



Amendment to the 2021 Universal Registration Document and Interim financial report

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This amendment to the Universal Registration Document was filed on 30 August 2022 with the AMF, in its capacity as competent authority under Regulation (EU) no. 2017/1129, without prior approval pursuant to Article 9 of that 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 the Crédit Mutuel Arkéa group

1.1. Group profile

As a **cooperative 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 a well-balanced and diversified group covering all banking and insurance activities. It combines financial strength, sustainable growth and responsible commitment.

As a **company with a mission ("entreprise à mission")** since May 2022, the group aims to be a banking partner for a world that takes a long-term view, by putting its overall performance at the service of the real economy, the regions and their players, and the life projects of its 5.1 million members and customers, in order to help them all achieve their full potential.

As a **leading player** in all its markets – from retail banking to real estate and 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 people's aspirations and lifestyles. Crédit Mutuel Arkéa has chosen open innovation, sharing and pooling its expertise with that of its ecosystem – companies, financial, real estate and insurance start-ups, etc. – to offer 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's comprehensive and competitive range of products and services is supported by the expertise developed by its specialised subsidiaries and central departments. In a constantly changing environment, driven in particular by digital transformation, changing consumer habits and growing environmental concerns, Crédit Mutuel Arkéa remains particularly attentive to the emergence of new businesses and activities, notably by focusing on open partnerships.

MARCHE DES PARTICULIERS ET
DES PROFESIONNELS



MARCHE DES ENTREPRISES ET
DES INSTITUTIONNELS



FABRICATION DE PRODUITS
ASSURANCES ET GESTION



MARCHE ET PRESTATIONS BTOB



ACTIVITES EXTRA-BANCAIRES



1.2. The Transitions 2024 strategic plan

In January 2021, Crédit Mutuel Arkéa launched its new medium-term strategic plan (PMT), called Transitions 2024. This plan is a clear continuation of the previous plan – Arkéa 2020 – which initiated a transformation of the group's businesses and which positioned the group on a path of continuous growth. It is also fully in line with the "Liberté" project, which aims to achieve independence from the Crédit Mutuel group. It is action-oriented and aims to translate the group's Raison d'être (Purpose) into its business lines.

Faced with the challenges of the environmental, social and regional transitions, Transitions 2024 was built around the following priorities:

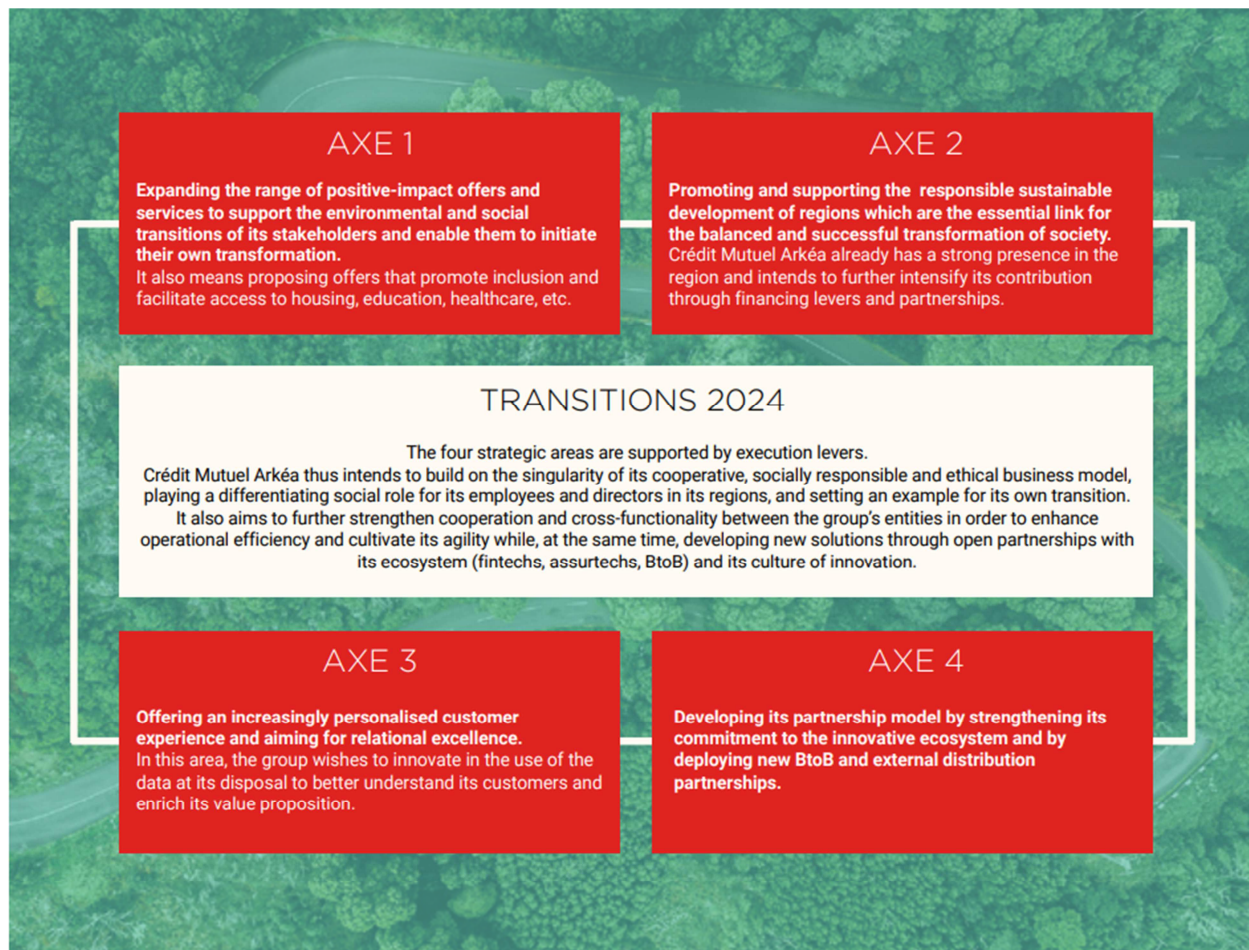
- the operational implementation of the five commitments of the Raison d'être (Purpose):
 - *make our decisions while aiming for a balanced approach between financial performance and positive impact – societal and environmental – through the exercise of cooperative governance rooted in our regions,*
 - *support each of our stakeholders in their environmental transition,*
 - *develop regional cooperation and commit to local vitality,*
 - *commit to inclusion and cultivate a lasting relationship of trust with all our members and customers, from the forerunners to the most vulnerable,*
 - *promote collective commitment to serve the common interest, in particular by living our mutualist values;*
- the group's development issues;
- developments in the banking and insurance sector;
- the reality of the regions;
- and, finally, the expectations of citizens concerning companies, so that they contribute to the economic, ecological and solidarity revolution.

The aim of this plan is to make Crédit Mutuel Arkéa the agile financial partner for the future transitions, supporting the regions and their stakeholders. This involves choosing a responsible growth strategy and seeking overall performance, with a balanced approach between financial performance, which is essential for the long-term survival of its activities, and the positive impact of its initiatives on society and the environment.

Designed in a participatory manner and based on the reality of its business lines, Transitions 2024 accentuates the group's long-term trajectory and reaffirms the originality of its model:

- 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;
- values of humanity and solidarity;
- a culture of innovation.

Transitions 2024 aims to demonstrate the group's commitment to supporting environmental and societal transitions through its offerings, its businesses, its practices, and its relationships with its clients, directors and employees. It is built around four strategic areas, each one of which is a priority for action to guide the group's business model.



Nearly 450 projects have already been identified. These initiatives draw on all the group's business lines and expertise in order to expand its range of positive impact services, support the sustainable development of the regions, aim for relational excellence, and develop its partnership model.

1.3. Highlights of the first half of the year 2022

JANUARY

Bernard Le Bras, Director of the Product Division and member of the Executive Committee, asserted his pension rights and gave up his position as head of Suravenir. **Thomas Guyot**, previously Technical and Financial Director, and **François-Régis Bernicot**, Director of Support, both members of the Management Board, became respectively Chairman of the Management Board and Chief Executive Officer of the Personal Protection Insurance subsidiary.

"Supporting the development of sustainable agricultural and wine-growing systems in the regions, by combining economic performance with positive environmental and social impacts." Crédit Mutuel Arkéa is delivering on this emblematic commitment of its Transitions 2024 strategic plan with **the deployment of a Wines and Spirits activity in the Nouvelle-Aquitaine region**. Led by the Crédit Mutuel du Sud-Ouest federation and Arkéa Banque Entreprises et Institutionnels, with the support of the group's central departments and other subsidiaries, this specialist activity is driven by a real collective dynamic. It illustrates Crédit Mutuel Arkéa's development objectives in the region and its ambition to become the agile financial partner for future transitions in key sectors of regional economies. This activity will support professionals, upstream and downstream, in their transformation challenges, which are issues, both locally and at the regional level: the renewal of generations and profiles, the agro-ecological transition and societal changes, innovation and diversification, preservation of the typicity of wines, etc.

Ascor, an Edtech specialised in online professional training, welcomes the stake taken by Bpifrance in its capital to accelerate its distance learning offer. **We Positive Invest**, the group's societal innovation fund, a minority shareholder since 2020, is also investing further. Founded in 2007, Ascor Communication is one of the French pioneers in 100% digital professional training. The company manages its offer via the "espace-concours.fr" brand and enables young adults to acquire the skills necessary to regain their employability or to retrain professionally.

Arkéa Capital implements the first "Relance du Groupement Territoires de Croissance" (regional growth recovery) bonds for the Essor group, a specialist in the construction of buildings for professional use. Based in Béarn (Department 64), and relying on a network of a dozen offices in France, Essor is a major player in the professional real estate sector. It generates revenue of €106.5 million and employs nearly 200 people. The granting of this financing should enable it to smoothly continue with its development strategy. The "Relance" Bond scheme, launched in November 2021 by the French Ministry of the Economy, Finance and Recovery, is part of an overall approach to supporting French SMEs and mid-sized companies.

Crédit Mutuel Arkéa participates in the first closing of the **VitiRev Innovation** fund, managed by Demeter, the European leader in investment in the energy and ecological transition. This fund is dedicated to the financing of innovative companies contributing to the ecological transition of the wine sector in Europe. It was created on the joint initiative of the Nouvelle-Aquitaine Region and the "Banque des Territoires", acting on behalf of the French State as part of the "Investment programme for the future of innovative regions".

Arkéa Banque Entreprises et Institutionnels, Arkéa Capital via the Arkéa Capital Partenaire vehicle and the Breizh Ma Bro fund, subscribed to a bond issue of €28 million to support the cooperative agri-food group **Eureden** in its takeover of André Bazin. This funding is indexed to non-financial indicators (occupational safety, renewable energies, animal welfare). The objective of the operation is to create a leader in the meat salting industry in France by taking a sector-based approach, promoting regional specialties and brands, product and service innovation and expanding the vegetable protein offer.

FEBRUARY

The founders of Babymoov, leader in small and medium-sized childcare with the Babymoov & Badabulle brands, sell the majority of the capital to Initiative & Finance as part of a capital transmission transaction, joined by **Arkéa Capital** with a minority contribution.

Vignobles de Larose, renowned wineries rooted in the Médoc region, take out a €3 million **ARKEA PACT** impact loan with Arkéa Banque Entreprises et Institutionnels in order to continue to pursue their CSR commitments. Crédit Mutuel du Sud-Ouest and Arkéa Banque E&I supplement this financing with loans

enabling Vignobles de Larose to have the necessary resources for their real estate and other investment projects at their Saint-Laurent-du-Médoc site. This transaction illustrates Crédit Mutuel Arkéa's ability to capitalise on the synergies and complementary skills of its networks and subsidiaries to support players in the wine sector, through the deployment of its Wines & Spirits activity.

Crédit Mutuel Arkéa and the European Investment Bank sign a new partnership to finance **renewable energy projects**. In total, €400 million – €200 million financed by Crédit Mutuel Arkéa and €200 million by the EIB – will be devoted to the financing of projects in France, or even in other EU Member States. The Arkéa Banque E&I business centres will be responsible for granting loans for a maximum amount of €50 million per project.

The Blue Ocean fund of Swen Capital Partners, dedicated to the financing of start-ups working for the regeneration of the oceans, is gaining momentum. The commitment of Crédit Mutuel Arkéa, Bpifrance, Ifremer (already a scientific partner) and Macif brings the fund's investment capacity to €95 million. Blue Ocean plans to invest in 20 to 25 start-ups in France and Europe, in sectors such as sustainable aquaculture, alternatives to single-use plastic, renewable marine energies and the decarbonisation of maritime transport. Blue Ocean has already invested in the Norwegian start-up Optoscale, which develops cameras for aquaculture.

MARCH

Crédit Mutuel Arkéa acquires a stake in **the company LE TRAIN**, the leading French private high-speed rail operator, to support both its development and its upcoming launch in the Grand-Ouest region. LE TRAIN plans to launch five high-speed lines in the Grand-Ouest region in 2023 in order to **boost the regions** and enable their inhabitants to make more train journeys, faster, in the best time slots and at stable prices.

Renaud Distribution, a French specialist in the wholesale trade for equipment for flower shops, garden centres and local shops (€38 million in revenue for 150 employees), is breaking free from its long-standing shareholder Interflora. The company is being taken over by the management team supported by Andera Partners and **Arkéa Capital**. The takeover was structured using mezzanine financing and a capital contribution.

Suravenir Assurances signs a new agreement on working hours and flexible working called **Chronos**, in order to be more in line with the current expectations of the company, customers and employees. Chronos is an important initiative since it offers all employees, in all business lines, the opportunity to choose their average annual working time at the beginning of the year, on the basis of 35 hours (1,547.8 hours per year) or 37 hours (1,636.2 hours per year)

In 2021, **Monext** confirmed its position as a major player in payments, with growth of more than 24% in its business and more than 5 billion transactions processed, **i.e. a 40% market share in the online business**. The Monext Retail offers, intended for retailers, have also attracted new customers such as La Redoute and Taxi G7.

Novélia markets, through its network of 5,000 brokers and agents, a new home insurance policy in partnership with **Luko**. This offer is distinguished by the fact that it is 100% digital, customisable and without commitment. It is also based on the principle of Giveback. At the end of the year, insurance contributions not used to settle claims are paid to a partner association chosen by the customer. An ethical and solidarity model that ensures greater transparency for policyholders while having a positive social impact.

Arkéa Assistance renews its home remote assistance offer to ensure the safety, and fight against the isolation, of seniors. The new "Premium +" offer includes an innovative application intended to strengthen family ties, in addition to the services of the touch-screen panel and is enriched by the local social link services of the "Ensembl'" network of neighbours.

Crédit Mutuel Arkéa publishes its **support policy for farms and vineyards**, customers of its Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations. This sectoral support policy is the result of collaborative work involving the bank and professionals in the sector. It defines an important notion: agro-responsibility, which consists of contributing to the preservation of the environment, animal welfare, product

improvement, better working conditions, and improving and securing income. To date, in terms of outstanding loans, this market represents €2 billion for CMB-CMSO.

APRIL

Already an issuer of Green and Social Bonds, Crédit Mutuel Arkéa has become **the first French bank to carry out a “NEU CP Green” issue**, with a maturity of 6 months. The bond, placed with the Amundi group, aims to **refinance green home loans granted by Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest** to their members and customers, in order to support their environmental transition. The financed housing complies with the eligibility criteria defined by Crédit Mutuel Arkéa's Green, Social and Sustainable bond framework.

Present in ocean racing for a number of years, Crédit Mutuel Arkéa, via its subsidiary Arkéa, dedicated to sponsorship, will become the title sponsor of the next two editions of the first Ultim single-handed round the world race organised by OC Sport Pen Duick: **Arkéa Ultim Challenge**. Departing from Brest, it will bring together the skippers of the Ultim 32/23 Class, which includes the most innovative and demanding ocean-going multihulls.

The City and Eurometropolis of Strasbourg strengthen their commitment to environmental and social policy by subscribing to two ARKEA PACT impact loans of €3 million each with Arkéa Banque Entreprises et Institutionnels. ARKEA PACT combines subsidised financing with strategic support based on assessments conducted by the non-financial analysis company Ethifinance.

Crédit Mutuel de Bretagne creates **a business sector dedicated to seafaring professionals** in order to strengthen its regional proximity and its expertise in business lines that are increasingly demanding. This new activity is nevertheless built on a solid one that already existed: today, more than a thousand professionals in the sector trust Crédit Mutuel de Bretagne with, for example, nearly one in five fishing boat skippers who are already customers of Crédit Mutuel de Bretagne. Outstanding loans are approaching €100 million and cutting-edge expertise is recognised in certain activities, such as shellfish farming in Morbihan, mussel farming in Ille-et-Vilaine, fishing in the Bigouden region, or offshore racing. The activity relies on a new decentralised organisation that operates as closely as possible with customers, with the appointment of 'sea customer' managers in each of the Breton departments and lead administrators. It also includes specific commercial support, an upgrade of the offer and a dedicated expertise to respond to the challenges related to innovation and the environmental transition of the sector.

Suravenir Assurances now offers **instant transfers** for the settlement of claims. Thanks to this innovation, the company undertakes to reimburse claims payments via an instant transfer, as long as they do not exceed the defined ceiling, regardless of the insured's bank. Benefits are paid immediately to the policyholder's account, thereby avoiding the interbank delay, which usually ranges from three to four days. Over a year, approximately 50,000 claims are included in this system.

Sébastien Barbe has been appointed Director of the Products Division, and joins the group's Executive Committee. This division, made up of around twenty entities and with 1,200 employees, is responsible for the protection and enhancement of its customers' assets through three business lines: Insurance, Management and Real Estate. Sébastien Barbe succeeds Bernard Le Bras. **François Deltour** takes over as Chairman of the Management Board of Arkéa Investment Services. **Adil Amor** succeeds Sébastien Barbe at the head of Schelcher Prince Gestion. **Alain Guelennoc** is appointed Chairman of the Management Board of Federal Finance Gestion.

MAY

At its General Meeting, the representatives of the local banks voted to approve Crédit Mutuel Arkéa's **company with a mission** status. The cooperative and regional banking group thus officially becomes one of the first banks to acquire this status. A landmark act that marks the profound transformation of the Group, resolutely committed to supporting environmental and societal transitions, at the service of the regions and their stakeholders. Julien Carmona, group Chairman: "In 2019, we were the first French bank to adopt a Raison d'être (Purpose). Subsequently, we did not rush to become a company with a mission because we wanted to measure this superior commitment to transparency and responsibility and we are obsessed with

concrete proof. Therefore, we wanted to initiate and carry out a certain number of actions in order to effect concrete and lasting changes. Measuring our impact will therefore be our guide and will enable us to streamline our decision-making. It also illustrates our gradual progress and the responsibility we bear in supporting the transformation of society."

The group launches a **new arbitration mandate** for Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest customers holding a NaviG'Options or NaviG'Patrimoine life insurance policy. Jointly developed with Arkéa Investment Services and Suravenir, it is 50% invested in the fund in euros, and 50% in unit-linked products (30% global equities, 10% diversified, 10% bonds) all with a European sustainable finance label. The group is thus continuing its actions to develop a range of responsible savings products, in line with its Transitions 2024 strategic plan.

We Positive Invest, the group's societal innovation fund, takes a stake in the capital of **Maskott**. An Edtech company (education through digital technology), Maskott has been a pioneer since 2004 in the creation and distribution of digital tools for individual learning, from initial to ongoing training, thanks to its Tactileo platform, which today counts 8 million users. More than 160,000 teachers and one in five middle schools use it regularly. A first study published at the end of 2021 showed that the use of Tactileo improves the learning and academic results of students, regardless of their social background, by around 20 to 25%.

Arkéa Assistance, a subsidiary specialising in remote assistance services for private individuals, adopts the **status of a company with a mission**, approved at the General Meeting. With more than ten years of experience in home support for the elderly, Arkéa Assistance is committed through this change in status to the objectives set out in its Purpose: to improve the quality of life through support based on social and technological innovation.

Arkéa Capital launches the Professional Private Equity Fund (FPCI) **We Positive Invest 2**. Six years after the first vintage, this new fund, whose subscription is open to third parties, aims to raise more than €100 million, with the sponsorship of Crédit Mutuel Arkéa. We Positive Invest 2 will invest up to €10 million in intrinsically positive impact companies in four areas: the energy and climate transition, the circular economy, human capital, and health and well-being.

Crédit Mutuel Arkéa signs the **Principles for Responsible Banking**, a unique framework for a sustainable banking sector, based on a partnership between the global banking sector and the United Nations Environment Programme Initiative (UNEP FI). The signatory banks are committed to being ambitious in their sustainable development strategies, striving to integrate sustainability into the heart of their activities, while allowing them to remain at the forefront of sustainable finance.

JUNE

Crédit Mutuel Arkéa will sponsor the 13th **Sea Tech Week**, to be held in Brest from 26 to 30 September. Every two years, Sea Tech Week, the international week for maritime sciences and technologies, brings together more than 1,000 leading experts on a given theme. The 2022 edition will focus on the theme of smart and sustainable maritime transport.

Already Chairman of the Crédit Mutuel Arkéa group for a year, **Julien Carmona is elected Chairman of Crédit Mutuel de Bretagne**. This appointment continues a tradition of unified chairmanship between the group and its Breton federation, a guarantee of consistency and synergy in terms of strategy and governance. Julien Carmona takes the helm of an institution firmly rooted in its regions, which he describes as the "economic lung of Brittany", based on several factors: a bank for one in two Bretons, a partner of two out of three associations, providing more than 3,000 direct jobs, and at least as many indirectly.

Crédit Mutuel Arkéa becomes majority shareholder, through its subsidiary **Izimmo, of Liberkeys**, which markets a turnkey offer for sales of old real estate, combining people and digital technology. The three co-founders, Thomas Venturini, Julien Watry and Anthony Peyron, remain shareholders and at the head of the company. This transaction will enable Liberkeys to accelerate its growth and so consolidate its position as leader in new real estate agencies. It is also fully in line with Crédit Mutuel Arkéa's Transitions 2024 strategic plan, with the aim of offering its members and customers, through this real estate-bank approach, an enriched value proposition at a key stage in life, the real estate project.

Kengo.bzh, the crowdfunding platform through donations, has in turn obtained the status of **company with a mission**. Its roadmap is based on two commitments: maximising the positive regional impact of its activity, and supporting its customers and partners in their transition projects. It includes new mechanisms: “Dengar” for associations, foundations or endowment funds so that they can easily and freely collect donations throughout the year, and “Ti Impakt” to encourage projects that change the playing field in terms of transitions, along with a reduction in the commission charged on fundraising. Since its creation in 2015, Kengo.bzh has enabled the financing of 930 projects in the five historic departments of Brittany, thanks to the mobilisation of 63,000 contributors, for a total inflow of €3.8 million.

1.4. Solidarity relationships

1.4.1. 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 (CMF).

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.

1 - 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.

2 - 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 within the framework of 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 in the liquidity scope), the system provided for in the French Monetary and Financial Code (Article L. 511-42), 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.

1.4.2. Solidarity links within Crédit Mutuel

1.4.2.1. Current context

The Crédit Mutuel group, within the meaning of Article 511-20 of the CMF, is governed by the CMF, 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 of the CMF relating to Crédit Mutuel. The membership of the regional groups (second level of the organisation) in CNCM and the central Crédit Mutuel bank (third level) completes Crédit Mutuel's organisation.

As a central body, the CNCM represents the credit institutions affiliated to it at the Banque de France, the ACPR and the ECB. It oversees the application of the laws and regulations specific to these institutions. It exercises administrative, technical and financial control over the organisation and management of the affiliated Crédit Mutuel banks.

National solidarity is laid down in CNCM General Decision no. 1-2020. In addition, General Decision 2-2020 provides for the implementation of measures in phases of proven financial difficulty or resolution within the Crédit Mutuel group.

It is specified that Crédit Mutuel Arkéa has its own solidarity mechanism as defined above, which would intervene in the first instance and that Crédit Mutuel Arkéa will no longer benefit from the national inter-federal solidarity mechanism in the event of the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group as described below.

It is also specified that, as part of the application of General Decision no. 2-2020, Crédit Mutuel Arkéa may be required to participate in mechanisms for the prevention and management of banking crises within the Crédit Mutuel group.

On 17 January 2018, the Board of Directors of Crédit Mutuel Arkéa gave a mandate to its executives to take any action enabling Crédit Mutuel Arkéa to become a cooperative banking group independent from the rest of Crédit Mutuel, this mandate having been renewed on 2 July 2021 following the appointment of Julien Carmona as Chairman of Crédit Mutuel Arkéa, in order to pursue its original development strategy based on three strengths: its regional roots, its culture of innovation and its agility.

On 18 April 2018, the Boards of Directors of the federations of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest held a meeting and officialised the results of the votes cast by the 307 local banks that voted. 94.5% of the local banks voted in favour of independence for Crédit Mutuel Arkéa.

The Board of Directors of Crédit Mutuel Arkéa, on 29 June 2018, approved the target organisational structure of the future independent. Work to define the detailed technical details of the project has been underway and discussions have been started with the supervisory authorities.

These discussions with the supervisory authorities on the terms of the separation have been suspended since the health crisis.

Disaffiliation operations should then be initiated in conjunction with the CNCM, within the limits of the powers granted to it by law.

As part of the projected target outcome, Arkéa (currently Crédit Mutuel Arkéa) would still be authorised as a cooperative bank and directly supervised by the ACPR and the ECB. The local banks would become the "Local Cooperatives which would no longer be credit institutions, retaining their status as cooperative variable-capital companies and forming a union of Arkéa cooperatives pursuant to Article 5 of Law no. 47-1775 of 10 September 1947 on the status of cooperatives.

In addition, a cooperation pact between all the Local Cooperatives and Arkéa will be concluded for a period of ninety-nine (99) years with a view to implementing solidarity, mutual aid and support mechanisms to promote the achievement of the Local Cooperatives' primary mission, namely to promote access for all to banking, financial and insurance services.

In the context of the General Decision no. 1-2019, relating to the disaffiliation of the Crédit Mutuel banks at their request, the operational implementation of the disaffiliation of Crédit Mutuel Arkéa remains subject to the approval and vote of the Boards of Directors of the local banks.

Local banks that vote against the disaffiliation from the Crédit Mutuel group, or do not wish to take part in the vote, may not be part of this new organisation.

Even if 94.5% of the local banks that voted in 2018 did so in favour of independence, these results do not prejudice the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel group.

Each local bank will be called upon to give its opinion on the implementation phase of Crédit Mutuel Arkéa's disaffiliation, to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a disaffiliation request by the Federation concerned, in accordance with the DCG.

Local banks that choose to vote against disaffiliation may join another federal or inter-federal mutual in order to benefit from a new collective approval.

