Consolidated financial statements for the year ended December 31, 2018

Balance sheet

(in € thousands)

Assets	Notes	12.31.2018. IFRS 9	01.01.2018 IFRS 9	12.31.2017 IAS 39
Cash, due from central banks	1	3,236,588	4,182,765	4,182,765
Financial assets at fair value through profit or loss	2	1,179,263	1,120,970	22,981,741
Derivatives used for hedging purposes	3	692,564	685,923	685,923
Financial assets at fair value through equity	4a	11,323,695	10,607,608	
Available-for-sale financial assets	4b			38,031,257
Securities at amortized cost	5	163,949	157,737	
Loans and receivables - credit institutions, at amortized cost	1	8,986,833	7,599,543	7,259,426
Loans and receivables - customers, at amortized cost	6	55,574,536	50,135,882	50,483,395
Remeasurement adjustment on interest-rate risk hedged portfolios		299,115	264,850	264,850
Held-to-maturity financial assets				101,294
Placement of insurance activities	7	50,190,292	50,600,452	
Current tax assets	8	224,673	209,444	209,205
Deferred tax assets	9	149,446	49,835	54,848
Accruals, prepayments and sundry assets	10	867,127	1,054,892	2,170,984
Non-current assets held for sale	27	444,230	-	-
Deferred profit-sharing	10a	-	-	-
Investments in associates	11	201,775	190,340	190,347
Investment property	12	154,236	168,838	515,395
Property, plant and equipment	13	257,761	253,085	253,085
Intangible assets	14	435,758	427,580	427,580
Goodwill	15	538,461	572,684	572,684
TOTAL ASSETS		**134,920,302**	**128,282,428**	**128,384,779**

Liabilities	Notes	12.31.2018. IFRS 9	01.01.2018 IFRS 9	12.31.2017 IAS 39
Due to central banks	16	-	-	-
Financial liabilities at fair value through profit or loss	17	811,071	558,817	610,438
Derivatives used for hedging purposes	3	427,735	398,672	398,672
Debt securities	18	12,770,678	10,737,859	10,787,859
Due to banks	16	7,117,358	7,999,171	9,814,554
Liabilities to customers	19	54,555,163	49,379,692	49,436,172
Remeasurement adjustment on interest-rate risk hedged portfolios		63,361	46,800	46,800
Current tax liabilities	8	127,008	119,391	119,045
Deferred tax liabilities	9	133,565	97,988	152,025
Accruals, deferred income and sundry liabilities	20	2,063,634	2,005,513	5,471,948
Liabilities associated with non-current assets held for sale	27	19,442	-	-
Insurance companies' technical reserves	21	48,033,048	48,247,133	42,807,688
Provisions	22	423,551	413,273	394,857
Subordinated debt	23	1,667,088	1,892,119	1,892,773
Total equity		**6,707,600**	**6,386,000**	**6,451,948**
Shareholders' equity, group share		6,704,447	6,383,118	6,449,066
Share capital and additional paid-in capital	24	2,266,390	2,207,864	2,207,864
Consolidated reserves	24	3,896,397	3,941,308	3,531,437
Gains and losses recognized directly in equity	25	104,372	233,946	281,644
Net income for the year		437,288		428,121
Non-controlling interests		3,152	2,882	2,882
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**134,920,302**	**128,282,428**	**128,384,779**

Non audited consolidated financial statements
Year ended December 31, 2018

Income statement

(in € thousands)

Income statement	Notes	12.31.2018. IFRS 9	12.31.2017. IAS 39
Interest and similar income [1]	30	1,844,189	1,806,531
Interest and similar expense [1]	30	-1,164,720	-1,170,920
Commission income	31	622,640	648,546
Commission expense	31	-142,399	-239,827
Net gain (loss) on financial instruments at fair value through profit or loss	32	85,062	2,618
Net gain (loss) on financial instruments at fair value through equity	33a	31,635	
Net gain (loss) on available-for-sale financial instruments	33b		193,847
Net gain (loss) on derecognition of financial instruments at amortized cost	34	1	
Net income from insurance activities	35	687,044	
Income from other activities	36	257,531	7,230,670
Expense from other activities	36	-75,178	-6,381,859
NET BANKING INCOME		**2,145,805**	**2,089,606**
General operating expenses	37	-1,394,211	-1,313,081
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	39	-119,314	-114,291
GROSS OPERATING INCOME		**632,280**	**662,234**
Cost of credit risk	40	-63,679	-52,731
OPERATING INCOME		**568,601**	**609,503**
Share in net income of equity-accounted associates and joint ventures	11	248	23,919
Gains (losses) on other assets	41	4,829	-2,429
Changes in goodwill	49	19,549	0
PRE-TAX INCOME		**593,227**	**630,993**
Income tax	42	-155,695	-202,751
Net income (loss) from discontinued operations		0	0
NET INCOME		**437,532**	**428,242**
O/w non-controlling interests		244	120
NET INCOME - GROUP SHARE		**437,288**	**428,121**

[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	12.31.2018. IFRS 9	12.31.2017. IAS 39
Net income		**437,532**	**428,242**
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		-28,869	
Revaluation of available-for-sale financial assets (net of taxes)		-49,440	2,624
Revaluation of derivatives used to hedge recyclable items (net of taxes)		252	1,781
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		-399	-9,447
Items to be recycled to profit or loss		**-78,456**	**-5,042**
Actuarial gains (losses) on defined benefit plans (net of taxes)		-34,928	-4,960
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		4,947	
Revaluation of equity instruments at fair value through equity (net of taxes) [1]		-7,942	
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		-13,198	19
Items not to be recycled to profit or loss		**-51,121**	**-4,941**
Total gains and losses recognized directly in equity		**-129,577**	**-9,983**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**43**	**307,955**	**418,259**
of which group share		307,714	418,141
of which non-controlling interests		241	118

[1] of which the impact of the transfer to reserves of non-recyclable items for €6,611,000.

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, 2017	**2,203,108**	**3,239,290**	**291,625**	**336,187**	**6,070,210**	**2,747**	**6,072,957**
Capital increase/reduction	4,756				4,756		4,756
Cancellation of treasury shares					-		-
Issuance of preferred shares					-		-
Equity components of hybrid instruments					-		-
Equity components whose payment is share-based					-		-
Allocation of the previous year income		336,187		- 336,187	-		-
Dividend paid in 2017 in respect of 2016		- 37,456			- 37,456	- 4	- 37,460
Change in equity interests in subsidiaries with no loss of control		- 6,766			- 6,766	- 34	- 6,800
Subtotal of changes involving transactions with shareholders	**2,207,864**	**3,531,255**	**291,625**	**-**	**6,030,744**	**2,709**	**6,033,453**
Changes in gains and losses recognized directly in equity			- 9,981		- 9,981	- 2	- 9,983
2017 net income				428,121	428,121	120	428,241
Subtotal	**2,207,864**	**3,531,255**	**281,644**	**428,121**	**6,448,884**	**2,827**	**6,451,711**
Impact of acquisitions and disposals on non-controlling interests					-		-
Share of changes in shareholders' equity from investments in associates and joint ventures		885			885		885
Change in accounting methods					-		-
Other changes		- 703			- 703	55	- 648
Position at December 31, 2017	**2,207,864**	**3,531,437**	**281,644**	**428,121**	**6,449,066**	**2,882**	**6,451,948**
Capital increase	58,526				58,526		58,526
Cancellation of treasury shares					-		-
Issuance of preferred shares					-		-
Equity components of hybrid instruments					-		-
Equity components whose payment is share-based					-		-
Allocation of the previous year's income		428,121		- 428,121	-		-
Dividend paid in 2018 in respect of 2017		- 36,824			- 36,824	- 3	- 36,827
Change in equity interests in subsidiaries with no loss of control					-		-
Subtotal of changes involving transactions with shareholders	**2,266,390**	**3,922,734**	**281,644**	**-**	**6,470,768**	**2,879**	**6,473,647**
Changes in gains and losses recognized directly in equity		- 5,143	- 129,574		- 134,717	- 3	- 134,720
2018 net income				437,288	437,288	244	437,532
Subtotal	**2,266,390**	**3,917,591**	**152,070**	**437,288**	**6,773,339**	**3,120**	**6,776,459**
Impact of acquisitions and disposals on non-controlling interests		259			259		259
Share of changes in shareholders' equity from investments in associates and joint ventures		- 2,044			- 2,044		- 2,044
Change in accounting methods					-		-
Other changes (1)		- 19,410	- 47,697		- 67,107	33	- 67,074
Position at December 31, 2018	**2,266,390**	**3,896,396**	**104,373**	**437,288**	**6,704,447**	**3,153**	**6,707,600**

[1] The other changes include the impact linked to IFRS 9 as described in note 5 FTA -Changes in shareholders' equity.

Net cash flow statement

(in € thousands)

	12.31.2018	12.31.2017
Cash flows from operating activities		
Net income	437,532	428,242
Tax	155,695	202,751
Pre-tax income	**593,227**	**630,993**
Depreciation and amortization of property, plant and equipment and intangible assets	118,000	112,910
Impairment of goodwill and other non-current assets	288	-572
Net additions to depreciations	28,186	-17,639
Share of income (loss) from investments in associates	-248	-22,900
Net loss (gain) from investing activities	-13,288	-97,362
(Income)/expense from financing activities	-	-
Other changes	1,522,419	3,142,728
Total non-cash items included in net income and other adjustments	**1,655,357**	**3,117,165**
Interbank transactions	-2,135,555	1,905,386
Transactions with customers	-606,209	-1,541,732
Transactions involving other financial assets/liabilities	-323,378	-4,030,466
Transactions involving other non-financial assets/liabilities	44,205	934,139
Dividends from investments in associates	874	-
Taxes paid	-178,852	-206,200
Net decrease/(increase) in operating assets and liabilities	**-3,198,915**	**-2,938,873**
NET CASH FLOW FROM OPERATING ACTIVITIES	**-950,330**	**809,286**
Cash flows from investing activities		
Financial assets and investments	-550,523	60,451
Investment property	7,939	-2,719
Property, plant and equipment and intangible assets	-133,183	-130,081
Other	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	**-675,767**	**-72,349**
Cash flows from financing activities		
Cash flows from/to shareholders	55,700	-35,019
Other cash flows from financing activities	1,528,000	-642,041
CASH FLOWS FROM FINANCING ACTIVITIES	**1,583,700**	**-677,060**
Net increase/(decrease) in cash and cash equivalents	**-42,397**	**59,877**
Cash flows from operating activities	-950,330	809,286
Cash flows from investing activities	-675,767	-72,349
Cash flows from financing activities	1,583,700	-677,060
Cash and cash equivalents, beginning of the year	**3,874,179**	**3,814,302**
Cash, central banks (assets & liabilities)	4,182,765	3,617,196
Deposits (assets and liabilities) and demand loans with credit institutions	-308,586	197,106
Cash and cash equivalents, end of the year	**3,831,782**	**3,874,179**
Cash, central banks (assets & liabilities) *(Notes 1 and 16)*	3,236,588	4,182,765
Deposits (assets and liabilities) and demand loans with credit institutions *(Notes 1; 7c; 16 and 21b)*	595,194	-308,586
CHANGE IN NET CASH AND CASH EQUIVALENTS	**-42,397**	**59,877**

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, 2018

HIGHLIGHTS OF THE YEAR

Now halfway through the Arkéa 2020 strategic plan, Arkéa achieved a remarkable performance in 2018 with net income, group share at a record level of €437 million.

The effectiveness of Arkéa's diversified business model and strong sales momentum in all its business lines resulted in a 2.7% increase in net banking and insurance income to €2,146 million, a record level for the group.
The prudential ratios, particularly the solvency ratios, remain well above the regulatory requirements and confirm the group's intrinsic soundness.

In the first half of 2018, via its Financo subsidiary, the group finalized the acquisition of the auto financing activity of My Money Bank in France. This acquisition resulted in the recognition of badwill in the income statement.

In the second half of 2018, the investments in the following Fintech companies, in which the group has significant influence, were included in the consolidation scope:

- Vivienne Investissement, a quantitative asset management company,
- Yomoni, a digital portfolio management company,
- Finansemble, a digital wealth management company,
- Jivai, insurance comparison website that offers insurance diagnosis to users,
- Compagnie française des successions et des épargnants, an online platform for simulating and optimizing inheritance and retirement cost; and
- Linxo Group, account aggregation and expense monitoring.

The recently created companies, Arkéa Capital Manager and SMSPG2, are consolidated under the full consolidation method.

In addition, Arkéa has entered into exclusive negotiations with NBB Lease for the sale of Leasecom, a subsidiary specializing in finance leasing of scalable equipment for businesses and sole traders. IFRS 5 "Non-current assets held for sale and discontinued operations" was applied as at December 31, 2018.
Moreover, the group transferred all the assets of CEOI-BIE to Arkéa, resulting in its exit from the consolidation scope.

The group’s independence process was also an outstanding feature of the 2018 financial year. Thus, at its meeting on January 17, 2018, Crédit Mutuel Arkéa's Board of Directors authorized the Crédit Mutuel Arkéa Group's management to take any action that would allow Crédit Mutuel Arkéa to become a cooperative and regional banking group, with mutualist values, independent from the rest of Crédit Mutuel.

The local savings banks and the directors of the Bretagne, Sud-Ouest and Massif Central federations were invited to vote in the first half of 2018. 94.5% of the local savings banks that voted expressed their support for Crédit Mutuel Arkéa's independence.

On June 29, 2018, Crédit Mutuel Arkéa's Board of Directors approved the target organizational chart of the future independent group. On this basis, the group started the preparatory work for an orderly separation from the Crédit Mutuel group.

Operational implementation of the Arkéa group's exit from the Crédit Mutuel group remains subject to the approval of the local savings banks. This consultation with the local savings banks will take place following ongoing discussions and work, in particular with the supervisory bodies, and will be based on a finalized consultation file.

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, 2018 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date. These financial statements are presented in accordance with recommendation 2017-02 of the French Accounting Standards Authority.

At December 31, 2018, the group applied the standards in force as at January 1, 2018 and adopted by the European Union.

The group chose to forgo early adoption of the new standards and interpretations adopted by the European Union whose application was optional in 2018.

