

NEW CONNECTIONS TO **SHARE** INNOVATING TOMORROW

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Crédit Mutuel
ARKEA

DE NOUVEAUX LIENS POUR CHANGER DEMAIN

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AUTORITÉ
DES MARCHÉS FINANCIERS



This amendment to the Universal Registration Document was filed with the AMF on 6 September 2023 in its capacity as competent authority under Regulation (EU) no. 2017/1129, without prior approval pursuant to Article 9 of said Regulation. The universal registration document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments to the universal registration document. The package then formed shall be approved by the AMF in accordance with Regulation (EU) no. 2017/1129.



PRESENTATION OF CRÉDIT MUTUEL ARKÉA

1. Presentation of Crédit Mutuel Arkéa

1.1 Group profile

Crédit Mutuel Arkéa is a cooperative banking and insurance group. Crédit Mutuel Arkéa is made up of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations and their local member banks, as well as around 40 specialised subsidiaries. Crédit Mutuel Arkéa is not listed on the stock market. It belongs to its members, who are both shareholders and customers and who guide its strategy at each decision-making level within the framework of a democratic approach and according to the principle of "one person, one vote". Crédit Mutuel Arkéa is affiliated with Confédération Nationale du Crédit Mutuel (CNCM), which is the central institution of the Crédit Mutuel network, in accordance with Article L.511-30 of the French Monetary and Financial Code.

Crédit Mutuel Arkéa has always sought to reconcile financial strength, regional roots, a culture of innovation, a strategy of openness and sustainable and responsible growth with a long-term outlook. Crédit Mutuel Arkéa wants to be the trusted banking partner of a world committed to far-reaching transitions by putting its global performance at the service of the financing of the real economy, the regions and their players, as well as the life projects of its members and customers.

As a regional group, Crédit Mutuel Arkéa is committed to maintaining regional decision-making centres and employment areas. From its regional bases, the group operates nationwide and serves customers throughout Europe through its banks and online services as well as its subsidiaries specialising in the business-to-business market.

A benchmark player in all its markets – from retail banking to white label services for major financial and retail accounts – Crédit Mutuel Arkéa aims to develop a cooperative and collaborative banking model that provides the best response to aspirations and lifestyles. Crédit Mutuel Arkéa thus chooses open innovation, by sharing and pooling its expertise with that of its ecosystem – companies, finance and insurance start-ups, local authorities, etc. – to offer sustainable solutions that create value for all. Crédit Mutuel Arkéa is convinced that this collaborative approach is, today and tomorrow, the main source of progress and the best response to societal, technological and environmental challenges.

Crédit Mutuel Arkéa, with the support of the expertise developed in its specialised subsidiaries and central departments, has a comprehensive and competitive range of products and services. In a constantly changing environment, driven in particular by the digital transformation, changes in consumer habits and environmental and societal concerns, Crédit Mutuel Arkéa remains particularly attentive to the emergence of new business lines and activities, relying in particular on open partnerships.

1.2 Group strategy

Crédit Mutuel Arkéa's Raison d'être (Purpose)

"We want to be a player in a world that takes a long-term view and takes into account the major societal and environmental challenges facing our planet for future generations. We contribute to this by practising finance at the service of regions and their actors, which is sustainable and helps everyone to achieve their potential. To this end, we have chosen to be a cooperative and collaborative bank that promotes a balanced sharing of value with its members, customers, employees, partners and regions. A socially responsible, ethical and inclusive company that is attentive to respect for its environment. On a daily basis, in collaboration with our stakeholders, we develop innovative solutions to support our members and customers in their life projects and meet their aspirations."

In May 2022, the group adopted the status of a company with a mission. Crédit Mutuel Arkéa's missions are organised around the five commitments that stem from its Raison d'être (Purpose) and which form the basis of the group's long-term strategy.

1. Make our decisions while aiming for a balanced approach between financial performance and positive impact – societal and environmental – through the exercise of cooperative governance anchored in our regions.
2. Support each of our stakeholders in their environmental transition.
3. Develop regional cooperation and commit to local vitality.
4. Commit to inclusion and cultivate a lasting relationship of trust with all our members and customers, from the precursors to the most vulnerable.
5. Promote the commitment of our collective in the service of the common interest, in particular by living our mutualist values.

The Transitions 2024 medium-term strategic plan, rolled out in 2021, reflects the group's Purpose. Action-oriented, Transitions 2024 aims to make Crédit Mutuel Arkéa the agile financial partner for the transitions of the future, at the service of the regions and their players. The aim is to choose a responsible growth strategy and to seek overall performance, in a balanced approach between financial performance and positive impact. It aims to demonstrate the group's commitment to supporting environmental and regional transitions, through its offers, business lines, practices and relationships with its customers, directors and employees. It is structured around four strategic pillars that constitute priorities for action to guide the business model and which are supported by five implementation levers. Transitions 2024 has instilled a collective dynamic throughout the group. More than 530 projects have been identified and nearly 160 have already been finalised.

Transitions 2024 is based on four pillars:

1. **Expanding the range of positive-impact offers and services** to support the environmental and social transitions of its stakeholders and enable them to initiate their own transformation. It also means proposing offers that promote inclusion and facilitate access to housing, education, and healthcare.
2. **Promoting and supporting the responsible sustainable development of regions** which are the essential link for the balanced and successful transformation of society. Already very present, we wish to further intensify our contribution through financing levers and partnerships.
3. **Offering an increasingly personalised customer experience and aiming for relational excellence.** Members and customers, individuals, professionals and companies, are looking for a more attentive ear, availability and greater responsiveness. In this area, the group wishes to innovate in the use of the data at its disposal to better understand its customers and enrich its value proposition.
4. **Developing its partnership model** by strengthening its commitment to the innovative ecosystem and by deploying new BtoB and external distribution partnerships.

Five execution levers support these four strategic pillars:

1. Promote our cooperative model
2. Be exemplary in our own actions and transitions
3. Improve collective efficiency
4. Offer a unique employee experience
5. Promote open innovation

1.3 Highlights of the first half of the year 2023

JANUARY

Federal Finance Gestion launches the AIS Biodiversity First fund, an innovative fund that invests in companies that aim to reduce biodiversity and carbon footprints by at least 50%, as well as alignment with the objectives of the Paris Agreement by limiting future emissions of greenhouse gases.

[Press release](#)

Arkéa Assistance markets, in addition to its remote assistance solutions, a new digital offer called **"Ensemble" (together)** for family caregivers. This smartphone application includes Care Management services, thanks to a home-care expert who offers caregivers specially adapted and personalised solutions to help their loved ones affected by decreased independence.

[Press release](#)

Kengo.bzh, the crowdfunding platform, has passed the milestone of **1,000 projects** supported. Since its launch, Kengo has mobilised nearly 67,500 contributors for an average collection of €5,480 per case. A company with a mission since 2022, the platform has also chosen to devote 3% of its turnover to supporting projects in Brittany committed to societal and environmental transitions, by reducing its commission costs.

[Press release](#)

A major partner of the **Union Bordeaux Bègles** rugby team since 2018, Arkéa has renewed its partnership with this Top 14 side until 2028. This agreement *"Testifies to our desire to support ambitious and large-scale sports projects in our regions"*, said Julien Carmona.

[Press release](#)



"Vie Plus" Suravenir's arm dedicated to wealth management advisors and specialised brokers, is ranked **first place** in the Pension and Life Insurance categories of the 30th supplier ranking drawn up by the magazine *"Gestion de Fortune"* (wealth management). The ranking is based on ratings collected from 4,500 independent advisors.

[Find out more](#)

The group has subscribed to the fund **FrenchFood Positive Impact**, launched by FrenchFood Capital. The fund invests in French agri-food SMEs working for more sustainable food. FrenchFood Positive Impact has already made two investments: a minor investment in Huileries Gid (department 33) and a majority stake in the company Difagri (department 85), a specialist in food supplements for animals.

[Find out more](#)

ProCapital, the investment services subsidiary, has set out its **Corporate Social Responsibility (CSR) policy** up to 2025. "Cap Durable" – this is its name – is based on four objectives:

- Implement an impact strategy by disseminating the fundamentals of Cap Durable (sustainable course).
- Act for solidarity by involving employees.
- Be a responsible employer by continuing to commit to well-being and fulfilment at work, as well as to diversity and equal opportunities.
- Reduce the Company's carbon footprint by raising employee awareness of environmental issues.

[Press release](#)

The group has acquired a stake in the capital of **"Brest Commerces"**, the new property company of Brest Métropole. Objective: to strengthen the commercial appeal of the city centre by acquiring vacant businesses, carrying out the necessary work, and then leasing these premises to project leaders, preventing them from incurring a heavy investment when starting up their activity. Brest Commerces expects around thirty acquisitions by 2025.

[Find out more](#)

Arkéa Capital, RAISE Investissement and Dzeta Group are providing €140 million in refinancing to the group **Child Worldwide Fashion (CWF)**. This support will enable the European leader in luxury and high-end ready-to-wear children's clothes to optimise its distribution model, integrate new brands into its portfolio and accelerate its development through online and international sales platforms.

[Press release](#)

"Le Train", France's leading private rail operator, announces the signing of an industrial partnership with the Spanish manufacturer Talgo for the manufacture and maintenance of around ten **high-speed trains** which could be in operation in the "Grand-Ouest" region from 2025. The group has entered the company's share capital to support the development of this innovative project, which contributes to the ecological transition and the development of our historical regions.

[Press release](#)



The **"Arkéa Arena"** in Floirac celebrates its fifth birthday. The large auditorium in the Bordeaux metropolis has become an essential stopover for national and international tours and can boast the highest attendance outside the Paris region. In total, the Arkéa Arena has already welcomed more than 1.5 million spectators to 305 events.

[Press release](#)

Crédit Mutuel Arkéa is the first private player to sign the **data ethics charter** as part of an initiative initiated by Brest Métropole and the City of Brest. Particularly attentive to the preservation and strengthening of the relationship of trust that it maintains with its stakeholders, Crédit Mutuel Arkéa considers the issues related to the use of data as an important driver of growth for the group. It therefore intends to contribute to the construction of a community of private and public players centred around this ethical and responsible framework, committed to working, for example, on the implementation of the Local Public Data Service, and to collectively examine the possibility of making anonymised data available in the public interest.

[Press release](#)

Confronted daily with the consequences of climate change in its portfolios of insured assets, **Suravenir Assurances** presents **its climate strategy** developed according to the framework of the international initiative Assessing low Carbon Transition (ACT). This climate strategy sets out the Company's ambition in terms of reducing carbon emissions and revolves around three pillars:

- Reduce its own direct and indirect emissions.
- Encourage the transition to a low-carbon economy by offering less emissive solutions in its offers and by financing more responsible projects.
- Actively participate in the preservation and development of carbon sinks to contribute to greater capacity to absorb global emissions.

At the same time, the company is planning an evolution of its Multirisques Habitation (multi-risk home insurance or MRH offer. Objective: to offer services that limit the carbon footprint of policyholders through compensation geared towards the circular economy.

[Press release](#)

Crédit Mutuel Arkéa participates in the new investment fund launched by Go Capital – **Impact Océan Capital** – dedicated to the financing of innovative companies in the maritime economy in France. By supporting the financial and industrial structuring of an under-capitalised sector in France, the fund will support companies with innovative technologies working for the protection of the oceans, the decarbonisation of maritime activities and the sustainability of the maritime industry.

[Press release](#)

FEBRUARY

Arkéa extends its sponsorship contract of the Pro Cycling Breizh structure, which oversees the men's and women's professional cycling teams, **Arkéa-Samsic and Arkéa Pro Cycling Team**, until 2025.

[Press release](#)

Crédit Mutuel du Sud-Ouest has acquired a stake in the new "**Foncière de Dordogne**", created by the Dordogne Departmental Council, through its semi-public company Semiper, and "Banque des Territoires". Its purpose is the acquisition, rehabilitation, financing and operation of property for commercial use, crafts or services in order to revive local economic activity in medium-sized towns and villages.

[Press release](#)



MARCH

Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest now offer all their customers a **Cashback** service enabling partial reimbursement of purchases made by credit card at partner retailers, online or in stores. The rebate is based on a percentage of the purchase amount and is automatically recorded in a cumulator.

[Find out more](#)

Crédit Mutuel Arkéa is the first bank to present its results in terms of global performance including both financial and non-financial aspects. By measuring its environmental and socio-economic impacts, Crédit Mutuel Arkéa is providing a practical illustration of its aim of being a positive-impact bank focusing not only on its financial performance but also on the non-financial impact of its initiatives on behalf of its stakeholders. This initiative was rewarded by the financial community at the **Finance Leaders Summit**. The group has won the Gold Trophy in the "Major Group Finance Department" category; the jury highlighted the innovative nature and transformation of the Finance Department in line with the group's Purpose; and in the "Best ESG initiative" category for the innovative and inspiring aspect of the approach and the clarity of the indicators. Crédit Mutuel Arkéa was also recognised at the Digital Finance Awards in the CSR category.

[Press release](#)

Arkéa Banque Entreprises et Institutionnels has set up a partnership with **LinkSport'Up**. Objective: develop the influence of high-level sport in the Hauts-de-France region. LinkSport'Up, which brings together 13 high-level professional sports clubs from the European Metropolis of Lille (football, volleyball, handball, etc.), wants to bring its expertise to the clubs by helping them to adopt an ambitious development strategy, in both their associative and societal form, while promoting professional integration. Arkéa

Banque E&I's support will enable the implementation of strategic projects such as the financing of clubs and equipment, as well as the creation of a training centre.

[Press release](#)

Monext, the subsidiary specialising in payment transactions, is building its **new head office** of 6,000 m² in the Aix-en-Provence business park in order to bring together its teams, currently on two sites, and respond to strong growth in activity. *"We are working on interior fittings so that this work tool is very high quality and corresponds to hybrid working, in order to teleworking and physical attendance so that everyone will enjoy coming to the office."*, underlines Guillaume Prin, Chairman of the Management Board. The move is planned in 2024.

[Find out more](#)

The small port of **Loguivy-de-la-Mer, in Ploubazlanec** (department 22) is the first French port, at the initiative of the maritime cooperative "Docks et Mer", to equip itself with an **AdBlue station** intended mainly for fishing vessels. AdBlue is added to the diesel used in diesel engines to limit emissions of gases such as nitrogen oxide, which is particularly harmful to health and the environment.



The station was created thanks to Crédit Mutuel de Bretagne and its maritime sector. *"Without their support, we would not have been able to do it"*, states Yannick Hêmeury, Chairman of Docks et Mer. And adds *"Until such time as clean energy alternatives – such as electric propulsion, hydrogen or biofuels – are sufficiently developed, I believe that diesel has a future for the world of fishing. This transition system has a good environmental impact."*

[Find out more](#)

Suravenir and Swen Capital Partners launch a dedicated fund committed to the energy and ecological transition: **"Suravenir Infrastructures Durables"**. It will finance future infrastructure projects with a very ambitious objective of aligning at least 70% of its investments with the European taxonomy.

[Press release](#)

The independent comparator Pricebank takes an interest in the prices and services offered by 19 French banks, giving them two ratings out of 20. **Fortuneo Banque**, the least expensive of all, wins the title of **best bank** with a cumulative score of 34.2/40. **Crédit Mutuel de Bretagne** took first place on the podium for banking services with a great score of 17.7/20.

[Find out more](#)

In 2022 **Monext** confirmed its position as **French leader in the payments market**:

4.2 billion transactions processed in e-commerce and in-store (+21% compared to 2021); nearly 2 billion transactions carried out for its bank and fintech customers, mainly related to the use of cards (+20%); €97 million in revenue (+5%). *"The worlds of marketplaces, driven by the rise of second-hand, transport and culture, have been particularly dynamic. The banking and fintech market has given us the privilege of supporting certain customers in Europe, such as Nickel in Spain, Belgium and Portugal",* points out Guillaume Prin,

Chairman of the Management Board.

[Press release](#)



Welcoming senior citizens while facilitating the work of professionals in residences and nursing homes, this is the challenge taken up by the new B2B brand, **Arkéa Creative Care**, which offers tailor-made and innovative systems, such as artificial intelligence to anticipate falls, touch panels with video calls to maintain social contact or connected watches for tracking location, to meet the needs of professionals in the sector.

[Find out more](#)

"Le Revenu" has awarded, for its 46th edition, a **Gold Trophy for life insurance policies to Fortuneo Vie**, a support provided by Suravenir, in the "Internet contracts" category. Suravenir was also honoured for "Patrimoine Vie Plus" (wealth management category) and "Yomoni Vie" (thematic contracts category).

[Find out more](#)

Arkéa Capital launches Arkéa "Cap'Atlantique". Which is in line with the strategy of the FCPR Breizh Ma Bro, launched in 2021 and whose objective is to finance and support the development and growth of SMEs and mid-sized companies in the region. Arkéa Cap'Atlantique is aimed at individual investors wishing, on the one hand, to give meaning to their savings by supporting employment, growth and the transition of the regions, and, on the other hand, to diversify their portfolio by accessing an asset class generally reserved for institutional investors. Arkéa Cap'Atlantique, whose aim is to raise €40 million, aims to build a diversified portfolio of 10 to 20 unlisted SMEs and unlisted mid-sized companies in the growth phase and with solid fundamentals, proven profitability and a tried and tested business model. The selected companies will be located in the heart of the Brittany, Pays de la Loire and Nouvelle-Aquitaine regions.

[Press release](#)

Endowment fund **PhiNOE**, created in 2020 at the initiative of Arkéa Capital, has just published the measurement in euros of its **non-financial impact** for the year 2022, directly inspired by the methodology developed by the group. PhiNOE posted convincing

results in line with its values. For outstanding loans of €1.1 million at 31.12.2022, its non-financial impact amounted to €1.2 million, i.e. a social and economic impact of 109%.

[Press release](#)

APRIL

Fortuneo once again distinguished itself by being awarded the **Oscar for best internet life insurance policy** by the jury of the Life Insurance Oscars at "Gestion de Fortune" (wealth management).

[Find out more](#)

269 Crédit Mutuel de Bretagne sites successfully completed the **new local bank (NLB) project**. Launched eight years ago, this programme aims to improve the customer experience and welcome. A long-term project managed by the CMB real estate department, in co-construction with the employees of the banks concerned, the departmental management bodies and the support structures.



Crédit Mutuel de Bretagne and the French Association for Law and Economic Initiative (ADIE) have signed a partnership agreement for the amount of €100,000 for the next two years (€50,000 in 2023 and €50,000 in 2024), to fund the endowment fund **"PAC-TE"** (Equity Contribution Loans – Ecological Transition), which will replace the equity capital of entrepreneurs to finance more sustainable vehicles. In addition, the fund will also aim to finance any initiative to reduce the carbon footprint of entrepreneurs.

[Press release](#)

MAY

The insurance company **APRIL** announces that it has concluded its round of meetings with its new shareholders, including **Arkéa Capital** on the minority block, and also consisting of other long-term investors, management and employees of the company. Based in Lyons, APRIL saw strong growth in 2022 and now wants to accelerate its development in France and internationally. *"We want to build on APRIL's trajectory of success and make it a global independent company,"* explains Eric Maumy, its Chairman.

[Press release](#)

Four, that's the number of acquisitions made since the beginning of the year by the **SCI "Territoires d'Avenir"** managed by Arkéa REIM: a first office asset under construction in La Rochelle (department 70) and already 100% let by Pôle Emploi (French unemployment agency); a logistics and office building in Bernolsheim (department 67); a logistics asset in Gimont (department 32) fully let to Latécoère, an international group in the space sector;

two office buildings in Saint-Grégoire (department 35) with environmental certification and occupied by ITGA (technical building expertise) and KPMG.

[Press release](#)

Arkéa Capital participates in a new fundraising of €12 million carried out by the company **Edflex**, specialising in the centralisation of e-learning training content. Present alongside this educational technology (edtech) since 2021 via its impact fund **"We Positive Invest"**, Arkéa Capital wishes to support the company in this new stage of growth. *"Helping employees maintain and develop their employability in a rapidly changing world is an integral part of the mission of our impact fund We Positive Invest"*, explains Morgan Carval, Director of Impact Investments at Arkéa Capital.

[Press release](#)

The **water board of Dunkirk** is responsible for the water policy in its region, determines the challenges and guidelines for the water service and carries out awareness-raising actions among residents. To optimise the service and enable users to monitor their consumption, the board has embarked on an ambitious project combining a collective drinking water softening unit and the installation of smart meters, partially financed by an **"Arkéa PACT"** impact loan of €5.7 million from Arkéa Banque E&I, in addition to the €5 million in the traditional loan also granted by our subsidiary to complete the overall budget of the project.

[Press release](#)

The trophy **"Les Idées Nouves"** of **Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest** returns for a 7th edition. It rewards innovative project leaders from all sectors of activity. The winners will receive a year of support from experts (the "Tactique" collective in Brittany and "Cosme" in Nouvelle-Aquitaine) with a value of €3,000.

[Find out more](#)

€169 million is the amount of the group's commitment to **hospitals in western France** (Rennes, Groupement hospitalier de Bretagne Sud-Lorient, University Hospital of Bordeaux). This figure was reached following a €15 million investment made by Federal Finance Gestion on behalf of Suravenir in the bond issue launched by the University Hospital of Brest to finance its development project.

[Press release](#)

Having become a company with a mission in 2022, Crédit Mutuel Arkéa publishes its **first mission report**. It presents the mission roadmap, breaking down the five commitments of its Purpose into operational objectives associated with measurement indicators.

[Mission report](#)



The Board of Directors of Confédération Nationale du Crédit Mutuel votes unanimously, members representing the 19 federations, employees and independent directors, **in favour of a political memorandum of understanding for a united and plural Crédit Mutuel**. This agreement consolidates a mode of operation that preserves the originality and strength of Crédit Mutuel's cooperative and mutualist model, based on unity, solidarity and subsidiarity, respectful of both the prudential powers of the central institution and the group, the autonomy of federations and regional groups.

[Press release](#)

Suravenir distributes two debt securities with a guaranteed capital maturing in five and eight years: Globe Bond June 2028 and Globe Bond June 2031. These two debt securities issued by Crédit Mutuel Arkéa are green bonds intended to finance or refinance loans for the acquisition, development, operation or maintenance of activities that have a positive environmental impact, thus contributing to the ecological transition.

[Press release](#)

Financo adopts the status of a company with a mission and has a Purpose, now included in its Articles of Association, and which reflects its ambition for the future: "In cooperation with our partners, we are committed to supporting and financing everyone's projects for a responsible and sustainable future". In order to achieve this ambition, Financo relies on the following three commitments:

- Develop and promote its business models and partnerships that reconcile financial and non-financial performance.
- Support its partners and customers to meet environmental and societal challenges by designing adapted and innovative solutions.
- Strengthen the commitment of its team by cultivating the conditions for the professional performance and fulfilment of each employee.

[Press release](#)

"**Trophées Sicav**", organised by "Le Revenu", recognised Crédit Mutuel Arkéa and its asset management companies, **Federal Finance Gestion** and **Schelcher Prince Gestion**, by awarding the Golden Trophy for best asset management company over three years and the 2023 Golden Trophy for the best Europe Bonds range over three years.

[Press release](#)

JUNE

Arkéa Banque E&I has granted a loan of €2.5 million to the Régie des Eaux de Terre de Provence (Provence water board) to finance the construction of a new wastewater treatment plant in Cabannes-Saint-Andiol in the Bouches-du-Rhône department. This operation is part of an investment plan rolled out by the water operator for the renovation of its facilities in order to ensure a quality supply and in sufficient quantity throughout its region, strongly impacted by the consequences of global warming.

[Press release](#)



Arkéa Capital signed **the value-sharing commitment charter** led by France Invest, a professional organisation bringing together more than 400 French asset management companies as well as nearly 180 consulting firms. Our private equity subsidiary is thus committed to playing a leading role in its investments in order to increase the number of employees covered by a value-sharing scheme (value-sharing bonuses, profit-sharing or incentive schemes) in the short term, and promote long-term employee shareholding and the sharing of capital gains.

[The value-sharing commitment charter](#)

Since 12 June, the Crédit Mutuel federations have been offering **a 0% loan, with no administration fees, for the purchase of a bicycle** whether electric or not, for private individuals (up to €6,000) and professionals (up to €10,000), whether or not they are customers of one of the networks.

[Find out more](#)

Arkéa REIM takes stock of its first year of activity. The property management subsidiary, which manages three investment vehicles – Territoires Avenir, Transitions Europe and Silver Avenir – has crossed the €1 billion mark in outstandings under management. It expects an increase of around 30% this year and intends to continue to diversify its assets. In mid-June, SCI Territoires Avenir acquired its first serviced residence for senior citizens in the heart of Nancy. With a total surface area of 5,024 m² including 97 housing units for independent seniors, the residence will be delivered in the second quarter of 2025 and is fully let to the Residences Group.

Villa Médicis Seniors Services for a firm 12-year lease. The transaction represents a volume of approximately €19 million.

[Press release](#)

Arkéa Banque Entreprises et Institutionnels, Caisse d'Epargne Île-de-France and La Banque Postale have granted a **€70 million loan to finance the Marie-Lannelongue Hospital reconstruction project** in Le Plessis-Robinson (department 92). Specialising in cardiac and thoracic surgery, the hospital, in its new format, will cover a total surface area of 28,000 m², will be equipped with 220 beds, ten operating theatres and will be able to accommodate up to 11,000 patients per year. Work has already begun and will be completed in 2025.

[Press release](#)

Crédit Mutuel de Bretagne and EcoTree have signed a partnership agreement to offer a **tree each time a "newborn" savings account is opened**. This welcome offer complements the federation's current system, which until then only offered a donation of €20 when opening a passbook account. EcoTree has more than 1,000 hectares of forests, the ecosystem of which it preserves throughout France.

[Press release](#)

Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest are marketing a new multi-risk home insurance (MRH) policy produced by Suravenir Assurances, in a "Positive" plan. This new plan is based on the circular economy and support for the ecological transition. Instead of systematically replacing a damaged movable or real estate asset with a new product, subscribers to the MRH policy in the "Positive" plan will be offered, as soon as possible, the repair of the damaged asset. If the repair of the movable asset is impossible, then a reconditioned asset will be offered. In addition, the Positive MRH plan relies on innovative data analysis to identify risks related to climate events to which the insured asset is exposed as soon as it is taken out.

[Press release](#)

Arkéa Banque Entreprises & Institutionnels launches **"Arkéa Impulse"**, a loan dedicated to the financing of environmental and social transition projects. This loan makes it possible to support, over the long term and with subsidised conditions, transition projects whose return on investment is not always immediate. The very first "Arkéa Impulse" loan, taken out by Brest Métropole Habitat, should enable the energy renovation of 600 social housing units in Finistère.

[Press release](#)



Hélène Bernicot is appointed Chairwoman of the "Communauté des entreprises à mission" (CEM). This association is the benchmark institution in France concerning companies with a mission. It brings together companies of all sizes, all sectors and all legal forms, companies with a mission or on the way to adoption, as well as researchers who are committed to rethinking the place of the company within our society. Hélène Bernicot shares the presidency with Guillaume Desnoës, entrepreneur and co-founder of the Alenvi network.

[Press release](#)



1.4 Crédit Mutuel Arkéa in a few dates

For more than 15 years, Crédit Mutuel Arkéa has been committed to defending its autonomy within Crédit Mutuel in order to preserve its model and its ability to decide on and conduct its own strategy. The deep disagreements over the governance of Crédit Mutuel as well as the multiple attempts at centralisation led the elected representatives of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, brought together in Crédit Mutuel Arkéa, to opt for the project of disaffiliation and exit from Crédit Mutuel in 2018. In July 2022, Crédit Mutuel Arkéa asked for serious and structured discussions with the Confédération Nationale du Crédit Mutuel (CNCM), to rebuild a Crédit Mutuel that respects pluralism and subsidiarity, while fully recognising CNCM's prudential role. In August 2022, the group made concrete proposals to CNCM to find a solution to the conflict. This project aimed to define the outlines of a guaranteed autonomy framework for Crédit Mutuel Arkéa. In January 2023, Crédit Mutuel Arkéa and CNCM agreed on the framework and method for conducting a negotiation process. The aim is to preserve the group's cohesion and strengthen the autonomy of its members, thus seeking an alternative to the disaffiliation project pursued until now by the directors of Crédit Mutuel Arkéa. Under the aegis of CNCM, these negotiations gave rise to reviews carried out by Crédit Mutuel's main executive officers.

On 2 May 2023, the Boards of Directors of Crédit Mutuel Arkéa and the Crédit Mutuel de Bretagne and Sud-Ouest federations unanimously adopted a political memorandum of understanding (MOU) for a united and plural Crédit Mutuel.

This MOU was then unanimously adopted on 3 May 2023 by the Board of Directors of CNCM, with its members representing the 19 federations, employees and independent directors.

This agreement consolidates a mode of operation that preserves the originality and strength of Crédit Mutuel's cooperative and mutualist model, based on unity, solidarity and subsidiarity, respectful of both the prudential powers of the central institution and the autonomy of federations and regional groups.


Through reciprocal progress, the work led to an MOU whose main measures are described below:

I. Application of the principles of subsidiarity and autonomy within the Crédit Mutuel group

The regional groups freely determine their strategy and, more broadly, their business plan, in compliance with prudential rules.

II. Articulation of the free competitive development of the respective subsidiaries with respect for the principle of territoriality of the Crédit Mutuel banks.

III. The names and use of the "Crédit Mutuel" brand

The national brand  has historically been registered by CNCM, which is responsible for and owns it on behalf of Crédit Mutuel members. However, the independent use of separate brands, incorporating the terms Crédit Mutuel, is possible by the federations and local banks using their own name. For example:



IV. CNCM governance

This includes:

- the creation of a Deputy Vice-Chairmanship, which will be assigned by right to the Chairman of Fédération du Crédit Mutuel de Bretagne, who will also chair the Risk Committee;
- a right of veto granted to the federations in the event of harm to their vital interests (employment, regional decision-making centres, subsidiaries, information system, Purpose, etc.).