The independence of Crédit Mutuel Arkéa, through its disaffiliation from the central institution, is the preferred scenario for the group and is also the sole mandate given to corporate officers by the Board of Directors of Crédit Mutuel Arkéa on 17 January 2018 and 2 July 2021. It ensures that the Crédit Mutuel Arkéa group model is respected over the long term.

On 10 May 2022, at the General Meeting of Crédit Mutuel Arkéa, Julien Carmona, its Chairman, shared an update on relations with CNCM and on the plans to defend the group's independence and thus preserve its regional cooperative banking model with the Chairpersons of the local banks.

Julien Carmona took the opportunity to say that among the possible scenarios for Crédit Mutuel Arkéa was that of a real, comprehensive and solidly guaranteed strategic independence while remaining part of the Crédit Mutuel group.

To date, both Crédit Mutuel Arkéa and CNCM have started to examine proposals for a potential framework for a guaranteed strategic independence, and have reached agreement on certain points, even if some major issues still need to be addressed.

For further details, investors should refer to section 4.1.1.3 of the Risk Factors.

At this stage, there is no certainty as to how this conflict with CNCM could evolve and/or the timeframe in which it could be resolved, or the impact it could have if Crédit Mutuel Arkéa were to remain part of the Crédit Mutuel group or become a totally autonomous banking group.

1.4.2.2. Current solidarity mechanism

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 that a group may be facing.

2. Corporate governance

2.1. The Board of Directors of Crédit Mutuel Arkéa

2.1.1. Operation of the supervisory bodies

Crédit Mutuel Arkéa's Board of Directors met in 2022 on 28 January, 24 February, 18 March, 8 April and 3 June.

On 10 May 2022, the General Meeting of Crédit Mutuel Arkéa, convened by the Chairman of the Board of Directors on 25 April 2022, was held on an ordinary and extraordinary basis in CESSON-SÉVIGNÉ (postcode 35510).

The turnout was 83.71%.

At this General Meeting, the company adopted the status of a company with a mission, thus becoming one of the first banks to adopt this status.

On 3 June, Crédit Mutuel Arkéa's Board of Directors appointed the nine members of the Mission Committee. It is made up of diverse experts and is committed to both environmental societal issues. It is also a good representation of diversity, with 45% women, and of all Crédit Mutuel Arkéa regions.

As of 30 June 2022, this committee was composed of:

Eric Challan Belval	Chairman of "Feuille d'Erable"; Chairman of the Ile-et-Vilaine MEDEF
Thierry Burlot	Former Vice-Chairman of the Regional Council of Brittany in charge of the environment and biodiversity; Chairman of the "Bassin Loire-Bretagne" Committee (the body in charge of water management policy in the Loire-Bretagne basin)
Jérémie Brémaud	Associate Director and founder of Ellyx (specialist in the resolution of social issues); Chairman of France Active – Nouvelle-Aquitaine (pioneer of solidarity finance)
David Sussmann	Founding Chairman of Pure Océan (endowment fund supporting projects that protect marine ecosystems); Founding Chairman of Seafoodia (a company specialising in the worldwide distribution and sale of seafood products)
Nolwenn Febvre	Founding Chairwoman of Les P'tits Doudous (network of associations of healthcare professionals working to improve the lives of children, parents and caregivers in hospitals)
Hélène Lamy	In charge of coordination at Crédit Mutuel de Bretagne

Maëva Bourel	Head of the Sustainable Finance Department of the CMArkea group
Daniela Da Silva	Chairwoman of Caisse de Crédit Mutuel de Bordeaux St Jean; Chairwoman of Caisse de Crédit Mutuel Agricole et Viticole du Sud-Ouest; Independent consultant and QHSE-CSR auditor
Patrick Lescop	Chairman of Caisse de Crédit Mutuel de St Pol de Léon; Land, agricultural and real estate expert, legal expert (methanisation, civil engineering); Partner of wind farms and photovoltaic panels

2.1.2. Composition of the supervisory body

At the General Meeting held on 10 May 2022:

- the terms of office of François Chatel and Michel Gourtay, having expired, were not renewed;
- the terms of office of Sophie Violleau, Valérie Moreau and Anne-Gaëlle Le Bail were renewed;
- Sophie Langouet-Prigent, Erwan Meudec and Pascal Faugère were appointed as directors for a term of three years;
- Isabelle Maury was appointed as a non-voting Board member for a period of three years.

On 3 June 2022, the Board of Directors unanimously reappointed Sophie Violleau as Vice-Chairwoman of the Board of Directors.

The Board of Directors is now composed of 20 directors. The Board of Directors is also assisted by a non-voting Board member.

The proportion of women in the workforce was 50% at 30 June 2022.

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 30 June 2022, they therefore consisted of:

- **Strategy and Corporate Social Responsibility Committee:**
Chairman: Julien Carmona
Members: Valérie Barlois-Leroux, 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, Jean-François Gourvenec, Anne-Gaëlle Le Bail, Yves Mainguet, Dominique Trubert
- **Risk and Internal Control Committee:**

Chairman: Valérie Blanchet-Lecoq
Members: Marta Dias, Monique Huet, Yves Mainguet, Luc Moal

- **Compensation Committee:**

Chairman: Patrick Le Provost
Members: Valérie Barlois-Leroux, Philippe Chupin, Luc Moal, Marie Vignal-Renault, Colette Sene

- **Credit Review Committee**

Chairwoman: Monique Huet
Members: Thierry Bougeard, Philippe Chupin, Anne-Gaëlle Le Bail.

2.2. The bodies and work of the executive management

The Executive Committee was composed of the following members at 30 June 2022:

Hélène Bernicot	Chief Executive Officer of Crédit Mutuel Arkéa
Anne Le Goff	Deputy Chief Executive Officer, Head of the Development Support Division
Frédéric Laurent	Deputy Chief Executive Officer, Head of Retail Clients Division
Bertrand Blanpain	Deputy Chief Executive Officer, Head of the Corporate and Institutional Division
Laurent Jurrius	Head of Innovation and Operations Division
Frédéric Diverrez	Head of the B2B and Specialised Services Division
Sébastien Barbe	Head of the Products Division
Véronique Crouzier	Head of Human Resources

The proportion of women on the Executive Committee was 37.5% at 30 June 2022.

2.3. Compensation of corporate officers

2.3.1. Compensation policy for corporate officers for the year 2022

This section updates section 2.8.1 of the 2021 Crédit Mutuel Arkéa group Universal Registration Document.

2.3.1.1. General principles

The compensation policy for corporate officers, i.e. the Chairman of the Board of Directors, the Chief Executive Officer, the Deputy Chief Executive Officers and the members of the Board of Directors of Crédit Mutuel Arkéa, is defined by the Board of Directors on the basis of proposals from the Compensation Committee in accordance with the overall compensation policy of the Crédit Mutuel Arkéa group.

Designed to promote sound and effective risk management, Crédit Mutuel Arkéa's compensation policy is consistent with the group's economic strategy, objectives, values and long-term interests, does not encourage risk-taking that exceeds the level of risk defined by the group and includes measures to avoid conflicts of interest.

The compensation of Crédit Mutuel Arkéa's executive corporate officers complies with:

- the regulatory framework set by the French Monetary and Financial Code (Articles L.511-71 et seq. and R.511-18 et seq.);
- the prudential provisions applicable to credit institutions and investment companies (Capital Requirement Directive – CRD);
- the provisions of Law no. 47-1775 of 10 September 1947 on the status of cooperation;
- the provisions on public limited companies whose securities (other than shares) are admitted to trading on a regulated market of the French Commercial Code applicable to compensation.

The compensation of the executive corporate officers is decided by the Board of Directors, on the recommendation of the Compensation Committee.

The compensation policy for executive corporate officers takes into account the following objectives in its principles:

- alignment with the Crédit Mutuel Arkéa group's Raison d'être as defined by the Board of Directors of Crédit Mutuel Arkéa and submitted to the General Meeting:
 - by being in line with the economic strategy, objectives, values and interests of the Crédit Mutuel Arkéa group,
 - by integrating both financial and non-financial assessment factors, so that the compensation policy implemented strives to maintain consistency between the overall compensation of executive corporate officers and the performance of the Crédit Mutuel Arkéa group as well as the individual performance of the directors,
 - by taking into account the Corporate Social Responsibility (CSR) dimension in determining compensation;
- the need for the Crédit Mutuel Arkéa group to attract, motivate and retain profiles that are recognised as high performers and particularly competent in the group's fields of activity;
- consistency with the compensation and employment conditions of the Crédit Mutuel Arkéa group's employees (in particular the compensation structure, assessment criteria or changes in compensation) and market practices observed in companies in the same sector;
- while ensuring appropriate risk management and regulatory compliance, and ensuring that conflicts of interest are avoided and that decisions are made fairly.

The fixed compensation (FC) is the only compensation received by the Chairman of the Board of Directors.

The compensation of the Chief Executive Officer and the Deputy Chief Executive Officers is structured as follows:

- fixed compensation (FC), which makes it possible to retain and motivate managers and which values the experience and responsibilities exercised. It represents a significant part of total compensation and is used as a basis for determining the ceilings for variable compensation;
- the annual variable compensation depends on the financial and non-financial performance of the year, which is part of a multi-year framework in line with the Crédit Mutuel Arkéa group's strategy.

In accordance with the provisions of the French Monetary and Financial Code, the variable compensation may not exceed the fixed compensation. However, for the Chief Executive Officer and the Deputy Chief Executive Officer, who are not employees, the General Meeting may approve a higher maximum ratio provided that the overall level of the variable component does not exceed 120% of the fixed component.

The payment of variable compensation is not guaranteed and may not, in any event, have the effect of limiting the capacity of Crédit Mutuel Arkéa or the group to strengthen its equity capital.

In addition, the Deputy Chief Executive Officers benefit from an employee savings scheme.

The Crédit Mutuel Arkéa group is in the process of developing an approach aimed at a coherent and gradual integration of sustainability risks into its compensation policy. The paths that will be adopted within this framework will allow, in accordance with the sectoral legislation on compensation policies to which the Crédit Mutuel Arkéa group and its entities are subject, the taking into account of sustainability risks within the appropriate processes.

2.3.1.2. Fixed compensation

The Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers receive a fixed compensation.

The amount of the fixed compensation, based on a study carried out by Willis Towers Watson, is determined by the Board of Directors on the proposal of the Compensation Committee taking into account:

- the experience and scope of responsibility of the executive corporate officers compared to a panel of executives in the banking and financial sector, as established by Willis Towers Watson;
- market practices and compensation observed for similar functions in comparable companies.

Chairman of the Board of Directors of Crédit Mutuel Arkéa

The compensation of the Chairman of the Board of Directors of Crédit Mutuel Arkéa is exclusively fixed and its amount, determined by the Board of Directors on the proposal of the Compensation Committee, takes into account:

- the professional experience required to assume the position of Chairman of the supervisory body of a credit institution such as Crédit Mutuel Arkéa, whose performance is sustainable without excessive risk-taking;
- the responsibilities for supervision, monitoring and control, including risk management, associated with this function;
- the key role of the Chairman in initiating the Board of Directors' determination of the group's strategic direction;
- representing the company in its high-level relations with public authorities, banking supervisors and the company's strategic stakeholders;

- maintaining relations with the local member banks and federations making up the Crédit Mutuel Arkéa group;
- ensuring that the Board of Directors is balanced, in addition to its proper functioning;
- market practices and compensation observed for similar functions in companies in the same sector.

For the Chairman of the Board of Directors, the fixed compensation for the 2022 financial year amounts to €700,000.

Chief Executive Officer of Crédit Mutuel Arkéa

The Chief Executive Officer of Crédit Mutuel Arkéa receives a fixed compensation, the amount of which is determined by the Board of Directors on the recommendation of the Compensation Committee and takes into account:

- the experience and scope of responsibilities of the Chief Executive Officer compared to a panel of executives in the banking and financial sector;
- market practices and compensation observed for similar functions in comparable companies.

For Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa, the annual fixed compensation for the 2022 financial year amounts to €425,000.

Deputy Chief Executive Officer of Crédit Mutuel Arkéa

The Deputy Chief Executive Officer of Crédit Mutuel Arkéa receives a fixed compensation, the amount of which is determined by the Board of Directors on the recommendation of the Compensation Committee and takes into account:

- the experience and scope of responsibilities of the Deputy Chief Executive Officer compared to a panel of executives in the banking and financial sector;
- market practices and compensation observed for similar functions in comparable companies.

For Anne Le Goff, Deputy Chief Executive Officer of Crédit Mutuel Arkéa, the annual fixed compensation for the 2022 financial year amounts to €400,000.

Deputy Chief Executive Officers – employees

The Deputy Chief Executive Officers of Crédit Mutuel Arkéa, employees of Arkéa SCD, receive a fixed compensation, approved by the Compensation Committee and the Board of Directors, the amount of which takes into account:

- the experience and scope of responsibilities of the Deputy Chief Executive Officers compared to a panel of executives in the banking and financial sector;
- market practices and compensation observed for similar functions in comparable companies.

For Bertrand Blanpain, Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division, the annual fixed compensation for the 2022 financial year amounts to €325,000.

For Frédéric Laurent, Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customer Division, the annual fixed compensation for the 2022 financial year amounts to €305,000.

2.3.1.3. Annual variable compensation

The Chief Executive Officer and the Deputy Chief Executive Officers receive variable compensation according to the principles described below.

The Board of Directors, on the proposal of the Compensation Committee, sets the criteria for assessing the AVC for executive corporate officers each year. The AVC is intended to reflect sustainable performance in line with the risk appetite framework as well as, where appropriate, exceptional performance by executive corporate officers or their very strong involvement in the performance of the missions entrusted to them in view of the scope of their responsibilities.

For the Chief Executive Officer and the Deputy Chief Executive Officer, the variable compensation can vary from 0% to 90% (target level) of the fixed compensation in case of achievement of all objectives and 120% (ceiling level) in case of exceptional performance.

For the Deputy Chief Executive Officers employed by Arkéa SCD, the variable compensation can vary from 0% to 80% (target level) of the fixed compensation in case of achievement of all the objectives and 100% (ceiling level) in case of exceptional performance.

The AVC indicators, which are set by the Board of Directors in line with the group's annual plan, are established in accordance with the Crédit Mutuel Arkéa group's risk appetite framework, which seeks to set them at a level that is compatible with its overall performance objectives while ensuring that it is always able to control them through its expertise. The levels of risk and risk control are criteria that are subject to great attention and are particularly selective in the direction of the group's development.

Variable compensation is conditional on compliance with the thresholds defined in the group's risk appetite framework for the three indicators below:

- the bank solvency ratio (CET 1);
- the commitment ratio;
- the operating ratio.

Executive corporate officers are subject to rules relating to the payment of a portion of their variable compensation, equal to 50 or 60% depending on the amount, being deferred over five years.

The variable compensation, already vested or in the process of vesting, may, until the end of the last retention period, be reduced in whole or in part, up to 100%, in particular in the event of behaviour likely to expose the Crédit Mutuel Arkéa group, or one of its entities, to an abnormal and significant risk, including because of its liability for acts that have resulted in significant losses for the institution or in the event of failure to meet their obligations of good repute and expertise.

The vesting and payment of the variable compensation awarded, both for the portion paid immediately and that subject to deferral, are subject to compliance with the conditions set in the compensation policy and applicable regulations, including the need for Crédit Mutuel Arkéa and the group to have a sufficiently healthy and solid financial base and to continue to be in a position to strengthen their equity.

Thus, the vesting and payment of deferred variable compensation are subject to compliance with the group's CET 1 risk appetite threshold on each vesting and payment date. If, on a payment date, the CET 1 risk appetite threshold is not met, all deferred variable compensation to be acquired or received on that date is definitively reduced to zero.

2.3.1.4. Financial and similar instruments

As Crédit Mutuel Arkéa is a cooperative public limited company whose share capital is not traded on a regulated market, a portion of the variable compensation is paid in cash instruments linked to shares, meaning that the amount of which reflects and changes according to the credit quality of the institution.

In accordance with regulatory obligations, the payment of variable compensation is made as follows, for the deferred and non-deferred portion:

- half in cash;
- half in cash indexed to a composite indicator calculated on the basis of consolidated group criteria at the end of a 12-month retention period.

Example showing the payment periods of a deferred variable compensation of 50% over five years:

			N + 1	N + 2	N + 3	N + 4	N + 5	N + 6	N + 7
Annual variable compensation	50% immediate	25% in cash	25% in cash						
		25% in indexed cash		25% in indexed cash					
	50% deferred	25% in cash		5% in cash	5% in cash	5% in cash	5% in cash	5% in cash	
		25% in indexed cash			5% in indexed cash	5% in indexed cash	5% in indexed cash	5% in indexed cash	5% in indexed cash
Payments subject to compliance with vesting and deferred payment conditions									

2.3.1.5. Benefits in kind

As a benefit in kind, the Chairman of the Board of Directors receives company housing and a company car.

Benefits in kind for the Chief Executive Officer and Deputy Chief Executive Officers consist of a company car.

2.3.1.6. Employee savings scheme

The salaried Deputy Chief Executive Officers benefit from an employee savings scheme.

2.3.1.7. 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 and for the duration of her term of office, to be automatically resumed at the end of her term.

The period of suspension of the employment contract is taken into account for the calculation of the employee's rights under the law, the collective agreement and the employment contract.

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.

The period of suspension of the employment contract is taken into account for the calculation of the employee's rights under the law, the collective agreement and the employment contract.

Deputy Chief Executive Officers of Crédit Mutuel Arkéa

Deputy Chief Executive Officers have 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.

2.3.1.8. Severance payments

Chairman of the Board of Directors of Crédit Mutuel Arkéa

In the event of involuntary termination of a term of office, in particular in the event of revocation or non-renewal of the term of office at the initiative of Crédit Mutuel Arkéa, with the exception of dismissal for management misconduct, the Chairman of the Board of Directors is likely to receive an indemnity equivalent to two years of gross compensation (calculated on the basis of the gross fixed compensation received on the date of termination of the term of office, benefits in kind included), the payment of which is subject to the achievement of a performance condition of the Crédit Mutuel Arkéa group.

Chief Executive Officer of Crédit Mutuel Arkéa

In the event of termination of her employment contract for any reason whatsoever (excluding dismissal for gross misconduct or gross negligence), the Chief Executive Officer is likely to receive a termination indemnity, in addition to the legal or contractual provisions, in an amount equal to two years' compensation (calculated on the basis of the gross reference salary on the date of termination, benefits in kind included, plus the monthly average of all variable compensation actually received by the Chief Executive Officer over the three years preceding the date of termination, including variable compensation, exceptional bonuses and the LTI).

The Chief Executive Officer may also receive payment of this termination indemnity in the event of a contractual termination of her employment contract.

It is specified that any severance pay would be calculated as part of the Chief Executive Officer's employment contract, with regard to the duties and responsibilities exercised in this respect.

Deputy Chief Executive Officer of Crédit Mutuel Arkéa

In the event of termination of her employment contract for any reason whatsoever (excluding dismissal for gross misconduct or gross negligence), the Deputy Chief Executive Officer is likely to receive a termination indemnity, in addition to the legal or conventional provisions, of an amount equal to two years' compensation (calculated on the basis of the gross reference salary at the date of termination, benefits in kind included, plus the monthly average of all variable compensation actually received by the Deputy Chief Executive Officer over the three years preceding the date of termination, including variable compensation, exceptional bonuses and the LTI).

The Deputy Chief Executive Officer may also receive payment of this severance payment in the event of a contractual termination of her employment contract.

It is specified that any severance payment would be calculated under the Deputy Chief Executive Officer's employment contract, in light of the duties and responsibilities exercised in this respect.

2.3.1.9. Retirement

Chairman of the Board of Directors of Crédit Mutuel Arkéa

The Chairman of the Board of Directors benefits from a defined contribution pension plan.

Chief Executive Officer of Crédit Mutuel Arkéa

On retirement, and provided she has been with the group for at least five years, the Chief Executive Officer of Crédit Mutuel Arkéa receives a termination benefit equal to seven twelfths of her annual compensation. The Chief Executive Officer is also entitled to end-of-career leave calculated on the basis of 23 days for each year of service as a senior executive of the Crédit Mutuel Arkéa group.

The existing pension commitments for the Chief Executive Officer of Crédit Mutuel Arkéa in the form of a supplementary defined-benefit pension plan (known as "Article 39") were, in accordance with the regulations, crystallised at 31 December 2019 so that no additional rights can be acquired under this plan since 1 January 2020.

At 1 January 2020, the Chief Executive Officer only benefits from a defined contribution pension scheme.

Deputy Chief Executive Officer of Crédit Mutuel Arkéa

At the time of her retirement, and if she has been with the group for at least five years, the Deputy Chief Executive Officer of Crédit Mutuel Arkéa receives a termination benefit equal to seven twelfths of her annual compensation. The Deputy Chief Executive Officer is also entitled to end-of-career leave calculated on the basis of twenty-three days for each year of service as a senior executive of the Crédit Mutuel Arkéa group.

The existing pension commitments for the Deputy Chief Executive Officer of Crédit Mutuel Arkéa in the form of a supplementary defined-benefit pension plan (known as “Article 39”) were, in accordance with the regulations, crystallised at 31 December 2019 so that no additional rights can be acquired under this plan since 1 January 2020.

At 1 January 2020, the Deputy Chief Executive Officer has only a defined contribution pension plan.

Deputy Chief Executive Officers of Crédit Mutuel Arkéa

On retirement, and provided they have been with the group for at least five years, Crédit Mutuel Arkéa’s Deputy Chief Executive Officers receive a termination payment equal to seven twelfths of their annual compensation. The Deputy Chief Executive Officers also receive end-of-career leave calculated at twenty-three days for each year spent as a senior executive of the Crédit Mutuel Arkéa group.

The existing pension commitments for the Deputy Chief Executive Officers of Crédit Mutuel Arkéa in the form of a supplementary defined-benefit pension plan (known as “Article 39”) were, in accordance with the regulations, crystallised at 31 December 2019 so that no additional rights can be acquired under this plan since 1 January 2020.

At 1 January 2020, the Deputy Chief Executive Officers only benefit from a defined contribution pension scheme.

2.3.1.10. Loans, advances and guarantees granted to executive corporate officers

Crédit Mutuel Arkéa’s executive corporate officers may be granted loans.

These loans, which constitute current transactions, are granted under normal market conditions and are subject to appropriate documentation that can be made available to the banking supervisory authorities on request.

3. Financial information

3.1. Activity report

3.1.1. Summary elements

In a particularly uncertain context (fluctuations in financial markets, rises in interest rates, rising inflation, the war in Ukraine), the results for the first half of 2022 reflect the strength and resilience of the Crédit Mutuel Arkéa group's diversified model. Net income for the first half of 2022 reached a record level of €360 million, up €83 million compared to the first half of 2021.

In terms of activity (compared to 31 December 2021):

- a customer portfolio up by 2.2% to 5.2 million, i.e. almost 109,000 additional customers¹;
- gross loans outstanding up by 5.9% to €78.1 billion, driven by a historic level of production of nearly €10 billion;
- outstanding savings decreased by 3.9% to €148.9 billion; This change is mainly due to decreases in valuations, as overall inflows were positive. Excluding the exit of Keytrade Luxembourg, outstanding savings were down by 2.9%²;
- the net loan to deposit ratio was up 4.6 points to 103.2%;
- earned premiums in property and personal insurance increased by 4.0% to €233 million.

In terms of results (compared to 30 June 2021):

Net income attributable to equity holders of the parent was €360 million, up €83 million compared to the first half of 2021:

- revenues of €1,343 million, up 9.7%;
- a 7.9% increase in operating expenses to €871 million;
- cost of risk down €4 million to €49 million.

In terms of solvency:

Regulatory capital

Regulatory capital amounted to €8.9 billion, down slightly by €0.2 billion:

- Common Equity Tier 1 (CET 1) capital amounted to €7.2 billion and represented 81% of total regulatory capital. This decreased slightly by €0.1 billion in the first half of 2022, mainly due to the change in unrealised capital gains (losses) in the context of rising interest rates. In the absence of subordinated debt eligible for Tier 1, CET 1 capital was identical to Tier 1 capital;
- Tier 2 capital fell slightly by €0.1 billion due to the prudential downgrading of subordinated debts approaching their maturity.

¹ The 2021 portfolio included nearly 8,200 Keytrade Luxembourg customers sold in 2022.

² Outstanding savings for 2021 included €0.3 billion in bank deposits and €1.4 billion in financial savings of Keytrade Luxembourg sold in 2022.

(in € millions)	30.06.2022	31.12.2021
Common Equity Tier 1 capital	7,231	7,308
Tier 1 capital	7,231	7,319
Additional capital (Tier 2) net of deductions and surcharges	1,706	1,789
Total regulatory capital	8,937	9,108

Capital requirements

Risk-weighted assets are increasing as the group's commitments grow, mainly with its retail and corporate customers.

(in € millions)	30.06.2022	31.12.2021
CREDIT RISK	41,054	40,464
Standardised approach	8,105	7,918
Central and public administrations	1,540	1,423
Credit institutions	10	15
Corporates	232	217
Retail customers	5,492	5,369
Shares, securitisations and other non-credit obligation assets	831	895
Internal rating-based approach	32,949	32,546
Credit institutions	1,580	1,079
Corporates	13,613	13,523
Retail customers	3,907	3,752
Equities	13,311	13,710
Securitisation	0	0
Other non-credit obligation assets	538	483
MARKET RISK AND CVA (STANDARDISED APPROACH)	45	59
OPERATIONAL RISK (ALMOST EXCLUSIVELY ADVANCED MEASUREMENT APPROACH)	2,825	2,554
TOTAL RISK-WEIGHTED ASSETS	43,924	43,077

Note: the overall exposure to the leverage ratio increased significantly in line with the end of the temporary exclusion of certain central bank exposures from the total exposure provided for by CRR2 in the presence of exceptional circumstances recognised by the ECB.

Prudential ratios

Solvency ratios³ were at levels significantly higher than regulatory requirements:

- the CET 1 ratio was 16.5% at 30 June 2022;
- the overall solvency ratio stood at 20.3% at 30 June 2022;
- the leverage ratio was 6.3% at 30 June 2022.

	30.06.2022	31.12.2021
Common Equity Tier 1 ratio	16.5%	17.0%
Overall Ratio	20.3%	21.1%
Leverage ratio	6.3%	7.2%

³ Ratios at 30 June 2022 integrating the half-yearly result.

