

Crédit Mutuel



Crédit Mutuel **ARKEA**

Universal
registration
document 2021

This Universal Registration Document in PDF format serving as the annual financial report is a reproduction of the official version of the Universal Registration Document prepared in ESEF (European Single Electronic Format) and available on the website of the Autorité des marchés financiers as well as on the company's website.

Including the Annual Financial Report

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More information on

cm-arkea.com

Crédit Mutuel
ARKÉA

Crédit Mutuel

2021 Universal Registration Document

Including the Annual Financial Report

Fully committed to executing its medium-term plan Transitions 2024 and in the process of becoming a company with a mission, Crédit Mutuel Arkéa intends to improve its overall performance, combining financial results and non-financial performance.

11,190
employees

€2.5 Bn
revenues*

€574 M
Net profit
attributable to equity
holders of the parent



This Universal Registration Document was filed on 14 April 2022 with the AMF, 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 purpose of a public offer of securities or the admission of 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 whole is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

This is a free translation into English of the Universal Registration Document and it is provided for the convenience of English speakers users. Only the French version of the Universal Registration Document has been submitted to the AMF. It is therefore the only version that is binding in law. This Universal Registration Document also constitutes the annual management report to the Board of Directors of Crédit Mutuel Arkéa to be presented to the General Meeting of members approving the financial statements for the financial year ending 31 December 2021.

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

Crédit Mutuel

1.

Presentation of Crédit Mutuel Arkéa

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Our *Raison d'être* (Purpose) is fuelled by the group's history, identity and values of respect, openness and audacity. It is the reflection and expression of what constitutes its cooperative and collaborative DNA: close relationships, local roots, responsibility in action, a long-term culture, innovation in the service of the customers' projects and solidarity with all stakeholders...



OUR RAISON D'ÊTRE

We want to be a player in a world that takes a long-term view and takes into account the major societal and environmental challenges facing our planet for future generations.

We contribute to this by practicing finance at the service of regions and their actors, which is sustainable and helps everyone to achieve their potential.

To this end, we have chosen to be a cooperative and collaborative bank that promotes a balanced sharing of value with its members, customers, employees, partners and regions. A socially responsible, ethical and inclusive company that is attentive to respect for its environment. On a daily basis, we develop, in collaboration with our stakeholders, innovative solutions to support our members and customers in their life projects and meet their aspirations."



OUR COMMITMENTS

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



TRANSITIONS 2024

Launched in January 2021, the medium-term plan *Transitions 2024* is the concrete expression of our *Raison d'être*. With the aim of making Crédit Mutuel Arkéa the **agile financial partner for future transitions**, serving the regions and their stakeholders. The aim is to choose a **responsible growth strategy** and to seek overall performance, in a balanced approach between financial performance and positive impact.



4 STRATEGIC AREAS



Expand our range of positive impact offers and services. Supporting the environmental and social transitions of our stakeholders and enabling them to initiate their own transformation. It also means proposing offers that promote inclusion and facilitate access to housing, education, healthcare, etc.



Support the responsible development of regions. The regions are the essential link for the balanced and successful transformation of society. We will further intensify our contribution, notably through financing levers and partnerships.



Offer an increasingly personalised customer experience and aim for relational excellence.

In this area, the group wishes to innovate in the use of the data at its disposal to better understand its customers and enrich its value proposition.



Develop our partnership model. Strengthening our commitments to the innovative ecosystem and deploying new BtoB and external distribution partnerships.



OUR BUSINESS LINES AND ENTITIES



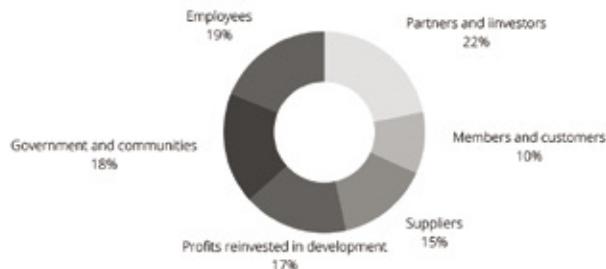
OUR PRODUCTS & SERVICES

- Supporting the life paths of our members and customers
- Directing savings towards responsible investment
 - €26.4 bn in ESG-certified assets
 - €9.6 bn in SRI-certified assets
- Promoting the development of economic players in the regions and supporting them in their transitions
 - €15.9 bn invested in companies at the end of 2021
 - €1.2 bn in assets under management for Arkéa Capital
 - €500 m in outstanding PACT loans

- Coal, oil, gas and agriculture sector policies
- Non-financial performance measurement
- Sustainable real estate trajectory

SHARING THE VALUE CREATED TO SERVE OUR CUSTOMERS AND REGIONAL DEVELOPMENT

REDISTRIBUTION OF GROSS REVENUES* 2021



1.

