 2020 to 1.5% in 2024.
- persistently negative money-market rates for the entire 2021-2024 period, and French long-term rates moving just into positive territory from 2023. The ECB is not expected to raise interest rates between now and 2024.
- equity markets growing by 3% to 4% each year after registering a fall that is anticipated before the end of 2021.

The discount rates used correspond to the cost of capital determined using the Capital Asset Pricing Model (CAPM). This method is based on a risk-free interest rate, to which a risk premium is added that depends on the underlying activity of the cash generating unit. This risk premium is the product of a sector beta, the equity risk premium and possibly a specific premium reflecting, for example, the execution risk or the fact that the company was only formed recently. The risk-free rate, the sector beta and the equity risk premium are market data. For its impairment tests, the Crédit Mutuel Arkéa group uses a two-year average of each parameter. The sector beta reflects the risk of the business sector compared with the rest of the equity market. It is calculated as the average beta of a sample of comparable listed stocks. If the company is in debt, the cost of debt is also taken into account. The discount rate then becomes the weighted average cost of capital according to the ratio between equity and debt. The discount rates used in 2020 ranged between 7.6% and 17.4%, while the growth rates to infinity were between 1.0% and 2.5%.

The public health and economic crises have prompted the Crédit Mutuel Arkéa group to extend the value-in-use sensitivity tests for the financial statements drawn up to December 31, 2020. The tests therefore consisted of measuring the change in the valuation of the exogenous parameters of the method (50 basis point change in the discount rate, 50 basis point change in the growth rate to infinity). Beyond that, a multi-scenario approach was taken to determine alternative financial trajectories used for the valuation of the assets, factoring in a 200 basis point deterioration or improvement in the cost/income ratio at terminal value, as well as a one-year delay or advance in the achievement of the goals set out in the company's business plan. All these factors incorporate the various possible parameters for the creation or destruction of company value: the volatility of the financial markets, the actual growth of the French economy, profitability at the end of the forecast period and a delay in the execution of the business plan (i.e. favorable if the recovery is stronger than expected or adverse if the public health context reduces the intensity of the economic rebound in 2021).

These measures led to the following results:

- a 50 basis point increase in the discount rate would result in a 7.3% overall reduction in the recoverable amounts;
- a 50 basis point decrease in the growth rate to infinity would result in a 4.9% overall reduction in the recoverable amounts;
- a 200 basis point increase in the cost/income ratio at terminal value would result in a 6.4% overall reduction in the recoverable amounts;
- a one-year delay in achieving the goals of the company's business plan would result in a 7.9% overall reduction in the recoverable amounts.

At December 31, 2020, after noting the value-in-use of its subsidiary Pumpkin and its equity interest in Finansemble, Crédit Mutuel Arkéa recognized goodwill impairment of €11 million and €1.4 million, respectively.

When the group increases its ownership interest in a company that is already controlled, the difference between the purchase price of the shares and the additional share of the consolidated shareholders’ equity that these securities represent on the acquisition date is recognized in shareholders’ equity.
If the group reduces its ownership interest without giving up control, the impact of the change in ownership interest is also recognized in shareholders’ equity.

### *Leases, leases with a buy-out clause and financial leases*

Lease transactions, leases with a buy-out clause and financial leases are restated in such a way as to take financial accounting into consideration.

### *Translation of foreign currency denominated financial statements*

The balance sheets of entities whose financial statements are denominated in a foreign currency are translated using the official foreign exchange rate as of the closing date. Exchange differences on share capital, reserves and retained earnings are recorded in other comprehensive income in the “Translation reserves” account. Income statement items are translated using the average exchange rate during the fiscal year. Translation differences are recorded directly in the “Translation reserves” account.

### *Taxes*

IFRIC interpretation 21 “Levies” sets out the conditions for recognizing a tax-related liability. An entity must recognize this liability only when the obligating event occurs in accordance with the relevant legislation. If the obligating event occurs over a period of time, the liability is recognized progressively over the same period. Lastly, if the obligating event is triggered on reaching a threshold, the liability is recognized when the minimum threshold is reached.

### *Deferred taxes*

Deferred taxes are recognized on the temporary differences between the carrying amount of an asset or liability and its tax base. They are calculated using the liability method at the corporate tax rate known at the closing date for the period and applicable when the temporary difference is used.

Deferred tax assets are recognized only if there is a probability that the tax entity in question will recover these assets within a given time period, particularly by deducting these differences and carry-over losses from future taxable income.

Deferred taxes are recognized as income or expense, except for those related to unrealized or deferred gains or losses, for which the deferred tax is booked directly to other comprehensive income. Deferred taxes are also recorded in respect of tax losses from prior years when there is convincing evidence of the likelihood that such taxes will be collected.

Deferred taxes are not discounted.

The regional economic contribution (CET) and the companies' value-added contribution (CVAE) are treated as operating expenses and do not entail the recognition of deferred taxes in the consolidated financial statements.

### *Uncertainty over income tax treatments*

In accordance with IFRIC 23, the group assesses the likelihood that the tax authorities will accept/not accept the position taken. It then estimates the impacts on taxable income, tax bases, losses carried forward, unused tax credits and taxation rates. In case of an uncertain tax position, the amounts to be paid are assessed on the basis of the most likely amount or theu expected value based on the method that best predicts the amounts that will be paid or received.

NOTES TO THE BALANCE SHEET (in thousands of euros)

## Note 1. Cash, due from central banks
## Loans and receivables - credit institutions

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Cash, due from central banks** | | |
| Due from central banks | 12,761,596 | 9,942,206 |
| Cash | 140,255 | 141,679 |
| Accrued interest | 0 | 0 |
| **TOTAL** | **12,901,851** | **10,083,885** |
| **Loans and receivables - credit institutions** | | |
| Current accounts | 8,468,498 | 6,906,487 |
| Loans | 11,082 | 33,342 |
| Other receivables | 3,856,134 | 723,893 |
| Guarantee deposits paid | 645,160 | 669,857 |
| Repurchase agreements | 1,769,663 | 1,397,909 |
| Individually impaired receivables (B3) | 0 | 0 |
| Accrued interest | 43,243 | 56,090 |
| Impairment on performing loans (B1/B2) | (2,418) | (2,191) |
| Other impairment (B3) | 0 | 0 |
| **TOTAL** | **14,791,362** | **9,785,387** |
| of which deposits and demand loans with credit institutions | 625,166 | 452,241 |

## Note 2. Financial assets at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Assets held for trading purposes | 628,691 | 565,109 |
| Assets classified at fair value option | 9,296 | 9,074 |
| Other assets classified at fair value | 838,296 | 906,505 |
| **TOTAL** | **1,476,283** | **1,480,688** |

## Note 2a. Financial assets held for trading purposes

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Securities | 0 | 0 |
| - Treasury bills, notes and government bonds | 0 | 0 |
| - Bonds and other fixed-income securities | 0 | 0 |
| . Listed | 0 | 0 |
| . Unlisted | 0 | 0 |
| Including UCI | 0 | 0 |
| - Stocks and other variable-income securities | 0 | 0 |
| . Listed | 0 | 0 |
| . Unlisted | 0 | 0 |
| Derivatives held for trading purposes | 628,691 | 565,109 |
| Loans and receivables | 0 | 0 |
| of which repurchase agreements | 0 | 0 |
| **TOTAL** | **628,691** | **565,109** |

Trading derivatives are held for the purpose of hedging customer transactions.

## Note 2b. Assets classified at fair value option

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Securities | 0 | 0 |
| - Treasury bills, notes and government bonds | 0 | 0 |
| - Bonds and other fixed-income securities | 0 | 0 |
| . Listed | 0 | 0 |
| . Unlisted | 0 | 0 |
| Accrued interest | 0 | 0 |
| Including UCI | 0 | 0 |
| - Stocks and other variable-income securities | 0 | 0 |
| . Listed | 0 | 0 |
| . Unlisted | 0 | 0 |
| Loans and receivables | 9,296 | 9,074 |
| of which guarantee deposits paid | 0 | 0 |
| of which repurchase agreements | 0 | 0 |
| **TOTAL** | **9,296** | **9,074** |

The maximum non-recoverable amount of loans classified at fair value option was €9,280,000. This amount was not hedged through the use of credit derivatives.

## Note 2c. Other financial assets at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Securities | 835,242 | 855,646 |
| - Treasury bills, notes and government bonds | 0 | 0 |
| - Bonds and other fixed-income securities | 390,036 | 381,066 |
| . Listed | 16,434 | 0 |
| . Unlisted | 359,025 | 369,200 |
| Accrued interest | 14,577 | 11,866 |
| Including UCI | 161,989 | 173,483 |
| - Stocks and other variable-income securities | 445,206 | 474,580 |
| . Listed | 1,687 | 1,455 |
| . Unlisted | 443,519 | 473,125 |
| Loans and receivables | 3,054 | 50,859 |
| of which repurchase agreements | 0 | 0 |
| Guarantee deposits paid | 0 | 0 |
| **TOTAL** | **838,296** | **906,505** |

## Note 3. Information relating to hedging
### Derivatives used for hedging purposes

12.31.2020

| | Fair value hedging | | Cash flow hedging | |
|---|---|---|---|---|
| | Book value | Nominal value | Book value | Nominal value |
| **Interest-rate risks:** | | | | |
| Hedging derivatives | | | | |
| Hedging derivatives - assets | 1,128,813 | 39,945,751 | 12 | 0 |
| Hedging derivatives - liabilities | 1,206,771 | 25,212,128 | 1,605 | 60,000 |
| Change in the fair value of the hedging instrument | 178,877 | | 1,600 | |
| **Currency risk** | | | | |
| Hedging derivatives | | | | |
| Hedging derivatives - assets | | | | |
| Hedging derivatives - liabilities | | | | |
| Change in the fair value of the hedging instrument | | | | |

12.31.2019

| | Fair value hedging | | Cash flow hedging | |
|---|---|---|---|---|
| | Book value | Nominal value | Book value | Nominal value |
| **Interest-rate risks:** | | | | |
| Hedging derivatives | | | | |
| Hedging derivatives - assets | 1,081,882 | 31,807,362 | 239 | 0 |
| Hedging derivatives - liabilities | 1,040,237 | 21,330,480 | 3,426 | 63,000 |
| Change in the fair value of the hedging instrument | 46,679 | | 585 | |
| **Currency risk** | | | | |
| Hedging derivatives | | | | |
| Hedging derivatives - assets | | | | |
| Hedging derivatives - liabilities | | | | |
| Change in the fair value of the hedging instrument | | | | |

## Note 4. Financial assets at fair value through equity

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Treasury bills, notes and government bonds** | **3,914,626** | **3,846,612** |
| **Bonds and other fixed-income securities** | **7,425,427** | **5,304,676** |
| - Listed | 6,106,291 | 4,673,995 |
| - Unlisted | 1,286,512 | 610,773 |
| Accrued interest | 32,624 | 19,908 |
| **Subtotal gross value of debt instruments** | **11,340,053** | **9,151,288** |
| Of which impaired debt instruments (B3) | 0 | 0 |
| Impairment on performing loans (B1/B2) | (8,561) | (6,195) |
| Other impairment (B3) | 0 | 0 |
| **Subtotal net value of debt instruments** | **11,331,492** | **9,145,093** |
| **Loans and receivables** | **0** | **0** |
| - Loans and receivables due from credit institutions | 0 | 0 |
| - Loans and receivables due from customers | 0 | 0 |
| Accrued interest | 0 | 0 |
| **Subtotal gross value of Loans** | **0** | **0** |
| Impairment on performing loans (B1/B2) | 0 | 0 |
| Other impairment (B3) | 0 | 0 |
| **Subtotal net value of Loans** | **0** | **0** |
| **Stocks and other variable-income securities** | **82,343** | **99,482** |
| - Listed | 67,423 | 84,988 |
| - Unlisted | 14,920 | 14,494 |
| Accrued interest | 0 | 0 |
| **Equity securities held for long-term investment** | **508,728** | **410,400** |
| - Long-term investments | 427,151 | 347,309 |
| - Other long-term investments | 81,394 | 62,783 |
| - Shares in associates | 183 | 308 |
| - Translation adjustments | 0 | 0 |
| - Loaned securities | 0 | 0 |
| Accrued interest | 0 | 0 |
| **Subtotal equity instruments** | **591,071** | **509,882** |
| **TOTAL** | **11,922,563** | **9,654,975** |
| Of which unrealized capital gains/losses recognized in equity | 159,184 | 135,470 |
| Of which securities sold under repurchase agreements | 0 | 0 |
| Of which listed long-term investments | 133,049 | 113,894 |

Equity instruments at fair value through equity mainly include investments in associates and the group's other long-term investments.
They are identified on a case-by-case basis and are subject to a validation committee.
Disposals of instruments classified at fair value through equity resulted in the reclassification to reserves of a cumulative gain at the time of the sale of €23,112,000 (gross of tax).

## Note 5. Securities at amortized cost

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Treasury bills, notes and government bonds** | **398,412** | **379,329** |
| **Bonds and other fixed-income securities** | **248,590** | **263,561** |
| - Listed | 220,146 | 224,525 |
| - Unlisted | 27,503 | 37,331 |
| Accrued interest | 941 | 1,705 |
| **GROSS TOTAL** | **647,002** | **642,890** |
| of which impaired assets (B3) | 5,556 | 6,059 |
| Impairment on performing loans (B1/B2) | (748) | (1,431) |
| Other impairment (B3) | (5,467) | (5,970) |
| **NET TOTAL** | **640,787** | **635,489** |

## Note 6. Loans and receivables due from customers

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Performing receivables (B1/B2) | 65,023,235 | 60,289,153 |
| . Commercial receivables | 128,032 | 130,755 |
| . Other loans to customers | 64,772,459 | 60,036,416 |
| - Housing loans | 35,337,606 | 33,418,261 |
| - Other loans and various receivables, including repurchase agreements | 29,336,711 | 26,524,867 |
| - Guarantee deposits paid | 98,142 | 93,288 |
| . Accrued interest | 122,744 | 121,982 |
| Individually impaired receivables (B3) | 1,364,847 | 1,393,251 |
| **Gross receivables** | **66,388,082** | **61,682,404** |
| Impairment on performing loans (B1/B2) | (323,566) | (249,415) |
| Other impairment (B3) | (754,922) | (809,439) |
| **Subtotal I** | **65,309,594** | **60,623,550** |
| Finance leases (net investment) | 1,920,121 | 1,790,927 |
| . Movable goods | 1,076,545 | 1,025,516 |
| . Real property | 843,576 | 765,411 |
| Individually impaired receivables (B3) | 73,673 | 68,811 |
| **Gross receivables** | **1,993,794** | **1,859,738** |
| Impairment on performing loans (B1/B2) | (25,298) | (18,923) |
| Other impairment (B3) | (27,233) | (19,752) |
| **Subtotal II** | **1,941,263** | **1,821,063** |
| **TOTAL** | **67,250,857** | **62,444,613** |
| Of which equity loans with no voting rights | 9,606 | 9,606 |
| Of which subordinated loans | 0 | 0 |

## Note 6a. Information on delinquent payments

| | Payment arrears | | | Guarantees relating to payment arrears |
|---|---|---|---|---|
| | ≤ 30 days | > 30 days ≤ 90 days | > 90 days | |
| **Equity instruments** | 0 | 0 | 0 | 0 |
| **Debt instruments** | 0 | 0 | 0 | 0 |
| Central governments | | | | |
| Credit institutions | | | | |
| Other financial companies | | | | |
| Non-financial companies | | | | |
| Retail customers | | | | |
| **Loans and advances** | 304,240 | 125,785 | 0 | 241,768 |
| Central governments | 34,814 | 0 | 0 | 19,573 |
| Credit institutions | 3,925 | 0 | 0 | 2,207 |
| Other financial companies | 1,031 | 57 | 0 | 612 |
| Non-financial companies | 101,987 | 62,723 | 0 | 92,603 |
| Retail customers | 162,483 | 63,005 | 0 | 126,773 |
| **Other financial assets** | 0 | 0 | 0 | 0 |
| **TOTAL** | 304,240 | 125,785 | 0 | 241,768 |

This table includes outstandings considered performing but on which one or more delinquent payments have been observed. The reported amount consists of the total value of the commitment on which a delinquent payment has been observed, not merely the delinquent payment amount.
The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

## Note 6b. Restructured outstandings by type

| Restructured outstandings by type as of 12/31/2020 | Renegotiation of contract | Total or partial refinancing of outstanding | TOTAL |
|---|---|---|---|
| **Performing outstandings** | 107,929 | 39,348 | 147,277 |
| Non-performing outstandings - gross amounts | 313,686 | 116,986 | 430,672 |
| Restructured non-performing outstandings - impairment loss | (144,063) | (44,258) | (188,321) |
| **Net non-performing outstandings** | 169,623 | 72,728 | 242,351 |

## Note 7. Placement of insurance activities and reinsurers' shares in technical provisions

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Financial assets at fair value through profit or loss | 27,890,440 | 30,486,386 |
| Available-for-sale financial assets | 26,077,885 | 26,384,069 |
| Loans and receivables - credit institutions | 5,559 | 458 |
| Loans and receivables linked to insurance activities | 508,491 | 481,087 |
| Held-to-maturity financial assets | 0 | 0 |
| Investment property | 357,026 | 377,727 |
| Share of reinsurers in technical provisions and other insurance assets | 464,841 | 442,721 |
| **TOTAL** | 55,304,242 | 58,172,448 |

## Note 7a. Financial assets at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Financial assets held for trading purposes** | **13** | **152** |
| Derivatives held for trading purposes | 13 | 152 |
| **Subtotal I** | **13** | **152** |
| **Assets classified at fair value option** | **27,890,427** | **30,486,234** |
| Securities | 27,890,427 | 30,486,234 |
| - Bonds and other fixed-income securities | 7,969,194 | 7,564,659 |
| . Listed | 6,667,072 | 6,735,465 |
| . Unlisted | 1,244,588 | 767,367 |
| Accrued interest | 57,534 | 61,827 |
| - Stocks and other variable-income securities | 19,921,233 | 22,921,575 |
| . Listed | 13,185,543 | 13,448,737 |
| . Unlisted | 6,718,851 | 9,447,950 |
| Accrued interest | 16,839 | 24,888 |
| **Subtotal II** | **27,890,427** | **30,486,234** |
| **TOTAL** | **27,890,440** | **30,486,386** |

At December 31, 2020, the fair value of financial assets at fair value through profit or loss whose cash flows resembled those of a basic loan totaled €433 million. The change in the fair value of these assets during the period was €(0.1) million.