IFRS 9 Financial Instruments

The Group has applied IFRS 9 since January 1, 2018.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. It defines new rules for:
- classification and measurement of financial instruments (stage 1)
- impairment for credit risk of financial assets (stage 2)
- hedge accounting, excluding macro hedging (stage 3).

Classification and measurement and the new impairment model under IFRS 9 are applied retrospectively by adjusting the opening balance sheet at January 1, 2018 (impact on equity), with no requirement to restate prior years for comparison purposes.

Therefore, the group is presenting its 2018 financial statements without a 2017 comparison in IFRS 9 format, and an explanation of the transition of the portfolios between the two standards and the impacts on equity at January 1, 2018 are presented below (section Notes – First-Time Application). The group is not applying stage 3, which is optional, and hedging therefore continues to be recognized according to IAS 39 as adopted by the European Union.

The implementation of IFRS 9 applies to all the group's activities except the insurance entities, which may defer application until 2022, as provided by the amendment to IFRS 4 as adopted by the European Union.

The IFRS 9 principles applied by the group are described in detail in the section entitled Accounting principles and evaluation methods.

NOTES – FIRST-TIME APPLICATION

The main impacts of the first-time application (FTA) of IFRS 9 at January 1, 2018 are as follows:

Note 1 – IAS 39 – IFRS 9 transition table/Classification and measurement

This table presents the gross amounts.

Valuation classes IAS 39	12/31/2017 IAS 39 balance	Type of instrument and accounting category IAS 39	12/31/2017 IAS 39 detailed balance	Type of instrument and accounting category IFRS 9	Reclassification to iso value	Revaluation	Reclassification Insurance	Other reclassifications (1)	Balance at 01/01/2018 IFRS 9
Financial assets at fair value through profit or loss	22,981,741	Financial assets held for trading purposes including derivatives	364,055	Financial assets held for trading purposes including derivatives		-116	-686		363,253
		Equity instruments classified at fair value through profit or loss by option	16,802,014	Equity instruments measured at fair value through profit or loss	-79,238		-16,618,709		104,067
				Equity instruments designated as measured at fair value through equity					
		Debt instruments and loans at fair value through profit or loss by option	5,815,672	Debt instruments designated as measured at fair value through profit or loss	-30,042		-5,776,248		9,382
				Debt instruments or loans mandatorily measured at fair value through profit or loss	109,280				109,280
				Debt instruments measured at fair value through profit or loss - trading					
				Debt instruments measured at fair value through equity					
				Securities at amortized cost					
Available-for-sale financial assets	38,031,257	Available-for-sale equity instruments	2,221,955	Equity instruments designated as measured at fair value through equity	-247,394		-1,501,201		473,360
				Equity instruments measured at fair value through profit or loss	159,001			2	159,003
		Available-for-sale debt instruments	35,809,302	Debt instruments measured at fair value through equity	-217,765		-25,457,286	-3	10,134,248
				Debt instruments designated as measured at fair value through profit or loss					
				Debt instruments mandatorily measured at fair value through profit or loss	215,374			-4	215,370
				Securities at amortized cost	78,118	-1,577		3	76,543
Financial assets at amortized cost	60,966,932	Cash, due from central banks	4,182,765	Cash, due from central banks					4,182,765
		Loans and receivables - credit institutions	7,259,426	Loans and receivables - credit institutions, at amortized cost	-62,994		-20,264	425,075	7,601,243
				Loans and receivables at fair value through profit or loss	63,441	-663		609	63,387
		Loans and receivables - Customers (excluding finance leases)	49,423,447	Loans and receivables - Customers, at amortized cost (excluding finance leases)			-107,655	156	49,315,948
				Loans and receivables at fair value through profit or loss					
		Held-to-maturity financial assets	101,294	Securities at amortized cost	-82,367		-6,708	70,246	82,465
				Debt instruments measured at fair value through equity					
				Debt instruments designated as measured at fair value through profit or loss					
				Debt instruments mandatorily measured at fair value through profit or loss	94,587	1,462		1,180	97,229

IFRS 9 balances at 01/01/2018		
	Financial assets at fair value through profit or loss	1,120,970
	Financial assets at fair value through equity	10,607,608
	Financial assets at amortized cost	61,258,964

(1) Other reclassifications include reclassifications of guarantee deposits to financial instruments in accordance with ANC recommendation 2017-02

Application, in terms of classification, of the provisions of IFRS 9 to financial assets whose classification has changed:

• By default, equity instruments are recognized at fair value through profit or loss. Those that were designated at fair value through non-recyclable equity were submitted to a validation committee (Executive Committee).

• Debt instruments were analyzed based on the following two criteria:

(i) Business model: all the portfolios were assigned to a "Hold-to-Collect", "Hold-to-Collect and Sell" or "Other" business model based on the criteria defined by IFRS 9 and applied on the date of first-time application.

(ii) An analysis of the SPPI – Solely Payments of Principal and Interest – criteria (see accounting principles) on the date of initial recognition.

Most of the financial assets that were measured at amortized cost continue to meet the conditions for recognition at amortized cost under IFRS 9.
The main reclassifications relate to:
• For the loan portfolios: specific loans granted to credit institutions
• For the investment securities portfolios: structured bonds or bonds whose variable interest rates are not in sync with the time value of dividend payments.

The main reclassifications of debt securities that were measured at fair value through equity (available-for-sale assets) and are reclassified at fair value through profit or loss relate to:
• Units of UCITS or venture capital mutual funds
• Securitizations

Note 2 – IFRS 9 reclassification of financial assets designated at fair value through profit or loss using the fair value option under IAS 39

Reclassification of assets at fair value through profit or loss by option at 12/31/2017 (IAS 39)			
In thousands of euros	Reclassification imposed by the standard	Reclassification elected by the group	*Target accounting category*
Equity instruments	**104,067**		Equity instruments measured at fair value through profit or loss
			Equity instruments measured at fair value through equity
Debt instruments and loans	**109,280**		Debt instruments measured at fair value through profit or loss
			Debt instruments measured at fair value through equity
			Debt instruments at amortized cost

These are mainly equity instruments for which the option no longer exists as well as debt instruments that were designated at fair value through profit or loss using the fair value option since they contained an embedded derivative.

No assets were newly designated at fair value through profit or loss as of the date of first-time application.

Note 3 – Tracking of fair values for instruments reclassified at amortized cost and those reclassified from fair value through profit or loss to fair value through equity

IAS 39 classification	IFRS 9 classification	Fair value at closing date	Gains/losses on fair value that would have been recognized in profit or loss or in other comprehensive income during the period if they had not been reclassified
Financial assets held for trading purposes *Fair value through profit or loss*	Equity instruments measured at fair value through equity		
	Debt instruments measured at fair value through equity		
	Debt securities at amortized cost;		
Assets measured at fair value through profit or loss by option *Fair value through profit or loss*	Equity instruments measured at fair value through equity		
	Debt instruments measured at fair value through equity		
	Debt securities at amortized cost;		
Available-for-sale financial assets *Fair value through equity*	Debt securities at amortized cost;	71,783	-1,009

Note 4 – IAS 39 – IFRS 9 transition table/Impairment

a- Changes in value adjustments for impairment at date of FTA

	IAS 39	IFRS 9	Closing balance of value adjustments for impairment or provisions IAS 39 / IAS 37	Impacts of IAS 39 collective provisions/IFRS 9 Buckets 1 and 2	Other impacts (chg. In provisions due to reclassification of the asset and elimination of provisions for equity instruments)	Opening balance of value adjustments for IFRS 9 losses
Assets...	... measured at fair value through profit or loss *Fair value through profit or loss*	Fair value through profit or loss				
		Fair value through equity				
		Amortized cost				
	...Available-for-sale *Fair value through equity*	Fair value through profit or loss	-14,253		14,253	0
		Fair value through equity	-21,542	-4,783	21,542	-4,783
		Amortized cost		-1,271		-1,271
	...Held to maturity *Amortized cost*	Fair value through profit or loss				
		Fair value through equity				
		Amortized cost				
	Loans and receivables due from credit institutions *Amortized cost*	Fair value through profit or loss				
		Fair value through equity				
		Amortized cost	0	-1,700		-1,700
	Loans and receivables - Customers (*excluding finance leases*) *Amortized cost*	Fair value through profit or loss				
		Fair value through equity				
		Amortized cost	-948,751	-70,224		-1,018,975
	Finance leases		-48,610	-23,240		-71,850
	Other assets		0			0
Commitments given	Financing commitments			-14,454		-14,454
	Financial guarantees			-3,963		-3,963
	other commitments given					

b - Presentation of IFRS 9 opening balance

Type of instrument and accounting category IFRS 9		Calculation basis - IFRS 9 provisions			Opening balance - IFRS 9 provisions		
		Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Fair value through equity	Debt instruments	10,060,849	78,182	0	-4,607	-176	0
	Loans and receivables	0	0	0	0	0	0
Amortized cost	Debt instruments	133,603	25,405	0	-228	-1,043	0
	Loans and receivables - credit institutions	7,601,243	0	0	-1,700	0	0
	Loans and receivables - Customers	45,639,247	2,266,119	1,410,582	-94,218	-122,497	-802,260
	Finance leases	1,686,505	153,317	70,937	-12,763	-10,477	-48,610

Note 5 – Changes in shareholders' equity

	Share capital and additional paid-in capital	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 December 31, 2017	**2,207,864**	**3,531,437**	**281,644**	**428,121**	**6,449,066**	**2,882**	**6,451,948**
Reclassification		70,435	-70,532		-97		-97
Impairment		-119,657	4,789		-114,868		-114,868
Deferred taxes		30,971	18,046		49,017		49,017
Shareholders' equity at January 1, 2018	**2,207,864**	**3,513,186**	**233,947**	**428,121**	**6,383,118**	**2,882**	**6,386,000**

Following the clarification issued by the IFRS Interpretations Committee (IFRIC) on the accounting treatment under IFRS 9 of re-negotiated debt, Crédit Mutuel Arkéa has not adjusted the amortized cost of re-negotiated liabilities given that the amounts concerned are immaterial.

IFRS 15 Revenue from Contracts with Customers

This standard defines the principles for measuring revenue related to contracts with customers, with the exception of contracts governed by specific standards, such as those related to leases, insurance contracts and financial instruments. Five steps must be followed: identification of the contract with the customer, identification of the performance obligations in the contract, determination of the transaction price of the contract, allocation of the transaction price to the performance obligations and recognition of revenue when a performance obligation is satisfied.

Amendments have been issued to provide clarification on its implementation in the following areas: identification of performance obligations, agent/principal distinction, intellectual property licenses.
The European Union adopted IFRS 15 on October 29, 2016 and it has been applicable since January 1, 2018.

An analysis of the standard and identification of its potential effects indicated that there was no significant impact for the group; the method used to recognize business revenue therefore did not change.

Other standards

Other amendments have little or no material impact for the group.

They concern:
- application of the fair value through profit or loss option by venture capital/private equity entities to their associates and joint ventures. The amendment to IAS 28 specifies that this option may be exercised on an entity-by-entity basis;
- information regarding transfers to or from the investment property category (IAS 40),
- transactions for which payment is share-based according to IFRS 2.

The changes relate to:

- the recognition of vesting conditions for the measurement of cash-settled transactions,
- transactions that include a net settlement feature related to withholding tax,
- modification of the terms of a share-based payment, which results in a change in the classification of the transaction from cash-settled to equity-settled.

Main standards adopted by the European Union and not yet applied

IFRS 16 Leases

Following the European Union's approval of IFRS 16 Leases on October 31, 2017, application of this standard is mandatory as from January 1, 2019 for entities that present their financial statements under IFRS.

Crédit Mutuel Arkéa will apply this standard without opting for early adoption.

IFRS 16 requires most leases to be recorded in the balance sheet, resulting in the recognition of new assets and liabilities. There are exemptions, particularly for short-term leases and/or assets of little value.

In terms of presentation, application of this standard will have the following main impacts:

- In the balance sheet: recognition of an asset representing the right to use the leased assets over the term of the agreement (term established as provided under IFRS 16) offset by a liability representing the lease payments (corresponding to the present value of the lease payments discounted at the incremental borrowing rate);
- In the income statement: under IFRS 16, the rental expense with be recorded in part under depreciation within operating income and in part under interest expense.

The group's analysis of this standard continued throughout the year.
Its leasing contracts concern mainly real estate assets (leased branched premises, office buildings, etc.) and IT equipment.
The potential impact of IFRS 16 on the group’s financial statements was considered immaterial.

CM Arkéa will adopt IFRS 16 as from January 1, 2019 using the modified retrospective approach.

Main standards not yet adopted by the European Union

IFRS 17 Insurance Contracts

On May 18, 2017, the IFRS Foundation published the new standard IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4 "Insurance Contracts" published in 2004. IFRS 4 allowed companies to continue to use 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.

Subject to its adoption by the European Union, IFRS 17 will take effect on January 1, 2022.

The Group has launched a task force to analyze the standard and its main impacts.

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 €23.2 million was recognized on the balance sheet for valuation adjustments as at December 31, 2018.

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.

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.

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.

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).

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 €98 million at December 31, 2018. Their elimination would have had an impact of €8 million on net income in the year to December 31, 2018.

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).

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 property

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 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.”

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.

Most valuations are performed using the discounted cash flow (DCF) method. This method uses assumptions about projected revenue streams and expenses on the basis of medium-term plans, extrapolated to infinity using discounted growth rates.

The cash flows used are determined on the basis of each cash generating unit’s business plans made over a specific horizon of between three and five years. The discount rates used correspond to the cost of capital determined using the capital asset pricing model. 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 corresponding CGU. The discount rates used in 2018 ranged between 8.08% and 9.52% while the growth rates to infinity were between 1% and 2.5%.

In addition, sensitivity tests are performed to measure the impact on the recoverable amount of changes in certain assumptions such as the discount rate or the growth rate to infinity. These measures led to the following results:
- a 50 basis point increase in the discount rate would result in a 7.4% overall reduction in the recoverable amounts without precipitating any impairment of a CGU;
- a 50 basis point decrease in the growth rate to infinity would result in a 5.6% overall reduction in the recoverable amounts without precipitating any impairment of a CGU.