In terms of liquidity:

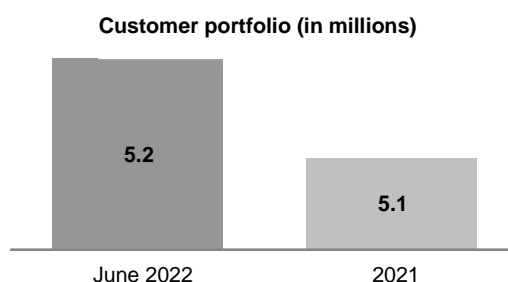
The group has significant room for manoeuvre in relation to regulatory requirements:

- LCR at 147% at the end of June 2022 for a regulatory requirement of 100%.
- NSFR of 111% at the end of June 2022 for a regulatory requirement of 100%.

3.1.2. Activity

3.1.2.1. Customers

The customer portfolio increased by 2.2% in 2022, with nearly 109,000 additional customers⁴ brought in by online banking (+43,000 customers), insurers (+22,000 customers), retail banking (+17,000 customers), and the "Aumax pour moi" personal assistant (+16,000 customers).

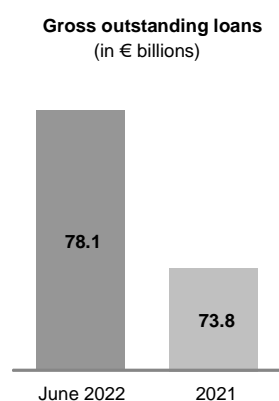
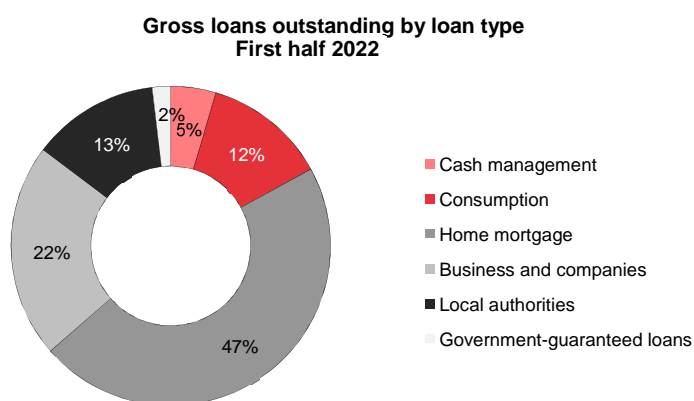


3.1.2.2. Loans

Gross outstandings before provisions increased by 5.9% to reach €78.1 billion. Outstandings recorded in the balance sheet⁵ amounted to €77.5 billion.

Loan production in 2022 reached €9.9 billion, up €21 billion compared to June 2021. This level corresponds to an all-time high.

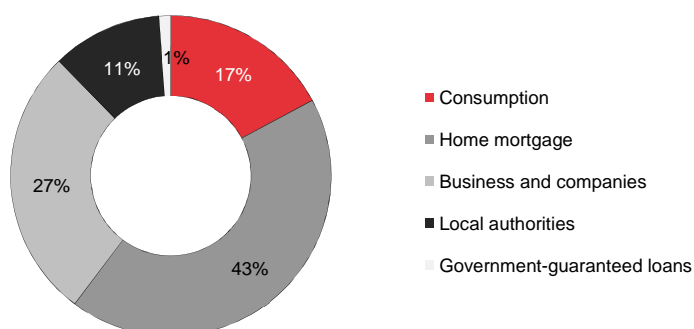
New production was driven by home loans (+26.2% to €4.3 billion), loans to companies and local authorities (+44.3% to €3.8 billion), as well as by consumer loans (+10.6% to €1.7 billion).



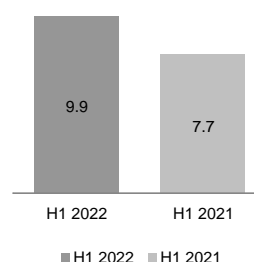
⁴ The 2021 portfolio included nearly 8,200 Keytrade Luxembourg customers sold in 2022.

⁵ Loans and receivables due from customers at amortised cost including provisions and accrued interest.

**Gross loans production by loan type
First half 2022**



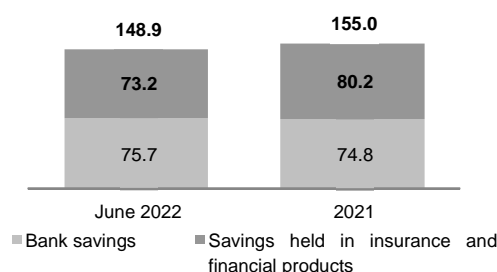
**Loan production
(in € billions)**



3.1.2.3. Savings

Total outstanding savings increased to €148.9 billion, down 3.9% compared to the end of 2021. On a like-for-like basis⁶, outstanding savings fell by 2.9% to reach €148.9 billion. This change is mainly due to decreases in the valuation of insurance and financial savings.

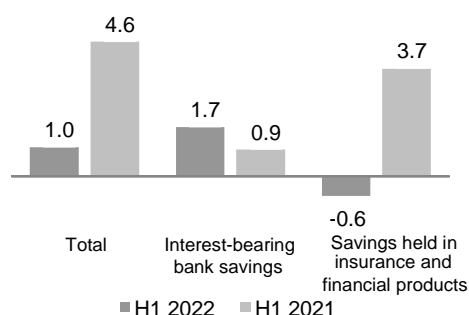
**Savings outstandings
(in € billions)**



Net savings inflows reached €1.0 billion, down 77.7% compared to the first half of 2021. The highlights are:

- net inflows in interest-bearing bank savings of €1.7 billion, up €0.8 billion compared to June 2021;
- net inflows into insurance savings plans, up by €0.1 billion to €0.9 billion;
- after a very dynamic year in 2021, financial savings showed a net outflow of €1.6 billion, a decrease of €4.4 billion compared to the first half of 2021.

**Net inflows of savings
(in € billions)**

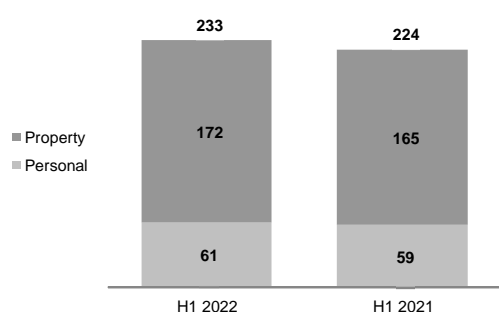


3.1.2.1. Non-life insurance

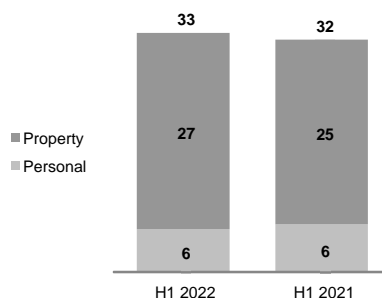
Non-life insurance policies are distributed through the group's own networks and through networks outside Crédit Mutuel Arkéa group.

⁶ Exit of Keytrade Luxembourg in April 2022.

Earned premiums in the property and personal insurance portfolio
(in € millions)



Premiums on new property and personal insurance business
(in € millions)



Premiums earned in the portfolio increased by 4.0% compared with 2021 to reach €233 million.

New business premiums for the first half of the year increased by €1 million to €33 million.

Premiums earned in the portfolio contributed by external networks represented 33%.

New business premiums contributed by external networks represented 51%.

3.1.3. Balance sheet

In the first half of 2022, the Crédit Mutuel Arkéa group's balance sheet increased by €3.1 billion, or 1.7%, to €182.4 billion, driven mainly by banking activities (growth in outstanding loans and deposits of respectively €4.2 and €1.0 billion) and the revaluation of hedging instruments in line with the increase in interest rates (in "Other assets and liabilities").

ASSETS (in € billions)

June 2022	Changes	December 2021
Loans to customers 77.5	4.2	Loans to customers 73.3
of which B1 provisions -0.2	0.0	of which B1 provisions -0.2
of which B2 provisions -0.2	0.0	of which B2 provisions -0.2
of which B3 provisions -0.7	0.0	of which B3 provisions -0.7
Repayments 8.9	0.6	Repayments 8.3
Cash management 17.5	-2.3	Cash management 19.9
Financial assets 14.2	-0.3	Financial assets 14.5
Fixed assets 1.5	-0.1	Fixed assets 1.6
Other assets (including minority interests in UCITS) 9.0	4.0	Other assets (including minority interests in UCITS) 5.0
Insurance assets 53.6	-3.2	Insurance assets 56.8
Non-current assets held for sale 0.2	0.2	Non-current assets held for sale 0.1
Total 182.4	3.1	179.3

LIABILITIES (in € billions)

June 2022	Changes	December 2021
Customer deposits 75.6	1.0	Customer deposits 74.6
Market resources 32.4	0.0	Market resources 32.4
Subordinated debt 2.3	-0.2	Subordinated debt 2.5
Other liabilities (including minority interests in UCITS) 11.1	4.2	Other liabilities (including minority interests in UCITS) 6.8
Insurance liabilities 51.4	-2.8	Insurance liabilities 54.3
Shareholders' equity 8.5	0.1	Shareholders' equity 8.4
Non-current liabilities held for sale 1.1	0.8	Non-current liabilities held for sale 0.3
Total 182.4	3.1	Total 179.3

3.1.4. Consolidated results

In the first half of 2022, the Crédit Mutuel Arkéa group reported net income attributable to equity holders of the parent of €360 million, an all-time high, up 29.9%.

The operating ratio⁷ decreased by 1 point to 64.8%. Excluding the contribution to the Single Resolution Fund, the operating ratio was down by 1.9 points to 61.4%.

(in € millions)	H1 2022	H1 2021	Var. H1 2022 / H1 2021	
			Abs.	%
Revenues	1,343	1,224	119	9.7%
Operating expenses	-871	-807	-64	7.9%
Gross operating income	472	417	54	13.0%
Cost of risk	-49	-53	4	-6.9%
Pre-tax income	436	368	68	18.4%
Income tax	-76	-91	15	-16.6%
Net income attributable to equity holders of the parent	360	277	83	29.9%
Operating ratio	64.8%	65.9%	-1 point	

3.1.4.1. Net Banking and Insurance Income (NBII)

⁷ Ratio of operating expenses (general operating expenses plus depreciation, amortisation and impairment of property, plant and equipment and intangible assets) to net banking and insurance income (NBII).

Revenues were up 9.7% compared to June 2021 to €1,343 million, an increase of €119 million.

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

Banking sector

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

Banking segment revenues increased by €180 million compared to June 2021, reaching €1,097 million.

On a like-for-like basis⁸, revenues increased by €182 million to €1,092 million:

- the financial margin increased by €142 million, or 30.7%, to €604 million. This increase is explained by the commercial momentum of lending activities, the favourable impact of the rise in interest rates, particularly on the home savings provision, and by favourable changes in value of private equity investments;
- net commissions received increased by €24 million, or 7.4%, to €353 million, driven by the dynamism of the lending activity and white label banking services;
- other operating income and expenses increased by €16 million, or 13.1%, to €135 million in line with a sustained level of activity in the BPO business line.

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 sector were up by €61 million compared to June 2021 at €246 million.

On a like-for-like basis⁹, revenues were down €63 million to €244 million penalised by unfavourable market impacts on the valuation of insurance assets and the increase in claims related to the weather events of June 2022 (thunderstorms, hail).

3.1.4.2. Operating expenses

Operating expenses and depreciation amounted to €871 million, up by €64 million, or 7.9%.

On a like-for-like basis¹⁰, operating expenses increased by €65 million to €868 million:

- personnel expenses increased by €23 million to €441 million;
- other expenses were up €40 million to €354 million driven in particular by the increase in the contribution to the Single Resolution Fund;
- depreciation, amortisation, impairment and provisions increased by €2 million to €73 million.

⁸ Excluding exits from the scope in 2022 (Keytrade Luxembourg) and in 2021 (Strateo).

⁹ Excluding inclusions in the scope in 2022 (Arkéa REIM).

¹⁰ Excluding changes in scope in 2022 (Keytrade Luxembourg and Arkéa REIM) and in 2021 (Strateo).

3.1.4.3. Cost of risk

The cost of risk fell by €4 million to €49 million.

- provisions for performing loans increased by €11 million to €32 million in the first half;
- the cost of risk on non-performing and disputed customer loans decreased by €14 million to €17 million.

At mid-year 2022, the cost of risk represented 0.06% of the outstanding balance sheet commitments to customers, or an annual 0.13% at this level.

Portfolio credit risk quality

The amount of non-performing and disputed loans, including interest, rose by 1.7% to €1,475 million at end June 2022.

The rate of non-performing and disputed loans, including interest, on the total outstanding was down over the first half of 2022 to 1.9%, from 2.0% at 31 December 2021).

Provisioning

The Crédit Mutuel Arkéa group notes the resilience of its portfolio in the first half of 2022 with a provisioning rate for non-performing and disputed loans (principal and interest) of 48.8%, down 0.7 points mainly due to the downgrading of government-guaranteed loans.

3.1.5. Ratings

At 30/06/2022	Short-term ratings
Moody's	P-1
Fitch	F1
	Long-term ratings
Moody's	Aa3
Fitch	A-
	Outlook
Moody's	Stable
Fitch	Stable

3.2. Consolidated financial statements at June 30, 2022

Consolidated financial statements at June 30, 2022

Balance sheet (in € thousands)

		06.30.2022	12.31.2021
Assets	Notes		
Cash, due from central banks	1	13 427 709	15 835 673
Financial assets at fair value through profit or loss	2	1 945 661	1 515 229
Derivatives used for hedging purposes	3	3 446 873	941 733
Financial assets at fair value through equity	4	9 117 365	9 438 286
Securities at amortized cost	5	591 783	632 290
Loans and receivables - credit institutions, at amortized cost	1	15 539 880	15 207 862
Loans and receivables - customers, at amortized cost	6	77 455 860	73 250 954
Remeasurement adjustment on interest-rate risk hedged portfolios		1 485 848	621 698
Placement of insurance activities	7	55 847 425	58 775 760
Current tax assets		146 366	127 398
Deferred tax assets		156 978	130 806
Accruals, prepayments and sundry assets		1 290 685	992 972
Non-current assets held for sale		242 431	80 813
Investments in associates		207 149	176 345
Investment property		129 779	125 897
Property, plant and equipment		328 602	328 741
Intangible assets		518 398	532 452
Goodwill	8	518 321	566 533
TOTAL ASSETS		182 397 114	179 281 442
		06.30.2022	12.31.2021
Liabilities	Notes		
Due to central banks	9	0	0
Financial liabilities at fair value through profit or loss	10	1 838 037	1 345 024
Derivatives used for hedging purposes	3	2 911 806	956 291
Debt securities	12	15 776 492	16 438 840
Due to banks	9	14 830 787	14 596 802
Liabilities to customers	13	75 591 127	74 571 114
Remeasurement adjustment on interest-rate risk hedged portfolios		2 991 105	442 028
Current tax liabilities		111 613	94 463
Deferred tax liabilities		83 786	143 169
Accruals, deferred income and sundry liabilities		2 464 862	2 866 796
Liabilities associated with non-current assets held for sale	16	1 095 276	345 128
Insurance companies' technical reserves	14	53 673 659	56 248 145
Provisions	15	270 084	347 472
Subordinated debt		2 258 513	2 473 362
Total equity		8 499 968	8 412 808
Shareholders' equity, group share		8 494 083	8 406 884
Share capital and additional paid-in capital		2 672 443	2 548 829
Consolidated reserves		5 694 985	5 152 784
Gains and losses recognized directly in equity		(233 265)	131 547
Net income for the year		359 920	573 723
Non-controlling interests		5 886	5 924
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		182 397 114	179 281 442

Consolidated financial statements at June 30, 2022

Income statement

(in € thousands)

		06.30.2022	06.30.2021
Income statement	Notes		
Interest and similar income (1)	19	932,848	906,165
Interest and similar expense (1)	19	(529,551)	(562,992)
Commission income	20	385,768	345,915
Commission expense	20	(101,292)	(84,659)
Net gain (loss) on financial instruments at fair value through profit or loss	21	191,468	108,554
Net gain (loss) on financial instruments at fair value through equity	22	17,782	15,864
Net gain (loss) on derecognition of financial instruments at amortized cost	23	3,642	4,373
Net income from insurance activities	24	303,723	369,249
Income from other activities	25	171,633	157,578
Expense from other activities	25	(33,466)	(35,983)
NET BANKING INCOME		1,342,555	1,224,064
Gains (losses) on disposal - dilution in investments in associates	26	0	0
NET BANKING INCOME including gains (losses) on disposal - dilution in investments in associates		1,342,555	1,224,064
General operating expenses	27	(797,582)	(734,897)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(73,049)	(71,703)
GROSS OPERATING INCOME		471,924	417,464
Cost of credit risk	28	(48,967)	(52,589)
OPERATING INCOME		422,957	364,875
Share in net income of equity-accounted associates and joint ventures		3,030	2,644
Gains (losses) on other assets	29	9,938	541
PRE-TAX INCOME		435,925	368,060
Income tax	30	(76,014)	(91,109)
Net income (loss) from discontinued operations		0	0
NET INCOME		359,911	276,951
O/w non-controlling interests		(8)	(107)
NET INCOME - GROUP SHARE		359,920	277,058

(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 19.

		06.30.2022	06.30.2021
Statement of net income and gains and losses recognized directly in equity	Notes		
Net income		359,911	276,951
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		(59,030)	(10,829)
Revaluation of available-for-sale financial assets (net of taxes)		(298,418)	(17,773)
Revaluation of derivatives used to hedge recyclable items (net of taxes)		0	549
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		360	(228)
Items to be recycled to profit or loss		(357,088)	(28,281)
Actuarial gains (losses) on defined benefit plans (net of taxes)		17,843	2,294
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		28,329	3,570
Revaluation of equity instruments at fair value through equity (net of taxes) (1)		(41,346)	(1,962)
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		(12,559)	3,681
Items not to be recycled to profit or loss		(7,733)	7,583
Total gains and losses recognized directly in equity		(364,821)	(20,698)
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		(4,910)	256,253
of which group share		(4,895)	256,370
of which non-controlling interests		(15)	(117)

(1) of which the impact of the transfer to reserves of non-recyclable items for €(3 thousands).

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, 2021	2,378,428	4,793,564	197,537	356,241	7,725,770	3,230	7,729,000
Capital increase/reduction	105,605	0	0	0	105,605	0	105,605
Cancellation of treasury shares	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	356,241	0	(356,241)	-	0	0
Dividend paid in 2021 in respect of 2020	0	(36,512)	0	0	(36,512)	(7)	(36,519)
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	2,484,033	5,113,293	197,537	0	7,794,863	3,223	7,798,086
Changes in gains and losses recognized directly in equity	0	30,248	(20,688)	0	9,560	(10)	9,550
2021 net income	0	0	0	277,058	277,058	(107)	276,951
Subtotal	2,484,033	5,143,541	176,849	277,058	8,081,481	3,106	8,084,587
Impact of acquisitions and disposals on non-controlling interests	0	501	0	0	501	1,089	1,590
Share of changes in shareholders' equity from investments in associates and joint ventures	0	(87)	0	0	(87)	0	(87)
Change in accounting methods	0	0	0	0	-	0	0
Other changes	0	(9,795)	0	0	(9,795)	0	(9,795)
Position at June 30, 2021	2,484,033	5,134,160	176,849	277,058	8,072,099	4,195	8,076,295
Capital increase	64,796	0	0	0	64,796	0	64,796
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's income	0	0	0	0	0	0	0
Dividend paid in 2021 in respect of 2020	0	0	0	0	0	0	0
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	2,548,829	5,134,160	176,849	277,058	8,136,896	4,195	8,141,091
Changes in gains and losses recognized directly in equity	0	(1,656)	(45,302)	0	(46,958)	1	(46,957)
2021 second half net income	0	0	0	296,665	296,665	(75)	296,590
Subtotal	2,548,829	5,132,504	131,547	573,723	8,386,603	4,121	8,390,724
Impact of acquisitions and disposals on non-controlling interests	0	983	0	0	983	1,750	2,733
Share of changes in shareholders' equity from investments in associates and joint ventures	0	(2)	0	0	(2)	0	(2)
Change in accounting methods	0	35,390	0	0	35,390	0	35,390
Other changes	0	(16,090)	0	0	(16,090)	53	(16,037)
Position at December 31, 2021	2,548,829	5,152,785	131,547	573,723	8,406,884	5,924	8,412,808
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	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's income	0	573,723	0	(573,723)	0	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	5,690,007	131,547	0	8,493,997	5,916	8,499,913
Changes in gains and losses recognized directly in equity	0	518	(364,812)	0	(364,294)	(16)	(364,310)
06.30.2022 net income	0	0	0	359,920	359,920	0	359,920
Subtotal	2,672,443	5,690,525	(233,265)	359,920	8,489,623	5,900	8,495,523
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	0	0	0
Other changes	0	4,472	0	0	4,472	(25)	4,447
Position at June 30, 2022	2,672,443	5,694,985	(233,265)	359,920	8,494,083	5,886	8,499,968

Net cash flow statement
(in € thousands)

	06.30.2022	06.30.2021
Cash flows from operating activities		
Net income	359,911	276,951
Tax	76,014	91,109
Pre-tax income	435,925	368,060
Depreciation and amortization of property, plant and equipment and intangible assets	72,761	71,268
Impairment of goodwill and other non-current assets	(1,839)	9,984
Net additions to depreciations	22,061	1,663
Share of income (loss) from investments in associates	(4,625)	(2,644)
Net loss (gain) from investing activities	(6,241)	(1,572)
(Income)/expense from financing activities	0	0
Other changes	(3,456,049)	1,639,816
Total non-cash items included in net income and other adjustments	(3,373,932)	1,718,515
Interbank transactions	(589,680)	582,422
Transactions with customers	(3,384,318)	428,757
Transactions involving other financial assets/liabilities	1,479,201	(505,541)
Transactions involving other non-financial assets/liabilities	1,252,096	642,784
Dividends from investments in associates	0	1,919
Taxes paid	(56,871)	(58,565)
Net decrease/(increase) in operating assets and liabilities	(1,299,572)	1,091,776
NET CASH FLOW FROM OPERATING ACTIVITIES	(4,237,579)	3,178,351
Cash flows from investing activities		
Financial assets and investments	(29,181)	43,808
Investment property	20,586	(7,239)
Property, plant and equipment and intangible assets	(77,062)	(86,493)
Other	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	(85,657)	(49,924)
Cash flows from financing activities		
Cash flows from/to shareholders	91,613	74,015
Other cash flows from financing activities	1,610,104	(2,072,554)
CASH FLOWS FROM FINANCING ACTIVITIES	1,701,717	(1,998,539)
Net increase/(decrease) in cash and cash equivalents	(2,621,519)	1,129,888
Cash flows from operating activities	(4,237,579)	3,178,351
Cash flows from investing activities	(85,657)	(49,924)
Cash flows from financing activities	1,701,717	(1,998,539)
Cash and cash equivalents, beginning of the year	15,895,670	13,211,933
Cash, central banks (assets & liabilities)	15,835,673	12,901,851
Deposits (assets and liabilities) and demand loans with credit institutions	59,997	310,082
Cash and cash equivalents, end of the year	13,274,151	14,341,821
Cash, central banks (assets & liabilities) (Notes 1 and 16)	13,427,709	14,230,347
Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 16 and 21b)	(153,558)	111,474
CHANGE IN NET CASH AND CASH EQUIVALENTS	(2,621,519)	1,129,888

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 at June 30, 2022

HIGHLIGHTS OF THE YEAR

Driven by strong sales activity in all business lines, at 30 June 2022 net profit attributable to the group reached a record high of €360 million.

Net banking income grew by €118 million to €1.343 billion thanks to controlled, diversified growth and despite the effects of the unstable market environment in the first half of 2022.

Operating expenses rose by €64 million to €871 million as a result of ongoing investments to implement the Transitions 2024 medium-term plan and the continued sharp increase in contributions to the Single Resolution Fund. Starting in the first half of 2022, the group also took measures to maintain employees' purchasing power.

At €49 million, the cost of risk was stable relative to 30 June 2021. This reflects prudent provisioning of the group's high-quality portfolio in an uncertain economic environment.

The group completed the sale of Keytrade Luxembourg in April 2022 and received offers to buy a majority stake in its Leetchi, Mangopay and Budget Insight subsidiaries in the first half of the year.

Thus, at 30 June 2022, the contributions of Leetchi, Mangopay and Budget Insight to the consolidated financial statements are recognised in accordance with IFRS 5.

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, 2022 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, 2022, the group applied the standards in force as at January 1, 2022 and adopted by the European Union. The group chose to forgo early application of standards and interpretations adopted by the European Union whose application was optional in 2022.

Amendment to IAS 37, Onerous contracts – Cost of Fulfilling a Contract

The amendment adopted by the European Union on 28, June 2021 provides clarification regarding the elements to be considered in determining the cost of fulfilling a contract and how to conduct the impairment test prior to the recognition of any provision for an onerous contract.

Amendment to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use

The amendment prohibits the deduction from the cost of an item of property, plant and equipment of the net proceeds generated when testing the functioning of the asset. The proceeds from the sale of such items must be recognised immediately in profit or loss.

Amendments to IFRS 3 – Reference to the Conceptual Framework

This amendment updates the reference to the updated version of the 2018 Conceptual Framework (replacing the reference to its earlier 1989 version). It adds an exception to prevent inconsistencies with the existing consequences of asset and liability recognition from arising at the time of a business combination.

Under this exception, an acquirer should refer to the definitions provided in IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, rather than those provided in the new Conceptual Framework.

An acquirer should not recognise contingent assets acquired at the time of a business combination.

Improvements to IFRS – 2018-2020 cycle

The minor amendments mainly concern the following standards:

- IFRS 1 – First-time Adoption of IFRS: simplifies the application of IFRS 1 by a subsidiary that adopts IFRS after its parent;
- IFRS 9 – Financial Instruments: clarifies which fees should be included in the 10 percent test for determining whether to derecognise a financial liability in case of a renegotiation of terms. Only fees paid or received between the borrower and the lender, including fees paid or received on the other's behalf, should be included.
- IFRS 16 – Leases: modifies Illustrative Example 13 in order to remove any confusion regarding the treatment of lease incentives received by the lessor.

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

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 reviewed¹¹:

- banks' borrowing capacity has been increased to 50% of eligible outstanding loans and then 55% from March 2021 (from 30% previously) and the period for exercising the repayment option on each operation has been shortened to 12 months,
- the first seven tranches of TLTRO III may be repaid early on a quarterly basis, one year after the launch of each operation, with the same option available for the last three tranches from June 2022,
- the more favorable interest rate conditions were extended if performance objectives were achieved over an additional period. The TLTRO III interest rate was thus reduced by 50bp (an “additional special interest rate”) during the “special” interest rate period from June 2020 to June 2022 (versus June 2021 initially)¹².