## Note 7b. Available-for-sale financial assets

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Treasury bills, notes and government bonds** | **7,695,446** | **8,680,139** |
| **Bonds and other fixed-income securities** | **16,482,563** | **16,354,854** |
| - Listed | 13,849,300 | 13,372,903 |
| - Unlisted | 2,479,686 | 2,822,274 |
| Accrued interest | 153,577 | 159,677 |
| **Subtotal gross value of debt instruments** | **24,178,009** | **25,034,993** |
| Impairment | (1,376) | (651) |
| **Subtotal net value of debt instruments** | **24,176,633** | **25,034,342** |
| **Shares and other variable-income securities** | **1,210,756** | **782,182** |
| - Listed | 728,352 | 314,735 |
| - Unlisted | 478,477 | 462,373 |
| Accrued interest | 3,927 | 5,074 |
| **Equity securities held for long-term investment** | **696,156** | **569,604** |
| - Long-term investments | 392,958 | 281,528 |
| - Other long-term investments | 303,198 | 288,076 |
| - Shares in associates | 0 | 0 |
| **Subtotal gross value of equity instruments** | **1,906,912** | **1,351,786** |
| Impairment | (5,660) | (2,059) |
| **Subtotal net value of equity instruments** | **1,901,252** | **1,349,727** |
| **TOTAL** | **26,077,885** | **26,384,069** |
| Of which unrealized capital gains/losses recognized in equity | 283,040 | 260,433 |
| Of which listed long-term investments | 71,178 | 60,931 |

At December 31, 2020, the fair value of available-for-sale financial assets whose cash flows resembled those of a basic loan totaled €21,363 million. The change in the fair value of these assets during the period was €+9 million.

### Note 7c. Securities at amortized cost

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Treasury bills, notes and government bonds | 0 | 0 |
| Bonds and other fixed-income securities | 0 | 0 |
| - Listed | 0 | 0 |
| - Unlisted | | |
| Accrued interest | 0 | 0 |
| GROSS TOTAL | 0 | 0 |
| of which impaired assets | | |
| Impairment | | |
| NET TOTAL | 0 | 0 |

### Note 7d. Loans and receivables - credit institutions

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Loans and receivables - credit institutions | | |
| Other regular accounts | 5,281 | 197 |
| Loans | 15 | 0 |
| Guarantee deposits paid | 0 | 0 |
| Repurchase agreements | 0 | 0 |
| Accrued interest | 263 | 261 |
| TOTAL | 5,559 | 458 |
| of which deposits and demand loans with credit institutions | 5,296 | 197 |

At December 31, 2020, loans and receivables due from credit institutions whose cash flows resembled those of a basic loan totaled €5.5 million.

### Note 7e. Loans and receivables linked to insurance activities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Performing receivables | 508,491 | 481,087 |
| Loans to customers | 504,622 | 477,764 |
| - Housing loans | 0 | 0 |
| - Other loans and various receivables, including repurchase agreements | 504,622 | 477,764 |
| Accrued interest | 3,869 | 3,323 |
| Individually impaired receivables | 3 | 4 |
| Gross receivables | 508,494 | 481,091 |
| Impairment | (3) | (4) |
| TOTAL | 508,491 | 481,087 |

At December 31, 2020, loans and receivables linked to insurance activities and whose cash flows resembled those of a basic loan totaled €508 million.

### Note 7f. Investment property

| | 12.31.2019 | Increase | Decrease | Other | 12.31.2020 |
|---|---|---|---|---|---|
| Historical cost | 582,185 | 5,437 | (15,378) | 0 | 572,244 |
| Amortization and impairment | (204,458) | (16,917) | 6,157 | 0 | (215,218) |
| NET AMOUNT | 377,727 | (11,480) | (9,221) | 0 | 357,026 |

The fair value of investment real estate recognized at cost amounted to €783 million at December 31, 2020 compared with €783 million at December 31, 2019.

## Note 7g. Share of reinsurers in technical provisions and other insurance assets

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Technical provisions - Reinsurers' share | 141,639 | 116,190 |
| Other insurance assets | 323,202 | 326,531 |
| **TOTAL** | **464,841** | **442,721** |

## Note 8. Current taxes

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Assets (through profit or loss) | 174,300 | 240,252 |
| Liabilities (through profit or loss) | 135,727 | 84,580 |

## Note 9. Deferred taxes

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Assets (through profit or loss) | 52,267 | 56,261 |
| Assets (through equity) | 92,792 | 88,701 |
| Liabilities (through profit or loss) | 37,577 | 21,268 |
| Liabilities (through equity) | 132,104 | 129,973 |

### Deferred taxes by major category

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Loss carryforwards | 6,409 | 5,429 |
| Temporary differences on: | | |
| Deferred capital gains or losses on available-for-sale securities | (71,127) | (69,480) |
| Deferred capital gains or losses on securities at fair value through equity | (22,385) | (18,198) |
| Change in credit risk of liabilities at fair value through profit or loss by option | 7,505 | 289 |
| Unrealized gains or losses on cash flow hedges | 383 | 943 |
| Unrealized gains or losses on actuarial differences | 46,312 | 45,174 |
| Provisions for non-deductible contingencies and charges | 94,968 | 89,414 |
| Unrealized reserves of finance leases | (28,255) | (22,901) |
| Other temporary differences | (58,432) | (36,949) |
| **Total net deferred taxes** | **(24,622)** | **(6,279)** |

## Note 10. Accruals, prepayments and sundry assets

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Accruals – assets** | | |
| Receivables collection | 158,276 | 301,671 |
| Foreign currency adjustment accounts | 11,184 | 7,005 |
| Accrued income | 151,679 | 109,787 |
| Miscellaneous accrual accounts | 199,035 | 122,273 |
| **Subtotal** | **520,174** | **540,736** |
| **Other assets*** | | |
| Settlement accounts for securities transactions | 59,625 | 65,647 |
| Various debtors | 371,393 | 303,413 |
| Inventories and similar | 1,781 | 1,547 |
| Other miscellaneous applications of funds | 2,482 | 3,223 |
| **Subtotal gross value of other assets** | **435,281** | **373,830** |
| Impairment on performing loans (B1/B2) | | |
| Other impairment (B3) | (3,868) | (2,863) |
| **Subtotal net value of other assets** | **431,413** | **370,967** |
| **TOTAL** | **951,587** | **911,703** |

*Includes "other assets" not specific to insurance within the insurance scope; the "other assets" specific to the insurance activity within the insurance scope are included in note 7g.

## Note 11. Investments in associates

| | 12.31.2020 | | | 12.31.2019 | | |
|---|---|---|---|---|---|---|
| | Associates investments | Share of earnings | Dividends received | Associates investments | Share of earnings | Dividends received |
| Caisse Centrale du Crédit Mutuel | 134,596 | 1,527 | 2,028 | 136,023 | 2,062 | 866 |
| Younited Credit | 0 | (596) | 0 | 18,279 | (2,920) | 0 |
| New Port | 22,526 | 1,398 | 0 | 33,984 | 2,284 | 0 |
| Other | 10,577 | (1,223) | 510 | 9,344 | (3,263) | 0 |
| **GROSS TOTAL** | **167,698** | **1,106** | **2,538** | **197,630** | **(1,837)** | **866** |

### Supplementary information on main investments in associates (IFRS) at December 31, 2020

| | Total assets | NBI | Gross operating income | Net income | OCI | Shareholders' equity |
|---|---|---|---|---|---|---|
| Caisse Centrale du Crédit Mutuel | 18,244,895 | 16,232 | 11,271 | 8,924 | 10,968 | 676,948 |
| NEW PORT | 148,305 | 6,257 | 5,566 | 5,566 | (914) | 75,932 |

## Note 12. Investment real estate - banking activity

| | 12.31.2019 | Increase | Decrease | Other | 12.31.2020 |
|---|---|---|---|---|---|
| Historical cost | 204,762 | 2,035 | (20,487) | 0 | 186,310 |
| Amortization and impairment | (60,547) | (5,853) | 7,577 | 0 | (58,823) |
| **NET AMOUNT** | **144,215** | **(3,818)** | **(12,910)** | **0** | **127,487** |

The fair value of investment real estate recognized at cost amounted to €174 million at December 31, 2020 compared with €217 million at December 31, 2019.

## Note 13. Property, plant and equipment

| | 12.31.2019 | Increase | Decrease | Other | 12.31.2020 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Land | 22,015 | 229 | (374) | (8) | 21,862 |
| Plant | 590,074 | 13,635 | (6,720) | (19,408) | 577,581 |
| Rights of use - Property (1) | 95,501 | 25,598 | (344) | (2,155) | 118,600 |
| Other property, plant and equipment | 253,090 | 26,744 | (16,407) | (4,299) | 259,128 |
| **Total** | **960,680** | **66,206** | **(23,845)** | **(25,870)** | **977,171** |
| **Amortization and impairment** | | | | | |
| Land | 0 | 0 | 0 | 0 | 0 |
| Plant | (409,995) | (20,390) | 4,119 | 15,916 | (410,350) |
| Rights of use - Property | (12,325) | (14,133) | 48 | 0 | (26,410) |
| Other property, plant and equipment | (195,202) | (18,526) | 5,859 | 4,101 | (203,768) |
| **Total** | **(617,522)** | **(53,049)** | **10,026** | **20,017** | **(640,528)** |
| **NET AMOUNT** | **343,158** | **13,157** | **(13,819)** | **(5,853)** | **336,643** |

## Note 14. Intangible assets

| | 12.31.2019 | Increase | Decrease | Other | 12.31.2020 |
|---|---|---|---|---|---|
| **Historical cost** | | | | | |
| Self-produced assets | 534,278 | 69,163 | (164) | 0 | 603,277 |
| Acquired assets | 783,019 | 96,815 | (58,822) | (2,500) | 818,512 |
| Software | 392,158 | 18,471 | (1,679) | 0 | 408,950 |
| Other | 390,861 | 78,344 | (57,143) | (2,500) | 409,562 |
| **Total** | **1,317,297** | **165,978** | **(58,986)** | **(2,500)** | **1,421,789** |
| **Amortization and impairment** | | | | | |
| Self-produced assets | (409,411) | (54,802) | 61 | 0 | (464,152) |
| Acquired assets | (450,282) | (32,160) | 1,073 | 1,135 | (480,234) |
| Software | (349,155) | (20,101) | 763 | 0 | (368,493) |
| Other | (101,127) | (12,059) | 310 | 1,135 | (111,741) |
| **Total** | **(859,693)** | **(86,962)** | **1,134** | **1,135** | **(944,386)** |
| **NET AMOUNT** | **457,604** | **79,016** | **(57,852)** | **(1,365)** | **477,403** |

## Note 15. Goodwill

| | 12.31.2019 | Increase | Decrease | Other | 12.31.2020 |
|---|---|---|---|---|---|
| Gross goodwill | 566,776 | 0 | 0 | (5,785) | 560,991 |
| Impairment | 0 | 0 | (10,974) | 0 | (10,974) |
| **Net goodwill** | **566,776** | **0** | **(10,974)** | **(5,785)** | **550,017** |

Budget Insight was acquired at the end of 2019. The purchase price was allocated in 2020. Goodwill therefore decreased by €5.8 million.

**Allocation by Division**

| Division | Entity | 12.31.2020 | 12.31.2019 |
|---|---|---|---|
| Retail customers | Arkéa Direct Bank | 259,757 | 259,757 |
| Retail customers | Budget Insight* | 22,530 | 28,315 |
| B2B and Specialized Services | CFCAL Banque | 38,216 | 38,216 |
| B2B and Specialized Services | Monext | 100,250 | 100,250 |
| B2B and Specialized Services | Procapital | 63,000 | 63,000 |
| B2B and Specialized Services - Fintech | Leetchi SA Mangopay | 25,682 | 25,682 |
| B2B and Specialized Services - Fintech | Pumpkin | 0 | 10,974 |
| Products | Izimmo | 17,964 | 17,964 |
| Products | Schelcher Prince Gestion | 11,649 | 11,649 |
| Products | Suravenir Assurances | 10,969 | 10,969 |
| **Net goodwill** | | **550,017** | **566,776** |

## Note 16. Central banks - Due to credit institutions

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Due from central banks** | **0** | **0** |
| **Liabilities to credit institutions** | **12,579,835** | **7,767,767** |
| Current accounts | 278,384 | 719,617 |
| Loans | 1,694,979 | 1,833,290 |
| Guarantee deposits received | 163,977 | 295,245 |
| Other liabilities | 42,277 | 64,385 |
| Repurchase agreements | 10,439,712 | 4,883,045 |
| Accrued interest | (39,494) | (27,815) |
| **TOTAL** | **12,579,835** | **7,767,767** |
| of which deposits and demand loans with credit institutions | 320,380 | 1,333,693 |

## Note 17. Financial liabilities at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Financial liabilities held for trading purposes** | **656,313** | **561,824** |
| .Short selling of securities | 0 | 0 |
| - Treasury bills, notes and government bonds | 0 | 0 |
| - Bonds and other fixed-income securities | 0 | 0 |
| - Stocks and other variable-income securities | 0 | 0 |
| .Payables on securities sold under repurchase agreements | 0 | 0 |
| .Derivatives | 656,313 | 561,824 |
| .Other financial liabilities held for trading purposes | 0 | 0 |
| **Fair value option financial liabilities through profit or loss** | **706,629** | **611,326** |
| Liabilities to credit institutions | 255 | 2,115 |
| Liabilities to customers | 4,698 | 5,076 |
| Debt securities | 701,676 | 604,135 |
| Subordinated debt | 0 | 0 |
| **TOTAL** | **1,362,942** | **1,173,150** |

The settlement value of financial liabilities at fair value through profit or loss was €1,352 million at December 31, 2020 versus €1,162 million at December 31, 2019.