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 2018 calculations used a discount rate of 1.63%, 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 0.19% and 6.54% and a salary increase rate of between 2.52% and 3.83% [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.

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

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[1] Arkade and Arkéa-SCD UES rate, representing 95% 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, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central 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.

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

Crédit Mutuel Arkéa's holding in the Primonial group was diluted following the rights issue staged by Primonial in the context of the acquisition of 40% of La Financière de l'Echiquier.

On June 1, 2018, Financo, the group's subsidiary specializing in consumer credit, purchased the auto financing activity of My Money Bank in mainland France.

The group's Fintech investments have entered the consolidation scope. Jivai, Linxo Group, Finansemble, La Compagnie Française des Successions, Vivienne Investissement and Yomoni are consolidated using the equity method.

Lastly, Arkéa Capital Managers Holding SLP is consolidated using the full consolidation method. The aim of this fund is to help management teams with their growth projects or to take control of their company.

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.

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.

NOTES TO THE BALANCE SHEET (in thousands of euros)

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

	12.31.2018.	01.01.2018
Cash, due from central banks		
Due from central banks	3,104,473	4,046,381
Cash	132,115	136,384
Accrued interest	0	0
TOTAL	**3,236,588**	**4,182,765**
Loans and receivables - credit institutions		
Current accounts	6,017,669	5,477,859
Loans	1,420,561	814,840
Guarantee deposits paid	400,726	425,078
Repurchase agreements	1,099,520	835,346
Individually impaired receivables (B3)	0	0
Accrued interest	50,504	48,120
Impairment on performing loans (B1/B2)	-2,147	-1,700
Other impairment (B3)	0	0
TOTAL	**8,986,833**	**7,599,543**
of which deposits and demand loans with credit institutions	1,065,914	458,459

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

	12.31.2018.	01.01.2018
Assets held for trading purposes	404,958	363,253
Assets classified at fair value option	16,926	9,382
Other assets classified at fair value	757,379	748,335
TOTAL	**1,179,263**	**1,120,970**

Note 2a. Financial assets held for trading purposes

	12.31.2018.	01.01.2018
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	404,958	363,253
Loans and receivables	0	0
of which repurchase agreements	0	0
TOTAL	**404,958**	**363,253**

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

Note 2b. Assets classified at fair value option

	12.31.2018.	01.01.2018
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	16,926	9,382
of which guarantee deposits paid	0	0
of which repurchase agreements	0	0
TOTAL	**16,926**	**9,382**

The maximum non-recoverable amount of loans classified at fair value option was €16,778,000. This amount was not hedged through the use of credit derivatives.

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

	12.31.2018.	01.01.2018
Securities	693,626	684,948
- Treasury bills, notes and government bonds	0	55,376
- Bonds and other fixed-income securities	306,423	366,502
. Listed	0	56,770
. Unlisted	298,374	303,502
Accrued interest	8,049	6,230
Including UCI	165,020	154,536
- Stocks and other variable-income securities	387,203	263,070
. Listed	1,978	2,744
. Unlisted	385,225	260,326
Loans and receivables	63,753	63,387
of which repurchase agreements	0	0
Guarantee deposits paid	0	0
TOTAL	**757,379**	**748,335**

Note 3. Information relating to hedging

Derivatives used for hedging purposes

12.31.2018.

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	691,478	16,724,251	1,086	30,000
Hedging derivatives - liabilities	422,949	23,192,544	4,786	37,500
Change in the fair value of the hedging instrument used to recognize the ineffectiveness of the hedges over the period	-17,529		-517	
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument used to recognize the ineffectiveness of the hedges over the period				

Note 4a. Financial assets at fair value through equity

	12.31.2018.	01.01.2018
Treasury bills, notes and government bonds	**4,931,080**	**5,147,502**
Bonds and other fixed-income securities	**5,953,599**	**4,991,529**
- Listed	4,963,447	4,055,397
- Unlisted	955,927	907,609
Accrued interest	34,225	28,523
Subtotal gross value of debt instruments	**10,884,679**	**10,139,031**
Impairment on performing loans (B1/B2)	-6,758	-4,783
Other impairment (B3)	0	0
Subtotal net value of debt instruments	**10,877,921**	**10,134,248**
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	**89,185**	**103,036**
- Listed	74,727	94,396
- Unlisted	14,458	8,640
Accrued interest	0	0
Equity securities held for long-term investment	**356,589**	**370,324**
- Long-term investments	301,103	310,675
- Other long-term investments	55,282	59,307
- Shares in associates	204	302
- Translation adjustments	0	0
- Loaned securities	0	0
Accrued interest	0	40
Subtotal equity instruments	**445,774**	**473,360**
TOTAL	**11,323,695**	**10,607,608**
Of which unrealized capital gains/losses recognized in equity	88,503	136,547
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	101,728	112,823

Equity instruments at fair value through equity mainly include investments in associates and the group's other long-term investments.

The accumulated loss at the time of disposal was €9,334,000.

Note 4b. Available-for-sale financial assets

	12.31.2017
Treasury bills, notes and government bonds	14,999,774
Bonds and other fixed-income securities	20,467,716
- Listed	18,286,851
- Unlisted	2,180,865
Stocks and other variable-income securities	1,368,661
- Listed	727,906
- Unlisted	640,755
Equity securities held for long-term investment	847,638
- Long-term investments	587,501
- Other long-term investments	259,834
- Shares in associates	303
- Translation adjustments	0
- Loaned securities	0
Accrued interest	347,468
TOTAL	38,031,257
Of which unrealized capital gains/losses recognized in	453,678
Of which securities sold under repurchase agreements	0
Of which impaired assets	0
Of which risky bonds	19,172
Of which impairment loss	-41,678
Of which listed long-term investments	175,287

Note 5. Securities at amortized cost

	12.31.2018.	01.01.2018
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	168,970	159,008
- Listed	48,700	60,343
- Unlisted	104,380	97,571
Accrued interest	15,890	1,094
GROSS TOTAL	168,970	159,008
of which impaired assets (B3)	5,542	0
Impairment on performing loans (B1/B2)	-818	-1,271
Other impairment (B3)	-4,203	0
NET TOTAL	163,949	157,737

Note 6. Loans and receivables due from customers

	12.31.2018.	01.01.2018
Performing receivables (B1/B2)	53,491,691	47,905,366
. Commercial receivables	141,490	137,515
. Other loans to customers	53,233,100	47,653,269
- Housing loans	29,363,811	26,093,575
- Other loans and various receivables, including repurchase agreements	23,820,462	21,559,694
- Guarantee deposits paid	48,827	0
. Accrued interest	117,101	114,582
Individually impaired receivables (B3)	1,360,860	1,410,582
Gross receivables	**54,852,551**	**49,315,948**
Impairment on performing loans (B1/B2)	-231,256	-216,715
Other impairment (B3)	-783,459	-802,260
Subtotal I	**53,837,836**	**48,296,973**
Finance leases (net investment)	1,706,380	1,839,822
. Movable goods	954,883	1,100,094
. Real property	751,497	739,728
Individually impaired receivables (B3)	67,387	70,937
Gross receivables	**1,773,767**	**1,910,759**
Impairment on performing loans (B1/B2)	-17,066	-23,240
Other impairment (B3)	-20,001	-48,610
Subtotal II	**1,736,700**	**1,838,909**
TOTAL	**55,574,536**	**50,135,882**
Of which equity loans with no voting rights	12,165	12,165
Of which subordinated debt	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	247,851	115,466	47,961	167,777
Central governments	0	8	3	4
Credit institutions	0	0	0	0
Other financial companies	482	354	235	437
Non-financial companies	89,662	49,166	39,445	72,725
Retail customers	157,707	65,938	8,278	94,611
Other financial assets	0	0	0	0
TOTAL	**247,851**	**115,466**	**47,961**	**167,777**
Unallocated guarantees				0

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 12/31/2018	Renegotiation of contract	Total or partial refinancing of outstanding	TOTAL
Performing outstandings	**43,951**	**37,308**	**81,259**
Non-performing outstandings - gross amounts	245,560	129,485	375,045
Restructured non-performing outstandings - impairment loss	-119,134	-74,309	-193,443
Net non-performing outstandings	**126,426**	**55,176**	**181,602**

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

	12.31.2018.	01.01.2018
Financial assets at fair value through profit or loss	22,882,853	22,395,643
Available-for-sale financial assets	25,981,518	26,958,487
Loans and receivables - credit institutions	22,542	20,267
Loans and receivables linked to insurance activities	499,427	436,659
Held-to-maturity financial assets	3,534	6,708
Investment property	340,535	346,557
Share of reinsurers in technical provisions and other insurance	459,883	436,131
TOTAL	**50,190,292**	**50,600,452**

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

	12.31.2018.	01.01.2018
Financial assets held for trading purposes	**1**	**686**
Derivatives held for trading purposes	1	686
Subtotal I	**1**	**686**
Assets classified at fair value option	**22,882,852**	**22,394,957**
Securities	22,882,852	22,394,957
- Bonds and other fixed-income securities	6,026,576	5,776,248
. Listed	5,464,274	5,290,964
. Unlisted	505,023	426,789
. Accrued interest	57,279	58,495
- Stocks and other variable-income securities	16,856,276	16,618,709
. Listed	9,124,949	9,527,151
. Unlisted	7,709,267	7,072,905
. Accrued interest	22,060	18,653
Subtotal II	**22,882,852**	**22,394,957**
TOTAL	**22,882,853**	**22,395,643**

At December 31, 2018, the fair value of financial assets at fair value through profit or loss whose cash flows resembled those of a basic loan totaled €374 million. The change in the fair value of these assets during the period was €-0.2 million.

Note 7b. Available-for-sale financial assets

	12.31.2018.	01.01.2018
Treasury bills, notes and government bonds	9,272,247	9,982,449
Bonds and other fixed-income securities	15,496,279	15,475,323
- Listed	12,480,228	14,208,623
- Unlisted	2,844,693	1,083,446
Accrued interest	171,358	183,254
Subtotal gross value of debt instruments	24,768,526	25,457,772
Impairment	-267	-486
Subtotal net value of debt instruments	24,768,259	25,457,286
Shares and other variable-income securities	725,878	1,065,974
- Listed	292,968	636,163
- Unlisted	427,167	424,622
Accrued interest	5,743	5,189
Equity securities held for long-term investment	489,612	440,624
- Long-term investments	268,212	276,368
- Other long-term investments	221,400	164,256
- Shares in associates	0	0
Subtotal gross value of equity instruments	1,215,490	1,506,598
Dépréciations	-2,231	-5,397
Subtotal net value of equity instruments	1,213,259	1,501,201
TOTAL	25,981,518	26,958,487
Of which unrealized capital gains/losses recognized in equity	164,117	259,826
Of which listed long-term investments	54,422	62,464

At December 31, 2018, the fair value of available-for-sale financial assets whose cash flows resembled those of a basic loan totaled €21,491 million. The change in the fair value of these assets during the period was €-82 million.

Note 7c. Securities at amortized cost

	12.31.2018.	01.01.2018
Treasury bills, notes and government bonds	3,534	
Bonds and other fixed-income securities		6,708
- Listed		6,600
- Unlisted		
Accrued interest		108
GROSS TOTAL	3,534	6,708
of which impaired assets		
Impairment		
NET TOTAL	3,534	6,708

At December 31, 2018, the carrying amount of securities at amortized cost whose cash flows resembled those of a basic loan totaled €3.5 million.

Note 7d. Loans and receivables - credit institutions

Loans and receivables - credit institutions	12.31.2018.	01.01.2018
Other regular accounts	22,291	20,264
Loans	250	3
Guarantee deposits paid	0	0
Repurchase agreements	0	0
Accrued interest	1	0
TOTAL	**22,542**	**20,267**
of which deposits and demand loans with credit institutions	22,541	20,267

At December 31, 2018, loans and receivables due from credit institutions whose cash flows resembled those of a basic loan totaled €22 million.

Note 7e. Loans and receivables linked to insurance activities

	12.31.2018.	01.01.2018
Performing receivables	**499,427**	**436,659**
Loans to customers	495,782	436,658
- Housing loans	0	0
- Other loans and	495,782	436,658
Accrued interest	3,645	1
Individually impaired receivables	54	11
Gross receivables	**499,481**	**436,670**
Impairment	-54	-11
TOTAL	**499,427**	**436,659**

At December 31, 2018, loans and receivables linked to insurance activities and whose cash flows resembled those of a basic loan totaled €499 million.

Note 7f. Investment property

	01.01.2018	Increase	Decrease	Other	12.31.2018
Historical cost	520,956	536,408	-528,893	0	528,471
Amortization	-174,399	-16,597	3,060	0	-187,936
NET AMOUNT	**346,557**	**519,811**	**519,811**	**0**	**340,535**

The fair value of investment real estate recognized at cost amounted to €715 million at December 31, 2018 compared with €659 million at December 31, 2017.

The fair value of investment real estate recognized at cost amounted to €715 million at December 31, 2018 compared with €659 million at December 31, 2017.