At June 30, 2022, Crédit Mutuel Arkéa participated in TLTRO III refinancing operations in the amount of €11 billion, for amounts drawn down between December 2019 and March 2021. This involved variable-rate financial instruments recognized at amortized cost.

The effective interest rate on these operations has been calculated based on the refinancing rate obtained by the Crédit Mutuel Arkéa group based on the assumption of achievement of the lending performance threshold set by the ECB over the period under review from March 1, 2020 to March 31, 2021 and over an additional period from October 1, 2020 to December 31, 2021 (i.e. the ECB's deposit facility rate (DFR)). The 0.50% additional special interest rate is taken into account over the “special” interest rate period. If the criteria were not met, the loss of discounted future cash flows would be recognized immediately in the income statement.

As of June 30, 2022, the Group largely met the criteria for receiving the bonus

In January 2021, the IFRS IC was seized with a question regarding the accounting treatment of the TLTRO III program. Crédit Mutuel Arkéa took note of the early 2022 discussions conclusion : the accounting treatment applied by the group is not being called into question.

COVID-19 support measures

The group is participating in the government's economic support program. It offers government-backed loans (PGEs) to help its business and corporate customers maintain their cash flow.

This financing is in the form of 12-month bullet loans that include a deferred repayment clause over a period of one to five years. At the end of the first 12 month period, the beneficiary of the government-backed loan may set a new time period to the government-backed loan (with a limit of 6 years in total) and its repayment periods. The loan is first offered at an interest rate of 0% plus the cost of the government guarantee (charged through a fee paid by the customer). For an extended loan, the contractual interest rate excluding the guarantee premium will vary. Similarly, the applicable guarantee premium increases as the state-guaranteed loan matures.

These loans, which are held to collect cash flows and meet the “basic loan” criterion, are recognized at amortized cost using the interest rate method. At the initial recognition date, they are recognized at their nominal value, which is representative of the fair value.

On the subscription's anniversary, an extension may be granted on the government backed loans. The increase in the guarantee premium portion (the premium charged net of the premium paid to the state) is

¹¹ Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on 02/03/2021)

¹² 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)

treated as a step-up in respect of the amortized cost. As such, the catch-up method applies: the gross carrying amount of the loan should be adjusted to reflect the value of the revised flows of guarantee fees receivable and payable discounted at the original EIR (taking into account the premium paid to the state). For the period to December 31, 2021, the Crédit Mutuel Arkéa group assessed the impact of the use of the catch-up method to be immaterial.

At June 30, 2022, government-guaranteed loans distributed by the Crédit Mutuel Arkéa group totaled €2.17 billion on the balance sheet. Of these loans, 66% were extended for an average period of less than five years (60% were extended for a period of five years) and 25% were repaid. At the end of June 2022, the outstanding government-guaranteed loans carried by the Crédit Mutuel Arkéa group stood at €1.45 billion on the balance sheet. Of which 1,37 billion euros are covered by an eligible government guarantee (94%). Of the government-guaranteed loans, 77% are in Bucket 1, 13% in Stage 2 and 10% in Bucket 3.

Since April 2022, the group has been offering resilience government-backed loan for eligible customers who have not subscribed to an government-backed loan since March 2020 or who have not reached their first government-backed loan cap.

The measurement of expected credit losses on these loans factors in the effect of the government guarantee (implemented by Bpifrance) in the amount of 70% to 90% of the principal and interest outstanding. At June 30, 2022, the impairment amount of these loans was immaterial.

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

With respect to provisions for credit loss on performing loans, Crédit Mutuel Arkéa has considered the unprecedented nature of the COVID-19 crisis on the macroeconomic environment. In 2020, the group has implemented adaptations to its credit risk detection and measurement system, in order to take into account the characteristics and potential effects of the crisis.

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

With respect to provisions for credit loss, the Crédit Mutuel Arkéa group took into account the effect of the COVID-19 crisis on the macroeconomic environment. In 2020, the Crédit Mutuel Arkea implemented developments around four main axes :

- The group changed the weightings of its forward-looking scenarios in 2020. Thus, at December 31, 2020, the pessimistic scenario was weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1%.

- The pessimistic scenario was also changed in 2020 : the group now uses a method in which the probability of default is the higher of the observed default rate plus the maximum variation in the consecutive default rates over the historical observation period, and the maximum default rate over the historical observation period. Previously, the probability of default used by the group was the observed default rate plus the maximum variation in the consecutive default rates over the historical observation period.

The two approaches above are maintained for the closing on December 31, 2021: growth forecasts have improved compared with the situation as of December 31, 2020 but the risks to the economy remain significant, raising fears of a rise in business insolvencies in 2022.

- The group changed the way economic sectors are analyzed. All NACE codes were examined in light of the effects of the pandemic on the different economic sectors and government measures to support the economy. On completion of this examination, carried out based on expert opinion, 59 sectors were selected. They were divided into three groups, depending on the degree to which they had been affected by the two waves of the epidemic. The outstanding loans in the selected sectors were transferred to bucket 2 and a minimum provisioning rate was set and applied for each group. The provisioning rate is set in accordance with the Banque de France publications on the impact of the crisis by sector. The selected sectors are subject to specific monitoring based on two elements:
 - An expert element with the formation of an ad hoc committee in charge of providing an economic view of the business sectors and of expressing opinions to justify the entry or exit of vulnerable sectors,
 - A quantitative element with monthly monitoring of internal indicators such as the rate of performing loans past due by more than 30 days out of the total performing loans.

At June 30, 2022, the list of sectors selected remains unchanged. However, the sector provision is up to €16 billions.

- Lastly, the loss given default (LGD) of certain portfolios has been adjusted in order to better take into account the effects of Covid-19 crisis, in particular within its specialized subsidiaries (Crédit Foncier Communal d'Alsace et de Lorraine, Financo and Arkéa Crédit Bail).

The approaches described above were maintained for the 30, June 2022 closing: the effects of the Covid crisis did not materialise in the first half of 2022. In particular, business failures remain below pre-Covid levels. However, the macroeconomic outlook remains pessimistic and an increase in business failures is expected in the coming half-year periods. In the light of the potentially adverse impacts related to the update of the various risk parameters, Crédit Mutuel Arkéa has decided to regroup the recalibration of its models at year-end (instead of the 1st semester for the CCF and LGD parameters and the 2nd semester for the PD). The parameters' evolution during the first semester is nevertheless reflected in the group's expected credit losses, through an expert-defined adjustment.

The models and processes used to identify credit risk (internal rating system) were not impacted by the conflict in Ukraine or general price increases. An early warning system has also been added to anticipate and detect indications of default on the part of our customers.

MAIN STANDARDS NOT YET ADOPTED BY THE EUROPEAN UNION

IFRS 17 Insurance Contracts

Date and methods of first-time application

On May 18, 2017, the IFRS Foundation published the new IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 Insurance Contracts published in 2004. Under IFRS 4, companies were allowed to continue using national accounting rules for insurance contracts, which resulted in a large number of different approaches, making it difficult for investors to compare the financial performance of companies.

IFRS 17 offers a solution to the comparison problems created by IFRS 4 by requiring all insurance contracts to be recognized in a standardized manner.

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

The IASB has published an amendment to IFRS 4 Insurance Contracts extending the temporary exemption for the application of IFRS 9 at January 1, 2023.

Lastly, IFRS 17 has been adopted by the European Union on November 19, 2021.

Accounting principles under IFRS 17

IFRS 17 defines the new rules for recognition, measurement and presentation of insurance contracts that fall within its scope (insurance contracts, reinsurance contracts and financial contracts with a discretionary profit sharing component):

- Measurement of insurance contracts on the balance sheet: their value will be updated at each reporting date based on a reassessment of the future cash flows related to their fulfillment. This reassessment will take 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 will be modified to be spread over the duration of the insurance benefit; and
 - Presentation of the income statement: the operating expenses attributable to the fulfillment of the insurance contracts will now be presented as a deduction from Net Banking Income under Insurance Service Expenses and will therefore no longer impact the total operating expenses in the consolidated income statement.
- Grouping of contracts

To measure the insurance contracts issued, IFRS 17 requires that they be grouped into homogeneous portfolios. Within these portfolios, contracts must be subject to similar risks and managed together.

Within each portfolio, a distinction must be made between three groups of contracts at initial recognition: onerous contracts, contracts that have no significant possibility of becoming onerous subsequently, and other contracts.

Moreover, 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 from the underlying assets.

The group plans to use this optional exemption for its life insurance contracts as they include direct participation or discretionary features, which 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.

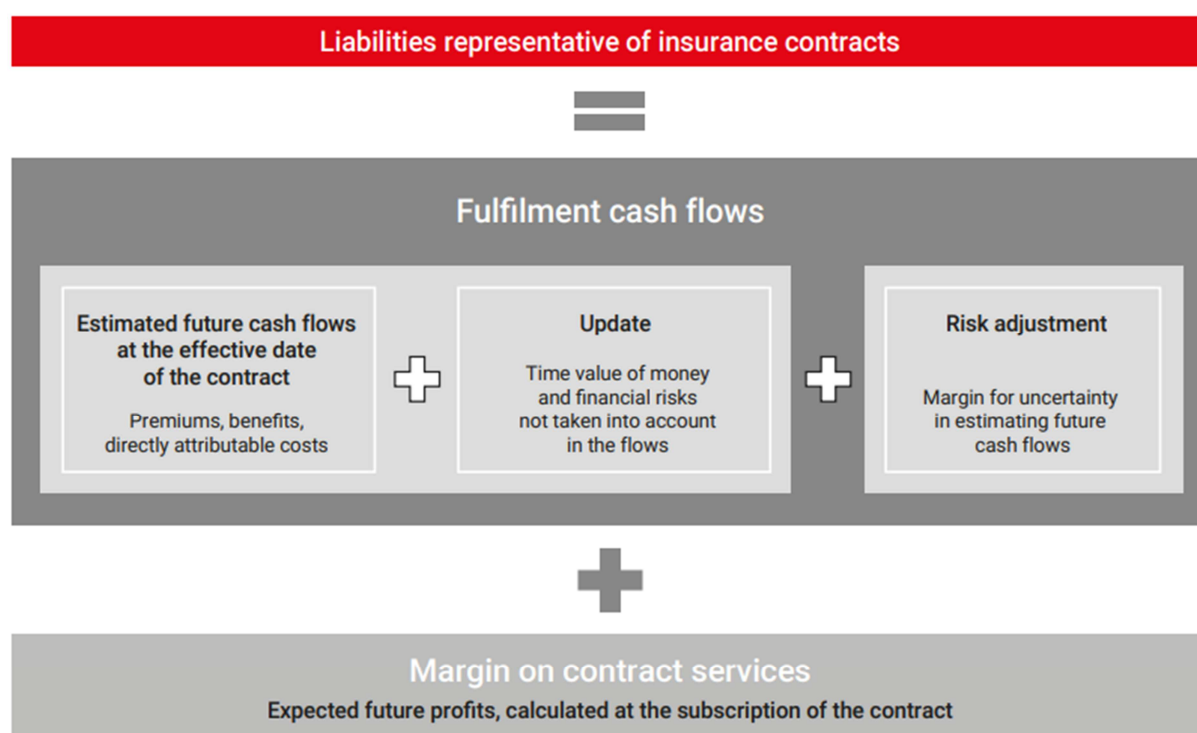
- Measurement models

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:



Positive contractual service margins will be recognised gradually in profit or loss over the duration of the insurance benefit. 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.

This general model will apply 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.

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 fulfillment 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.

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

IFRS 17 also 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 measurement of the insurance liability must reflect the obligation to pay to policyholders a substantial share of the return from the underlying assets, less expenses on contracts (changes in the value of the underlying assets accruing to policyholders are offset in the contractual service margin).

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 interest on the contractual service margin, the variations in which are implicitly included in the periodic revision of the contractual service margin.

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.

The premiums receivable over the contractual insurance period are recognised in profit on a straight-line basis over this contractual period (or according to the expected pattern of release of risk if this differs significantly from a straight-line pattern).

As in the General Model, claims are provisioned through profit or loss upon their occurrence in an amount equal to the estimated value of the cash flows required to settle valid claims (it is, however, not necessary to discount the amount of compensation if their payment is expected within a year from the date of the claim in order to reflect the time value of money).

Savings and Retirement

The group believes that a significant portion of the individual and group life insurance savings and retirement savings contracts issued by its insurance subsidiaries meet the definition of contracts with direct participation. These contracts, which represent the predominant insurance activity of the group, will be measured using the Variable Fee Approach (VFA) adapted General Model. The other contracts in these categories will be measured using the General Model or according to IFRS 9 if they meet the definition of an investment contract.

Protection activity

The group intends to mainly apply the General Model to measure its provident insurance contracts (borrower insurance, funeral, long-term care, etc.) and the simplified approach for its property and casualty insurance contracts (personal accident, means of payment, comprehensive home, etc.).

- Presentation in the income statement

In the consolidated income statement, the income and expenses relating to insurance contracts issued and reinsurance contracts will be presented under Net Banking Income, with a distinction between, on the one hand:

- Income from insurance and reinsurance contracts issued,
- Expenses for services relating to insurance and reinsurance contracts issued, and
- Income and expenses relating to reinsurance contracts held;

And, on the other hand:

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

Expenses for services relating to insurance and reinsurance contracts issued and expenses relating to reinsurance contracts held will then include the share of operating expenses directly attributable to fulfillment of the contracts, which will thus be deducted from Net Banking Income.

Many insurance contracts 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. Although they may take the contractual form of insurance premiums and benefits, the deposit collection and repayment flows do not constitute either income or expenses relating to these contracts.

Financial income and expenses of insurance and reinsurance contracts mainly include the variations in value of the groups of contracts relating to the impacts of the time value of money and of the financial risks not taken into account in the estimated flows.

- Effect of discontinuing IFRS 4 shadow accounting

For contracts with participation features, IFRS 4 provided for “shadow” accounting of the unrealised capital gains and losses of IAS 39 assets backing commitments. This mechanism entailed recognising a provision for deferred profit-sharing representing the share of these capital gains or losses that implicitly accrued to policyholders through contractual clauses or the distribution policy; this provision was added to the mathematical provision in the individual financial statements when the assets backing commitments had unrealised capital gains. A provision for deferred profit-sharing assets was recognised when the assets backing commitments had unrealised capital losses.

With IFRS 17, these future repayments under the contracts (positive or negative) will now be modelled in the IFRS 17 provision, which discounts the future benefits at the current rate.

Therefore, shadow accounting of unrealised capital gains goes away with IFRS 17. The corresponding provisions for deferred profit-sharing in the IFRS consolidated financial statements at 31, December 2021 are restated as consolidated reserves at the transition date of 1, January 2022.

Application of IFRS 17

The first-time application of IFRS 17 at 1, January 2023 will be retrospective and the comparative data for the 2022 financial year will be restated.

Differences in the measurement of insurance assets and liabilities resulting from the retrospective application of IFRS 17 as at 1 January 2022 will be presented directly under equity.

The retrospective measurement of these assets and liabilities, 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 standard then allows for the use of:

- either an adjusted retrospective approach that should provide, based on reasonable information available without undue cost or effort, measurements that are as close as possible to those that would result from the retrospective application of the standard; or
- an approach based on the fair value of the insurance contract portfolios as at 1, January 2022.

The group plans to apply a modified retrospective approach for savings life insurance contracts and retirement savings contracts, which represent the vast majority of its contracts.

Application of IFRS 9 by the group's insurance entities

- Implementation of IFRS 9

The first-time application of IFRS 9 by Suravenir and Suravenir Assurances as at 1, January 2023 will be retrospective. In accordance with the IFRS 17 transition arrangements, and in order to provide more relevant information, the group plans to restate 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 will apply 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 resulting from the retrospective application of IFRS 9 as at 1, January 2022 will be presented directly under equity.

- Interaction in the implementation of IFRS 17 and IFRS 9

The group has chosen the OCI option under IFRS 17 for the remeasurement at the current rate of its insurance liabilities based on the general model and the simplified model, consistent with the choice of the fair value through OCI management model for SPPI bond assets backing these portfolios. Thus, changes in the market rate will impact assets and liabilities in a consistent way through OCI.

Implementation of IFRS 17

Crédit Mutuel Arkéa's insurance entities completed their operational implementation of the provisions of IFRS 17 in 2020 and 2021, along the following lines:

- mapping of insurance contracts based on the granularity required by the standard (grouping of contracts with similar risk that are managed together, with a comparable level of profitability, and issued less than one year apart);
- definition of the methodology for the actuarial calculations of provisions for insurance contracts and implementation of this methodology in the IT systems;
- updating of the accounting system and principles based on the provisions of IFRS 17 and IFRS 9, as well as the process for production of the IFRS financial statements for the relevant scope.

In the first half of 2022, preparatory work continued with validation of the tools and processes, finalisation of the accounting treatments and calculation models, and the production of opening data as at 1, January 2022 and comparative information for this financial year.

The group plans to restate the internal margins on insurance contracts. The work that began in 2021 in this area entails:

- restatement of the projected fees invoiced by intra-group partners and replacing them with projections of fees actually incurred by these partners,

- the various IFRS 17 metrics (CSM, BE, Income) calculated at the consolidated level will therefore include all the intra-group margins underlying the various partners and a reallocation will be necessary to obtain each entity's contribution to IFRS income.

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

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

ACCOUNTING PRINCIPLES AND VALUATION METHODS

The group has applied IFRS 9 "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 activity.

The insurance business continues to apply IAS 39 following the adoption of the temporary exemption from applying IFRS 9, as provided for by the amendment to IFRS 4.

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

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

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

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

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

Accounting principles for the banking business

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

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

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

- **Business models**

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

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

- the way in which the business's performance is reported to decision-makers,
- the way in which managers are compensated,
- the frequency, schedule and volumes of sales in previous periods,

- the reasons for the sales,
- future sales forecasts,
- the way in which risk is assessed.

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

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

These "authorized" sales are not included in the analysis of the significant and frequent nature of the sales carried out on a portfolio. Moreover, sales related to changes in the regulatory or fiscal framework will be documented on a case-by-case basis to demonstrate the "infrequent" nature of such sales.

For other sales, thresholds have been defined based on the maturity of the securities portfolio (the group does not sell its loans).

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

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

- Cash flow characteristics

The contractual cash flows, which represent only repayments of principal and payments of interest on the principal balance, are compatible with a so-called basic agreement.

In a basic agreement, interest mainly represents consideration for the time value of money (including in case of negative interest) and credit risk. Interest may also include liquidity risk, administrative fees to manage the asset and a profit margin.

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

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

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

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

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.

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 since 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 €12.8 million was recognized on the balance sheet for valuation adjustments as at June 30, 2022.

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 unfavorable trends, particularly in interest rates.

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

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

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

Fair value hedging

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

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

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

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

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

The Group does not use cash flow hedges or hedges of net foreign currency investments.

Financial assets at fair value through equity

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

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

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

These unrealized gains or losses recognized in equity are recognized through profit or loss only in case of a sale or impairment for credit risk.

The accrued or earned income from fixed-income securities is recognized in the income statement under the heading “interest and similar income” according to the effective interest rate method.

This category also includes shares resulting from the application of the irrevocable option made available under IFRS 9 at the time of initial recognition. This irrevocable choice is made on a deal-by-deal basis, i.e. each time a security is added to the portfolio.

Impairment is not recorded for these assets.

The unrealized gains or losses on these instruments recognized in equity are never recognized through profit or loss for equity instruments, even in the case of a sale.

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

Financial assets at amortized cost

Financial assets at amortized cost meet the following criteria:

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

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

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

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

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

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

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

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

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

Customer finance leases

Lease transactions are considered finance leases when all of the risks and rewards incidental to the ownership of the leased property are transferred to the lessee. Otherwise leasing transactions are classified as operating leases.

Finance leases are recognized on the balance sheet at the amount corresponding to the value of the minimum payments due from the lessee discounted at the implied interest rate of the contract plus any

unsecured residual value. The interest portion of the lease payments is recorded on the income statement under the heading "Interest and similar income."

Impairment of financial assets and commitments given

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

The financial assets in question include:

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

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

Financing or guarantee commitments given that are not measured at fair value through profit or loss are also subject to impairment.

Equity instruments and debt instruments recognized at fair value through profit or loss are not covered by provisions for impairment for credit risk.

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

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

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

- Bucket 1: IFRS 9 introduces the notion of "expected loss"; consequently, since credit/counterparty risk cannot be zero regardless of the asset, a provision for individual credit risk is calculated (based on one-year expected losses) and recognized when the financial asset is recorded on the balance sheet.
- Bucket 2: if, during the life of the instrument, credit risk increases significantly, the loan is reclassified into bucket 2 and a provision for lifetime expected losses is recognized.
- Bucket 3: in the event of actual credit risk, 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 being downgraded to default are as follows:

- knowledge of collective proceedings or personal recovery proceedings, notification of the admissibility of over-indebtedness 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 honor 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:
 - an absolute component with a threshold (principal + interest) of €100 for retail customers and €500 for non-retail customers,
 - 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;
- application of new contagion rules.

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 of 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.

At Crédit Mutuel Arkéa, any amount that is more than 30 days past due will always lead to an assessment of material changes in credit risk and a transfer to bucket 2.

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

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

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

The expected credit loss approach under IFRS 9 is symmetrical, i.e. if lifetime expected credit losses were recognized in a previous period, and if, for the financial instrument and the current period, there is no longer a significant increase in the credit risk since its initial recognition, the provision is again calculated on the basis of an expected credit loss over 12 months.

It should be noted that the group applies the symmetry principle provided for by the standard. As such, the criteria for transfers in and out of bucket 2 are identical.

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

➤ Quantitative criteria

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

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

➤ Qualitative criteria

As well as this quantitative data, the group uses qualitative criteria such as the notion of restructured loans, etc.

Methods based exclusively on qualitative criteria are used for entities or small portfolios that are classified for prudential purposes under the standardized approach and do not have a rating system.

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

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

- probability of the debtor's default
- loss given the debtor's default, i.e. the ratio of the loss on an exposure in the event of a counterparty default to the amount of exposure at the time of 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, on the models approved under the IRB-A approach,
- for low default portfolios, on an external probability of default scale.

➤ Loss given default

This is based:

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

➤ Conversion factors

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

➤ Forward-looking aspect

The general forward-looking approach adopted has an impact on:

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

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

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral and pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data available from well-known national or international statistics agencies. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

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

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

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

• Bucket 3: recognition

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

• Originated credit-impaired financial assets

These are contracts with incurred credit losses on the date of initial recognition or acquisition. These financial assets are subject to specific recognition under the provisions of IFRS 9

At the reporting date, these contracts are identified in an "originated credit-impaired assets" category and provisioned based on the same method used for exposures in bucket 2, i.e. an expected loss over the residual maturity of the contract.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss are divided into those held for trading and those assigned to this category under the option afforded by IFRS 9. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:

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

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

Initially, financial liabilities at fair value through profit or loss are recognized at their fair value excluding acquisition costs and including accrued dividends. At the reporting date, they are measured at fair value and changes in fair value are recognized:

- under “Gains or losses recognized directly in non-recyclable equity”, for the portion corresponding to own credit risk;
- in profit or loss for the period under “Net gain (loss) on financial instruments at fair value through profit or loss”, for the remaining portion.

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 on the income statement under “Interest and similar expense.”

Debt securities

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

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

Subordinated debt

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

Renegotiated debt

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

Under the standard, when a financial debt is modified because the duration, interest rate or contractual terms and conditions have been adjusted, an assessment must be made of the materiality of said change (10% threshold). This assessment is based on a quantitative test that may be supplemented by a more qualitative test.

The quantitative test consists of comparing the value of the future cash flows under the new terms and conditions discounted at the effective interest rate of the original loan with the discounted value of the residual cash flows of the initial liability.

The quantitative test is supplemented by a qualitative test when the result is less than 10%. In particular, this qualitative test enables a significant change in the debt's risk profile to be taken into consideration (change of currency of the debt, type of interest rate or very substantial extension of the duration of the loan) which the quantitative test does not take into account, and to analyze, if appropriate, the change as an extinction of the debt.

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

Accounting principles for the insurance business

The insurance activity may defer application of IFRS 9 until 2022, as provided for by the amendment to IFRS 4 as adopted by the European Union.

The financial assets and liabilities of the insurance companies are subject to the provisions of IAS 39, as described below. They are presented under "Investments of insurance activities" and "Liabilities related to contracts of insurance activities", respectively, on the balance sheet.

Income and expenses related to the insurance activities are presented under "Net income from insurance activities" in the income statement, within which:

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

Embedded derivatives

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

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

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;

- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

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

Derivative financial hedging instruments – assets and liabilities

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

Available-for-sale financial assets

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

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

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

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

Impairment of securities

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

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

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

Held-to-maturity financial assets

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the insurance entities intend and are able to hold to maturity.

Initially, they are recognized at their acquisition price including acquisition costs – when material – and accrued dividends. At the end of the reporting period, they are valued according to the amortized cost method at the effective interest rate and may be the subject of impairment when necessary.

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

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

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

Impairment of loans and receivables

Individually impaired receivables

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

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

Common accounting principles for banking and insurance activities

Shareholders' equity

Difference between liabilities and equity

A debt instrument or financial liability is defined as a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under potentially unfavorable conditions.

An equity instrument is defined as a contract containing a residual interest in an enterprise after subtracting all its debts (net assets).

Shares

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

Measurement of the fair value of financial instruments

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

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

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

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

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

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

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

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

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

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

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

This category includes notably the following financial instruments:

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

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

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

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

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

The fair value of variable-rate loans, borrowings, debt securities and subordinated debt is obtained by discounting future cash flows with the calculation of a forward rate and the use of dedicated yield curve spreads.

The group's counterparty default risk is factored into the yield curve used to value debt securities and subordinated debt.

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

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

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

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

Thus, for example, equity investments not listed on an official market are measured internally. In most cases, these holdings are measured with the Discounted Cash Flow method (DCF) or on the basis of their carrying amount, on an entity-by-entity basis.

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

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

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

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

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

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

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

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

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

Use of judgments and estimates in the preparation of financial statements

Preparation of the group's financial statements requires making assumptions and estimates whose future realization involves certain risks and uncertainties, particularly in the context of the COVID-19 pandemic.

Future results may be affected by several factors, including:

- national and international market activities;
- fluctuations in interest and exchange rates;
- economic and political conditions in certain industries or countries;
- climate and environmental changes;
- change in regulation or legislation.
-

Accounting estimates requiring the use of assumptions are used primarily for measuring the following:

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

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

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

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

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

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

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

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

After the initial recognition, property, plant and equipment and investment property are valued at cost minus accumulated depreciation and any impairment losses.