## Note 17a. Fair value option financial liabilities through profit or loss

| | 12.31.2020 Carrying amount | 12.31.2020 Amount due at maturity | 12.31.2020 Difference | 12.31.2019 Carrying amount | 12.31.2019 Amount due at maturity | 12.31.2019 Difference |
|---|---|---|---|---|---|---|
| Liabilities to credit institutions | 255 | 255 | 0 | 2,115 | 2,114 | 1 |
| Liabilities to customers | 4,698 | 4,690 | 8 | 5,076 | 5,075 | 1 |
| Debt securities | 701,676 | 691,387 | 10,289 | 604,135 | 593,487 | 10,648 |
| Subordinated debt | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 706,629 | 696,332 | 10,297 | 611,326 | 600,676 | 10,650 |

## Note 17b. Financial assets and liabilities subject to netting, an enforceable master netting agreement or a similar agreement

12.31.2020

| | Gross amount of financial assets / liabilities recognized | Gross amount of financial assets / liabilities recognized and netted on the balance sheet | Net amount of financial assets / liabilities shown on the balance sheet | Related amounts not netted on the balance sheet | | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | Impact of master netting agreements | Financial instruments received/given as guarantees | Cash collateral | |
| **Assets** | | | | | | | |
| Derivatives | 1,757,529 | 0 | 1,757,529 | (1,168,437) | 0 | (159,287) | 429,805 |
| Reverse repurchase agreements of securities, securities | 1,878,405 | 0 | 1,878,405 | 0 | (1,767,909) | 0 | 110,496 |
| Other financial instruments | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Total assets** | 3,635,934 | 0 | 3,635,934 | (1,168,437) | (1,767,909) | (159,287) | 540,301 |
| **Liabilities** | | | | | | | |
| Derivatives | 1,970,392 | 0 | 1,970,392 | (1,168,437) | 0 | (692,865) | 109,090 |
| Repurchase agreements of securities, securities | 10,931,850 | 0 | 10,931,850 | 0 | (10,930,933) | 0 | 917 |
| Other financial instruments | 0 | | 0 | 0 | 0 | 0 | 0 |
| **Total liabilities** | 12,902,242 | 0 | 12,902,242 | (1,168,437) | (10,930,933) | (692,865) | 110,007 |

12.31.2019

| | Gross amount of financial assets / liabilities recognized | Gross amount of financial assets / liabilities recognized and netted on the balance sheet | Net amount of financial assets / liabilities shown on the balance sheet | Related amounts not netted on the balance sheet | | | Net amount |
|---|---|---|---|---|---|---|---|
| | | | | Impact of master netting agreements | Financial instruments received/given as guarantees | Cash collateral | |
| **Assets** | | | | | | | |
| Derivatives | 1,647,382 | 0 | 1,647,382 | (942,563) | 0 | (293,940) | 410,879 |
| Reverse repurchase agreements of securities, securities | 1,548,810 | 0 | 1,548,810 | 0 | (1,447,294) | 0 | 101,516 |
| Other financial instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total assets** | 3,196,192 | 0 | 3,196,192 | (942,563) | (1,447,294) | (293,940) | 512,395 |
| **Liabilities** | | | | | | | |
| Derivatives | 1,719,888 | 0 | 1,719,888 | (942,563) | 0 | (694,895) | 82,430 |
| Repurchase agreements of securities, securities | 5,939,352 | 0 | 5,939,352 | 0 | (5,929,413) | (7,554) | 2,385 |
| Other financial instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total liabilities** | 7,659,240 | 0 | 7,659,240 | (942,563) | (5,929,413) | (702,449) | 84,815 |

## Note 18. Debt securities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Certificates of deposit | 13,340 | 9,262 |
| Interbank market securities and negotiable debt securities | 3,420,449 | 2,941,083 |
| Bond issues | 13,921,218 | 12,372,019 |
| Non-preferred senior debt | 1,845,624 | 1,066,808 |
| Accrued interest | 147,843 | 144,716 |
| **TOTAL** | **19,348,474** | **16,533,888** |

## Note 19. Liabilities to customers

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Savings accounts governed by special regulations | 30,413,679 | 29,690,093 |
| Sight accounts | 24,901,521 | 24,182,471 |
| Term accounts | 5,512,158 | 5,507,622 |
| Accrued interest on savings accounts | 182,292 | 212,467 |
| **Subtotal** | **30,595,971** | **29,902,560** |
| Current accounts | 30,259,334 | 23,721,618 |
| Term accounts and term loans | 7,404,677 | 7,920,139 |
| Repurchase agreements | 57,243 | 52,039 |
| Accrued interest | 42,027 | 50,887 |
| Guarantee deposits received | 1,871 | 53,017 |
| **Subtotal** | **37,765,152** | **31,797,700** |
| **TOTAL** | **68,361,123** | **61,700,260** |

## Note 20. Accruals, deferred income and sundry liabilities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Accruals – liabilities** | | |
| Blocked accounts for collection operations | 338,449 | 394,935 |
| Foreign currency adjustment accounts | 8,626 | 7,410 |
| Accrued expenses | 192,878 | 197,082 |
| Deferred income | 248,477 | 267,887 |
| Miscellaneous accrual accounts | 784,609 | 466,841 |
| **Subtotal** | **1,573,039** | **1,334,155** |
| **Other liabilities*** | | |
| Lease liabilities - Property | 83,665 | 75,245 |
| Settlement accounts for securities transactions | 222,926 | 312,167 |
| Outstanding payments on securities | 6,165 | 7,536 |
| Miscellaneous creditors | 508,157 | 593,910 |
| **Subtotal** | **820,913** | **988,858** |
| **TOTAL** | **2,393,952** | **2,323,013** |

*Includes “other liabilities” not specific to insurance within the insurance scope; the “other liabilities” specific to the insurance activity within the insurance scope are included in note 21d.

## Breakdown of lease liabilities according to maturity

12.31.2020

| | less than 1 year | 1 year to 3 years | 3 years to 6 years | 6 years to 9 years | more than 9 years | TOTAL |
|---|---|---|---|---|---|---|
| Property | 14,368 | 22,664 | 24,947 | 19,634 | 2,052 | 83,665 |
| Information technology | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| **Lease liabilities** | **14,368** | **22,664** | **24,947** | **19,634** | **2,052** | **83,665** |

Within the group, lease liabilities relate only to property contracts.

## Note 21. Liabilities - insurance activity

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Financial liabilities at fair value through profit or loss | 105,703 | 114,401 |
| Liabilities to credit institutions | 479,000 | 1,047,554 |
| Debt securities | 0 | 0 |
| Insurance companies' technical reserves | 50,272,294 | 48,563,719 |
| Other insurance liabilities | 1,879,376 | 5,982,276 |
| Subordinated debt | 407 | 452 |
| **TOTAL** | **52,736,780** | **55,708,402** |

## Note 21a. Financial liabilities at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Financial liabilities held for trading purposes** | **105,703** | **114,401** |
| Derivatives | 105,703 | 114,401 |
| Other financial liabilities held for trading purposes | 0 | 0 |
| **Fair value option financial liabilities through profit or loss** | **0** | **0** |
| Liabilities to credit institutions | 0 | 0 |
| Debt securities | 0 | 0 |
| Subordinated debt | 0 | 0 |
| **TOTAL** | **105,703** | **114,401** |

## Note 21b. Liabilities to credit institutions

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Liabilities to credit institutions** | | |
| Current accounts | 0 | 7,256 |
| Loans | 0 | 0 |
| Guarantee deposits received from credit institutions | 0 | 0 |
| Other liabilities | 0 | 0 |
| Repurchase agreements | 479,000 | 1,040,298 |
| Accrued interest | 0 | 0 |
| **TOTAL** | **479,000** | **1,047,554** |
| of which deposits and demand loans with credit institutions | 0 | 7,256 |

## Note 21c. Insurance companies' technical reserves

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Life insurance, excluding unit-linked contracts | 34,216,642 | 34,511,368 |
| of which profit-sharing | 3,211,083 | 3,122,321 |
| Non-life insurance | 550,719 | 505,554 |
| Unit-linked contracts | 15,335,140 | 13,380,524 |
| Other | 169,793 | 166,273 |
| **TOTAL** | **50,272,294** | **48,563,719** |
| Active deferred profit-sharing | 0 | 0 |
| Reinsurers' share | (141,639) | (116,190) |
| **Net technical provisions** | **50,130,655** | **48,447,529** |

## Note 21d. Other insurance liabilities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Security deposits and guarantees received | 30,032 | 28,737 |
| Insurance and reinsurance liabilities | 75,316 | 65,079 |
| Other | 1,774,028 | 5,888,460 |
| **TOTAL** | **1,879,376** | **5,982,276** |

The amount of "other" is mostly related to the UCI of the insurance activity consolidated through the shortcut method.

## Note 22. Provisions

| | 12.31.2019 | Allocations | Write-backs (used) | Write-backs (unused) | Other | 12.31.2020 |
|---|---|---|---|---|---|---|
| Provisions for pension obligations | 389,826 | 37,348 | (18,075) | 0 | (86,126) | 322,973 |
| Provisions for home savings accounts and plans | 59,409 | 1,987 | 0 | (1) | (554) | 60,841 |
| Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope | 45,497 | 25,788 | 0 | (23,990) | (303) | 46,992 |
| Provisions for execution of guarantee commitments | 0 | 2,775 | 0 | 0 | 0 | 2,775 |
| Provisions for taxes | 407 | 744 | 0 | (23) | (7) | 1,121 |
| Provisions for lawsuits | 9,189 | 6,365 | (341) | (953) | 4 | 14,264 |
| Provisions for contingencies | 2,757 | 389 | (1,004) | 0 | 99 | 2,241 |
| Other | 24,201 | 10,342 | (932) | (4,649) | (439) | 28,523 |
| **TOTAL** | **531,286** | **85,738** | **(20,352)** | **(29,616)** | **(87,326)** | **479,730** |

## Note 22a. Pension obligations and similar benefits

### Defined benefit pension obligations and other long-term benefits

| | 12.31.2019 | Allocations | Write-backs | Other | 12.31.2020 |
|---|---|---|---|---|---|
| Retirement benefits | 74,568 | 9,642 | (4,099) | (174) | 79,937 |
| Retirement pension supplements | 173,836 | 10,444 | (10,677) | (84,546) | 89,057 |
| Length-of-service awards | 50,048 | 5,187 | (3,299) | (7) | 51,929 |
| Time savings accounts | 91,374 | 12,075 | 0 | (1,399) | 102,050 |
| **TOTAL** | **389,826** | **37,348** | **(18,075)** | **(86,126)** | **322,973** |

## Note 22b. Provisions for regulated savings product risks

### Home savings accounts and plans during the savings phase: deposits and provisions

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Deposits | Provisions | Deposits | Provisions |
| Home savings plans | 5,372,120 | 60,745 | 5,327,596 | 59,236 |
| Under 4 years old | 337,958 | 281 | 298,598 | 44 |
| Between 4 and 10 years old | 3,276,038 | 28,326 | 3,158,450 | 23,305 |
| Over 10 years old | 1,758,124 | 32,138 | 1,870,548 | 35,887 |
| Home savings accounts | 752,664 | 0 | 711,437 | 0 |
| **TOTAL** | **6,124,784** | **60,745** | **6,039,033** | **59,236** |

### Loans granted under home savings accounts and plans: deposits and provisions

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Deposits | Provisions | Deposits | Provisions |
| Home savings plans | 1,619 | 3 | 2,612 | 6 |
| Home savings accounts | 13,389 | 93 | 21,684 | 167 |
| **TOTAL** | **15,008** | **96** | **24,296** | **173** |

## Note 22c. Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope

| | 12.31.2019 | Allocations | Write-backs | Other | 12.31.2020 |
|---|---|---|---|---|---|
| Commitments given | | | | | |
| 12-month expected losses | 13,297 | 9,843 | (9,030) | (80) | 14,030 |
| Lifetime expected losses for non-impaired assets | 3,927 | 5,348 | (3,323) | (31) | 5,921 |
| Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation) | 28,273 | 10,597 | (11,637) | (192) | 27,041 |
| **TOTAL** | **45,497** | **25,788** | **(23,990)** | **(303)** | **46,992** |

## Note 23. Subordinated debt

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Subordinated debt | 2,398,663 | 2,349,061 |
| Equity loans with no voting rights | 2,693 | 2,693 |
| Undated subordinated debt | 97,269 | 97,193 |
| Other liabilities | 0 | 0 |
| Accrued interest | 49,114 | 49,112 |
| **TOTAL** | **2,547,739** | **2,498,059** |

Main subordinated debt at December 31, 2020

| ISSUER | ISSUE DATE | AMOUNT | CURRENCY | INTEREST RATE | DUE DATE |
|---|---|---|---|---|---|
| Crédit Mutuel Arkéa | 07.05.2004 | 97,314 | Euro | CMS 10 ans + 0,10 | Undated |
| Crédit Mutuel Arkéa | 06.01.2016 | 500,000 | Euro | 3.25% | 06.01.2026 |
| Crédit Mutuel Arkéa | 02.09.2017 | 500,000 | Euro | 3.50% | 02.09.2029 |
| Crédit Mutuel Arkéa | 10.25.2017 | 500,000 | Euro | 1.88% | 10.25.2029 |
| Crédit Mutuel Arkéa | 03.11.2019 | 750,000 | Euro | 3.38% | 03.11.2031 |
| **TOTAL** | | **2,347,314** | | | |

## Note 24. Share capital and additional paid-in capital - Consolidated reserves

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Share capital | 2,372,990 | 2,347,978 |
| Additional paid-in capital | 5,438 | 5,438 |
| Consolidated reserves | 4,793,563 | 4,294,471 |
| Legal reserve | 517,124 | 509,793 |
| Reserves provided for in the by-laws and contractual reserves | 2,287,885 | 2,249,249 |
| Regulated reserves | 0 | 0 |
| Translation adjustments | 0 | 0 |
| Other reserves | 1,927,212 | 1,473,827 |
| Retained earnings | 61,342 | 61,602 |
| **TOTAL** | **7,171,991** | **6,647,887** |

The group's share capital consists of shares held by the credit institution’s customer shareholders.

## Note 25. Gains and losses recognized directly in equity

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Available-for-sale assets | 211,913 | 190,953 |
| Non-recyclable equity instruments at fair value through equity by option | 90,395 | 109,872 |
| Recyclable debt instruments at fair value through equity | 48,086 | 21,317 |
| Change in fair value attributable to credit risk presented in other items of comprehensive income for the liabilities | (18,911) | (613) |
| Cash flow hedge derivatives | (962) | (2,002) |
| Real property | 0 | 0 |
| Other | (132,984) | (129,717) |
| **TOTAL** | **197,537** | **189,809** |

## Note 26.a Breakdown of financial liabilities according to maturity - banking activity

| | Residual maturity | | | | | |
|---|---|---|---|---|---|---|
| | Less than 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | Indefinite | Total |
| Liabilities at fair value through profit or loss | 9,178 | 6,745 | 84,106 | 1,262,914 | - | **1,362,942** |
| Derivatives used for hedging purposes | | | | | 1,208,376 | **1,208,376** |
| Liabilities to credit institutions | 316,112 | 550,061 | 10,495,813 | 1,217,833 | - | **12,579,819** |
| Liabilities to customers | 53,192,969 | 2,949,551 | 8,047,648 | 4,170,947 | - | **68,361,115** |
| Debt securities | 1,056,617 | 5,090,615 | 4,638,813 | 8,562,428 | - | **19,348,474** |
| Subordinated debt | 0 | 0 | 18,330 | 2,432,140 | 97,269 | **2,547,739** |

## Note 26.b Breakdown of financial liabilities according to maturity - insurance activity

| | Residual maturity | | | | | |
|---|---|---|---|---|---|---|
| | Less than 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | Indefinite | Total |
| Derivatives used for hedging purposes | | | | | 105,703 | **105,703** |
| Liabilities to credit institutions | 0 | 479,000 | 0 | 0 | 0 | **479,000** |
| Subordinated debt | 0 | 407 | 0 | 0 | 0 | **407** |

## Note 27. Non-current assets held for sale and related liabilities

The group is in the process of selling Stratéo’s credit portfolio.

Stratéo's contribution is accounted for in the consolidated financial statements for the year ended December 31,2020 in accordance with IFRS 5 relating to entities held for sale.

The sale is scheduled to take place in the first half of 2021.

## Note 28a. Fair value ranking – banking activity

12.31.2020

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **FVOCI** | **9,920,251** | **1,622,266** | **380,046** | **11,922,563** |
| - Treasury bills and similar securities - FVOCI (1) (2) | 3,856,187 | 55,419 | 0 | 3,911,606 |
| - Bonds and other fixed-income securities - FVOCI | 5,855,507 | 1,564,379 | 0 | 7,419,886 |
| - Stocks and other variable-income securities - FVOCI | 67,423 | 2,468 | 12,452 | 82,343 |
| - Equity investments and other long-term investments - FVOCI | 141,134 | 0 | 367,411 | 508,545 |
| - Shares in associates - FVOCI | 0 | 0 | 183 | 183 |
| - Loans and receivables due from credit institutions - FVOCI | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - FVOCI | 0 | 0 | 0 | 0 |
| **Trading/FVO/Other FVTPL** | **18,161** | **755,256** | **702,866** | **1,476,283** |
| - Treasury bills and similar securities - Trading | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Other FVTPL | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Other FVTPL (3) | 16,474 | 114,215 | 259,347 | 390,036 |
| - Stocks and other variable-income securities - Trading | 0 | 0 | 0 | 0 |
| - Stocks and other variable-income securities - Other FVTPL | 1,687 | 0 | 443,519 | 445,206 |
| - Loans and receivables due from credit institutions - Fair value option | 0 | 255 | 0 | 255 |
| - Loans and receivables due from credit institutions - Other FVTPL | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - Fair value option | 0 | 9,041 | 0 | 9,041 |
| - Loans and receivables due from customers - Other FVTPL | 0 | 3,054 | 0 | 3,054 |
| - Derivatives and other financial assets - Trading | 0 | 628,691 | 0 | 628,691 |
| **Derivatives used for hedging purposes** | **0** | **1,128,825** | **0** | **1,128,825** |
| **Total** | **9,938,412** | **3,506,347** | **1,082,912** | **14,527,671** |
| **Financial liabilities** | | | | |
| **Trading/FVO** | **0** | **1,362,942** | **0** | **1,362,942** |
| - Amounts due to credit institutions - Fair value option | 0 | 255 | 0 | 255 |
| - Amounts due to customers - Fair value option | 0 | 4,698 | 0 | 4,698 |
| - Debt securities - Fair value option | 0 | 701,676 | 0 | 701,676 |
| - Derivatives and other financial liabilities - Trading | 0 | 656,313 | 0 | 656,313 |
| **Derivatives used for hedging purposes** | **0** | **1,208,376** | **0** | **1,208,376** |
| **Total** | **0** | **2,571,318** | **0** | **2,571,318** |

(1) Transfers from level 2 to level 1 were made in the amount of €11 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(2) Transfers from level 1 to level 2 were made in the amount of €32 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(3) Transfers from level 2 to level 3 were made in the amount of €32 million. They consisted mainly of bonds whose characteristics correspond to level 3 criteria.