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

	12.31.2018.	01.01.2018
Technical provisions - Reinsurers' share	87,473	77,318
Other insurance assets	372,410	358,813
TOTAL	**459,883**	**436,131**

Note 8. Current taxes

	12.31.2018.	01.01.2018
Assets (through profit or loss)	224,673	209,444
Liabilities (through profit or loss)	127,008	119,391

Note 9. Deferred taxes

	12.31.2018.	01.01.2018
Assets (through profit or loss)	73,890	35,599
Assets (through equity)	75,556	14,236
Liabilities (through profit or loss)	29,848	-8,978
Liabilities (through equity)	103,717	106,966

Breakdown of deferred tax by major category

	12.31.2018.	01.01.2018
Loss carryforwards	8,401	7,804
Temporary differences on:		
Deferred capital gains or losses on available-for-sale securities	-44,456	-90,725
Deferred capital gains or losses on securities at fair value through equity	-14,409	-32,922
Change in credit risk of liabilities at fair value through profit or loss by option	-2,323	7
Unrealized gains or losses on cash flow hedges	1,131	1,396
Unrealized gains or losses on actuarial differences	31,896	29,513
Provisions for non-deductible contingencies and charges	84,432	29,754
Unrealized reserves of finance leases	-25,728	-21,369
Other temporary differences	-23,063	28,389
Total net deferred taxes	**15,881**	**-48,153**

Note 10. Accruals, prepayments and sundry assets

	12.31.2018.	01.01.2018
Accruals – assets		
Receivables collection	268,077	475,727
Foreign currency adjustment accounts	13,796	5,522
Accrued income	114,256	114,951
Miscellaneous accrual accounts	183,678	231,334
Subtotal	**579,807**	**827,534**
Other assets*		
Settlement accounts for securities transactions	98,289	96,676
Various debtors	187,989	135,707
Inventories and similar	1,748	2,009
Other miscellaneous applications of funds	3,046	3,712
Subtotal gross value of other assets	**291,072**	**238,104**
Impairment on performing loans (B1/B2)		
Other impairment (B3)	- 3,752	- 10,746
Subtotal net value of other assets	**287,320**	**227,358**
TOTAL	**867,127**	**1,054,892**

*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 10a. Deferred profit-sharing

	12.31.2018.	01.01.2018
Deferred profit-sharing	0	0
TOTAL	**0**	**0**

Note 11. Investments in associates

	12.31.2018.			01.01.2018		
	Investment amount	Share of earnings	Dividends received	Investment amount	Share of earnings	Dividends received
Caisse Centrale du Crédit Mutuel	137,177	2,753	0	138,093	24,387	0
Primonial Holding	5,460	5,460	0	0	0	0
Younited Credit	10,455	-3,987	0	11,293	-3,834	0
New Port	31,262	2,200	0	40,954	3,365	0
Other	17,422	-6,177	0	0	0	0
GROSS TOTAL	**201,775**	**248**	**0**	**190,340**	**23,919**	**0**

Financial data of the main equity-accounted affiliates (IFRS)

	Total assets	NBI	Gross operating income	Net income	OCI	Shareholders' equity
Caisse Centrale du Crédit Mutuel	4,700,419	16,307	10,598	8,610	9,336	661,087
Primonial Holding	1,244,549	123,651	-5,477	16,638	0	264,723
Younited Credit	337,295	24,982	-15,978	-15,454	0	38,894
New Port	178,532	7,264	7,132	7,132	17,207	101,202
Other	38,967	10,613	-9,963	-9,160	0	27,135

Note 12. Investment real estate - banking activity

	01.01.2018	Increase	Decrease	Other	12.31.2018.
Historical cost	223,858	181	- 11,992	-	212,047
Amortization and impairment	- 55,020	- 7,550	4,759	-	- 57,811
NET AMOUNT	**168,838**	**- 7,369**	**- 7,233**	**-**	**154,236**

The fair value of investment real estate recognized at cost amounted to €164 million at December 31, 2018 compared with €174 million at December 31, 2017.

Note 13. Property, plant and equipment

	01.01.2018	Increase	Decrease	Other	12.31.2018.
Historical cost					
Land	22,084	225	- 136	-	22,173
Plant	575,579	24,091	- 5,408	310	594,572
Other property, plant and equipment	229,044	27,479	- 10,273	- 2,350	243,900
Total	**826,707**	**51,795**	**- 15,817**	**- 2,040**	**860,645**
Amortization and impairment					
Land	-	-	-	-	-
Plant	- 390,776	- 22,162	4,921	-	- 408,017
Other property, plant and equipment	- 182,846	- 16,956	3,613	1,322	- 194,867
Total	**- 573,622**	**- 39,118**	**8,534**	**1,322**	**- 602,884**
NET AMOUNT	**253,085**	**12,677**	**- 7,283**	**- 718**	**257,761**

Note 14. Intangible assets

	01.01.2018	Increase	Decrease	Other	12.31.2018.
Historical cost					
Self-produced assets	424,247	51,161	-902	1,482	475,988
Acquired assets	725,832	78,429	-39,129	-24,537	740,595
Software	359,045	22,432	-54	-5,319	376,104
Other	366,787	55,997	-39,075	-19,218	364,491
Total	**1,150,079**	**129,590**	**-40,031**	**-23,055**	**1,216,583**
Amortization and impairment					
Self-produced assets	-307,984	-49,682	74	-	-357,592
Acquired assets	-414,515	-29,675	766	20,191	-423,233
Software	-317,600	-17,728	54	4,222	-331,052
Other	-96,915	-11,947	712	15,969	-92,181
Total	**-722,499**	**-79,357**	**840**	**20,191**	**-780,825**
NET AMOUNT	**427,580**	**50,233**	**-39,191**	**-2,864**	**435,758**

Note 15. Goodwill

	01.01.2018	Increase	Decrease	Other	12.31.2018.
Gross goodwill	572,684	0	0	-34,223	538,461
Impairment	0	0	0	0	0
Net goodwill	**572,684**	**0**	**0**	**-34,223**	**538,461**

Allocation by Division

Division	Entity	12.31.2018.	01.01.2018
Retail customers	Arkéa Direct Bank	259,757	259,757
Corporate and institutional customers	Leasecom Leasecom Car	0	32,723
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	10,974	10,974
Products	Izimmo	17,964	19,464
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Net goodwill		**538,461**	**572,684**

Note 16. Central banks - Due to credit institutions

	12.31.2018.	01.01.2018
Due from central banks	**0**	**0**
Liabilities to credit institutions	**7,117,358**	**7,999,171**
Current accounts	403,600	330,690
Loans	1,432,850	2,031,803
Guarantee deposits received	268,466	314,952
Other liabilities	39,829	48,481
Repurchase agreements	4,994,676	5,275,151
Accrued interest	-22,063	-1,906
TOTAL	**7,117,358**	**7,999,171**
of which deposits and demand loans with credit institutions	493,261	777,519

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

	12.31.2018.	01.01.2018
Financial liabilities held for trading purposes	**450,009**	**384,997**
.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	450,009	384,997
.Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	**361,062**	**173,820**
Liabilities to credit institutions	1,895	14
Liabilities to customers	6,243	5,096
Debt securities	352,924	168,710
Subordinated debt	0	0
TOTAL	**811,071**	**558,817**

The settlement value of financial liabilities at fair value through profit or loss was €844,536,000 at December 31, 2018 versus €564,359,000 at January 1, 2018.

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

	12.31.2018.			01.01.2018		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
Liabilities to credit institutions	1,895	1,868	27	14	108	-94
Liabilities to customers	6,243	6,239	4	5,096	5,098	-2
Debt securities	352,924	386,420	-33,496	168,710	174,156	-5,446
Subordinated debt	0	0	0	0	0	0
TOTAL	**361,062**	**394,527**	**-33,465**	**173,820**	**179,362**	**-5,542**

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

12.31.2018.

	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	1,097,523	0	1,097,523	-472,293	0	-257,564	367,666
Reverse repurchase agreements of securities. securities	1,183,315	0	1,183,315	0	-1,090,216	0	93,099
Other financial instruments	0		0	0	0	0	0
Total assets	**2,280,838**	**0**	**2,280,838**	**-472,293**	**-1,090,216**	**-257,564**	**460,765**
Liabilities							
Derivatives	980,882	0	980,882	-472,293	0	-402,833	105,756
Repurchase agreements of securities, securities	6,305,368	0	6,305,368	0	-6,297,896	-4,720	2,752
Other financial instruments	0		0	0	0	0	0
Total liabilities	**7,286,250**	**0**	**7,286,250**	**-472,293**	**-6,297,896**	**-407,553**	**108,508**

Note 18. Debt securities

	12.31.2018.	01.01.2018
Certificates of deposit	7,318	13,643
Interbank market securities and negotiable debt securities	2,617,491	2,642,665
Bond issues	9,514,284	7,396,403
Non-preferred senior debt	500,641	506,146
Accrued interest	130,944	179,002
TOTAL	**12,770,678**	**10,737,859**

Note 19. Liabilities to customers

	12.31.2018.	01.01.2018
Savings accounts governed by special regulations	26,009,281	24,917,866
Sight accounts	20,572,450	19,576,834
Term accounts	5,436,831	5,341,032
Accrued interest on savings accounts	214,302	208,743
Subtotal	**26,223,583**	**25,126,609**
Current accounts	20,145,779	18,332,715
Term accounts and term loans	8,130,328	5,862,614
Repurchase agreements	0	0
Accrued interest	53,967	55,855
Guarantee deposits received	1,506	1,899
Subtotal	**28,331,580**	**24,253,083**
TOTAL	**54,555,163**	**49,379,692**

Note 20. Accruals, deferred income and sundry liabilities

	12.31.2018.	01.01.2018
Accruals – liabilities		
Blocked accounts for collection operations	409,600	518,315
Foreign currency adjustment accounts	8,846	8,077
Accrued expenses	184,645	182,969
Deferred income	299,951	288,516
Miscellaneous accrual accounts	314,353	87,260
Subtotal	**1,217,395**	**1,085,137**
Other liabilities		
Settlement accounts for securities transactions	312,436	302,115
Outstanding payments on securities	7,510	5,597
Miscellaneous creditors	526,293	612,664
Subtotal	**846,239**	**920,376**
TOTAL	**2,063,634**	**2,005,513**

Note 21. Liabilities - insurance activity

	12.31.2018.	01.01.2018
Financial liabilities at fair value through profit or loss	103,138	100,838
Liabilities to credit institutions	1,340,999	2,127,987
Debt securities	0	0
Insurance companies' technical reserves	43,480,679	42,807,688
Other insurance liabilities	3,107,678	3,209,966
Subordinated debt	554	654
TOTAL	**48,033,048**	**48,247,133**

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

	12.31.2018.	01.01.2018
Financial liabilities held for trading purposes	**103,138**	**100,838**
Derivatives	103,138	100,838
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	**103,138**	**100,838**

Note 21b. Liabilities to credit institutions

	12.31.2018.	01.01.2018
Liabilities to credit institutions		
Current accounts	0	9,793
Loans	0	0
Guarantee deposits received from credit institutions	0	0
Other liabilities	0	0
Repurchase agreements	1,340,999	2,118,194
Accrued interest	0	0
TOTAL	**1,340,999**	**2,127,987**
of which deposits and demand loans with credit institutions	0	9,793

Note 21c. Insurance companies' technical reserves

	12.31.2018.	01.01.2018
Life insurance, excluding unit-linked contracts	32,012,177	31,728,589
of which profit-sharing	2,129,752	2,735,486
Non-life insurance	470,912	475,852
Unit-linked contracts	10,841,617	10,455,218
Other	155,973	148,029
TOTAL	**43,480,679**	**42,807,688**
Active deferred profit-sharing	0	0
Reinsurers' share	-87,473	-77,318
Net technical provisions	**43,393,206**	**42,730,370**

Note 21d. Other insurance liabilities

	12.31.2018.	01.01.2018
Security deposits and guarantees received	27,195	25,225
Insurance and reinsurance liabilities	54,408	58,379
Other	3,026,075	3,126,362
TOTAL	**3,107,678**	**3,209,966**

Note 22. Provisions

	01.01.2018	Allocations	Write-backs (used)	Write-backs (unused)	Other	12.31.2018.
Provisions for pension obligations	272,840	56,027	-15,425	0	633	314,075
Provisions for home savings accounts and plans	22,524	0	0	-4,054	0	18,470
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	48,835	15,632	-3	-20,759	9	43,714
Provisions for execution of guarantee commitments	0	0	0	0	0	0
Provisions for taxes	14,675	1,642	-6,970	0	0	9,347
Provisions for lawsuits	11,493	2,155	-1,576	-3,861	-470	7,741
Provisions for contingencies	4,573	1,344	-1,263	-1,112	0	3,542
Other	38,333	4,899	-5,936	-10,521	-113	26,662
TOTAL	**413,273**	**81,699**	**-31,173**	**-40,307**	**59**	**423,551**

Note 22a. Pension obligations and similar benefits

Defined benefit pension obligations and other long-term benefits

	01.01.2018	Allocations	Write-backs	Other	12.31.2018.
Retirement benefits	53,016	11,777	- 3,855	633	61,571
Retirement pension supplements	112,895	30,459	- 9,282	-	134,072
Length-of-service awards	38,476	7,514	- 2,288	-	43,702
Time savings accounts	68,453	6,277	-	-	74,730
TOTAL	**272,840**	**56,027**	**- 15,425**	**633**	**314,075**

Note 22b. Provisions for regulated savings product risks

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

	12.31.2018.		01.01.2018	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	5,160,762	18,144	5,010,056	21,940
Under 4 years old	1,045,703	8	1,126,140	11
Between 4 and 10 years old	2,252,717	2,834	1,978,265	3,784
Over 10 years old	1,862,342	15,302	1,905,651	18,145
Home savings accounts	686,426	1	678,021	44
TOTAL	**5,847,188**	**18,145**	**5,688,077**	**21,984**

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

	12.31.2018		01.01.2018	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	3,844	13	5,718	21
Home savings accounts	34,076	312	52,094	518
TOTAL	**37,920**	**325**	**57,812**	**539**

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

	01.01.2018	Allocations	Write-backs	Other	12.31.2018.
Commitments given					
12-month expected losses	14,619	8,329	-10,961	5	11,992
Lifetime expected losses for non-impaired assets	3,798	2,661	-3,536	5	2,928
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	30,418	4,642	-6,265	-1	28,794
TOTAL	**48,835**	**15,632**	**-20,762**	**9**	**43,714**

Note 23. Subordinated debt

	12.31.2018.	01.01.2018
Subordinated debt	1,538,910	1,758,502
Equity loans with no voting rights	2,693	2,693
Undated subordinated debt	97,199	97,205
Other liabilities	0	0
Accrued interest	28,286	33,719
TOTAL	**1,667,088**	**1,892,119**

Main subordinated debt at December 31, 2018

ISSUER	ISSUE DATE	AMOUNT	CURRENCY	INTEREST RATE	DUE DATE
Crédit Mutuel Arkéa	7/5/2004	97,314	Euro	10-year CMS + 0.10	Undated
Crédit Mutuel Arkéa	6/1/2016	500,000	Euro	3.25%	6/1/2026
Crédit Mutuel Arkéa	2/9/2017	500,000	Euro	3.50%	2/9/2029
Crédit Mutuel Arkéa	10/25/2017	500,000	Euro	1.88%	10/25/2029
TOTAL		**1,597,314**			

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

	12.31.2018	01.01.2018
Share capital	2,260,952	2,202,426
Additional paid-in capital	5,438	5,438
Consolidated reserves	3,896,397	3,941,308
Legal reserve	495,763	421,583
Reserves provided for in the by-laws and contractual reserves	2,186,859	1,783,760
Regulated reserves	-	-
Translation adjustments	-	-
Other reserves	1,153,330	1,675,561
Retained earnings	60,445	60,404
TOTAL	**6,162,787**	**6,149,172**

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

	12.31.2018.	01.01.2018
Available-for-sale assets	119,659	169,099
Non-recyclable equity instruments at fair value through equity by option	50,559	71,697
of which gains or losses on equity securities derecognized during the period.		
Recyclable debt instruments at fair value through equity	22,740	52,008
of which gains or losses reclassified to net income on debt securities derecognized during the period		
Change in fair value attributable to credit risk presented in other items of comprehensive income for the liabilities	4,933	-14
of which change on derecognition, for all liabilities derecognized during the period		
Cash flow hedge derivatives	-2,399	-2,651
Real property	-	-
Other	-91,120	-56,193
TOTAL	**104,372**	**233,946**

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	69,553	100,004	119,438	522,076	-	**811,071**
Derivatives used for hedging purposes					427,735	**427,735**
Liabilities to credit institutions	1,529,059	390,444	3,796,352	1,401,418	-	**7,117,273**
Liabilities to customers	43,890,144	1,538,577	5,250,465	3,875,973	-	**54,555,159**
Debt securities	1,463,758	2,608,993	4,390,643	4,307,284	-	**12,770,678**
Subordinated debt	-	-	-	1,569,889	97,199	**1,667,088**

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					103,138	**103,138**
Liabilities to credit institutions	400,427	940,572	-	-	-	**1,340,999**
Subordinated debt	554	-	-	-	-	**554**

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

The group is in the process of selling Leasecom and Leasecom Car.