CUSTOMERS AND MEMBERS

- €280.1 million in interest paid on customer deposits
- €36.5 million paid out in remuneration for the shares
- €10.9 million allocated to solidarity schemes

PARTNERS AND INVESTORS

- €455.4 million in commissions paid to business finders
- Nearly €18 million paid for philanthropic and sponsorship activities

EMPLOYEES

- 1,033 permanent hires and 956 interns and work-study students welcomed in 2021
- €606.9 million paid in compensation

SUPPLIERS

- €622 million in purchases of which 92% from French companies

GOVERNMENT AND COMMUNITIES

- €583.4 million in taxes paid

*Net banking and insurance income (NBI) and gains on disposal or dilution of companies accounted for by the equity method.



OUR RESOURCES



Human capital

- 11,190 employees
- 2,590 directors
- 94.7% of employees trained in 2021 (sustainable finance, climate issues, GDPR, etc.)
- 94/100 gender equality index



Environmental

- 37.7 million kWh of electricity consumption (99% of which was from renewable sources)
- 929 tons of paper consumption



Operational capital

- A cooperative and innovative organisation
- Strong local roots and regional decision-making centres
- Large scale IT projects to support strategy

1.2 Group profile

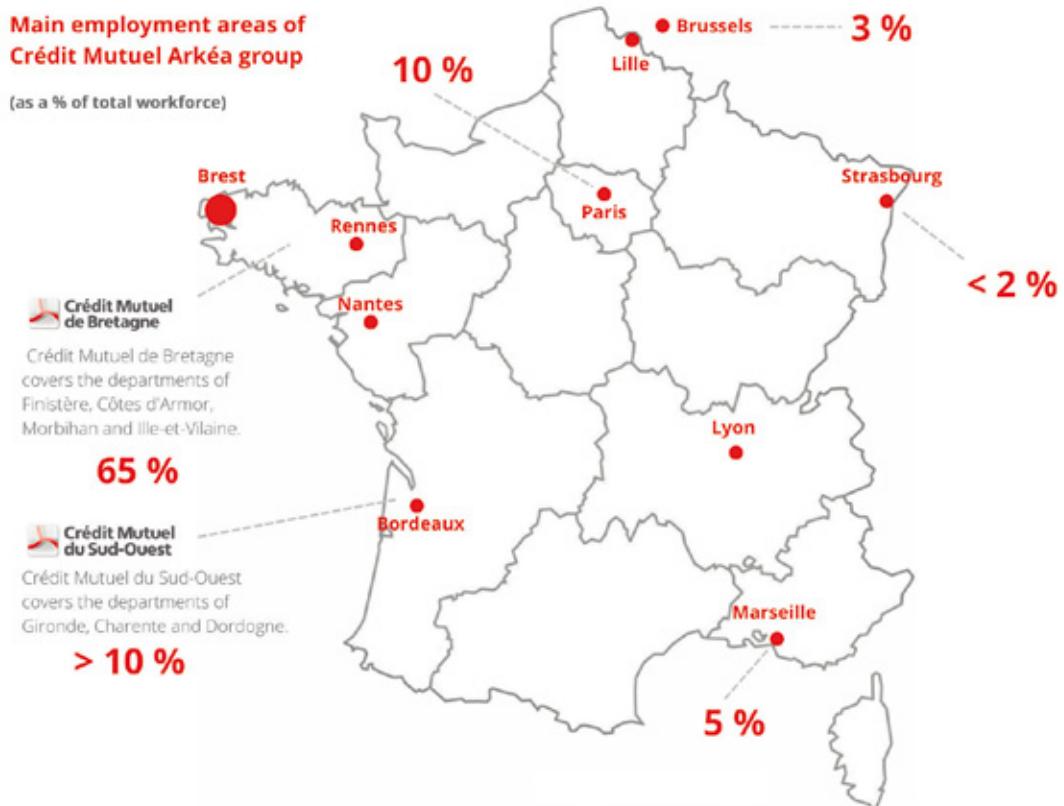
As a cooperative group, Crédit Mutuel Arkéa is made up of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations and their local member banks, as well as around 40 specialised subsidiaries. Crédit Mutuel Arkéa is not listed on the stock market. It belongs to its members, who are both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

Crédit Mutuel Arkéa is a well-balanced and diversified group covering all banking and insurance activities. It combines financial strength, a culture of innovation, a strategy of openness, local presence and sustainable and responsible growth with a long-term outlook. Crédit Mutuel Arkéa wants to be the trusted banking partner of a world committed to far-reaching transitions by putting its global performance at the service of the financing of the real economy, the

regions and their players, as well as the life projects of its five million members and customers.