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

The method used to account for internally developed software is as follows:

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

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

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

Component	Depreciation periods
Land	Not depreciable
Building shell	Corporate buildings and investment properties: 50 years
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:

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

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

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

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

- **Fixed assets leased by the Group**

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

- **Scope**

IFRS 16 applies to all lease contracts except:

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

- **Exemption measures**

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

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

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

- **Accounting treatment of leases by lessees**

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

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

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

➤ Lease term

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

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

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

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

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

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

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

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

➤ Rent discount rate

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

➤ Rent amount

The payments to be taken into account for the valuation of the rental debt include fixed and variable rents based on an index (e.g. consumer price index or construction cost index) or a reference interest rate (Euribor,

etc.), as well as, if applicable, the sums that the lessee expects to pay to the lessor under residual value guarantees, purchase options or early termination penalties.

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

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

➤ **Recognizing a right of use by lessees**

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

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

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

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

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

➤ **Income tax**

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

Non-current assets held for sale

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

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

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

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

Provisions

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

Provisions for pension obligations

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

The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. In particular, the calculations 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, 2022, discount rates are the following:

	UES Arkade	Other subsidiaries
Retirement benefits	2.36%	Between 1.62% and 3.62%
Retirement pension supplements	2.98%	2.80%
length-of-service awards	3.10%	Between 3.01% and 3.09%
Time saving account	3.33%	3.00%

The calculations also include an employee turnover rate of between 0.30% and 8.11% and a salary increase rate of between 2.56% and 4.39%¹³. 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

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.

¹³ UES Arkade and Arkea-SCD rates, representing 95% of the obligation.

- the obligation to pay interest for an indeterminate period of time on the savings in home savings plans at a rate set when the contract is signed (this rate can be higher than future market rates).

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all the home savings accounts (which are a single generation). The commitments between different generations are not offset. The commitments are computed based on a model that factors in:

- historical data on subscriber behavior,
- the yield curve and a stochastic modeling of changes thereto.

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

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

The group has sold its subsidiary Keytrade Luxembourg on 29 april 2022.

The companies included in the Crédit Mutuel Arkéa group's consolidation scope are presented in note 32.

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

The group noted a significant change in the market parameters in the first half of 2022 with a rise in interest rates and volatility that remains high, but the entities' financial earnings are well above or in line with expectations. Not all these parameters are likely to call into question the medium-term BPs. In this context, there were no indications of impairment in the first half of 2022 for most of the CGUs concerned. Only three CGUs (including one for the first time) were tested for impairment of goodwill during the accounts closing at 30 June 2022. Following these tests, no impairment was recorded.

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.

NOTES TO THE BALANCE SHEET**(in thousands of euros)****Note 1. Cash, due from central banks
Loans and receivables - credit institutions**

06.30.2022 12.31.2021

Cash, due from central banks		
Due from central banks	13,283,679	15,701,374
Cash	144,030	134,299
Accrued interest	0	0
TOTAL	13,427,709	15,835,673
Loans and receivables - credit institutions		
Current accounts	9,207,014	8,791,500
Loans	4,139	3,549
Other receivables	4,180,001	4,060,735
Guarantee deposits paid	322,337	541,326
Repurchase agreements	1,767,992	1,768,534
Individually impaired receivables (B3)	0	0
Accrued interest	61,522	45,421
Impairment on performing loans (B1/B2)	(3,125)	(3,203)
Other impairment (B3)	0	0
TOTAL	15,539,880	15,207,862
of which deposits and demand loans with credit institutions	370,667	543,203

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

06.30.2022 12.31.2021

Assets held for trading purposes	429,916	395,566
Assets classified at fair value option	205,455	12,402
Other assets classified at fair value	1,310,290	1,107,261
TOTAL	1,945,661	1,515,229

Note 2a. Financial assets held for trading purposes

06.30.2022 12.31.2021

Securities	0	0
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Including UCI	0	0
- Stocks and other variable-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Derivatives held for trading purposes	429,916	395,566
Loans and receivables	0	0
of which repurchase agreements	0	0
TOTAL	429,916	395,566

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

Note 2b. Assets classified at fair value option

	06.30.2022	12.31.2021
Securities	190,773	0
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	190,773	0
. Listed	0	0
. Unlisted	190,773	0
Accrued interest	0	0
Including UCI	0	0
- Stocks and other variable-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Loans and receivables	14,682	12,402
of which guarantee deposits paid	0	0
of which repurchase agreements	0	0
TOTAL	205,455	12,402

The maximum non-recoverable amount of loans classified at fair value through profit or loss by option is €14,643,000. This amount was not hedged through the use of credit derivatives.

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

	06.30.2022	12.31.2021
Securities	1,222,612	1,106,069
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	483,323	471,822
. Listed	14,370	15,919
. Unlisted	456,120	442,493
Accrued interest	12,833	13,410
Including UCI	281,644	251,665
- Stocks and other variable-income securities	739,289	634,247
. Listed	2,793	2,897
. Unlisted	736,496	631,350
Loans and receivables	171	1,192
of which repurchase agreements	0	0
Guarantee deposits paid	0	0
Separate asset for employee benefit plans	87,507	0
TOTAL	1,310,290	1,107,261

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

06.30.2022

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	3,446,873	45,674,599	0	0
Hedging derivatives - liabilities	2,911,806	35,529,843	0	0
Change in the fair value of the hedging instrument	(1,105,590)		0	
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

12.31.2021

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	941,733	43,488,929		-
Hedging derivatives - liabilities	956,291	26,748,241		
Change in the fair value of the hedging instrument	(430,245)			
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

Note 4. Financial assets at fair value through equity

	06.30.2022	12.31.2021
Treasury bills, notes and government bonds	2,630,631	2,680,011
Bonds and other fixed-income securities	5,965,905	6,196,390
- Listed	5,086,902	5,558,222
- Unlisted	864,300	610,456
Accrued interest	14,703	27,712
Subtotal gross value of debt instruments	8,596,536	8,876,401
Of which impaired debt instruments (B3)	0	0
Impairment on performing loans (B1/B2)	(6,813)	(7,233)
Other impairment (B3)	0	0
Subtotal net value of debt instruments	8,589,723	8,869,168
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	79,381	108,438
- Listed	57,065	87,187
- Unlisted	22,316	21,251
Accrued interest	0	0
Equity securities held for long-term investment	448,261	460,680
- Long-term investments	371,925	381,316
- Other long-term investments	76,182	79,271
- Shares in associates	154	93
- Translation adjustments	0	0
- Loaned securities	0	0
Accrued interest	0	0
Subtotal equity instruments	527,642	569,118
TOTAL	9,117,365	9,438,286
Of which unrealized capital gains/losses recognized in equity	(5,270)	123,818
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	100,330	120,365

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 gain at the time of the sale of €4,000,000 (gross of tax).

Note 5. Securities at amortized cost

	06.30.2022	12.31.2021
Treasury bills, notes and government bonds	373,851	394,184
Bonds and other fixed-income securities	218,808	239,007
- Listed	194,388	214,970
- Unlisted	22,722	22,758
Accrued interest	1,698	1,279
GROSS TOTAL	592,659	633,191
of which impaired assets (B3)	314	314
Impairment on performing loans (B1/B2)	(562)	(587)
Other impairment (B3)	(314)	(314)
NET TOTAL	591,783	632,290

Note 6. Loans and receivables due from customers

	06.30.2022	12.31.2021
Performing receivables (B1/B2)	74,932,886	70,803,203
. Commercial receivables	94,568	101,203
. Other loans to customers	74,705,103	70,577,347
- Housing loans	41,111,827	38,854,246
- Other loans and various receivables, including repurchase agreements	33,517,602	31,653,853
- Guarantee deposits paid	75,674	69,248
. Accrued interest	133,215	124,653
Individually impaired receivables (B3)	1,413,256	1,382,822
Gross receivables	76,346,142	72,186,025
Impairment on performing loans (B1/B2)	(407,688)	(377,525)
Other impairment (B3)	(702,275)	(693,143)
Subtotal I	75,236,179	71,115,357
Finance leases (net investment)	2,203,352	2,119,937
. Movable goods	1,229,648	1,199,209
. Real property	973,704	920,728
Individually impaired receivables (B3)	61,892	68,285
Gross receivables	2,265,244	2,188,222
Impairment on performing loans (B1/B2)	(27,482)	(26,669)
Other impairment (B3)	(18,081)	(25,956)
Subtotal II	2,219,681	2,135,597
TOTAL	77,455,860	73,250,954
Of which equity loans with no voting rights	8,254	8,307
Of which subordinated loans	21	0

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

	06.30.2022	12.31.2021
Financial assets at fair value through profit or loss	30,500,705	31,692,391
Available-for-sale financial assets	23,920,002	25,732,611
Loans and receivables - credit institutions	1,028	523
Loans and receivables linked to insurance activities	496,081	484,931
Held-to-maturity financial assets	0	0
Investment property	308,119	335,116
Share of reinsurers in technical provisions and other insurance assets	621,490	530,188
TOTAL	55,847,425	58,775,760

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

	06.30.2022	12.31.2021
Financial assets held for trading purposes	953	73
Derivatives held for trading purposes	953	73
Subtotal I	953	73
Assets classified at fair value option	30,499,752	31,692,318
Securities	30,499,752	31,692,318
- Bonds and other fixed-income securities	7,390,915	7,910,058
. Listed	5,792,805	6,325,751
. Unlisted	1,542,789	1,526,783
Accrued interest	55,321	57,524
- Stocks and other variable-income securities	23,108,837	23,782,260
. Listed	14,441,457	16,113,842
. Unlisted	8,636,441	7,649,260
Accrued interest	30,939	19,158
Subtotal II	30,499,752	31,692,318
TOTAL	30,500,705	31,692,391

Note 7b. Available-for-sale financial assets

	06.30.2022	12.31.2021
Treasury bills, notes and government bonds	6,629,960	7,546,571
Bonds and other fixed-income securities	15,739,706	16,006,434
- Listed	12,244,035	13,216,536
- Unlisted	3,372,112	2,652,459
Accrued interest	123,559	137,439
Subtotal gross value of debt instruments	22,369,666	23,553,005
Impairment	(2,800)	(2,444)
Subtotal net value of debt instruments	22,366,866	23,550,561
Shares and other variable-income securities	907,212	1,459,029
- Listed	273,395	881,407
- Unlisted	628,731	573,237
Accrued interest	5,086	4,385
Equity securities held for long-term investment	652,489	729,586
- Long-term investments	409,243	419,961
- Other long-term investments	243,246	309,625
- Shares in associates	0	0
Subtotal gross value of equity instruments	1,559,701	2,188,615
Impairment	(6,565)	(6,565)
Subtotal net value of equity instruments	1,553,136	2,182,050
TOTAL	23,920,002	25,732,611
Of which unrealized capital gains/losses recognized in equity	(191,635)	208,155
Of which listed long-term investments	53,675	64,393

Note 7c. Securities at amortized cost

	06.30.2022	12.31.2021
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	0
- Listed	0	0
- Unlisted		
Accrued interest	0	0
GROSS TOTAL	0	0
of which impaired assets		
Impairment		
NET TOTAL	0	0

Note 7d. Loans and receivables - credit institutions

	06.30.2022	12.31.2021
Loans and receivables - credit institutions		
Other regular accounts	250	260
Loans	1	0
Guarantee deposits paid	0	0
Repurchase agreements	0	0
Accrued interest	777	263
TOTAL	1,028	523
of which deposits and demand loans with credit institutions	251	260

Note 7e. Loans and receivables linked to insurance activities

	06.30.2022	12.31.2021
Performing receivables	496,081	484,931
Loans to customers	493,399	482,685
- Housing loans	0	0
- Other loans and various receivables, including repurchase agreements	493,399	482,685
Accrued interest	2,682	2,246
Individually impaired receivables	0	0
Gross receivables	496,081	484,931
Impairment	0	0
TOTAL	496,081	484,931

Note 7f. Investment property

	12.31.2021	Increase	Decrease	Other	06.30.2022
Historical cost	577,697	3,837	(48,829)	0	532,705
Amortization and impairment	(242,581)	(7,839)	25,834	0	(224,586)
NET AMOUNT	335,116	(4,002)	(22,995)	0	308,119

The fair value of investment real estate recognized at cost amounted to €751 million at June 30, 2022 compared with €790 million at December 31, 2021.

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

	06.30.2022	12.31.2021
Technical provisions - Reinsurers' share	228,947	209,400
Other insurance assets	392,543	320,788
TOTAL	621,490	530,188

Note 8. Goodwill

	12.31.2021	Increase	Decrease	Other	06.30.2022
Net goodwill	566,533	0	0	(48,212)	518,321

Allocation by Division

Division	Entities	06.30.2022	12.31.2021
Retail customers	Arkéa Direct Bank	259,757	259,757
Retail customers	Budget Insight	0	22,530
B2B and Specialized Services	CFCAL Banque	38,216	38,216
B2B and Specialized Services	Monext	100,250	100,250
B2B and Specialized Services	Procapital	63,000	63,000
B2B and Specialized Services - Fintech	Leetchi SA Mangopay	0	25,682
Products	Arkéa Real Estate / AREIM	16,516	16,516
Products	Izimmo	17,964	17,964
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Net goodwill		518,321	566,533

Note 9. Central banks - Due to credit institutions

	06.30.2022	12.31.2021
Due from central banks	0	0
Liabilities to credit institutions	14,830,787	14,596,802
Current accounts	477,709	436,247
Loans	1,490,537	1,548,818
Guarantee deposits received	614,237	124,182
Other liabilities	42,835	36,259
Repurchase agreements	12,372,720	12,575,982
Accrued interest	(167,251)	(124,686)
TOTAL	14,830,787	14,596,802
of which deposits and demand loans with credit institutions	520,364	472,196

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

	06.30.2022	12.31.2021
Financial liabilities held for trading purposes	614,843	412,122
.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	614,843	412,122
.Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	1,223,194	932,902
Liabilities to credit institutions	420	287
Liabilities to customers	167,626	26,596
Debt securities	1,055,148	906,019
Subordinated debt	0	0
TOTAL	1,838,037	1,345,024

The settlement value of financial liabilities at fair value through profit or loss was €2,049 million at June 30, 2022 versus €1,350 million at December 31, 2021.

Note 11. Financial assets and liabilities subject to netting, an enforceable master netting agreement or a similar agreement

06.30.2022

	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	3,877,742	-	3,877,742	(2,999,151)	-	(573,898)	304,693
Reverse repurchase agreements of securities, securities	2,193,746	(328,699)	1,865,047	-	(1,766,940)	-	98,107
Other financial instruments	-	-	-	-	-	-	-
Total assets	6,071,488	(328,699)	5,742,789	(2,999,151)	(1,766,940)	(573,898)	402,800
Liabilities							
Derivatives	3,562,075	-	3,562,075	(2,999,151)	-	(169,838)	393,086
Repurchase agreements of securities, securities	13,627,124	(328,699)	13,298,425	-	(13,213,291)	(85,134)	-
Other financial instruments	-	-	-	-	-	-	-
Total liabilities	17,189,199	(328,699)	16,860,500	(2,999,151)	(13,213,291)	(254,972)	393,086

12.31.2021

	Gross amount of financial assets / liabilities recognized	Gross amount of financial assets / liabilities recognized and netted on the balance sheet	Net amount of financial assets / liabilities shown on the balance sheet	Related amounts not netted on the balance sheet			Net amount
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	
Assets							
Derivatives	1,337,372	-	1,337,372	(937,637)	-	(125,849)	273,886
Reverse repurchase agreements of securities, securities	2,184,449	(308,700)	1,875,749	-	(795,041)	-	1,080,708
Other financial instruments	-	-	-	-	-	-	-
Total assets	3,521,821	(308,700)	3,213,121	(937,637)	(795,041)	(125,849)	1,354,594
Liabilities							
Derivatives	1,454,493	-	1,454,493	(937,637)	-	(428,358)	88,498
Repurchase agreements of securities, securities	13,255,140	(308,700)	12,946,440	-	(12,937,781)	(3,010)	5,649
Other financial instruments	-	-	-	-	-	-	-
Total liabilities	14,709,633	(308,700)	14,400,933	(937,637)	(12,937,781)	(431,368)	94,147

Note 12. Debt securities

	06.30.2022	12.31.2021
Certificates of deposit	13,890	13,871
Interbank market securities and negotiable debt securities	2,384,254	3,449,196
Bond issues	10,822,610	10,125,194
Non-preferred senior debt	2,477,798	2,773,760
Accrued interest	77,940	76,819
TOTAL	15,776,492	16,438,840

Note 13. Liabilities to customers

	06.30.2022	12.31.2021
Savings accounts governed by special regulations	34,108,255	32,370,577
Sight accounts	28,351,170	26,684,328
Term accounts	5,757,085	5,686,249
Accrued interest on savings accounts	151,304	190,097
Subtotal	34,259,559	32,560,674
Current accounts	33,483,529	34,808,310
Term accounts and term loans	7,680,252	7,156,162
Repurchase agreements	0	0
Accrued interest	32,140	31,800
Guarantee deposits received	135,647	14,168
Subtotal	41,331,568	42,010,440
TOTAL	75,591,127	74,571,114

Note 14. Liabilities - insurance activity

	06.30.2022	12.31.2021
Financial liabilities at fair value through profit or loss	35,426	86,080
Liabilities to credit institutions	1,104,152	511,310
Debt securities	0	0
Insurance companies' technical reserves	50,198,279	53,560,640
Other insurance liabilities	2,335,802	2,089,708
Subordinated debt	0	407
TOTAL	53,673,659	56,248,145

Note 14a. Financial liabilities at fair value through profit or loss

	06.30.2022	12.31.2021
Financial liabilities held for trading purposes	35,426	86,080
Derivatives	35,426	86,080
Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	0	0
Liabilities to credit institutions	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	35,426	86,080

Note 14b. Liabilities to credit institutions

	06.30.2022	12.31.2021
Liabilities to credit institutions		
Current accounts	4,112	11,270
Loans	0	0
Guarantee deposits received from credit institutions	0	0
Other liabilities	0	0
Repurchase agreements	1,100,040	500,040
Accrued interest	0	0
TOTAL	1,104,152	511,310
of which deposits and demand loans with credit institutions	4,112	11,270

Note 14c. Insurance companies' technical reserves

	06.30.2022	12.31.2021
Life insurance, excluding unit-linked contracts	31,370,348	34,072,662
of which profit-sharing	583,243	3,027,863
Non-life insurance	628,506	590,500
Unit-linked contracts	17,994,476	18,721,271
Other	204,949	176,207
TOTAL	50,198,279	53,560,640
Active deferred profit-sharing	0	0
Reinsurers' share	(228,947)	(209,400)
Net technical provisions	49,969,332	53,351,240

Note 14d. Other insurance liabilities

	06.30.2022	12.31.2021
Security deposits and guarantees received	36,148	31,910
Insurance and reinsurance liabilities	68,265	87,296
Other	2,231,389	1,970,502
TOTAL	2,335,802	2,089,708

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

Note 15. Provisions

	12.31.2021	Allocations	Write-backs (used)	Write-backs (unused)	Other	06.30.2022
Provisions for pension obligations	180,524	4,178	(2,706)	(37,524)	(66)	144,406
Provisions for home savings accounts and plans	53,472	0	0	(17,365)	0	36,107
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	59,883	19,565	0	(35,047)	35	44,436
Provisions for execution of guarantee commitments	5,709	1,643	0	(6,383)	0	969
Provisions for taxes	82	0	0	(19)	0	63
Provisions for lawsuits	10,759	855	(394)	(567)	(15)	10,638
Provisions for contingencies	2,292	499	(1,229)	(13)	0	1,549
Other	34,751	2,490	(2,831)	(2,905)	411	31,916
TOTAL	347,472	29,230	(7,160)	(99,823)	365	270,084

Note 15a. Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope

	12.31.2021	Allocations	Write-backs	Other	06.30.2022
Commitments given					
12-month expected losses	16,138	9,595	(7,908)	20	17,845
Lifetime expected losses for non-impaired assets	6,382	3,582	(3,716)	15	6,263
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	37,363	6,388	(23,423)	0	20,328
TOTAL	59,883	19,565	(35,047)	35	44,436

Note 16. Non-current assets held for sale and related liabilities

The group is in the process of selling its subsidiaries Leetchi, Mangopay and Budget Insight.

The entities contribution is accounted for in the consolidated financial statements for June 30,2022 in accordance with IFRS 5 relating to entities held for sale.

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

06.30.2022

Assets	
Due to central banks	4,909
Financial assets	40
<i>Financial assets at fair value through profit or loss</i>	0
<i>Financial assets at fair value through equity</i>	4,869
<i>Loans and receivables - credit institutions, at amortized cost</i>	0
<i>Loans and receivables - customers, at amortized cost</i>	
Other assets	153,022
Investments in associates	3,002
Immobilisations	33,286
Goodwill	48,212
Total Assets	242,431

06.30.2022

Liabilities	
Financial liabilities	343
<i>Financial liabilities at fair value through profit or loss</i>	0
<i>Due to banks</i>	343
<i>Liabilities to customers</i>	0
Other liabilities	1,094,660
Provisions	273
Total Liabilities	1,095,276

Note 17a. Fair value ranking – banking activity

06.30.2022

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	7,245,517	1,501,613	370,235	9,117,365
- Treasury bills and similar securities - FVOCI (1) (2)	2,214,676	414,330	0	2,629,006
- Bonds and other fixed-income securities - FVOCI (3)	4,873,446	1,087,271	0	5,960,717
- Stocks and other variable-income securities - FVOCI	57,065	12	22,304	79,381
- Equity investments and other long-term investments - FVOCI	100,330	0	347,777	448,107
- Shares in associates - FVOCI	0	0	154	154
- 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	17,163	852,457	1,076,041	1,945,661
- 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	190,773	0	190,773
- Bonds and other fixed-income securities - Other FVTPL	14,370	216,915	252,038	483,323
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	2,793	0	736,496	739,289
- Loans and receivables due from credit institutions - Fair value option	0	420	0	420
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	14,262	0	14,262
- Loans and receivables due from customers - Other FVTPL	0	171	0	171
- Derivatives and other financial assets - Trading	0	429,916	0	429,916
- Other assets - FVTPL	0	0	87,507	87,507
Derivatives used for hedging purposes	0	3,446,873	0	3,446,873
Total	7,262,680	5,800,943	1,446,276	14,509,899
Financial liabilities				
Trading/FVO	0	1,838,037	0	1,838,037
- Amounts due to credit institutions - Fair value option	0	420	0	420
- Amounts due to customers - Fair value option	0	167,626	0	167,626
- Debt securities - Fair value option	0	1,055,148	0	1,055,148
- Derivatives and other financial liabilities - Trading	0	614,843	0	614,843
Derivatives used for hedging purposes	0	2,911,806	0	2,911,806
Total	0	4,749,843	0	4,749,843

(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 €387 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 €7 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

12.31.2021

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	8,198,341	878,391	361,554	9,438,286
- Treasury bills and similar securities - FVOCI (1) (2)	2,576,757	101,213	0	2,677,970
- Bonds and other fixed-income securities - FVOCI (3)	5,414,032	777,166	0	6,191,198
- Stocks and other variable-income securities - FVOCI	87,187	12	21,239	108,438
- Equity investments and other long-term investments - FVOCI	120,365	0	340,222	460,587
- Shares in associates - FVOCI	0	0	93	93
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0
- Loans and receivables due from customers - FVOCI	0	0	0	0
Trading/FVO/Other FVTPL	18,856	586,617	909,756	1,515,229
- 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	15,959	177,457	278,406	471,822
- Bonds and other fixed-income securities - Other FVTPL	14,370	216,915	252,038	483,323
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	2,897	0	631,350	634,247
- Loans and receivables due from credit institutions - Fair value option	0	287	0	287
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	12,115	0	12,115
- Loans and receivables due from customers - Other FVTPL	0	1,192	0	1,192
- Derivatives and other financial assets - Trading	0	395,566	0	395,566
Derivatives used for hedging purposes	0	941,733	0	941,733
Total	8,217,197	2,406,741	1,271,310	11,895,248
Financial liabilities				
Trading/FVO	0	1,345,024	0	1,345,024
- Amounts due to credit institutions - Fair value option	0	287	0	287
- Amounts due to customers - Fair value option	0	26,596	0	26,596
- Debt securities - Fair value option	0	906,019	0	906,019
- Derivatives and other financial liabilities - Trading	0	412,122	0	412,122
Derivatives used for hedging purposes	0	956,291	0	956,291
Total	0	2,301,315	0	2,301,315

(1) Transfers from level 2 to level 1 were made in the amount of €40 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 €38 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(3) Transfers from level 2 to level 3 were made in the amount of €62 million. They consisted mainly of bonds whose characteristics correspond to level 3 criteria.