The Leasecom group's contribution is accounted for in the consolidated financial statements for the year ended December 31, 2018 in accordance with IFRS 5 relating to entities held for sale.

The disposal is scheduled to take place in the first half of 2019.

The main categories of assets and liabilities reclassified on the two lines of the statement of financial position are presented below:

	12.31.2018.
Assets	
Financial assets	392,920
Financial assets at fair value through profit or loss	*0*
Financial assets at fair value through equity	*29*
Loans and receivables - credit institutions, at amortized cost	*173*
Loans and receivables - customers, at amortized cost	*392,718*
Other assets	16,735
Property, plant and equipment and intangible assets	34,575
Total Assets	**444,230**

	12.31.2018.
Liabilities	
Financial liabilities	890
Financial liabilities at fair value through profit or loss	*0*
Due to banks	*74*
Liabilities to customers	*816*
Other liabilities	17,917
Provisions	635
Total Liabilities	**19,442**

Note 28a. Fair value ranking – banking activity

12.31.2018.

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	**8,652,074**	**2,404,722**	**266,899**	**11,323,695**
- Treasury bills and similar securities - FVOCI (1)	4,201,642	726,173	0	4,927,815
- Bonds and other fixed-income securities - FVOCI (2) (3)	4,273,977	1,676,129	0	5,950,106
- Stocks and other variable-income securities - FVOCI (4)	74,727	2,420	12,038	89,185
- Equity investments and other long-term investments - FVOCI	101,728	0	254,657	356,385
- Shares in associates - FVOCI	0	0	204	204
- 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	**11,922**	**623,997**	**543,344**	**1,179,263**
- 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 - Held for 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 (5)	9,944	138,360	158,119	306,423
- Stocks and other variable-income securities - Held for trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	1,978	0	385,225	387,203
- Loans and receivables due from credit institutions - Fair value option	0	1,895	0	1,895
- Loans and receivables due from credit institutions - Other FVTPL	0	63,160	0	63,160
- Loans and receivables due from customers - Fair value option	0	15,031	0	15,031
- Loans and receivables due from customers - Other FVTPL	0	593	0	593
- Derivatives and other financial assets - Held for trading	0	404,958	0	404,958
Derivatives used for hedging purposes	**0**	**692,564**	**0**	**692,564**
Total	**8,663,996**	**3,721,283**	**810,243**	**13,195,522**
Financial liabilities				
Trading/FVO	**0**	**811,071**	**0**	**811,071**
- Amounts due to credit institutions - Fair value option	0	1,895	0	1,895
- Amounts due to customers - Fair value option	0	6,243	0	6,243
- Debt securities - Fair value option	0	352,924	0	352,924
- Derivatives and other financial liabilities - Held for trading	0	450,009	0	450,009
Derivatives used for hedging purposes	**0**	**427,735**	**0**	**427,735**
Total	**0**	**1,238,806**	**0**	**1,238,806**

(1) Transfers from level 1 to level 2 were made in the amount of €142 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(2) Transfers from level 1 to level 2 were made in the amount of €167 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 €4 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(4) Transfers from level 3 to level 2 were made in the amount of €2 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.
(5) Transfers from level 3 to level 2 were made in the amount of €89 million. They concerned mainly innovation funds, venture capital funds and real estate investment vehicles. These are measured using recognized valuation methods (PER multiples, etc.) by counterparties (management companies) that are specialized in these methods. In this context, this type of asset has been classified in level 2.

Note 28b. Fair value ranking – insurance activity

12.31.2018.

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	**21,368,477**	**2,579,812**	**2,033,229**	**25,981,518**
- Treasury bills and similar securities - AFS	9,272,247	0	0	9,272,247
- Bonds and other fixed-income securities -AFS (1) (2)	11,813,936	2,160,922	1,521,154	15,496,012
- Stocks and other variable-income securities - AFS (3)	227,872	418,890	76,885	723,647
- Equity investments and other long-term investments - AFS	54,422	0	435,190	489,612
- Shares in associates - AFS	0	0	0	0
Trading/FVO	**9,703,406**	**8,307,266**	**4,872,181**	**22,882,853**
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Held for trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	104,878	5,411,545	510,153	6,026,576
- Stocks and other variable-income securities - Fair value option (4) (5)	9,598,528	2,895,720	4,362,028	16,856,276
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Held for trading	0	1	0	1
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**31,071,883**	**10,887,078**	**6,905,410**	**48,864,371**
Financial liabilities				
Trading/FVO	**0**	**103,138**	**0**	**103,138**
- 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 - Held for trading	0	103,138	0	103,138
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**0**	**103,138**	**0**	**103,138**

(1) Transfers from level 2 to level 1 were made in the amount of €149 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 €213 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(3) Transfers from level 3 to level 2 were made in the amount of €412 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

(4) Transfers from level 2 to level 1 were made in the amount of €18 million. They consisted mainly of equities whose characteristics correspond to level 1 criteria.

(5) Transfers from level 3 to level 2 were made in the amount of €2,865 million. They concerned mainly mutual funds and venture capital funds. These are measured using recognized valuation methods (EPR Multiples, etc.) by counterparties (management companies) that are specialized in these methods. In this context, this type of asset has been classified in level 2.

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	**265,775**	**10,408**	**8,131**	**-9,085**	**-140**	**-2,088**	**0**	**18,134**	**-24,236**	**266,899**	**91**	**-2,179**
- 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	8,608	0	0	0	0	-2,179	0	5,851	-242	12,038	0	-2,179
- Equity investments and other long-term investments - FVOCI	256,824	10,407	8,131	-9,085	0	91	0	12,283	-23,994	254,657	91	0
- Shares in associates - FVOCI	343	1	0	0	-140	0	0	0	0	204	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	**508,157**	**189,956**	**50**	**-80,064**	**0**	**-119,774**	**46,923**	**0**	**-1,904**	**543,344**	**0**	**-119,774**
- 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	825	0	0	0	0	0	0	0	-825	0	0	0
- Bonds and other fixed-income securities - Held for 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	247,005	44,989	50	-9,879	0	-119,774	-640	0	-3,632	158,119	0	-119,774
- Stocks and other variable-income securities - Held for trading	0	0	0	0	0	0	0	0	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	260,327	144,967	0	-70,185	0	0	47,563	0	2,553	385,225	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 - Held for 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	**773,932**	**200,364**	**8,181**	**-89,149**	**-140**	**-121,862**	**46,923**	**18,134**	**-26,140**	**810,243**	**91**	**-121,953**
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 - Held for 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	**1,970,395**	**2,139,023**	**0**	**-1,622,528**	**-51,663**	**-414,344**	**0**	**12,461**	**-115**	**2,033,229**	**0**	**-414,344**
- 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	1,096,720	2,084,316	0	-1,618,646	-48,675	0	0	4,595	2,844	1,521,154	0	0
- Stocks and other variable-income securities -AFS	495,424	0	0	-3,882	0	-414,344	0	-313	0	76,885	0	-414,344
- Equity investments and other long-term investments - AFS	378,161	54,707	0	0	-2,988	0	0	8,179	-2,869	435,190	0	0
- Shares in associates - AFS	90	0	0	0	0	0	0	0	-90	0	0	0
Trading/FVO	**6,345,847**	**443,311**	**0**	**-66,534**	**-12,056**	**-2,495,922**	**685,312**	**0**	**-27,777**	**4,872,181**	**6,332**	**-2,502,254**
- 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 - Held for trading	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	429,988	92,395	0	-8,242	-7,482	0	1,573	0	1,921	510,153	0	0
- Stocks and other variable-income securities - Held for trading	0	0	0	0	0	0	0	0	0	0	0	0
- Stocks and other variable-income securities - Fair value option	5,915,859	350,916	0	-58,292	-4,574	-2,495,922	683,739	0	-29,698	4,362,028	6,332	-2,502,254
- Derivatives and other financial assets - Held for 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	**8,316,242**	**2,582,334**	**0**	**-1,689,062**	**-63,719**	**-2,910,266**	**685,312**	**12,461**	**-27,892**	**6,905,410**	**6,332**	**-2,916,598**
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 - Held for 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 29a. Fair value ranking of financial assets and liabilities recognized at amortized cost - banking activity

	12.31.2018.					
	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**65,607,962**	**64,725,318**	**882,644**	**0**	**9,019,929**	**56,588,033**
Financial assets at amortized cost						
Loans and receivables due from credit institutions	9,019,929	8,986,833	33,096	0	9,019,929	0
Loans and receivables due from customers	56,427,084	55,574,536	852,548	0	0	56,427,084
Securities	160,949	163,949	-3,000	0	0	160,949
Liabilities	**76,866,614**	**76,110,287**	**756,327**	**0**	**22,312,031**	**54,554,583**
Liabilities to credit institutions	7,181,152	7,117,358	63,794	0	7,181,152	0
Liabilities to customers	54,554,583	54,555,163	-580	0	0	54,554,583
Debt securities	13,490,397	12,770,678	719,719	0	13,490,397	0
Subordinated debt	1,640,482	1,667,088	-26,606	0	1,640,482	0

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

	12.31.2018.					
	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**525,503**	**525,503**	**0**	**3,534**	**22,542**	**499,427**
Loans and receivables due from credit institutions	22,542	22,542	0	0	22,542	0
Other loans and receivables linked to insurance activities	499,427	499,427	0	0	0	499,427
Held-to-maturity financial assets	3,534	3,534	0	3,534	0	0
Liabilities	**1,499,350**	**1,499,350**	**0**	**0**	**1,341,553**	**157,797**
Liabilities to credit institutions	1,340,999	1,340,999	0	0	1,340,999	0
Liabilities to customers	157,797	157,797	0	0	0	157,797
Debt securities	0	0	0	0	0	0
Subordinated debt	554	554	0	0	554	0

NOTES TO THE INCOME STATEMENT (in thousands of euros)

Note 30. Interest and similar income/expense

	12.31.2018.		12.31.2017.	
	Income	Expense	Income	Expense
Credit institutions and central banks	114,890	-124,552	101,034	-117,317
Customers	1,441,804	-590,575	1,387,427	-552,778
Securities at amortized cost	2,191	0	1,206	0
Financial assets at fair value through profit or loss	11,912	-854		
Derivatives used for hedging purposes	278,894	-221,051	244,555	-202,593
Financial assets at fair value through equity	-5,502	0	72,309	0
Debt securities	0	-227,688	0	-298,232
TOTAL	**1,844,189**	**-1,164,720**	**1,806,531**	**-1,170,920**

Note 31. Fee and commission income/expense

	12.31.2018.		12.31.2017.	
	Income	Expense	Income	Expense
Credit institutions	8,190	-10,820	7,858	-7,309
Customers	92,821	-344	106,320	-363
Derivatives	8,773	-1,112	6,868	-385
Foreign exchange	5,250	-53	5,473	-208
Financing and guarantee commitments	562	-2,576	406	-2,956
Securities and services	507,044	-127,494	521,621	-228,606
TOTAL	**622,640**	**-142,399**	**648,546**	**-239,827**

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

	12.31.2018.	12.31.2017.
Instruments held for trading	-10,633	-2,170
Fair value option instruments	14,988	-15
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	81,292	
Including UCI	29,412	
Hedging ineffectiveness	-751	-1,273
cash flow hedges	1	9
fair value hedges	-752	-1,282
. change in fair value of hedged items	16,777	128,865
. change in fair value of hedges	-17,529	-130,147
Foreign exchange gains (losses)	166	6,076
TOTAL OF CHANGES IN FAIR VALUE	**85,062**	**2,618**

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

	12.31.2018.		
	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		16,335	16,335
Bonds and other fixed-income securities		650	650
Loans - Credit institutions		0	0
Customer loans		0	0
Stocks and other variable-income securities	5,398		5,398
Equity securities held for long-term investment	9,252		9,252
TOTAL	14,650	16,985	31,635

Note 33b. Net gain (loss) on available-for-sale financial instruments

	12.31.2017.			
	Dividends	Realized gains/losses	Impairment	Total
Treasury bills, notes and government bonds		0	0	**0**
Bonds and other fixed-income securities		6,595	0	**6,595**
Loans - Credit institutions		0	0	**0**
Customer loans		0	0	**0**
Stocks and other variable-income securities	7,564	73,642	-1,898	**79,308**
Equity securities held for long-term investment	6,939	93,073	7,932	**107,944**
TOTAL	14,503	173,310	6,034	193,847