A benchmark player in all its markets – from retail banking to white label services for major financial and retail accounts – Crédit Mutuel Arkéa aims to develop a cooperative and collaborative banking model that provides the best response to aspirations and lifestyles. Crédit Mutuel Arkéa thus chooses open innovation, sharing and pooling its expertise with that of its ecosystem – businesses, finance and insurance start-ups, local authorities, etc. – to provide the best long-term 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.

As a regional group, Crédit Mutuel Arkéa is committed to maintaining regional decision-making centres and employment areas.



It is by deploying its cooperative and collaborative financial services model from its regional bases that the group is now spreading throughout France and serving customers throughout Europe through its online banks and services as well as its subsidiaries specialising in the business-to-business market.

- a network of 280 reception points in Brittany (including 214 local banks) and 84 sales outlets in the South-West (including 80 local banks);
- 21 regional business centres for Arkéa Banque Entreprises et Institutionnels;
- 7 regional offices for Arkéa Capital;

- 8 regional offices for Arkéa Investment Services for the private banking activity;
- 8 regional branches for Financo;
- a presence in Belgium with Keytrade Bank and ProCapital;
- Leetchi and Mangopay are present in the United Kingdom, Germany, Spain and Luxembourg;
- a Europe-wide activity with Monext, the subsidiary specialising in electronic payments, which provides services in 25 countries.

“

Our diversified model and solid financial structure will enable us to continue our development, serving our members, our customers and the economy of the regions. The group's employees and directors are mobilised to support everyone in the realization of their projects, by providing real added value in terms of expertise and quality of service. We are working to contribute to a successful and sustainable recovery, building on the convictions of our Transitions 2024 strategic plan, unveiled at the beginning of 2021. Aligned with our Raison d'être (Purpose), it expresses our collective ambition to strengthen our positive impact and support all our stakeholders in their environmental and societal transition.”

Julien Carmona, Chairman of Crédit Mutuel Arkéa

Key figures

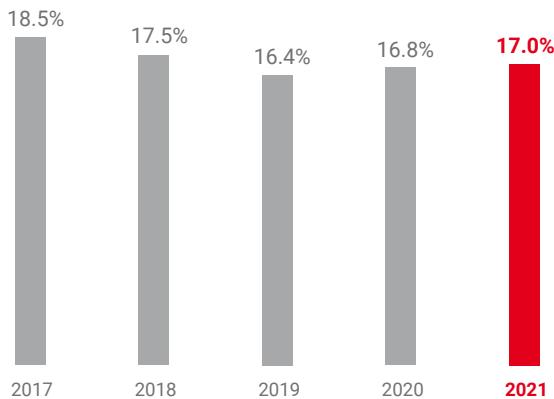
	2017	2018	2019	2020	2021
Customers (in millions)	4.2	4.4	4.7	4.9	5.0
Number of employees	9,891	10,297	10,560	10,846	11,190
Gross loans outstanding (in € billions)	50.7	56.5	62.9	67.7	73.8
Savings outstandings (in € billions)	107.8	111.2	124.9	131.7	155.0

(in € millions)	2017	2018	2019	2020	2021
Revenues*	2,090	2,146	2,303	2,158	2,531
Gross operating income	662	632	724	665	829
Net income group share	428	437	511	356	574
Operating ratio	68.3%	70.5%	68.5%	69.2%	67.3%
Total balance sheet assets	128,385	134,920	157,142	169,376	179,281
Equity attributable to owners of the parent	6,449	6,704	7,348	7,726	8,407

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

Solvency and ratings

Common Equity Tier 1 Ratio



At 31/12/2021

	Moody's	Fitch
Issuer	Aa3	A-
Short Term Rating	P-1	F1
Long Term Rating	Aa3	A
Outlook	stable	Stable

Crédit Mutuel Arkéa's extra-financial rating

ISS-Oekom Premium (2018)

Rated by Fitch Ratings and Moody's Investors Service, Crédit Mutuel Arkéa has high-quality ratings.

1.3 Overall performance

Crédit Mutuel Arkéa has designed a methodology to calculate and monetise non-financial performance. This approach will enable the group to measure and manage its overall performance, combining financial performance and non-financial performance, both expressed in euros. Non-financial performance expresses the positive and negative externalities of Crédit Mutuel Arkéa's actions on its stakeholders and its direct impact on its ecosystem. The methodology for measuring non-financial performance is based on internal and external data, impact indicators, monetisation indices and a general formula.