Note 17b. Fair value ranking – insurance activity

06.30.2022

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	18,602,059	2,309,094	3,008,849	23,920,002
- Treasury bills and similar securities - AFS	6,613,985	15,975	0	6,629,960
- Bonds and other fixed-income securities -AFS (1) (2)	11,758,314	1,674,040	2,304,552	15,736,906
- Stocks and other variable-income securities - AFS	176,085	619,079	105,483	900,647
- Equity investments and other long-term investments - AFS	53,675	0	598,814	652,489
- Shares in associates - AFS	0	0	0	0
Trading/FVO	14,511,698	9,580,662	6,408,345	30,500,705
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option (5)	70,241	5,767,870	1,552,804	7,390,915
- Stocks and other variable-income securities - Fair value option	14,441,457	3,811,839	4,855,541	23,108,837
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Trading	0	953	0	953
Derivatives used for hedging purposes	0	0	0	0
Total	33,113,757	11,889,756	9,417,194	54,420,707
Financial liabilities				
Trading/FVO	0	35,426	0	35,426
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	35,426	0	35,426
Derivatives used for hedging purposes	0	0	0	0
Total	0	35,426	0	35,426

(1) Transfers from level 2 to level 1 were made in the amount of €53 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 €31 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 €2 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

12.31.2021

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	21,063,090	1,749,180	2,920,341	25,732,611
- Treasury bills and similar securities - AFS (1)	7,530,454	16,117	0	7,546,571
- Bonds and other fixed-income securities -AFS (2) (3) (4)	12,654,090	1,169,444	2,180,256	16,003,790
- Stocks and other variable-income securities - AFS	814,153	563,419	74,892	1,452,464
- Equity investments and other long-term investments - AFS	64,393	0	665,193	729,586
- Shares in associates - AFS	0	0	0	0
Trading/FVO	16,154,365	10,015,049	5,522,977	31,692,391
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option (5)	40,524	6,333,547	1,535,987	7,910,058
- Stocks and other variable-income securities - Fair value option	16,113,840	3,681,429	3,986,990	23,782,259
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Trading	0	73	0	73
Derivatives used for hedging purposes	0	0	0	0
Total	37,217,455	11,764,229	8,443,318	57,425,002
Financial liabilities				0
Trading/FVO	0	86,080	0	86,080
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	86,080	0	86,080
Derivatives used for hedging purposes	0	0	0	0
Total	0	86,080	0	86,080

(1) Transfers from level 2 to level 1 were made in the amount of €52 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

(2) Transfers from level 2 to level 1 were made in the amount of €228 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

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

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

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

Note 18a. Fair value ranking of financial assets and liabilities recognized at amortized cost - banking activity

06.30.2022

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	88,624,300	93,587,523	(4,963,223)	552,106	15,564,147	72,508,047
Financial assets at amortized cost						
Loans and receivables due from credit institutions	15,537,493	15,539,880	(2,387)	0	15,537,493	0
Loans and receivables due from customers	72,492,413	77,455,860	(4,963,447)	0	0	72,492,413
Securities	594,394	591,783	2,611	552,106	26,654	15,634
Liabilities	107,156,072	108,456,919	(1,300,847)	0	31,581,925	75,574,147
Liabilities to credit institutions	14,787,498	14,830,787	(43,289)	0	14,787,498	0
Liabilities to customers	75,574,147	75,591,127	(16,980)	0	0	75,574,147
Debt securities	14,689,797	15,776,492	(1,086,695)	0	14,689,797	0
Subordinated debt	2,104,630	2,258,513	(153,883)	0	2,104,630	0

12.31.2021

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	91,161,673	89,091,106	2,070,567	588,722	15,285,456	75,287,495
Financial assets at amortized cost	0					
Loans and receivables due from credit institutions	15,211,538	15,207,862	3,676	0	15,211,538	0
Loans and receivables due from customers	75,272,130	73,250,954	2,021,176	0	0	75,272,130
Securities	678,005	632,290	45,715	588,722	73,918	15,365
Liabilities	108,874,355	108,080,118	794,237	0	34,301,275	74,573,080
Liabilities to credit institutions	14,654,553	14,596,802	57,751	0	14,654,553	0
Liabilities to customers	74,573,080	74,571,114	1,966	0	0	74,573,080
Debt securities	16,876,318	16,438,840	437,478	0	16,876,318	0
Subordinated debt	2,770,404	2,473,362	297,042	0	2,770,404	0

Note 18b. Fair value ranking of financial assets and liabilities recognized at amortized cost - insurance activity

06.30.2022

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	497,109	497,109	0	0	1,028	496,081
Loans and receivables due from credit institutions	1,028	1,028	0	0	1,028	0
Other loans and receivables linked to insurance	496,081	496,081	0	0	0	496,081
Held-to-maturity financial assets	0	0	0	0	0	0
Liabilities	1,104,152	1,104,152	0	0	1,104,152	0
Liabilities to credit institutions	1,104,152	1,104,152	0	0	1,104,152	0
Debt securities	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0

12.31.2021

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	485,454	485,454	0	0	523	484,931
Loans and receivables due from credit institutions	523	523	0	0	523	0
Other loans and receivables linked to insurance activities	484,931	484,931	0	0	0	484,931
Held-to-maturity financial assets	0	0	0	0	0	0
Liabilities	511,717	511,717	0	0	511,717	0
Liabilities to credit institutions	511,310	511,310	0	0	511,310	0
Debt securities	0	0	0	0	0	0
Subordinated debt	407	407	0	0	407	0

NOTES TO THE INCOME STATEMENT

(in thousands of euros)

Note 19. Interest and similar income/expense

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Credit institutions and central banks	105,238	(61,943)	80,387	(54,094)
Customers	689,278	(227,919)	644,767	(210,468)
- of which leasing	105,603	(72,706)	97,132	(67,359)
- of which rental debts		(143)		(110)
Securities at amortized cost	1,414	0	1,411	0
Financial assets at fair value through profit or loss	8,799	(160)	8,946	(112)
Derivatives used for hedging purposes	123,974	(145,914)	166,706	(158,235)
Financial assets at fair value through equity	4,145	0	3,948	0
Debt securities	0	(93,615)	0	(140,083)
TOTAL	932,848	(529,551)	906,165	(562,992)

Negative interest on financial assets is presented under interest and similar expense ; Negative interest on financial liabilities is presented under interest and similar income.

Note 20. Fee and commission income/expense

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Credit institutions	2,194	(14,995)	2,944	(13,503)
Customers	76,839	(2)	59,804	(109)
Derivatives	20,418	(236)	9,849	(302)
Foreign exchange	2,392	0	4,583	(532)
Financing and guarantee commitments	1,212	(1,813)	365	(1,615)
Securities and services	282,713	(84,246)	268,370	(68,598)
TOTAL	385,768	(101,292)	345,915	(84,659)

Note 21. Net gain (loss) on financial instruments at fair value through profit or loss

	06.30.2022	06.30.2021
Instruments held for trading	(152,339)	45,193
Fair value option instruments	152,123	(31,595)
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	174,397	97,798
Including UCI	38,184	18,155
Hedging ineffectiveness	16,900	(1,261)
cash flow hedges	0	0
fair value hedges	16,900	(1,261)
. change in fair value of hedged items	1,110,223	246,730
. change in fair value of hedges	(1,093,323)	(247,991)
Foreign exchange gains (losses)	387	(1,581)
TOTAL OF CHANGES IN FAIR VALUE	191,468	108,554

Note 22. Net gain (loss) on financial instruments at fair value through equity

06.30.2022

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		817	817
Bonds and other fixed-income securities		564	564
Loans - Credit institutions		0	0
Customer loans		0	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	1,381	17,782

06.30.2021

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		2,121	2,121
Bonds and other fixed-income securities		2,898	2,898
Loans - Credit institutions			0
Customer loans			0
Stocks and other variable-income securities	3,832		3,832
Equity securities held for long-term investment	7,013		7,013
TOTAL	10,845	5,019	15,864

Note 23. Net gain (loss) on financial instruments at amortized cost

Financial assets	Profit or loss recognized on the derecognition of assets as at June 30, 2022	Profit or loss recognized on the derecognition of assets as at June 30, 2021
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	0
Loans - Credit institutions	0	
Customer loans	3,642	4,373
Financial liabilities		
Liabilities to credit institutions	0	0
Liabilities to customers	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	3,642	4,373

Note 24. Net income from insurance activities

06.30.2022

06.30.2021

Interest and similar income/expense	22,761	21,616
Fee and commission income/expense	(62,473)	(55,960)
Net gain (loss) on financial instruments at fair value through profit or loss	(1,867)	1,943
Net gain (loss) on available-for-sale financial instruments	4,384	2,079
Net gain (loss) on financial assets/liabilities at amortized cost	0	0
Other income/expense from insurance activities	340,918	399,571
TOTAL	303,723	369,249

Note 24a. Interest and similar income/expense

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,127	(289)	1,213	(415)
Customers	5	0	1,042	0
Held-to-maturity financial assets	0	0	0	0
Financial assets/liabilities at fair value through profit or loss	0	0	0	0
Available-for-sale financial assets	21,918	0	19,776	0
Debt securities	0	0	0	0
Subordinated debt	0	0	0	0
TOTAL	23,050	(289)	22,031	(415)

Note 24b. Fee and commission income/expense

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Credit institutions	0	(14)	0	(12)
Customers	0	0	0	0
Derivatives	0	0	0	0
Foreign exchange	0	0	0	0
Financing and guarantee commitments	0	0	0	0
Securities and services	56,379	(118,838)	47,452	(103,400)
TOTAL	56,379	(118,852)	47,452	(103,412)

Note 24c. Net gain (loss) on financial instruments at fair value through profit or loss

	06.30.2022	06.30.2021
Instruments held for trading	1,462	78
Fair value option instruments	(2,856)	1,637
Other instruments at fair value through profit or loss	0	0
Foreign exchange gains (losses)	(473)	228
TOTAL OF CHANGES IN FAIR VALUE	(1,867)	1,943

Note 24d. Net gain (loss) on available-for-sale financial instruments

	06.30.2022			06.30.2021		
	Dividends	Realized gains/losses	Total	Dividends	Realized gains/losses	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	552	552	0	(119)	(119)
Stocks and other variable-income securities	1,019	0	1,019	813	0	813
Equity securities held for long-term investment	2,813	0	2,813	1,385	0	1,385
Other	0	0	0	0	0	0
TOTAL	3,832	552	4,384	2,198	(119)	2,079

Note 24e. Other income/expense from insurance activities

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Insurance business	2,757,248	(2,417,615)	4,338,701	(3,936,147)
Investment property	3,939	(7,839)	0	(8,168)
Other income and expense	5,838	(653)	5,397	(212)
TOTAL	2,767,025	(2,426,107)	4,344,098	(3,944,527)

Note 24f. Gross margin on insurance activities

	06.30.2022	06.30.2021
Premiums earned	2,757,868	2,647,235
Cost of claims and benefits	(121,204)	(117,066)
Change in provisions	(16,962)	8,765
Other technical and non-technical income and expenses	(2,077,259)	(2,687,564)
Net investment income	(202,810)	551,184
TOTAL	339,633	402,554

Note 25. Income/expense from other activities

	06.30.2022		06.30.2021	
	Income	Expense	Income	Expense
Investment property	2,340	(2,202)	458	(5,513)
Other income and expense	169,293	(31,264)	157,120	(30,470)
TOTAL	171,633	(33,466)	157,578	(35,983)

Note 26. Gains (losses) on disposal - dilution in investments in associates

	06.30.2022	06.30.2021
Gains or losses on disposal/dilution on joint ventures	0	0
Gains or losses on disposal/dilution on associates	0	0
TOTAL	0	0

Note 27. Operating expense

	06.30.2022	06.30.2021
Personnel expenses	(442,103)	(419,292)
Other expense	(355,479)	(315,605)
TOTAL	(797,582)	(734,897)

Note 27a. Personnel expenses

	06.30.2022	06.30.2021
Salaries and wages	(248,138)	(260,436)
Payroll taxes	(124,450)	(114,093)
Mandatory and optional employee profit-sharing	(33,252)	(13,020)
Taxes, levies and similar payments on compensation	(36,263)	(31,743)
Other*	0	0
TOTAL	(442,103)	(419,292)

Note 27b. Other expenses

	06.30.2022	06.30.2021
Taxes other than on income	(90,898)	(69,823)
Rentals	(34,583)	(32,786)
- short term rentals of assets or low / substantial values	(32,696)	(31,461)
- other rentals	(1,887)	(1,325)
External services	(229,985)	(212,892)
Other miscellaneous expenses	(13)	(104)
TOTAL	(355,479)	(315,605)

Note 28. Cost of risk

Note 28a. Cost of risk - banking activity

	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	(129,333)	141,385	(31,982)	(4,080)	7,035	(16,975)
- 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	(914)	1,539	(88)	(25)	0	512
Total	(311,526)	291,592	(31,982)	(4,080)	7,035	(48,961)

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2021
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	(61,888)	51,217				(10,671)
- Loans and receivables due from credit institutions	(710)	629				(81)
- Loans and receivables due from customers	(50,343)	40,887				(9,456)
- of which finance leases	(1,485)	1,306				(179)
- Financial assets at amortized cost - Fixed income securities	0	0				0
- Financial assets at FVOCI - Fixed income securities	(3,895)	3,923				28
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(6,940)	5,778				(1,162)
- Other assets	0	0				0
Lifetime expected loss	(97,077)	86,734				(10,343)
- Loans and receivables due from credit institutions	0	0				0
- Loans and receivables due from customers	(92,792)	83,123				(9,669)
- of which finance leases	(2,390)	2,466				76
- Financial assets at amortized cost - Fixed income securities	(18)	49				31
- Financial assets at FVOCI - Fixed income securities	(133)	169				36
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(4,134)	3,393				(741)
- Other assets	0	0				0
Impaired assets	(110,716)	134,534	(52,305)	(4,288)	1,152	(31,623)
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(100,495)	124,921	(52,285)	(4,288)	1,152	(30,995)
- of which finance leases	(7,957)	9,433	(1,672)	0	4	(192)
- 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	(9,991)	8,446	0	0	0	(1,545)
- Other assets	(230)	1,167	(20)	0	0	917
Total	(269,681)	272,485	(52,305)	(4,288)	1,152	(52,637)

Note 28b. Cost of risk - insurance activity

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2022
			Provisioned bad debt	Unprovisioned bad debt		
- Credit institutions	0	0	0	0	0	0
- Insurance business	0	0	0	0	0	0
- Available-for-sale assets	0	0	0	0	0	0
- Held-to-maturity assets	0	0	0	0	0	0
- Other	(168)	162	0	0	0	(6)
Total	(168)	162	0	0	0	(6)

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2021
			Provisioned bad debt	Unprovisioned bad debt		
- Credit institutions	0	0	0	0	0	0
- Insurance business	0	0	0	0	0	0
- Available-for-sale assets	0	0	0	0	0	0
- Held-to-maturity assets	0	0	0	0	0	0
- Other	(37)	85	0	0	0	48
Total	(37)	85	0	0	0	48

Note 28c. Banking activities - Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk

	12.31.2021	Acquisition /production	Sale/repayment	Transfers between buckets	Other	06.30.2022
Financial assets at amortized costs - loans and receivables due from credit institutions	15,211,065	1,761,391	(1,424,582)	0	(4,869)	15,543,005
- 12-month expected losses	15,211,065	1,761,391	(1,424,582)	0	(4,869)	15,543,005
- 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	74,374,247	13,433,429	(9,196,290)	0	0	78,611,386
- 12-month expected losses	68,605,416	12,788,394	(8,299,333)	(485,492)	0	72,608,985
- Lifetime expected losses - non-impaired assets	4,317,724	505,520	(664,715)	368,724	0	4,527,253
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	1,229,925	114,631	(205,260)	116,768	0	1,256,064
Lifetime expected losses - assets impaired as from acquisition/creation	221,182	24,884	(26,982)	0	0	219,084
Financial assets at amortized cost - Securities	633,191	7,882	(48,414)	0	0	592,659
- 12-month expected losses	626,580	7,882	(42,117)	0	0	592,345
- Lifetime expected losses - non-impaired assets	6,297	0	(6,297)	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	314	0	0	0	0	314
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	8,876,401	3,463,108	(3,742,973)	0	0	8,596,536
- 12-month expected losses	8,836,353	3,448,904	(3,688,811)	(13,950)	0	8,582,496
- Lifetime expected losses - non-impaired assets	40,048	14,204	(54,162)	13,950	0	14,040
- 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	99,094,904	18,665,810	(14,412,259)	0	(4,869)	103,343,586

Note 28d. Banking activities - Information regarding changes in provisions for expected losses for credit risk

	12.31.2021	Allocations	Reversals	Transfers	Change of method	Other	06.30.2022
Financial assets at amortized costs - loans and receivables due from credit institutions	(3,203)	(695)	773	0	0	0	(3,125)
- 12-month expected losses	(3,203)	(695)	773	0	0	0	(3,125)
- 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	(1,123,293)	(306,602)	274,369	0	0	0	(1,155,526)
- 12-month expected losses	(172,186)	(63,796)	83,178	(39,260)	0	0	(192,064)
- Lifetime expected losses - non-impaired assets	(232,008)	(101,598)	61,489	29,011	0	0	(243,106)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(620,696)	(131,434)	104,979	10,249	0	0	(636,902)
Lifetime expected losses - assets impaired as from acquisition/creation	(98,403)	(9,774)	24,723	0	0	0	(83,454)
Financial assets at amortized cost - Securities	(901)	(16)	41	0	0	0	(876)
- 12-month expected losses	(546)	(16)	0	0	0	0	(562)
- Lifetime expected losses - non-impaired assets	(41)	0	41	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(314)	0	0	0	0	0	(314)
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	(7,233)	(2,618)	3,038	0	0	0	(6,813)
- 12-month expected losses	(7,171)	(2,527)	2,976	0	0	0	(6,722)
- Lifetime expected losses - non-impaired assets	(62)	(91)	62	0	0	0	(91)
- 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	(59,883)	(18,525)	33,971	0	0	0	(44,436)
- 12-month expected losses	(16,138)	(9,596)	7,889	0	0	0	(17,845)
- Lifetime expected losses - non-impaired assets	(6,382)	(3,630)	3,747	0	0	0	(6,263)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(37,363)	(5,299)	22,335	0	0	0	(20,328)
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	(1,194,513)	(328,456)	312,192	0	0	0	(1,210,776)

Note 29. Gains (losses) on other assets

	06.30.2022	06.30.2021
Property, plant and equipment and intangible assets	596	1,122
Capital losses on disposals	(106)	(1,097)
Capital gains on disposals	702	2,219
Expenses related to business combinations	(234)	(581)
More or less transfer values on consolidated securities	9,576	0
TOTAL	9,938	541

Note 30. Income tax

	06.30.2022	06.30.2021
BREAKDOWN OF TAX EXPENSE		
Current tax expense	(51,334)	(81,479)
Net deferred tax expense or revenue	(24,680)	(9,630)
NET INCOME TAX EXPENSE	(76,014)	(91,109)
Income before taxes, badwill and income contribution from associates	432,895	365,416
EFFECTIVE TAX RATE	17,56%	24,93%

	06.30.2022	06.30.2021
ANALYSIS OF EFFECTIVE TAX RATE		
Statutory tax rate	25.83%	28.41%
Permanent differences	1.82%	2.24%
Income taxed at a reduced rate or exempt	(10.27%)	(6.12%)
Impact of fiscal losses	0.92%	1.00%
Tax credits	(0.06%)	0.00%
Special	0.18%	0.43%
Other	0.86%	(1.03%)
EFFECTIVE TAX RATE	17.56%	24.93%

Regulation n° 2019-759, published on July 24, 2019, as well as the 2020 finance act, provide modifications in the gradual reduction of the corporate tax rate initially planned by the 2018 finance act. The tax rate for the fiscal year 2022 is therefore 25.83%.

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

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

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

OTHER NOTES

(in thousands of euros)

Note 31a. Commitments given and received - banking activity

	06.30.2022	12.31.2021
Commitments given	17,100,620	16,273,202
Financing commitments	12,193,993	11,416,181
to credit and similar institutions	14,350	13,350
to customers	12,179,643	11,402,831
Guarantee commitments	4,703,754	4,619,999
to credit and similar institutions	768	513
to customers	4,702,986	4,619,486
Securities commitments	202,873	237,022
repurchase agreements	0	0
other commitments given	202,873	237,022
Commitments received	62,756,808	62,191,646
Financing commitments	13,441,754	15,406,259
from credit and similar institutions	13,427,552	15,399,196
from customers	14,202	7,063
Guarantee commitments	48,850,088	46,310,707
from credit and similar institutions	267,245	260,998
from customers	48,582,843	46,049,709
Securities commitments	464,966	474,680
Reverse repurchase agreements	0	0
Other commitments received	464,966	474,680

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

	06.30.2022	12.31.2021
Receivables pledged as collateral	16,233,343	18,144,095
Banque de France	14,553,382	16,399,791
European Investment Bank	594,646	630,308
Caisse de Refinancement de l'Habitat	364,223	363,554
Caisse des Dépôts et Consignations	719,091	748,443
Other	2,000	2,000
Loaned securities	0	0
Deposits on market transactions	323,270	543,723
Securities sold under repurchase agreements	12,372,720	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 31b. Commitments given and received - insurance activity

	06.30.2022	12.31.2021
Commitments given	-	282
Commitments received	1,428,016	1,388,232

Note 32. Segment information

	Banking		Insurance and asset management		Group	
	06.30.2022	06.30.2021	06.30.2022	06.30.2021	06.30.2022	06.30.2021
Internal income (1)	137 436	133 530	(137 436)	(133 530)	0	0
External income (2)	959 040	783 484	383 515	440 580	1 342 555	1 224 064
Net banking income	1 096 476	917 014	246 079	307 050	1 342 555	1 224 064
Gains (losses) on disposal - dilution	0	0	0	0	0	0
Net banking income including gains (losses) on disposal - dilution	1 096 476	917 014	246 079	307 050	1 342 555	1 224 064
General operating expenses and depreciation and amortization	(748 395)	(702 013)	(122 236)	(104 587)	(870 631)	(806 600)
Gross operating income	348 081	215 001	123 843	202 463	471 924	417 464
Cost of risk	(48 583)	(49 352)	(384)	(3 237)	(48 967)	(52 589)
Operating income	299 498	165 649	123 459	199 226	422 957	364 875
Share of income of companies carried under equity method	2 871	2 568	159	76	3 030	2 644
Other	9 938	540	0	1	9 938	541
Recurring income before tax	312 307	168 757	123 618	199 303	435 925	368 060
Income tax	(44 183)	(34 994)	(31 831)	(56 115)	(76 014)	(91 109)
Net income	268 124	133 763	91 787	143 188	359 911	276 951
O/w non-controlling interests	6	(124)	(15)	17	(8)	(107)
Net income, group share	268 118	133 887	91 802	143 170	359 920	277 058

	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Segment Assets and Liabilities	123 938 692	118 256 292	58 458 421	61 025 150	182 397 113	179 281 442

(1) Segment income from transactions with other segments.

(2) Segment income from sales to external customers.

Segment reporting is based on two business lines:

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

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

Note 33. Scope of consolidation

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2022	12.31.2021	06.30.2022	12.31.2021
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	100,0	100,0	100,0	100,0
ARKEA CAPITAL	France	Insurance and asset management / Asset management	100,0	100,0	100,0	100,0
ARKEA CAPITAL INVESTISSEMENT	France	Banking / Private equity	100,0	100,0	100,0	100,0
ARKEA CAPITAL MANAGERS HOLDING SLP	France	Banking / Private equity	100,0	100,0	100,0	100,0
ARKEA CAPITAL PARTENAIRE	France	Banking / Private equity	100,0	100,0	100,0	100,0
ARKEA CREDIT BAIL	France	Banking / Finance leasing	100,0	100,0	100,0	100,0
ARKEA DIRECT BANK	France	Banking / Financial and stock market intermediation	100,0	100,0	100,0	100,0
ARKEA FONCIERE	France	Banking / Real estate	100,0	100,0	100,0	100,0
ARKEA HOME LOANS SFH	France	Banking / Refinancing entity	100,0	100,0	100,0	100,0
ARKEA PUBLIC SECTOR SCF	France	Banking / Refinancing entity	100,0	100,0	100,0	100,0
ARKEA REAL ESTATE	France	Assurances et gestion d'actifs / Gestion d'actifs immobiliers	71,4	71,4	71,4	71,4
ARKEA REIM	France	Assurances et gestion d'actifs / Gestion d'actifs immobiliers	71,4	71,4	71,4	71,4
ARKEA SCD	France	Banking / Services	100,0	100,0	100,0	100,0
BUDGET INSIGHT	France	Banking / Banking services	100,0	100,0	100,0	100,0
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	94,8	94,8	94,8	94,8
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANK (succursale)	Belgique	Banking / Asset holding company	100,0	100,0	100,0	100,0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	France	Banking / Specialized networks banking	100,0	100,0	100,0	100,0
FCT COLLECTIVITES	France	Banking / Securitization fund	57,8	57,8	57,8	57,8
FEDERAL EQUIPEMENTS	France	Banking / Services	100,0	100,0	100,0	100,0
FEDERAL FINANCE	France	Insurance and asset management / Private banking and asset management	100,0	100,0	100,0	100,0
FEDERAL FINANCE GESTION	France	Insurance and asset management / Asset management	100,0	100,0	100,0	100,0
FEDERAL SERVICE	France	Banking / Services	99,4	99,7	99,4	99,7
FINANCO	France	Banking / Specialized networks banking	100,0	100,0	100,0	100,0
GICM	France	Banking / Services	100,0	100,0	99,4	99,7
IZI IMMO	France	Banking / Real estate	100,0	100,0	100,0	100,0
KEYTRADE BANK (succursale)	Belgique	Banking / Financial and stock market intermediation	100,0	100,0	100,0	100,0
KEYTRADE BANK Luxembourg SA (2)	Luxembourg	Banking / Financial and stock market intermediation	/	100,0	/	100,0
LEETCHI SA	France	Banking / Services	100,0	100,0	100,0	100,0
MANGOPAY SA	Luxembourg / France	Banking / Services	100,0	100,0	100,0	100,0
MONEXT	France	Banking / Services	100,0	100,0	100,0	100,0
NEXTALK	France	Banking / Services	100,0	100,0	100,0	100,0
NOUVELLE VAGUE	France	Banking / Services	100,0	100,0	100,0	100,0
NOVELIA	France	Insurance and asset management / Insurance brokerage	100,0	100,0	100,0	100,0
PROCAPITAL	France / Belgique	Banking / Financial and stock market intermediation	100,0	100,0	100,0	100,0
PUMPKIN	France	Banking / Services	100,0	100,0	100,0	100,0
SCHELCHER PRINCE GESTION	France	Insurance and asset management / Asset management	100,0	100,0	100,0	100,0
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Banking / Real estate	100,0	100,0	100,0	100,0
SMSPG (4)	France	Insurance and asset management / Holding	/	100,0	/	100,0
STRATEO (succursale)	Suisse	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 / Insurance	100,0	100,0	100,0	100,0

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2022	12.31.2021	06.30.2022	12.31.2021
Companies consolidated using the equity method						
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
NEW PORT	France	Banking / Holding	29,9	29,9	29,9	29,9
VIVienne INVESTISSEMENT	France	Insurance and asset management / Asset management	34,0	34,0	34,0	34,0
YOMONI	France	Insurance and asset management / Asset management	34,2	34,2	34,2	34,2