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, 2018
Treasury bills, notes and government bonds	0
Bonds and other fixed-income securities	1
Loans - Credit institutions	0
Customer loans	0
Financial liabilities	
Liabilities to credit institutions	0
Liabilities to customers	0
Debt securities	0
Subordinated debt	0
TOTAL	1

Note 35. Net income from insurance activities

	12.31.2018.
Interest and similar income/expense	41,565
Fee and commission income/expense	-74,764
Net gain (loss) on financial instruments at fair value through profit or loss	3,885
Net gain (loss) on available-for-sale financial instruments	28,631
Net gain (loss) on financial assets/liabilities at amortized cost	0
Other income/expense from insurance activities	687,727
TOTAL	**687,044**

Note 35a. Interest and similar income/expense

	12.31.2018.	
	Income	Expense
Credit institutions and central banks	2,818	-2,361
Customers	0	0
Held-to-maturity financial assets	256	0
Financial assets/liabilities at fair value through profit or loss	0	0
Available-for-sale financial assets	40,852	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	**43,926**	**-2,361**

Note 35b. Fee and commission income/expense

	12.31.2018.	
	Income	Expense
Credit institutions	0	-31
Customers	551	0
Derivatives	0	0
Foreign exchange	0	0
Financing and guarantee commitments	0	-2
Securities and services	63,386	-138,668
TOTAL	**63,937**	**-138,701**

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

	12.31.2018.
Instruments held for trading	-39
Fair value option instruments	4,287
Other instruments at fair value through profit or loss	0
Foreign exchange gains (losses)	-363
TOTAL OF CHANGES IN FAIR VALUE	**3,885**

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

	12.31.2018.		
	Dividends	**Realized gains/losses**	**Total**
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	1,101	**1,101**
Stocks and other variable-income securities	24,692	0	**24,692**
Equity securities held for long-term investment	2,838	0	**2838**
Other	0	0	**0**
TOTAL	**27,530**	**1,101**	**28,631**

Note 35e. Other income/expense from insurance activities

	12.31.2018.	
	Income	Expense
Insurance business	6,334,766	-5,645,324
Investment property	5,258	-16,197
Other income and expense	12,848	-3,624
TOTAL	**6,352,872**	**-5,665,145**

Note 35f. Gross margin on insurance activities

	12.31.2018.
Premiums earned	5,052,761
Cost of claims and benefits	-195,674
Change in provisions	175
Other technical and non-technical income and expenses	-4,900,828
Net investment income	733,008
TOTAL	**689,442**

Note 36. Income/expense from other activities

	12.31.2018.		12.31.2017.	
	Income	Expense	Income	Expense
Insurance business			6,986,932	-6,294,649
Investment property	13,718	-14,835	9,734	-30,470
Other income and expense	243,813	-60,343	234,004	-56,740
TOTAL	**257,531**	**-75,178**	**7,230,670**	**-6,381,859**

Note 37. Operating expense

	12.31.2018.	12.31.2017.
Personnel expenses	-871,654	-832,292
Other expense	-522,557	-480,789
TOTAL	**-1,394,211**	**-1,313,081**

Note 38a. Personnel expenses

	12.31.2018.	12.31.2017.
Salaries and wages	-476,107	-449,120
Payroll taxes	-229,854	-222,417
Mandatory and optional employee profit-	-96,796	-95,877
Taxes, levies and similar payments on	-68,886	-64,855
Other	-11	-23
TOTAL	**-871,654**	**-832,292**

The Competitiveness and Employment Tax Credit (CICE) was recorded as a deduction of personnel expenses in the amount of €11,926,000.

Note 38b. Average number of employees

	12.31.2018.	12.31.2017.
Employees	4,373	4,279(*)
Management and supervisors	5,390	5,192
TOTAL	**9,764**	**9,471**

(*) The average number of employees at December 31, 2017 has been adjusted relative to the published consolidated financial statements for the year to take into account short-term employment contracts.

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 supplementary retirement plans established by some entities and for which they are only required to make contributions.
In 2018, expenses related to these plans totaled €77,804,000 compared with €74,656,000 in 2017.

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 and on the average salary over the past 10 years for the supplementary retirement benefit. 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		Other long-term benefits	TOTAL 12/31/2018	TOTAL 12/31/2017
	Supplementary plan	Retirement benefits			
Gross actuarial liability at the beginning of the period	**115,604**	**53,015**	**106,928**	**275,547**	**262,632**
Cost of services rendered during the period	6,174	3,317	2,456	11,947	11,828
Net interest	1,745	812	1,636	4,193	4,768
Modification/ reduction/ liquidation of the plan	0	0	0	0	0
Acquisition, disposal (change in consolidated scope)		633		633	-109
Benefits paid	-9,282	-3,804	-6,265	-19,352	-15,004
Actuarial gains/losses	24,426	7,598	13,676	45,700	11,432
of which actuarial gains/losses due to changes in demographic assumptions	4,110	957	7,749	12,816	8,820
of which gains/losses related to changes in financial assumptions	13,781	5,047	2,945	21,773	-11
of which actuarial gains/losses due to differences between estimates and actual experiences	6,535	1,595	2,981	11,111	2,623
Gross actuarial liability at the end of the period	**138,667**	**61,571**	**118,431**	**318,669**	**275,547**

(1) Other long-term benefits concerned long-term service awards and time savings account

Expense recognized on the income statement

	Post-employment benefits		Other long-term benefits	TOTAL 12/31/2018	TOTAL 12/31/2017
	Supplementary plan	Retirement benefits			
Cost of services rendered during the period	-6,174	-3,015	-2,456	-11,645	-11,828
Net interest	-167	-128	-1,300	-1,595	-1,823
Impact of any reduction or liquidation of the plan	0	0	0	0	0
Actuarial gains/losses			-13,824	-13,824	-7,809
of which actuarial gains/losses due to changes in demographic assumptions recognized on the income statement			-7,749	-7,749	-6,635
of which gains/losses due to changes in financial assumptions recognized on the income statement			-2,945	-2,945	353
of which actuarial gains/losses due to differences between estimates and actual experiences			-3,129	-3,129	-1,527
Expense recognized on the income statement	**-6,341**	**-3,143**	**-17,580**	**-27,064**	**-21,460**

Change in fair value of plan assets and reimbursement rights

	Post-employment benefits		Other long-term benefits	TOTAL 12/31/2018	TOTAL 12/31/2017
	Supplementary plan	Retirement benefits			
Fair value of assets at the beginning of the period	**107,136**	**42,028**	**21,820**	**170,984**	**165,209**
Net interest	1,578	621	336	2,535	2,945
Employer contributions	19,143	5,023	0	24,165	13,160
Acquisition, disposal (change in consolidated scope)	0	0	0	0	0
Benefits paid	-9,282	-3,462	0	-12,744	-10,268
Actuarial gains/losses	-1,782	-591	-147	-2,521	-62
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	0	0	0	0	0
of which actuarial gains/losses due to differences between estimates and actual experiences	-1,782	-591	-147	-2,521	-62
Fair value of assets at the end of the period	**116,793**	**43,618**	**22,009**	**182,420**	**170,984**

Net position

	Supplementary plan	Retirement benefits	Other long-term benefits	12.31.2018.	12.31.2017.
Actuarial liability at the end of the period	**138,667**	**61,571**	**118,431**	**318,669**	**275,547**
Fair value of assets/reimbursement rights	-116,793	-43,618	-22,009	-182,420	-170,984
NET POSITION	**21,874**	**17,953**	**96,422**	**136,249**	**104,563**

Items recognized immediately in comprehensive income

	12.31.2018.	12.31.2017.
Actuarial differences generated on post-employment benefit plans	-37,153	-7,537
Adjustments to the asset ceiling	0	0
Total items recognized immediately during the year	**-37,153**	**-7,537**
Aggregate actuarial differences at the end of the year	**-122,853**	**-85,700**

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, 2018, the weighted average term of defined benefit obligations was 13.4 years (12.6 years in 2017).

The employer contributions to be paid for 2019 in respect of defined benefit post-employment benefits are estimated at €12,210,000.

Composition of hedging assets

12.31.2018.

Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	106,502	7,113	356	0
Assets not listed on an active market	36,429	888	9,126	0
Total	**142,931**	**8,001**	**9,482**	**0**

12.31.2017.

Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	102,379	6,620	338	0
Assets not listed on an active market	30,840	790	8,198	0
Total	**133,219**	**7,410**	**8,536**	**0**

Sensitivity of obligations to changes in the main actuarial assumptions

12.31.2018.

(As a % of the item measured)	Supplementary plan	Retirement benefits	Length-of-service awards	Time savings account
+0.5% change in discount rate				
Impact on present value of obligations as of December 31	-6%	-6%	-5%	-5%
+0.5% change in net salary				
Impact on present value of obligations as of December 31	6%	6%	6%	4%

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	Plan 7	Plan 8
Type of plan	Cash settled	Cash settled	Equity settled	Cash settled	Cash settled	Cash settled	Cash settled	Equity settled
Award date	10/15/15	09/18/15	2017-2018	06/30/15	11/29/17	07/01/15	07/02/15	06/2016-03/2018
Exercise period	Q1 2018 / Q1 2020	HY1 2019	2018-2019	Q4 2020	Q1 2021	Q3 2020	Q1 2020 / Q1 2023	2016-2019
Valuation method	Net position + Multiple of outstandings	Multiple of revenue	Sale price	Discounted cash flow	% of net income - Group share	Customer conquest	EBITDA multiple	Sale price
Impact 2018 income	-347	-10,617	-1,275	-4,477	-929	-256	-358	-278
Liabilities on the balance sheet	6,122	17,694		22,918	5,995	614	1,758	

Note 38e. Other expenses

	12.31.2018.	12.31.2017.
Taxes other than on income	-78,971	-73,936
External services	-443,299	-406,276
Other miscellaneous expenses	-287	-577
TOTAL	**-522,557**	**-480,789**

	12.31.2018.			12.31.2017.		
	Mazars	Deloitte network	Total	Mazars	Deloitte network	Total
Crédit Mutuel Arkéa	935	899	1,834	578	1,240	1,818
Consolidated subsidiaries	1,051	1,190	2,241	1,117	912	2,029
TOTAL	**1,986**	**2,089**	**4,075**	**1,695**	**2,152**	**3,847**

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 €329,000 in respect of 2018.

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

	12.31.2018.	12.31.2017.
Amortization	**-119,358**	**-114,861**
Property, plant and equipment	-39,051	-36,803
Intangible assets	-80,307	-78,058
Impairment	**44**	**570**
Property, plant and equipment	44	570
Intangible assets	0	0
TOTAL	**-119,314**	**-114,291**

Note 40. Cost of risk

Note 40a. Cost of risk - banking activity

12.31.2018.	Allocations	Write-backs	Provisioned bad debt	Unprovisioned bad debt	Collection of receivables written off	TOTAL
12-month expected losses	-79,995	70,718				-9,277
- Loans and receivables due from credit institutions	-983	481				-502
- Loans and receivables due from customers	-65,742	56,524				-9,218
- of which finance leases	*-1,302*	*3,572*				*2,270*
- Financial assets at amortized cost - Fixed income securities	-155	42				-113
- Financial assets at FVOCI - Fixed income securities	-4,788	2,709				-2,079
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	-8,327	10,962				2,635
- Other assets	0	0				0
Lifetime expected loss	-88,965	87,600				-1,365
- Loans and receivables due from credit institutions	0	56				56
- Loans and receivables due from customers	-86,235	83,257				-2,978
- of which finance leases	*-1,472*	*1,429*				*-43*
- Financial assets at amortized cost - Fixed income securities	0	567				567
- Financial assets at FVOCI - Fixed income securities	-69	182				113
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	-2,661	3,538				877
- Other assets	0	0				0
Impaired assets	-210,417	221,637	-60,365	-8,125	6,349	-50,921
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	-201,523	215,322	-60,365	-8,125	6,349	-48,342
- of which finance leases	*-14,631*	*10,781*	*-1,582*	*-3,864*	*0*	*-9,296*
- Financial assets at amortized cost - Fixed income securities	-4,252	49	0	0	0	-4,203
- 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	-4,642	6,266	0	0	0	1,624
Other	-6,400	4,300	-35	0	0	-2,135
- Other assets	-6,400	4,300	-35	0	0	-2,135
Total	-385,777	384,255	-60,400	-8,125	6,349	-63,698

Note 40b. Cost of risk - insurance activity

12.31.2018.	Allocations	Write-backs	Provisioned bad debt	Unprovisioned bad debt	Collection of receivables written off	TOTAL
- 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	19	0	0	0	19
Total	0	19	0	0	0	19

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

	01.01.2018	Acquisition /production	Sale/repayment	Transfers between buckets	Other(*)	12.31.2018.
Financial assets at amortized costs - loans and receivables due from credit institutions	**7,601,243**	**6,146,044**	**-4,758,135**	**0**	**-172**	**8,988,980**
- 12-month expected losses	7,601,243	6,146,044	-4,758,135	0	-172	8,988,980
- 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
Revaluation in respect of fair value hedging	0				0	0
Financial assets at amortized costs - loans and receivables due from customers	**51,226,707**	**12,945,231**	**-7,523,904**	**0**	**-21,716**	**56,626,318**
- 12-month expected losses	47,325,752	12,601,336	-6,778,879	-383,917	9,371	52,773,663
- Lifetime expected losses - non-impaired assets	2,419,436	263,937	-501,556	267,065	-24,474	2,424,408
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	*1,257,693*	*59,393*	*-189,260*	*102,769*	*-16,697*	*1,213,898*
Lifetime expected losses - assets impaired as from acquisition/creation	223,826	20,565	-54,209	14,083	10,084	214,349
Revaluation in respect of fair value hedging	0				0	0
Financial assets at amortized cost - Securities	**159,008**	**20,053**	**-10,091**	**0**	**0**	**168,970**
- 12-month expected losses	133,603	14,511	-5,001	0	0	143,113
- Lifetime expected losses - non-impaired assets	25,405	0	-5,090	0	0	20,315
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	*0*	*5,542*	*0*	*0*	*0*	*5,542*
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Revaluation in respect of fair value hedging	0				0	0
- Financial assets at FVOCI - Fixed income securities	**10,139,031**	**1,276,054**	**-530,406**	**0**	**0**	**10,884,679**
- 12-month expected losses	10,060,849	1,276,054	-483,950	0	0	10,852,953
- Lifetime expected losses - non-impaired assets	78,182	0	-46,456	0	0	31,726
- 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
Revaluation in respect of fair value hedging	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
Revaluation in respect of fair value hedging					0	0
Total	**69,125,989**	**20,387,382**	**-12,822,536**	**0**	**-21,888**	**76,668,947**