12.31.2019

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **FVOCI** | **7,904,691** | **1,441,704** | **308,580** | **9,654,975** |
| - Treasury bills and similar securities - FVOCI (1) | 3,174,059 | 670,297 | 0 | 3,844,356 |
| - Bonds and other fixed-income securities - FVOCI (2) (3) | 4,531,750 | 768,987 | 0 | 5,300,737 |
| - Stocks and other variable-income securities - FVOCI | 84,988 | 2,420 | 12,074 | 99,482 |
| - Equity investments and other long-term investments - FVOCI | 113,894 | 0 | 296,198 | 410,092 |
| - Shares in associates - FVOCI | 0 | 0 | 308 | 308 |
| - Loans and receivables due from credit institutions - FVOCI | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - FVOCI | 0 | 0 | 0 | 0 |
| **Trading/FVO/Other FVTPL** | **11,639** | **781,462** | **687,587** | **1,480,688** |
| - Treasury bills and similar securities - Trading | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Other FVTPL | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Other FVTPL | 10,184 | 156,420 | 214,462 | 381,066 |
| - Stocks and other variable-income securities - Trading | 0 | 0 | 0 | 0 |
| - Stocks and other variable-income securities - Other FVTPL | 1,455 | 0 | 473,125 | 474,580 |
| - Loans and receivables due from credit institutions - Fair value option | 0 | 2,115 | 0 | 2,115 |
| - Loans and receivables due from credit institutions - Other FVTPL | 0 | 50,158 | 0 | 50,158 |
| - Loans and receivables due from customers - Fair value option | 0 | 6,959 | 0 | 6,959 |
| - Loans and receivables due from customers - Other FVTPL | 0 | 701 | 0 | 701 |
| - Derivatives and other financial assets - Trading | 0 | 565,109 | 0 | 565,109 |
| **Derivatives used for hedging purposes** | **0** | **1,082,121** | **0** | **1,082,121** |
| **Total** | **7,916,330** | **3,305,287** | **996,167** | **12,217,784** |
| **Financial liabilities** | | | | |
| **Trading/FVO** | **0** | **1,173,150** | **0** | **1,173,150** |
| - Amounts due to credit institutions - Fair value option | 0 | 2,115 | 0 | 2,115 |
| - Amounts due to customers - Fair value option | 0 | 5,076 | 0 | 5,076 |
| - Debt securities - Fair value option | 0 | 604,135 | 0 | 604,135 |
| - Derivatives and other financial liabilities - Trading | 0 | 561,824 | 0 | 561,824 |
| **Derivatives used for hedging purposes** | **0** | **1,043,663** | **0** | **1,043,663** |
| **Total** | **0** | **2,216,813** | **0** | **2,216,813** |

(1) Transfers from level 2 to level 1 were made in the amount of €59 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(2) Transfers from level 1 to level 2 were made in the amount of €2 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(3) Transfers from level 2 to level 1 were made in the amount of €211 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

## Note 28b. Fair value ranking – insurance activity

12.31.2020

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Available-for-sale assets** | **21,251,327** | **2,102,133** | **2,724,425** | **26,077,885** |
| - Treasury bills and similar securities - AFS (1) | 7,605,399 | 90,047 | 0 | 7,695,446 |
| - Bonds and other fixed-income securities -AFS (2) (3) | 12,914,351 | 1,544,050 | 2,022,786 | 16,481,187 |
| - Stocks and other variable-income securities - AFS | 660,399 | 468,036 | 76,661 | 1,205,096 |
| - Equity investments and other long-term investments - AFS | 71,178 | 0 | 624,978 | 696,156 |
| - Shares in associates - AFS | 0 | 0 | 0 | 0 |
| **Trading/FVO** | **13,276,205** | **10,389,603** | **4,224,632** | **27,890,440** |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option (4) (5) | 90,662 | 6,629,266 | 1,249,266 | 7,969,194 |
| - Stocks and other variable-income securities - Fair value option (6) | 13,185,543 | 3,760,324 | 2,975,366 | 19,921,233 |
| - Loans and receivables due from credit institutions - Fair value option | 0 | 0 | 0 | 0 |
| - Derivatives and other financial assets - Trading | 0 | 13 | 0 | 13 |
| **Derivatives used for hedging purposes** | **0** | **0** | **0** | **0** |
| **Total** | **34,527,532** | **12,491,736** | **6,949,057** | **53,968,325** |
| **Financial liabilities** | | | | |
| **Trading/FVO** | **0** | **105,703** | **0** | **105,703** |
| - Amounts due to credit institutions - Fair value option | 0 | 0 | 0 | 0 |
| - Debt securities - Fair value option | 0 | 0 | 0 | 0 |
| - Derivatives and other financial liabilities - Trading | 0 | 105,703 | 0 | 105,703 |
| **Derivatives used for hedging purposes** | **0** | **0** | **0** | **0** |
| **Total** | **0** | **105,703** | **0** | **105,703** |

(1) Transfers from level 1 to level 2 were made in the amount of €89 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(2) Transfers from level 2 to level 1 were made in the amount of €65 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(3) Transfers from level 1 to level 2 were made in the amount of €499 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(4) Transfers from level 1 to level 2 were made in the amount of €23 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(5) Transfers from level 2 to level 1 were made in the amount of €6 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(6) Transfers from level 3 to level 2 were made in the amount of €345 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

12.31.2019

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Available-for-sale assets** | **21,976,518** | **2,022,064** | **2,385,487** | **26,384,069** |
| - Treasury bills and similar securities - AFS | 8,680,139 | 0 | 0 | 8,680,139 |
| - Bonds and other fixed-income securities -AFS (1) (2) | 12,981,859 | 1,568,813 | 1,803,531 | 16,354,203 |
| - Stocks and other variable-income securities - AFS | 253,589 | 453,251 | 73,283 | 780,123 |
| - Equity investments and other long-term investments - AFS | 60,931 | 0 | 508,673 | 569,604 |
| - Shares in associates - AFS | 0 | 0 | 0 | 0 |
| **Trading/FVO** | **13,624,456** | **11,017,827** | **5,844,103** | **30,486,386** |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option | 175,719 | 6,614,420 | 774,520 | 7,564,659 |
| - Stocks and other variable-income securities - Fair value option (3) (4) | 13,448,737 | 4,403,255 | 5,069,583 | 22,921,575 |
| - Loans and receivables due from credit institutions - Fair value option | 0 | 0 | 0 | 0 |
| - Derivatives and other financial assets - Trading | 0 | 152 | 0 | 152 |
| **Derivatives used for hedging purposes** | **0** | **0** | **0** | **0** |
| **Total** | **35,600,974** | **13,039,891** | **8,229,590** | **56,870,455** |
| **Financial liabilities** | | | | |
| **Trading/FVO** | **0** | **114,401** | **0** | **114,401** |
| - Amounts due to credit institutions - Fair value option | 0 | 0 | 0 | 0 |
| - Debt securities - Fair value option | 0 | 0 | 0 | 0 |
| - Derivatives and other financial liabilities - Trading | 0 | 114,401 | 0 | 114,401 |
| **Derivatives used for hedging purposes** | **0** | **0** | **0** | **0** |
| **Total** | **0** | **114,401** | **0** | **114,401** |

(1) Transfers from level 1 to level 2 were made in the amount of €15 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(2) Transfers from level 2 to level 1 were made in the amount of €310 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(3) Transfers from level 2 to level 3 were made in the amount of €10 million. They consisted mainly of equities whose characteristics correspond to level 3 criteria.
(4) Transfers from level 3 to level 2 were made in the amount of €1,057 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

## Note 28c. Fair value ranking – details of level 3 - banking activity

| | Opening balance | Purchases | Issues | Sales | Repayments | Transfers | Gains and losses through profit or loss | Gains and losses in equity | Other changes | Closing balance | Transfers L1, L2 => L3 | Transfers L3 => L1, L2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial assets | | | | | | | | | | | | |
| **FVOCI** | **308,579** | **119,733** | **13** | **(48,257)** | **0** | **0** | **0** | **610** | **(634)** | **380,044** | **0** | **0** |
| - Treasury bills and similar securities - FVOCI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - FVOCI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Stocks and other variable-income securities - FVOCI | 12,074 | 0 | 0 | 0 | 0 | 0 | 0 | 378 | 0 | 12,452 | 0 | 0 |
| - Equity investments and other long-term investments - FVOCI | 296,198 | 119,733 | 13 | (48,157) | 0 | 0 | 0 | 257 | (634) | 367,410 | 0 | 0 |
| - Shares in associates - FVOCI | 307 | 0 | 0 | (100) | 0 | 0 | 0 | (25) | 0 | 182 | 0 | 0 |
| - Loans and receivables due from credit institutions - FVOCI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - FVOCI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Trading/FVO/Other** | **687,587** | **130,161** | **0** | **(90,407)** | **(18,318)** | **31,742** | **(37,899)** | **0** | **0** | **702,866** | **31,742** | **0** |
| - Treasury bills and similar securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Other FVTPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Other FVTPL | 214,462 | 58,164 | 0 | (8,862) | (18,318) | 31,742 | (17,841) | 0 | 0 | 259,347 | 31,742 | 0 |
| - Stocks and other variable-income securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Stocks and other variable-income securities - Other FVTPL | 473,125 | 71,997 | 0 | (81,545) | 0 | 0 | (20,058) | 0 | 0 | 443,519 | 0 | 0 |
| - Loans and receivables due from credit institutions - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from credit institutions - Other FVTPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers - Other FVTPL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Derivatives and other financial assets - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Derivatives used for hedging purposes** | 0 | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total** | **996,166** | **249,894** | **13** | **(138,664)** | **(18,318)** | **31,742** | **(37,899)** | **610** | **(634)** | **1,082,910** | **31,742** | **0** |
| Financial liabilities | | | | | | | | | | | | |
| **Trading/FVO** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| - Amounts due to credit institutions - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Amounts due to customers - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Debt securities - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Derivatives and other financial liabilities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Derivatives used for hedging purposes** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

## Note 28d. Fair value ranking – details of level 3 - insurance activity

| | Opening balance | Purchases | Issues | Disposals | Repayments | Transfers | Gains and losses through profit or loss | Gains and losses in equity | Other changes | Closing balance | Transfers L1, L2 => L3 | Transfers L3 => L1, L2 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Financial assets | | | | | | | | | | | | |
| **Available-for-sale assets** | **2,385,487** | **556,220** | **0** | **(42,753)** | **(167,663)** | **0** | **(284)** | **(6,582)** | **0** | **2,724,425** | **0** | **0** |
| - Treasury bills and similar securities - AFS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - AFS | 1,803,531 | 400,786 | 0 | 0 | (164,319) | 0 | (284) | (16,928) | 0 | 2,022,786 | 0 | 0 |
| - Stocks and other variable-income securities -AFS | 73,283 | 0 | 0 | 0 | 0 | 0 | 0 | 3,378 | 0 | 76,661 | 0 | 0 |
| - Equity investments and other long-term investments - AFS | 508,673 | 155,434 | 0 | (42,753) | (3,344) | 0 | 0 | 6,968 | 0 | 624,978 | 0 | 0 |
| - Shares in associates - AFS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Trading/FVO** | **5,844,103** | **1,009,114** | **0** | **(62,502)** | **(132,153)** | **(345,451)** | **32,726** | **0** | **(2,121,205)** | **4,224,632** | **0** | **(345,451)** |
| - Treasury bills and similar securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Treasury bills and similar securities - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Bonds and other fixed-income securities - Fair value option | 774,520 | 626,729 | 0 | 0 | (132,153) | 0 | (19,830) | 0 | 0 | 1,249,266 | 0 | 0 |
| - Stocks and other variable-income securities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Stocks and other variable-income securities - Fair value option | 5,069,583 | 382,385 | 0 | (62,502) | 0 | (345,451) | 52,556 | 0 | (2,121,205) | 2,975,366 | 0 | (345,451) |
| - Derivatives and other financial assets - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Derivatives used for hedging purposes** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| **Total** | **8,229,590** | **1,565,334** | **0** | **(105,255)** | **(299,816)** | **(345,451)** | **32,442** | **(6,582)** | **(2,121,205)** | **6,949,057** | **0** | **(345,451)** |
| Financial liabilities | | | | | | | | | | 0 | | |
| **Trading/FVO** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| - Amounts due to credit institutions - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Debt securities - Fair value option | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Derivatives and other financial liabilities - Trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Derivatives used for hedging purposes** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

The amount of €2.1 billion in "Other changes" is related to the variation of UCI from the insurance activity, consolidated through shortcut method.

## Note 29a. Fair value ranking of financial assets and liabilities recognized at amortized cost - banking activity

12.31.2020

| | Market value | Carrying amount | Unrealized capital gains and losses | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Assets** | **89,450,487** | **82,683,006** | **6,767,481** | **596,397** | **14,873,700** | **73,980,390** |
| Financial assets at amortized cost | | | | | | |
| Loans and receivables due from credit institutions | 14,794,574 | 14,791,362 | 3,212 | 0 | 14,794,574 | 0 |
| Loans and receivables due from customers | 73,965,769 | 67,250,857 | 6,714,912 | 0 | 0 | 73,965,769 |
| Securities | 690,144 | 640,787 | 49,357 | 596,397 | 79,126 | 14,621 |
| **Liabilities** | **104,231,999** | **102,837,171** | **1,394,828** | **0** | **35,862,135** | **68,369,864** |
| Liabilities to credit institutions | 12,643,513 | 12,579,835 | 63,678 | 0 | 12,643,513 | 0 |
| Liabilities to customers | 68,369,864 | 68,361,123 | 8,741 | 0 | 0 | 68,369,864 |
| Debt securities | 20,291,121 | 19,348,474 | 942,647 | 0 | 20,291,121 | 0 |
| Subordinated debt | 2,927,501 | 2,547,739 | 379,762 | 0 | 2,927,501 | 0 |

12.31.2019

| | Market value | Carrying amount | Unrealized capital gains and losses | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Assets** | **75,283,026** | **72,865,489** | **2,417,537** | **470,080** | **9,967,719** | **64,845,227** |
| Financial assets at amortized cost | | | | | | |
| Loans and receivables due from credit institutions | 9,788,104 | 9,785,387 | 2,717 | 0 | 9,788,104 | 0 |
| Loans and receivables due from customers | 64,820,956 | 62,444,613 | 2,376,343 | 0 | 0 | 64,820,956 |
| Securities | 673,966 | 635,489 | 38,477 | 470,080 | 179,615 | 24,271 |
| **Liabilities** | **89,632,630** | **88,499,974** | **1,132,656** | **0** | **27,912,217** | **61,720,413** |
| Liabilities to credit institutions | 7,802,927 | 7,767,767 | 35,160 | 0 | 7,802,927 | 0 |
| Liabilities to customers | 61,720,413 | 61,700,260 | 20,153 | 0 | 0 | 61,720,413 |
| Debt securities | 17,326,335 | 16,533,888 | 792,447 | 0 | 17,326,335 | 0 |
| Subordinated debt | 2,782,955 | 2,498,059 | 284,896 | 0 | 2,782,955 | 0 |

## Note 29b. Fair value ranking of financial assets and liabilities recognized at amortized cost - insurance activity

12.31.2020

| | Market value | Carrying amount | Unrealized capital gains and losses | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Assets** | **514,050** | **514,050** | **0** | **0** | **5,559** | **508,491** |
| Loans and receivables due from credit institutions | 5,559 | 5,559 | 0 | 0 | 5,559 | 0 |
| Other loans and receivables linked to insurance activities | 508,491 | 508,491 | 0 | 0 | 0 | 508,491 |
| Held-to-maturity financial assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Liabilities** | **479,407** | **479,407** | **0** | **0** | **479,407** | **0** |
| Liabilities to credit institutions | 479,000 | 479,000 | 0 | 0 | 479,000 | 0 |
| Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Subordinated debt | 407 | 407 | 0 | 0 | 407 | 0 |

12.31.2019

| | Market value | Carrying amount | Unrealized capital gains and losses | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Assets** | **481,545** | **481,545** | **0** | **0** | **458** | **481,087** |
| Loans and receivables due from credit institutions | 458 | 458 | 0 | 0 | 458 | 0 |
| Other loans and receivables linked to insurance activities | 481,087 | 481,087 | 0 | 0 | 0 | 481,087 |
| Held-to-maturity financial assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Liabilities** | **1,048,006** | **1,048,006** | **0** | **0** | **1,048,006** | **0** |
| Liabilities to credit institutions | 1,047,554 | 1,047,554 | 0 | 0 | 1,047,554 | 0 |
| Debt securities | 0 | 0 | 0 | 0 | 0 | 0 |
| Subordinated debt | 452 | 452 | 0 | 0 | 452 | 0 |