The agreement reiterates CNCM's role in its public service mission. It ensures the proper functioning and cohesion of the group in order to guarantee its financial stability, its solidity and the protection of depositors and members. As such, it is the main contact for the supervisory and resolution authorities that control the Crédit Mutuel group on a consolidated basis. Likewise, it represents the collective interests of Crédit Mutuel with regard to the authorities and the profession, in addition to the individual interests defended by each.

In this context, the Articles of Association of CNCM were then adapted and rewritten to integrate all the provisions recorded in this memorandum of understanding, and were validated on 22 June in their new version, at the General Meeting of CNCM. In accordance with the French Monetary and Financial Code, they were also submitted for approval to the Minister of the Economy.

Thus, Crédit Mutuel Arkéa officially approved its retention and that of its federations within Crédit Mutuel, and ended the disaffiliation project initiated in April 2018.

The first work has begun to transpose this agreement into the frameworks and general texts governing the operation of Crédit Mutuel.

However, uncertainties remain as to the proper application of the MOU and its common interpretation by all parties, as well as the timetable for transposition. For this reason, Crédit Mutuel Arkéa remains vigilant and actively participates in the proper execution of the work to transpose the memorandum of understanding over the financial year.

Crédit Mutuel Arkéa will continue to work with commitment and vigilance to maintain this strategic autonomy over time.

1.5 Crédit Mutuel Arkéa strategic plan

In January 2021, the Board of Directors of Crédit Mutuel Arkéa approved Crédit Mutuel Arkéa's four-year medium-term plan, known as Transitions 2024. This plan is a resolute continuation of the previous plan – Arkéa 2020 – which initiated a dynamic transformation of the group's business lines and positioned it on a long-term growth path. Lastly, it is fully in line with Crédit Mutuel Arkéa's autonomy project. It is action-oriented and aims to concretely translate the group's Purpose into its business lines.

In an unprecedented context, where the health crisis has revealed the urgency of environmental, social and regional transitions, the medium-term plan has been built around the following priorities:

- the operational implementation of the five commitments of the Raison d'être (Purpose);
- the group's development issues;
- developments in the banking and insurance sector;
- the reality of the regions and customers;
- citizens' expectations of companies, so that they can participate even more in the societal, ecological and solidarity-based revolution.

The aim of this plan is to make Crédit Mutuel Arkéa the agile financial partner for future transitions, serving local authorities and their stakeholders. The aim is to choose a responsible growth strategy and to seek overall performance, in a balanced approach between financial performance and positive impact.

Conceived in a participative way, with representatives of all stakeholders and anchored in the reality of our business lines, Transitions 2024 accentuates the group's long-term trajectory and reaffirms the originality of its model.

It is in line with its long-standing strengths:

- local roots and proximity to the regions;
- a collaborative and cooperative identity;
- an agile and entrepreneurial spirit;
- an opening to the world around;
- the vitality of its partnership ecosystem;
- its values of humanity and solidarity;
- its culture of innovation.

1.6 Solidarity relationships

The Crédit Mutuel group, within the meaning of Article 511-20 of the French Monetary and Financial Code (CMF), is governed by the latter, in particular Articles L.511-30 to L.511-32 of the CMF relating to central bodies and Articles L.512-55 to L.512-59 relating to Crédit Mutuel.

In accordance with these provisions, CNCM was entrusted with the representation of the Crédit Mutuel banks affiliated with the Crédit Mutuel network at the European Central Bank and the French authority for prudential control and resolution (ACPR), as well as the duty of ensuring the cohesion of this network and the application of the legislative and regulatory provisions specific to credit institutions, to exercise administrative, technical and financial control over the organisation and management of each bank and to take all necessary measures for the correct operation of the network, in order to guarantee its financial stability and the protection of depositors and members.

Within the framework of its public authority prerogatives, General Decision no. 1-2020 relating to solidarity was taken by the CNCM as well as General Decision no. 2-2020 concerning the implementation of measures in phases of proven financial difficulty or resolution."

1.6.1 Solidarity links within Crédit Mutuel Arkéa

The solidarity mechanism provided for within Crédit Mutuel Arkéa is an inter-federal mechanism based on Article R.511-3 of the French Monetary and Financial Code.

This text stipulates that the European Central Bank (ECB) may, on the proposal of the ACPR, for mutual and cooperative groups, issue a collective licence to a regional or federal bank for itself and for all the banks affiliated to it "providing that the liquidity and solvency of the local banks are guaranteed as a result of this affiliation".

Crédit Mutuel Arkéa benefits from this collective approval for itself and for all the local banks that are members of the Crédit Mutuel de Bretagne and Sud-Ouest federations, insofar as this membership guaranteed the liquidity and solvency of the local banks.

The solidarity mechanism is organised by the financial regulations contained in each of the general operating rules specific to the federations of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest, and the internal regulations of Crédit Mutuel Arkéa. It is binding only on the member local banks, these federations and Crédit Mutuel Arkéa. Furthermore, it does not create any obligations of the member local banks vis-à-vis third parties. In other words, Crédit Mutuel Arkéa members are not bound by any passive solidarity with third parties, and creditors of a local mutual member bank can only turn to that bank and not to any other or to Crédit Mutuel Arkéa in any other way.

This solidarity mechanism is essentially reflected in the constitution, at the level of each federation, of the federal fund that ensures the equalisation of the results of the local member banks, in accordance with General Decision no. 1-2020 of the Confédération nationale du Crédit Mutuel (CNCM).

The federal fund is fed by allocations from local funds and includes the federal solidarity fund and the federal reserve fund.

- The federal solidarity fund ensures the equalisation of the results of the local member banks by means of endowments and subsidies. Any local bank that has been in deficit for a period of three (3) consecutive years is subject to a special review. A recovery plan is set up with the departments of the federation concerned and Crédit Mutuel Arkéa. At the end of the recovery period set out in the plan, if the deficit is confirmed, the federation concerned, in consultation with Crédit Mutuel Arkéa, decides on the future of the local bank.
- The federal reserve fund may intervene in favour of local member banks whose net position is negative or whose results are negative, as well as in favour of those that have been victims of an exceptional disaster.

The federation decides each year on the level of endowment to this fund. The federal reserve fund is managed by the Federation. Requests for intervention submitted to it are examined by a Committee of administrators.

In addition to this federal fund, Crédit Mutuel Arkéa can also intervene directly in the form of advances, subsidies or loans granted to local member banks in difficulty.

In addition, Crédit Mutuel Arkéa provides support to its subsidiaries as part of the prudential supervision systems on a consolidated basis (Articles 7 and 8 of Regulation EU 575/2013 as amended, supplemented by ad hoc intra-group financial agreements concerning liquidity), the system provided for in the French Monetary and Financial Code (Article L.511-42 of the Code), as well as the additional supervision obligations described in the Order of 3 November 2014 on the additional supervision of financial conglomerates, as amended, and transposing European Directive 2002/87/EC as amended.

1.6.2 Solidarity links within Crédit Mutuel

Crédit Mutuel's solidarity system is designed to ensure the liquidity and solvency of all the institutions affiliated to Confédération Nationale du Crédit Mutuel (CNCM) at all times in order to prevent any default. It is based on a set of rules and mechanisms set up at regional group level and at confederal level.

As a reminder, the solidarity between CNCM affiliates is unlimited.

(i) Provisions applicable at the level of regional groups

The solidarity mechanism provided for within the Regional Federation concerned is a mechanism that is based on Article R.511-3 of the French Monetary and Financial Code, independently of the statutory provisions relating to the joint and several liability of members within the limit of the nominal value of the shares subscribed by the member.

Each federation must set up a solidarity system between the local banks within its territorial jurisdiction.

This system must enable a local bank to avoid a long-term deficit and/or to ensure the recovery of a deteriorated situation. It ensures the equalisation of the results of the member funds by means of a federal fund, through contributions, in the form of contributions or subsidies. The contribution obligation is imposed on all funds (including the federal or inter-federal fund), or only on funds with positive results, depending on the regulations of the federal fund concerned in force. The contributions, which ensure equalisation, and the subsidies must make it possible to cover the losses recorded in the financial year and any tax deficits carried forward. The equalisation subsidies must include the sums necessary to pay the remuneration of the shares. Subsidies paid by the Federal Fund are normally repayable.

Implementation of recovery measures at the level of "regional groups" within the meaning of the "GCIs". A system reviewed and updated annually enables the regional group to monitor a certain number of key indicators, included in the risk appetite framework adopted by the CNCM's Board of Directors, and to implement the corrective measures provided for in the recovery plan if the indicators are exceeded.

In the event of difficulty and under the control of the CNCM, a regional group may request assistance from another regional group, particularly in the implementation of the recovery plan.

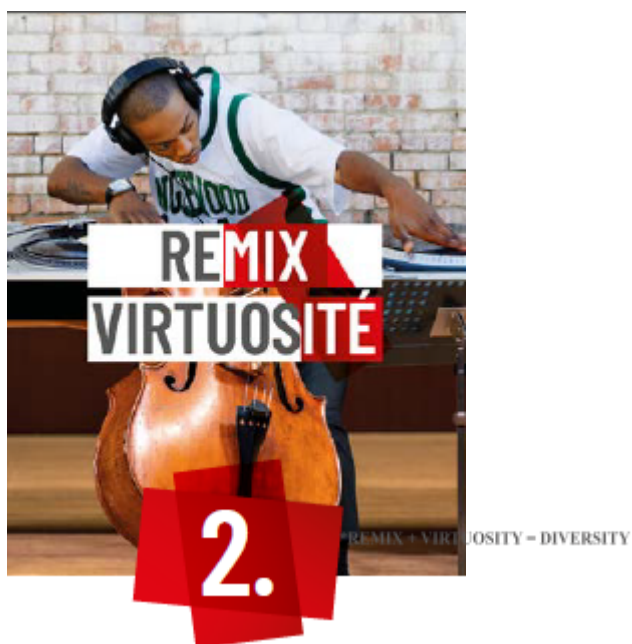
If no regional solidarity solution has been put in place or has not restored compliance with the key indicators within the timeframe set out in the recovery plan, or if objective elements allow for an early conclusion that the implementation of these solutions would prove insufficient, the national solidarity mechanism is implemented.

(ii) Provisions adopted at national level

Confédération Nationale du Crédit Mutuel is responsible, without limitation, for ensuring the cohesion of its network and the smooth operation of its affiliated institutions. To this

end, it must take all necessary measures, in particular to guarantee the liquidity and solvency of each of these institutions and of the network group (Article L.511-31 of the French Monetary and Financial Code).

According to the procedures laid down by the GCIs, the necessary interventions may be decided by the CNCM Board of Directors if it is found that the mechanisms existing at the level of the regional groups are insufficient to deal with any difficulties.



CORPORATE GOVERNANCE

2. Corporate governance

2.1 Board of Directors of Crédit Mutuel Arkéa

2.1.1 Operation of the supervisory bodies

Crédit Mutuel Arkéa's Board of Directors met in 2023 on 27 January, 7 and 27 February, 8 and 17 March, 7 April, 2 May, 2 and 19 June and 7 July.

On 11 May 2023, the General Meeting of Crédit Mutuel Arkéa, convened by the Chairman of the Board of Directors on 24 April 2023, was held on an ordinary and extraordinary basis at the Arkéa Arena in Bordeaux (postcode 33270).

The turnout was 91.6%.

At the General Meeting, the shareholders approved the annual financial statements and the means of appropriation of income, the amendment of the Articles of Association linked to the new methods for appointing directors representing employees and the appointment of GMBA Montiel Laborde as incumbent cooperative auditor.

On 7 July 2023, an Extraordinary Ordinary General Meeting, convened by the Chairman of the Board of Directors on 20 June 2023, was held in an essentially remote format from the Palais de la Bourse in Bordeaux (postcode 33000).

This General Meeting was exclusively devoted to the approval of the retention of Crédit Mutuel Arkéa and its federations within Crédit Mutuel and the discontinuation of the disaffiliation project initiated in April 2018.

The turnout was 97% and the resolution was approved unanimously.

2.1.2 Composition of the supervisory body

At the Group Works Council meeting of 8 February 2023:

- the term of office of the director representing the employees, Marie Vignal-Renault was renewed for a period of three years;
- Jean Le Nir was appointed director representing employees for a period of three years, in place of Jean-François Gourvenec, whose term of office was not renewed;

At the General Meeting held on 11 May 2023:

- the terms of office of Monique Huet and Valérie Barlois-Leroux as non-cooperative directors were renewed for a period of three years;
- the terms of office of the Crédit Mutuel de Bretagne federation directors, Valérie Blanchet-Lecoq, Thierry Bougeard, Philippe Chupin, Patrick Le Provost and Dominique Trubert were renewed for a period of three years;

- the shareholders took note of the resignation and the absence of renewal of the mandate of Marta Dias and the upcoming co-option of a new director;
- Frédéric Lemoine was appointed as a non-voting Board member for a period of three years.

On 7 July 2023, the Board of Directors co-opted Stéphane Cloarec to replace Marta Dias.

At 7 July 2023, the Board of Directors consisted of 20 directors. The Board of Directors is also assisted by two non-voting Board members.

The proportion of women on the Board was 45% (excluding non-voting members).

2.1.3 Organisation of the Board Committees

In consideration of the changes that have taken place, the Board of Directors has decided to reorganise the composition of its various committees.

At 7 July 2023, they therefore consisted of:

→ **Strategy and Corporate Social Responsibility Committee:**

Chairman: Julien Carmona

Members: Philippe Chupin, Sophie Langouet-Prigent, Patrick Le Provost, Erwan Meudec, Valérie Moreau

→ **Appointments and Governance Committee:**

Chairwoman: Sophie Violleau

Members: Thierry Bougeard, Monique Huet, Patrick Le Provost, Colette Sene

→ **Financial Statements Committee:**

Chairman: Thierry Bougeard

Members: Pascal Faugère, Anne-Gaëlle Le Bail, Jean Le Nir, Yves Mainguet, Dominique Trubert

→ **Risk and Internal Control Committee:**

Chairwoman: Valérie Blanchet-Lecoq

Members: Stéphane Cloarec, Monique Huet, Yves Mainguet, Luc Moal

→ **Compensation Committee:**

Chairman: Luc Moal

Members: Valérie Barlois-Leroux, Philippe Chupin, Marie Vignal-Renault, Colette Sene, Sophie Violleau

→ **Credit Review Committee:**

Chairwoman: Monique Huet

Members: Thierry Bougeard, Philippe Chupin, Anne-Gaëlle Le Bail

2.2 Compensation of corporate officers

2.2.1 Compensation policy for corporate officers for the year 2023

2.2.1.1 Employment contract and corporate office

Chairman of the Board of Directors of Crédit Mutuel Arkéa

The Chairman of the Board of Directors of Crédit Mutuel Arkéa does not have an employment contract.

Chief Executive Officer of Crédit Mutuel Arkéa

The employment contract of the Chief Executive Officer of Crédit Mutuel Arkéa has been suspended since 13 February 2020 for the duration of her term of office, to be automatically resumed at the end of her term.

Deputy Chief Executive Officer of Crédit Mutuel Arkéa

The employment contract of the Deputy Chief Executive Officer of Crédit Mutuel Arkéa, has been suspended since 13 February 2020 and for the duration of her term of office, to be automatically resumed at its end.

Deputy Chief Executive Officers of Crédit Mutuel Arkéa

The Associate Chief Executive Officers hold an employment contract.

The real nature of the contract is reflected in the subordination to the Chief Executive Officer and, in addition, the Deputy Chief Executive Officers are Executive Officers of Divisions and, as such, exercise full technical functions.



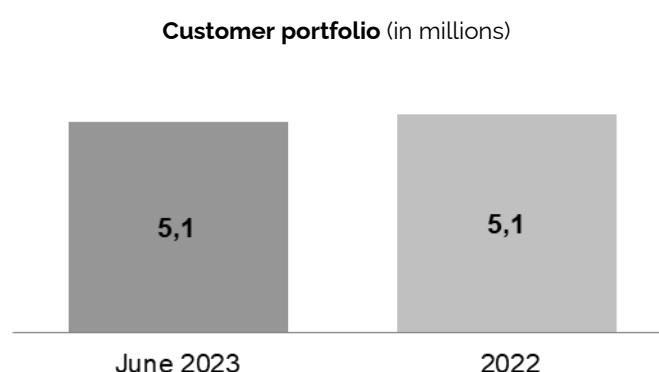
OVERALL PERFORMANCE

3. Overall performance

3.1 Activity

3.1.1 Customers

The customer portfolio fell by 0.8% over the first half of 2023, unfavourably impacted by the exit of nearly 132,000 customers following the cessation of Nouvelle Vague's activity. Restated for this impact, the increase in the customer portfolio would have been 1.8%, i.e. 91,000 additional customers brought in by online banking (+69,000 customers) and retail banking (+23,000 customers).



3.1.2 Loans

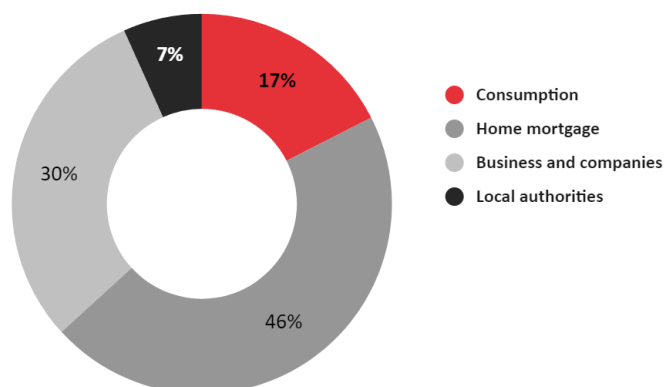
Outstanding loans¹ grew by 3.4% to reach €84.6 billion.

Loan production for the first half of 2023 reached €7.3 billion, down €2.5 billion compared to the first half of 2022.

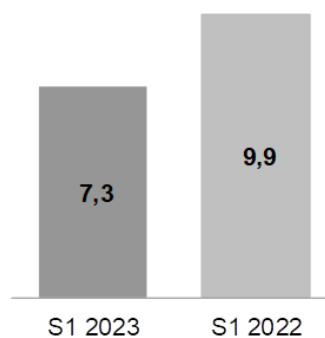
The decrease in production was driven by all loan families.

¹ Outstanding loans excluding related receivables and provisions.

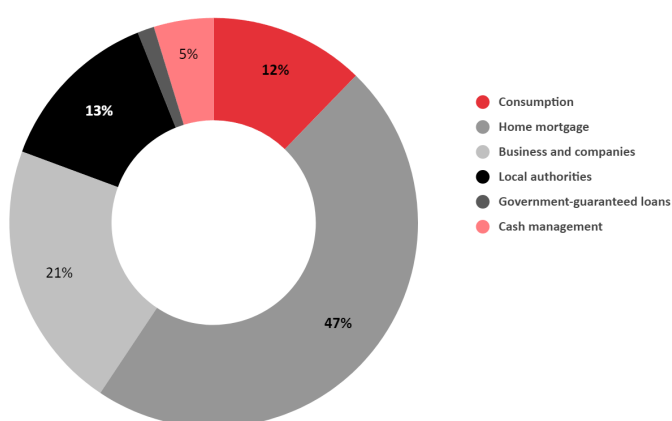
**Production of loans by
type of contract in H1-2023**



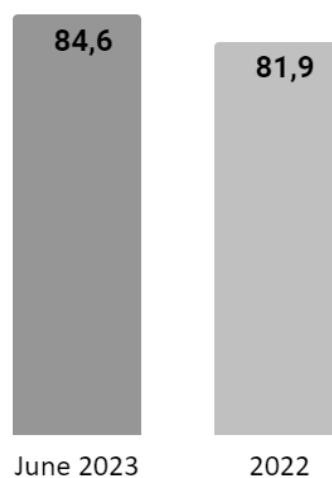
**Production of loans
(in € billions)**



**Outstanding loans by
type of contract at the end of June 2023**

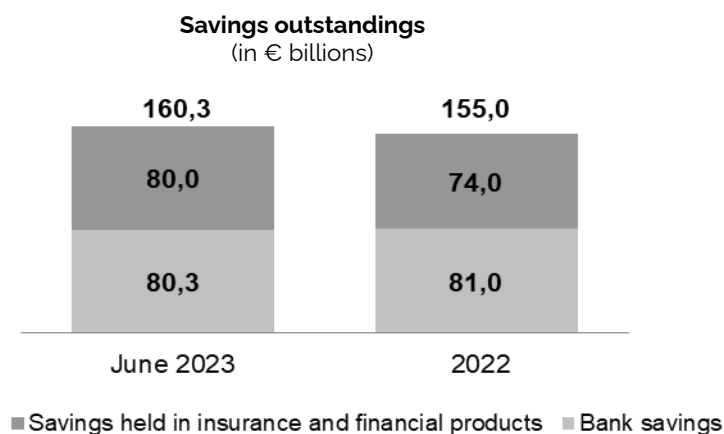


**Outstanding loans
(in € billions)**



3.1.3 Savings

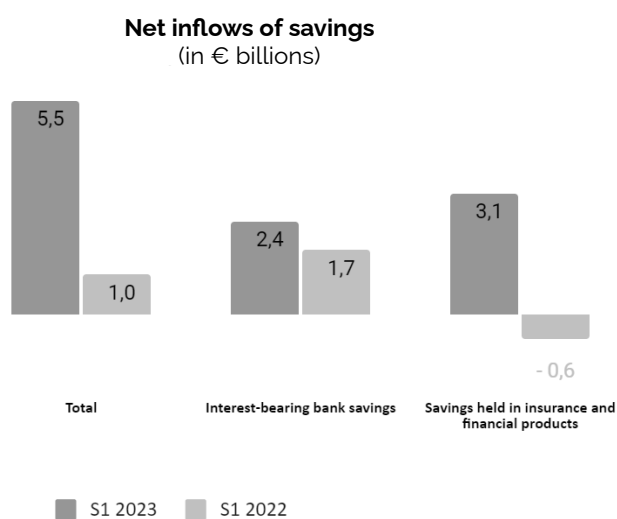
Total outstanding savings increased to €160.3 billion, up 3.4% compared to the end of 2022.



Net savings inflows in the first half of 2023 reached €5.5 billion, up 4.5% compared to the first half of 2022.

The highlights are:

- net inflows in interest-bearing bank savings of €2.4 billion, up by €0.7 billion compared to 2022;
- net inflows into insurance savings plans of €0.3 billion, down by €0.7 billion;
- net inflows in financial savings up by €4.4 billion to €2.8 billion (outflows in the first half of 2022).



In addition, outstanding current accounts in credit decreased by €3.1 billion to €19.9 billion.

3.1.4 Shares

Outstanding shares were up 4.9% to €2.9 billion.

3.1.5 Business-to-business (BtoB) services

Assets under custody were down by 21.7% to €55.7 billion compared to the end of 2022.

The group processed a volume of 5.3 million stock market orders, a decrease of 15.5% compared to the first half of 2022, following three very dynamic years in terms of order volumes processed.

The BtoB customer portfolio (managed by ProCapital Securities Services, Monext, Nextalk, Arkéa Banking Services) was up by 1.1% year-on-year, reaching 1,919 customers.

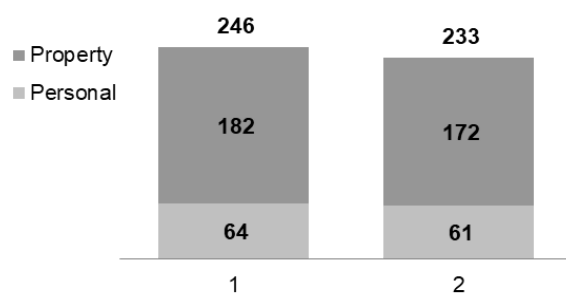
3.1.6 Non-life insurance

Non-life insurance policies are distributed through the group's own networks and through networks outside Crédit Mutuel Arkéa group.

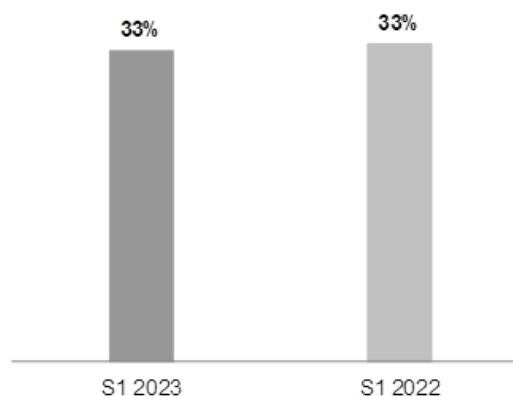
Premiums earned in the portfolio increased by 5.2% compared to the first half of 2022, reaching €246 million. In the first half of 2023, 33% of these contributions were made by external networks.

New business premiums decreased by 8.4% compared to the first half of 2022, reaching €30 million. 48% of these contributions were made by external networks.

Premiums earned on the portfolio
(in € millions)



Weight of external networks
in earned premiums in the portfolio



3.2 Financial results

Since 1 January 2023, the group has applied IFRS 17 "Insurance contracts" and IFRS 9 "Financial instruments" with retrospective effect for its insurance activities.

In the first half of 2022, the Crédit Mutuel Arkéa group reported net income attributable to equity holders of the parent of €203 million, down by 53.6% compared to the first half of 2022, which was particularly high. The operating ratio² increased by 14.4 points to 71.4%.

3.2.1 Revenues³

(in € millions)	H1 2023	H1 2022	Change H1 2023/H1 2022	
			Abs.	%
Revenues	1,120	1,328	(208)	-15.7%
Operating expenses	(800)	(756)	(43)	5.7%
Gross operating income	320	572	(251)	-43.9%
Cost of risk	(54)	(49)	(5)	11.2%
Pre-tax income	267	536	(269)	-50.2%
Income tax	(63)	(99)	36	-36.2%
Net income attributable to equity holders of the parent	203	437	(234)	-53.6%
Operating ratio	71.4%	57%	14.4 pts	

² Operating expense ratio (general operating expenses plus depreciation, amortisation and impairment of intangible assets and property, plant and equipment) to revenue.

³ Revenues correspond to Net Banking Income (NBI) including gains or losses on disposals – dilution of companies accounted for by the equity method.

Revenues were down by 15.7% compared to the first half of 2022, to €1,120 million, a decrease of €208 million.

The analysis of revenues (NBII) is based on the sectoral breakdown presented in the financial statements.

3.2.1.1 Banking sector

The banking sector comprises retail banking for individual customers (Crédit Mutuel's local banks, Arkéa Direct Bank including Fortuneo and Keytrade, and Financo, CFCAL, Nouvelle Vague and Pumpkin), corporate banking (Arkéa Banque Entreprises et Institutionnels, Arkéa Crédit Bail, Arkéa Capital Investissement, Partenaire and Manager) and subsidiaries involved in Business Process Outsourcing (BPO) (Monext, Nextalk, Arkéa Banking Services, ProCapital Securities Services and Izimmo).

Banking sector revenues decreased by €222 million compared to the first half of 2022, reaching €836 million.

On a like-for-like basis⁴, revenues decreased by €204 million to €836 million:

- the financial margin decreased by €217 million to €412 million. This decrease is mainly due to the interest margin impacted by the changes in the TLTRO conditions decided at the end of 2022 by the European Central Bank and by lower revaluations of the shares at FVR:
 - the adjustment of the TLTRO conditions accounted for a drop of €77 million,
 - after a record year in 2022, the group recorded a decrease in the revaluation of investments in the first half of 2023, in particular the private equity activity for €134 million, in total;
- net commissions received decreased by €7 million, or 2.4%, to €275 million, driven by the slowdown in lending activity;
- other operating income and expenses increased by €16 million, or 16.8%, to €113 million in line with a sustained level of growth in the BPO business line;
- net income from insurance activities increased by €3 million to €36 million.

3.2.1.2 Insurance and asset management sector

The insurance and asset management sector includes life insurance (Suravenir), non-life insurance (Suravenir Assurances), brokerage (Novélia) and asset management companies (Federal Finance, Schelcher Prince Gestion, Arkéa Real Estate, Arkéa REIM and Arkéa Capital Gestion).

Revenues from the insurance and asset management segment increased by €14 million compared to the first half of 2022 to reach €284 million, driven by the growth in insurance savings outstandings.

⁴ Excluding changes in scope in 2022 (disposals of Keytrade Luxembourg, Budget Insight and Leetchi/Mangopay; Pumpkin and Nouvelle Vague restructurings).

3.2.2 Operating expenses

Operating expenses amounted to €800 million, up by €43 million, or 5.7%.

On a like-for-like basis⁵, operating expenses increased by €75 million to €797 million:

- Payroll costs increased by €48 million to €410 million, driven by salary reviews and growth in the group's headcount.
- Other expenses were up by €17 million to €294 million, due to the effect of price increases (inflation, energy costs) on expenses to support the group's development.
- Depreciation, amortisation, impairment and provisions increased by €7 million to €75 million.

3.2.3 Cost of risk

The cost of risk grew by €5 million to €54 million:

- Provisions for performing loans decreased by €25 million to €7 million in the first half of 2023.
- The cost of risk on non-performing and litigious customer loans increased by €30 million to €47 million.

The annualised cost of risk represented 0.13% of outstandings on the balance sheet of customer commitments.

Portfolio credit risk quality

Non-performing and litigious loans, including interest, increased by 5.2% to €1,559 million at the end of December 2022.

The rate of non-performing and litigious loans, including interest, on total outstandings was up, reaching 1.9%.

Provisioning

The provision rate for non-performing and litigious loans (principal and interest) decreased by 0.8 points to 46.2%, mainly impacted by the downgrading of loans guaranteed by the State (with a reduced provisioning rate given the guarantee of the State).

3.2.4 Return on assets

The return on assets, corresponding to the net accounting profit/(loss) in relation to the total assets on a consolidated basis, stood at 0.22% in the first half of 2023.