1.3.1 Crédit Mutuel Arkéa's approach

1.3.1.1 Measure non-financial performance to serve the group's ambitions

1.3.1.1.1 One ambition: manage the group's overall performance

The group's purpose is "to be a player in a world that takes a long-term view and takes into account the major societal and environmental challenges facing our planet for future generations". The Transitions 2024 strategic plan serves this purpose and aims to position the group on a sustainable growth trajectory.

The group's objective is to generate **financial and non-financial value** for its stakeholders (members & customers, suppliers, employees), support them in their transition by contributing to the successful consideration of societal and environmental issues, thus ensuring the sustainability of the activities of all players in the economy.

1.3.1.1.2 Develop a new system to measure non-financial performance

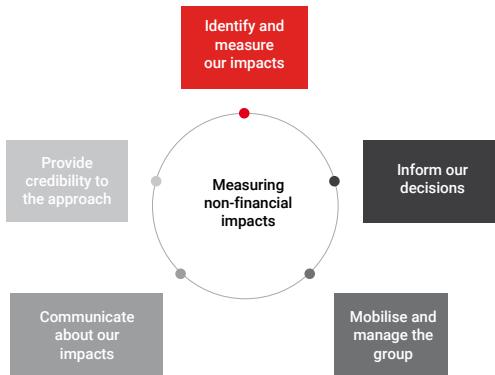
In order to be able to measure and manage non-financial performance, the group has developed a methodology, designed with technical input from an external independent firm, in order to select the relevant non-financial indicators for the group and its stakeholders.

This methodology values the group's ability to **have an impact on its ecosystems** through:

- its investment and financing choices;
- its purchasing policy;
- its HR policy.

The purpose of measuring the non-financial impacts of Crédit Mutuel Arkéa's activities is to assess:

- its commitment in accordance with **its purpose** and its initiatives included in the strategic plan;
- the impact of its decisions, actions and offers on its stakeholders.



1.3.1.2 General principles

To measure Crédit Mutuel Arkéa's overall performance, it is necessary to have a common language with **a common unit of measurement, the euro**, for financial and non-financial value. The financial result reflects the creation of financial value when the measurement of non-financial impacts is intended to express in euros **the positive and negative externalities of Crédit Mutuel Arkéa's actions** on its stakeholders through impact indicators relevant to its activities, and its direct footprint.

An externality characterises the fact that Crédit Mutuel Arkéa has created, through its activity, an external effect by providing its stakeholders, without monetary compensation, a utility or a benefit free of charge, or, on the contrary, a nuisance or a damage without compensation.

These externalities are numerous and may be different depending on the stakeholders.

1.3.2 Methodological approach

1.3.2.1 Areas of impact

The methodology developed by the Crédit Mutuel Arkéa group is based on relevant non-financial indicators in the areas of environmental and socio-economic impact. The choice of impacts to be included was based on a cross-analysis of financial and non-financial materialities to measure the relevant externalities for Crédit Mutuel Arkéa.

1.3.2.2 The issue of data availability

The approach adopted consists of identifying the financial and non-financial data required to calculate the impact. Data collection is adapted according to the availability of information. Thus, today, the methodology follows a "sectorial" top-down approach in order to capitalise as best as possible on the existing one and it will gradually evolve into a "granular" bottom-up approach in order to refine the measurement of impacts.

1. PRESENTATION OF CRÉDIT MUTUEL ARKÉA

Overall performance

	Top-down "sector" Data aggregated by business sector	Bottom-up "customer or product" Granular data by customer or product
Pros	Only possible method for incorporating the historical basis into the non-financial measurement Minimises data collection	Provides a more granular picture
Cons	Need to find relevant proxies to give an accurate picture of current reality	Need to collect additional non-financial data, not currently available in the information systems

1.3.2.3 External databases

In order to ensure the reliability of the calculations and with a desire for transparency, the methodology is based on public reference databases.

More specifically, for the choice of monetisation indices, two main approaches are used:

■ "Calculation of damages" or "value of benefits":

- The benefit of a measure corresponds to the damage that it is likely to avoid by its implementation,

■ "Avoidance cost":

- The costs of a measure correspond to the investments that may have to be implemented to avoid all or part of the damage.

Examples of sources used to value non-financial indicators

ADEME, Assurance Maladie, INSEE, the Ministry for Regional Cohesion and Relations with Local Authorities, the European Commission, Eurostat, the OECD, the European Environment Agency, etc.