NOTES TO THE INCOME STATEMENT (in thousands of euros)

## Note 30. Interest and similar income/expense

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions and central banks | 119,847 | (91,752) | 132,735 | (98,667) |
| Customers | 1,287,349 | (421,646) | 1,340,521 | (528,720) |
| - of which leasing | 182,676 | (125,833) | 175,979 | (117,815) |
| - of which rental debts | | (518) | | (863) |
| Securities at amortized cost | 3,050 | 0 | 2,211 | 0 |
| Financial assets at fair value through profit or loss | 15,277 | (368) | 11,634 | (1,157) |
| Derivatives used for hedging purposes | 375,783 | (314,766) | 330,054 | (286,739) |
| Financial assets at fair value through equity | 3,851 | 0 | 3,973 | 0 |
| Debt securities | 0 | (325,966) | 0 | (314,947) |
| **TOTAL** | **1,805,157** | **(1,154,498)** | **1,821,128** | **(1,230,230)** |

## Note 31. Fee and commission income/expense

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions | 9,339 | (26,316) | 8,402 | (23,853) |
| Customers | 103,749 | (212) | 109,060 | (252) |
| Derivatives | 12,682 | (780) | 11,579 | (958) |
| Foreign exchange | 10,732 | (239) | 5,006 | 0 |
| Financing and guarantee commitments | 667 | (2,906) | 713 | (2,732) |
| Securities and services | 510,306 | (126,556) | 483,954 | (122,845) |
| **TOTAL** | **647,475** | **(157,009)** | **618,714** | **(150,640)** |

## Note 32. Net gain (loss) on financial instruments at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Instruments held for trading | 316 | 60,995 |
| Fair value option instruments | 5,660 | (51,577) |
| Change in fair value attributable to credit risk presented in net income for the liabilities | 0 | 0 |
| Other instruments at fair value through profit or loss | 4,111 | 59,009 |
| Including UCI | 19,839 | 21,088 |
| Hedging ineffectiveness | 273 | 2,215 |
| cash flow hedges | 5 | (4) |
| fair value hedges | 268 | 2,219 |
| . change in fair value of hedged items | (114,647) | (112,404) |
| . change in fair value of hedges | 114,915 | 114,623 |
| Foreign exchange gains (losses) | (19) | 86 |
| **TOTAL OF CHANGES IN FAIR VALUE** | **10,341** | **70,728** |

## Note 33. Net gain (loss) on financial instruments at fair value through equity

12.31.2020

| | Dividends | Realized gains/losses | Total |
|---|---|---|---|
| Treasury bills, notes and government bonds | | 2,271 | 2,271 |
| Bonds and other fixed-income securities | | 2,360 | 2,360 |
| Loans - Credit institutions | | 0 | 0 |
| Customer loans | | 0 | 0 |
| Stocks and other variable-income securities | 3,926 | | 3,926 |
| Equity securities held for long-term investment | 7,621 | | 7,621 |
| **TOTAL** | **11,547** | **4,631** | **16,178** |

12.31.2019

| | Dividends | Realized gains/losses | Total |
|---|---|---|---|
| Treasury bills, notes and government bonds | | 23,723 | 23,723 |
| Bonds and other fixed-income securities | | 4,304 | 4,304 |
| Loans - Credit institutions | | 0 | 0 |
| Customer loans | | 0 | 0 |
| Stocks and other variable-income securities | 4,859 | | 4,859 |
| Equity securities held for long-term investment | 6,139 | | 6,139 |
| **TOTAL** | **10,998** | **28,027** | **39,025** |

## Note 34. Net gain (loss) on financial instruments at amortized cost

| Financial assets | Profit or loss recognized on the derecognition of assets as at December 31, 2020 | Profit or loss recognized on the derecognition of assets as at December 31, 2019 |
|---|---|---|
| Treasury bills, notes and government bonds | 0 | 0 |
| Bonds and other fixed-income securities | 320 | 0 |
| Loans - Credit institutions | 0 | 0 |
| Customer loans | 0 | 0 |
| **Financial liabilities** | | |
| Liabilities to credit institutions | 0 | 0 |
| Liabilities to customers | 0 | 0 |
| Debt securities | 0 | 0 |
| Subordinated debt | 0 | 0 |
| **TOTAL** | **320** | **0** |

## Note 35. Net income from insurance activities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Interest and similar income/expense | 41,489 | 40,476 |
| Fee and commission income/expense | (101,907) | (88,411) |
| Net gain (loss) on financial instruments at fair value through profit or loss | 2,039 | 7,149 |
| Net gain (loss) on available-for-sale financial instruments | 2,207 | 22,935 |
| Net gain (loss) on financial assets/liabilities at amortized cost | 0 | 0 |
| Other income/expense from insurance activities | 725,727 | 754,056 |
| **TOTAL** | **669,555** | **736,205** |

## Note 35a. Interest and similar income/expense

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions and central banks | 2,003 | (756) | 918 | (2,853) |
| Customers | 0 | 0 | 0 | 0 |
| Held-to-maturity financial assets | 0 | 0 | 134 | 0 |
| Financial assets/liabilities at fair value through profit or loss | 0 | 0 | 0 | 0 |
| Available-for-sale financial assets | 40,242 | 0 | 42,277 | 0 |
| Debt securities | 0 | 0 | 0 | 0 |
| Subordinated debt | 0 | 0 | 0 | 0 |
| **TOTAL** | **42,245** | **(756)** | **43,329** | **(2,853)** |

## Note 35b. Fee and commission income/expense

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Credit institutions | 0 | (29) | 0 | (34) |
| Customers | 0 | 0 | 0 | 0 |
| Derivatives | 0 | 0 | 0 | 0 |
| Foreign exchange | 0 | 0 | 0 | 0 |
| Financing and guarantee commitments | 0 | 0 | 0 | 0 |
| Securities and services | 70,922 | (172,800) | 64,256 | (152,633) |
| **TOTAL** | **70,922** | **(172,829)** | **64,256** | **(152,667)** |

## Note 35c. Net gain (loss) on financial instruments at fair value through profit or loss

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Instruments held for trading | (143) | (96) |
| Fair value option instruments | 1,928 | 7,286 |
| Other instruments at fair value through profit or loss | 0 | 0 |
| Foreign exchange gains (losses) | 254 | (41) |
| **TOTAL OF CHANGES IN FAIR VALUE** | **2,039** | **7,149** |

## Note 35d. Net gain (loss) on available-for-sale financial instruments

| | 12.31.2020 | | | 12.31.2019 | | |
|---|---|---|---|---|---|---|
| | Dividends | Realized gains/losses | Total | Dividends | Realized gains/losses | Total |
| Treasury bills, notes, government bonds, bonds and other fixed-income securities | 0 | (682) | **(682)** | 0 | 359 | **359** |
| Stocks and other variable-income securities | 1,504 | 0 | **1,504** | 21,879 | 0 | **21,879** |
| Equity securities held for long-term investment | 1,385 | 0 | **1,385** | 697 | 0 | **697** |
| Other | 0 | 0 | **0** | 0 | 0 | **0** |
| **TOTAL** | **2,889** | **(682)** | **2,207** | **22,576** | **359** | **22,935** |

## Note 35e. Other income/expense from insurance activities

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Insurance business | 7,688,916 | (6,945,441) | 12,999,844 | (12,233,849) |
| Investment property | 2,402 | (16,971) | 0 | (16,522) |
| Other income and expense | 9,888 | (13,067) | 10,772 | (6,189) |
| **TOTAL** | **7,701,206** | **(6,975,479)** | **13,010,616** | **(12,256,560)** |

## Note 35f. Gross margin on insurance activities

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Premiums earned | 4,583,774 | 5,485,631 |
| Cost of claims and benefits | (218,705) | (209,667) |
| Change in provisions | 5,036 | (9,431) |
| Other technical and non-technical income and expenses | (4,399,603) | (5,898,393) |
| Net investment income | 772,973 | 1,397,855 |
| **TOTAL** | **743,475** | **765,995** |

## Note 36. Income/expense from other activities

| | 12.31.2020 | | 12.31.2019 | |
|---|---|---|---|---|
| | Income | Expense | Income | Expense |
| Investment property | 23,844 | (5,972) | 5,103 | (6,946) |
| Other income and expense | 275,242 | (60,806) | 255,929 | (60,740) |
| **TOTAL** | **299,086** | **(66,778)** | **261,032** | **(67,686)** |

## Note 37. Gains (losses) on disposal - dilution in investments in associates

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Gains or losses on disposal/dilution on joint ventures | 0 | 0 |
| Gains or losses on disposal/dilution on associates | 87,696 | 205,071 |
| **TOTAL** | **87,696** | **205,071** |

The amount of gains (losses) on disposal – dilution in investments of associates includes capital gain on the deconsolidation of Younited for €86 million.

## Note 38. Operating expense

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Personnel expenses | (796,277) | (910,165) |
| Other expense | (556,980) | (535,745) |
| **TOTAL** | **(1,353,257)** | **(1,445,910)** |

## Note 38a. Personnel expenses

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Salaries and wages | (510,604) | (516,803) |
| Payroll taxes | (224,740) | (218,052) |
| Mandatory and optional employee profit-sharing | (73,620) | (107,025) |
| Taxes, levies and similar payments on compensation | (69,510) | (68,285) |
| Other* | 82,197 | 0 |
| **TOTAL** | **(796,277)** | **(910,165)** |

*The order of July 3, 2019, part of the Pacte Act, put an end to supplementary retirement schemes with conditional rights. The rights acquired by employees under the old scheme became definitive under the agreements signed in March 2020.
To do this, the group applied the method recommended by the CNCC, i.e. the DBO method. Under this method, definitive rights vested up to the date of retirement are spread out and service costs will be recognized in the future.

## Note 38b. Average number of employees

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Employees | 4,325 | 4,379 |
| Management and supervisors | 5,886 | 5,597 |
| **TOTAL** | **10,211** | **9,976** |

## Note 38c. Post-employment benefits

Defined contribution plans are those for which the group's commitment is limited to the payment of a contribution but do not include any commitment by the group with respect to the level of benefits provided.
The main defined contribution post-employment benefit plans include mandatory social security and the Agirc and Arrco retirement plans, as well as the PERO (Plan Epargne Retraite Obligatoire, compulsory retirement savings plan) established by some entities.

In 2020, expenses related to these plans totaled €89,648,000 compared with €80,167,000 in 2019.

### Defined benefit plans and other long-term benefits

These defined benefit plans expose the group to certain risks such as interest rate risk and market risk.
These benefits are based on the final salary for end-of-service awards for the retirement benefits and have been crystallized for the supplementary plan. When the annuity for the additional voluntary pension contribution is liquidated, the risk is transferred to Suravenir in the form of an insurance contract.

**Change in actuarial liability**

| | Post-employment benefits | | | | |
|---|---|---|---|---|---|
| | Supplementary plan | Retirement benefits | Other long-term benefits (1) | TOTAL 12.31.2020 | TOTAL 12.31.2019 |
| **Gross actuarial liability at the beginning of the period** | **177,584** | **74,569** | **141,422** | **393,575** | **318,669** |
| Cost of services rendered during the period | 3,701 | 4,893 | 3,359 | 11,953 | 14,845 |
| Net interest | 550 | 458 | 859 | 1,867 | 5,187 |
| Modification/ reduction/ liquidation of the plan | (83,269) | (1,202) | 0 | (84,471) | (769) |
| Acquisition, disposal (change in consolidated scope) | (1,767) | (174) | (2,233) | (4,174) | 0 |
| Benefits paid | (7,765) | (2,692) | (6,658) | (17,115) | (10,835) |
| Actuarial gains/losses | (1,047) | 2,885 | 17,248 | 19,086 | 66,479 |
| of which actuarial gains/losses due to changes in demographic assumptions | (7,599) | (750) | 953 | (7,396) | 5,873 |
| of which gains/losses related to changes in financial assumptions | 2,269 | 2,650 | 4,799 | 9,718 | 56,229 |
| of which actuarial gains/losses due to differences between estimates and actual experiences | 4,283 | 984 | 11,496 | 16,764 | 4,377 |
| **Gross actuarial liability at the end of the period** | **87,986** | **78,736** | **153,998** | **320,721** | **393,575** |

(1) Other long-term benefits relate to long-service awards and time savings accounts.

**Expense recognized on the income statement**

| | Post-employment benefits | | Other long-term benefits | TOTAL 12.31.2020 | TOTAL 12.31.2019 |
|---|---|---|---|---|---|
| | Supplementary plan | Retirement benefits | | | |
| Cost of services rendered during the period | (3,701) | (5,059) | (3,461) | (12,220) | (14,845) |
| Net interest | 141 | (121) | (740) | (721) | (2,295) |
| Impact of any reduction or liquidation of the plan | 83,269 | 1,202 | 0 | 84,471 | 0 |
| Actuarial gains/losses | | | (14,916) | (14,916) | (20,459) |
| of which actuarial gains/losses due to changes in demographic assumptions recognized on the income statement | | | (1,614) | (1,614) | (463) |
| of which gains/losses due to changes in financial assumptions recognized on the income statement | | | (4,823) | (4,823) | (15,431) |
| of which actuarial gains/losses due to differences between estimates and actual experiences | | | (8,479) | (8,479) | (4,566) |
| Expense recognized on the income statement | 79,709 | (3,978) | (19,116) | 56,615 | (37,599) |

**Change in fair value of plan assets and reimbursement rights**

| | Post-employment benefits | | Other long-term benefits | TOTAL 12.31.2020 | TOTAL 12.31.2019 |
|---|---|---|---|---|---|
| | Supplementary plan | Retirement benefits | | | |
| Fair value of assets at the beginning of the period | 111,425 | 57,124 | 22,191 | 190,740 | 182,421 |
| Net interest | 691 | 342 | 136 | 1,168 | 2,891 |
| Employer contributions | 0 | 6,980 | 0 | 6,980 | 14,896 |
| Acquisition, disposal (change in consolidated scope) | 0 | 0 | 0 | 0 | 0 |
| Benefits paid | (7,765) | (2,565) | 0 | (10,331) | (8,486) |
| Actuarial gains/losses | 288 | (786) | (18) | (516) | (983) |
| of which actuarial gains/losses due to changes in demographic assumptions | 0 | 0 | 0 | 0 | 0 |
| of which actuarial gains/losses on plan assets due to changes in financial assumptions | 288 | (786) | (18) | (516) | (983) |
| of which actuarial gains/losses due to differences between estimates and actual experiences | 0 | 0 | 0 | 0 | 0 |
| Fair value of assets at the end of the period | 104,638 | 61,096 | 22,308 | 188,042 | 190,740 |

**Net position**

| | Supplementary plan | Retirement benefits | Other long-term benefits | TOTAL 12.31.2020 | TOTAL 12.31.2019 |
|---|---|---|---|---|---|
| Actuarial liability at the end of the period | 87,986 | 78,736 | 153,998 | 320,721 | 393,575 |
| Fair value of assets/reimbursement rights | (104,638) | (61,096) | (22,308) | (188,042) | (190,740) |
| NET POSITION | (16,652) | 17,640 | 131,690 | 132,679 | 202,835 |

## Items recognized immediately in comprehensive income

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Actuarial differences generated on post-employment benefit plans | (4,406) | (52,038) |
| Adjustments to the asset ceiling | 0 | 0 |
| Total items recognized immediately during the year | (4,406) | (52,038) |
| Aggregate actuarial differences at the end of the year | (179,297) | (174,891) |

## Information regarding plan assets

The amounts included in the fair value of the plan assets concerning the financial instruments issued by the group and the properties occupied by the group are not material.
The hedging assets are held by Suravenir.

At December 31, 2020, the weighted average term of defined benefit obligations was 11.4 years (13.4 years in 2019).

The employer contributions to be paid for 2021 in respect of defined benefit post-employment benefits are estimated at €4,152,000.

**Composition of hedging assets**

| Fair value of plan assets | Debt securities | Equity instruments | Real property | Other |
|---|---|---|---|---|
| | 12.31.2020 | | | |
| Assets listed on an active market | 103,131 | 7,695 | 606 | 0 |
| Assets not listed on an active market | 41,904 | 986 | 11,412 | 0 |
| **Total** | **145,035** | **8,681** | **12,017** | **0** |

| Fair value of plan assets | Debt securities | Equity instruments | Real property | Other |
|---|---|---|---|---|
| | 12.31.2019 | | | |
| Assets listed on an active market | 108,660 | 7,600 | 683 | 0 |
| Assets not listed on an active market | 40,712 | 885 | 10,009 | 0 |
| **Total** | **149,372** | **8,485** | **10,692** | **0** |

**Sensitivity of obligations to changes in the main actuarial assumptions**

| (As a % of the item measured) | Supplementary plan | Retirement benefits | Length-of-service awards | Time savings account |
|---|---|---|---|---|
| | 12.31.2020 | | | |
| +0.5% change in discount rate | | | | |
| Impact on present value of obligations as of December 31 | (5%) | (6%) | (5%) | (5%) |
| +0.5% change in net salary | | | | |
| Impact on present value of obligations as of December 31 | 1% | 6% | 6% | 6% |

The sensitivities shown are weighted averages of observed changes relative to the present value of the obligations.