3.2.5 Regulatory capital and ratios

⁵ Excluding changes in scope in 2022 (disposals of Keytrade Luxembourg, Budget Insight and Leetchi/Mangopay; Pumpkin and Nouvelle Vague restructurings).

3.2.5.1 Internal capital adequacy assessment process

Crédit Mutuel Arkéa group is subject to the prudential regulations applicable to credit institutions, insurance companies and financial conglomerates:

- the regulations applicable to credit institutions result from the transposition into French law of the Capital Requirement Directive 4 (CRD 4) and the Capital Requirement Regulation (CRR), these texts corresponding to the roll-out of the so-called Basel III proposals. The regulations are supplemented by the transposition into French law of the Banking Recovery and Resolution Directive (BRRD). Following the implementation of Basel III, several texts published in 2019 and making up what is called the "banking package" have supplemented or amended the regulations in force. These new CRR 2, CRD 5 and BRRD 2 texts came into force gradually from 2019 to June 2021;
- since 2016, the regulations applicable to insurance companies have been derived from the transposition of the Solvency 2/Omnibus 2 directives into French law;
- the regulations applicable to financial conglomerates result from the transposition of the Financial Conglomerates Directive into French laws. The purpose of this regulation is to ensure that all of the conglomerate's risks (aggregating banking and insurance activities) are covered by the group's consolidated shareholders' equity.

The solvency ratios for banks and financial conglomerates are calculated in accordance with the standards in force at the closing date by Crédit Mutuel Arkéa's Accounting Department, based on the level of weighted risk calculated by the Risk Department.

The European Central Bank (ECB) notified Crédit Mutuel Arkéa of a Pillar 2 (P2R – Pillar 2 mandatory) requirement of 2.75% applicable for the year 2023, which was unchanged from 2022. This requirement is to be constituted in the form of at least 56.25% of CET1 capital and 75% of Tier 1 capital.

Throughout the first half of 2023 Crédit Mutuel Arkéa met its minimum ratio requirements. Each quarter, the ratios are calculated on the basis of the accounts closing and then compared with the minimum requirements set by the supervisor for each ratio.

Insurance solvency ratios are calculated and monitored by the group's insurance companies.

Crédit Mutuel Arkéa's ALM Management Department monitors all these ratios and steers the consolidated solvency ratios of the banking business and the financial conglomerate.

On the basis of regulatory statements, assumptions about the development of the group's business and appropriate capital requirement forecasts, the Balance Sheet Management Department makes projections of ratios over the coming years (minimum 3 years). These projections are presented regularly to Executive Management, notably at meetings of the Capital Management and ALM Committee, and are supplemented with crisis scenarios. The objective is to anticipate the group's capital requirements and propose optimisation measures to ensure long-term compliance with internal and regulatory requirements.

3.2.5.2 Solvency ratios

3.2.5.2.1 Regulatory capital

Common Equity Tier 1 (CET1) capital amounted to €8.3 billion and represented 80% of total regulatory capital. This increased by €0.8 billion over the first half of 2023, mainly due to the entry into application of IFRS 17 and IFRS 9 for insurance entities on 1 January 2023, the integration of non-consolidated income not distributed during the financial year and the net inflows of shares on the new B shares achieved during the year.

Tier 2 capital decreased by less than €0.1 billion in 2022 due to the gradual downgrading of subordinated debt as an equity instrument and in the absence of any issues during the period.

Regulatory capital reached €10 billion at 30 June 2023.

(in € millions)	30.06.2023	31.12.2022
Tier 1 capital net of deductions	8,342	7,508
of which Common Equity Tier 1 (CET 1)	8,342	7,508
Tier 2 capital, net of deductions	1,614	1,657
Total capital for the calculation of the solvency ratio	9,956	9,164

3.2.5.2.2 Risk-weighted assets

Risk-Weighted Assets (RWA) are calculated on the basis of on- and off-balance sheet exposures. They are calculated and broken down by type of risk and are used in the calculation of solvency ratios.

At end June 2023, risk-weighted assets amounted to €48.5 billion, up by €4 billion. This change is mainly due to the increase in outstanding loans and the change in certain risk calculation parameters as well as the entry into force of IFRS 17 and IFRS 9 for insurance entities, resulting in the taking into account of a bank CSM in the calculation of credit RWAs and an increase in the value of equity-accounted entities. 94% of risk-weighted assets were composed of credit risk.

(in € millions)	30.06.2023	31.12.2022
Credit risk	45,366	41,673
Market risk and CVA (standardised approach)	66	72
Operational risk (almost exclusively advanced measurement approach)	3,042	2,800
Total risk-weighted assets	48,474	44,545

3.2.5.2.3 Solvency ratios

The CET1 ratio stood at 17.2% at 30 June 2023 compared to 16.9% at the end of 2022. The 0.35 point increase in the ratio is explained by the increase in CET1 equity, which is proportionally higher than that of risk-weighted assets.

It should be noted that the impact of the application of IFRS 17 and IFRS 9 at 1 January 2023 for entities in the insurance sector had a favourable impact of 40 bps on the CET1 ratio at the time of first application.

The overall solvency ratio was relatively stable at 20.5% at 30 June 2023; the increase in CET1 being partly offset by the decrease in Q2 capital over the half-year.

	30.06.2023	31.12.2022
CET 1 ratio	17.2%	16.9%
Tier 1 ratio	17.2%	16.9%
Overall ratio	20.5%	20.6%

3.2.5.3 Other solvency ratios monitored

3.2.5.3.1 Leverage ratio

The Basel III texts defined a ratio aimed at capping the leverage effect. The leverage ratio is intended both to calibrate the amount of Tier 1 capital (numerator of the ratio) and to control the group's leverage exposure (denominator of the ratio) in order to achieve the ratio level targets set by the group.

At 30 June 2023, the leverage ratio was 6.8%, compared with 5.9% at 31 December 2022; this increase is mainly due to the repayment of the TLTRO in the first half of 2023.

3.2.5.3.2 Ratio from the Banking Recovery and Resolution Directive

The Banking Recovery and Resolution Directive published in May 2014 establishes a European framework for the recovery and resolution of credit institutions. The aim is to reduce the impact of a bank failure on the financial system and avoid burdening the taxpayer.

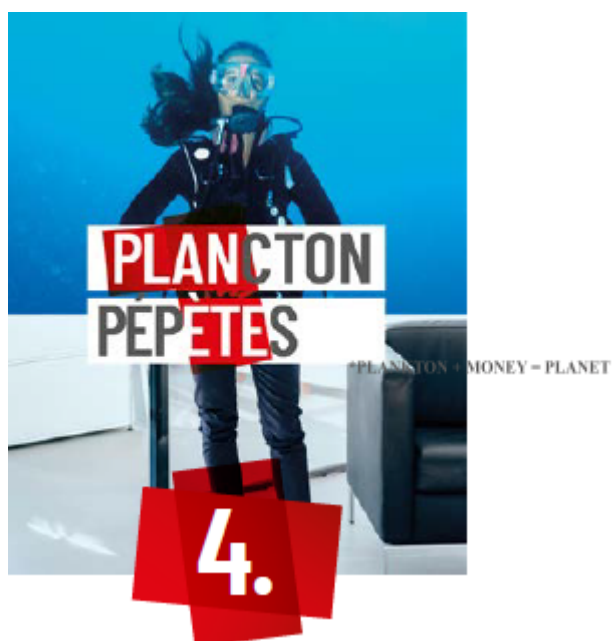
It provides for the introduction of the Minimum Requirement for own funds and Eligible Liabilities (MREL) ratio, which is the ratio of equity and other eligible liabilities to the institution's total liabilities and equity, after certain prudential adjustments (⁶TLOF) or expressed in risk-weighted assets (RWA). Regulatory capital equity, subordinated securities, non-preferred senior debt and certain preferred senior debt with a residual maturity of more than one year are eligible for the numerator of the MREL ratios.

The Confédération Nationale du Crédit Mutuel (CNCM) obtained from the Single Resolution Board (SRB) a cooperative waiver allowing a single external MREL requirement at the level of the entry point into resolution extended beyond the central

⁶ Total Liabilities Own Funds, equivalent to the prudential balance sheet after netting of derivatives.

institution to all its affiliates. The consequence is the exemption from internal MREL of all affiliates of the central institution. As a result, the SRB has not notified the Crédit Mutuel Arkéa group of a minimum regulatory capital requirement and eligible liabilities (MREL ratio).

Despite the absence of monitoring on an individual basis, the Crédit Mutuel Arkéa group monitors an overall MREL indicator as well as a subordinated MREL indicator in addition to the risk appetite framework (excluding senior preferential debt from the numerator). At the end of 2022, the Crédit Mutuel Arkéa group complied with the thresholds set in its appetite framework.



RISKS

4. Risks

The risk factors have not changed significantly compared to the situation described in the 2022 Universal Registration Document, apart from the risks outlined below.

4.1 Risk Factors

4.1.1 Strategic, business and ecosystem risks

4.1.1.1 Macroeconomic risk

In the first half of 2023, global growth slowed less sharply than expected, but the risks remain numerous. Despite good surprises in global activity, the risk of recession is still high and inflation continues to be a factor.

The first half of the year was marked by a banking crisis in the United States and Switzerland, notably with the bankruptcy of Silicon Valley Bank and Crédit Suisse. Without direct exposure to these counterparties and with very limited and insignificant indirect exposures, Crédit Mutuel Arkéa quickly implemented a strengthened monitoring system to monitor the development and impacts of this banking crisis.

Within the Euro zone, the business climate is improving but the outlook remains uncertain. Growth in the Euro zone in the fourth quarter of 2022 was weak and based on fragile foundations. The peak of inflation seems to have been reached.

The ECB is continuing its monetary tightening, after the historic movement of 2022. This interest rate hike weighs on credit conditions. European long-term rates are expected to stabilise at high levels.

According to the Banque de France, French growth should remain positive in 2023. Inflation is expected to remain high in 2023, at 5.7% on average for the consumer price index.

4.1.1.2 Strategic risks

4.1.1.2.1 Risks relating to Crédit Mutuel Arkéa's affiliation to Crédit Mutuel

On 2 May 2023, the Boards of Directors of Crédit Mutuel Arkéa and the Crédit Mutuel de Bretagne and Sud-Ouest federations unanimously adopted a political memorandum of understanding for a united and plural Crédit Mutuel, the stages and content of which are detailed in 1.4 "Crédit Mutuel Arkéa in a few dates".

This agreement consolidates a mode of operation that preserves the originality and strength of Crédit Mutuel's cooperative and mutualist model, based on unity, solidarity

and subsidiarity, respectful of both the prudential powers of the central institution and the autonomy of federations and regional groups.

The purpose of the adoption of this memorandum of understanding is to mitigate the affiliation risk.

However, it is recalled that at this stage, uncertainties exist concerning the operational implementation of the MOU:

- uncertainty as to the proper application of the MOU by all parties;
- uncertainty over the timetable for transposing the MOU, consisting of the adaptation of Crédit Mutuel's inherent documentation such as general operating frameworks and General Decisions;
- uncertainty as to the common interpretation of the entire body of documents (Articles of Association, memorandum of understanding on General Decisions, general operating frameworks specifying in particular governance and comitology, etc.).

All of the uncertainties set out above constitute an affiliation risk for Crédit Mutuel Arkéa. This risk could be qualified as low. It could lead to possible interference and interference by other members of Crédit Mutuel in its strategy, which would complicate, delay or even prevent the proper implementation of Crédit Mutuel Arkéa's strategic guidelines.

4.1.2 Credit risk

4.1.2.1 Provisions for credit risk

With regard to the financial health of companies, the risk of increasing corporate defaults is high.

The focus remains on certain macroeconomic sectors:

- power-intensive sectors (heavy industry, consumers of processed raw materials for example);
- commercial real estate sectors;
- agri-food sectors;
- agricultural sectors;
- clothing sectors.

On this basis, and in the context of the work currently under way to revise the methodology for calculating expected losses, a prudent portfolio provisioning mechanism is being maintained:

the credit risk identification models and processes that make up the internal rating system (IRS) remain efficient in the context of the conflict in Ukraine, the general rise in prices and the rapid rise in interest rates. The early warning system in place makes it possible to anticipate and detect warning signs of customer fragility.

The weighting of the pessimistic scenario, revised for the 2022 financial year to 80%, is maintained in order to take into account the risk of the diffuse nature of the expected economic crisis. The weightings of the neutral (19%) and favourable (1%) scenarios had not changed at 30 June 2023. Sensitivity approaches are regularly carried out, taking into account the impact of a weighting of 100% of the pessimistic or neutral scenario on changes in the buckets of performing loans, as well as all the sectoral adjustments described below. In this respect, it appears that a weighting of 100% of the pessimistic scenario would lead to an additional provision for the cost of risk of €83 million. The scale of this allocation is justified by the severity of the assumptions used when defining the pessimistic scenario. On the other hand, a 100% weighting of the pessimistic scenario would entail a €284 million reversal of provisions, which demonstrates the cautious nature of the assumptions of weighting scenarios used by the Crédit Mutuel Arkéa group.

The sectoral provision, intended to cover the fragility of the sectors affected by the coming crisis, was adjusted to €15 million at 30 June 2023. This new provision affects expected losses but does not impact the breakdown of outstandings by bucket.

This sector provision supplements the agricultural sector provision, which was maintained at €20 million as at 30 June 2023.

The structure of performing loans remained stable over the period with a slight decline in outstandings in Bucket 2 and a provisioning rate that remained stable despite the increase in the cost of risk relating to customers holding State guaranteed loans for which a deterioration in the situation and a downward trend in ratings are being seen.

Outstanding loans subject to provisions for expected losses for credit risk (in € millions)	30.06.2023	31.12.2022
12-month expected losses – Bucket 1	99,726	95,427
Lifetime expected loss – Bucket 2	4,759	4,711
Impaired assets – Bucket 3 and POCI	1,559	1,482
Total	106,044	101,620

Outstanding Non-Performing Loans (NPL) increased by 5% over the financial year and amounted to €1,559 million at 30 June 2023. This change is driven by the entry of new potentially non-performing projects in the professional market and in particular in the catering and food industry sectors.

The cost of risk amounted to €54 million at 30 June 2023. It stood at 6 basis points of outstanding customer loans. It is at a level equivalent to that observed pre-crisis in June 2019 and stable compared to last year. The breakdown of the cost of risk is nevertheless

diametrically opposed to that of the previous year with a scissor effect on the change in the cost of risk on performing loans (Buckets 1 and 2) and that on defaulted loans.

Thus, the cost of risk on defaulted loans reached €47 million at 30 June 2023, an increase of €30 million compared to 30 June 2022 and is explained both by an increase in provisions on loans already declassified previously and by new projects.

4.2 Risks specific to the insurance business

The entry into force of IFRS 17 & 9 for the insurance sector took place on 1 January 2023. This does not change the risk factors but introduces new sensitivity factors for results (sharp reduction in the sensitivity to the valuation of assets at fair value, new sensitivity to the model and assumptions). The income statement and balance sheet of the CM Arkéa group are detailed in section 5.



CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

5. Consolidated financial statements for the year ended June 30, 2023

Non audited consolidated financial statements

Balance sheet

(in € thousands)

06.30.2023 12.31.2022 01.01.2022

Assets	Notes		Restated IFRS17/IFRS 9	Restated IFRS17/IFRS 9
Cash, due from central banks	1	13,887,438	23,453,717	15,835,673
Financial assets at fair value through profit or loss	2	2,025,846	2,175,331	1,515,229
Derivatives used for hedging purposes	3	5,021,700	5,365,023	941,733
Financial assets at fair value through equity	4	8,333,699	7,322,719	9,438,286
Securities at amortized cost	5	591,347	569,489	632,290
Loans and receivables - credit institutions, at amortized cost	1	12,638,044	12,044,954	15,207,862
Loans and receivables - customers, at amortized cost	6	83,953,996	81,178,096	73,250,954
Remeasurement adjustment on interest-rate risk hedged portfolios		(4,242,252)	(4,501,996)	621,698
Placement of insurance activities	7	59,080,534	56,746,975	58,551,310
Assets on insurance contracts	13	0	0	233,775
Assets on reinsurance contracts held	13	151,248	148,112	120,854
Current tax assets		187,642	173,677	128,905
Deferred tax assets		177,274	179,895	238,104
Accruals, prepayments and sundry assets		866,235	1,085,658	984,554
Non-current assets held for sale		3,430	0	80,813
Investments in associates		218,871	218,139	176,345
Investment property		137,905	130,209	125,897
Property, plant and equipment		339,482	338,789	328,741
Intangible assets		577,168	538,561	530,408
Goodwill	8	484,610	484,610	566,533
TOTAL ASSETS		184,434,217	187,651,958	179,509,964

06.30.2023 12.31.2022 01.01.2022

Liabilities	Notes		Restated IFRS17/IFRS 9	Restated IFRS17/IFRS 9
Due to central banks	9	0	0	0
Financial liabilities at fair value through profit or loss	10	2,675,588	2,373,851	1,685,956
Derivatives used for hedging purposes	3	4,141,613	4,525,378	956,291
Debt securities	11	23,180,880	19,843,532	16,438,840
Due to banks	9	7,328,213	15,671,150	15,160,339
Liabilities to customers	12	80,952,821	81,064,164	74,571,114
Remeasurement adjustment on interest-rate risk hedged portfolios		(1,903,893)	(2,011,826)	442,030
Current tax liabilities		42,826	74,902	87,593
Deferred tax liabilities		274,622	253,222	298,356
Accruals, deferred income and sundry liabilities		4,532,448	4,512,523	4,821,915
Liabilities associated with non-current assets held for sale		4,686	0	345,128
Liabilities on insurance contracts	13	51,233,620	49,630,174	53,394,261
Liabilities on reinsurance contracts held	13	0	0	529
Provisions	14	257,305	289,050	347,472
Subordinated debt		2,171,623	2,182,421	2,473,769
Total equity		9,541,867	9,243,419	8,486,374
Shareholders' equity, group share		9,533,875	9,236,190	8,480,441
Share capital and additional paid-in capital		2,858,517	2,725,133	2,548,829
Consolidated reserves		6,511,306	5,904,705	5,377,853
Gains and losses recognized directly in equity		(38,552)	(56,879)	(19,965)
Net income for the year		202,604	663,231	573,723
Non-controlling interests		7,992	7,229	5,933
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		184,434,219	187,651,959	179,509,966

Consolidated financial statements for the year ended June 30, 2023

Income statement

(in € thousands)

		06.30.2023	06.30.2022
Income statement	Notes		Restated IFRS17/IFRS9
Interest and similar income (1)	29	1,997,701	932,582
Interest and similar expense (1)	29	(1,656,751)	(529,551)
Commission income	30	366,326	365,623
Commission expense	30	(91,774)	(101,292)
Net gain (loss) on financial instruments at fair value through profit or loss	31	65,818	211,504
Net gain (loss) on financial instruments at fair value through equity	32	14,708	18,048
Net gain (loss) on derecognition of financial instruments at amortized cost	33	0	3,642
Net income from insurance activities	34	303,953	287,633
Income from other activities	35	156,760	173,365
Expense from other activities	35	(36,693)	(33,525)
NET BANKING INCOME		1,120,048	1,328,029
Gains (losses) on disposal - dilution in investments in associates	36	(37)	
NET BANKING INCOME including gains (losses) on disposal - dilution in investments in associates		1,120,011	1,328,029
General operating expenses	37	(724,798)	(686,030)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	38	(74,714)	(70,359)
GROSS OPERATING INCOME		320,499	571,640
Cost of credit risk	39	(54,447)	(48,967)
OPERATING INCOME		266,052	522,673
Share in net income of equity-accounted associates and joint ventures	11	1,117	3,030
Gains (losses) on other assets	40	(506)	9,938
Changes in goodwill		0	0
PRE-TAX INCOME		266,663	535,641
Income tax	41	(63,285)	(99,145)
NET INCOME		203,378	436,496
O/w non-controlling interests		774	(8)
NET INCOME - GROUP SHARE		202,604	436,504

(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 17.

Relative to the information published on 30 June 2022, €20 million was reclassified from “Fees and commissions” to “Net gains (losses) on financial instruments at FVPL”.

06.30.2023

06.30.2022

Statement of net income and gains and losses recognized directly in equity	Notes		Restated IFRS17/IFRS9
Net income		203,378	436,496
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		11,618	(59,029)
Revaluation of derivatives used to hedge recyclable items (net of taxes)		0	0
Remeasurement of financial assets at fair value through recyclable equity of the insurance business		0	0
Remeasurement of insurance and reinsurance contracts in recyclable equity		14,111	(31,814)
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		(298)	360
Items to be recycled to profit or loss		25,431	(90,483)
Actuarial gains (losses) on defined benefit plans (net of taxes)		255	17,844
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		(4,033)	28,329
Revaluation of equity instruments at fair value through equity (net of taxes) (1)		2,421	(41,345)
Remeasurement of equity instruments recognised at fair value through equity of the insurance business		(5,710)	(14,170)
Impacts of the remeasurement of insurance contracts using the VFA - non-recyclable		0	0
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		0	(12,559)
Items not to be recycled to profit or loss		(7,067)	(21,901)
Total gains and losses recognized directly in equity		18,364	(112,384)
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		221,742	324,112
of which group share		220,931	324,127
of which non-controlling interests		811	(15)

(1) of which the impact of the transfer to reserves of non-recyclable items for €(2k).

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, 2022	2,548,829	5,152,785	131,547	573,723	8,406,884	5,924	8,412,808
FTA adjustment IFRS 17 (net impact)	0	209,444	(7,091)	0	202,353	9	202,362
FTA adjustment IFRS 9 (net impact)	0	15,625	(144,421)	0	(128,796)	0	(128,796)
Position at January 1, 2022 restated IFRS 17 / IFRS 9	2,548,829	5,377,354	(19,965)	573,723	8,480,441	5,933	8,486,374
Capital increase	123,614	0	0	0	123,614	0	123,614
Cancellation of treasury shares	0	0	0	0	0	0	0
Issuance of preferred shares	0	0	0	0	-	0	0
Equity components of hybrid instruments	0	0	0	0	-	0	0
Equity components whose payment is share-based	0	0	0	0	-	0	0
Allocation of the previous year income	0	573,723	0	(573,723)	-	0	0
Dividend paid in 2022 in respect of 2021	0	(36,501)	0	0	(36,501)	(8)	(36,509)
Change in equity interests in subsidiaries with no loss of control	0	0	0	0	0	0	0
Subtotal of changes involving transactions with shareholders	2,672,443	5,915,976	(19,965)	0	8,567,554	5,925	8,573,479
Changes in gains and losses recognized directly in equity	0	518	(111,635)	0	(111,117)	(7)	(111,124)
2022 net income	0	0	0	436,504	436,504	(8)	436,496
Subtotal	2,672,443	5,915,994	(131,600)	436,504	8,892,941	5,910	8,898,851
Impact of acquisitions and disposals on non-controlling interests	0	(11)	0	0	(11)	11	0
Share of changes in shareholders' equity from investments in associates and joint ventures	0	(1)	0	0	(1)	0	(1)
Change in accounting methods	0	0	0	0	35,390	0	35,390
Other changes	0	4,472	0	0	4,472	(26)	4,446
Position at June 30, 2022	2,672,443	5,920,054	(131,600)	436,504	8,932,791	5,895	8,938,686
Capital increase	52,690	0	0	0	52,690	0	52,690
Cancellation of treasury shares	0	0	0	0	0	0	0
Issuance of preferred shares	0	0	0	0	0	0	0
Equity components of hybrid instruments	0	0	0	0	0	0	0
Equity components whose payment is share-based	0	0	0	0	0	0	0
Allocation of the previous year income	0	0	0	0	0	0	0
Dividend paid in 2022 in respect of 2021	0	0	0	0	0	0	0
Change in equity interests in subsidiaries with no loss of control	0	297	0	0	297	0	297
Subtotal of changes involving transactions with shareholders	2,725,133	5,920,351	(131,600)	436,504	8,985,778	5,895	8,991,673
Changes in gains and losses recognized directly in equity	0	(164)	62,987	0	62,823	467	63,290
2022 second semester net income	0	0	0	226,727	226,727	705	227,432
Subtotal	2,725,133	5,920,187	(68,613)	663,231	9,275,328	7,067	9,282,395
Impact of acquisitions and disposals on non-controlling interests	0	(11,723)	11,734	0	11	162	173
Share of changes in shareholders' equity from investments in associates and joint ventures	0	(241)	0	0	(241)	0	(241)
Change in accounting methods	0	0	0	0	0	0	0
Other changes	0	(3,518)	0	0	(3,518)	(25)	(3,543)
Position at December 31, 2022	2,725,133	5,904,705	(56,879)	663,231	9,271,580	7,204	9,278,784
Capital increase	133,384	0	0	0	133,384	0	133,384
Cancellation of treasury shares	0	0	0	0	-	0	0
Allocation of the previous year income	0	663,231	0	(663,231)	-	0	0
Dividend paid in 2023 in respect of 2022	0	(60,249)	0	0	(60,249)	(1)	(60,250)
Change in equity interests in subsidiaries with no loss of control	0	6	0	0	6	(6)	0
Subtotal of changes involving transactions with shareholders	2,858,517	6,507,693	(56,879)	0	9,344,721	7,197	9,351,918
Changes in gains and losses recognized directly in equity	0	(136)	18,327	0	18,191	37	18,228
2023 first semester net income	0	0	0	202,604	202,604	774	203,378
Subtotal	2,858,517	6,507,557	(38,552)	202,604	9,565,516	8,008	9,573,524
Impact of acquisitions and disposals on non-controlling interests	0	0	0	0	0	0	0
Share of changes in shareholders' equity from investments in associates and joint ventures	0	0	0	0	0	0	0
Change in accounting methods	0	0	0	0	0	0	0
Other changes	0	3,749	0	0	3,749	(41)	3,708
Position at June 30, 2023	2,858,517	6,511,306	(38,552)	202,604	9,569,265	7,967	9,577,232

Net cash flow statement

(in € thousands)

	06.30.2023	06.30.2022
		Restated IFRS17 / IFRS9
Cash flows from operating activities		
Net income	203,378	436,496
Tax	63,285	99,145
Pre-tax income	266,663	535,641
Depreciation and amortization of property, plant and equipment and intangible assets	78,717	72,600
Impairment of goodwill and other non-current assets	(980)	(618)
Net additions to depreciations	(810)	(35,264)
Share of income (loss) from investments in associates	(1,117)	(4,625)
Net loss (gain) from investing activities	(11,216)	(768)
(Income)/expense from financing activities	0	0
Other changes	829,844	(4,425,295)
Total non-cash items included in net income and other adjustments	894,438	(4,393,970)
Interbank transactions	(8,865,221)	(467,064)
Transactions with customers	(2,738,743)	(3,122,464)
Transactions involving other financial assets/liabilities	(1,717,802)	2,093,744
Transactions involving other non-financial assets/liabilities	359,883	1,213,332
Dividends from investments in associates	2,864	
Taxes paid	(89,301)	(91,911)
Net decrease/(increase) in operating assets and liabilities	(13,048,320)	(374,363)
NET CASH FLOW FROM OPERATING ACTIVITIES	(11,887,219)	(4,232,692)
Cash flows from investing activities		
Financial assets and investments	(37,932)	(29,181)
Investment property	1,941	15,698
Property, plant and equipment and intangible assets	(116,167)	(77,062)
Other	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	(152,158)	(90,545)
Cash flows from financing activities		
Cash flows from/to shareholders	75,999	91,613
Other cash flows from financing activities	2,510,993	1,610,104
CASH FLOWS FROM FINANCING ACTIVITIES	2,586,992	1,701,717
Net increase/(decrease) in cash and cash equivalents	(9,452,385)	(2,621,520)
Cash flows from operating activities	(11,887,219)	(4,232,692)
Cash flows from investing activities	(152,158)	(90,545)
Cash flows from financing activities	2,586,992	1,701,717
Cash and cash equivalents, beginning of the year	23,491,453	15,895,670
Cash, central banks (assets & liabilities)	23,453,717	15,835,673
Deposits (assets and liabilities) and demand loans with credit institutions	37,736	59,997
Cash and cash equivalents, end of the year	14,039,068	13,274,149
Cash, central banks (assets & liabilities) (Notes 1 and 16)	13,887,438	13,427,709
Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 16 and 21d)	151,630	(153,560)
CHANGE IN NET CASH AND CASH EQUIVALENTS	(9,452,385)	(2,621,521)

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 June 30, 2023

HIGHLIGHTS OF THE YEAR

Robust activity in all the business lines generated income of €1.1 billion in the first half of 2023. Against a backdrop of pressure on the interest margin, income includes an extraordinary negative impact linked to changes in the TLTRO conditions decided by the European Central Bank in late 2022. At €66 million, gains and losses on financial instruments at fair value through profit or loss changed significantly compared with a record high of €212 million in 2022.

At €275 million, fees and commissions are carried by all the group's business lines.

On first-time application of IFRS 17, insurance income rose by 6% to €304 million.

Operating expenses rose by €43 million to €800 million as a result of the increase in salaries in an inflationary environment and continued investment to further develop the Group's businesses.

The cost of risk remained relatively stable at €54 million, with €7 million for performing loans and €47 million for proven risk.

In summary, net profit attributable to the group in the first half of 2023 was €203 million.

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 June 30, 2023 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

The content of these financial statements has been determined in accordance with the provisions of IAS 34 relating to condensed interim financial reporting.

At June 30, 2023, the group applied the standards in force as at January 1, 2023 and adopted by the European Union. The group chose to forgo early application of other standards and interpretations adopted by the European Union whose application was optional in 2023.

Amendment to IAS 1 – Disclosure of Accounting policies

This amendment clarifies the information to be provided regarding “material” accounting policies. Such information is material where, when considered together with other information included in the financial statements, it can reasonably be expected to influence the decisions of the primary users of financial statements.