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2022	12.31.2021	06.30.2022	12.31.2021
Companies consolidated using the shortcut method						
AIS MANDARINE ACTIVE	France	Insurance and asset management / mutual funds	81,1	80,6	81,1	80,6
AIS MANDARINE ENTREPRENEURS	France	Insurance and asset management / mutual funds	83,4	83,2	83,4	83,2
AIS MANDARINE MULTI-ASSETS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
AIS PROTECT	France	Insurance and asset management / mutual funds	85,8	85,5	85,8	85,5
ARKEA CAPITAL 1	France	Banking / mutual funds	100,0	100,0	100,0	100,0
ARKEA CAPITAL 2 (5)	France	Banking / mutual funds	/	38,5	/	38,5
AUTOFOCUS CROISSANCE DECEMBRE 2019	France	Insurance and asset management / mutual funds	95,0	95,1	95,0	95,1
AUTOFOCUS CROISSANCE JUILLET 2019	France	Insurance and asset management / mutual funds	99,2	99,2	99,2	99,2
AUTOFOCUS ESG DECEMBRE 2020	France	Insurance and asset management / mutual funds	87,8	88,0	87,8	88,0
AUTOFOCUS ESG FÉVRIER 2021 (1)	France	Insurance and asset management / mutual funds	98,4	/	98,4	/
AUTOFOCUS ESG JUILLET 2020	France	Insurance and asset management / mutual funds	99,0	99,0	99,0	99,0
AUTOFOCUS ESG JUILLET 2021 (1)	France	Insurance and asset management / mutual funds	98,4	/	98,4	/
AUTOFOCUS LOW CARBON (1)	France	Insurance and asset management / mutual funds	99,0	/	99,0	/
AUTOFOCUS RENDEMENT AVRIL 2020	France	Insurance and asset management / mutual funds	99,7	99,7	99,7	99,7
AUTOFOCUS RENDEMENT FÉVRIER 2020	France	Insurance and asset management / mutual funds	98,1	98,2	98,1	98,2
AUTOFOCUS RENDEMENT MARS 2019 (3)	France	Insurance and asset management / mutual funds	/	99,1	/	99,1
BREHAT	France	Insurance and asset management / mutual funds	17,8	20,7	17,8	20,7
BREIZH ARMOR CAPITAL	France	Banking / mutual funds	50,0	50,0	50,0	50,0
CHABRIERES RENDEMENT ESG (1)	France	Banking / mutual funds	36,3	/	36,3	/
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management / mutual funds	97,6	97,6	97,6	97,6
FCPR BREIZH MA BRO	France	Insurance and asset management / mutual funds	58,9	77,2	58,9	77,2
FCT ARDIAN SURAVENIR PRIVATE DEBT	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT MERIUS SURAVENIR	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT OBLIGATION BAUX AC 2019	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT PYTHEAS 07/2022 (1)	France	Insurance and asset management / mutual funds	90,9	/	90,9	/
FCT PYTHEAS 56 (3)	France	Insurance and asset management / mutual funds	/	88,6	/	88,6
FCT PYTHEAS BAUX REG 2018	France	Insurance and asset management / mutual funds	77,4	100,0	77,4	100,0
FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT SCOR SURAVENIR EURO LOANS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT SP EUROCREANCES	France	Insurance and asset management / mutual funds	43,4	43,4	43,4	43,4
FCT SPG DETTE PRIVEE	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT SURAVENIR CONSO FUND	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT SURAVENIR PRIVATE DEBT I	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT SURAVENIR PRIVATE DEBT II	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FCT TIKEHAU SPD III	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FEDERAL AMBITION CLIMAT	France	Insurance and asset management / mutual funds	99,2	99,3	99,2	99,3
FEDERAL CAPITAL INVESTISSEMENT	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FEDERAL CONVICTION GRANDE ASIE (6)	France	Insurance and asset management / mutual funds	/	99,8	/	99,8
FEDERAL GLOBAL GREEN BONDS	France	Insurance and asset management / mutual funds	47,5	46,3	47,5	46,3
FEDERAL INDICIEL APAL (EX FEDERAL APAL)	France	Insurance and asset management / mutual funds	74,8	72,1	74,8	72,1
FEDERAL INDICIEL JAPON	France	Insurance and asset management / mutual funds	74,9	77,7	74,9	77,7
FEDERAL INDICIEL US	France	Insurance and asset management / mutual funds	62,7	60,7	62,7	60,7
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management / mutual funds	74,9	75,1	74,9	75,1
FEDERAL MULTI L/S	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FEDERAL MULTI OR ET MATIERES PREMIERES	France	Insurance and asset management / mutual funds	90,6	90,0	90,6	90,0
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management / mutual funds	98,9	99,4	98,9	99,4
FEDERAL OPTIMAL GESTION PRIVEE ESG	France	Insurance and asset management / mutual funds	87,7	88,6	87,7	88,6
FEDERAL SUPPORT COURT TERME ESG	France	Insurance and asset management / mutual funds	36,9	39,9	36,9	39,9
FEDERAL TRANSITION EQUILIBRE (EX FEDERAL OPPORTUNITE EQUILIBRE ESG)	France	Insurance and asset management / mutual funds	80,1	83,0	80,1	83,0
FEDERAL TRANSITION MODERE (EX FEDERAL OPPORTUNITE MODERE ESG)	France	Insurance and asset management / mutual funds	52,0	56,4	52,0	56,4
FEDERAL TRANSITION OXYGENE (EX FEDERAL OXYGENE)	France	Insurance and asset management / mutual funds	94,7	94,7	94,7	94,7
FEDERAL TRANSITION TERRITOIRES (EX FEDERAL IMPACT TERRITOIRES)	France	Insurance and asset management / mutual funds	40,4	45,0	40,4	45,0
FEDERAL TRANSITION TONIQUE (EX FEDERAL OPPORTUNITE TONIQUE ESG)	France	Insurance and asset management / mutual funds	99,2	99,1	99,2	99,1
FLEXPERTISE	France	Insurance and asset management / mutual funds	73,8	74,6	73,8	74,6
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FPS SURAVENIR ACTIONS LOW VOL	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FPS SURAVENIR ACTIONS MID CAPS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FPS SURAVENIR ACTIONS PROTECT	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FPS SURAVENIR OVERLAY LOW VOL ACTIONS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
FPS UBS ARCHMORE INFRASTRUCTURE DEBT PLATFORM II	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
MANDARINE EQUITY INCOME	France	Insurance and asset management / mutual funds	92,4	97,4	92,4	97,4
OPCI CLUB FRANCE RETAIL	France	Insurance and asset management / mutual funds	46,3	46,3	46,3	46,3
OPCI PREIM DEFENSE 2	France	Insurance and asset management / mutual funds	39,2	37,5	39,2	37,5
OPCI PREIM EUROS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
OPCI PREIM EUROS 2	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
OPCI PREMIUM	France	Insurance and asset management / mutual funds	80,7	67,1	80,7	67,1
OPCI TIKEHAU RET PRO	France	Insurance and asset management / mutual funds	39,3	39,3	39,3	39,3
QUESSANT	France	Insurance and asset management / mutual funds	59,2	44,3	59,2	44,3
PRIMO ELITE	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
S.C.I. PROGRES PIERRE	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
S.C.I. SURAVENIR PIERRE	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
SC NOVAXIA R	France	Insurance and asset management / mutual funds	56,0	58,2	56,0	58,2
SC NOVAXIA S (1)	France	Insurance and asset management / mutual funds	100,0	/	100,0	/
SC PYTHAGORE	France	Insurance and asset management / mutual funds	35,1	46,4	35,1	46,4
SCHELCHER CONVERTIBLES ESG (EX SP CONVERTIBLES)	France	Insurance and asset management / mutual funds	21,4	22,5	21,4	22,5
SCHELCHER CONVETIBLES MID CAP ESG (EX SP CONVERTIBLES MID CAP ESG)	France	Insurance and asset management / mutual funds	33,0	32,9	33,0	32,9
SCHELCHER GLOBAL HIGH YIELD (EX SP HAUT RENDEMENT)	France	Insurance and asset management / mutual funds	34,5	40,2	34,5	40,2
SCHELCHER IVO GLOBAL YIELD 2024	France	Insurance and asset management / mutual funds	46,5	47,4	46,5	47,4
SCHELCHER MULTI ASSET (EX SP CROISSANCE)	France	Insurance and asset management / mutual funds	88,1	92,2	88,1	92,2
SCHELCHER OPTIMAL INCOME ESG (EX SP OPPORTUNITES EUROPEENNES)	France	Insurance and asset management / mutual funds	25,5	30,6	25,5	30,6
SCI CLOVERHOME	France	Insurance and asset management / mutual funds	50,0	50,0	50,0	50,0
SCI LE VINCI HOLDING	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
SCI PR2 PREIM RET 2	France	Insurance and asset management / mutual funds	38,0	38,0	38,0	38,0
SCI SILVER AVENIR	France	Insurance and asset management / mutual funds	93,2	90,4	93,2	90,4
SCI TERRITOIRES AVENIR (1)	France	Insurance and asset management / mutual funds	100,0	/	100,0	/
SCI USUFRUIMMO	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
SCPI REMAKE LIVE (1)	France	Insurance and asset management / mutual funds	66,8	/	66,8	/
SURAVENIR INITIATIVE ACTIONS	France	Insurance and asset management / mutual funds	100,0	100,0	100,0	100,0
SYNERGIE FINANCE INVESTISSEMENT	France	Banking / mutual funds	100,0	100,0	100,0	100,0
WE POSITIVE INVEST	France	Banking / mutual funds	100,0	100,0	100,0	100,0

(1) Companies first-time consolidated in 2022

(2) Property

(3) Liquidation

(4) Transfer of assets

(5) Subscription period still in progress

(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 34. Events after the reporting period

The group completed the sale of the shares of Leetchi and Mangopay on 12 July 2022 and the shares of Budget Insight on 26 July 2022.

The capital gains related to these two transactions will be recognised in the financial statements for the second half of 2022.

4. Risk Factors

The risk factors have not changed significantly compared to the situation described in the 2021 Universal Registration Document, apart from the risks outlined below.

4.1. Strategic, business and ecosystem risks

4.1.1. Macroeconomic risk

THE ONGOING GEOPOLITICAL CRISIS AND ITS POSSIBLE CONSEQUENCES COULD IMPACT THE GROUP'S FINANCIAL POSITION

Since mid-February 2022, international geopolitics have been destabilised by Russia's invasion of Ukraine.

The Crédit Mutuel Arkéa group does not operate in any areas affected by the conflict and has only a very low direct exposure. However, as soon as the conflict began, the group implemented a reinforced monitoring system.

The operational implementation of asset freezes has made it possible to quickly apply sanctions against Russian nationals and ensure compliance with regulatory obligations.

In response to the increase in the cyber threat, Crédit Mutuel Arkéa immediately activated its usual protection systems and supplemented them, where necessary, with additional measures in accordance with the recommendations of the French national information systems security agency (ANSSI).

In terms of credit risk, direct exposures to Russian and Ukrainian companies are nil and those to individuals are very low. Government-guaranteed or "Resilience" loans are distributed by local banks affiliated with the Crédit Mutuel de Bretagne and Sud-Ouest federations and are very limited in number (less than 15 loans granted).

The geopolitical context exacerbated the increase in inflation observed in the second half of 2021 and forced global central banks to tighten their monetary policy. Inflation and the resulting rate hikes amplify the risks of an economic slowdown or even recession. This potential recession could have an impact on corporate failures and the cost of risk. At the end of June 2022, the group did not observe any increase in credit risk indicators.

Market activity, which is limited to cash management and transactions on behalf of customers, is not exposed to the commodities and currencies affected by the conflict. It should be noted that Crédit Mutuel Arkéa remains vigilant with regard to the volatility of the financial markets.

In summary, the Crédit Mutuel Arkéa business model involves low direct exposure to this type of international conflict. However, governance is mobilised to monitor the day-to-day evolution of the situation. Particular vigilance is already being applied, and will continue to be, to the consequences of inflation and the increase in the cost of materials on customers in the business sectors identified as the most sensitive, and to the impact of inflation on the general macroeconomic outlook.

4.1.2. Macroeconomic risk specifically related to Covid-19

The ongoing coronavirus (Covid-19) pandemic, coupled with the geopolitical crisis and its economic consequences, including a significant increase in inflation, could adversely affect Crédit Mutuel Arkéa's business, operations and financial performance in the event of a significant worsening of the health situation (a significant increase in cases of contamination linked to a variant and requiring new restrictions on the economy).

Since December 2019, the coronavirus (Covid-19) virus has spread to many countries around the world and the World Health Organization qualified the situation as a pandemic in March 2020. This health situation and the government measures taken to respond to it (lockdowns, restrictions on the exercise of certain economic activities, border closures, etc.), have had very significant consequences for the economy and the financial markets on a global scale. The persistence of the Covid-19 pandemic and the appearance of new variants (Delta and Omicron) led to new restrictive measures in France and Europe (curfews, lockdowns, introduction of restricted numbers indoors, etc.) in 2021.

Uncertainties persist regarding the evolution of the pandemic, due to the very uneven progression of the level of vaccination around the world, particularly in emerging countries, and the possible appearance of more contagious variants. These uncertainties could further weaken certain sectors (tourism, air transport), slow global economic activity and weigh on financial market confidence.

Fiscal and monetary policy measures to support businesses were taken from the start of the health crisis, in particular by the French government (government-guaranteed loans, recourse to short-time working, payment of allowances, etc.) and by the European Central Bank (easing of conditions for refinancing operations). These measures were adapted over the course of 2021 and the first half of 2022 in light of changes in the sectors affected. Crédit Mutuel Arkéa is fully committed to providing local support to its customers, in particular by offering government-guaranteed loans to support the cash flow of its corporate and professional customers, by promoting loan restructuring or by participating in the setting up of loans. in place of "Participative Recovery Loans", which are a lever for companies with development projects that need to strengthen their solvency. Thus, more than 12,000 government-guaranteed loans were distributed for a nominal value of more than €2.1 billion, of which 20% are closed. Similarly, 52,000 deferred maturities were accepted, representing €341 million in deferred loans. At the end of 2021, 97% of deferrals had expired and repayments had resumed without significant incidents. However, these measures may prove insufficient to sustainably and fully offset the negative effects of the Covid-19 pandemic on the global economy and stabilise financial markets.

The restrictive measures taken in particular in France, where the group mainly operates, have significantly modified economic activity, even going so far as to see a strong recovery in 2021, with growth of 6.87% and a forecast of 2.3% announced by the French government for the end of 2022. However, these forecasts need to be adjusted with the emergence of the geopolitical crisis and the sharp and rapid increase in inflation which, combined with the end of support measures, could weaken companies. In addition, defaulted government-guaranteed loans increased from €42 million at the end of 2020 to €119 million at the end of 2021 and €153 million in June 2022.

As measures had been put in place in 2020 to anticipate a potential deterioration of the portfolio, which did not happen, the cost of risk for 2021 decreased to €116 million (compared to €160 million in 2020), down by 16 basis points taking outstanding customer loans at the end of the period as the basis for comparison. The cost of risk ratio for 2021 thus returned to the level of 2019 and showed a sharp decrease compared to that of 2020 (23 basis points in 2020), a year marked by significant increases in provisions. In June 2022, the overall cost of risk was slightly down compared to June 2021 (from €53 to €49 million).

The external access to the information system necessary for teleworking, developed during this crisis and extended to several thousand employees on a permanent basis, are still being monitored.

The evolution of the situation related to the Covid-19 pandemic over successive waves remains a source of uncertainty, which makes it difficult to predict its impact on the global economy. The consequences for Crédit Mutuel Arkéa will depend on the evolution of the pandemic and the associated health, economic, financial and social context as well as any new measures taken by governments and central banks.

4.1.3. Risks relating to Crédit Mutuel Arkéa's affiliation to Crédit Mutuel group

A fully-fledged cooperative banking group that is independent from the rest of Crédit Mutuel

The Crédit Mutuel Arkéa group is a fully-fledged cooperative and regional group. It defines and has its own strategy based on a sound financial platform and on an autonomous and control which is therefore independent of all of the other groups within Crédit Mutuel over its production and financing resources, but also of equity.

With a bank balance sheet of €110 billion, the Crédit Mutuel Arkéa group, supervised directly by the ACPR and the ECB, has a recognised financial stability that allows it to pursue a profitable growth trajectory with a moderate risk profile unlike that of most of its competitors, and to commit as a company with a mission, in line with its Raison d'être (Purpose) as adopted by Crédit Mutuel Arkéa's General Meeting in May 2020.

However, maintaining the affiliation to Crédit Mutuel constitutes a risk for Crédit Mutuel Arkéa of involvement or even interference with its strategy by the other members of the Crédit Mutuel group, which could complicate, delay or even prevent the implementation of Crédit Mutuel Arkéa's strategic guidelines. This risk takes the form of communications and/or decisions that are required and/or could be imposed and could have negative impacts on Crédit Mutuel Arkéa, its strategy and the maintenance of its jobs and regional decision-making centres. These impacts can be deemed significant and the likelihood of the risk occurring has worsened since February 2021, with the unilateral enactment by the CNCM of DCG no. 1-2021 of 2 February 2021 on strengthening the cohesion of the Crédit Mutuel group (contested by Crédit Mutuel Arkéa before the Council of State), through which CNCM intends to grant itself a priori power of control over important elements of Crédit Mutuel Arkéa's strategy (acquisitions, partnerships, new products, corporate names, etc.).

In this respect, Crédit Mutuel Arkéa considers itself to be in direct competition in a wide range of its activities with other Crédit Mutuel group's entities, which constitutes a risk for the Crédit Mutuel Arkéa group's business model, especially since the Crédit Mutuel Alliance Fédérale group and CNCM share the same Chairman, and that the governance of CNCM induces an imbalance in this case which does not give Crédit Mutuel Arkéa any opportunity to oppose the decisions taken.

In light of these risks, Crédit Mutuel Arkéa's Board of Directors, which met on 17 January 2018, mandated its managers to take any action enabling Crédit Mutuel Arkéa to become a cooperative banking group independent from the rest of Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its regional roots, its culture of innovation and its intermediate size. This mandate was renewed by the Board of Directors of Crédit Mutuel Arkéa on 2 July 2021.

Crédit Mutuel Arkéa considers that the risk related to maintaining Crédit Mutuel's affiliation under the current operating conditions of Crédit Mutuel group exceeds the risk related to disaffiliation, presented below.

4.1.4. Risks relating to Crédit Mutuel Arkéa's affiliation to the Crédit Mutuel group

The directors of the local banks and federations of Brittany and South-West and Massif Central were invited to vote during the first half of 2018 in an orientation vote. At the end of the consultation process initiated by the local banks of Crédit Mutuel Arkéa and the meetings of the federations' Boards of Directors, Crédit Mutuel Arkéa officially announced the results of the votes cast by the 307 local banks. 94.5% of these local banks voted in favour of Crédit Mutuel Arkéa's plan to become an independent local cooperative group, independent from the rest of Crédit Mutuel. This vote confirms Crédit Mutuel Arkéa's intention to withdraw from the Crédit Mutuel group and makes it possible to initiate the project to define the terms and conditions of its disaffiliation in the context of the General Decision (DCG) no. 1-2019, relating to the disaffiliation of the Crédit Mutuel branches at their request.

This project aims to preserve the fundamental characteristics of the cooperative model and Crédit Mutuel Arkéa's Raison d'être. It also promotes development and will enable Crédit Mutuel Arkéa to continue to serve its members, customers and partners.

Operational implementation of disaffiliation

The Board of Directors of Crédit Mutuel Arkéa, on 29 June 2018, approved the target organisational structure of the future independent. Work to define the detailed technical details of the project has been underway in contact with the supervisory authorities.

Disaffiliation operations will then be initiated in conjunction with the CNCM, within the limits of the powers granted to it by law.

On 18 February 2019, the Board of Directors of CNCM recognised the possibility of withdrawing from the Crédit Mutuel group by adopting DCG no. 1-2019, relating to the disaffiliation of Crédit Mutuel branches at their request. In this context, Crédit Mutuel Arkéa intends to exit the Crédit Mutuel group.

In accordance with the DCG, the main stages of disaffiliation are as follows:

- the Boards of Directors of the local banks of Crédit Mutuel Arkéa wishing to disaffiliate from the Crédit Mutuel group will have to adopt a notification of the proposed disaffiliation. The Boards of Directors of the local banks will be consulted following the conclusion of discussions currently underway with the ECB and ACPR on the basis of a consultation file;
- each Federation must then notify CNCM of the proposed disaffiliation of each local bank;
- once authorised by the Board of Directors of CNCM within two months of receiving the proposal to disaffiliate, each Federation may organise a consultation of the members of each local bank meeting in an Extraordinary General Meeting. The proposed disaffiliation must be adopted by a two-thirds majority of the members present or represented;
- if the members approve the proposed disaffiliation project, the CNCM Board of Directors shall rule on the request for disaffiliation within two months of receiving the complete file sent by the federations. A memorandum of understanding between the outgoing local bank and the CNCM setting out the commitments of the local bank and the practical arrangements for their disaffiliation must be concluded.

On 9 October 2020, at the Meeting of the Board of Directors, the Executive Management gave a progress report on the project of independence of the cooperative and territorial banking group. Discussions with the supervisory authorities, which had been underway for several months on the terms and conditions of the separation, were temporarily suspended due to the health crisis. This work has been suspended ever since.

The independence of Crédit Mutuel Arkéa, through its disaffiliation from the central institution, is the preferred scenario by the group and is also the only mandate given to the corporate officers

by the Crédit Mutuel Arkéa Board of Directors on 17 January 2018, and renewed on 2 July 2021. Following the appointment of Julien Carmona as Chairman of Crédit Mutuel Arkéa, the latter reaffirmed its desire for independence in order to preserve its complete autonomy in relation to the Crédit Mutuel group.

The mandate given to executives to take any action enabling Crédit Mutuel Arkéa to become a cooperative banking group independent from the rest of Crédit Mutuel was renewed by the Board of Directors on 2 July 2021. Actions will soon be taken to determine, as far as possible, a reasonable implementation schedule, in the context of the health crisis generating calendar uncertainties. This scenario, despite the risks and uncertainties it presents [reference to risk factors], makes it possible to guarantee compliance with the Crédit Mutuel Arkéa group's model over the long term. Discussions with the supervisory authorities on the terms of this separation have been suspended since the health crisis.

On 10 May 2022, at the General Meeting of Crédit Mutuel Arkéa, Julien Carmona, its Chairman, shared an update on relations with the CNCM and on the plans to defend the group's independence and thus preserve its regional cooperative banking model with the Chairpersons of the local banks.

Julien Carmona took the opportunity to say that among the possible scenarios for Crédit Mutuel Arkéa was that of a real, comprehensive and solidly guaranteed strategic independence while remaining part of the Crédit Mutuel group.

To date, both Crédit Mutuel Arkéa and CNCM have started to examine proposals for a potential framework for a guaranteed strategic independence, and have reached agreement on certain points, even if some major issues still need to be addressed.

Two series of proposals not discussed with Crédit Mutuel Arkéa, and not acceptable as they were, were also presented to CNCM's Board of Directors on 7 July 2022. These two series of proposals build on the remarks made by the Chairman of CNCM at the General Meeting of CNCM held on 1 June 2022, and concern governance (right of veto, position of Deputy Vice-Chairman and probationary period).

In this context, Crédit Mutuel Arkéa reiterated its desire to engage in serious and structured discussions with CNCM, with a view to rebuilding a Crédit Mutuel, respectful of pluralism and subsidiarity, while fully recognising CNCM's prudential role. In this respect, the Boards of Directors of Crédit Mutuel Arkéa and the Fédérations du Crédit Mutuel du Sud-Ouest and Crédit Mutuel de Bretagne, which met on 25, 26 and 29 August 2022 respectively, formulated proposals which will be sent to CNCM, enabling the creation of a new, decentralised and plural Crédit Mutuel.

The Crédit Mutuel Arkéa's target scheme

Under the proposed target scheme, the Crédit Mutuel Arkéa will be formed around Arkéa (currently Crédit Mutuel Arkéa), a cooperative public limited company and a union of cooperatives, which will remain individually authorised as a cooperative bank.

Crédit Mutuel Arkéa will in particular be governed by Law 47-1775 of 10 September 1947 on the status of cooperation (the "1947 Law") and Article L.512-1 of the CMF.

The local banks would take the form of local cooperatives (LCs) and would no longer be credit institutions. The local banks will retain their status as cooperative companies with variable capital, and will continue to constitute among themselves the union of Arkéa cooperatives, pursuant to the Law of 1947. The purpose of the new LCs will be refocused on their primary purpose: to develop membership and facilitate access to banking, financial and insurance services. They will thus be responsible for supporting and promoting membership as part of their regional outreach.

To do this, all of the regulated financial activities of the local banks will be transferred to Arkéa, which will accordingly open local branches within the LCs. In addition, under this new

organisation, all banking operations and investment services will then be carried out by Arkéa's local branch, open in the same premises as those of the LC.

Each LC will also be able to advise its local Arkéa branch to provide banking, financial and insurance services tailored to its members.

In accordance with the Law of 1947, each member will continue to participate in the business life of the LC according to the principle of "one person, one vote" and stand as a candidate for the election of the members of the Board of Directors of his or her LC. The LCs will continue to hold the A shares issued by Arkéa. In other words, Arkéa's governance will be based on the involvement and participation of each LC playing its role as shareholder.

In addition, a cooperation pact between all LCs and Arkéa will be concluded for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to promote the fulfilment of the LCs' primary mission, namely to foster access to banking, financial and insurance services for all.

Regional federations will guarantee the good functioning and governance of the LCs.

A share issue plan is currently being discussed with the ACPR and the ECB. In this respect, it should be noted that work in progress favours a scheme whereby Arkéa shares would be issued by Arkéa itself. In any event, the envisaged scheme will be submitted to the authorities beforehand.

Risks relating to the complexity of the context and risks related to the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group

Crédit Mutuel Arkéa considers that the factors described below could affect the implementation of Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group. They are linked to events that may or may not occur. The probability of their occurrence and the extent to which they would occur are assessed by Crédit Mutuel Arkéa for each risk factor.

Crédit Mutuel Arkéa's plan to disaffiliate the group is unprecedented and complex to implement. Investors' attention is drawn to the complexity of the situation related to Crédit Mutuel Arkéa's plan to disaffiliate from the Crédit Mutuel group and the uncertainties and risks involved. This complexity relates in particular, but not exclusively, to the accounting and prudential consolidation mechanisms that will have to be implemented to determine the scope of supervision of Crédit Mutuel Arkéa by the supervisory authorities once it is no longer part of the Crédit Mutuel.

Because of its novel and complex nature, the disaffiliation project requires, for its implementation, conditions to be met, particularly in relation to the various stages described in the paragraph on the operational implementation of disaffiliation.

Prior to any investment decision, potential investors should conduct an in-depth analysis of the planned disaffiliation, Crédit Mutuel Arkéa's target organisational structure as described above and the related uncertainties and risks, as described below. In particular, investors should carefully review all the information included in this document and, in making their investment decision, should carefully consider the risk factors related to the change in the organisation of the main players in the shares and the risks related to Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group listed in this document.

The implementation of Crédit Mutuel Arkéa's disaffiliation will not change its nature as a cooperative and territorial group. However, its disaffiliation from the Crédit Mutuel group has consequences that may be difficult for investors to grasp but which must be understood and analysed before taking any investment decision. Due to its unprecedented nature, Crédit Mutuel Arkéa cannot guarantee that the project will be carried through to completion, that it will not be subject to major changes compared with what was initially planned or that new difficulties will not arise during its implementation.

Risks related to the local banks

Uncertainties about the shares issued by the local banks before Crédit Mutuel Arkéa's disaffiliation from Crédit Mutuel

Crédit Mutuel Arkéa's analysis of the implementation of Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group has confirmed that, under the planned target scheme, the A, B and C shares issued by the local banks to date will not be affected.