## Note 38d. Share-based payments

IFRS 2 "Share-based Payment" requires the measurement of share-based payment transactions in the company's income statement and balance sheet.

This standard applies to transactions with employees and more specifically to:

- Equity-settled share-based payment transactions;
- Cash-settled share-based payment transactions.

For equity-settled transactions, an expense is charged against equity. This expense is spread over the vesting period.

The group mainly has cash-settled transactions. For these transactions, the fair value of the liability, measured initially on the grant date, must be re-measured on each closing date until the settlement date of the liability. Fair value changes are recognized as expenses or income on the income statement until the liability is settled.

| | Plan 1 | Plan 2 | Plan 3 | Plan 4 | Plan 5 | Plan 6 |
|---|---|---|---|---|---|---|
| Type of plan | Cash settled | Cash settled | Cash settled | Cash settled | Cash settled | Cash settled |
| Award date | 09.18.2015 | 06.30.2015 | 11.29.2017 | 07.2017 | 11.2017 | 11.2019 |
| Exercise period | HY1 2021 | Q4 2020 | Q1 2021 | Q2 2022 | Q1 2020 / Q1 2023 | 2022/2024 |
| Valuation method | Multiple of revenue | Discounted cash flow | % of net income - Group share | Customer conquest / Net banking income | EBITDA multiple | Multiple of revenue |
| Impact 2020 income | 884 | (681) | (930) | (2,915) | (1,711) | (4,912) |
| Liabilities on the balance sheet | 3,861 | 0 | 7,719 | 4,621 | 701 | 11,614 |

## Note 38e. Other expenses

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Taxes other than on income | (89,707) | (78,749) |
| Rentals | (56,632) | (55,755) |
| - short term rentals of assets or low / substantial values | (53,058) | (51,615) |
| - other rentals | (3,574) | (4,140) |
| External services | (410,600) | (401,168) |
| Other miscellaneous expenses | (41) | (73) |
| **TOTAL** | **(556,980)** | **(535,745)** |

| | 12.31.2020 | | | 12.31.2019 | | |
|---|---|---|---|---|---|---|
| | Mazars | Deloitte network | Total | Mazars | Deloitte network | Total |
| Auditing, certification, examination of individual and consolidated accounts | 1,598 | 1,812 | 3,410 | 1,763 | 1,730 | 3,493 |
| Crédit Mutuel Arkéa | 605 | 534 | 1,139 | 650 | 706 | 1,356 |
| Consolidated subsidiaries | 993 | 1,278 | 2,271 | 1,113 | 1,024 | 2,137 |
| Services other than account certification | 98 | 607 | 705 | 330 | 521 | 851 |
| Crédit Mutuel Arkéa | 27 | 333 | 360 | 217 | 443 | 660 |
| Consolidated subsidiaries | 71 | 274 | 345 | 113 | 78 | 191 |
| TOTAL | 1,696 | 2,419 | 4,115 | 2,093 | 2,251 | 4,344 |

The total amount of audit fees paid to the Statutory Auditors not belonging to the network of one of those certifying the Crédit Mutuel Arkéa's consolidated and individual financial statements, mentioned in the table above, amounted to €394,000 in respect of 2020 versus €336,000 at 2019.

## Note 39. Depreciation, amortization and impairment of property, plant and equipment and intangible assets

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Amortization | (139,912) | (135,746) |
| Property, plant and equipment | (53,581) | (52,657) |
| - of which rights of use - Property | (13,985) | (12,347) |
| Intangible assets | (86,331) | (83,089) |
| Impairment | 151 | 2,796 |
| Property, plant and equipment | 151 | 447 |
| - of which rights of use - Property | 0 | 0 |
| Intangible assets | 0 | 2,349 |
| TOTAL | (139,761) | (132,950) |

## Note 40. Cost of risk

### Note 40a. Cost of risk - banking activity

| | Allocations | Write-backs | Irrecoverable debts | | Collection of receivables written off | 12.31.2020 |
|---|---|---|---|---|---|---|
| | | | Provisioned bad debt | Unprovisioned bad debt | | |
| 12-month expected losses | (90,603) | 71,782 | | | | (18,821) |
| - Loans and receivables due from credit institutions | (855) | 574 | | | | (281) |
| - Loans and receivables due from customers | (73,106) | 56,734 | | | | (16,372) |
| - of which finance leases | (1,928) | 3,584 | | | | 1,656 |
| - Financial assets at amortized cost - Fixed income securities | (501) | 893 | | | | 392 |
| - Financial assets at FVOCI - Fixed income securities | (6,296) | 4,614 | | | | (1,682) |
| - Financial assets at FVOCI - Loans | 0 | 0 | | | | 0 |
| - Off-balance sheet | (9,845) | 8,967 | | | | (878) |
| - Other assets | 0 | 0 | | | | 0 |
| Lifetime expected loss | (156,087) | 85,631 | | | | (70,456) |
| - Loans and receivables due from credit institutions | 0 | 0 | | | | 0 |
| - Loans and receivables due from customers | (149,805) | 81,739 | | | | (68,066) |
| - of which finance leases | (8,985) | 986 | | | | (7,999) |
| - Financial assets at amortized cost - Fixed income securities | (247) | 538 | | | | 291 |
| - Financial assets at FVOCI - Fixed income securities | (719) | 30 | | | | (689) |
| - Financial assets at FVOCI - Loans | 0 | 0 | | | | 0 |
| - Off-balance sheet | (5,316) | 3,324 | | | | (1,992) |
| - Other assets | 0 | 0 | | | | 0 |
| Impaired assets | (203,473) | 242,549 | (99,771) | (12,259) | 2,160 | (70,794) |
| - Loans and receivables due from credit institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers | (191,109) | 231,405 | (99,738) | (12,259) | 2,160 | (69,541) |
| - of which finance leases | (14,209) | 13,629 | (1,773) | 0 | 0 | (2,353) |
| - Financial assets at amortized cost - Fixed income securities | (154) | 166 | 0 | 0 | 0 | 12 |
| - Financial assets at FVOCI - Fixed income securities | 0 | 0 | 0 | 0 | 0 | 0 |
| - Financial assets at FVOCI - Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| - Off-balance sheet | (11,590) | 9,855 | 0 | 0 | 0 | (1,735) |
| - Other assets | (620) | 1,123 | (33) | 0 | 0 | 470 |
| Total | (450,163) | 399,962 | (99,771) | (12,259) | 2,160 | (160,071) |

| | Allocations | Write-backs | Irrecoverable debts | | Collection of receivables written off | 12.31.2019 |
|---|---|---|---|---|---|---|
| | | | Provisioned bad debt | Unprovisioned bad debt | | |
| **12-month expected losses** | **(84,542)** | **67,413** | | | | **(17,129)** |
| - Loans and receivables due from credit institutions | (911) | 870 | | | | (41) |
| - Loans and receivables due from customers | (68,014) | 52,661 | | | | (15,353) |
| - of which finance leases | (2,316) | 1,300 | | | | (1,016) |
| - Financial assets at amortized cost - Fixed income securities | (756) | 205 | | | | (551) |
| - Financial assets at FVOCI - Fixed income securities | (4,731) | 5,256 | | | | 525 |
| - Financial assets at FVOCI - Loans | 0 | 0 | | | | 0 |
| - Off-balance sheet | (10,130) | 8,421 | | | | (1,709) |
| - Other assets | 0 | 0 | | | | 0 |
| **Lifetime expected loss** | **(85,795)** | **80,460** | | | | **(5,335)** |
| - Loans and receivables due from credit institutions | 0 | 0 | | | | 0 |
| - Loans and receivables due from customers | (82,422) | 77,706 | | | | (4,716) |
| - of which finance leases | (1,743) | 815 | | | | (928) |
| - Financial assets at amortized cost - Fixed income securities | (105) | 44 | | | | (61) |
| - Financial assets at FVOCI - Fixed income securities | (30) | 69 | | | | 39 |
| - Financial assets at FVOCI - Loans | 0 | 0 | | | | 0 |
| - Off-balance sheet | (3,238) | 2,641 | | | | (597) |
| - Other assets | 0 | 0 | | | | 0 |
| **Impaired assets** | **(329,565)** | **307,852** | **(48,758)** | **(9,600)** | **3,834** | **(76,237)** |
| - Loans and receivables due from credit institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Loans and receivables due from customers | (306,236) | 291,643 | (48,627) | (9,600) | 3,821 | (68,999) |
| - of which finance leases | (4,135) | 2,033 | (1,347) | (460) | 0 | (3,909) |
| - Financial assets at amortized cost - Fixed income securities | (1,450) | (300) | 0 | 0 | 0 | (1,750) |
| - Financial assets at FVOCI - Fixed income securities | 0 | 0 | 0 | 0 | 0 | 0 |
| - Financial assets at FVOCI - Loans | 0 | 0 | 0 | 0 | 0 | 0 |
| - Off-balance sheet | (21,735) | 16,223 | 0 | 0 | 0 | (5,512) |
| - Other assets | (144) | 286 | (131) | 0 | 13 | 24 |
| **Total** | **(499,902)** | **455,725** | **(48,758)** | **(9,600)** | **3,834** | **(98,701)** |

## Note 40b. Cost of risk - insurance activity

| | Allocations | Write-backs | Irrecoverable debts | | Collection of receivables written off | 12.31.2020 |
|---|---|---|---|---|---|---|
| | | | Provisioned bad debt | Unprovisioned bad debt | | |
| - Credit institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Insurance business | 0 | 0 | 0 | 0 | 0 | 0 |
| - Available-for-sale assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Held-to-maturity assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** |

| | Allocations | Write-backs | Irrecoverable debts | | Collection of receivables written off | 12.31.2019 |
|---|---|---|---|---|---|---|
| | | | Provisioned bad debt | Unprovisioned bad debt | | |
| - Credit institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Insurance business | 0 | 0 | 0 | 0 | 0 | 0 |
| - Available-for-sale assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Held-to-maturity assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Other | 0 | 51 | 0 | 0 | 0 | 51 |
| **Total** | **0** | **51** | **0** | **0** | **0** | **51** |

**Note 40c. Banking activities - Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk**

| | 12.31.2019 | Acquisition /production | Sale/repayment | Transfers between buckets | Other | 12.31.2020 |
|---|---|---|---|---|---|---|
| **Financial assets at amortized costs - loans and receivables due from credit institutions** | **9,787,578** | **5,729,803** | **(608,895)** | **0** | **(114,706)** | **14,793,780** |
| - 12-month expected losses | 9,787,578 | 5,729,803 | (608,895) | 0 | (114,706) | 14,793,780 |
| - Lifetime expected losses - non-impaired assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 |
| **Financial assets at amortized costs - loans and receivables due from customers** | **63,542,142** | **12,757,851** | **(6,441,527)** | **0** | **(1,476,590)** | **68,381,876** |
| - 12-month expected losses | 59,337,677 | 11,992,203 | (5,698,968) | (1,618,429) | (1,391,603) | 62,620,880 |
| - Lifetime expected losses - non-impaired assets | 2,742,403 | 678,037 | (463,763) | 1,426,327 | (60,528) | 4,322,476 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 1,258,254 | 57,165 | (255,583) | 192,102 | (24,459) | 1,227,479 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 203,808 | 30,446 | (23,213) | 0 | 0 | 211,041 |
| **Financial assets at amortized cost - Securities** | **642,890** | **29,974** | **(25,842)** | **0** | **(20)** | **647,002** |
| - 12-month expected losses | 610,220 | 29,974 | (15,183) | 0 | (20) | 624,991 |
| - Lifetime expected losses - non-impaired assets | 26,611 | 0 | (10,156) | 0 | 0 | 16,455 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 6,059 | 0 | (503) | 0 | 0 | 5,556 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 |
| **- Financial assets at FVOCI - Fixed income securities** | **9,151,288** | **2,430,898** | **(242,133)** | **0** | **0** | **11,340,053** |
| - 12-month expected losses | 9,123,112 | 2,430,898 | (213,982) | (33,902) | 0 | 11,306,126 |
| - Lifetime expected losses - non-impaired assets | 28,176 | 0 | (28,151) | 33,902 | 0 | 33,927 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 |
| **- Financial assets at FVOCI - Loans** | **0** | **0** | **0** | **0** | **0** | **0** |
| - 12-month expected losses | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses - non-impaired assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **83,123,898** | **20,948,526** | **(7,318,397)** | **0** | **(1,591,316)** | **95,162,711** |

## Note 40d. Banking activities - Information regarding changes in provisions for expected losses for credit risk

| | 12.31.2019 | Allocations | Reversals | Transfers | Change of method | Other | 12.31.2020 |
|---|---|---|---|---|---|---|---|
| **Financial assets at amortized costs - loans and receivables due from credit institutions** | **(2,191)** | **(854)** | **574** | **0** | **0** | **53** | **(2,418)** |
| - 12-month expected losses | (2,191) | (854) | 574 | 0 | 0 | 53 | (2,418) |
| - Lifetime expected losses - non-impaired assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Financial assets at amortized costs - loans and receivables due from customers** | **(1,097,529)** | **(465,076)** | **413,216** | **0** | **0** | **18,371** | **(1,131,019)** |
| - 12-month expected losses | (128,560) | (73,100) | 76,546 | (19,874) | 0 | 1,265 | (143,723) |
| - Lifetime expected losses - non-impaired assets | (139,778) | (149,691) | 119,021 | (37,272) | 0 | 2,579 | (205,141) |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | (703,255) | (236,644) | 191,545 | 57,146 | 0 | 14,527 | (676,681) |
| Lifetime expected losses - assets impaired as from acquisition/creation | (125,936) | (5,641) | 26,104 | 0 | 0 | 0 | (105,473) |
| **Financial assets at amortized cost - Securities** | **(7,401)** | **(319)** | **1,505** | **0** | **0** | **0** | **(6,215)** |
| - 12-month expected losses | (893) | (70) | 462 | 0 | 0 | 0 | (501) |
| - Lifetime expected losses - non-impaired assets | (538) | (247) | 538 | 0 | 0 | 0 | (247) |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | (5,970) | (2) | 505 | 0 | 0 | 0 | (5,467) |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **- Financial assets at FVOCI - Fixed income securities** | **(6,195)** | **(7,012)** | **4,646** | **0** | **0** | **0** | **(8,561)** |
| - 12-month expected losses | (6,165) | (6,293) | 4,616 | 0 | 0 | 0 | (7,842) |
| - Lifetime expected losses - non-impaired assets | (30) | (719) | 30 | 0 | 0 | 0 | (719) |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **- Financial assets at FVOCI - Loans** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| - 12-month expected losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses - non-impaired assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses - assets impaired as from acquisition/creation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Commitments given** | **(45,497)** | **(24,011)** | **22,419** | **0** | **0** | **98** | **(46,992)** |
| - 12-month expected losses | (13,297) | (9,847) | 9,055 | 0 | 0 | 61 | (14,030) |
| - Lifetime expected losses - non-impaired assets | (3,927) | (5,349) | 3,337 | 0 | 0 | 18 | (5,921) |
| - Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | (28,273) | (8,815) | 10,027 | 0 | 0 | 19 | (27,041) |
| **Other assets** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| - 12-month expected losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Lifetime expected losses - non-impaired assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lifetime expected losses for impaired assets (whether impaired or not at acquisition/creation) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **(1,158,813)** | **(497,272)** | **442,360** | **0** | **0** | **18,522** | **(1,195,205)** |

## Note 40e. Banking activities - gross carrying amount of loans and receivables due from customers by credit risk category

At 12.31.2020

| Risk categories: PD at 1 year | Subject to 12-month expected losses | Subject to lifetime expected losses | Subject to lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | Subject to expected losses for assets impaired at the closing date and when acquired/created |
|---|---|---|---|---|
| < 0,1 | 20,328,961 | 20,440 | 0 | 0 |
| [0,1;0,25] | 14,387,717 | 167,513 | 0 | 0 |
| [0,26;0,99] | 10,397,816 | 454,781 | 0 | 0 |
| [1;2,99] | 8,819,674 | 861,935 | 0 | 0 |
| [3;9,99] | 8,190,818 | 1,173,283 | 0 | 0 |
| >=10 | 495,894 | 1,644,524 | 1,227,479 | 211,041 |
| **Total** | **62,620,880** | **4,322,476** | **1,227,479** | **211,041** |

At 12.31.2019

| Risk categories: PD at 1 year | Subject to 12-month expected losses | Subject to lifetime expected losses | Subject to lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created | Subject to expected losses for assets impaired at the closing date and when acquired/created |
|---|---|---|---|---|
| < 0,1 | 26,412,396 | 2,530 | 0 | 0 |
| [0,1;0,25] | 11,537,001 | 5,773 | 0 | 0 |
| [0,26;0,99] | 11,673,626 | 186,673 | 0 | 0 |
| [1;2,99] | 3,855,243 | 535,423 | 0 | 0 |
| [3;9,99] | 5,716,654 | 1,079,741 | 0 | 0 |
| >=10 | 142,757 | 932,263 | 1,258,254 | 203,808 |
| **Total** | **59,337,677** | **2,742,403** | **1,258,254** | **203,808** |

## Note 41. Gains (losses) on other assets

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Property, plant and equipment and intangible assets** | **1,012** | **(2,759)** |
| Capital losses on disposals | (3,224) | (6,791) |
| Capital gains on disposals | 4,236 | 4,032 |
| **Expenses related to business combinations** | **(865)** | **(2,179)** |
| **More or less transfer values on consolidated securities** | **(2,100)** | **23,450** |
| **TOTAL** | **(1,953)** | **18,512** |

## Note 42. Income tax

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **BREAKDOWN OF TAX EXPENSE** | | |
| Current tax expense | (138,132) | (125,333) |
| Net deferred tax expense or revenue | 1,786 | (6,350) |
| **NET INCOME TAX EXPENSE** | **(136,346)** | **(131,683)** |
| Income before taxes, badwill and income contribution from associates | 502,481 | 643,504 |
| | | |
| **EFFECTIVE TAX RATE** | **27.13%** | **20.46%** |

| ANALYSIS OF EFFECTIVE TAX RATE | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Statutory tax rate | 32.02% | 34.43% |
| Permanent differences | (4.32%) | 2.17% |
| Income taxed at a reduced rate or exempt | (0.22%) | (15.11%) |
| Change of tax rate | 0.94% | (1.32%) |
| Impact of fiscal losses | 0.84% | 0.73% |
| Tax credits | (0.61%) | (0.37%) |
| Special | (0.73%) | 0.65% |
| Other | (0.79%) | (0.73%) |
| **EFFECTIVE TAX RATE** | **27.13%** | **20.46%** |

Régulation n° 2019-759, published on July 24, 2019, as well as the 2020 finance act, provide modifications in the gradual reduction of the corporate taxe rate initially planned by the 2018 finance act. The tax rate for the fiscal year 2010 is therefore 32,02%; this rate will be reduced from 34.43% to 25.83% over the 2019-2022 period.