Amendment to IAS 8 – Definition of an Accounting Estimate

The purpose of this amendment is to facilitate the distinction between changes in accounting policies and accounting estimates by introducing an explicit definition of accounting estimates.

These represent amounts in the financial statements that cannot be measured with certainty.

Amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment sets general rules for the recognition of deferred tax for leases and decommissioning obligations. The Group does not anticipate a material impact of this amendment, which will be mandatory for financial years beginning on 1 January 2023.

The Group took the application of these amendments into consideration as from the closing at 30 June 2023. The impacts are not material.

The group was not affected by these amendments at 30 June.

IFRS 17 and IFRS 9 Insurance Contracts

Since 1 January 2023, the Group has applied IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” retrospectively from 1 January 2022 for its insurance activities.

Details of the IFRS 9 and IFRS 17 principles applied by the group are presented in the section entitled Accounting principles and valuation methods.

Application of IFRS 17

The retrospective measurement of these assets and liabilities at transition, particularly of the various insurance contract portfolios, may be subject to alternative approaches when the historical information required for a fully retrospective application is not available.

The group mainly applies a modified retrospective approach for its insurance contract portfolios, with the exception of the portfolio of personal protection contracts, for which the full retrospective approach has been applied, and the portfolio of property and casualty insurance contracts, for which the fair value method has been applied.

The modified retrospective approach provides, based on reasonable information available without undue cost or effort, measurements that are as close as possible to those that result from the full retrospective application of the standard.

The modified retrospective approach has been applied since 2009 based on the following calculation principles for balance sheet items at the transition date:

- The aggregation level is that of the portfolios, all cohorts combined before transition,
- The contractual service margin (CSM) at inception (minimum year of data availability) is first calculated as the difference between:
 - the VIF at the transition date, to which are added past accounting margins net of contract acquisition and management costs,
 - non-financial risk (RA) at inception calculated retrospectively based on the RA at the transition date and the future fulfilment cash flows (PVFCF).
- The contractual service margin (CSM) at the transition date is then calculated based on the release rates between inception and the transition date. They are calculated based on:
 - the chronicle of mathematical reserves for contracts measured using the variable fee approach and capital at risk for contracts measured under the general model (accounting data for years prior to the transition date and projected data from the transition date are considered),
 - using discount curves obtained from the yield curve used on the transition date and risk-free one-year forward rates of previous years,
 - for contracts measured using the variable fee approach, the “bow wave effect” correction is taken into account by establishing the difference between the risk-neutral stochastic valuation and the real-world deterministic valuation as calculated at the transition date.
- The amounts related to offsetting of the discount rate effects in equity were zero at transition.

Future fulfilment cash flows (PVFCF) are measured based on the following principles:

- an economic, market-consistent approach using data that is particularly fundamental for financial assumptions such as economic scenarios used in the context of stochastic valuations. The assumptions are based on the prices of instruments on the financial markets on the date of calculation of the PVFCF,
- technical assumptions made based on past, current and expected future experience (policyholder behaviour laws),
- assumptions related to future management decisions determined in an objective manner consistent with the strategy,
- consistency of accounting information and other underlying data used to prepare the PVFCF calculations with the financial statements and underlying accounting records at 06.30.2023.

The future fulfilment cash flows (PVFCF), projected over a 40-year horizon, must represent the uncertainty of the cash flows and take into account the probability and severity of situations resulting from multiple scenarios that combine the relevant risk factors. Cash flows are calculated by taking into account, among other things, assumptions concerning changes over the projection horizon, such as:

- the economic environment: equity markets, risk-free rates, real estate prices, etc.,
- biometric risks: mortality, morbidity, etc. Uncertainty in the evolution of these types of variables is modelled using the stochastic diffusion model for the economic environment and deterministically for biometric risks.

In addition, it should be noted that the PVFCF is measured with a contract boundary that includes free savings payments and taking into account only the costs attributable to fulfilling contracts.

Differences in the measurement of insurance assets and liabilities between IFRS 4 and IFRS 17 at 1 January 2022 are presented directly under equity.

Application of IFRS 9

The first-time application of IFRS 9 by Suravenir and Suravenir Assurances at 1 January 2023 is retrospective. In accordance with the IFRS 17 transition arrangements, and in order to provide more relevant information, the group restates the comparative data for the 2022 financial year relating to the relevant financial instruments of its insurance entities (including financial instruments derecognised in 2022).

The group applies the overlay approach to recognise disposals of assets during the 2022 financial year, as if they had been recognised in accordance with IFRS 9.

Differences in the measurement of the financial assets and liabilities concerned, the impairment of credit risk and gains and losses recognised directly in equity between IAS 39 and IFRS 9 at 1 January 2022 are presented directly under equity.

Consecutive application of IFRS 17

The entry into force of IFRS 17 entails various amendments to other standards, including IAS 1 on presentation, IAS 40 on the measurement and presentation of real estate assets, and IAS 32 and IFRS 9 on treasury shares and other securities issued by the group.

NOTES – FIRST TIME APPLICATION

The main impacts of the first-time application of IFRS 17 and IFRS 9 at 1 January 2023 for insurance entities are as follows:

IFRS 17 and IFRS 9 transition balance sheet at 1 January 2023:

	31.12.2022	IFRS 17/IFRS 9 effects	01.01.2023
Assets			Restated IFRS 17/IFRS 9
Cash, due from central banks	23,453,717		23,453,717
Financial assets at fair value through profit or loss	2,175,331		2,175,331
Derivatives used for hedging purposes	5,365,023		5,365,023
Financial assets at fair value through equity	7,322,719		7,322,719
Securities at amortized cost	569,489		569,489
Loans and receivables - credit institutions, at amortized cost	12,044,954		12,044,954
Loans and receivables - customers, at amortized cost	81,178,096		81,178,096
Remeasurement adjustment on interest-rate risk hedged portfolios	(4,501,996)		(4,501,996)
Placement of insurance activities	56,731,460	15,515 (a)(b)(c)	56,746,975
Assets on insurance contracts	0		0
Assets on reinsurance contracts held	0	148,112 (b)	148,112
Current tax assets	175,125	- 1,448 (b)	173,677
Deferred tax assets	200,763	(20,868)	179,895
Accruals, prepayments and sundry assets	1,188,125	(102,467) (b)	1,085,658
Non-current assets held for sale	0		0
Deferred profit-sharing	1,518,572	(1,518,572) (a)	0
Investments in associates	218,139		218,139
Investment property	130,209		130,209
Property, plant and equipment	338,789		338,789
Intangible assets	540,283	(1,722) (a)	538,561
Goodwill	484,610		484,610
TOTAL ASSETS	189,133,408	(1,481,450)	187,651,958

	31.12.2022	IFRS 17/IFRS 9 effects	01.01.2023
Liabilities			Restated IFRS 17/IFRS 9
Due to central banks	0	0	0
Financial liabilities at fair value through profit or loss	2,049,947	(323,904) (c)	2,373,851
Derivatives used for hedging purposes	4,525,378	0	4,525,378
Debt securities	19,843,532	0	19,843,532
Due to banks	14,021,591	1,649,559 (c)	15,671,150
Liabilities to customers	81,064,164	0	81,064,164
Remeasurement adjustment on interest-rate risk hedged portfolios	(2,011,826)	0	(2,011,826)
Current tax liabilities	101,466	(26,563) (b)	74,902
Deferred tax liabilities	84,128	169,094	253,222
Accruals, deferred income and sundry liabilities	2,137,849	2,374,674 (b)	4,512,523
Liabilities associated with non-current assets held for sale	0	0	0
Liabilities on insurance contracts	56,109,541	(6,479,367) (a)(b)(c)	49,630,174
Liabilities on reinsurance contracts held	0	0	0
Provisions	299,156	(10,145) (a)	289,050
Subordinated debt	2,182,014	407 (c)	2,182,421
Total equity	9,541,867	516,987	9,243,419
Shareholders' equity, group share	9,533,875	516,978 (d)	9,236,190
Share capital and additional paid-in capital	2,858,517	0	2,725,133
Consolidated reserves	6,511,306	226,069	5,904,705
Gains and losses recognized directly in equity	(38,552)	179,390	(56,879)
Net income for the year	202,604	112,519	663,231
Non-controlling interests	7,992	9	7,229
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	184,434,219	(1,481,450)	187,651,959

The main effects of the transition from IFRS 17 and IFRS 9 at 1/1/2023 are:

(a) Removal of insurance assets and liabilities recognised under IFRS 4:

- on the asset side, -€1.701 billion, of which -€180 million in respect of reinsurance assets held, mainly technical provisions in “Financial investments of insurance activities”, and -€1.519 billion in respect of deferred profit-sharing arising from shadow accounting under IFRS 4,
- on the liabilities side, -€51.863 billion, of which -€51.852 billion in respect of insurance liabilities issued, mainly mathematical reserves in “Liabilities of insurance contracts issued”.

(b) Recognition of reinsurance assets and reinsurance liabilities under IFRS 17:

- on the asset side, +€148 million in “Reinsurance assets held” and the effect of reclassification of related receivables in the measurement of insurance liabilities and reinsurance assets for -€365 million under IFRS 17,
- on the liabilities side, €49.630 billion in “Insurance liabilities issued”, of which the best estimate of future cash flows (PVFCF) for €45.191 billion, the risk adjustment associated with estimated cash flows (RA) for €635 million, and the deferred contractual service margin (CSM) measured at €3.804 billion. The effect of reclassification of related debt in the measurement of insurance liabilities and reinsurance assets for - 246 million under IFRS 17, previously recognised in “Accruals” and “Other liabilities”.

The effect of reclassification of OPC accounted for through short cut method under IFRS 10 for +€2.490 billion, recognized in “Accruals” and “Other liabilities”.

(c) The remeasurement of financial assets in “Financial investments of insurance activities” under IFRS 9 for +€62 million was mainly linked to the reclassification of the proprietary portfolio at amortised cost.

The group also applied the amendments to IAS 40, following IFRS 17, which resulted in the measurement at market value through profit or loss of properties held as underlying items of contracts with direct participation features and the recognition of +€395 million in “Financial investments of insurance activities”.

The group applies IFRS 9 to measure pure unit-linked contracts. As a result, “Financial liabilities at fair value through profit or loss” increased by €311 million.

Financial liabilities recognised under IFRS 4 in “Liabilities of insurance contracts issued” were reclassified in the banking presentation aggregates for +€1.663 billion, of which +€1.650 billion in “Due to credit institutions” and +€13 million in “Financial liabilities at fair value through profit or loss”.

(d) The application of IFRS 17 and IFRS 9 had a net impact of +€517 million on the group’s equity at 01/01/2023.

The transition to IFRS 17 requires that distribution and management costs at the group level (personnel expenses, administrative expenses, depreciation expenses for fixed assets, etc.) directly attributable to the fulfilment of insurance contracts be included in the measurement of insurance contracts and presented in insurance services expenses under Net Banking Income.

Therefore, future profits must be presented at the banking and insurance group level adjusted for the internal margin generated by the distributor banking networks.

IFRS 17 FTA Tables

1 - Impact of the transition method on the measurement of the contractual service margin at FTA

	Insurance contracts recognised under the modified retrospective approach (MRA)	Insurance contracts recognised under the fair value approach (FV)	Insurance contracts recognised under the full retrospective approach (FRA)
(in € thousands)			
CSM balance at closing on 01/01/2023	2,630,567		4,126

The group's CSM at transition on 01/01/2022 was €2.635 billion, including €2.631 billion for insurance contracts recognised at transition using the modified retrospective approach (MRA).

2 - Return on financial investments in OCI related to insurance and reinsurance contracts measured using the modified retrospective approach or the fair value transition approach

The group applies the option provided for in IFRS 17 under the modified retrospective transition approach, which allows the use of the discount rate curve at the transition date on 01/01/2022 instead of the discount rate curve at inception on the date of initial recognition of the insurance contracts.

Therefore, for insurance contracts with direct participation features, the group does not show a difference in discount rate at the transition date on the return on the assets underlying these contracts and the cumulative impact in OCI on 01/01/2022 is zero.

In addition, the group applies the amendment to IFRS 9, which allows the recognition in the balance sheet of financial instruments underlying insurance contracts with direct participation features at market value through profit or loss in order to eliminate accounting mismatches with insurance liabilities measured using the variable fee approach. To this end, the cumulative impact in OCI at 01/01/2023 is zero.

IFRS 9 FTA tables

1 - IAS 39 - IFRS 9 transition table at FTA date

This table presents gross outstandings (excluding impairment) and excludes the following items, which are not subject to a

reclassification analysis for the application of IFRS 9:

- Trading derivatives,
- Investment property measured at fair value through profit or loss under IAS 40.

Measurement classes IAS 39	Balances at 31/12/2021 IAS 39	Type of instrument and accounting category IFRS 9	Outstandings after reclassification at 1/1/2022 at same value	Remeasurement at 1/1/2022	Change year 2022	Balance at 1/1/2023 IFRS 9
Fair value through profit or loss	31,692,317	Equity securities measured at fair value through profit or loss	52,577		876	53,453
		Equity securities measured using the fair value through OCI option				0
		Debt securities measured using the fair value through profit or loss option	278,887		-87,564	191,323
		Debt securities measured at fair value through profit or loss - trading				0
		Debt securities measured at fair value through profit or loss - other	31,360,853		151,066	31,511,919
		Debt securities measured at fair value through OCI				0
		Debt securities at amortised cost				0
Fair value through equity	25,741,620	Equity securities measured using the fair value through OCI option	92,638		-1,221	91,417
		Equity securities measured at fair value through profit or loss	540,693		-4,208	536,485
		Debt securities measured at fair value through OCI				0
		Debt securities measured using the fair value through profit or loss option	18,559,672		-1,347,077	17,212,595
		Debt securities measured at fair value through profit or loss - other	4,189,150		-796,368	3,392,782
		Debt securities at amortised cost	2,359,467	-79,840	335,205	2,614,832
		Debt securities at amortised cost				
Amortised cost	576,614	Debt securities measured at fair value through OCI				
		Debt securities measured at fair value through profit or loss - other				
		Loans and receivables at amortised cost	260,829		-105,822	155,007
		Loans and receivables at fair value through profit or loss	315,785	19,358	-40,280	294,863
		IFRS 9 balances at 1/1/2023	Assets at fair value through profit or loss		53,193,420	
			Assets at fair value through equity		91,417	
			Assets at amortised cost		2,769,839	

Application of the provisions of IFRS 9 in terms of classification and measurement of financial assets resulted in the following main changes:

- By default, equity instruments are recognised at fair value through profit or loss. Those that were designated at fair value through non-recyclable equity were submitted to a validation committee.
- Debt instruments were analysed based on the following two criteria:

- o Business model: the portfolios were assigned to a "Collection", "Collection and sale" or "Other" business model based on the criteria defined by IFRS 9 and analysed on the date of first-time application.
- o 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 amortised cost under IAS 39 continue to meet the conditions for recognition at amortised cost under IFRS 9.

The main reclassifications of debt securities that were measured at fair value through equity (available-for-sale assets) and are reclassified at amortised cost relate to securities managed by insurance entities on their own behalf.

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 funds,
- As an option, underlying assets related to an insurance contract with direct participation features that pass the SPPI test.

2 - Changes in value adjustments for impairment at FTA

This table presents the impacts at transition related to the derecognition of impairment under IAS 39 and the recognition of provisions for credit risk under IFRS 9.

	IAS 39	IFRS 9	Closing balance of value adjustments for impairment or provisions IAS 39 / IAS 37	Opening balance of value adjustments for IFRS 9 losses	Variation 2022	Impacts of provisions IFRS 9 Buckets 1 and 2
Assets...	...Measured at fair value through profit or loss	Fair value through profit or loss				
	Fair value through profit or loss	Fair value through OCI				
		Amortised cost				
	...Available for sale	Fair value through profit or loss	8,425	-8,425		0
	Fair value through equity	Fair value through OCI	584	-584		0
		Amortised cost		3,247	-19	3,228
	...Held-to-maturity	Fair value through profit or loss				
	Amortised cost	Fair value through OCI				
		Amortised cost				
	Loans and receivables due from credit institutions	Fair value through profit or loss				
	Amortised cost	Fair value through OCI				
		Amortised cost				
	Loans and receivables due from customers	Fair value through profit or loss				
	Amortised cost	Fair value through OCI				
		Amortised cost				
			9,009	-5,762	-19	3,228

The amount of IFRS 9 impairment at the transition date of 1/1/2023 for the insurance scope was €3 million.

The IFRS 9 impacts on the group's equity are presented in the table above (with the effects of IFRS 17).

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

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting_en

CURRENT DEVELOPMENTS

Targeted longer-term refinancing operations - TLTRO III

Since September 2019, the TLTRO III program has enabled banks to benefit from seven new refinancing tranches, each with a maturity of three years, at an interest rate that varies depending on the period.

The TLTRO III amount that Crédit Mutuel Arkéa can borrow depends on the percentage of outstanding loans granted to non-financial companies and households at the end of February 2019.

The TLTRO III interest rate is set according to market conditions defined by the ECB and banks may benefit from a lower rate (the “special interest rate”) depending on their lending performance.

In response to the health crisis, the ECB eased the conditions of these refinancing operations in March 2020 and January 2021 to support the distribution of loans to households and businesses. A number of parameters have been reviewed⁷.

Therefore, more favourable conditions allowed a reduction of 50 bps (i.e. additional special interest rate) during the “special” and “additional special” interest periods from June 2020 to June 2021¹ and then from June 2021 to June 2022⁸.

As part of its monetary policy measures, the ECB has successively raised its three key interest rates since June 2022 to get them to more restrictive levels and ensure a return to a 2% medium-term inflation target.

On October 27, 2022⁹, the ECB recalibrated the remuneration arrangements for TLTRO III operations in order to strengthen the transmission of the increase in key interest rates to bank lending conditions. The interest conditions applicable to TLTRO III were adjusted as of November 23, 2022. The interest conditions take into account the fact that the group achieved the credit performance targets set by the ECB for the two reference periods of the program:

- from its start date until November 22, 2022 and excluding the special interest period and the additional special period, the interest rate on TLTRO III operations was the average deposit facility rate during that period (and no longer over the lifetime of the operation),
- during the special interest period and the additional special interest period (from June 23, 2020 to June 23, 2021 and from June 23, 2021 to June 23, 2022, respectively), it was equal to the average deposit facility rate over the period, reduced by 0.50%; a floor of 1% was applied,
- from November 23, 2022 to the maturity date (or the early repayment date, if applicable), the interest rate is now indexed to the average of the ECB’s key interest rates applicable during this period and no longer to the lifetime of the operation, as previously.

This change was accompanied by the offer of three additional early repayment dates.

Following the ECB’s decision, the group adjusted the method for calculating accrued interest not yet due related to these operations:

- interest recorded up to 23 November 2022 corresponded to the interest contractually due up to that date, additional special interest rate excluded.

⁷ Decision (EU) 2021/124 of the European Central Bank of January 29, 2021 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2021/3).

⁸ Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2020/25).

⁹ Decision (EU) 2022/2128 of the European Central Bank of October 27, 2022 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2019/21) (ECB/2022/37).

- from 23 November 2022, Crédit Mutuel Arkéa has used the overnight deposit facility rate though the effective interest rate of these operations, additional special interest rate excluded.
- The additional special interest rate is subject to prorata temporis spreading on the entire expected lifetime of the operation.

At June 30, 2023, Crédit Mutuel Arkéa participated in TLTRO III refinancing operations in the amount of €2 billion, for amounts drawn down in March 2021. They were analysed as variable-rate financial instrument recognized at amortized cost. The decision to recalibrate the interest conditions of TLTROs was made unilaterally by the ECB, with no impact on the accounting treatment for these operations. The interest rate applicable to these operations is analysed as a market rate since it concerns all institutions that meet the criteria set by the ECB. Interests related to the additional special interest rate are still spread until the maturity date of operations.

Russia's invasion of Ukraine

Since it does not operate in Ukraine and Russia, no Crédit Mutuel Arkéa employees work in the conflict zones; direct exposures in these two countries and in Belarus pertain only to individual borrowers, which are immaterial. Moreover, the group has no assets at Russia's Central Bank.

The group is committed to implementing and complying with the restrictive measures and individual and economic sanctions imposed by the European Union in response to Russia's military aggression against Ukraine. In particular, it has a robust risk governance and management system that enables it to closely monitor payments made by its customers with Russia in order to combat money laundering, tax fraud and terrorist financing. The group also remains extra vigilant in terms of cybersecurity.

In addition, Crédit Mutuel Arkéa is taking steps to address the impacts of the Ukrainian crisis and the increasingly uncertain economic environment, which continues to weigh on sectors previously affected by the Covid-19 crisis. An enhanced oversight system has been put in place to support and monitor the group's customers who may be directly or indirectly impacted by the micro- and macroeconomic consequences of the conflict.

Calculation of expected credit losses

In the first half of 2023, global growth slowed less than expected, but many risks still exist. Despite some pleasant surprises for global activity, the risk of recession remains high and inflation continues. The first half of the year was marked by a banking crisis in the United States and Switzerland with the failure of Silicon Valley Bank and the buyout of Crédit Suisse. With no direct exposure to those counterparties and with very limited and insignificant indirect exposures, Crédit Mutuel Arkéa quickly implemented an enhanced monitoring system to track the development and impacts of the banking crisis.

In the Eurozone, the business climate is improving but the outlook remains unclear. The weak growth in the Eurozone in the fourth quarter of 2022 is fragile and on an uncertain footing. Inflation appears to have peaked. The ECB continues its monetary tightening after the historic moves in 2022. This rise in interest rates negatively impacts credit conditions. European long-term rates are expected to stabilise at high levels.

According to the Banque de France, growth in France should remain positive in 2023. Inflation should remain high in 2023, at 5.7% on average for the consumer price index.

As for companies' financial health, the risk of an increase in business failures is high.

The focus continues to be on certain economic macro-sectors:

- power-intensive sectors (heavy industry, for example, which consumes processed raw materials),
- commercial real estate sectors,
- agri-food sectors,
- agriculture sectors,
- clothing sectors.

On this basis, and in the context of the work currently under way to revise the methodology for calculating expected losses, a prudent portfolio provisioning mechanism is being maintained:

- the credit risk identification models and processes that make up the internal rating system (IRS) remain efficient in the context of the conflict in Ukraine, the general rise in prices and the rapid rise in interest rates, and the early warning system in place enables us to anticipate and detect indications of our customers' vulnerability.
- the weighting of the pessimistic scenario, which was revised in 2022 at 80%, was maintained to take into account the risk of the expected economic crisis becoming widespread. The weightings of the neutral (19%) and favourable (1%) scenarios did not change at 30 June 2023. Sensitivity approaches are regularly conducted, which take into account the impact of a 100% weighting of the pessimistic or neutral scenario on changes in buckets of performing loans, as well as all the sectoral adjustments described below. Along these lines, a 100% weighting of the pessimistic scenario would lead to an additional provision of €83 million for the cost of risk. The scale of this provision is justified by the severity of the assumptions used when defining the pessimistic scenario. On the other hand, a 100% weighting of the neutral scenario would imply a €284 million reversal of provisions, which demonstrates the conservative nature of the scenario weighting assumptions used by Crédit Mutuel Arkéa.
- The sector provision intended to cover the vulnerability of the sectors affected by the future crisis was adjusted at 30 June 2023 to €15 million. It impacts expected losses but does not change the breakdown of outstandings by buckets.
This sector provision supplements the agricultural sector provision, which was maintained at €20 million at 30 June 2023.

The structure of performing loans remained stable over the period, with a slight decrease in the weight of outstandings in bucket 2 and a provisioning rate that remained the same despite the increase in the cost of risk for customers with PGE government-backed loans for which there is evidence of a downturn in their situation and ratings.

Outstanding loans subject to provisions for expected losses for credit risk	12.31.2020	12.31.2021	12.31.2022	06.30.2023
12-month expected losses - Bucket 1	89,346	93,279	95,427	99,726
Lifetime expected loss - Bucket 2	4,373	4,364	4,711	4,759
Impaired assets - Bucket 3 and POCI	1,444	1,451	1,482	1,559
Total	95,163	99,094	101,620	106,044

Non-performing loans (NPL) rose by €69 million during the year to €1.558 billion at 30 June 2023. This increase was driven by the addition of new non-performing loans in the business customer segment, particularly in the restaurant and food sectors.

The cost of risk amounted to €54 million at 30 June 2023 and was 6 basis points of outstanding customer loans. It was equivalent to the pre-crisis level in June 2019 and stable compared to last year. However, the breakdown of the cost of risk is exactly the opposite of last year, with a scissor effect on the change in the cost of risk for performing loans (buckets 1 and 2) and for loans in default.

Thus, the cost of risk for loans in default was €47 million at 30 June 2023, up €30 million compared to 30 June 2022, and resulted from both of an increase in provisions for loans downgraded previously and new defaults.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

The group has applied IFRS 9 “Financial Instruments” and the amendment to IFRS 9 “Prepayment clause providing for negative compensation” adopted by the European Union on November 22, 2016 and March 22, 2018 respectively for its banking insurance activities.

For its insurance activities, the group applies IFRS 17 “Insurance Contracts” published in May 2017 and amended in June 2020 and adopted by the European Union in November 2021, which replaces IFRS 4 “Insurance Contracts”.

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 realisation involves certain risks and uncertainties.

Future outcomes may be influenced by several factors, in particular:

- the activities of national and international markets,
- changes in interest rates and exchange rates,
- the economic and political climate in certain business sectors or countries,
- climate and environmental changes,
- changes in regulations or legislation.

Accounting estimates requiring the formulation of assumptions are used mainly for measurement of 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,
- the discounted and probabilistic valuation of insurance liabilities and assets by group of contracts,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

The conditions for using judgments or estimates are specified in the accounting principles and valuation methods described below.

To prepare these interim financial statements, the group used the Year-to-Date (YTD) approach to measure the various components of the accounting models under IFRS 17.

This choice of accounting method is applied to all insurance contracts issued and reinsurance contracts held, and entails not taking into account the estimates previously made in its interim financial statements.

Financial instruments

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 analysed:

- The business model that summarises 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.

This model is also used by the insurance entities to manage their proprietary portfolio.

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 analysed, 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.

For financial assets whose remuneration is indexed to the ESG criteria assigned by the group, an analysis is carried out to verify that the changes in expected cash flows reflect a change in credit risk that does not introduce any leverage.

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.

This option of recognition at fair value through profit or loss is applied to the underlying assets related to an insurance contract with direct participation features that pass the SPPI test.

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 €1.6 million was recognized on the balance sheet for valuation adjustments as at June 30, 2023.

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 it 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 unfavourable 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. In accordance with IAS 39, the remeasurement is recognized in assets for the hedging of financial assets and in liabilities for the hedging of financial liabilities.

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.

The cash flow hedging and the hedging of net investments in foreign operations are not used by the group.

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 analysed as an adjustment to the effective yield of the loan. Financial assets are valued at amortized cost on the closing date. Interest, transaction costs and fees included in the initial value of the loans are amortized over the life of the loan using the effective interest rate method. In this manner they contribute to the formation of income over the life of the loan.

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

The restructuring of a loan due to financial difficulties encountered by the borrower is defined as a change in the terms and conditions of the initial transaction that the group only consents for economic or legal reasons linked to the borrower's financial difficulties.

For restructuring that does not result in de-recognition of the financial asset, the value of the restructured asset is adjusted to bring the net carrying amount to the present value of the new expected future cash flows discounted using the original effective interest rate of the asset in question. The change in the value of the asset is recognized in the income statement under the heading "Cost of credit risk" and may be reversed through profit or loss when the provision for calculated expected loss decreases.

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

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

Customer finance leases

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

Impairment of financial assets and commitments given

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

The financial assets in question include:

- debt instruments (securities and loans and receivables) recognized at amortized cost or at fair value through equity
- leasing receivables

- other receivables, such as customer receivables, and receivables under IFRS 15 "Revenue from Contracts with Customers".

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 "cost of risk" 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. In this event, all receivables due from a borrower or a group of borrowers with outstanding contracts and/or debts in common in default are systematically allocated to Bucket 3 and are the subject of a single provision allocated for loan impairment.

The main criteria that result in a counterparty or group of borrowers being downgraded to default are as follows:

- knowledge of collective proceedings or personal recovery proceedings, notification of the admissibility of overindebtedness; proceedings or equivalent proceedings under foreign legislation;
- out-of-court recovery that has become impossible;
- contagion of the default under Basel rules;
- doubt as to a debtor's ability to honour all or part of its commitments;
- for loans considered to be restructured: payment arrears of more than 30 days or a new restructuring measure.
- a borrower is more than 90 days in arrears;

In terms of past-due amounts, the main changes introduced by the new definition of default are as follows:

- an incident (irregularity or past-due amount) is no longer recorded at the contract level but for a borrower or group of borrowers with outstanding contracts and/or debts in common;
- the past-due amount is the sum of all amounts affected by payment incidents due by the borrower or group of borrowers in question to all lending entities of the Crédit Mutuel Arkéa group as of the first euro cent;
- a materiality threshold is applied to the counting of the number of days past due. The threshold is crossed when both of its components are exceeded:
 - o an absolute component with a threshold (principal + interest) of €100 for retail customers and €500 for non-retail customers,
 - o a relative component with a threshold of 1% applied to the past-due amounts/total amount of balance sheet commitments for the borrower or group of borrowers;

It is important to note that the new default regulation introduces the concept of a probation period, which is defined as a minimum period of continued default classification once the regulatory default criteria have been cleared. This probation period is a minimum of three months.

- 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.

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

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

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

The expected credit loss approach under IFRS 9 is symmetrical, i.e. if expected credit losses at maturity were recognised in a previous period and if it appears that there is no longer a significant increase in credit risk for the financial instrument for the current reporting period since its initial recognition, the provision is recalculated on the basis of an expected credit loss over 12 months.

It should be noted that the group applies the principle of symmetry set out in the standard. This means that the criteria for transfer into and out of bucket 2 are the same.