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

	01.01.2018	Allocations	Reversals	Transfers	Change of method	Other(*)	12.31.2018.
Financial assets at amortized costs - loans and receivables due from credit institutions	**-1,700**	**-984**	**537**	**0**	**0**	**0**	**-2,147**
- 12-month expected losses	-1,700	-984	537	0	0	0	-2,147
- 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	**-1,090,825**	**-384,284**	**393,415**	**0**	**0**	**29,912**	**-1,051,782**
- 12-month expected losses	-106,981	-57,909	69,370	-17,794	0	89	-113,225
- Lifetime expected losses - non-impaired assets	-132,974	-94,196	79,575	11,787	0	711	-135,097
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	-695,034	-226,580	220,615	6,007	0	29,256	-665,736
Lifetime expected losses - assets impaired as from acquisition/creation	-155,836	-5,599	23,855	0	0	-144	-137,724
Financial assets at amortized cost - Securities	**-1,271**	**-4,407**	**657**	**0**	**0**	**0**	**-5,021**
- 12-month expected losses	-228	-155	41	0	0	0	-342
- Lifetime expected losses - non-impaired assets	-1,043	0	567	0	0	0	-476
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	-4,252	49	0	0	0	-4,203
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	**-4,783**	**-4,871**	**2,896**	**0**	**0**	**0**	**-6,758**
- 12-month expected losses	-4,607	-4,792	2,710	0	0	0	-6,689
- Lifetime expected losses - non-impaired assets	-176	-79	186	0	0	0	-69
- 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	**-48,843**	**-15,645**	**20,774**	**0**	**0**	**0**	**-43,714**
- 12-month expected losses	-14,621	-8,334	10,963	0	0	0	-11,992
- Lifetime expected losses - non-impaired assets	-3,804	-2,668	3,544	0	0	0	-2,928
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	-30,418	-4,643	6,267	0	0	0	-28,794
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
- of which expected losses measured according to the simplified method	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
- of which expected losses measured according to the simplified method	0	0	0	0	0	0	0
Total	**-1,147,422**	**-410,191**	**418,279**	**0**	**0**	**29,912**	**-1,109,422**

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

At December 31, 2018

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	17,364,026	2,237	0	0
[0,1;0,25]	10,615,563	15,446	0	0
[0,26;0,99]	13,311,691	137,475	0	0
[1;2,99]	6,126,258	429,605	0	0
[3;9,99]	5,128,971	954,486	0	0
>=10	227,154	885,159	1,213,898	214,349
Total	**52,773,663**	**2,424,408**	**1,213,898**	**214,349**

Note 41. Gains (losses) on other assets

	12.31.2018.	12.31.2017.
Property, plant and equipment and intangible assets	**1,590**	**476**
Capital losses on disposals	-726	-1,229
Capital gains on disposals	2,316	1,705
Expenses related to business combinations	**3,239**	**-2,905**
TOTAL	**4,829**	**-2,429**

Note 42. Income tax

	12.31.2018.	12.31.2017.
BREAKDOWN OF TAX EXPENSE		
Current tax expense	-153,389	-210,258
Net deferred tax expense or revenue	-2,306	7,507
NET INCOME TAX EXPENSE	**-155,695**	**-202,751**
Income before taxes, badwill and income contribution from associates	573,430	607,074
EFFECTIVE TAX RATE	**27.15%**	**33.40%**

Analysis of effective tax rate:

	12.31.2018.	12.31.2017.
Statutory tax rate	34.43%	34.43%
Permanent differences	0.66%	0.26%
Income taxed at a reduced rate or exempt	-4.54%	-7.93%
Change of tax rate	-0.98%	7.06%
Impact of fiscal losses	-0.30%	0.39%
Tax credits	-1.27%	-0.96%
Special	-0.16%	0.01%
Other	-0.68%	0.15%
EFFECTIVE TAX RATE	**27.15%**	**33.40%**

The 2018 finance act provides for a gradual reduction in the corporate tax rate from 33.33% to 25% over the 2017-2022 period depending on companies' revenues.

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.

NOTES ON GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

(in thousands of euro)

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

	Changes in 2018	Changes in 2017
Revaluation of debt instruments at fair value through equity	-28,869	
- Reclassification to profit or loss	-11,141	
- Other changes	-17,728	
Revaluation of available-for-sale financial assets	-49,440	2,624
- Reclassification to profit or loss	-107	-53,784
- Other changes	-49,333	56,408
Revaluation of hedging derivatives	252	1,781
- Reclassification to profit or loss	0	-6
- Other changes	252	1,787
Share of recyclable gains and losses of equity-accounted entities recognized directly in equity	-399	-9,447
Items to be recycled to profit or loss	**-78,456**	**-5,042**
Actuarial gains and losses on defined benefit plans	-34,928	-4,960
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	4,947	
Revaluation of equity instruments at fair value through equity (sold and not sold during the year)	-7,942	
Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity	-13,198	19
Items not to be recycled to profit or loss	**-51,121**	**-4,941**
TOTAL	-129,577	-9,983

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

	12.31.2018.			12.31.2017.		
	Gross	Tax	Net	Gross	Tax	Net
Revaluation of recyclable debt instruments at fair value through equity	-44,986	16,117	-28,869			
Revaluation of available-for-sale financial assets	-95,709	46,269	-49,440	5,723	-3,099	2,624
Revaluation of hedging derivatives	517	-265	252	2,716	-935	1,781
Share of gains and losses of equity-accounted entities recognized directly in equity	-609	210	-399	-9,003	-444	-9,447
Items to be recycled to profit or loss	**-140,787**	**62,331**	**-78,456**	**-564**	**-4,478**	**-5,042**
Actuarial gains and losses on defined benefit plans	-37,156	2,228	-34,928	-7,565	2,605	-4,960
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	7,277	-2,330	4,947			
Revaluation of equity instruments at fair value through equity	-10,338	2,396	-7,942			
Share of gains and losses of equity-accounted entities recognized directly in equity	-13,866	668	-13,198	27	-8	19
Items not to be recycled to profit or loss	**-54,083**	**2,962**	**-51,121**	**-7,538**	**2,597**	**-4,941**
Total changes in gains and losses recognized directly in equity	-194,870	65,293	-129,577	-8,102	-1,881	-9,983

OTHER NOTES (in thousands of euro)

Note 44a. Commitments given and received - banking activity

	12.31.2018.	01.01.2018
Commitments given	**14,077,950**	**12,860,852**
Financing commitments	9,669,199	8,894,431
to credit and similar institutions	13,750	27,400
to customers	9,655,449	8,867,031
Guarantee commitments	3,761,510	3,653,063
to credit and similar institutions	1,012	324
to customers	3,760,498	3,652,739
Securities commitments	647,241	313,358
repurchase agreements	0	0
other commitments given	647,241	313,358
Commitments received	**45,330,560**	**39,597,383**
Financing commitments	11,272,071	9,332,245
from credit and similar institutions	11,264,184	9,332,245
from customers	7,887	0
Guarantee commitments	33,580,476	29,775,173
from credit and similar institutions	209,899	180,669
from customers	33,370,577	29,594,504
Securities commitments	478,013	489,965
Reverse repurchase agreements	0	0
Other commitments received	478,013	489,965

Financing commitments given include the €13,750,000 cash advance made to Caisse de Refinancement de l'Habitat to fund it.

	12.31.2018.	01.01.2018
Receivables pledged as collateral	**14,568,978**	**12,508,247**
Banque de France	12,601,162	10,077,991
European Investment Bank	547,314	671,985
Caisse de Refinancement de l'Habitat	369,929	725,065
Caisse des Dépôts et Consignations	1,048,574	1,028,845
Other	2,000	4,362
Loaned securities	**0**	**0**
Deposits on market transactions	**400,856**	**425,234**
Securities sold under repurchase agreements	**4,994,676**	**5,275,151**

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

	12.31.2018.	01.01.2018
Commitments given	-	-
Commitments received	959,106	897,695

Note 45. Segment information

	Banking		Insurance and asset management		Group	
	12.31.2018.	12.31.2017.	12.31.2018.	12.31.2017.	12.31.2018.	12.31.2017.
Internal income (1)	267,456	239,947	-267,456	-239,947	0	0
External income (2)	1,355,049	1,330,385	790,756	759,221	2,145,805	2,089,606
Net banking income	**1,622,505**	**1,570,332**	**523,300**	**519,274**	**2,145,805**	**2,089,606**
General operating expenses and depreciation and amortization	-1,347,463	-1,267,897	-166,062	-159,475	-1,513,525	-1,427,372
Gross operating income	**275,042**	**302,435**	**357,238**	**359,799**	**632,280**	**662,234**
Cost of risk	-64,453	-50,865	774	-1,866	-63,679	-52,731
Operating income	**210,589**	**251,570**	**358,012**	**357,933**	**568,601**	**609,503**
Share of income of companies carried under equity method	-1,601	23,919	1,849	-0	248	23,919
Other	24,367	-2,351	11.00	-78	24,378	-2,429
Recurring income before tax	**233,355**	**273,138**	**359,872**	**357,855**	**593,227**	**630,993**
Income tax	-42,143	-57,038	-113,552	-145,713	-155,695	-202,751
Net income	**191,212**	**216,100**	**246,320**	**212,142**	**437,532**	**428,242**
O/w non-controlling interests	207	81	37	39	244	120
Net income, group share	**191,006**	**216,018**	**246,282**	**212,103**	**437,288**	**428,121**
	12.31.2018.	01.01.2018	12.31.2018.	01.01.2018	12.31.2018.	01.01.2018
Segment Assets and Liabilities	**83,429,111**	**76,528,651**	**51,491,191**	**51,753,775**	**134,920,302**	**128,282,426**

(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, CMSO and CMMC, 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 47. 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).

	12.31.2018.	01.01.2018
	Companies under the equity method	Companies under the equity method
Assets		
Loans and receivables - credit institutions, at amortized cost	735,394	585,178
Loans and receivables - customers, at amortized cost	0	9,049
Assets at fair value through profit or loss	0	0
Financial assets at fair value through equity	0	0
Securities at amortized cost	83,192	0
Derivatives used for hedging purposes	0	0
Other assets	39,159	17,223
Liabilities		
Liabilities to credit institutions	14,845	0
Derivatives used for hedging purposes	0	0
Liabilities at fair value through profit or loss	0	0
Liabilities to customers	27,219	30,664
Debt securities	0	0
Subordinated debt	0	0
Other liabilities	10,501	253

(1) Mainly Primonial and CCCM

	12.31.2018.	12.31.2017.
	Companies under the equity method	Companies under the equity method
Interest and similar income	8,241	5,768
Interest and similar expense	-3,062	-2,182
Fee and commission income	2,071	0
Fee and commission expense	0	-678
Net gain (loss) on financial instruments at fair value through profit or loss	0	49
Net gain (loss) on financial instruments at fair value through equity	874	
Net gain (loss) on available-for-sale financial instruments		0
Net gain (loss) on derecognition of financial instruments at amortized cost	0	
Net income from insurance activities	-27,981	
Income from other activities	0	0
Expense from other activities	0	-44,399
Net banking income	**-19,857**	**-41,442**

(1) Mainly Primonial and CCCM

	12.31.2018	01.01.2018
	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

(1) Mainly Primonial and CCCM

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists of 20 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.
- 1 non-voting member

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 2018 was €1,986,000 (compared with €1,877,000 in 2017).

The total compensation paid to the group's key corporate officers in 2018 was €3,528,000 (versus 4,139,000 in 2017).

Except in the case of the Chairman and of the Chief Executive Officer 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 and the Chief Executive Officer 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 and the Chief Executive Officer 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 2018 pursuant to IAS 19 for post-employment benefits, other long-term benefits and termination benefits totaled €414,000 (compared with €345,000 in 2017).

Note 47. Investments in unconsolidated structured entities

12.31.2018.	Securitization vehicles	Asset management (mutual funds/real estate investment funds)	Other structured entities
Total assets	285,469	3,969,456	-
Carrying amount of financial assets (1)	73,769	983,853	-
Carrying amount of financial liabilities (1)	-	-	-
Maximum exposure to risk of loss	73,769	983,853	-

(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.