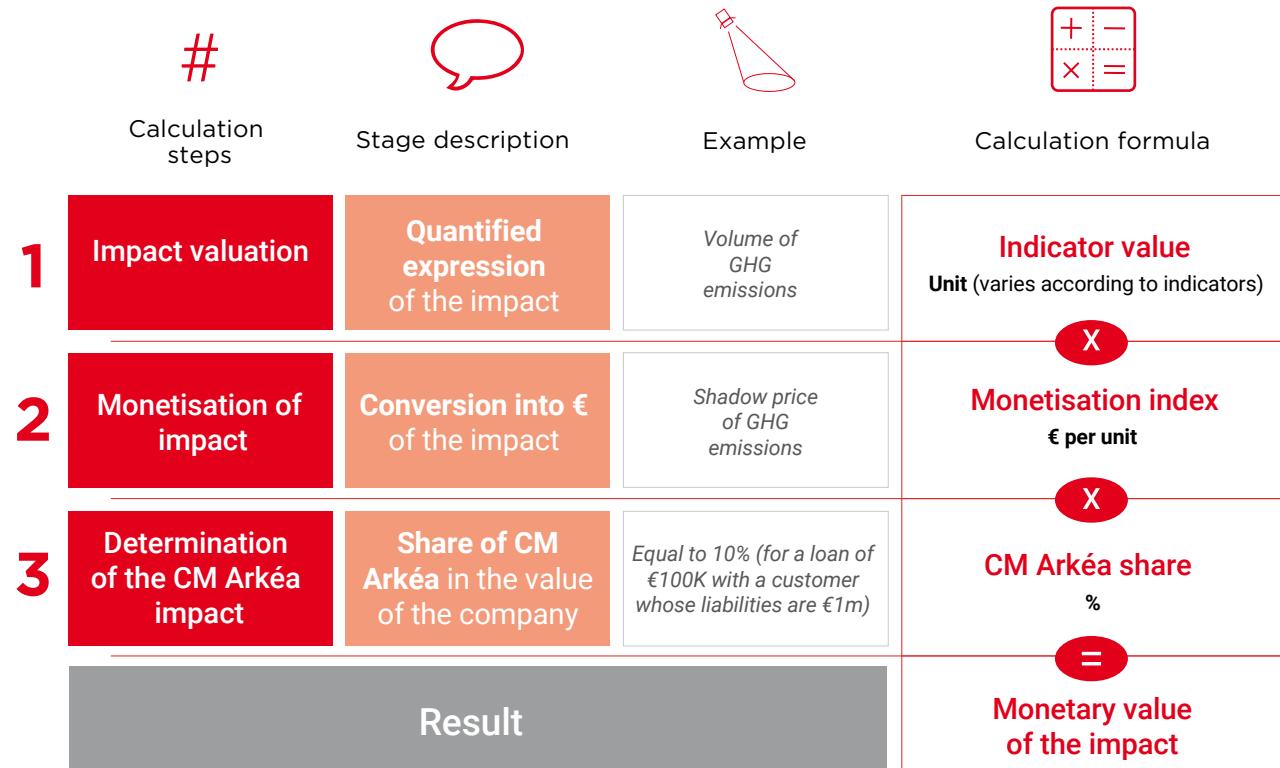
Examples of sources used for monetisation indices

France Stratégie, the French Banking Federation, the family allowance funds, the Directorate General of Local Authorities, INSEE, the Ministry of Solidarity and Health, the Ministry of Higher Education and Scientific Research, Eurostat, the OECD, etc.

1.3.2.4 Measurement and monetisation of impacts

The monetary value of the impact of each non-financial indicator, or its monetisation, is obtained by multiplying:

- its value (1);
- a monetisation index (2);
- a Crédit Mutuel Arkéa share (3).



1.3.3 Presentation of non-financial indicators

For Crédit Mutuel Arkéa as a whole, **24 impact indicators have been selected** at this stage for the measurement of non-financial impacts. Some of these indicators are generic because they are applicable to all business sectors and others are specific because they are only relevant for certain sectors. They are of two types:

- **external** indicators (relating to the activity of customers and suppliers);
- **internal** indicators (relating to Crédit Mutuel Arkéa's internal activity).

External indicators

Themes	Impact indicators
Generic indicators	
Contribution to the fight against climate change	Greenhouse gas (GHG) emissions
Support for economic activity	number of jobs supported Added value in the regions
Specific indicators (applicable for certain products or business sectors)	
Contribution to energy efficiency	Improved energy performance
Resource depletion	Water consumption
Circular economy – waste	Production of residual waste
Biodiversity	Soil artificialisation Eutrophication
Reduction of energy bill	Gain in purchasing power (in euros)
Quality of life (healthy)	number of patients or care provided Fine particulate emissions
Access to housing	number of social housings number of home owners
Training & education	number of pupils/students enrolled
Mobility	kilometres of roads financed or trips allowed number of vehicles financed

Internal indicators

Themes	Impact indicators
Contribution to the fight against climate change	
Circular economy – waste	Production of residual waste
Support for economic activity	number of jobs supported Added value in the regions
Quality of life (at work)	days of sick leave avoided/caused
Personal safety	number of workplace accidents
Training & education	promotions with training number of work-study students trained
Equal opportunities	Gender pay gap (in euros) number of employees with disabilities
Corporate sponsorship	days of mobilisation on skills sponsorship Donations of leave between employees

The detailed methodological basis is available on the Crédit Mutuel Arkéa website

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“With this methodology, Crédit Mutuel Arkéa is giving itself the means to achieve the ambitions it clearly stated a few months ago in its Transitions 2024 strategic plan, to go one step further in the management of all its activities, by taking into account a global performance, combining financial and non-financial aspects. This is a great source of pride and illustrates the group’s desire to maximise its positive impact on all its stakeholders.