Quantitative criteria

The quantitative thresholds for transfer to bucket 2 for the LDP and HDP portfolios, respectively, are presented below.

HDP boundary curve

For the HDPs, a continuous and growing boundary curve shows the relationship between the probability of default at origination and the probability of default at the reporting date.

This boundary curve notably involves four coordinate points (PD origination/PD threshold for transfer to B2): (0%/1%), (1%/3%), (3%/7%), (10%/14%). Thus, a contract with a 1% probability of default when granted will be transferred to bucket 2 if the probability of default at the reporting date is higher than 3%.

The group does not use the operational simplification offered by the standard, which allows outstandings with a low risk at the reporting date to be maintained in bucket 1.

Crédit Mutuel Arkéa uses the correlations between 12-month default and default at maturity to justify that the significant increase in risk is measured based on the 12-month probability of default. This correlation study was conducted during the FTA of IFRS 9 and is renewed every year.

LDP matrix

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

Rating on origination	Rating threshold for transfer to bucket 2
from A+ to B-	D+
C+	D-
from C- to D-	E+

Therefore, a contract with a rating on origination of B+ will be transferred to bucket 2 if the rating on the reporting date is less than or equal to D+.

Qualitative criteria

The group combines this quantitative data with the following qualitative criteria:

- in all cases, the existence of an incident lasting more than 30 days enables the group to assess the significant change in credit risk by making a transfer to bucket 2;
- restructured outstandings are automatically downgraded to bucket 2 and can only be returned to bucket 1 if a probation period of 24 months has been observed;
- in the case of the securities portfolio, “sensitive” outstandings rated speculative grade (rating of D+ or lower) are automatically downgraded to bucket 2, while financial instruments with a low credit risk classified as investment grade (rating of between A+ and C-) remain in bucket 1.

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.

Guarantees are taken into account in the estimate of recoverable future cash flows when they are an integral part of the contractual terms of the loans to which the guarantees relate and are not recognized separately. In accordance with IFRS 9, the inclusion of guarantees and collateral does not affect the assessment of significant deterioration in credit risk, which is based on changes in the credit risk associated with the debtor without taking guarantees into account.

▣ Probability of default

This is based:

- for high default portfolios (HDP) on which default rates are statistically significant, on the models approved under the IRB-A approach,
- for low default portfolios (LDP) on which default rates are not statistically significant, on an external probability of default scale.

▣ Loss given default

This is based:

- for high default portfolios (HDP), on the flows of collections observed over a long period of time, discounted at the interest rates of the contracts,
- for low default portfolios (LDP), 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 prospective aspect is taken into account in the Probability of Default (PD) parameter via the notion of “forward-looking”. Forward-looking impacts both:

- the value of PDs at the various maturities,
- and 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.

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 (HDP) and low default portfolios (LDP), 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.

- 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 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."

The item "cost of credit risk for financial investments of insurance activities" includes the income items related to the recognition of credit risk for financial investments of insurance activities, as defined by IFRS 9:

- provisions and impairment covering 12-month and lifetime losses related to:
 - o debt instruments recognised at amortised cost or at fair value through equity;
 - o commitments subject to impairment under IFRS 9;
 - losses on bad debts and recovery of debts previously recognised as losses.
- 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.

This option is also used for pure unit-linked contracts (not including a Euro fund) marketed by Suravenir.

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.

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".

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 in 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, non-preferred senior debt).

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 in 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 analyse, 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.

Insurance and reinsurance contracts

The group applies IFRS 17 “Insurance Contracts” and its amendments adopted by the European Union on 19 November 2021.

IFRS 17 defines the new rules for the recognition, measurement and presentation of insurance contracts that fall within its scope:

- Measurement of insurance contracts in the balance sheet: their value is updated at each reporting date based on a reassessment of the future cash flows related to their fulfilment. This reassessment takes into account market data in relation to the financial elements and policyholders’ behaviour;
- Recognition of the margin: even if the profitability of the insurance contracts remains unchanged, the recognition in profit or loss of their margins is modified to be spread over the duration of coverage period; and
- Presentation of the income statement: general operating expenses attributable to the fulfilment of insurance contracts are presented as a deduction from Net Banking Income under Insurance Service Expenses and do not impact the total general operating expenses in the consolidated income statement.

Scope

IFRS 17 applies to insurance contracts issued, reinsurance contracts issued and investment contracts with discretionary participation features issued. The definition of an insurance contract has not been changed in relation to IFRS 4, with the exception of the assessment of the risk of loss for the insurer, which must be carried out on the basis of a present value.

Grouping of contracts

Insurance contracts are recognised and measured by groups of contracts within portfolios that include contracts covering similar risks and managed together. Groups of contracts are defined according to the expected profitability at inception: onerous contracts, profitable contracts with a low risk of becoming onerous and others.

A group of contracts can only contain contracts issued a maximum of one year apart (corresponding to an annual “cohort”), except where the optional exemption provided for by European regulations is applicable.

Recognition and derecognition

A group of insurance contracts issued is recognised at the beginning of the coverage period of the group of contracts (existence of payment due by the policyholder). For a group of onerous contracts, the date on which it becomes onerous.

A group of reinsurance contracts held is recognised at the beginning of the coverage period of the group of insurance contracts.

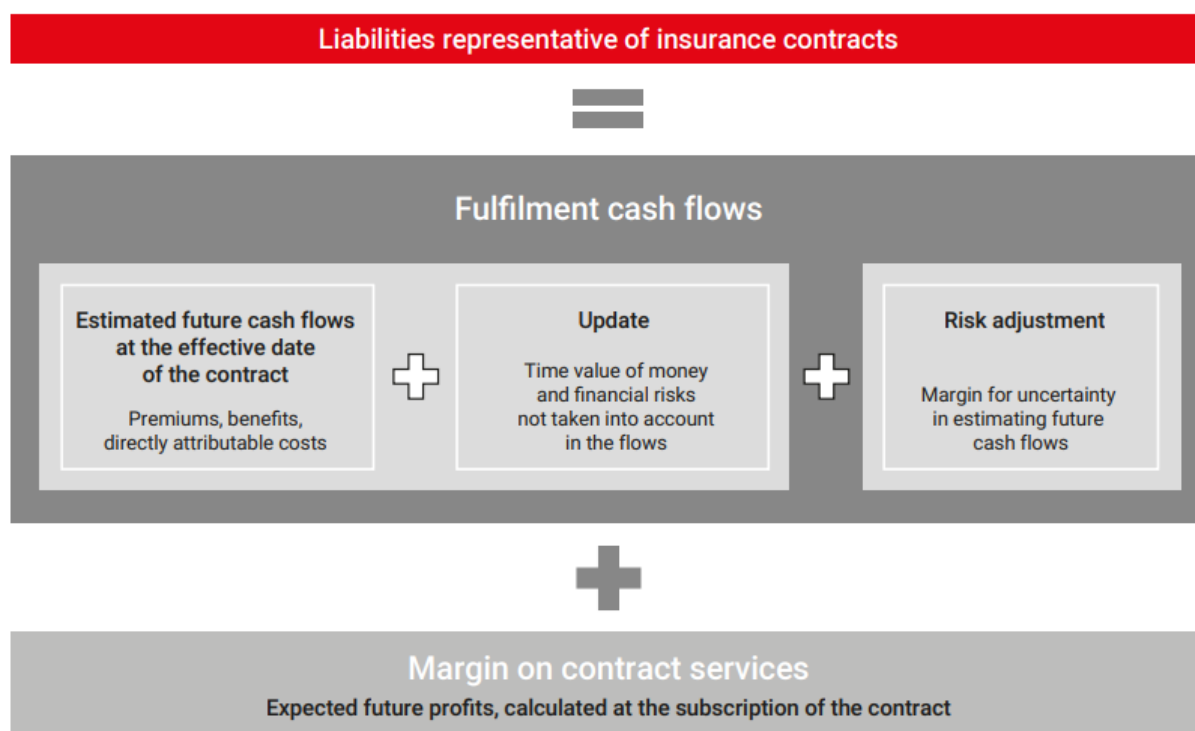
Measurement models

- General model applicable to insurance contracts issued

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

Initial measurement

At initial recognition, the value of a group of insurance contracts issued is the sum of the following elements:



The general model for measuring insurance contracts is the best estimate of future cash flows payable or receivable necessary to fulfil the contractual obligations. Cash flows are discounted to reflect the time value of money. They correspond to flows attributable to insurance contracts directly or through allocation methods: premiums, contract acquisition and management costs, claims and benefits, indirect costs, taxes and depreciation of tangible and intangible assets.

The adjustment for non-financial risk reflects the compensation the group would require for bearing the uncertainty regarding the amount and timing of the cash flows that arises from non-financial risk when the group fulfils the insurance contracts.

The contractual service margin represents the unearned profit for a group of insurance contracts, i.e. the present value of future profits. It is amortised in income from insurance contracts over the coverage period of the contracts, as the insurance entity provides services to policyholders based on coverage units.

Positive contractual service margins will be recognised gradually in profit or loss over the coverage period of the insurance contract. In the case of onerous contracts, the loss corresponding to the net cash outflow for the group of contracts must be recognised in profit or loss when the contracts are underwritten.

Acquisition costs are deducted from the contractual service margin of the group of contracts to which they relate.

Given the wide range of insurance contracts, the coverage units were determined by applying judgement based on both the level of coverage defined in the contract (e.g. the death benefit for a borrower insurance contract) and the expected coverage period of the contract.

This general model applies by default to all insurance contracts.

Subsequent measurement (except for onerous contracts)

At each reporting date, the carrying amount of the group of insurance contracts issued is re-estimated.

It is then equal to the sum of the following two amounts:

- The liability for the remaining coverage, which comprises the value of the re-estimated fulfilment cash flows at that date (present value of the premiums receivable and of the cost of future benefits over the remaining coverage period) and the contractual service margin discounted at that same date as described above;
- The liability for incurred claims, in an amount equal to the present value of the estimated cash flows required to settle the valid claims on past events.

The estimated cash flows and the adjustment for non-financial risk that covers the uncertainty of this measurement constitute the fulfilment cash flows of the insurance contracts at the closing date.

At that same reporting date, the amount of the contractual service margin is discounted to take into account:

- The impact of new contracts added to the group of contracts,
- The interest capitalised at the discount rate used to determine the initial margin value,
- The re-estimate of the fulfilment cash flows (present value of premiums receivable and of the cost of future benefits over the remaining coverage period, except for the estimated expenses to be paid for claims already incurred, which are measured separately).

A share of the margin amount thus reassessed is then recognised in profit or loss, representing the insurance coverage provided under the group of contracts during the period; this share is determined by distributing this reassessed margin between the amount of insurance benefits provided over the period and the amount of benefits to be provided over the expected residual coverage period of these contracts.

The effect of the unwinding of the discount on the liability related to the passage of time is recorded in the income statement as well as the effect of the change in the discount rate. The latter effect may, however, be recognised as an option in equity.

The group applies the general measurement model to its protection insurance contracts (borrower insurance, long-term care insurance, etc.).

- General model adapted for contracts with direct participation (Variable Fee Approach)

IFRS 17 provides for an adaptation of the general model for contracts with direct participation features. Under this adapted model, known as the “variable fee approach”, the obligation to return to policyholders a substantial portion of the return on the underlying assets net of contract expenses may be reflected in the measurement of the insurance liability.

Contracts with direct participation features are insurance contracts that are substantially investment-related service contracts under which an entity promises an investment return based on underlying items. They are therefore defined as insurance contracts for which:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Eligibility for this measurement model is analysed on the issue date of the contracts and may be subsequently reassessed only in case of changes in said contracts.

The main adaptations to the General Model concern:

- the portion of the fair value variation of the underlying investments attributable to the insurer. At each reporting date, this portion of the variation during the period is incorporated into the contractual service margin to be recognised in profit or loss and spread over the expected residual coverage period of the contracts.
- the portion of the change in fair value of the underlying investments accruing to the policyholder. At each reporting date, this portion of the change during the period is recorded in the fulfilment cash flows of the contracts with an offset to insurance financial income or expenses.
- the interest on the contractual service margin, the variations in which are implicitly included in the periodic revision of the contractual service margin.

The contractual service margin is also adjusted for the effect of changes in fulfilment cash flows that do not vary based on the returns on underlying items and relate to future service. If they relate to past service, these changes are to be recognised in profit or loss.

The result of these contracts is therefore mainly represented by the release of the fulfilment cash flows and the amortisation of the contractual service margin. In fact, when the underlying assets perfectly match the liabilities and are measured at market value through profit or loss, the financial result of these contracts is zero. In the event of an accounting mismatch between the underlying assets and the insurance liability, the option to classify the effect of changes in the liability related to these assets in equity is applicable.

Insurance contracts measured under this model include an investment component in the form of a deposit paid by the policyholder and which the insurer is contractually required to repay even if the insured event does not occur. The inflows and repayments related to these deposits do not constitute either income or expenses related to these contracts.

The group applies the variable fee approach to measure its life insurance and retirement savings contracts.

- Simplified approach (Premium Allocation Approach) - Option

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

For profitable contracts, the liability for the remaining coverage is measured on the basis of the deferral of premiums collected according to a logic similar to that used under IFRS 4. Onerous contracts and liabilities for incurred claims are measured according to the general model. Liabilities for incurred claims are discounted if the expected payment of the claims occurs after one year from the date of knowledge of the occurrence. In this case, the option to classify the effect of changes in the discount rate in equity is also applicable.

At each reporting date, the adjustment of liabilities for remaining coverage and for incurred claims is recognised in profit or loss.

The group applies the premium allocation approach to its property and casualty insurance contracts (personal accident, means of payment, comprehensive home, etc.).

- Evaluation des traits de réassurance

Reinsurance held is treated as insurance contracts issued, using either the general or simplified model. The contractual service margin representing the expected gain or loss for reinsurance is negative and the fulfilment cash flows of the contracts include the risk of non-performance by the reinsurer.

Terms of application and main options used by the group

- Coverage units of groups of insurance contract

IFRS 17 defines a coverage unit as a unit that represents the “quantity of services [...] provided by the contracts”. It states that the “quantity of services” covers two aspects: the “quantity of the benefits provided” and the “expected coverage period”.

For each group of contracts, the group has determined a coverage unit to allocate the contractual service margin (CSM) to the various expected coverage periods, reflecting the quantity of the benefits provided over those various periods.

For life and retirement savings contracts, the coverage unit used to amortise the CSM is the change in the present value of savings due to policyholders (sum of the mathematical reserves for each contract), adjusted to take into account the impact of the real return on the underlying investments compared with the risk-neutral actuarial projection.

For borrower protection contracts, the coverage unit used to amortise the CSM is the insured value, which is determined based on the probabilistic notion of “capital at risk” (amount of loan capital multiplied by the insured portion).

However, the group has chosen not to allocate its coverage units based on the coverage purchased, and the coverage units consist of the CSRs of all the contracts, without any weighting.

For personal protection contracts (excluding Whole Life), the coverage unit used to amortise the CSM is determined based on the number of contracts.

- Annual cohorts

IFRS 17 stipulates that each group of contracts must be divided into annual cohorts (with no more than a 12-month interval between the contract issue dates). In adopting IFRS 17, the European Commission gave European companies the option not to apply this provision to contracts benefiting from intergenerational pooling of the returns on the underlying assets.

The group uses this optional exemption for its contracts with direct participation features measured using the variable fee approach to allow for the sharing of risks and cash flows between different generations of policyholders. These life insurance contracts are also managed across generations to mitigate exposure to interest rate and longevity risks.

- Discount rate curve

IFRS 17 requires the use of discount rate curves that reflect the time value of money and the cash flow and liquidity characteristics of insurance contracts.

For life insurance and retirement savings contracts, the yield curve used to discount estimated future cash flows is determined based on a bottom-up approach, which entails adding an illiquidity premium determined on the basis of the underlying assets to a risk-free yield curve.

For other insurance contracts, the yield curve used to discount estimated future cash flows is a risk-free yield curve adjusted to take into account the illiquidity of the liabilities.

The group uses the EIOPA yield curve and applies the principles related to the extrapolation of the risk-free yield curve pursuant to the revision of the Solvency II directive (general guideline of the Council of the European Union) as these principles offer greater consistency with the financial markets.

	06.30.2023						12.31.2022					
	1 year	5 years	10 years	20 years	30 years	40 years	1 year	5 years	10 years	20 years	30 years	40 years
Savings / Retirement / Whole Life												
EUR	4.64%	3.79%	3.54%	3.32%	3.17%	3.18%	3.95%	3.90%	3.87%	3.54%	3.27%	3.25%
Borrower Protection and Personal Protection												
EUR	3.98%	3.13%	2.88%	2.66%	2.59%	2.71%	3.18%	3.13%	3.09%	2.77%	2.59%	2.70%

- Level of confidence in the adjustments for non-financial risk

The adjustment for non-financial risk is determined using a quantile approach based on a confidence level of 70% for life, retirement savings and protection (excluding long-term care) contracts at Suravenir and 75% for property and casualty and long-term care insurance contracts at Suravenir Assurances.

- Measurement of financial assets underlying contracts with direct participation features

The group applies the amendment to IFRS 9, which allows the recognition in the balance sheet of financial instruments underlying insurance contracts with direct participation features at market value through profit or loss in order to eliminate accounting mismatches with insurance liabilities measured using the variable fee approach.

There are also plans to apply the amendments to IAS 32 and IFRS 9, which make it possible to maintain in the balance sheet financial assets issued by the group that are held as underlying items of contracts with direct participation features measured at market value through profit or loss.

- Offsetting of rate effects in OCI

The financial income or financial expenses of insurance contracts issued will be presented separately between the income statement and equity for portfolios for which this breakdown has been deemed relevant, as permitted by the standard.

The group applies the option to offset the discount rate effects in equity for protection insurance contracts (borrower insurance, funeral, long-term care, etc.) and liabilities for incurred claims under property and casualty contracts (personal accident, means of payment, comprehensive home, etc.).

- Handling of internal expenses

As a banking and insurance conglomerate, the group distributes savings and protection products (borrower insurance, auto insurance, home insurance, etc.) and provides all necessary business management tools on behalf of its insurance subsidiaries.

The services provided by the banking networks (business introduction, administrative contract management, provision of personnel or goods, etc.) are remunerated through margin commissions based on agreements between the distributor credit institutions and the insurance subsidiaries.

The new measurement model for insurance contracts under IFRS 17 requires projecting in the fulfilment cash flows of contracts the acquisition and management expenses that will be paid in the future and presenting in the income statement the release of the estimated expenses for the period, on the one hand, and the actual expenses incurred by the distributor banking networks, on the other hand.

In accordance with the recommendations of the ESMA (32-63-1320) and the AMF (DOC-2022-06), the group restates the internal margin in the balance sheet and the income statement (in the breakdown of insurance liabilities and related results between fulfilment cash flows and contractual service margin) by presenting the share of the banking entities' general operating expenses attributable to insurance activity as insurance contract expenses and modifying the recognition in profit or loss of internal margins now spread over the duration of the insurance service (at the rate of release of the CSM) for the banking scope under IFRS 17.

The banking entities' expenses attributable to insurance activity are estimated on the basis of an analytical model.

Presentation in the balance sheet and the income statement

Pursuant to the amendments to IAS 1 resulting from IFRS 17:

- insurance contracts issued and reinsurance contracts held are presented on the balance sheet under assets or liabilities according to the overall position of the portfolios to which they belong (including the debts and receivables related to measurement of the contract);
- the various income and expenses of insurance and reinsurance contracts are broken down in the consolidated income statement under Net Banking Income into:

Profit or loss on insurance activities

- Income from insurance and reinsurance contracts issued,
- Service expenses related to insurance and reinsurance contracts issued, and

- Income and expenses related to reinsurance contracts held;

Financial income/expense of insurance activities

- Financial income and expenses of insurance and reinsurance contracts issued, and
- Financial income and expenses of reinsurance contracts held.

Income from insurance contracts shows the release of fulfilment cash flows for the expected amount over the period (excluding investment components), the change in the risk adjustment, amortisation of the contractual service margin for services rendered, the amount allocated for amortisation of acquisition expenses, premium experience adjustments, and the allocation of premiums over the period for the premium allocation approach.

Service expenses related to insurance contracts therefore include the incurred share of general operating expenses and fees directly attributable to the fulfilment of contracts, which is then deducted from Net Banking Income.

They represent the actual expenses incurred over the period (excluding repayments of the investment component), changes related to past service, amortisation of acquisition expenses, and the initial loss component for onerous contracts as well as its amortisation.

Financial income and expenses of insurance and reinsurance contracts mainly include changes in the value of groups of contracts related to the effects of the time value of money and financial risks not taken into account in the estimated cash flows.

The financial income or financial expenses of insurance contracts issued will be presented separately between the income statement and equity for the relevant portfolios.

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 unfavourable 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 levels of hierarchy 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).

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.

Other assets and liabilities

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

• Non-current assets owned by the group

Pursuant to IAS 16, IAS 38 and IAS 40, property, plant and equipment or investment property is recognized as an asset if:

- it is likely that the future economic benefits from this asset will accrue to the company, and
- the cost of said asset can be measured reliably.

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

Property, plant and equipment and investment property are recorded on the balance sheet at cost plus expenses that can be directly attributable to the purchase of the property (e.g. transfer duties, fees, commissions, legal fees).

The group has chosen a fair value model for all investment properties backing liabilities that pay a return linked directly to the fair value of, or returns from, specified assets including that investment property.

After their initial recognition, the group measures these investment properties at fair value. The gain or loss resulting from the change in fair value of these investment properties is recognised in profit or loss during the period in which it occurs.

The cost model has been used for all other investment properties.

After initial recognition, fixed assets are measured at cost less accumulated depreciation and any impairment losses.

The fair value of investment properties carried at cost is disclosed in the notes. It is determined by an expert.

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
Roof and siding	Branches: 25 years
Technical work packages	25 years
Fixtures	20 years
	3 to 10 years

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

	Depreciation periods
--	----------------------

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

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

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

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

● **Fixed assets leased by the Group**

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

□ **Scope**

IFRS 16 applies to all lease contracts except:

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

□ **Exemption measures**

Lessees may choose not to apply the new lease treatment to contracts with a term of less than one year (including renewal options) or to contracts for goods with a low unit value. This latter simplification is aimed in particular at small equipment such as computers, telephones and small office furniture. The IASB mentioned an indicative threshold of USD 5,000 in the basis for conclusions of the standard (threshold to be assessed with regard to the new unit value of the leased asset).

The Group has decided to apply this exemption threshold of USD 5,000 and has also considered the possibility of excluding certain contracts the effect of which would be immaterial to its financial statements. The majority of vehicle lease agreements are entered into with the group’s consolidated entities. Vehicle leases entered into with external lessors are marginal and have been excluded due to their low materiality.

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

□ **Accounting treatment of leases by lessees**

On the date the leased property is made available, the lessee recognizes a rental debt under liabilities. The initial amount of the liability is equal to the present value of the lease payments payable over the lease term.

This rental debt is then measured at amortized cost using the effective interest rate method: each lease payment is thus recognized partly as interest expense in the income statement and partly as a gradual reduction of the rental debt under liabilities in the balance sheet.

The amount of the rental debt may be subsequently adjusted in the event of a change to the lease agreement, a re-estimate of the lease term, and to take account of contractual changes in rents relating to the application of indices or rates.

▣ Lease term

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

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

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

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

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

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

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

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

▣ Rent discount rate

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

▣ Rent amount

The payments to be taken into account for the valuation of the rental debt include fixed and variable rents based on an index (e.g. consumer price index or construction cost index) or a reference interest rate (Euribor, etc.), as well as, if applicable, the sums that the lessee expects to pay to the lessor under residual value guarantees, purchase options or early termination penalties.

However, variable rents that are indexed based on the use of the leased property are excluded from the assessment of rental debt (indexation to actual revenues or the mileage covered, for example). This variable portion of rental payments is recognized in profit or loss over time in accordance with changes in the contractual indexation.

In France, rents are recorded on the basis of their amount excluding value added tax. Furthermore, in the case of real estate leases, real estate taxes rebilled by lessors and the local residence tax are excluded from rental debts insofar as their amounts, as determined by the competent public authorities, may vary.

☐ Recognizing a right of use by lessees

On the date the leased property is made available, the lessee must recognize as an asset a right to use the leased property in an amount equal to the initial value of the rental debt plus, if applicable, initial direct costs, advance payments and rehabilitation costs.

This asset is then amortized on a straight-line basis over the lease term used to value the rental debt.

The asset value may be subsequently adjusted in the event of a change in the lease agreement, a re-estimate of the lease term, and to take into account contractual variations in rents linked to the application of indices or rates.

The rights of use are shown in the lessee's balance sheet in the fixed asset lines where assets of the same kind held in full ownership are recorded. Where the lease agreements provide for the initial payment of a lease right to the former tenant of the premises, the amount of such right is treated as a separate component of the right of use and is presented in the same heading as the latter.

In the income statement, depreciation charges on rights of use are presented together with depreciation charges on fully-owned fixed assets.

☐ Income tax

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

Non-current assets held for sale

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

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

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

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

Provisions

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

Provisions for pension obligations

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

The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. In particular, the calculations performed incorporate a discount rate that is differentiated by entity and by plan so that the rates used are adapted to the population of each structure and reflect the reality of the commitment as closely as possible. These rates are determined by reference to the iBoxx Corporate AA rates based on private bonds, using the iBoxx with the maturity closest to the duration of the commitments of the entity and the plan in question.

At June 30, 2023, discount rates are the following:

	UES Arkade	Other subsidiaries
Retirement benefits	3.81%	Between 3.49% and 4.06%
Retirement pension supplements	3.46%	3.43%
Length-of-service awards	3.52%	Between 3.44% and 3.53%
Time savings accounts	3.54%	3.47%

The calculations also include an employee turnover rate of between 0.19% and 4.82% and a salary increase rate of between 3.18% and 4.68%¹⁰. 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

¹⁰ UES Arkade and Arkéa-SCD rates, representing 93 % of the obligation.

Home savings accounts (comptes d'épargne logement - CEL) and home savings plans (plans d'épargne logement - PEL) are government-regulated savings products intended for individuals. They combine an initial deposit phase in the form of an interest-earning savings account with a lending phase where the deposits are used to provide property loans. The latter phase is statutorily subject to the previous existence of the savings phase and is therefore inseparable from it.

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 behaviour,
- the yield curve and a stochastic modelling 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).

CONSOLIDATION PRINCIPLES AND METHODS

CONSOLIDATION SCOPE AND METHOD

Consolidating entity

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

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

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

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

Controlled entities

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

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

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

Investments in associates and joint ventures

An associate is an entity in which the group exercises significant influence. Such influence is characterized by the ability to participate in the entity's financial and operating decisions without necessarily controlling or jointly controlling these policies.

Significant influence is presumed if the group holds, directly or indirectly, 20 % or more of the voting rights in an entity. If more than 20 % of the voting rights are held, the absence of significant influence may be shown through the absence of representation in the governance bodies or the lack of participation in the process for setting policies.

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

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

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

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

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

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

Investment in joint ventures

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

Main changes in the scope of consolidation

There was no significant change in the consolidation scope during the first half of 2023.

The companies included in the Crédit Mutuel Arkéa group's consolidation scope are presented in note 31.

CONSOLIDATION RULES

Closing date

The closing date for all consolidated companies is December 31.

Inter-company transactions

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

Accounting for acquisitions and goodwill

The group applies IFRS 3 (revised) for business combinations. The acquisition cost is the sum of the fair values, at the business combination date, of the assets contributed, liabilities incurred or assumed and equity instruments issued.

IFRS 3 (revised) allows the recognition of total or partial goodwill, as selected for each business combination. In the first case, non-controlling interests are measured at fair value (the so-called total goodwill method); in the second, they are based on their proportional share of the values assigned to the assets and liabilities of the acquired company (partial goodwill).

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

Goodwill is subject to an impairment test at least once a year and whenever evidence of impairment exists.

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

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

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

The cash flows used are determined on the basis of the business plan of each CGU over a specific horizon of between four and five years, with some exceptions. These business plans are drawn up based on a common macroeconomic scenario for all fully-consolidated entities.

The discount rates used correspond to the cost of capital determined using the Capital Asset Pricing Model (CAPM). This method is based on a risk-free interest rate, to which a risk premium is added that depends on the underlying activity of the cash generating unit. This risk premium is the product of a sector beta, the equity risk premium and possibly a specific premium reflecting, for example, the execution risk or the fact that the company

was only formed recently. The risk-free rate, the sector beta and the equity risk premium are market data. For its impairment tests, the Crédit Mutuel Arkéa group uses a two-year average of each parameter. The sector beta reflects the risk of the business sector compared with the rest of the equity market. It is calculated as the average beta of a sample of comparable listed stocks. If the company is in debt, the cost of debt is also taken into account. The discount rate then becomes the weighted average cost of capital according to the ratio between equity and debt.

As part of the closing of the accounts at 30 June 2023, changes in the market parameters and financial results in line with expectations in the first quarter of 2023 are not likely to call into question the medium-term BPs. Therefore, there is no evidence of impairment in the first half of 2023. Nevertheless, an additional analysis was carried out on a group entity whose Q1 2023 results were lower than the plan. As the findings of this additional analysis were satisfactory, no impairment was recorded at 30 June 2023.

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

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

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

Translation of foreign currency denominated financial statements

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

Taxes

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

Deferred taxes

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

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

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

Deferred taxes are not discounted.