01.01.2018	Securitization vehicles	Asset management (mutual funds/real estate investment funds)	Other structured entities
Total assets	178,462	4,075,937	-
Carrying amount of financial assets (1)	47,952	1,069,536	-
Carrying amount of financial liabilities (1)	-	-	-
Maximum exposure to risk of loss	47,952	1,069,536	-

(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	
			12.31.2018.	12.31.2017.	12.31.2018.	12.31.2017.
Crédit Mutuel Arkéa + Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations and savings banks	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 (GESTION)	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 (2)	France	Banking / Private equity	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 (formerly Fortuneo SA)	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
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	93.2	93.2	93.2	93.2
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES (1)	France	Banking / Asset holding company	/	100.0	/	100.0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	France / Belgium	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	97.8	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 (branch)	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
LEASECOM	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
LEASECOM CAR	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
LEETCHI SA	France	Banking / Services	100.0	100.0	100.0	100.0
MANGOPAY SA (formerly Leetchi Corp)	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
SMSPG 2 (2)	France	Insurance and asset management / Holding	100.0	/	100.0	/
STRATEO (branch)	Switzerland	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	
			12.31.2018.	12.31.2017.	12.31.2018.	12.31.2017.
Companies consolidated using the equity method						
ALTAROCCA AM AS	France	Insurance and asset management / mutual funds	/	25.4	/	25.6
AVIAFUND FUND FACILITY MANAGEMENT GMBH	Germany	Insurance and asset management / mutual funds	25.3	30.1	25.9	30.4
AVIAFUND FUND SOLUTION SERVICES GMBH	Germany	Insurance and asset management / mutual funds	25.3	30.1	25.9	30.4
AVIARENT CAPITAL MANAGEMENT SARL	Luxembourg	Insurance and asset management / mutual funds	25.3	30.1	25.9	30.4
AVIARENT INVEST AG	Germany	Insurance and asset management / mutual funds	25.3	30.1	25.9	30.4
CAISSE CENTRALE DU CREDIT MUTUEL	France	Banking / Mutual banking	21.0	21.5	21.0	21.5
CODABEL MANAGEMENT	Belgium	Insurance and asset management / mutual funds	10.4	12.4	10.7	12.5
DS INVESTMENT SOLUTIONS SAS (EX-DERIVATIVES SOLUTIONS)	France	Insurance and asset management / mutual funds	23.8	28.3	24.4	28.6
PRIMONIAL IMMOBILIEN GMBH (EX-EC ADVISORS GMBH)	Germany	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
FINANSEMBLE (2)	France	Insurance and asset management / Asset management	30.4	/	30.4	/
HALLES A FOURAGES SCCV	France	Insurance and asset management / mutual funds	17.8	21.2	18.3	21.4
JIVAI (2)	France	Insurance and asset management / Insurance brokerage	32.4	/	32.4	/
LA COMPAGNIE FRANCAISE DES SUCCESSIONS (2)	France	Insurance and asset management / Asset management	32.6	/	32.6	/
LA FINANCIERE DE L'ECHIQUIER (2)	France	Insurance and asset management / mutual funds	11.9	/	12.2	/
LEEMO	France	Insurance and asset management / mutual funds	11.9	/	12.2	/
LINK BY PRIMONIAL	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
LINXO GROUP (2)	France	Banking / Services	29.8	/	29.8	/
MARSEILLE FURNITURE SARL	France	Insurance and asset management / mutual funds	29.7	20.4	30.5	20.6
MATA CAPITAL	France	Insurance and asset management / mutual funds	11.9	14.1	12.2	14.3
New Port	France	Banking / Holding	31.0	31.0	31.0	31.0
NEW PRIMONIAL HOLDING	France	Insurance and asset management / mutual funds	29.7	36.3	30.5	36.6
OIKO GESTION (formerly AIBO GESTION)	France	Insurance and asset management / mutual funds	15.2	23.7	15.5	23.9
PFP	France	Insurance and asset management / mutual funds	29.7	36.3	30.5	36.6
PRIMONIAL	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
PRIMONIAL HOLDING	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
PRIMONIAL LUXEMBOURG	Luxembourg	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
PRIMONIAL LUXEMBOURG FUND SERVICES (2)	Luxembourg	Insurance and asset management / mutual funds	29.7	/	30.5	/
PRIMONIAL LUXEMBOURG REAL ESTATE (2)	Luxembourg	Insurance and asset management / mutual funds	29.7	/	30.5	/
PRIMONIAL MANAGEMENT	France	Insurance and asset management / mutual funds	29.7	34.5	30.5	34.8
PRIMONIAL MANAGEMENT 2	France	Insurance and asset management / mutual funds	29.7	36.3	30.5	36.6
PRIMONIAL PARTENAIRES (formerly PATRIMMOFI)	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
PRIMONIAL REIM	France	Insurance and asset management / mutual funds	29.7	21.4	30.5	21.6
PRIMONIAL TI	Canada	Insurance and asset management / mutual funds	/	35.4	/	35.7
SEFAL PROPERTY	France	Insurance and asset management / mutual funds	29.4	34.9	30.1	35.3
SPORTINVEST	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
STAMINA ASSET MANAGEMENT (formerly PRIMONIAL AM)	France	Insurance and asset management / mutual funds	/	35.4	/	35.7
UPSTONE SAS	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
VIVIENNE INVESTISSEMENT (2)	France	Insurance and asset management / Asset management	34.4	/	34.4	/
VOLTAIRE CAPITAL	France	Insurance and asset management / mutual funds	29.7	35.4	30.5	35.7
YOMONI (2)	France	Insurance and asset management / Asset management	34.5	/	34.5	/
YOUNITED CREDIT	France/Italy/Spain/ Portugal	Banking / Services	25.8	25.6	25.8	25.6

Last name	Country	Sector / Activity	% control		% equity interest	
			12.31.2018.	12.31.2017.	12.31.2018.	12.31.2017.
Companies consolidated using the shortcut method						
ADAGE CBP FLEX	France	Insurance and asset management / mutual funds	/	36.6	/	36.6
AIS MANDARINE ACTIVE (formerly FEDERAL CONVICTION ISR EURO)	France	Insurance and asset management / mutual funds	77.2	61.0	77.2	61.0
AIS MANDARINE ENTREPRENEURS (formerly FEDERAL ACTIONS ETHIQUES)	France	Insurance and asset management / mutual funds	73.4	65.7	73.4	65.7
AIS MANDARINE MULTI-ASSETS (formerly SURAVENIR REFERENCE ACTIONS)	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
ALTAROCCA RENDEMENT 2023	France	Insurance and asset management / mutual funds	/	20.0	/	20.0
ARKEA CAPITAL 1	France	Banking / mutual funds	100.0	100.0	100.0	100.0
ARKEA CAPITAL MANAGERS (2)	France	Banking / mutual funds	100.0	/	100.0	/
AUTOFOCUS AIRBAG OCTOBRE 2015 (4)	France	Insurance and asset management / mutual funds	/	93.8	/	93.8
AUTOFOCUS CROISSANCE + SEPTEMBRE 2017 (2)	France	Insurance and asset management / mutual funds	99.3	/	99.3	/
AUTOFOCUS CROISSANCE JANVIER 2017 (2)	France	Insurance and asset management / mutual funds	97.2	/	97.2	/
AUTOFOCUS CROISSANCE JUIN 2015	France	Insurance and asset management / mutual funds	93.9	93.8	93.9	93.8
AUTOFOCUS CROISSANCE MAI 2017 (2)	France	Insurance and asset management / mutual funds	97.3	/	97.3	/
AUTOFOCUS CROISSANCE MARS 2015	France	Insurance and asset management / mutual funds	78.6	78.0	78.6	78.0
AUTOFOCUS CROISSANCE MARS 2016 (4)	France	Insurance and asset management / mutual funds	/	79.3	/	79.3
AUTOFOCUS JANVIER 2016	France	Insurance and asset management / mutual funds	92.4	92.5	92.4	92.5
AUTOFOCUS RENDEMENT DECEMBRE 2014	France	Insurance and asset management / mutual funds	93.6	93.7	93.6	93.7
AUTOFOCUS RENDEMENT MARS 2015	France	Insurance and asset management / mutual funds	93.1	93.3	93.1	93.3
AUTOFOCUS RENDEMENT MARS 2017 (2)	France	Insurance and asset management / mutual funds	97.3	/	97.3	/
AUTOFOCUS RENDEMENT NOVEMBRE 2016 (4)	France	Insurance and asset management / mutual funds	/	92.4	/	92.4
AUTOFOCUS RENDEMENT OCTOBRE 2014 (4)	France	Insurance and asset management / mutual funds	/	91.5	/	91.5
AUTOFOCUS SEPTEMBRE 2016	France	Insurance and asset management / mutual funds	96.6	96.4	96.6	96.4
BPE RENDEMENT 2018 (4)	France	Insurance and asset management / mutual funds	/	36.3	/	36.3
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management / mutual funds	97.8	97.8	97.8	97.8
FCT SP EUROCREANCES	France	Insurance and asset management / mutual funds	43.4	43.4	43.4	43.4
FCT SUR PRIV DEBT II (2)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT SURAVENIR PRIVAT	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FEDERAL ACTIONS RENDEMENT	France	Insurance and asset management / mutual funds	/	96.8	/	96.8
FEDERAL APAL	France	Insurance and asset management / mutual funds	74.4	74.2	74.4	74.2
FED CAPITAL INV	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	83.9	99.8	83.9	99.8
FEDERAL CROISSANCE	France	Insurance and asset management / mutual funds	90.5	90.3	90.5	90.3
FEDERAL ESSOR INTERNATIONAL	France	Insurance and asset management / mutual funds	45.0	49.4	45.0	49.4
FEDERAL INDICIEL JAPON	France	Insurance and asset management / mutual funds	66.7	64.8	66.7	64.8
FEDERAL INDICIEL US	France	Insurance and asset management / mutual funds	56.0	63.8	56.0	63.8
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management / mutual funds	74.0	73.7	74.0	73.7
FEDERAL MULTI L/S	France	Insurance and asset management / mutual funds	63.2	50.9	63.2	50.9
FEDERAL MULTI OR ET MATIERES 1ERES	France	Insurance and asset management / mutual funds	89.4	88.4	89.4	88.4
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management / mutual funds	91.4	90.7	91.4	90.7
FEDERAL MULTI PME	France	Insurance and asset management / mutual funds	67.5	79.2	67.5	79.2
FEDERAL OBLIGATIONS INTERNATIONALES ISR	France	Insurance and asset management / mutual funds	/	36.3	/	36.3
FEDERAL OPPORTUNITE EQUILIBRE	France	Insurance and asset management / mutual funds	99.9	99.7	99.9	99.7
FEDERAL OPPORTUNITE MODERE	France	Insurance and asset management / mutual funds	98.5	98.4	98.5	98.4
FEDERAL OPPORTUNITE TONIQUE	France	Insurance and asset management / mutual funds	99.0	98.8	99.0	98.8
FEDERAL OPTIMAL PLUS	France	Insurance and asset management / mutual funds	/	47.9	/	47.9
FEDERAL STRATEGIES ACTIVES (2)	France	Banking / mutual funds	99.8	/	99.8	/
FEDERAL SUPPORT COURT TERME	France	Insurance and asset management / mutual funds	/	42.2	/	42.2
FEDERAL SUPPORT TRESORERIE ISR	France	Insurance and asset management / mutual funds	/	31.3	/	31.3
FORMUL'ACTION SECURITE	France	Insurance and asset management / mutual funds	93.7	93.3	93.7	93.3
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT (2)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FPS SURAVENIR ACTIONS LOW VOL (2)	France	Insurance and asset management / mutual funds	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 (2)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FSP / COMPARTIMENT 5	France	Insurance and asset management / mutual funds	42.4	42.4	42.4	42.4
KALEIDOSCOPE	France	Insurance and asset management / mutual funds	98.5	98.3	98.5	98.3
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	35.5	37.5	35.5
OPCI PREIM EUROS	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	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	89.5	83.7	89.5	83.7
OPCI SOFIDY PIERRE EUROPE (2)	France	Insurance and asset management / mutual funds	84.5	/	84.5	/
OPCI TIKEHAU RET PRO	France	Insurance and asset management / mutual funds	39.3	39.3	39.3	39.3
PRIMO ELITE	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
PRO FEDERAL LIQUIDITES	France	Insurance and asset management / mutual funds	63.3	61.3	63.3	61.3
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
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 SOFIDY CONV IMMO	France	Insurance and asset management / mutual funds	52.0	56.9	52.0	56.9
SCI USUFRUIMMO	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
SCPI PATRIMMO CROISSANCE	France	Insurance and asset management / mutual funds	/	36.3	/	36.3
SCPI PIERRE EXPANSIO	France	Insurance and asset management / mutual funds	57.0	57.0	57.0	57.0
SCPI PRIMOFAMILY	France	Insurance and asset management / mutual funds	55.7	40.4	55.7	40.4
SCPI PRIMONIA CAP IM	France	Insurance and asset management / mutual funds	40.1	43.2	40.1	43.2
SP CONVERT. GLOBAL EUROPE	France	Insurance and asset management / mutual funds	/	33.4	/	33.4
SP CONVERTIBLES ISR EUROPE	France	Insurance and asset management / mutual funds	26.6	29.8	26.6	29.8
SP HAUT RENDEMENT	France	Insurance and asset management / mutual funds	38.3	33.6	38.3	33.6
SP NS FAMILLE	France	Insurance and asset management / mutual funds	43.1	42.1	43.1	42.1
SP OPPORTUNITES EUROPEENNES (2)	France	Insurance and asset management / mutual funds	31.2	/	31.2	/
STEREO 3 (4)	France	Insurance and asset management / mutual funds	/	97.0	/	97.0
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	France	Banking / mutual funds	35.4	35.4	35.4	35.4

(1) Merger of assets and liabilities
(2) Companies first-time consolidated in 2018
(3) Split
(4) Liquidation

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).

Note 49. Business combinations

My Money Bank

On June 1, 2018, Financo, the group's subsidiary specializing in consumer credit, purchased the auto financing activity of My Money Bank in mainland France.

This acquisition resulted in the recognition of badwill in the amount of €19.6 million. The following table contains key information about these business combinations:

(in € millions)	MY MONEY BANK
DATE OF ACQUISITION	06.01.2018
ACQUISITION PRICE	384.4
Receivables	404.2
Other	-2.2
Goodwill	3.2
Related deferred taxes	-1.1
NET ASSETS + GOODWILL	404.1
BADWILL	-19.6

The initial recognition of the business combination is provisional.

In case of further information related to facts and circumstances existing on the date of acquisition, the group has 12 months to:
- identify the assets acquired and liabilities assumed from the acquired company not recognized at the time of the initial recognition of the business combination;
- modify retrospectively the values initially assigned.

Fintechs

At December 31, 2018, six entities partly controlled by the group were consolidated using the equity method.

These companies were as follows:
· Jivai
· Linxo Group

- Yomoni
- Vivienne Investissement
- La Compagnie Française des Successions et des épargnants
- Finansemble

These entities were consolidated as at December 31, 2018 so as to reflect their strategic importance to the group.

The following table contains key information about these business combinations:

(In € thousands)	FINTECHS
Acquisition price	23,264
Net IFRS position (100%)	24,778
Consolidation method	Equity method
Goodwill recognized on the balance sheet (full goodwill)	9,638
Contribution to the Group's 2018 profit/loss	6,177

Note 50. Events after the reporting period

No significant events occurred after the December 31, 2018 closing date.