– **Julien Carmona**, Chairman of Crédit Mutuel Arkéa –

“

“Financial performance, while obviously essential, is no longer sufficient. We are convinced, based on our observation of the world around us, that it is essential to better integrate environmental and social considerations into all of our actions and decisions, and this for all the group’s businesses. It is also an additional requirement that commits us to our members and customers, our suppliers and our employees.

– **Hélène Bernicot**, Chief Executive Officer of Crédit Mutuel Arkéa –

“

“The ability for Crédit Mutuel Arkéa to measure its overall performance in this way, in an objective and transparent way, is perfectly consistent with the long-term approach the group is taking, to take into account societal and environmental issues for future generations, and to practice finance that serves the territories and their stakeholders.

– **Anne Le Goff**, Deputy Chief Executive Officer of Crédit Mutuel Arkéa –

1.3.4 Initial results and lessons learned

1.3.4.1 Methodology tested in 2021

A first exercise focused on the application of the methodology to the scope of the Arkéa Banque Entreprises et Institutionnels (Arkéa Banque E&I) entity. In this context, **9 indicators** were used to measure the non-financial performance of the entity with regard to the specifics of its activity.

The area of environmental impact reached **€169 million** in negative non-financial impacts.

The area of socio-economic impact reached **€4,148 million** in positive non-financial impacts.

The two impact areas studied resulted in a total **of €4 billion in positive non-financial impacts**.

Thus, based on outstandings at the end of 2020, €1 million in financing granted by Arkéa Banque Entreprises et Institutionnels generated an average of €15,000 in negative environmental impacts and €335,000 in positive social impacts.

This non-financial performance illustrates the predominance of:

- socio-economic impacts (compared to environmental impacts) generated by Arkéa Banque Entreprises et Institutionnels for the benefit of its stakeholders;
- the impacts generated by Arkéa Banque Entreprises et Institutionnels for the benefit of its customers (versus those generated by its suppliers and employees).

Two non-financial indicators have a significant level:

- jobs supported;

This indicator makes it possible to value all the jobs supported, meaning maintained and created over a year.

The monetisation index reflects (1) the increase in the purchasing power of employees in relation to a non-employment situation and (2) the costs avoided by the State in relation to unemployment benefits.

These two items constitute the average net revenue per relevant business line;

- added value in the regions;

This macroeconomic indicator makes it possible to estimate the additional value that a company is able to generate through its activity by creating wealth through its production cycle. The added value here is considered net of salaries because the impact in terms of purchasing power gains of employment is already recorded in the number of jobs supported indicator. This indicator reflects the economic vitality in the regions thanks to the support given to businesses by Arkéa Banque E&I.

The significance of these impacts reflects the reality of Arkéa Banque Entreprises et Institutionnels' activity as a bank in proximity to its corporate and institutional customers.

1.3.4.2 Work ongoing

While being scalable, the proven Arkéa Banque Entreprises et Institutionnels methodology is being rolled out to all Crédit Mutuel Arkéa banking and insurance business lines.

Based on the data at 31 December 2020, an initial estimate was made on:

- 75% of financing granted [\approx €50 billion];
- 95% of purchases made [\approx €460 billion];
- 2/3 of the group's employees [6,485 FTEs].

Crédit Mutuel Arkéa's 2020 non-financial performance is estimated at €8 billion in total.

In terms of financing, €1 million in loans granted by Crédit Mutuel Arkéa generated an average of €15,000 in negative environmental impacts and €175,000 in positive social impacts.

Non-financial performance is **a major breakthrough** which will make it possible to:

- support the group and its stakeholders through change and improvement;
- help the group's teams in their decision-making;
- assess the long-term progress made at all levels and establish a clear trajectory for progress.

The 2020 and 2021 non-financial performance measures will be published in the second quarter of 2022.

1.4 Crédit Mutuel Arkéa in a few dates

In 2022, the group will celebrate the 20th anniversary of its name: Crédit Mutuel Arkéa, its history began more than a century ago in Brittany before continuing in Nouvelle-Aquitaine and today throughout France and Europe. The cooperative and collaborative group, which is experiencing a continuous growth trajectory, has made bold strategic moves at key periods in its development.