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

Uncertainty over income tax treatments

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

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

06.30.2023 12.31.2022

Cash, due from central banks		
Due from central banks	13,742,067	23,310,536
Cash	145,371	141,893
Accrued interest	0	1,288
TOTAL	13,887,438	23,453,717
Loans and receivables - credit institutions		
Current accounts	10,335,872	9,473,947
Loans	8,167	4,377
Other receivables	683,591	695,155
Guarantee deposits paid	501,755	415,450
Repurchase agreements	950,078	1,329,335
Individually impaired receivables (B3)	0	0
Accrued interest	166,138	133,357
Impairment on performing loans (B1/B2)	(7,557)	(6,667)
Other impairment (B3)	0	0
TOTAL	12,638,044	12,044,954
of which deposits and demand loans with credit institutions	271,399	399,201

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

	06.30.2023				12.31.2022			
	Trading	Fair value of option	Other JVPR	Total	Trading	Fair value of option	Other JVPR	Total
Securities	-	-	1,294,116	1,294,116	-	186,374	1,221,358	1,407,732
- Treasury bills, notes and government bonds	-	-	-	-	-	-	-	-
- Bonds and other fixed-income securities	-	-	531,243	531,243	-	186,374	486,953	673,327
. Listed	-	-	10,026	10,026	-	-	8,097	8,097
. Unlisted	-	-	506,405	506,405	-	186,374	466,788	653,162
Accrued interest	-	-	14,812	14,812	-	-	12,068	12,068
Including UCI	-	-	324,315	324,315	-	-	309,774	309,774
- Stocks and other variable-income securities	-	-	762,873	762,873	-	-	734,405	734,405
. Listed	-	-	-	-	-	-	-	-
. Unlisted	-	-	762,873	762,873	-	-	734,405	734,405
Derivatives held for trading purposes	628,472	-	-	628,472	668,015	-	-	668,015
Loans and receivables	-	13,615	1,733	15,348	-	11,660	172	11,832
of which repurchase agreements	-	-	-	-	-	-	-	-
Separate assets for employee benefit plans	-	-	87,910	87,910	-	-	87,752	87,752
TOTAL	628,472	13,615	1,383,759	2,025,846	668,015	198,034	1,309,282	2,175,331

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

Note 3. Hedging derivatives

06.30.2023

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	5,021,700	50,472,787		
Hedging derivatives - liabilities	4,141,613	37,067,034		
Change in the fair value of the hedging instrument	40,442			
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

12.31.2022

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	5,365,023	48,565,717		
Hedging derivatives - liabilities	4,525,378	39,705,780		
Change in the fair value of the hedging instrument	854,203			
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

Note 4. Financial assets as fair value through equity

	06.30.2023	12.31.2022
Treasury bills, notes and government bonds	2,010,922	2,204,402
Bonds and other fixed-income securities	5,631,810	4,434,245
- Listed	4,168,757	3,810,302
- Unlisted	1,433,116	606,198
Accrued interest	29,937	17,745
Subtotal gross value of debt instruments	7,642,732	6,638,647
Of which impaired debt instruments (B3)	0	0
Impairment on performing loans (B1/B2)	(3,947)	(3,436)
Other impairment (B3)	0	0
Subtotal net value of debt instruments	7,638,785	6,635,211
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	91,002	108,928
- Listed	63,653	82,181
- Unlisted	27,349	26,747
Accrued interest	0	0
Equity securities held for long-term investment	603,912	578,580
- Long-term investments	506,220	489,203
- Other long-term investments	97,627	89,312
- Shares in associates	65	65
- Translation adjustments	0	0
- Loaned securities	0	0
Accrued interest	0	0
Subtotal equity instruments	694,914	687,508
TOTAL	8,333,699	7,322,719
Of which unrealized capital gains/losses recognized in equity	86,028	72,017
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	117,259	125,542

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

Disposals of instruments classified at fair value through equity resulted in the reclassification to reserves of a cumulative loss at the time of the sale of €122,000 (gross of tax).

Note 5. Securities amortized cost

	06.30.2023	12.31.2022
Treasury bills, notes and government bonds	358,160	356,861
Bonds and other fixed-income securities	233,705	213,144
- Listed	202,365	186,755
- Unlisted	30,379	25,279
Accrued interest	961	1,110
GROSS TOTAL	591,865	570,005
of which impaired assets (B3)	0	0
Impairment on performing loans (B1/B2)	(518)	(516)
Other impairment (B3)	0	0
NET TOTAL	591,347	569,489

Note 6. Loans and receivables due from customers

	06.30.2023	12.31.2022
Performing receivables (B1/B2)	81,087,388	78,455,600
. Commercial receivables	96,553	97,868
. Other loans to customers	80,781,050	78,192,044
- Housing loans	44,596,983	43,092,557
- Other loans and various receivables, including repurchase agreements	36,087,324	35,015,000
- Guarantee deposits paid	96,743	84,487
. Accrued interest	209,785	165,688
Individually impaired receivables (B3)	1,482,091	1,411,770
Gross receivables	82,569,479	79,867,370
Impairment on performing loans (B1/B2)	(462,738)	(455,339)
Other impairment (B3)	(693,951)	(670,123)
Subtotal I	81,412,790	78,741,908
Finance leases (net investment)	2,517,467	2,422,682
. Movable goods	1,413,353	1,350,663
. Real property	1,104,114	1,072,019
Individually impaired receivables (B3)	76,424	70,021
Gross receivables	2,593,891	2,492,703
Impairment on performing loans (B1/B2)	(27,227)	(30,116)
Other impairment (B3)	(25,458)	(26,399)
Subtotal II	2,541,206	2,436,188
TOTAL	83,953,996	81,178,096
Of which equity loans with no voting rights	13,923	10,597
Of which subordinated loans	18	19

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

06.30.2023 **12.31.2022**
restated IFRS9

Financial assets at fair value through profit or loss	55,441,473	53,199,507
Available-for-sale financial assets	85,522	91,416
Loans and receivables - credit institutions	139,001	155,002
Held-to-maturity financial assets	2,719,989	2,611,609
Investment property	694,549	689,441
TOTAL	59,080,534	56,746,975

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

	06.30.2023				12.31.2022 restated IFRS9			
	Trading	Fair value of option	Other JVPR	Total	Trading	Fair value of option	Other JVPR	Total
Securities	-	17,576,704	37,567,373	55,144,077	-	17,403,918	35,494,641	52,898,559
- Treasury bills, notes and government bonds	-	5,942,000	-	5,942,000	-	6,203,835	-	6,203,835
- Bonds and other fixed-income securities	-	11,634,704	36,974,402	48,609,106	-	11,200,083	34,904,702	46,104,785
. Listed		8,730,584	19,857,963	28,588,547		8,913,300	18,370,425	27,283,725
. Unlisted	-	2,791,016	17,018,694	19,809,710	-	2,179,805	16,449,870	18,629,675
Accrued interest	-	113,104	97,745	210,849	-	106,978	84,407	191,385
Including UCI			24,517,891	24,517,891			23,051,358	23,051,358
- Stocks and other variable-income securities			121,802	121,802			122,923	122,923
. Listed			80,538	80,538			80,212	80,212
. Unlisted			41,154	41,154			42,711	42,711
Related receivables			110	110			-	-
Equity securities held for long-term investment			471,169	471,169			467,016	467,016
Derivatives held for trading purposes	1,620			1,620	6,085			6,085
Loans and receivables		295,776	-	295,776		294,863	-	294,863
of which repurchase agreements				-				-
TOTAL	1,620	17,872,480	37,567,373	55,441,473	6,085	17,698,781	35,494,641	53,199,507

Note 7b. Financial assets at fair value through equity

	06.30.2023	12.31.2022 restated IFRS9
Treasury bills, notes and government bonds	-	-
Bonds and other fixed-income securities	-	-
- Listed	-	-
- Unlisted	-	-
Accrued interest	-	-
Subtotal gross value of debt instruments	-	-
Of which impaired debt instruments (B3)	-	-
Impairment on performing loans (B1/B2)	-	-
Other impairment (B3)	-	-
Subtotal net value of debt instruments	-	-
Loans and receivables	-	-
- Loans and receivables due from credit institutions	-	-
Accrued interest	-	-
Subtotal gross value of Loans	-	-
Impairment on performing loans (B1/B2)	-	-
Other impairment (B3)	-	-
Subtotal net value of Loans	-	-
Stocks and other variable-income securities	5,189	7,309
- Listed	5,189	7,309
- Unlisted	-	-
Accrued interest	-	-
Equity securities held for long-term investment	80,333	84,107
- Long-term investments	80,333	84,107
- Other long-term investments	-	-
- Shares in associates	-	-
- Translation adjustments	-	-
- Loaned securities	-	-
Accrued interest	-	-
Subtotal equity instruments	85,522	91,416
TOTAL	85,522	91,416
Of which unrealized capital gains/losses recognized in equity	5,360	11,253
Of which securities sold under repurchase agreements	-	-
Of which listed long-term investments	78,469	82,243

Note 7c. Securities at amortized cost

06.30.2023 12.31.2022
restated IFRS9

Performing receivables (B1/B2)	138,790	153,495
.Current accounts	364	9,921
.Loans	11,365	17,685
.Other loans and various receivables	-	-
.Guarantee deposits paid	127,061	125,889
.repurchase agreements	-	-
Individually impaired receivables (B3)	-	-
Accrued interest	215	1,512
Impairment on performing loans (B1/B2)	(4)	(5)
Other impairment (B3)	-	-
TOTAL	139,001	155,002

Note 7d. Loans and receivables – credit institutions

06.30.2023 12.31.2022
restated IFRS9

Treasury bills, notes and government bonds	610,508	558,699
Bonds and other fixed-income securities	2,112,545	2,056,133
- Listed	1,995,070	1,950,919
- Unlisted	101,179	87,655
Accrued interest	16,296	17,559
GROSS TOTAL	2,723,053	2,614,832
of which impaired assets (B3)	-	-
Impairment on performing loans (B1/B2)	(3,064)	(3,223)
Other impairment (B3)	-	-
NET TOTAL	2,719,989	2,611,609

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

	12.31.2022	Increase	Decrease	Fair value variation	Other	06.30.2023
Investment property at amortized cost	35,937	(764)	410		0	35,583
- Historical cost	66,490	267	0		0	66,757
- Amortization and impairment	(30,553)	(1,031)	410		0	(31,174)
Investment property at fair value through profit or loss	653,504	0	0	5,287	175	658,966
TOTAL	689,441	(764)	410	5,287	175	694,549

Note 7f. Underlying items of insurance contracts with direct participation

	06.30.2023	12.31.2022 restated IFRS9
(in € thousands)	Underlying items of contracts with direct participation	Underlying items of contracts with direct participation
Fair value through equity	0	0
- Treasury bills and similar securities	0	0
- Bonds and other debt securities	0	0
- Stocks and other equity instruments	0	0
- Equity investments and other long-term investments	0	0
- Shares in associates	0	0
- Loans and receivables	0	0
Fair value through profit or loss	55,713,603	53,456,670
- Treasury bills and similar securities	5,942,000	6,203,835
- Bonds and other debt securities	48,222,269	45,708,477
- Stocks and other equity instruments	121,803	122,923
- Equity investments and other long-term investments	471,169	467,016
- Shares in associates	0	0
- Loans and receivables	295,776	294,863
- Derivatives and other financial assets - Trading	1,620	6,052
- Investment property	658,966	653,504
Hedging derivatives	0	0
Amortized cost	156,416	156,471
- Loans and receivables - credit institutions	128,802	128,857
- Treasury bills and other debt securities	0	0
- Investment property	27,614	27,614
TOTAL	55,870,019	53,613,141

Note 8. Goodwill

	12.31.2022	Increase	Decrease	Other	06.30.2023
Gross goodwill	529,295	0	0	0	529,295
Impairment	(44,685)	0	0	0	(44,685)
Net goodwill	484,610	0	0	0	484,610

Allocation by Division

Division	Entities	06.30.2023	12.31.2022
Retail customers	Arkéa Direct Bank	259,757	259,757
B2B and Specialized Services	CFCAL Banque	22,469	22,469
B2B and Specialized Services	Monext	100,250	100,250
B2B and Specialized Services	Procapital	63,000	63,000
Products	Arkéa Real Estate / AREIM	16,516	16,516
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Net goodwill		484,610	484,610

Note 9. Central banks – Due to credit institutions

	06.30.2023	12.31.2022 restated IFRS9
Due from central banks	0	0
Liabilities to credit institutions	7,328,213	15,671,150
Current accounts	60,823	335,102
Loans	1,698,505	1,468,895
Guarantee deposits received	1,040,483	872,217
Other liabilities	85,050	61,318
Repurchase agreements	4,422,938	13,097,895
Accrued interest	20,414	(164,277)
TOTAL	7,328,213	15,671,150
of which deposits and demand loans with credit institutions	120,133	371,386

(1) Including 2,115,300 € for insurance scope.

Note 10. Financial liabilities at fair value through profit or loss

06.30.2023 12.31.2022
restated IFRS9

Financial liabilities held for trading purposes	728,645	840,846
.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	728,645	840,846
.Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	1,946,943	1,533,005
Liabilities to credit institutions	0	755
Liabilities to customers	519,181	476,084
Debt securities	1,427,762	1,056,166
Subordinated debt	0	0
TOTAL	2,675,588	2,373,851

The settlement value of financial liabilities at fair value through profit or loss was €2,757 million at June 30, 2023 versus €2,548 million at December 31, 2022.

Note 10a. Fair value option financial liabilities through profit or loss

	06.30.2023			12.31.2022 restated IFRS9		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
Liabilities to credit institutions	0	11	(11)	755	765	(10)
Liabilities to customers	519,181	553,172	(33,991)	476,084	514,144	(38,060)
Debt securities	1,427,762	1,475,251	(47,489)	1,056,166	1,192,709	(136,543)
Subordinated debt	0	0	0	0	0	0
TOTAL	1,946,943	2,028,434	(81,491)	1,533,005	1,707,618	(174,613)

(1) Including a carrying amount of €347 million related to the scope of the insurance activities (Pure Unit-Linked Contracts).

Note 10b. Financial asset and liabilities subject to netting, an enforceable master netting agreement or a similar agreement

06.30.2023

	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	5,651,792	0	5,651,792	(4,412,127)	0	(1,068,527)	171,138
Reverse repurchase agreements of securities, securities	2,620,065	1,572,871	1,047,194	0	(967,171)	0	80,023
Other financial instruments	0	0	0	0	0	0	0
Total assets	8,271,857	1,572,871	6,698,986	(4,412,127)	(967,171)	(1,068,527)	251,161
Liabilities							
Derivatives	4,870,258	0	4,870,258	(4,412,127)	0	(57,937)	400,194
Repurchase agreements of securities, securities	6,012,704	1,572,871	4,439,833	0	(4,361,705)	(78,128)	0
Other financial instruments	0	0	0	0	0	0	0
Total liabilities	10,882,962	1,572,871	9,310,091	(4,412,127)	(4,361,705)	(136,065)	400,194

12.31.2022

	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	6,039,123	0	6,039,123	(4,831,173)	0	(970,515)	237,435
Reverse repurchase agreements of securities, securities	2,355,747	(943,527)	1,412,220	0	(1,333,009)	0	79,211
Other financial instruments	0	0	0	0	0	0	0
Total assets	8,394,870	(943,527)	7,451,343	(4,831,173)	(1,333,009)	(970,515)	316,646
Liabilities							
Derivatives	5,366,224	0	5,366,224	(4,831,173)	0	(82,612)	452,439
Repurchase agreements of securities, securities	13,867,050	(943,527)	12,923,523	0	(12,801,080)	(117,232)	5,211
Other financial instruments	0	0	0	0	0	0	0
Total liabilities	19,233,274	(943,527)	18,289,747	(4,831,173)	(12,801,080)	(199,844)	457,650

Note 11. Debt securities

	06.30.2023	12.31.2022
Certificates of deposit	9,654	12,317
Interbank market securities and negotiable debt securities	5,428,632	4,920,498
Bond issues	14,597,211	11,985,624
Non-preferred senior debt	2,976,870	2,814,756
Accrued interest	168,513	110,337
TOTAL	23,180,880	19,843,532

Note 12. Liabilities to customers

	06.30.2023	12.31.2022
Savings accounts governed by special regulations	37,448,512	35,922,885
Sight accounts	32,036,398	30,259,619
Term accounts	5,412,114	5,663,266
Accrued interest on savings accounts	398,516	355,640
Subtotal	37,847,028	36,278,525
Current accounts	31,709,111	35,490,574
Term accounts and term loans	10,997,812	9,042,101
Repurchase agreements	0	0
Accrued interest	246,928	78,690
Guarantee deposits received	151,942	174,274
Subtotal	43,105,793	44,785,639
TOTAL	80,952,821	81,064,164

Note 13. Reinsurance contract and insurance contract liabilities

	06.30.2023		12.31.2022 restated IFRS17	
	Assets on insurance contracts	Liabilities on insurance contracts	Assets on insurance contracts	Liabilities on insurance contracts
Liabilities on insurance contracts issued		51,233,620		49,630,174
Assets on reinsurance contracts held	151,248		148,112	
	151,248	51,233,620	148,112	49,630,174

In reinsurance assets:

- the asset for remaining coverage (excluding loss component) was €53.7 million at 30 June 2023 (€52.9 million at 31 December 2022),
- the assets for incurred claims was €95.1 million (vs. €106.2 million at 31 December). Within this asset:
 - o the best estimate was €74.3 million and the risk adjustment was €4 million (compared with €88 million and €4 million respectively at the start of the period),
 - o the remaining balance relates to non-PAA contracts.

Note 13a. Liabilities on insurance contracts issued

Distinction between insurance liabilities or remaining coverage and for uncured claims

	06.30.2023					
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			TOTAL
	Excluding loss item	Loss item	Non-PAA contracts	Estimated present value of future cash flows on PAA contracts (BE)	Adjustment for non-financial risk on PAA contracts (RA)	
Assets on insurance contracts, beginning of the year	0	0	0	0	0	0
Liabilities on insurance contracts, beginning of the year	49,216,928	8,390	326,500	337,215	12,814	49,901,847
Opening balance	49,216,928	8,390	326,500	337,215	12,814	49,901,847
Income from insurance contracts issued	(561,198)	0	0	0	0	(561,198)
Claims expenses and other insurance expenses incurred during	0	0	122,106	134,459	2,065	258,630
Amortisation of acquisition cash flows	60,361	0	0	0	0	60,361
Loss on onerous contracts	0	1,723	0	0	0	1,723
Changes related to claims incurred in previous years (adjustment)	0	0	(843)	16,799	(2,329)	13,627
Expenses related to insurance contracts issued	60,361	1,723	121,263	151,258	(264)	334,341
Investment component	(2,040,292)	0	2,040,292	0	0	0
Profit or loss on insurance activities	(2,541,129)	1,723	2,161,555	151,258	(264)	(226,857)
Net financial expenses on insurance contracts	1,692,957	0	289	972	50	1,694,268
Impact of rates	(20,513)	0	(450)	1,966	93	(18,904)
Impact of changes in exchange rates	0	0	0	0	0	0
TOTAL changes in profit or loss and other comprehensive income	(868,685)	1,723	2,161,394	154,196	(121)	1,448,507
Premiums received	2,566,992	0	0	0	0	2,566,992
Claims and expenses paid, including investment component	0	0	(2,159,557)	(164,593)	0	(2,324,150)
Contract acquisition cash flows	(48,345)	0	0	0	0	(48,345)
TOTAL cash flows	2,518,647	0	(2,159,557)	(164,593)	0	194,497
Assets on insurance contracts, end of the year	0	0	0	0	0	0
Liabilities on insurance contracts, end of the year	50,866,890	10,113	328,337	326,818	12,693	51,544,851
Closing balance	50,866,890	10,113	328,337	326,818	12,693	51,544,851

	12.31.2022 restated IFRS17					
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			TOTAL
	Excluding loss item	Loss item	Non-PAA contracts	Estimated present value of future cash flows on PAA contracts (BE)	Adjustment for non-financial risk on PAA contracts (RA)	
Assets on insurance contracts, beginning of the year	0	0	0	0	0	0
Liabilities on insurance contracts, beginning of the year	52,808,671	8,285	308,116	311,256	15,105	53,451,433
Opening balance	52,808,671	8,285	308,116	311,256	15,105	53,451,433
Income from insurance contracts issued	(1,105,108)	0	0	0	0	(1,105,108)
Claims expenses and other insurance expenses	0	0	208,572	349,653	4,256	562,481
Amortisation of acquisition cash flows	114,271	0	0	0	0	114,271
Loss on onerous contracts	0	105	0	0	0	105
Changes related to claims incurred in previous years	0	0	(9,691)	(186)	(4,671)	(14,548)
Expenses related to insurance contracts issued	114,271	105	198,881	349,467	(415)	662,309
Investment component	(3,147,351)	0	3,147,351	0	0	0
Profit or loss on insurance activities	(4,138,188)	105	3,346,232	349,467	(415)	(442,799)
Net financial expenses on insurance contracts	(4,460,950)	0	233	1,261	67	(4,459,389)
Impact of rates	84,699	0	(871)	(27,357)	(1,943)	54,528
Impact of changes in exchange rates	0	0	0	0	0	0
TOTAL changes in profit or loss and other	(8,514,439)	105	3,345,594	323,371	(2,291)	(4,847,660)
Premiums received	5,129,104	0	0	0	0	5,129,104
Claims and expenses paid, including investment	0	0	(3,327,210)	(297,412)	0	(3,624,622)
Contract acquisition cash flows	(206,408)	0	0	0	0	(206,408)
TOTAL cash flows	4,922,696	0	(3,327,210)	(297,412)	0	1,298,074
Assets on insurance contracts, end of the year	0	0	0	0	0	0
Liabilities on insurance contracts, end of the year	49,216,928	8,390	326,500	337,215	12,814	49,901,847
Closing balance	49,216,928	8,390	326,500	337,215	12,814	49,901,847

Distinction between uninsurance liabilities (BE, RA, CSM) - Not measured using the premium allocation approach (PAA)

	06.30.2023			
(in € thousands)	Estimated present value of future cash flows (BE)	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	TOTAL
Assets on insurance contracts, beginning of the year	0	0	0	0
Liabilities on insurance contracts, beginning of the year	44,971,774	621,928	3,804,058	49,397,760
Opening balance	44,971,774	621,928	3,804,058	49,397,760
Change in the contractual service margin recognized in profit or loss			(192,803)	(192,803)
Change in the adjustment for non-financial risk over the period		(23,899)		(23,899)
Experience adjustments	10,895			10,895
Changes related to services rendered during the period	10,895	(23,899)	(192,803)	(205,807)
Contracts recognized during the period	(93,140)	18,773	74,367	0
Changes in estimates leading to an adjustment of the contractual service margin	(14,184)	36,441	(22,257)	0
Changes in estimates leading to losses or reversals of losses on groups of onerous contracts	0	0	0	0
Changes related to future services	(107,324)	55,214	52,110	0
Changes in performance cash flows in respect of incurred claims	(1,784)	982	0	(802)
Changes related to past services	(1,784)	982	0	(802)
Profit or loss on insurance activities	(98,213)	32,297	(140,693)	(206,609)
Net financial expenses on insurance contracts	1,694,924	189	(1,867)	1,693,246
Impact of rates	(22,718)	1,755	0	(20,963)
Impact of changes in exchange rates	0	0	0	0
TOTAL changes in profit or loss and other comprehensive income	1,573,993	34,241	(142,560)	1,465,674
Premiums received	2,363,285	0	0	2,363,285
Claims and expenses paid, including investment component	(2,159,342)	0	0	(2,159,342)
Contract acquisition cash flows	(44,554)	0	0	(44,554)
TOTAL cash flows	159,389	0	0	159,389
Assets on insurance contracts, end of the year	0	0	0	0
Liabilities on insurance contracts, end of the year	46,705,156	656,169	3,661,498	51,022,823
Closing balance	46,705,156	656,169	3,661,498	51,022,823

12.31.2022 restated IFRS17

(in € thousands)	Estimated present value of future cash flows (BE)	Adjustment for non-financial risk (RA)	Contractual service margin (CSM)	TOTAL
Assets on insurance contracts, beginning of the year	0	0	0	0
Liabilities on insurance contracts, beginning of the year	49,748,531	595,867	2,634,694	52,979,092
Opening balance	49,748,531	595,867	2,634,694	52,979,092
Change in the contractual service margin recognized in profit or loss			(414,740)	(414,740)
Change in the adjustment for non-financial risk over the period		(37,132)		(37,132)
Experience adjustments	7,763			7,763
Changes related to services rendered during the period	7,763	(37,132)	(414,740)	(444,109)
Contracts recognized during the period	(346,263)	54,901	291,361	(1)
Changes in estimates leading to an adjustment of the contractual service margin	(1,323,125)	26,405	1,296,719	(1)
Changes in estimates leading to losses or reversals of losses on groups of onerous contracts	0	0	0	0
Changes related to future services	(1,669,388)	81,306	1,588,080	(2)
Changes in performance cash flows in respect of incurred claims	(8,447)	(1,244)		(9,691)
Changes related to past services	(8,447)	(1,244)	0	(9,691)
Profit or loss on insurance activities	(1,670,072)	42,930	1,173,340	(453,802)
Net financial expenses on insurance contracts	(4,456,245)	(494)	(3,976)	(4,460,715)
Impact of rates	100,204	(16,375)	0	(11,670)
Impact of changes in exchange rates	0	0	0	0
TOTAL changes in profit or loss and other comprehensive income	(6,026,113)	26,061	1,169,364	(4,830,688)
Premiums received	4,678,459	0	0	4,678,459
Claims and expenses paid, including investment component	(3,327,210)	0	0	(3,327,210)
Contract acquisition cash flows	(101,893)	0	0	(101,893)
TOTAL cash flows	1,249,356	0	0	1,249,356
Assets on insurance contracts, end of the year	0	0	0	0
Liabilities on insurance contracts, end of the year	44,971,774	621,928	3,804,058	49,397,760
Closing balance	44,971,774	621,928	3,804,058	49,397,760

Reconciliation of liabilities and receivables related to insurance contracts

	06.30.2023		12.31.2022 restated IFRS17	
(in € thousands)	Assets on insurance contracts	Liabilities on insurance contracts	Assets on insurance contracts	Liabilities on insurance contracts
Closing balance (Note 21.a)	0	51,544,851	0	49,901,847
Liabilities and receivables related to insurance contracts issued	0	(311,231)	0	(271,673)
Closing balance (including related liabilities and receivables)	0	51,233,620	0	49,630,174

Note 14. Provisions

	12.31.2022	Allocations	Write-backs (used)	Write-backs (unused)	Other	06.30.2023
Provisions for pension obligations	162,056	5,130	(970)	(3,080)	(299)	162,837
Provisions for home savings accounts and plans	32,366	0	0	(14,061)	0	18,305
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	44,849	17,883	0	(22,392)	(9)	40,331
Provisions for execution of guarantee commitments	1,729	22	0	(1,751)	0	0
Provisions for taxes	2,630	0	(138)	0	0	2,492
Provisions for lawsuits	14,297	1,392	(378)	(720)	15	14,606
Provisions for contingencies	806	568	(173)	0	0	1,201
Other	30,317	2,040	(9,356)	(5,439)	(29)	17,533
TOTAL	289,050	27,035	(11,015)	(47,443)	(322)	257,305

Note 14a. Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope

	12.31.2022	Allocations	Write-backs	Other	06.30.2023
Commitments given					
12-month expected losses	21,006	10,304	(10,944)	(9)	20,357
Lifetime expected losses for non-impaired assets	6,510	4,384	(3,869)	0	7,025
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	17,333	3,195	(7,579)	0	12,949
TOTAL	44,849	17,883	(22,392)	(9)	40,331

Note 15a. Fair value ranking – banking activity

06.30.2023

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	5,426,603	2,393,106	513,990	8,333,699
- Treasury bills and similar securities - FVOCI (1) (2)	1,516,386	493,686	0	2,010,072
- Bonds and other fixed-income securities - FVOCI (3)(4)	3,729,305	1,899,408	0	5,628,713
- Stocks and other variable-income securities - FVOCI	63,653	12	27,337	91,002
- Equity investments and other long-term investments - FVOCI	117,259	0	486,588	603,847
- Shares in associates - FVOCI	0	0	65	65
- 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	10,026	899,771	1,116,049	2,025,846
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Other FVTPL (5)	10,026	255,951	265,266	531,243
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	0	0	762,873	762,873
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	13,615	0	13,615
- Loans and receivables due from customers - Other FVTPL	0	1,733	0	1,733
- Derivatives and other financial assets - Trading	0	628,472	0	628,472
- Other assets classified at FVTPL	0	0	87,910	87,910
Derivatives used for hedging purposes	0	5,021,700	0	5,021,700
Total	5,436,629	8,314,577	1,630,039	15,381,245
Financial liabilities				
Trading/FVO	0	2,296,487	0	2,296,487
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Amounts due to customers - Fair value option	0	171,746	0	171,746
- Debt securities - Fair value option	0	1,427,762	0	1,427,762
- Derivatives and other financial liabilities - Trading	0	696,979	0	696,979
Derivatives used for hedging purposes	0	4,141,613	0	4,141,613
Total	0	6,438,100	0	6,438,100

(1) Transfers from level 2 to level 1 were made in the amount of €39 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 €22 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(3) Transfers from level 1 to level 2 were made in the amount of €190 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

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

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

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	5,572,706	1,270,240	479,773	7,322,719
- Treasury bills and similar securities - FVOCI (1) (2)	1,738,987	464,537	0	2,203,524
- Bonds and other fixed-income securities - FVOCI (3)	3,625,996	805,691	0	4,431,687
- Stocks and other variable-income securities - FVOCI	82,181	12	26,735	108,928
- Equity investments and other long-term investments - FVOCI	125,542	0	452,973	578,515
- Shares in associates - FVOCI	0	0	65	65
- 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	8,097	1,117,355	1,049,879	2,175,331
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading				
- Bonds and other fixed-income securities - Fair value option	0	186,374	0	186,374
- Bonds and other fixed-income securities - Other FVTPL (4)	8,097	251,134	227,722	486,953
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	0	0	734,405	734,405
- Loans and receivables due from credit institutions - Fair value option	0	755	0	755
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	10,905	0	10,905
- Loans and receivables due from customers - Other FVTPL	0	172	0	172
- Derivatives and other financial assets - Trading	0	668,015	0	668,015
- Other assets classified at FVTPL (5)			87,752	87,752
Derivatives used for hedging purposes	0	5,365,023	0	5,365,023
Total	5,580,803	7,752,618	1,529,652	14,863,073
Financial liabilities				
Trading/FVO	0	2,049,947	0	2,049,947
- Amounts due to credit institutions - Fair value option	0	755	0	755
- Amounts due to customers - Fair value option	0	165,532	0	165,532
- Debt securities - Fair value option	0	1,056,166	0	1,056,166
- Derivatives and other financial liabilities - Trading	0	827,494	0	827,494
Derivatives used for hedging purposes	0	4,525,378	0	4,525,378
Total	0	6,575,325	0	6,575,325

(1) Transfers from level 2 to level 1 were made in the amount of €37 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 €453 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(3) Transfers from level 1 to level 2 were made in the amount of €75 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(4) Transfers from level 2 to level 1 were made in the amount of €8 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(5) Recognition of separate assets for employee benefit plans.