Taxes must be measured based on the rates in effect at the closing date.

In case of a change in rates, deferred taxes must be adjusted, based on the symmetry principle, through profit or loss, unless they relate to items recognized outside profit or loss (other comprehensive income (OCI) or directly in equity).

The impact of this change in the tax rate has been taken into account in the calculation of deferred taxes for Crédit Mutuel Arkéa.

IN EQUITY (in thousands of euros)

## Note 43a. Information on the recycling to profit or loss of gains or losses recognized directly in equity

| | Changes in 2020 | Changes in 2019 |
|---|---|---|
| Revaluation of debt instruments at fair value through equity | 26,401 | (1,406) |
| - Reclassification to profit or loss | (1,265) | (26,513) |
| - Other changes | 27,666 | 25,107 |
| Revaluation of available-for-sale financial assets | 20,960 | 71,294 |
| - Reclassification to profit or loss | (777) | 73 |
| - Other changes | 21,737 | 71,221 |
| Revaluation of hedging derivatives | 1,040 | 397 |
| - Reclassification to profit or loss | (3) | 3 |
| - Other changes | 1,043 | 394 |
| Share of recyclable gains and losses of equity-accounted entities recognized directly in equity | 368 | (16) |
| **Items to be recycled to profit or loss** | **48,769** | **70,269** |
| Actuarial gains and losses on defined benefit plans | (3,269) | (38,582) |
| Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option | (18,298) | (5,546) |
| Revaluation of equity instruments at fair value through equity (sold and not sold during the year) | (6,564) | 51,839 |
| Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity | (12,912) | 7,470 |
| **Items not to be recycled to profit or loss** | **(41,043)** | **15,181** |
| **TOTAL** | **7,726** | **85,450** |

## Note 43b. Tax on each component of gains or losses recognized directly in equity

| | 12.31.2020 | | | 12.31.2019 | | |
|---|---|---|---|---|---|---|
| | Gross | Tax | Net | Gross | Tax | Net |
| Revaluation of recyclable debt instruments at fair value through equity | 35,642 | (9,241) | 26,401 | (2,720) | 1,314 | (1,406) |
| Revaluation of available-for-sale financial assets | 22,607 | (1,647) | 20,960 | 96,316 | (25,022) | 71,294 |
| Revaluation of hedging derivatives | 1,600 | (560) | 1,040 | 585 | (188) | 397 |
| Share of gains and losses of equity-accounted entities recognized directly in equity | 496 | (128) | 368 | (249) | 233 | (16) |
| **Items to be recycled to profit or loss** | **60,345** | **(11,576)** | **48,769** | **93,932** | **(23,663)** | **70,269** |
| Actuarial gains and losses on defined benefit plans | (4,407) | 1,138 | (3,269) | (52,016) | 13,434 | (38,582) |
| Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option | (25,514) | 7,216 | (18,298) | (8,158) | 2,612 | (5,546) |
| Revaluation of equity instruments at fair value through equity | (11,929) | 5,365 | (6,564) | 56,945 | (5,106) | 51,839 |
| Share of gains and losses of equity-accounted entities recognized directly in equity | (13,325) | 413 | (12,912) | 7,709 | (239) | 7,470 |
| **Items not to be recycled to profit or loss** | **(55,175)** | **14,132** | **(41,043)** | **4,480** | **10,701** | **15,181** |
| Total changes in gains and losses recognized directly in equity | 5,170 | 2,556 | 7,726 | 98,412 | (12,962) | 85,450 |

OTHER NOTES (in thousands of euros)

## Note 44a. Commitments given and received - banking activity

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Commitments given** | **14,796,083** | **14,669,854** |
| **Financing commitments** | **10,066,332** | **9,805,932** |
| to credit and similar institutions | 13,350 | 9,350 |
| to customers | 10,052,982 | 9,796,582 |
| **Guarantee commitments** | **4,453,443** | **4,217,217** |
| to credit and similar institutions | 620 | 515 |
| to customers | 4,452,823 | 4,216,702 |
| **Securities commitments** | **276,308** | **646,705** |
| repurchase agreements | 0 | 0 |
| other commitments given | 276,308 | 646,705 |
| **Commitments received** | **55,668,263** | **49,021,969** |
| **Financing commitments** | **13,245,011** | **10,497,553** |
| from credit and similar institutions | 13,238,492 | 10,490,432 |
| from customers | 6,519 | 7,121 |
| **Guarantee commitments** | **41,952,780** | **38,181,778** |
| from credit and similar institutions | 235,480 | 224,711 |
| from customers | 41,717,300 | 37,957,067 |
| **Securities commitments** | **470,472** | **342,638** |
| Reverse repurchase agreements | 0 | 0 |
| Other commitments received | 470,472 | 342,638 |

Financing commitments given include the €13,350,000 cash advance made to Caisse de Refinancement de l'Habitat to fund it.

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| **Receivables pledged as collateral** | **15,664,445** | **13,606,632** |
| Banque de France | 13,870,027 | 11,694,485 |
| European Investment Bank | 615,743 | 648,276 |
| Caisse de Refinancement de l'Habitat | 372,412 | 260,602 |
| Caisse des Dépôts et Consignations | 804,263 | 1,001,270 |
| Other | 2,000 | 2,000 |
| **Loaned securities** | **0** | **0** |
| **Deposits on market transactions** | **689,034** | **708,950** |
| **Securities sold under repurchase agreements** | **10,439,712** | **4,883,045** |

For its refinancing activity, the group entered into repurchase agreements of debt and/or equity securities. This results in the transfer of ownership of securities which the recipient may in turn lend. The coupons or dividends benefit the borrower. These transactions are subject to margin calls.

## Note 44b. Commitments given and received - insurance activity

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| Commitments given | - | - |
| Commitments received | 1,638,280 | 1,378,515 |

## Note 45. Segment information

| | Banking | | Insurance and asset management | | Group | |
|---|---|---|---|---|---|---|
| | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
| Internal income (1) | 257,611 | 263,759 | (257,611) | (263,759) | 0 | 0 |
| External income (2) | 1,280,446 | 1,257,014 | 789,381 | 841,262 | 2,069,827 | 2,098,276 |
| **Net banking income** | **1,538,057** | **1,520,773** | **531,770** | **577,503** | **2,069,827** | **2,098,276** |
| Gains (losses) on disposal - dilution | 87,696 | 205,071 | 0 | 0 | 87,696 | 205,071 |
| **Net banking income including gains (losses) on disposal - dilution** | **1,625,753** | **1,725,844** | **531,770** | **577,503** | **2,157,523** | **2,303,347** |
| General operating expenses and depreciation and amortization | (1,298,902) | (1,393,150) | (194,116) | (185,710) | (1,493,018) | (1,578,860) |
| **Gross operating income** | **326,851** | **332,694** | **337,654** | **391,793** | **664,505** | **724,487** |
| Cost of risk | (157,542) | (99,286) | (2,529) | 636 | (160,071) | (98,650) |
| **Operating income** | **169,309** | **233,408** | **335,125** | **392,429** | **504,434** | **625,837** |
| Share of income of companies carried under equity method | 834 | (1,099) | 272 | (738) | 1,106 | (1,837) |
| Other | (12,927) | 18,512 | 0 | 0 | (12,927) | 18,512 |
| **Recurring income before tax** | **157,216** | **250,821** | **335,397** | **391,691** | **492,613** | **642,512** |
| Income tax | (42,460) | (4,046) | (93,886) | (127,637) | (136,346) | (131,683) |
| **Net income** | **114,756** | **246,775** | **241,511** | **264,054** | **356,267** | **510,829** |
| O/w non-controlling interests | 4 | 66 | 22 | 26 | 26 | 92 |
| **Net income, group share** | **114,752** | **246,709** | **241,489** | **264,028** | **356,241** | **510,737** |

| | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
|---|---|---|---|---|---|---|
| **Segment Assets and Liabilities** | **112,189,472** | **97,318,252** | **57,186,299** | **59,823,672** | **169,375,771** | **157,141,924** |

(1) Segment income from transactions with other segments.
(2) Segment income from sales to external customers.

Segment reporting is based on two business lines:

- Retail banking includes primarily the branch networks of CMB and CMSO, the subsidiaries that finance businesses and the real estate division of the group,
- The other business line comprises subsidiaries specialized in asset management and insurance.

Segment reporting by geographic region is not relevant for the group as nearly all of its business is carried out in France.

## Note 46. Information on related parties

Crédit Mutuel Arkéa group related parties include the consolidated companies and associates. Transactions between the group and related parties are conducted on arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is presented in note 48. Intercompany transactions and outstanding balances between fully consolidated companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the group exercises a significant influence (associates).

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| | Companies under the equity method (1) | Companies under the equity method (1) |
| **Assets** | | |
| Loans and receivables - credit institutions, at amortized cost | 4,399,277 | 717,878 |
| Loans and receivables - customers, at amortized cost | | |
| Assets at fair value through profit or loss | | |
| Financial assets at fair value through equity | | |
| Securities at amortized cost | | |
| Derivatives used for hedging purposes | | |
| Other assets | | |
| **Liabilities** | | |
| Liabilities to credit institutions | | 32,229 |
| Derivatives used for hedging purposes | | |
| Liabilities at fair value through profit or loss | | |
| Liabilities to customers | | |
| Debt securities | | |
| Subordinated debt | | |
| Other liabilities | | |

(1) Mainly CCCM

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| | Companies under the equity method (1) | Companies under the equity method (1) |
| Interest and similar income | | |
| Interest and similar expense | (3,497) | (3,877) |
| Fee and commission income | | |
| Fee and commission expense | | |
| Net gain (loss) on financial instruments at fair value through profit or loss | | |
| Net gain (loss) on financial instruments at fair value through equity | 2,538 | 866 |
| Net gain (loss) on available-for-sale financial instruments | | |
| Net gain (loss) on derecognition of financial instruments at amortized cost | | |
| Net income from insurance activities | | |
| Income from other activities | | |
| Expense from other activities | | |
| **Net banking income** | **(959)** | **(3,011)** |

(1) mainly CCCM

| | 12.31.2020 | 12.31.2019 |
|---|---|---|
| | Companies under the equity method | Companies under the equity method |
| **Financing commitments** | | |
| Financing commitments given | 0 | 0 |
| Financing commitments received | 0 | 0 |
| **Guarantee commitments** | | |
| Guarantees given | 0 | 0 |
| Guarantees received | 0 | 0 |
| **Securities commitments** | | |
| Other securities to be received | 0 | 0 |
| Other securities to be delivered | 0 | 0 |

### Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists, at December 31, 2020, of 19 members appointed for three-year terms:

- 15 directors representing customer shareholders, elected by the Shareholders' Ordinary Meeting;
- 2 independent directors;
- 2 directors representing employees, appointed by the Central Employee Works Council.

A representative of the Central Works Council also participates, with a deliberative voice, in the meetings of the Board of Directors.

The total compensation paid to members of Crédit Mutuel Arkéa's Board of Directors in 2020 was €976,000 (compared with €2,050,000 in 2019).

The total compensation paid to the group's key corporate officers in 2020 was €6,235,000 (compared with €3,528,000 in 2019).
Following the end of Ronan Le Moal term of office, in application of the contractual provisions concluded between Ronan Le Moal and Crédit Mutuel Arkéa as mentioned in the report on corporate governance, the former Chief Executive Officer has received a €3,252,000 compensation due on termination of his employment contract as well as a €714,000 compensation for his time savings account.

In addition, in 2020, Ronan Le Moal has received a €177,000 fixed compensation, a €853,000 variable compensation and a benefit in kind of €5,000.

Except in the case of the Chairman, the Chief Executive Officer and the Associate Chief Executive Office of Crédit Mutuel Arkéa group, the employment contracts of the Managers are not suspended while they are serving their terms of office.

For the Chairman, the Chief Executive Officer and the Associate Chief Executive Office of Crédit Mutuel Arkéa group, the employment contracts are suspended from the time of their appointment and for the duration of their respective terms of office, after which they are automatically reinstated. The employment contract suspension period is taken into account when calculating their rights, by law, under the collective bargaining agreement and employment contract.

In the event that their employment contract is terminated, the Chairman; the Chief Executive Officer and the Associate Chief Executive Office of Crédit Mutuel Arkéa group may be entitled to receive severance benefits, in addition to statutory or collective bargaining provisions in an amount of up to two years of compensation, in accordance with AFEP-MEDEF recommendations.

If they have at least five years' seniority at the time of their retirement, the Managers receive a retirement benefit equal to seven-twelfths of their annual compensation. They also receive an end-of-service vacation benefit equivalent to 23 days per year of service in these functions.

The Managers also receive retirement and similar benefits in the form of defined benefit supplementary retirement schemes ("Article 39" schemes).

For the Managers, the annuity paid by the defined benefit scheme is 0.35% of the base salary per year of seniority. It is capped at 10% of the base salary. The base salary is the compensation, assessed on an annual basis, preceding the date of assessment, by the recipient, of his or her old-age pension under the basic retirement scheme, including the fixed and variable salary components and in-kind benefits (company car and housing), within the meaning of Article L. 242-1 of the French Social Security Code.

The provisions recorded by the group in 2020 pursuant to IAS 19 for post-employment benefits, other long-term benefits and termination benefits totaled €435,000 (compared with €477,000 in 2019).