Crédit Mutuel Arkéa has its roots in the Office Central des Œuvres Mutuelles Agricoles du Finistère, created in 1911 at the initiative of several landowners who wanted to speed up the modernisation of the Breton countryside. A central purchasing office for farmers, the Office Central then succeeded in federating all the mutual, cooperative and social organisations in the Department. The cooperative then sought to meet the multiple needs of farmers in the areas of credit, insurance and vocational training. The Office Central presided over the creation of several cooperative groups including Eureden, Groupama and, of course, Crédit Mutuel de Bretagne.

After many years of often uneven development from one town to another, the 1970s saw the union of the Brittany banks and the **formation in 1979 of a federation – Crédit Mutuel de Bretagne –** covering the whole of the region.

From the 1980s onwards, the needs of banking-insurance diversified, both for individuals and for professionals and companies. Crédit Mutuel de Bretagne provides a competitive response, becoming both a manufacturer and distributor of financial services. **Between 1984 and 2000 the first specialised subsidiaries were created:** Suravenir (personal protection insurance), Suravenir Assurances and Novélia (non-life insurance), Federal Finance (asset management), Arkéa Banque Entreprises et Institutionnelles (formerly BCME, commercial banking) and Financo (consumer credit).

In the South-West, the **Crédit Mutuel du Sud-Ouest federation, set up in 1975**, has its origins in a banking cooperative launched in 1963 at the initiative of employees of the Ruelle foundry workshops in Charente, who had the idea of grouping together to save and finance loans at lower cost.

In 2002, Crédit Mutuel Arkéa was officially constituted.

In 2008, the Horizons 2015 corporate project marked a new key stage in Crédit Mutuel Arkéa's development. Through this project, the group confirms its leading role in local banking and insurance, while developing online activities and services, strengthening its positions in the corporate and institutional market and enhancing its know-how, notably in the design of white label banking services and products for new partners: retail chains, banks and payment institutions.

In 2015, the group adopted a new corporate project: **Arkéa 2020**. In line with Horizons 2015, this strategic plan reinforces the group's original vocation, which is to support and finance the real economy in the service of regions and their players, while promoting the group's openness, agility and corporate social responsibility in the face of the rapid and profound changes in its environment.

These major strategic orientations have notably resulted in:

- the successful launch of the online bank Fortuneo Banque in 2009 and the acquisition of Keytrade Bank in 2016;
- the creation of new subsidiaries such as Arkéa Banking Services (white label banking services), Arkéa Capital Partenaire and Arkéa Capital Managers (private equity), Arkéa Assistance (remote assistance) and Arkéa Sécurité (remote monitoring), Nextalk (multi-channel contact centre), Arkéa Lending Services (financing platform for SMEs, mid-cap companies, real estate professionals, social landlords and local public sector players), Nouvelle Vague with its mobile personal assistant "Aumax pour moi", AS2D, a joint venture specialising in connected services, in partnership with the Delta Dore group;
- the acquisition of Monext (electronic payments), CFCAL Banque (credit restructuring), Schelcher Prince Gestion (asset management). All these new areas of expertise complete and expand the group's offer and enable it to serve new customer groups;
- the acquisition of Leetchi (online money pot), Pumpkin (application for repayment between close relations), then Budget Insight (data aggregation) and the acquisition of stakes in the capital of several fintechs: Younited Credit (loans to individuals), Yomoni (private management), Grisbee (wealth management), Vivienne Investissement (quantitative management), Masuccession.fr (simulation of inheritance costs), Koregraf (real estate crowdfunding), Pytheas Capital Advisors (reverse factoring). These investments enable the group to keep pace with changing consumption patterns, broaden its product offering and cultivate its agility in an increasingly connected world that is shaking up established codes.

Arkéa 2020 has enabled Crédit Mutuel Arkéa to achieve a remarkable trajectory with strong revenue growth, while maintaining its profitability and strengthening its financial position. The strategic plan has also enabled the group to take a step forward in the development of its business lines and to position itself as a forerunner in new market trends by testing new uses and developing partnership activities, particularly in BtoB.

In 2020, the group's resilience in the face of the health crisis demonstrated the relevance of a strategy of opening up its business model and diversifying its sources of revenue, especially since the performance was achieved in a difficult environment where the acceleration of change and the strengthening of regulations put banks under long-term pressure. These bold choices have made Crédit Mutuel Arkéa a solid, innovative and recognised player in its business lines.