Note 15b. Fair value ranking – insurance activity

06.30.2023

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	67,920	0	17,602	85,522
- Treasury bills and similar securities - FVOCI	0	0	0	0
- Bonds and other fixed-income securities - FVOCI	0	0	0	0
- Stocks and other variable-income securities - FVOCI	5,189	0	0	5,189
- Equity investments and other long-term investments - FVOCI	62,731	0	17,602	80,333
- Shares in associates - FVOCI	0	0	0	0
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0
- Loans and receivables due from customers - FVOCI				0
Trading/FVO/Other FVTPL	30,781,057	14,431,398	10,229,018	55,441,473
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option (1)	5,711,399	230,601	0	5,942,000
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option (2)(3)	8,767,197	2,866,511	996	11,634,704
- Bonds and other fixed-income securities - Other FVTPL (4)(5)	16,221,923	11,018,725	9,733,754	36,974,402
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	80,538	18,165	494,268	592,971
- Loans and receivables - Fair value option	0	295,776	0	295,776
- Loans and receivables - Other FVTPL	0	0	0	0
- Derivatives and other financial assets - Trading	0	1,620	0	1,620
Derivatives used for hedging purposes	0	0	0	0
Total	30,848,977	14,431,398	10,246,620	55,526,995
Financial liabilities				
Trading/FVO	0	379,101	0	379,101
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Amounts due to customers - Fair value option	0	347,435	0	347,435
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	31,666	0	31,666
Derivatives used for hedging purposes	0	0	0	0
Total	0	379,101	0	379,101

(1) Transfers from level 2 to level 1 were made in the amount of €56 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 €6 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 €12 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

(4) Transfers from level 1 to level 2 were made in the amount of €13 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(5) Transfers from level 2 to level 1 were made in the amount of €10 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	74,472	0	16,944	91,416
- Treasury bills and similar securities - FVOCI	0	0	0	0
- Bonds and other fixed-income securities - FVOCI	0	0	0	0
- Stocks and other variable-income securities - FVOCI	7,309	0	0	7,309
- Equity investments and other long-term investments - FVOCI	67,163	0	16,944	84,107
- Shares in associates - FVOCI	0	0	0	0
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0
- Loans and receivables due from customers - FVOCI				0
Trading/FVO/Other FVTPL	30,149,794	12,766,874	10,282,839	53,199,507
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option (1)	6,031,764	172,071	0	6,203,835
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option (2)(3)	8,983,644	2,215,638	801	11,200,083
- Bonds and other fixed-income securities - Other FVTPL (4)(5)	15,054,174	10,058,692	9,791,836	34,904,702
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	80,212	19,525	490,202	589,939
- Loans and receivables - Fair value option	0	294,863	0	294,863
- Loans and receivables - Other FVTPL	0	0	0	0
- Derivatives and other financial assets - Trading	0	6,085	0	6,085
Derivatives used for hedging purposes	0	0	0	0
Total	30,224,266	12,766,874	10,299,783	53,290,923
Financial liabilities				
Trading/FVO	0	323,904	0	323,904
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Amounts due to customers - Fair value option	0	310,552	0	310,552
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	13,352	0	13,352
Derivatives used for hedging purposes	0	0	0	0
Total	0	323,904	0	323,904

(1) Transfers from level 1 to level 2 were made in the amount of €183 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 €106 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 €31 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

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

(5) Transfers from level 2 to level 1 were made in the amount of €17 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

Note 16. Fair value ranking of financial assets and liabilities recognized at amortized cost – banking activity

06.30.2023

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	89,540,676	97,183,387	(7,642,711)	234,707	12,922,362	76,383,606
Financial assets at amortized cost						
Loans and receivables due from credit institutions	12,611,669	12,638,044	(26,375)	0	12,611,668	0
Loans and receivables due from customers	76,360,616	83,953,996	(7,593,380)	0	0	76,360,616
Securities	568,391	591,347	(22,956)	234,707	310,694	22,990
Liabilities	109,334,675	111,518,237	(2,183,562)	0	28,410,899	80,923,776
Liabilities to credit institutions	5,103,096	5,212,913	(109,817)	0	5,103,096	0
Liabilities to customers	80,923,776	80,952,821	(29,045)	0	0	80,923,776
Debt securities	21,300,544	23,180,880	(1,880,336)	0	21,300,544	0
Subordinated debt	2,007,259	2,171,623	(164,364)	0	2,007,259	0

12.31.2022

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	85,890,732	93,792,539	(7,901,807)	240,481	12,318,627	73,331,624
Financial assets at amortized cost						
Loans and receivables due from credit institutions	12,035,491	12,044,954	(9,463)	0	12,035,491	0
Loans and receivables due from customers	73,313,496	81,178,096	(7,864,600)	0	0	73,313,496
Securities	541,745	569,489	(27,744)	240,481	283,136	18,128
Liabilities	114,930,746	117,208,495	(2,277,749)	0	33,912,574	81,018,172
Liabilities to credit institutions	14,008,094	14,118,785	(110,691)	0	14,008,094	0
Liabilities to customers	81,018,172	81,064,164	(45,992)	0	0	81,018,172
Debt securities	17,879,488	19,843,532	(1,964,044)	0	17,879,488	0
Subordinated debt	2,024,992	2,182,014	(157,022)	0	2,024,992	0

For financial instruments that are not measured at fair value in the balance sheet, fair value calculations are provided for information purposes and should be interpreted as estimates only.

Indeed, in most cases, the values communicated may not be the actual amounts. The fair values were calculated only to provide information in the notes to the financial statements. These values are not indicators used for the purposes of managing the activities of the bank, whose business model is mainly a contractual cash flow model.

Note 16b. Fair value ranking of financial assets and liabilities recognized at amortized cost – insurance activity

06.30.2023

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	2,639,527	2,858,990	(219,463)	2,425,889	199,777	13,861
Loans and receivables due from credit institutions						
Other loans and receivables linked to insurance activities	138,121	139,001	(880)	0	127,608	10,513
Held-to-maturity financial assets	2,501,406	2,719,989	(218,583)	2,425,889	72,169	3,348
Liabilities	2,115,300	2,115,300	0	0	2,115,300	0
Liabilities to credit institutions	2,115,300	2,115,300	0	0	2,115,300	0
Debt securities	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0

12.31.2022

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	2,521,217	2,766,611	(245,394)	2,310,539	187,129	23,549
Loans and receivables due from credit institutions						
Other loans and receivables linked to insurance activities	154,105	155,002	(897)	0	135,174	18,931
Held-to-maturity financial assets	2,367,112	2,611,609	(244,497)	2,310,539	51,955	4,618
Liabilities	1,552,772	1,552,772	0	0	1,552,772	0
Liabilities to credit institutions	1,552,365	1,552,365	0	0	1,552,365	0
Debt securities	0	0	0	0	0	0
Subordinated debt	407	407	0	0	407	0

Note 17. Interest and similar income/expense

	06.30.2023		06.30.2022	
	Income	Expense	Income	Expense
Credit institutions and central banks	492,053	(183,220)	105,238	(61,943)
Customers	872,316	(686,379)	689,278	(227,919)
- of which leasing	47,185	(5,188)	105,603	(72,706)
- of which rental debts		(820)		(143)
Securities at amortized cost	1,512	0	1,414	0
Financial assets at fair value through profit or loss	10,531	(1,020)	8,799	(160)
Derivatives used for hedging purposes	569,934	(533,341)	123,974	(145,914)
Financial assets at fair value through equity	51,355	0	3,879	0
Debt securities	0	(252,791)	0	(93,615)
TOTAL	1,997,701	(1,656,751)	932,582	(529,551)

Note 18. Fee and commission income/expense

	06.30.2023		06.30.2022	
	Income	Expense	Income	Expense
Credit institutions	2,125	(3,023)	2,194	(14,995)
Customers	89,634	(3)	76,839	(2)
Derivatives	1,864	(2)	273	(236)
Foreign exchange	5,252	(85)	2,392	0
Financing and guarantee commitments	1,042	(246)	1,212	(1,813)
Securities and services	266,409	(88,415)	282,713	(84,246)
TOTAL	366,326	(91,774)	365,623	(101,292)

Note 19. Net gain (loss) on financial instruments at fair value through profit or loss

	06.30.2023	06.30.2022
Instruments held for trading	122,400	(132,194)
Fair value option instruments	(106,698)	152,014
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	51,474	174,397
Including UCI	4,123	38,184
Hedging ineffectiveness	(2,087)	16,900
cash flow hedges	0	0
fair value hedges	(2,087)	16,900
. change in fair value of hedged items	(150,289)	1,110,223
. change in fair value of hedges	148,202	(1,093,323)
Foreign exchange gains (losses)	729	387
TOTAL OF CHANGES IN FAIR VALUE	65,818	211,504

Note 20. Net gain (loss) on financial instruments at fair value through equity

06.30.2023

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		(142)	(142)
Bonds and other fixed-income securities		(1,875)	(1,875)
Loans - Credit institutions		0	0
Customer loans		0	0
Stocks and other variable-income securities	6,687		6,687
Equity securities held for long-term investment	10,038		10,038
TOTAL	16,725	(2,017)	14,708

06.30.2022

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		1,083	1,083
Bonds and other fixed-income securities		564	564
Loans - Credit institutions			0
Customer loans			0
Stocks and other variable-income securities	5,169		5,169
Equity securities held for long-term investment	11,232		11,232
TOTAL	16,401	1,647	18,048

Note 21. Net gain (loss) on financial instruments at amortized cost

Financial assets	Profit or loss recognized on the derecognition of assets as at June 30, 2023	Profit or loss recognized on the derecognition of assets as at June 30, 2022
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	0
Loans - Credit institutions	0	0
Customer loans	0	3,642
Financial liabilities		
Liabilities to credit institutions	0	0
Liabilities to customers	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	0	3,642

Note 22. Net income from insurance activities

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Income from insurance contracts issued	561,198	521,011
Expenses related to insurance contracts issued	(286,318)	(264,209)
Income and expenses related to reinsurance contracts held	(12,313)	(6,682)
Subtotal profit or loss on insurance and reinsurance activities	262,567	250,120
Net income from financial investments related to insurance activities	1,733,457	(4,263,453)
of which, cost of risk for financial investments related to insurance activities	160	(98)
Financial income or financial expense on insurance contracts issued	(1,694,278)	4,299,162
Financial income or financial expense on reinsurance contracts held	2,207	1,804
Subtotal net financial income from insurance and reinsurance activities	41,386	37,513
TOTAL	303,953	287,633

Note 22a. Net income from insurance activities

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Income from insurance contracts not measured using the premium allocation approach (PAA)	333,621	304,737
- Contractual service margin recognized in profit or loss	192,664	183,900
- Change in adjustment for non-financial risk not related to past or future services	23,860	19,165
- Portion of premiums charged to the recovery of cash flows related to acquisition costs	5,965	2,207
- Claims expenses and other related expenses expected during the period	111,132	99,465
- Other	0	0
Revenue from insurance contracts measured using the premium allocation approach (PAA)	227,577	216,274
Expenses related to insurance contracts	(286,318)	(264,209)
Profit or loss on insurance activities	274,880	256,802
Expenses related to reinsurance contracts not measured using the premium allocation approach (PAA)	(21,870)	(20,259)
- Contractual service margin recognized in profit or loss	(10,638)	(10,873)
- Change in adjustment for non-financial risk not related to past or future services	(347)	(376)
- Claims expenses and other related expenses expected during the period	(10,885)	(9,010)
- Other	0	0
Expenses related to reinsurance contracts measured using the premium allocation approach (PAA)	(12,000)	(10,434)
Income from reinsurance contracts	21,557	24,011
Profit or loss on reinsurance activities	(12,313)	(6,682)
TOTAL profit or loss on insurance and reinsurance activities	262,567	250,120

Note 22b. Net financial income from insurance and reinsurance activities (including return on investments)

(in € thousands)

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Net income from financial investments related to insurance activities	1,733,457	-4,263,453
Change in the fair value of the underlying items of contracts with direct participation	-1,691,436	4,301,710
Impact of the risk mitigation option	0	0
Impact of accretion of insurance liabilities	-2,842	-2,548
Impact of changes in discount rates and other financial assumptions	0	0
Net foreign exchange losses	0	0
Net financial expenses on insurance contracts	-1,694,278	4,299,162
Other income	2,207	1,804
Net financial income from reinsurance contracts	2,207	1,804
TOTAL net financial income from insurance and reinsurance activities (including return on investments)	41,386	37,513

Note 22c. Net income from financial investments related to insurance activities

	06.30.2023	06.30.2022 restated IFRS9
Interest and similar income/expense	315,971	323,815
Commission	177,799	142,516
Net gains on financial instruments at fair value through profit or loss	1,226,261	(4,732,333)
Net gain (loss) on financial assets at fair value through equity	2,648	3,516
Net income on investment property	53	(263)
Net gain on investment property	10,565	(606)
Cost of risk for insurance financial investments	160	(98)
TOTAL	1,733,457	(4,263,453)

Interest and similar income is mainly derived from the "Financial assets at fair value through profit or loss" category, amounting to €289.4 million at 30 June 2023 and €302.8 million at 30 June 2022.

All fees and commissions come from securities dealing and services provided.

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

	06.30.2023	06.30.2022 restated IFRS9
Trading instruments	(27,892)	44,977
Fair value option instruments	181,354	(1,987,655)
Other instruments at fair value through profit or loss	1,072,433	(2,787,204)
of which UCIs	746,701	(2,055,732)
Foreign exchange gains (losses)	366	(2,451)
TOTAL CHANGES IN FAIR VALUE	1,226,261	(4,732,333)

Note 22d. Insurance activities – Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk

	12.31.2022 restated IFRS9	Acquisition /production	Sale/repayment	Transfers between buckets	Other	06.30.2023
Financial assets at amortized costs - loans and receivables due from credit institutions	155,007	16,711	(32,713)	0	0	139,005
- 12-month expected losses	155,007	16,711	(32,713)	0	0	139,005
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
- Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Financial assets at amortized costs - loans and receivables due from customers	2,614,832	277,090	(168,869)	0	0	2,723,053
- 12-month expected losses	2,595,688	276,981	(168,860)	(2,503)	0	2,701,306
- Lifetime expected losses - non-impaired assets	19,144	109	(9)	2,503	0	21,747
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
- Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Financial assets at amortized cost - Securities	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
- Financial assets at FVOCI - Fixed income securities	0	0	0	0	0	0
- 12-month expected losses	0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
- Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Total	2,769,839	293,801	(201,582)	0	0	2,862,058

Insurance activities – Information regarding changes in provisions for expected losses for credit risk

	12.31.2022 restated IFRS9	Allocations	Reversals	Transfers	Change of method	Other	06.30.2023
Financial assets at amortized costs - loans and receivables due from credit institutions	(5)	0	1	0	0	0	(4)
- 12-month expected losses	(5)	0	1	0	0	0	(4)
- 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	(3,223)	(257)	416	0	0	0	(3,064)
- 12-month expected losses	(3,084)	(211)	362	0	0	0	(2,933)
- Lifetime expected losses - non-impaired assets	(139)	(46)	54	0	0	0	(131)
- 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 cost - Securities	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
Financial assets at FVOCI - Fixed income securities	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							
- 12-month expected losses							
- Lifetime expected losses - non-impaired assets							
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created							
Total	(3,228)	(257)	417	0	0	0	(3,068)

Note 23. Income/expense from other activities

	06.30.2023		06.30.2022	
	Income	Expense	Income	Expense
Investment property	467	(1,922)	2,340	(2,202)
Other income and expense	156,293	(34,771)	171,025	(31,323)
TOTAL	156,760	(36,693)	173,365	(33,525)

Note 24. Gains (losses) on disposal – dilution in investments of associates

	06.30.2023	06.30.2022
Gains or losses on disposal/dilution on joint ventures	0	0
Gains or losses on disposal/dilution on associates	-37	0
TOTAL	-37	0

Note 25. General operating expenses

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Personnel expenses	(414,458)	(378,854)
General insurance operating expenses (non-attachable portion)	(18,441)	(16,209)
Other expense	(291,899)	(290,967)
TOTAL	(724,798)	(686,030)

Note 25.a Personnel expenses

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Salaries and wages	(232,356)	(196,094)
Payroll taxes	(124,195)	(117,935)
Mandatory and optional employee profit-sharing	(22,126)	(30,837)
Taxes, levies and similar payments on compensation	(35,781)	(33,988)
TOTAL	(414,458)	(378,854)

Note 25.b Other operating expenses

	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Taxes other than on income	(63,215)	(90,898)
Rentals	(44,098)	(34,583)
- short term rentals of assets or low / substantial values	(42,805)	(32,696)
- other rentals	(1,293)	(1,887)
External services	(222,143)	(229,985)
Other miscellaneous expenses	37,557	(13)
TOTAL	(291,899)	(355,479)

Note 25.c Analysis of expenses related to insurance activities

(in € thousands)	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Personnel expenses related to insurance activities	(46,023)	(42,833)
Other operating expenses related to insurance activities	(51,615)	(50,897)
Depreciation, amortization and provisions related to insurance activities	(1,800)	(1,712)
Other expenses related to insurance activities	(13,615)	(9,182)
TOTAL insurance activity expenses	(113,052)	(104,625)
of which expenses related to insurance contracts allocated to insurance service expenses	(94,611)	(88,416)
of which expenses not related to insurance contracts not allocated to insurance service expenses (insurance general operating expenses)	(18,441)	(16,209)

Note 26 Cost of risk

Cost of risk – banking activity

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2023
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	(82,974)	76,924				(6,050)
- Loans and receivables due from credit institutions	(1,558)	669				(889)
- Loans and receivables due from customers	(69,332)	64,382				(4,950)
- of which finance leases	(2,509)	3,024				515
- Financial assets at amortized cost - Fixed income securities	(85)	95				10
- Financial assets at FVOCI - Fixed income securities	(1,696)	1,183				(513)
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(10,303)	10,595				292
- Other assets	0	0				0
Lifetime expected loss	(115,964)	114,732				(1,232)
- Loans and receivables due from credit institutions	0	0				0
- Loans and receivables due from customers	(111,579)	111,005				(574)
- of which finance leases	(2,495)	3,880				1,385
- Financial assets at amortized cost - Fixed income securities	0	18				18
- Financial assets at FVOCI - Fixed income securities	0	1				1
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(4,385)	3,708				(677)
- Other assets	0	0				0
Impaired assets	(124,353)	102,460	(23,225)	(4,740)	2,693	(47,165)
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(117,113)	93,313	(23,220)	(4,740)	2,693	(49,067)
- of which finance leases	(7,117)	6,657	(873)	0	57	(1,276)
- Financial assets at amortized cost - Fixed income securities	0	0	0	0	0	0
- 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	(5,263)	7,644	0	0	0	2,381
- Other assets	(1,977)	1,503	(5)	0	0	(479)
Total	(323,291)	294,116	(23,225)	(4,740)	2,693	(54,447)

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2022
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	(76,621)	55,583				(21,038)
- Loans and receivables due from credit institutions	(696)	775				79
- Loans and receivables due from customers	(63,849)	43,918				(19,931)
- of which finance leases	(2,212)	1,391				(821)
- Financial assets at amortized cost - Fixed income securities	(15)	0				(15)
- Financial assets at FVOCI - Fixed income securities	(2,520)	2,978				458
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(9,541)	7,912				(1,629)
- Other assets	0	0				0
Lifetime expected loss	(105,572)	94,624				(10,948)
- Loans and receivables due from credit institutions	0	0				0
- Loans and receivables due from customers	(101,986)	90,806				(11,180)
- of which finance leases	(2,754)	2,620				(134)
- Financial assets at amortized cost - Fixed income securities	0	41				41
- Financial assets at FVOCI - Fixed income securities	(91)	62				(29)
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(3,495)	3,715				220
- Other assets	0	0				0
Impaired assets	(129,501)	141,547	(31,982)	(4,080)	7,035	(16,981)
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(121,478)	111,074	(31,894)	(4,055)	7,035	(39,318)
- of which finance leases	(5,649)	7,934	(4,040)	0	2,542	787
- Financial assets at amortized cost - Fixed income securities	0	55	0	0	0	55
- 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	(6,941)	28,717	0	0	0	21,776
- Other assets	(1,082)	1,701	(88)	(25)	0	506
Total	(311,694)	291,754	(31,982)	(4,080)	7,035	(48,967)

Note 26b. Banking activities – Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk

	12.31.2022	Acquisition /production	Sale/repayment	Transfers between buckets	Other	06.30.2023
Financial assets at amortized costs - loans and receivables due from credit institutions	12,051,621	3,042,893	(2,448,861)	0	(52)	12,645,601
- 12-month expected losses	12,051,621	3,042,893	(2,448,861)	0	(52)	12,645,601
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Financial assets at amortized costs - loans and receivables due from customers	82,360,073	11,131,120	(8,327,716)	0	(107)	85,163,370
- 12-month expected losses	76,167,214	10,860,001	(7,652,318)	(529,296)	(107)	78,845,494
- Lifetime expected losses - non-impaired assets	4,711,068	208,050	(516,595)	356,888	0	4,759,361
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	1,288,241	40,849	(139,261)	172,732	0	1,362,561
Lifetime expected losses - assets impaired as from acquisition/creation	193,550	22,220	(19,542)	(274)	0	195,954
Financial assets at amortized cost - Securities	570,005	25,016	(3,156)	0	0	591,865
- 12-month expected losses	570,005	25,016	(3,156)	0	0	591,865
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	6,638,647	4,515,794	(3,511,709)	0	0	7,642,732
- 12-month expected losses	6,638,647	4,515,794	(3,511,709)	0	0	7,642,732
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	0	0	0	0	0	0
- 12-month expected losses	0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Total	101,620,346	18,714,823	(14,291,442)	0	(159)	106,043,568

Note 26c. Banking activities – Information regarding changes in provisions for expected losses for credit risk

	12.31.2022	Allocations	Reversals	Transfers	Change of method	Other	06.30.2023
Financial assets at amortized costs - loans and receivables due from credit institutions	(6,667)	(1,559)	669	0	0	0	(7,557)
- 12-month expected losses	(6,667)	(1,559)	669	0	0	0	(7,557)
- 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	(1,181,977)	(317,222)	289,825	0	0	0	(1,209,374)
- 12-month expected losses	(225,703)	(69,328)	102,052	(38,009)	0	0	(230,988)
- Lifetime expected losses - non-impaired assets	(259,752)	(111,580)	68,387	43,968	0	0	(258,977)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(623,572)	(132,625)	111,477	(5,959)	0	0	(650,679)
Lifetime expected losses - assets impaired as from acquisition/creation	(72,950)	(3,689)	7,909	0	0	0	(68,730)
Financial assets at amortized cost - Securities	(516)	(27)	25	0	0	0	(518)
- 12-month expected losses	(516)	(27)	25	0	0	0	(518)
- 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 FVOCI - Fixed income securities	(3,436)	(1,696)	1,185	0	0	0	(3,947)
- 12-month expected losses	(3,436)	(1,696)	1,185	0	0	0	(3,947)
- 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 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	(44,849)	(18,103)	22,621	0	0	0	(40,331)
- 12-month expected losses	(21,006)	(10,304)	10,953	0	0	0	(20,357)
- Lifetime expected losses - non-impaired assets	(6,510)	(4,385)	3,870	0	0	0	(7,025)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(17,333)	(3,414)	7,798	0	0	0	(12,949)
Other assets	0	0	0	0	0	0	0
- 12-month expected losses	0	0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0	0
Lifetime expected losses for impaired assets (whether impaired or not at acquisition/creation)	0	0	0	0	0	0	0
Total	(1,237,445)	(338,607)	314,325	0	0	0	(1,261,727)

Note 27. Gain (losses) on others assets

	06.30.2023	06.30.2022
Property, plant and equipment and intangible assets	(105)	596
Capital losses on disposals	(384)	(106)
Capital gains on disposals	279	702
Expenses related to business combinations	(401)	(234)
More or less transfer values on consolidated securities	0	9,576
TOTAL	(506)	9,938

Note 28. Income tax

	06.30.2023	06.30.2022
BREAKDOWN OF TAX EXPENSE		
Current tax expense	(42,764)	(51,334)
Net deferred tax expense or revenue	(20,521)	(47,811)
NET INCOME TAX EXPENSE	(63,285)	(99,145)
Income before taxes, badwill and income contribution from associates	265,546	532,611
EFFECTIVE TAX RATE	23.83%	18.61%

	06.30.2023	06.30.2022
ANALYSIS OF EFFECTIVE TAX RATE		
Statutory tax rate	25.83%	25.83%
Permanent differences	3.71%	1.48%
Income taxed at a reduced rate or exempt	(4.72%)	(8.84%)
Impact of fiscal losses	(1.94%)	0.75%
Tax credits	(0.05%)	(0.05%)
Special	0.56%	0.14%
Other	0.44%	(0.70%)
EFFECTIVE TAX RATE	23.83%	18.61%

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).

Note 29a. Commitments given and received – banking activity

	06.30.2023	12.31.2022
Commitments given	16,832,341	17,117,267
Financing commitments	11,469,059	11,827,818
to credit and similar institutions	23,838	17,600
to customers	11,445,221	11,810,218
Guarantee commitments	5,019,539	5,099,128
to credit and similar institutions	5,237	630
to customers	5,014,302	5,098,498
Securities commitments	343,743	190,321
repurchase agreements	0	0
other commitments given	343,743	190,321
Commitments received	63,958,497	63,382,278
Financing commitments	11,675,208	12,555,697
from credit and similar institutions	11,632,696	12,256,187
from customers	42,512	299,510
Guarantee commitments	51,673,750	50,432,783
from credit and similar institutions	274,222	259,668
from customers	51,399,528	50,173,115
Securities commitments	609,539	393,798
Reverse repurchase agreements	0	0
Other commitments received	609,539	393,798

Financing commitments given include the €23,450,000 cash advance made to Caisse de Refinancement de l'Habitat to fund its activity.