Indeed, the cases of early redemption based on a legal basis applicable to A, B and C shares result from (i) the Law of 1947 and (ii) EU Regulation no. 575/2013 of 26 June 2013, as amended, taking into account the equity quality of the shares. These texts do not include any case of early redemption relating to the loss of the banking authorisation of the local banks or any change of purpose as long as the cooperative status remains.

Similarly, the contractual terms and conditions of the A, B and C shares do not include any case of early redemption relating to the loss of the local banks' approval.

The risk is therefore low, within the planned target scheme, that the shares issued by the local banks prior to Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group will be affected.

Uncertainty about the implementation of a new share issue scheme following the disaffiliation of Crédit Mutuel Arkéa from Crédit Mutuel group

The disaffiliation of the local banks from Crédit Mutuel will entail the loss of the benefit of the collective banking licence granted under the terms of Article R.511-3 of the CMF, which will have an impact on their ability to issue, in the future, B shares through a public offer.

These B shares are currently a key source of financing for Crédit Mutuel Arkéa. A share issue plan is currently being discussed with the ACPR and the ECB. In this respect, it should be noted that work in progress favours a scheme whereby Arkéa shares would be issued by Arkéa itself. In any event, the envisaged scheme will be submitted to the authorities beforehand.

It is therefore possible that Crédit Mutuel Arkéa may not obtain the agreement of the authorities, which could prevent the disaffiliation project from being carried out according to the planned target scheme.

Risks linked to the fate of the local banks that voted against the disaffiliation project

Under DCG, the operational implementation of the disaffiliation of Crédit Mutuel Arkéa remains subject to the approval and vote of the Boards of Directors of the local banks, as the disaffiliation of Crédit Mutuel Arkéa (Caisse Interfédérale du Crédit Mutuel Arkéa) does not automatically result in the disaffiliation of the local banks that are shareholders.

Local banks that vote against the disaffiliation from the Crédit Mutuel group, or do not wish to take part in the vote, may not be part of this new organisation.

Even if 94.5% of the local banks that voted in 2018 did so in favour of independence, these results in no way prejudice the results of the future vote of the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel group.

Each local bank will be called upon to give its opinion on the implementation phase of Crédit Mutuel Arkéa's disaffiliation, to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a disaffiliation request by the Federation concerned, in accordance with the DCG.

Local banks that choose to vote against disaffiliation may join another federal or inter-federal mutual in order to benefit from a new collective approval. This new affiliation will not constitute a

case of early redemption of the A, B and C shares held by the members. These local banks will be reimbursed for the A shares they hold in Crédit Mutuel Arkéa's share capital.

It is possible that some local banks may ultimately choose to vote against the disaffiliation from the Crédit Mutuel group. However, the financial consequences for Crédit Mutuel Arkéa will depend on the number and characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against disaffiliation. On the basis of the orientation vote in April 2018, the impact of this exit on Crédit Mutuel Arkéa would be small.

Risks related to the final vote of the members

The local banks that vote to disaffiliate from the Crédit Mutuel group will have to call an Extraordinary General Meeting to adopt the disaffiliation plan in accordance with the General Decision (DCG) and approve the related amendment to their Articles of Association.

The vote of the members, which, in accordance with Article 2.3 of the DCG, may not take place less than two months after the CNCM's authorisation to convene the Extraordinary General Meeting of the local banks in question, shall relate to the express approval of the proposed disaffiliation, the terms and conditions of disaffiliation set out in the notification file previously approved by the Boards of Directors of these local banks and the consequences, in particular the financial consequences, for said local banks and their members, in accordance with Appendix 2 of the DCG.

In accordance with Appendix 2 of the DCG, a presentation document summarising the main points of the notification file and the amendments to the Articles of Association will be notified to the members at least fifteen (15) days before each Extraordinary General Meeting is held. Members will thus be able to make their decision on the basis of clear, precise and exhaustive information on the proposed disaffiliation and its consequences for their local bank, its members, customers, creditors, employees and the Crédit Mutuel group, in accordance with the DCG.

The Extraordinary General Meeting of each concerned local bank must decide in favour of the request for disaffiliation by a two-thirds majority of the members present or represented, in accordance with Article 2.4 of the DCG.

In the event of disapproval by an Extraordinary General Meeting, the Federation in question may not transmit a new request for disaffiliation from the concerned local bank before a period of three (3) years has lapsed, in accordance with Article 2.3 of the DCG.

The results of the orientation vote on Crédit Mutuel Arkéa's planned independence in no way prejudice the results of the future vote of the local banks on the operational implementation of this disaffiliation from Crédit Mutuel.

It is possible that the Extraordinary General Meetings of some local banks may not adopt the proposed disaffiliation plan and may not approve the amendment to their Articles of Association relating thereto. However, the financial consequences for Crédit Mutuel Arkéa will depend on the number and characteristics (shares, reserves, loans, deposits) of the local banks that choose to vote against the proposed disaffiliation and the amendment to their Articles of Association. On the basis of the orientation vote in April 2018, the impact of this exit on Crédit Mutuel Arkéa would be small.

Risks related to Crédit Mutuel Arkéa

Following the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel, of which CNCM is the central body, Arkéa (currently Crédit Mutuel Arkéa) will continue to be authorised as a cooperative bank and supervised directly by the ACPR and the ECB.

Risks related to the agreement of the supervisory authorities

Pursuant to Article 1 of the DCG no. 1-2019, the CNCM, as the central institution, must immediately notify the ACPR of the decision to disaffiliate the Crédit Mutuel Arkéa banks.

The ACPR and the ECB will have to review the banking licence of Crédit Mutuel Arkéa and the local banks attached to it.

At this stage, in-depth and documented work is underway with these authorities in order to obtain their agreement. No assurance can be given as to whether their agreement will be obtained or as to the timeframe and modalities for obtaining their agreement. Any change in Crédit Mutuel Arkéa's corporate name will require the prior approval of these authorities.

Discussions with the supervisory authorities on the terms of separation were temporarily suspended due to the health crisis. This work has been suspended ever since. Actions will soon be taken by Crédit Mutuel Arkéa in order to determine, as far as possible, a reasonable execution schedule, in the context of the health crisis generating calendar uncertainties.

Ultimately, it is therefore possible that Crédit Mutuel Arkéa will not obtain the agreement of the ACPR and the ECB, which could prevent the disaffiliation project from being carried out according to the planned target scheme.

Risks related to prudential calculations

In addition, the disaffiliation of Crédit Mutuel Arkéa from Crédit Mutuel group could lead to a change in the internal model for calculating weighted risks, potentially leading to an increase in capital requirements, or even, for certain portfolios, a return to a standardised method.

At 30 June 2022, the credit risk was evaluated at €129,683 million of net risk exposure, of which:

- €84,781 million of risk exposures assessed using an internal ratings approach; and
- €44,902 million of risk exposures already assessed using a standardised approach.

As a result, the disaffiliation from the Crédit Mutuel group could lead to a review of the weighted risk assessment method for the portion of credit risk exposures currently assessed using an internal ratings approach (€84,781 million), without calling into question the financial strength of Crédit Mutuel Arkéa.

Risks related to the practical procedures for disaffiliation set by DCG

DCG stipulates that the notification file must mention "the commitments proposed by the fund to compensate all past and future costs incurred by Crédit Mutuel group entities as a result of the planned disaffiliation". In addition, the application for disaffiliation, which will be sent to CNCM by the Federations after the vote of the members of the local banks concerned who are affiliated to them, must include the draft memorandum of understanding setting out the commitments of these local banks and the practical procedures for disaffiliation.

Within this framework, the local banks will make a financial proposal to the CNCM Board of Directors on the basis of objective and legally founded elements.

Lastly, the DCG stipulates that the Board of Directors of CNCM must determine the final terms and conditions of the disaffiliation, "taking into account, in particular, the effective date of disaffiliation of the relevant fund, the amount of compensation to be paid to Caisse Centrale de Crédit Mutuel and the memorandum of understanding setting out the commitments of the fund and the practical terms and conditions of disaffiliation". DCG does not specify how this compensation is to be calculated or its amount, which could ultimately be significant and which Crédit Mutuel Arkéa could then contest.

Furthermore, in accordance with Article 2.4 of the DCG, in the event of a change in legal or factual circumstances between the authorisation given to the Federations to organise the members' vote and the vote of approval of each Extraordinary General Meeting, or after the latter vote, the Board of Directors of CNCM may ask the local banks and Federations concerned for any additional information that may be useful in order to "assess at short notice whether the

essential conditions for disaffiliation are still met and the consequences of such a change for the Crédit Mutuel group in the event of disaffiliation” and “decide whether to grant the request for disaffiliation”.

It is therefore possible that Crédit Mutuel Arkéa may not agree with CNCM on the practical terms and conditions for disaffiliation set by DCG, which could prevent the disaffiliation project from being carried out.

Risks related to the commercial stakes of disaffiliation

Crédit Mutuel Arkéa’s disaffiliation from the Crédit Mutuel group has a number of consequences, including the commercial stakes involved in Crédit Mutuel Arkéa’s adoption of a name and trademarks that do not use the term “Crédit Mutuel”.

In addition, the possibility of opening a large number of local banks in Brittany and South-West federations could increase competition with Crédit Mutuel Arkéa in these two regions.

In any case, competition in the French banking sector is strong. Crédit Mutuel Arkéa considers that the intensification of competition in the context of its disaffiliation project will not affect its development capacities.

The preparatory work leading to the adoption of a new brand is nearing completion in order to initiate a new commercial and industrial dynamic.

In addition, on 2 February 2021, CNCM adopted a new general decision on strengthening the cohesion of the Crédit Mutuel group, which:

- regulates the names of Crédit Mutuel entities by requiring affiliates to state that they belong to Crédit Mutuel and to use the words “Crédit Mutuel” in all their activities. In this context, Crédit Mutuel Arkéa must use the name “Crédit Mutuel Arkéa”;
- regulates the names (or, as appropriate, the related documentation) of certain banking or financial services and products distributed by members by subjecting them to an authorisation regime;
- makes certain transactions (creation of subsidiaries and equity investments) subject to prior authorisation.

On 14 January 2021, an Exceptional Meeting of Crédit Mutuel Arkéa’s Board of Directors was held and unanimously requested the immediate withdrawal of this draft general decision relating to the strengthening of the Crédit Mutuel group’s cohesion. It had given a mandate to the Executive Management to take all measures to ensure the protection of Crédit Mutuel Arkéa’s interests.

This DCG entered into force on 2 February 2021. A complaint has been filed with the French Council of State for abuse of power to contest its legality.

It is therefore possible that the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group could have commercial impacts on Crédit Mutuel Arkéa. However, work in progress has shown that the consequences of the occurrence of this risk are low.

Risks related to the governance of Crédit Mutuel Arkéa

The CNCM amended its Articles of Association by an Extraordinary General Meeting on 16 May 2018 (the “Articles of **Association**”).

A new Article 29 relating to the sanctions that may be pronounced by the CNCM has been incorporated into the Articles of Association. This new Article 29 is accompanied by a disciplinary regulation which would have the same legal force as the Articles of Association.

The regulatory measures referred to in the powers of the Board of Directors refer to the creation of a new Article 33 of the Articles of Association, entitled “Withdrawal of confidence or approval as a regulatory measure”, allowing the directors of the regional groups to be removed from office without any sanction procedure.

It is possible that these provisions of the Articles of Association will be implemented by CNCM, as the potential negative impact on Crédit Mutuel Arkéa can be assessed as significant.

Risks related to potential litigation

Following the implementation of the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group, there is a risk of a legal dispute in connection with the application of the DCG.

In addition, the operational implementation of the disaffiliation of Crédit Mutuel Arkéa could give rise to various claims or disputes against Crédit Mutuel Arkéa by members, customers or counterparties of the Crédit Mutuel group.

Any potential litigation or recourse could have a potentially significant negative impact on Crédit Mutuel Arkéa.

Risks related to the loss of inter-federal solidarity

Crédit Mutuel Arkéa will no longer benefit, from the effective date of disaffiliation, from the national inter-federal solidarity mechanism if Crédit Mutuel Arkéa’s independence from Crédit Mutuel is implemented.

However, it is specified that Crédit Mutuel Arkéa has its own solidarity mechanism that would intervene in the first instance.

A cooperation pact between all LCs and Arkéa will be signed for a period of 99 years with a view to implementing solidarity, mutual aid and support mechanisms to promote the fulfilment of the LCs’ primary mission, i.e. to promote access to banking, financial and insurance services for all. For more information on the solidarity mechanism, investors may refer to section 1.4 on solidarity relationships in this Amendment to the Universal Registration Document.

Crédit Mutuel Arkéa’s exit from the national inter-federal solidarity mechanism could lead to the lowering of certain Crédit Mutuel Arkéa’s financial ratings. However, it should be noted that Fitch Ratings already assigns a rating to Crédit Mutuel Arkéa independently of Crédit Mutuel without taking into account this national inter-federal solidarity mechanism.

At this stage, there is no certainty as to how this situation may develop and/or the timing of its outcome, or the impact it may have on the B Shares.

4.2. Interest-rate risk

Any significant change in interest rates could have a negative impact on Crédit Mutuel Arkéa’s revenues or profitability

As the value of an institution is directly linked to its results, changes in interest rates also translate into a change in its portfolio value with an impact on the balance sheet and off-balance sheet items. The sensitivity of the net present value (NPV) of Crédit Mutuel Arkéa’s balance sheet, determined according to the six regulatory scenarios, is below the threshold of 15% of Common Equity *Tier 1* capital. For information purposes, over the one- and two-year periods, the sensitivity of income from inventory at 31 December 2021 to a change in market rates is:

- for a shock of +100 basis points: –€18 million in the first year^{and} –€15 million in the second^{year} or -1% in the first year^{and} -0.9% in the second year^{of} the group’s net banking income.

- for a shock of -100 basis points: +€21 million in the first ^{year} and +€18 million in the second ^{year} or +1.2% in the first year ^{and} +1% in the second year ^{of} the group's net banking income.

A prolonged low interest rate environment carries risks that could affect Crédit Mutuel Arkéa's revenues or profitability.

Approximately one third of the revenues generated by Crédit Mutuel Arkéa consists of a net interest margin, equal to the difference between the income generated by receivables granted to customers (recorded as an asset on the balance sheet) and the cost of refinancing (recorded as a liability). Interest rates change according to many factors over which Crédit Mutuel Arkéa has no influence, such as the level of inflation, the level of regulated rates and the monetary policies of central banks. During periods of low interest rates, interest rate spreads tend to tighten; Crédit Mutuel Arkéa may not be able to lower the interest rates on its deposits sufficiently to offset the drop in revenues from loans granted at lower rates. A negative interest rate environment involving the invoicing of liquidities deposited by banks with central banks, while bank deposits are usually not invoiced by banks to their customers, is a factor that tends to reduce banks' margins.

Similarly, a sharp rise in short- and medium-/long-term market rates (linked in particular to an increase in inflation) could have a significant adverse effect on net banking income and affect the short-term profitability of Crédit Mutuel Arkéa.

The euro zone has been facing a rapid and sharp rise in interest rates for several months, mainly due to the upcoming tightening of the ECB's monetary policy as a result of the sharp rise in inflation. Thus, like all the other banking institutions in the market, Crédit Mutuel Arkéa is faced with the problem of passing on the increase in market rates on the interest rate of the new production of fixed-rate loans granted to individuals (in particular due to usury ceilings that increase more slowly than market rates), as well as to companies, while at the same time the cost of customer deposits is increasing rapidly (in particular that of regulated savings accounts partly indexed to the inflation rate). In addition, certain sight deposits with no interest or little interest (such as current accounts) could be redirected to more costly deposits (for example on term accounts or passbook accounts), or some customers could terminate certain low fixed-rate term deposits to make new ones at higher fixed rates (particularly for corporate customers and large accounts). Therefore, the rapid rise in interest rates could have an unfavourable impact on revenues and the bank's short-term profitability. Nevertheless, in the medium and long term, the increase in the spread between short-term and long-term rates would make it possible to improve the bank's financial margin insofar as the transformation into liquidity and the increase in the rate of loans would help to crystallise higher future revenues on the assets over a time horizon of several years.

5. Statutory Auditors' report on the interim financial information for 2022

Period from 1 January to 30 June 2022

CREDIT MUTUEL ARKÉA
1 rue Louis Lichou 29480 Le Relecq Kerhuon

To the members,

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 condensed half-yearly consolidated financial statements of Crédit Mutuel Arkéa, for the period from 1 January to 30 June 2022;
- verified the information given in the interim management report.

These condensed half-yearly 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 condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the IFRS standard as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the interim management report commenting on the condensed half-yearly consolidated financial statements subject to our 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, 26 August 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

Pierre Clavié
Associate

Anne-Elisabeth Pannier
Associate

Jean-Marc Mickeler
Associate

6. General information

Date of the last interim financial information

The latest interim financial information is dated 30 June 2022. It was approved by the Board of Directors on 25 August 2022. No quarterly financial information has been published since the date of the last interim financial statements.

Publicly available documents

This document will be available for inspection at the head office of the Company during normal business hours. A copy of this Amendment to the Universal Registration Document will be sent free of charge to any person who requests it. This document is also available on the company's website (www.cm-arkea.com). The information on the website does not form part of this Document unless such information is incorporated by reference.

This document complements and incorporates the Universal Registration Document filed with the French Financial Markets Authority (AMF) on 14 April 2022 under number D.22-0296 and constitutes the Universal Registration Document introduced by EU Regulation 2017/1129.

This document incorporates by reference the 2021 Universal Registration Document filed with the AMF on 19 April 2021 under number D.21-0324. This document incorporates by reference the 2019 Universal Registration Document filed with the AMF on 14 April 2020 under number D.20-0288.

Legal Entity Identification

CREDIT MUTUEL ARKÉA

1, RUE LOUIS LICHOU

29480 LE RELECQ-KERHUON FRANCE

96950041VJ1QP0B69503

7. Statutory Auditors

Statutory Auditors:

PricewaterhouseCoopers Audit – 63 rue de Villiers, 92208 Neuilly-sur-Seine cedex

Start of first term: 2021 – End of current term: 31 December 2026

The appointment of PricewaterhouseCoopers Audit was decided, after a tender process, at the General Meeting held on 11 May 2021 for a term of six financial years.

Deloitte & Associés – 6 Place de la Pyramide 92908 Paris-La Défense

Start of first term: 2007 – End of current term: 31 December 2026

The renewal of the term of Deloitte & Associés was decided on 11 May 2021 for a period of six financial years.

8. Declaration of the person responsible

Person responsible for the information contained in this document

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa

Declaration of the person responsible

I certify that the information contained in this Amendment to the 2021 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 30 to 38 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

Le Relecq Kerhuon, 26 August 2022

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa

9. Cross-reference tables and alternative performance indicators

9.1. Amendment to the Universal Registration Document cross-reference table

This cross-reference table uses the headings set out in Appendix 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 14 April 2022 under number D.22-0296 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 2021 URD	Pages in the 2021 URD	Sections in the URD 2021 Amendment	Pages in the URD 2021 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	6		8	136
1.2	Declaration of the person responsible	6	338	8	136
1.3	Statement or report attributed to a person acting as an expert	6	338		
1.4	Certification on information from third parties	6	337		
1.5	Declaration by the issuer	6	337		
2	Statutory Auditors		1	7	135
2.1	Names and addresses of the Statutory Auditors	6		7	135
2.2	Resignation, dismissal or non-renewal of Statutory Auditors	6	339	7	135
3.	RISK FACTORS	NA			
3.1	Risk Factors	4		4	120

4.	INFORMATION ABOUT THE ISSUER	4.1	218	6	134
4.1	Corporate and business name of the issuer	6		6	134
4.2	Place and registration number and Legal Entity Identifier (LEI) of the issuer	6	336	6	134
4.3	Date of incorporation and lifetime of the issuer	6	337		
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	6	336		
5.	OVERVIEW OF ACTIVITIES	6	336		
5.1	Main activities			1.1; 3.1	6 ; 30
5.2	Main markets	1.5; 1.6; 3.2; 3.5	18; 27 83; 178		
5.3	Important events in the development of activities	6	336	1.3	10
5.4	Strategy and objectives	1.7	29		
5.5	Degree of dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	1.6	27	NA	
5.6	Elements on which any statement by the issuer regarding its competitive position is based	NA		1.1	6
5.7	Investments	1.5	18	1.3	10
6.	ORGANISATIONAL SET-UP	1.4; 1.7	14; 29		
6.1	Description			1.1	6
6.2	List of significant subsidiaries	1.2	6	1.1; 3.2	7 ; 117
7.	REVIEW OF FINANCIAL POSITION AND RESULTS				
7.1	Financial position	3.2; 3.5; 3.6	83; 92; 188	3	30
7.1.1	Development and results of the issuer's activities and its situation, in relation to the volume	3.1; 3.2	80; 83	3.1	30

	and complexity of its activities				
7.1.2	Probable future development of the issuer's research and development activities	NA		NA	
7.2	Operating results	3.2; 3.5; 3.6	83; 94; 191	3	35
8.	CASH AND CAPITAL RESOURCES				
8.1	Information on the issuer's capital			3.2	39
8.2	Source and amount of issuer's cash flows	3.5	96-97	3.2	42
8.3	Information on the issuer's financing requirements and funding structure	3.5	98	3.1	30
8.4	Information concerning any restrictions on the use of capital that have materially affected or may materially affect the issuer's business	3.3; 3.5; 4.5	85; 144; 254	NA	
8.5	Information on the expected sources of funding that will be needed to meet the commitments referred to in points 5.7.	NA		NA	
9.	REGULATORY ENVIRONMENT	NA			
10.	TREND INFORMATION	4.1	220		
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			4.1	120
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	3.4; 4.1	88; 218	4.1	120
11.	PROFIT FORECASTS OR ESTIMATES	3.4; 4.1	88; 218		
12.	ADMINISTRATIVE, MANAGEMENT, SUPERVISORY BODIES AND EXECUTIVE MANAGEMENT	6	337		

12.1	Board of Directors and Executive Management			2.1; 2.2	19 ; 22
12.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and the Executive Management	2.2; 2.3; 2.4	38; 56; 58		
13.	COMPENSATION AND BENEFITS	2.6	60		
13.1	Amount of compensation paid and benefits in kind			2.3	23
13.2	Total amounts provided for or recognised for the payment of pensions, retirement or other benefits	2.8; 3.5	68; 180	2.3	23
14.	FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES	2.8; 3.5	68; 180		
14.1	Expiry date of current terms of office				
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	2.2	38		
14.3	Information on the issuer's Audit Committee and Compensation Committee	2.5	59		
14.4	A statement as to whether or not the issuer complies with the corporate governance regime	2.2	52-53		
14.5	Potential significant impacts on corporate governance, including future changes in the composition of administrative and management bodies and committees	2.1	37		
15.	EMPLOYEES	NA			
15.1	Number of employees				
15.2	Shareholdings and stock options of corporate officers	3.5; 5.5; 5.6	162; 308; 322	NA	
	Agreement providing for employee shareholding in the issuer's share capital	NA		NA	

16.	MAJOR SHAREHOLDERS				
16.1	Shareholders holding more than 5% of the share capital or voting rights	5.4	281		
16.2	Existence of different voting rights	2.2	38		
16.3	Control of the issuer	2.2; 5.4	38; 281		
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	NA		NA	
17.	Related party transactions	3.5	179		
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; 3.5; 3.6	8; 92; 188	3.2	39
18.2	Interim and other financial information	6	337		
18.3	Audit of historical annual financial information	7	341	5	132
18.4	Pro forma financial information	NA		NA	
18.5	Dividend distribution policy	NA		NA	
18.6	Legal and arbitration proceedings	4.4; 6	247; 336		
18.7	Significant change in the issuer's financial position	6	337		
19.	ADDITIONAL DETAILS				
19.1	Share capital	3.5; 3.6	145; 209		
19.2	Memorandum and Articles of Association	2; 6	37; 336		
20.	MAJOR CONTRACTS	6	337		
21.	AVAILABLE DOCUMENTS	6	337		

9.2. Cross-reference table of the 2021 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 14 April 2022 under number D.22-0296, 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 2021 Annual Financial Report	Sections of the 2021 URD	Pages of the 2021 URD	Sections of the 2021 URD Amendment	Pages of the 2021 URD Amendment
Aggregate financial statements	3.6	189		
Consolidated Financial Statements	3.5	92	3.2	39
Management report (see cross-reference table for the Management report)		356		
Statement of the responsible person	6	338	8	136
Statutory Auditors' reports	7	341	5	132

Cross-reference table for the 2021 Management report	Sections of the 2021 URD	Pages of the 2021 URD	Sections of the 2021 URD Amendment	Pages of the 2021 URD Amendment
1. BUSINESS OVERVIEW	1; 3; 5			
1.1 Financial and non-financial key performance indicators	1.2; 5.6	8; 320		
1.2 Main activities of Crédit Mutuel Arkéa	1.5; 1.6; 3.2; 3.5	18; 27 83; 178	1.1; 3.1	6 ; 30
1.3 Information on the group's locations and activities	6	336		
1.4 Important events occurring between the closing date of the financial year and the date of preparation of the management report	3.5; 3.6	187; 216		
2. RISK FACTORS	4.1	218	4	120
2.1 Description of the main risks and uncertainties facing the group	4.1	218	4	120
2.2 Main characteristics of the internal control and risk management procedures implemented	2.7; 4.3-4.7	62; 236-262		
3. INFORMATION ON TRENDS				
3.1 Statement on Crédit Mutuel Arkéa's outlook since the date of its last-published audited financial statements	3.4	89		
3.2 Trends or events likely to affect Crédit Mutuel Arkéa's outlook for the current financial year	3.4; 4.1	89; 218	4.1	120
4. PROFIT FORECASTS OR ESTIMATES	6	337		
5. CORPORATE GOVERNANCE REPORT	2	35	2	19
5.1 Compensation and benefits of any kind paid to each corporate officer	2.8	68	2.3	23
5.2 Duties and functions exercised by each of these corporate officers	2.2; 2.3	38; 56	2.1; 2.2	19 ; 22
6. CORPORATE SOCIAL RESPONSIBILITY	5	263		
7. TABLE OF RESULTS FOR THE LAST FIVE FINANCIAL YEARS	1.2	3.6		
8. INFORMATION ON PAYMENT DEADLINES FOR SUPPLIERS AND CUSTOMERS	3.6	192		
9. GENERAL INFORMATION CONCERNING CREDIT MUTUEL ARKEA	6	336	6	134

9.3. 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	Measures the rate of return of total

	consolidated basis at the end of the financial year	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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