## Note 47. Investments in unconsolidated structured entities

| 12.31.2020 | Securitization vehicles | Asset management (mutual funds/real estate investment funds) | Other structured entities |
|---|---|---|---|
| Total assets | 338,197 | 9,730,543 | 0 |
| Carrying amount of financial assets (1) | 88,048 | 3,051,642 | 0 |
| Carrying amount of financial liabilities (1) | 0 | 0 | 0 |
| Maximum exposure to risk of loss | 88,048 | 3,051,642 | 0 |

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa group recognizes with respect to the structured entities

Investments in unconsolidated entities are investments held through unit-linked life insurance policies over which Crédit Mutuel Arkéa does not exercise control. They consist mainly of mutual fund investments.

| 12.31.2019 | Securitization vehicles | Asset management (mutual funds/real estate investment funds) | Other structured entities |
|---|---|---|---|
| Total assets | 322,194 | 3,935,441 | 0 |
| Carrying amount of financial assets (1) | 82,410 | 1,011,814 | 0 |
| Carrying amount of financial liabilities (1) | 0 | 0 | 0 |
| Maximum exposure to risk of loss | 82,410 | 1,011,814 | 0 |

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa group recognizes with respect to the structured entities

## Note 48. Scope of consolidation

| Last name | Country | Sector / Activity | % control | | % equity interest | |
|---|---|---|---|---|---|---|
| | | | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
| Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne et du Sud-Ouest | France | Banking / Mutual banking | consolidating entity | | | |
| Fully consolidated companies | | | | | | |
| ARKEA BANKING SERVICES | France | Banking / Banking services | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS | France | Banking / Corporate banking | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA BOURSE RETAIL | France | Banking / Holding | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL | France | Insurance and asset management / Asset management | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL INVESTISSEMENT | France | Banking / Private equity | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL MANAGERS HOLDING SLP | France | Banking / Private equity | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL PARTENAIRE | France | Banking / Private equity | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CREDIT BAIL | France | Banking / Finance leasing | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA DIRECT BANK | France | Banking / Financial and stock market intermediation | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA FONCIERE | France | Banking / Real estate | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA HOME LOANS SFH | France | Banking / Refinancing entity | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA PUBLIC SECTOR SCF | France | Banking / Refinancing entity | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA SCD | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| BUDGET INSIGHT | France | Banking / Banking services | 100.0 | 100.0 | 100.0 | 100.0 |
| CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE | France | Banking / Mutual banking | 93.5 | 93.3 | 93.5 | 93.3 |
| CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANK (succursale) | Belgium | Banking / Asset holding company | 100.0 | 100.0 | 100.0 | 100.0 |
| CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE | France | Banking / Specialized networks banking | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT COLLECTIVITES | France | Banking / Securitization fund | 57.8 | 57.8 | 57.8 | 57.8 |
| FEDERAL EQUIPEMENTS | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| FEDERAL FINANCE | France | Insurance and asset management / Private banking and asset management | 100.0 | 100.0 | 100.0 | 100.0 |
| FEDERAL FINANCE GESTION | France | Insurance and asset management / Asset management | 100.0 | 100.0 | 100.0 | 100.0 |
| FEDERAL SERVICE | France | Banking / Services | 97.9 | 97.8 | 97.8 | 97.8 |
| FINANCO | France | Banking / Specialized networks banking | 100.0 | 100.0 | 100.0 | 100.0 |
| GICM | France | Banking / Services | 100.0 | 100.0 | 97.8 | 97.8 |
| IZIMMO | France | Banking / Real estate | 100.0 | 100.0 | 100.0 | 100.0 |
| IZIMMO HOLDING | France | Banking / Holding | 100.0 | 100.0 | 100.0 | 100.0 |
| KEYTRADE BANK (succursale) | Belgium | Banking / Financial and stock market intermediation | 100.0 | 100.0 | 100.0 | 100.0 |
| KEYTRADE BANK Luxembourg SA | Luxembourg | Banking / Financial and stock market intermediation | 100.0 | 100.0 | 100.0 | 100.0 |
| LEETCHI SA | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| MANGOPAY SA | Luxembourg / France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| MONEXT | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| NEXTALK | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| NOUVELLE VAGUE | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| NOVELIA | France | Insurance and asset management / Insurance brokerage | 100.0 | 100.0 | 100.0 | 100.0 |
| PROCAPITAL | France / Belgium | Banking / Financial and stock market intermediation | 100.0 | 100.0 | 100.0 | 100.0 |
| PUMPKIN | France | Banking / Services | 100.0 | 100.0 | 100.0 | 100.0 |
| SCHELCHER PRINCE GESTION | France | Insurance and asset management / Asset management | 100.0 | 100.0 | 100.0 | 100.0 |
| SOCIETE CIVILE IMMOBILIERE INTERFEDERALE | France | Banking / Real estate | 100.0 | 100.0 | 100.0 | 100.0 |
| SMSPG | France | Insurance and asset management / Holding | 100.0 | 100.0 | 100.0 | 100.0 |
| STRATEO (succursale) | Swiss | Banking / Financial and stock market intermediation | 100.0 | 100.0 | 100.0 | 100.0 |
| SURAVENIR | France | Insurance and asset management / Life insurance | 100.0 | 100.0 | 100.0 | 100.0 |
| SURAVENIR ASSURANCES | France | Insurance and asset management / Non-life insurance | 100.0 | 100.0 | 100.0 | 100.0 |

| Last name | Country | Sector / Activity | % control | | % equity interest | |
|---|---|---|---|---|---|---|
| | | | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
| Companies consolidated using the equity method | | | | | | |
| CAISSE CENTRALE DU CREDIT MUTUEL | France | Banking / Mutual banking | 20.1 | 20.6 | 20.1 | 20.6 |
| FINANSEMBLE | France | Insurance and asset management / Asset management | 30.4 | 30.4 | 30.4 | 30.4 |
| LA COMPAGNIE FRANCAISE DES SUCCESSIONS | France | Insurance and asset management / Asset management | 32.6 | 32.6 | 32.6 | 32.6 |
| LINXO GROUP (2) | France | Banking / Services | / | 29.8 | / | 29.8 |
| NEW PORT | France | Banking / Holding | 29.9 | 29.9 | 29.9 | 29.9 |
| VIVIENNE INVESTISSEMENT | France | Insurance and asset management / Asset management | 34.0 | 34.4 | 34.0 | 34.4 |
| YOMONI | France | Insurance and asset management / Asset management | 34.2 | 34.0 | 34.2 | 34.0 |
| YOUNITED CREDIT (5) | France / Italy / Spain / Germany | Banking / Services | / | 22.3 | / | 22.3 |

| Last name | Country | Sector / Activity | % control | | % equity interest | |
|---|---|---|---|---|---|---|
| | | | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
| Companies consolidated using the shortcut method | | | | | | |
| AIS MANDARINE ACTIVE | France | Insurance and asset management / mutual funds | 79.4 | 78.2 | 79.4 | 78.2 |
| AIS MANDARINE ENTREPRENEURS | France | Insurance and asset management / mutual funds | 80.7 | 80.1 | 80.7 | 80.1 |
| AIS MANDARINE MULTI-ASSETS | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL 1 | France | Banking / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| ARKEA CAPITAL 2 (1) | France | Banking / mutual funds | 46.0 | / | 46.0 | / |
| AUTOFOCUS CROISSANCE DECEMBRE 2019 (1) | France | Insurance and asset management / mutual funds | 95.2 | / | 95.2 | / |
| AUTOFOCUS CROISSANCE JUILLET 2019 (1) | France | Insurance and asset management / mutual funds | 99.2 | / | 99.2 | / |
| AUTOFOCUS CROISSANCE JUIN 2015 | France | Insurance and asset management / mutual funds | 93.9 | 94.0 | 93.9 | 94.0 |
| AUTOFOCUS CROISSANCE MAI 2017 | France | Insurance and asset management / mutual funds | 97.2 | 97.2 | 97.2 | 97.2 |
| AUTOFOCUS CROISSANCE MARS 2015 | France | Insurance and asset management / mutual funds | 85.0 | 84.8 | 85.0 | 84.8 |
| AUTOFOCUS CROISSANCE NOVEMBRE 2018 | France | Insurance and asset management / mutual funds | 80.3 | 80.0 | 80.3 | 80.0 |
| AUTOFOCUS RENDEMENT JANVIER 2018 | France | Insurance and asset management / mutual funds | 99.3 | 99.3 | 99.3 | 99.3 |
| AUTOFOCUS RENDEMENT JANVIER 2019 (1) | France | Insurance and asset management / mutual funds | 99.4 | / | 99.4 | / |
| AUTOFOCUS RENDEMENT JUIN 2018 | France | Insurance and asset management / mutual funds | 98.4 | 98.4 | 98.4 | 98.4 |
| AUTOFOCUS RENDEMENT DECEMBRE 2014 | France | Insurance and asset management / mutual funds | 93.5 | 93.4 | 93.5 | 93.4 |
| AUTOFOCUS RENDEMENT MARS 2015 | France | Insurance and asset management / mutual funds | 93.9 | 93.0 | 93.9 | 93.0 |
| AUTOFOCUS RENDEMENT MARS 2017 | France | Insurance and asset management / mutual funds | 97.2 | 97.1 | 97.2 | 97.1 |
| AUTOFOCUS RENDEMENT MARS 2019 (1) | France | Insurance and asset management / mutual funds | 99.0 | / | 99.0 | / |
| BREHAT | France | Insurance and asset management / mutual funds | 75.1 | 98.6 | 75.1 | 98.6 |
| BREIZH ARMOR CAPITAL | France | Banking / mutual funds | 50.0 | 50.0 | 50.0 | 50.0 |
| DIAPAZEN CLIMAT SEPTEMBRE 2016 | France | Insurance and asset management / mutual funds | 97.6 | 97.7 | 97.6 | 97.7 |
| FCT ARDIAN SURAVENIR PRIVATE DEBT (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| FCT MERIUS SURAVENIR | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT OBLIGATION BAUX AC 2019 | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT PYTHEAS (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| FCT PYTHEAS BAUX REG 2018 (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT SCOR SURAVENIR EURO LOANS | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT SP EUROCREANCES | France | Insurance and asset management / mutual funds | 43.4 | 43.4 | 43.4 | 43.4 |
| FCT SPG DETTE PRIVEE | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT SURAVENIR CONSO FUND | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT SURAVENIR PRIVATE DEBT I | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT SURAVENIR PRIVATE DEBT II | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FCT TIKEHAU SPD III (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| FEDERAL AMBITION CLIMAT | France | Insurance and asset management / mutual funds | 99.3 | 99.3 | 99.3 | 99.3 |
| FEDERAL CAPITAL INVESTISSEMENT | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FEDERAL CONVICTION GRANDE ASIE | France | Insurance and asset management / mutual funds | 99.9 | 81.8 | 99.9 | 81.8 |
| FEDERAL ESSOR INTERNATIONAL (4) | France | Insurance and asset management / mutual funds | / | 42.9 | / | 42.9 |
| FEDERAL GLOBAL GREEN BONDS (1) | France | Insurance and asset management / mutual funds | 40.1 | / | 40.1 | / |
| FEDERAL IMPACT TERRITOIRES (EX FEDERAL MULTI PME) | France | Insurance and asset management / mutual funds | 56.2 | 57.0 | 56.2 | 57.0 |
| FEDERAL INDICIEL APAL (EX FEDERAL APAL) | France | Insurance and asset management / mutual funds | 75.0 | 71.6 | 75.0 | 71.6 |
| FEDERAL INDICIEL JAPON | France | Insurance and asset management / mutual funds | 67.0 | 64.4 | 67.0 | 64.4 |
| FEDERAL INDICIEL US | France | Insurance and asset management / mutual funds | 58.3 | 53.5 | 58.3 | 53.5 |
| FEDERAL MULTI ACTIONS EUROPE | France | Insurance and asset management / mutual funds | 75.8 | 73.8 | 75.8 | 73.8 |

| Last name | Country | Sector / Activity | % control | | % equity interest | |
|---|---|---|---|---|---|---|
| | | | 12.31.2020 | 12.31.2019 | 12.31.2020 | 12.31.2019 |
| Companies consolidated using the shortcut method | | | | | | |
| FEDERAL MULTI L/S | France | Insurance and asset management / mutual funds | 67.2 | 56.4 | 67.2 | 56.4 |
| FEDERAL MULTI OR ET MATIERES 1ERES | France | Insurance and asset management / mutual funds | 90.1 | 89.5 | 90.1 | 89.5 |
| FEDERAL MULTI PATRIMOINE | France | Insurance and asset management / mutual funds | 99.5 | 90.5 | 99.5 | 90.5 |
| FEDERAL OPPORTUNITE EQUILIBRE ESG | France | Insurance and asset management / mutual funds | 85.4 | 99.8 | 85.4 | 99.8 |
| FEDERAL OPPORTUNITE MODERE ESG | France | Insurance and asset management / mutual funds | 64.5 | 98.5 | 64.5 | 98.5 |
| FEDERAL OPPORTUNITE TONIQUE ESG | France | Insurance and asset management / mutual funds | 99.1 | 99.1 | 99.1 | 99.1 |
| FEDERAL OXYGENE (4) | France | Insurance and asset management / mutual funds | 94.2 | 94.2 | 94.2 | 94.2 |
| FEDERAL SUPPORT COURT TERME ESG | France | Insurance and asset management / mutual funds | 37.2 | 38.3 | 37.2 | 38.3 |
| FEDERAL SUPPORT MONETAIRE ESG | France | Insurance and asset management / mutual funds | / | 46.0 | / | 46.0 |
| FLEXPERTISE (1) | France | Insurance and asset management / mutual funds | 71.4 | / | 71.4 | / |
| FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FPS SURAVENIR ACTIONS LOW VOL | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FPS SURAVENIR ACTIONS MID CAPS | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FPS SURAVENIR ACTIONS PROTECT | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FPS SURAVENIR ACTIONS PROTECT II (3) | France | Insurance and asset management / mutual funds | / | 100.0 | / | 100.0 |
| FPS SURAVENIR OVERLAY LOW VOL ACTIONS | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| FPS UBS ARCHMORE INFRASTRUCTURE DEBT PLATFORM II (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| OPCI CLUB FRANCE RET | France | Insurance and asset management / mutual funds | 46.3 | 46.3 | 46.3 | 46.3 |
| OPCI PREIM DEFENSE 2 | France | Insurance and asset management / mutual funds | 37.5 | 37.5 | 37.5 | 37.5 |
| OPCI PREIM EUROS | France | Insurance and asset management / mutual funds | 98.1 | 100.0 | 98.1 | 100.0 |
| OPCI PREIM EUROS 2 | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| OPCI PREIMIUM | France | Insurance and asset management / mutual funds | 73.0 | 75.5 | 73.0 | 75.5 |
| OPCI TIKEHAU RET PRO | France | Insurance and asset management / mutual funds | 39.3 | 39.3 | 39.3 | 39.3 |
| OUESSANT | France | Insurance and asset management / mutual funds | 38.7 | 37.0 | 38.7 | 37.0 |
| PRIMO ELITE | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| S.C.I PROGRES PIERRE | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| S.C.I SURAV PIERRE | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| SCHELCHER IVO GLOBAL YIELD 2024 (1) | France | Insurance and asset management / mutual funds | 45.9 | / | 45.9 | / |
| SCI CLOVERHOME | France | Insurance and asset management / mutual funds | 50.0 | 50.0 | 50.0 | 50.0 |
| SCI LE VINCI HOLDING | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| SCI PR2 PREIM RET 2 | France | Insurance and asset management / mutual funds | 38.0 | 38.0 | 38.0 | 38.0 |
| SCI SILVER AVENIR (1) | France | Insurance and asset management / mutual funds | 100.0 | / | 100.0 | / |
| SCI USUFRUIMMO | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| SCPI PIERRE EXPANSION | France | Insurance and asset management / mutual funds | / | 57.0 | / | 57.0 |
| SCPI PRIMOFAMILY | France | Insurance and asset management / mutual funds | 37.7 | 41.3 | 37.7 | 41.3 |
| SCPI PRIMONIA CAP IMMO | France | Insurance and asset management / mutual funds | / | 35.8 | / | 35.8 |
| SP CONVERTIBLES | France | Insurance and asset management / mutual funds | 20.4 | 20.8 | 20.4 | 20.8 |
| SP CONVERTIBLES MID CAP ESG | France | Insurance and asset management / mutual funds | 22.5 | / | 22.5 | / |
| SP CROISSANCE (EX FEDERAL CROISSANCE) | France | Insurance and asset management / mutual funds | 91.6 | 91.4 | 91.6 | 91.4 |
| SP HAUT RENDEMENT | France | Insurance and asset management / mutual funds | 43.2 | 41.1 | 43.2 | 41.1 |
| SP NS FAMILLE (2) | France | Insurance and asset management / mutual funds | / | 45.3 | / | 45.3 |
| SP OPPORTUNITES EUROPEENNES | France | Insurance and asset management / mutual funds | 30.5 | 35.7 | 30.5 | 35.7 |
| SURAVENIR INITIATIVE ACTIONS | France | Insurance and asset management / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| SYNERGIE FINANCE INVESTISSEMENT | France | Banking / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| WE POSITIVE INVEST | France | Banking / mutual funds | 100.0 | 100.0 | 100.0 | 100.0 |
| WEST WEB VALLEY (2) | France | Banking / mutual funds | / | 35.4 | / | 35.4 |
| YOMONI ALLOCATION | France | Insurance and asset management / mutual funds | 42.5 | 47.5 | 42.5 | 47.5 |
| YOMONI MONDE | France | Insurance and asset management / mutual funds | / | 44.0 | / | 44.0 |

(1) Companies first-time consolidated in 2020
(2) Property
(3) Liquidation
(4) Merger of assets and liabilities
(5) Deconsolidation

The simplified method of accounting (called shortcut method) is based on using the fair value option for all assets held under the mutual fund to be consolidated.
The shortcut method entails:

- recognizing the fund shares in assets at fair value on the basis of 100%
- establishing a corresponding liability (financial liability) for the amount of the share not held by the group (non-controlling interests).

ANC Regulation No. 2016-09 (ANC, the French Accounting standard setter) requires companies that prepare their consolidated financial statements in accordance with international standards to publish additional information relating to companies not included in their scope of consolidation as well as significant equity interests. This information is available on the Group website, within the regulatory information section.

## Note 49. Events after the reporting period

On February 2, 2021, the Board of Directors of the Confédération Nationale du Crédit Mutuel approved the general decision (DCG - Décision de Caractère Général) “concerning the strengthening of the Crédit Mutuel Group's cohesion”.
The Crédit Mutuel Arkéa group took note of the vote in favor of this decision, against its advice.