	06.30.2023	12.31.2022
Receivables pledged as collateral	14,810,026	18,144,095
Banque de France	12,981,602	16,399,791
European Investment Bank	570,992	630,308
Caisse de Refinancement de l'Habitat	662,044	363,554
Caisse des Dépôts et Consignations	593,388	748,443
Other	2,000	2,000
Loaned securities	0	0
Deposits on market transactions	504,683	543,723
Securities sold under repurchase agreements	4,422,938	12,575,982

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 29b. Commitments given and received – insurance activity

	06.30.2023	12.31.2022
Commitments given	963	963
Commitments received	1,299,541	1,521,935

Note 30. Segment information

	Banking		Insurance and asset management		Group	
	06.30.2023	06.30.2022 restated IFRS17/IFRS9	06.30.2023	06.30.2022 restated IFRS17/IFRS9	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Net banking income	835,276	1,057,646	284,772	270,383	1,120,048	1,328,029
Gains (losses) on disposal - dilution	(37)	-	-	-	(37)	-
Net banking income including gains (losses) on disposal - dilution	835,239	1,057,646	284,772	270,383	1,120,011	1,328,029
General operating expenses and depreciation and amortization	(726,767)	(692,647)	(72,745)	(63,742)	(799,512)	(756,389)
Gross operating income	108,472	364,999	212,027	206,641	320,499	571,640
Cost of risk	(51,961)	(48,583)	(2,486)	(384)	(54,447)	(48,967)
Operating income	56,511	316,416	209,541	206,257	266,052	522,673
Share of income of companies carried under equity method	2,644	2,871	(1,527)	159	1,117	3,030
Other	(506)	9,938	-	-	(506)	9,938
Recurring income before tax	58,649	329,225	208,014	206,416	266,663	535,641
Income tax	(13,501)	(48,553)	(49,784)	(50,592)	(63,285)	(99,145)
Net income	45,148	280,672	158,230	155,824	203,378	436,496
O/w non-controlling interests	(133)	7	907	(15)	774	(8)
Net income, group share	45,281	280,666	157,323	155,839	202,604	436,504

	06.30.2023	06.30.2022 restated IFRS17/IFRS9	06.30.2023	06.30.2022 restated IFRS17/IFRS9	06.30.2023	06.30.2022 restated IFRS17/IFRS9
Segment Assets and Liabilities	122,232,281	127,915,093	62,201,936	59,736,865	184,434,217	187,651,958

Segment reporting is based on two business lines:

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

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

Note 31. Scope of consolidation

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2023	12.31.2022	06.30.2023	12.31.2022
Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne et du Sud-Ouest	France	Banking / Mutual banking	consolidating entity			
Fully consolidated companies						
ARKEA	France	Banking / Services	85.8	85.8	85.8	85.8
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	99.9	100.0	99.9	100.0
ARKEA CAPITAL	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL MANAGERS HOLDING SLP (6)	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	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 REAL ESTATE	France	Assurances et gestion d'actifs / Gestion d'actifs immobiliers	70.0	70.0	70.0	70.0
ARKEA REIM	France	Assurances et gestion d'actifs / Gestion d'actifs immobiliers	70.0	70.0	70.0	70.0
ARKEA SCD	France	Banking / Services	99.9	99.9	99.9	99.9
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	94.8	94.8	94.8	94.8
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LO RR AINE BANK (succursale)	Belgium	Banking / Asset holding company	100.0	100.0	100.0	100.0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LO RR AINE BANQUE	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
FCT COLLECTIVITES	France	Banking / Securitization fund	57.8	57.8	57.8	57.8
FEDERAL EQUIPEMENTS	France	Banking / Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	France	Insurance and asset management / Private banking and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	France	Banking / Services	98.2	99.4	98.2	99.4
FINANCO	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
GICM	France	Banking / Services	100.0	100.0	98.2	100.0
IZIMMO	France	Banking / Real estate	100.0	100.0	100.0	100.0
KEYTRADE BANK (succursale)	Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
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
STRATEO (succursale)	Swiss	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
SURAVENIR	France	Insurance and asset management / Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	France	Insurance and asset management / Non-life insurance	100.0	100.0	100.0	100.0

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2023	12.31.2022	06.30.2023	12.31.2022
Companies consolidated using the equity						
BELLATRIX SAS	France	Banking / Holding	42.3	42.3	42.3	42.3
CAISSE CENTRALE DU CREDIT MUTUEL	France	Banking / Mutual banking	20.2	20.2	20.2	20.2
LA COMPAGNIE FRANCAISE DES SUCCESSIONS	France	Insurance and asset management / Asset management	32.6	32.6	32.6	32.6
YOMONI	France	Insurance and asset management / Asset management	34.0	34.2	34.0	34.2

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2023	12.31.2022	06.30.2023	12.31.2022
Companies consolidated using the						
AIS MANDARINE ACTIVE	France	Insurance and asset management / Asset management	77.5	80.6	77.5	80.6
AIS MANDARINE ENTREPRENEURS	France	Insurance and asset management / Asset management	82.0	83.3	82.0	83.3
AIS MANDARINE GLOBALTRANSITION	France	Insurance and asset management / Asset management	98.9	98.7	98.9	98.7
AIS MANDARINE MULTI-ASSETS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
AIS PROTECT	France	Insurance and asset management / Asset management	83.2	84.3	83.2	84.3
ARKEA CAPITAL 1	France	Banking / Asset management	100.0	100.0	100.0	100.0
AUTOFOCUS CROISSANCE DECEMBRE 2019 (3)	France	Insurance and asset management / Asset management	/	95.0	/	95.0
AUTOFOCUS ESG DECEMBRE 2020 (3)	France	Insurance and asset management / Asset management	/	87.9	/	87.9
AUTOFOCUS ESG FÉVRIER 2021	France	Insurance and asset management / Asset management	98.4	98.4	98.4	98.4
AUTOFOCUS ESG JUILLET 2021	France	Insurance and asset management / Asset management	98.3	98.3	98.3	98.3
AUTOFOCUS LOW CARBON	France	Insurance and asset management / Asset management	99.0	99.0	99.0	99.0
AUTOFOCUS LOW CARBON DECEMBRE 2021	France	Insurance and asset management / Asset management	95.2	95.2	95.2	95.2
AUTOFOCUS RENDEMENT AVRIL 2020 (3)	France	Insurance and asset management / Asset management	/	99.7	/	99.7
AUTOFOCUS RENDEMENT FEVRIER 2020 (3)	France	Insurance and asset management / Asset management	/	98.0	/	98.0
AUTOFOCUS LOW CARBON FÉVRIER 2022 (1)	France	Insurance and asset management / Asset management	97.9	/	97.9	/
AUTOFOCUS ESG AVRIL 2022 (1)	France	Insurance and asset management / Asset management	99.0	/	99.0	/
BREIZH ARMOR CAPITAL	France	Banking / Asset management	50.0	50.0	50.0	50.0
CHABRIERES RENDEMENT ESG (5)	France	Insurance and asset management / Asset management	/	33.6	/	33.6
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management / Asset management	97.6	97.3	97.6	97.3
FCPR BREIZH MA BRO	France	Insurance and asset management / Asset management	66.7	67.1	66.7	67.1
FCPR EIFFEL INFRASTRUCTURES VERTES	France	Insurance and asset management / Asset management	62.4	80.1	62.4	80.1
FCPR MIROVA GREEN IMPACT PRIVATE EQUITY (1)	France	Insurance and asset management / Asset management	78.2	/	78.2	/
FCPR SURAVENIR 1 (1)	France	Insurance and asset management / Asset management	100.0	/	100.0	/
FCT ARDIAN SURAVENIR PRIVATE DEBT	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT MERIUS SURAVENIR	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT PYTHEAS	France	Insurance and asset management / Asset management	86.2	99.5	86.2	99.5

FCT PYTHEAS BAUX REG 2018	France	Insurance and asset management / Asset management	96.8	96.8	96.8	96.8
FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT SCOR SURAVENIR EURO LOANS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT SP EURO CREANCES	France	Insurance and asset management / Asset management	43.4	43.4	43.4	43.4
FCT SPG DETTE PRIVEE	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT SURAVENIR CONSO FUND	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT SURAVENIR PRIVATE DEBT I	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT SURAVENIR PRIVATE DEBT II	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FCT TIKEHAU SPD III	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL AMBITION CLIMAT	France	Insurance and asset management / Asset management	99.1	99.2	99.1	99.2
FEDERAL CAPITAL INVESTISSEMENT	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL GLOBAL GREEN BONDS	France	Insurance and asset management / Asset management	50.3	49.3	50.3	49.3
FEDERAL INDICIEL APAL (EX FEDERAL APAL)	France	Insurance and asset management / Asset management	73.1	74.5	73.1	74.5
FEDERAL INDICIEL JAPON	France	Insurance and asset management / Asset management	78.7	77.3	78.7	77.3
FEDERAL INDICIEL US	France	Insurance and asset management / Asset management	64.9	62.7	64.9	62.7
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management / Asset management	74.0	74.4	74.0	74.4
FEDERAL MULTI L/S	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL MULTI OR ET MATIERES PREMIERES	France	Insurance and asset management / Asset management	90.4	90.7	90.4	90.7
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management / Asset management	99.2	99.3	99.2	99.3
FEDERAL OPTIMAL GESTION PRIVEE ESG	France	Insurance and asset management / Asset management	89.2	88.7	89.2	88.7
FEDERAL SUPPORT COURT TERME ESG	France	Insurance and asset management / Asset management	32.8	36.9	32.8	36.9
FEDERAL TRANSITION EMPLOI (1)	France	Insurance and asset management / Asset management	55.0	52.4	55.0	52.4
FEDERAL TRANSITION EQUILIBRE (EX FEDERAL OPPORTUNITE EQUILIBRE ESG)	France	Insurance and asset management / Asset management	78.9	80.2	78.9	80.2
FEDERAL TRANSITION MODERE (EX FEDERAL OPPORTUNITE MODERE ESG)	France	Insurance and asset management / Asset management	48.1	50.2	48.1	50.2
FEDERAL TRANSITION OXYGENE (EX FEDERAL OXYGENE)	France	Insurance and asset management / Asset management	95.8	95.3	95.8	95.3
FEDERAL TRANSITION TERRITOIRES (EX FEDERAL IMPACT TERRITOIRES)	France	Insurance and asset management / Asset management	36.5	39.3	36.5	39.3
FEDERAL TRANSITION TONIQUE (EX FEDERAL OPPORTUNITE TONIQUE ESG)	France	Insurance and asset management / Asset management	99.1	99.1	99.1	99.1
FLEXPERTISE	France	Insurance and asset management / Asset management	72.2	74.3	72.2	74.3
FPS SURAVENIR ACTIONS INTERNATIONALES CLIMAT (1)	France	Insurance and asset management / Asset management	100.0	/	100.0	/
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS LOW VOL	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS MID CAPS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS PROTECT	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FPS SURAVENIR INFRA DURABLES (1)	France	Insurance and asset management / Asset management	100.0	/	100.0	/
FPS SURAVENIR OVERLAY LOW VOL ACTIONS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FPS UBS ARCHMORE INFRASTRUCTURE DEBT PLATFORM II	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0

MANDARINE EQUITY INCOME (2)	France	Insurance and asset management / Asset management	/	93.0	/	93.0
OPCI CLUB FRANCE RETAIL	France	Insurance and asset management / Asset management	46.3	46.3	46.3	46.3
OPCI PREIM DEFENSE 2	France	Insurance and asset management / Asset management	39.2	39.2	39.2	39.2
OPCI PREIM EUROS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
OPCI PREIM EUROS 2	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
OPCI PREMIUM	France	Insurance and asset management / Asset management	69.0	82.2	69.0	82.2
OPCI TIKEHAU RET PRO	France	Insurance and asset management / Asset management	39.3	39.3	39.3	39.3
OUESSANT	France	Insurance and asset management / Asset management	64.6	60.1	64.6	60.1
PRIMO ELITE (FLEX)	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
S.C.I PROGRES PIERRE	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
S.C.I SURAVENIR PIERRE	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SC MEILLEURIMMO (5)	France	Insurance and asset management / Asset management	/	64.5	/	64.5
SC NOVAXIA R	France	Insurance and asset management / Asset management	52.7	53.9	52.7	53.9
SC NOVAXIA VISTA	France	Insurance and asset management / Asset management	35.0	41.7	35.0	41.7
SC PYTHAGORE (5)	France	Insurance and asset management / Asset management	/	34.9	/	34.9
SCHELCHER CONVERTIBLES ESG (EX SP CONVERTIBLES)	France	Insurance and asset management / Asset management	19.3	20.6	19.3	20.6
SCHELCHER CONVERTIBLES MID CAP ESG (EX SP CONVERTIBLES MID CAP ESG)	France	Insurance and asset management / Asset management	33.5	33.1	33.5	33.1
SCHELCHER GLOBAL HIGH YIELD (EX SP HAUT RENDEMENT)	France	Insurance and asset management / Asset management	31.7	32.5	31.7	32.5
SCHELCHER IVO GLOBAL YIELD 2024	France	Insurance and asset management / Asset management	49.4	46.8	49.4	46.8
SCHELCHER MULTI ASSET (EX SP CROISSANCE)	France	Insurance and asset management / Asset management	83.1	86.6	83.1	86.6
SCHELCHER OPTIMAL INCOME ESG (EX SP OPPORTUNITES EUROPEENNES)	France	Insurance and asset management / Asset management	22.1	21.2	22.1	21.2
SC KEYS SELECTION VIE (1)	France	Insurance and asset management / Asset management	79.1	/	79.1	/
SCI CLOVERHOME	France	Insurance and asset management / Asset management	50.0	50.0	50.0	50.0
SCI LE VINCI HOLDING	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SCI PR2 PREIM RET 2	France	Insurance and asset management / Asset management	38.0	38.0	38.0	38.0
SCI SILVER AVENIR	France	Insurance and asset management / Asset management	88.6	90.4	88.6	90.4
SCI TERRITOIRES AVENIR	France	Insurance and asset management / Asset management	98.8	100.0	98.8	100.0
SCI USUFRUIMMO	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SCI USUFRUIMMO 2028	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SCPI LOG IN (5)	France	Insurance and asset management / Asset management	/	55.2	/	55.2
SCPI REMAKE LIVE (1)	France	Insurance and asset management / Asset management	44.6	78.3	44.6	78.3
SURAVENIR INITIATIVE ACTIONS	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SYNERGIE FINANCE INVESTISSEMENTS	France	Banking / Asset management	100.0	100.0	100.0	100.0
THE POSITIVE INVEST	France	Banking / Asset management	100.0	100.0	100.0	100.0

- (1) Companies first-time consolidated in 2023
- (2) Property
- (3) Liquidation
- (4) Transfer of assets
- (5) Deconsolidation
- (6) Merger of assets and liabilities

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

The shortcut method entails:

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

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

Note 32c. Événements postérieurs à la clôture

No significant events occurred after the June 30, 2023 closing date.



STATUTORY AUDITOR'S REPORTS

6. Statutory Auditors' report on the interim financial information for 2023

Period from 1 January to 30 June 2023

CRÉDIT MUTUEL ARKÉA
1 rue Louis Lichou
29480 Le Relecq-Kerhuon

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the attached interim consolidated financial statements of Crédit Mutuel Arkéa for the period from 1 January to 30 June 2023;
- verified the information given in the interim management report.

These interim consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements based on our review.

I - Conclusion on the accounts

We conducted our review in accordance with professional standards applicable in France.

A review consists principally of making inquiries of persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance that the accounts, taken as a whole, are free of material misstatement obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our limited review, nothing has come to our attention that causes us to believe that the attached interim consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial information.

Without calling into question the conclusion expressed above, we draw your attention to the change in accounting method concerning the application from 1 January 2023 of IFRS 17 "Insurance contracts" presented in the dedicated section entitled "First time application" as well as in the other notes to the appendix presenting figures related to the effects of this change.

II - Specific verification

We have also verified the information given in the interim management report commenting on the condensed interim consolidated financial statements subject to our limited review.

We have no comment to make as to their fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, 6 September 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Pierre Clavié

Anne-Elisabeth Pannier

Jean-Marc Mickeler

Associate

Associate

Associate



GENERAL INFORMATION

7. General information

Information about the company

- **Legal and commercial name:** Crédit Mutuel Arkéa
- Place and registration number:
 - Siren: 775 577 018 Brest Trade and Companies Register number/APE Code: 641 Z
- Date of incorporation and lifetime:
 - The company was incorporated on 24 September 1960 for a 99 year term ending on 23 September 2059.
- **Head office:** 1, rue Louis Lichou, 29480 Le Relecq-Kerhuon, France
- +33 (0)02 98 00 22 22
- +33 (0)02 98 28 46 32
- Legal form:
 - The company is a cooperative credit society with variable capital constituted under French law. It is also a union of cooperatives.
- It is governed by:
 - the law of 10 September 1947 on the statute for cooperative societies;
 - Articles L.231-1 to L.231-8 of the French Commercial Code on variable capital;
 - the provisions of the French Commercial Code on commercial companies;
 - the provisions of the French Monetary and Financial Code relating to the activity and supervision of credit institutions;
 - Articles L.512-55 to L.512-59 of the French Monetary and Financial Code and all other texts relating to Crédit Mutuel;
 - the provisions of its Articles of Association and internal regulations.
 - At the General Meeting of 10 May 2022, the representatives of the local banks voted to adopt Crédit Mutuel Arkéa's status as a company with a mission evidenced by the insertion of a Raison d'être or Purpose (Article 7 of the Articles of Association) and social and environmental objectives (Article 8 of the Articles of Association).

Nature of control over the company

The basic structure of the group is the local bank. This covers a limited geographical area and its capital is held by the members in the form of shares. In accordance with the provisions applicable to Crédit Mutuel, and in particular the provisions of Articles L.512-55 et seq. of the French Monetary and Financial Code, Crédit Mutuel Arkéa's capital is held by the local banks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations. There are no agreement that could lead to a change in control of the company. Changes in Crédit Mutuel Arkéa's capital are also governed by the provisions of Article 11 of the Articles of Association and are applied in accordance with the provisions applicable to cooperatives.

Profit forecasts or estimates

This Universal Registration Document does not contain any forecast or estimate of profit.

Date of last audited financial information

The latest interim financial information is dated 30 June 2023. It was approved by the Board of Directors on 5 September 2023. No quarterly financial information has been published since the date of the last interim financial statements.

Publicly available documents

During the period of validity of the Universal Registration Document, a copy of the following documents may, if necessary, be consulted:

- the Articles of Association of the company;
- all reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the company included in this Universal Registration Document;
- Universal Registration Document number D.23-0277 of 13 April 2023;
- Universal Registration Document number D.22-0296 of 14 April 2022 and the Amendment to the Universal Registration Document published on 30 August 2022 under number D. 22-0296-A01;
- the Universal Registration Document number D.21-0324 of 19 April 2021 and the amendment of the Universal Registration Document published on 27 August 2021 under number D.21-0324-A01.

These documents may be consulted at the company's head office during normal business hours and days. A copy of this Universal Registration Document will be sent free of charge to any person who so requests. These documents may also be consulted on the company's website (www.cm-arkea.com). This Universal Registration Document, as well as those of the two previous financial years and their amendments are available on the website of the French Financial Markets Authority (AMF) (www.amf-france.org).

Legal Entity Identification

CRÉDIT MUTUEL ARKÉA
1, RUE LOUIS LICHOU
29480 LE RELECQ-KERHUON FRANCE
96950041VJ1QP0B69503

Documents integrated by reference

In accordance with Article 19 of European Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017, readers are referred to the previous Universal Registration Documents for certain information, including financial information concerning the assets, financial position and results of the company:

- relating to the 2022 financial year: pages 271 to 400 of the Universal Registration Document number D.23-0277 of 13 April 2023;
- relating to the 2021 financial year: pages 92 to 215 of the Universal Registration Document number D.22-0296 of 14 April 2022;
- relating to the 2020 financial year: pages 73 to 192 of the Universal Registration Document number D.21-0324 of 19 April 2021.



STATUTORY AUDITORS

8. Statutory Auditors

Statutory Auditors:

- PricewaterhouseCoopers Audit
 - 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
 - Represented by Mr Pierre Clavie
 - Start of first term: 2021
 - Expiry of current term of office: 31 December 2026 (after closing)
 - The appointment of PricewaterhouseCoopers Audit, represented by Mr Pierre Clavie, from the 2021 financial year was decided on, at the end of a call for tenders process, on 11 May 2021 for a six-financial year term.

and

- Deloitte & Associés
 - 6, place de la Pyramide, 92908 Paris La Défense Cedex, France
 - Represented by Mrs Anne-Elisabeth Pannier and Mr Jean-Marc Mickeler
 - Start of first term of office: 2007
 - Expiry of current term of office: 31 December 2026 (after closing)
 - The renewal of the mandate of Deloitte & Associés, represented by Anne-Elisabeth Pannier and Jean-Marc Mickeler as from the 2021 financial year was decided on 11 May 2021 for a period of six financial years.



STATEMENT BY THE PERSON RESPONSIBLE

9. Statement by the person responsible

Person responsible for the information contained in this document

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa.

Statement by the person responsible for this document

I certify that the information contained in this Amendment to the Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the companies included in the consolidation, and that the interim management report on pages 32 to 41 presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year

At Le Relecq-Kerhuon, on 6 September 2023

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa

10. Cross-reference tables and alternative performance indicators

10.1 Amendment to the Universal Registration Document cross-reference table

This cross-reference table uses the headings set out in Annex 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and Council and refers to the sections and pages of the Universal Registration Document filed with the French Financial Markets Authority (AMF) on 13 April 2023 under number D.23-0277 and those of this Amendment to the Universal Registration Document where the information relating to each of these headings is set out.

Headings of Annex I of the Delegated Regulation (EU) no. 2019/980		Sections in the 2022 URD	Pages in the 2022 URD	Sections in the URD 2022 Amendment	Pages in the URD 2022 Amendment
1.	RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY				
1.1	Name and function of the person responsible	7	405	9	159
1.2	Declaration of the person responsible	7	405	9	159
1.3	Statement or report attributed to a person acting as an expert	7	405	9	159
1.4	Certification on information from third parties	7	404		
1.5	Declaration by the issuer		1		3
2.	STATUTORY AUDITORS	7	406	8	168
2.1	Names and addresses of the Statutory Auditors	7	406	8	158
2.2	Resignation, dismissal or non-renewal of Statutory Auditors	N/A		N/A	
3.	RISK FACTORS	5	210	4	44

3.1	Risk Factors	5.1	211	4.1	45
4.	INFORMATION ABOUT THE ISSUER	7	403	7	155
4.1	Corporate and business name of the issuer	7	403	7	155
4.2	Place and registration number and Legal Entity Identifier (LEI) of the issuer	7	402-403	7	155
4.3	Date of incorporation and lifetime of the issuer	7	403	7	155
4.4	Head office and legal form of the issuer, applicable law, country of incorporation, address and telephone number of the registered office and website	7	403	7	155
5.	BUSINESS OVERVIEW				
5.1	Main activities	1.6; 1.7; 1.8; 3.3; 6.1	19; 26; 29; 93; 272	1.2; 1.3; 3.1; 5	6; 8; 32; 48
5.2	Main markets	3.3; 7	93; 403	3.1	32
5.3	Important events in the development of activities	1.8	29	1.3	8
5.4	Strategy and objectives	1.1; 1.7; 4	6; 26; 101	1.2	6
5.5	Degree of dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A		N/A	
5.6	Elements on which any statement by the issuer regarding its competitive position is based	1.6; 5.1	19; 213	4.1	44-46
5.7	Investments	1.5; 1.8	17; 29	1.3	8
6.	ORGANISATIONAL SET-UP				
6.1	Description	1.2	8	1.1	5
6.2	List of significant subsidiaries	1.6; 6.1; 6.2	19; 367; 385	5	143
7.	REVIEW OF FINANCIAL POSITION AND RESULTS				
7.1	Financial position	3.3; 6.1; 6.2	93; 273; 372	3.2; 5	36; 48

7.1.1	Development and results of the issuer's activities and its situation, in relation to the volume and complexity of its activities	3.2; 3.3	90; 93	3.1; 3.2	32; 36
7.1.2	Probable future development of the issuer's research and development activities	N/A		N/A	
7.2	Operating results	3.3; 6.1; 6.2	93; 273; 372	3.2; 5	36; 48
8.	CASH AND CAPITAL RESOURCES				
8.1	Information on the issuer's capital	6.1	277	5	49
8.2	Source and amount of issuer's cash flows	6.1	278	5	49
8.3	Information on the issuer's financing requirements and funding structure	3.3.5; 6.1; 5.5	94; 329; 254	3.2.5	38
8.4	Information concerning any restrictions on the use of capital that have materially affected or may materially affect the issuer's business	N/A		N/A	
8.5	Information on the expected sources of funding that will be needed to meet the commitments referred to in points 5.7.	N/A		N/A	
9.	REGULATORY ENVIRONMENT	5.1	212		
10.	INFORMATION ON TRENDS				
10.1	Principal recent trends affecting production, sales and inventories, costs and selling prices since the end of the last financial year Any significant changes in the financial performance of the group or provide an appropriate negative statement	3.1; 5.1; 7	86; 211; 404	4.1	44
10.2	A trend, uncertainty, constraint, commitment or event that is reasonably likely to have a material effect on the issuer's prospects, at least for the current financial year	3.1; 5.1	86; 211	4.1	44
11.	PROFIT FORECASTS OR ESTIMATES	7	403	7	155
12.	ADMINISTRATIVE, MANAGEMENT, SUPERVISORY BODIES AND EXECUTIVE MANAGEMENT				

12.1	Board of Directors and Executive Management	2.2; 2.3; 2.4	40; 59; 61	2.1	28
12.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and the Executive Management	2.6	64		
13.	COMPENSATION AND BENEFITS				
13.1	Amount of compensation paid and benefits in kind	2.8; 6.1	74; 365	2.2	30
13.2	Total amounts provided for or recognised for the payment of pensions, retirement or other benefits	2.8; 6.1	74; 365		
14.	FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES				
14.1	Expiry date of current terms of office	2.2; 2.8	43; 80	2.1	28
14.2	Information about any service contracts binding the members of the administrative bodies to the issuer or any of its subsidiaries and providing for the granting of benefits under such contracts	2.5; 2.8	63; 76		
14.3	Information on the issuer's Audit Committee and Compensation Committee	2.2	54-58	2.1	28
14.4	A statement as to whether or not the issuer complies with the corporate governance regime	2.1	39		
14.5	Potential significant impacts on corporate governance, including future changes in the composition of administrative and management bodies and committees	1.8; 2.2	33; 41		
15.	EMPLOYEES				
15.1	Number of employees	6.1; 4.5; 4.5	347; 176; 182		
15.2	Shareholdings and stock options of corporate officers	N/A		N/A	
	Agreement providing for employee shareholding in the issuer's share capital	N/A		N/A	
16.	MAJOR SHAREHOLDERS				
16.1	Shareholders holding more than 5% of the share capital or voting rights	4.5	145		

16.2.	Existence of different voting rights	2.2	40		
16.3	Control of the issuer	2.2. 4.5	40. 145		
16.4	An agreement known to the issuer, the implementation of which could, at a later date, result in a change in control of the issuer	N/A		N/A	
17.	RELATED PARTY TRANSACTIONS				
18.	FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE ISSUER				
18.1	Historical financial information, including financial statements	1.2; 6.1; 6.2; 8	7; 273; 372; 408	3.2; 5	36; 48
18.2.	Interim and other financial information	7	403		
18.3	Audit of historical annual financial information	6.1; 6.2; 8	273; 372; 408	6	151
18.4	Pro forma financial information	N/A		N/A	
18.5	Dividend distribution policy	N/A		N/A	
18.6	Legal and arbitration proceedings	5.4. 7	249. 403		
18.7	Significant change in the issuer's financial position	7	404	7	154
19.	ADDITIONAL DETAILS				
19.1	Share capital	6.1. 6.2	274. 372		
19.2	Memorandum and Articles of Association	2. 7	39. 403		
20.	MAJOR CONTRACTS	7	404		
21.	AVAILABLE DOCUMENTS	7	404	7	155

10.2 Cross-reference table of the 2022 Annual financial report

The following cross-reference table makes it possible to identify:

- on the one hand, in the Universal Registration Document filed with the AMF on 13 April 2023 under number D.23-0277, the information that constitutes the company's Annual management report (including the report on corporate governance) and the Consolidated management report;
- on the other hand in this Amendment to the Universal Registration Document the information that constitutes the company's interim report.

Cross-reference table of the 2022 Annual financial report	Sections of the 2022 URD	Pages of the 2022 URD	Sections of the 2022 URD Amendment	Pages of the 2022 URD Amendment
Aggregate financial statements	6.2	372		
Consolidated Financial Statements	6.1	273	5	48
Management report (see cross-reference table for the Management report)		424		
Statement of the responsible person	7	405	9	159
Statutory Auditors' reports	8	708	6	151

Cross-reference table for the 2022 Management report	Sections of the 2022 URD	Pages of the 2022 URD	Sections of the 2022 URD Amendment	Pages of the 2022 URD Amendment
1. BUSINESS OVERVIEW	1; 3; 4			
1.1 Financial and non-financial key performance indicators	1.2; 4.6	9-10; 189		
1.2 Main activities of Crédit Mutuel Arkéa	1.6; 1.7; 3.2; 6.1	19; 26; 90; 272	1.2; 1.3; 3.1; 5	6; 8; 32; 48
1.3 Information on the group's locations and activities	7	403		
1.4 Important events occurring between the closing date of the financial year and	6.1; 6.2	371; 401		

the date of preparation of the Management report				
2. RISK FACTORS	5.1	211	4.1	44
2.1 Description of the main risks and uncertainties facing the group	5.1	211	4.1	44
2.2 Main characteristics of the internal control and risk management procedures implemented	2.7; 5.3-5.7	66; 230-268		
3. INFORMATION ON TRENDS				
3.1 Statement on Crédit Mutuel Arkéa's prospects since the date of its last-published audited financial statements	3.1	86-89		
3.2 Trends or events likely to affect Crédit Mutuel Arkéa's prospects for the current financial year	3.1; 5.1	86; 211	4.1	44
4. PROFIT FORECASTS OR ESTIMATES	7	405		
5. CORPORATE GOVERNANCE REPORT	2	37	2	28
5.1 Compensation and benefits of any kind paid to each corporate officer	2.8	74	2.2	30
5.2 Duties and functions exercised by each of these corporate officers	2.2; 2.3	40; 59		
6. CORPORATE SOCIAL RESPONSIBILITY	4	101		
7. TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS	1.2; 6.2	9; 376		
8. INFORMATION ON PAYMENT DEADLINES FOR SUPPLIERS AND CUSTOMERS	6.2	375		
9. GENERAL INFORMATION CONCERNING CRÉDIT MUTUEL ARKÉA	7	405	7	154

10.3 Alternative performance indicators – Article 223-1 of the AMF General Regulation

Alternative performance measures	Definition	Justification for use
Other group operating income and expenses	Difference between the income and expenses of the other activities	Measures income excluding group financial margin and commissions
Other operating income and expenses for the scope of aggregate accounts	Difference between the income and expenses of the other activities derived from Crédit Mutuel Arkéa's parent company financial statements	Measures income excluding financial margin and commissions from Crédit Mutuel Arkéa parent company financial statements
Operating ratio	Ratio of operating expenses to Net Bank Insurance Income (NBII)	Measure of the group's operational efficiency
Net commissions	Difference between commissions (income) and commissions (expenses)	Measures income from commissions at group level
Cost of risk (in basis points)	Ratio of the cost of risk (in €) to customer loans outstanding at the end of the period	Measures the level of risk compared to balance sheet loan commitments
Operating expenses	Sum of general operating expenses and depreciation and amortisation charges for property, plant and equipment and intangible assets	Measures the level of group general operating expenses
Group financial margin	Sum of the following items: - net gains (losses) on financial instruments at fair value through profit and loss; - net gains (losses) on available-for-sale financial assets; - difference between "Interest and similar income" and "Interest and similar expenses".	Measures income from the group's financial activity
Financial margin for the scope of aggregate accounts	Under French accounting standards: interest and similar income - interest and similar expenses + net gains or losses on trading portfolio transactions + gains or losses on investment portfolio and similar transactions	Measures income from financial activity from Crédit Mutuel Arkéa parent company financial statements

Asset returns	Ratio of the net income or loss to the balance sheet total on a consolidated basis at the end of the financial year	Measures the rate of return of total balance sheet assets
Overall coverage ratio of non-performing loans (interest + capital)	Ratio of provisions recognised in respect of credit risk on an individual basis to impaired loans outstanding on an individual basis	Measures the maximum residual rate of risk coverage for impaired loans outstanding
Rate of non-performing and disputed loans (including interest)	Ratio of impaired loans outstanding on an individual basis to customer deposits ("Customer loans and receivables" recorded as assets on the balance sheet on a consolidated basis)	Measures the quality of loans

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