At the same time, in January 2018, in terms of governance the group's Board of Directors mandated its managers to take all necessary steps to become an independent banking group, entirely separate from the rest of Crédit Mutuel, while respecting its cooperative identity. This independence project was approved by

94.5% of the local banks in a vote held in April 2018. At the end of June 2018, the group's Board of Directors validated the broad outlines of its target scheme. The health crisis, although it disrupted the timetable, has not affected the group's determination to continue backing its strategic project, its autonomy and its freedom of action. In July 2021, the Board of Directors gave a mandate to the executives to pursue the group's strategic project and its essential autonomy, and to convince the supervisory authorities to relaunch the process of examining the disaffiliation plan, as well as to initiate discussions with Confédération Nationale du Crédit Mutuel to examine the technical and financial conditions of an orderly separation guaranteeing the group's complete autonomy (see also section 1.8.2 Solidarity links within Crédit Mutuel).

1. PRESENTATION OF CRÉDIT MUTUEL ARKÉA

Crédit Mutuel Arkéa in a few dates

In May 2020, Crédit Mutuel Arkéa's General Meeting adopted the group's Raison d'être, the result of collective discussions by directors, employees and representatives of stakeholders: members, customers, suppliers and institutional partners (see also section 1.1 Crédit Mutuel Arkéa's business model).

CRÉDIT MUTUEL ARKÉA'S RAISON D'ÊTRE (PURPOSE)

“

We want to be a player in a world that takes a long-term view and takes into account the major societal and environmental challenges facing our planet for future generations.

We contribute to this by practicing finance at the service of regions and their actors, which is sustainable and helps everyone to achieve their potential.

To this end, we have chosen to be a cooperative and collaborative bank that promotes a balanced sharing of value with its members, customers, employees, partners and regions. A socially responsible, ethical and inclusive company that is attentive to respect for its environment.

On a daily basis, we develop, in collaboration with our stakeholders, innovative solutions to support our members and customers in their life projects and meet their aspirations.”



In January 2021, the group's Board of Directors validated the new **Transitions 2024** strategic plan. This plan embodies the ambition of making Crédit Mutuel Arkéa the agile financial partner for the transitions of the future. The group has chosen a responsible growth

strategy, seeking overall performance, with an approach balanced between financial performance and positive impact (see also section 1.6 Crédit Mutuel Arkéa's strategy).

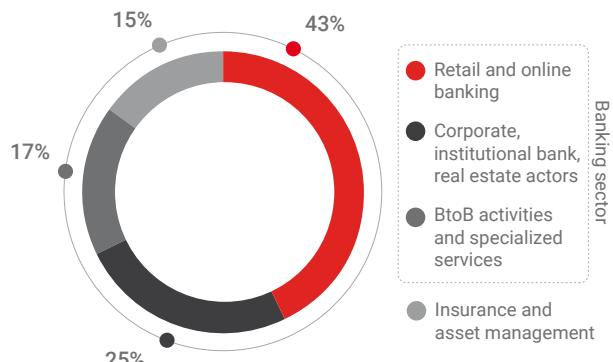
1. PRESENTATION OF CRÉDIT MUTUEL ARKÉA

Crédit Mutuel Arkéa's business lines

1.5 Crédit Mutuel Arkéa's business lines

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

Breakdown of revenues by sector*



Brand portfolio



RETAIL BANKING FOR INDIVIDUALS AND PROFESSIONALS



Crédit Mutuel Arkéa's historical business, retail banking for individuals and professionals (farmers, craftsmen, shopkeepers, self-employed professionals) is mainly deployed **through the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest branch networks**. These federations, which employ around 4,000 people, embody the group's regional roots and close local relationships. Thanks to their dense network of outlets, they remain the direct and natural link with their 2.3 million members and customers.



The ongoing quest for relational excellence is reflected in the implementation of a new local branch format, which demonstrates in a very concrete manner the importance the group attaches to the close ties that unite it with its members and customers. These new spaces reinforce the branch's essential role as a place of expertise and exchange between the customer and his or her usual banking adviser, while using the most modern technology to energise the relationship and facilitate decision-making.

	Arkéa Banque Privée	In addition, the group, with Arkéa Banque Privée, has a structure specifically dedicated to wealth management.
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A pioneer in multi-channel banking, Crédit Mutuel Arkéa, alongside its traditional physical networks, has made mobile banking one of the driving forces behind its strategy of conquest.

	Fortuneo Banque and Keytrade Bank	The continuous development of new online services, the dematerialisation of procedures and subscriptions, banking applications for connected objects and new payment methods are illustrations of this. The success of Fortuneo Banque and Keytrade Bank – the two commercial brands of Arkéa Direct Bank – is another. Fortuneo Banque and Keytrade Bank now have more than 900,000 customers in France and Belgium.
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	Leetchi	The creation and acquisition of fintechs further anchor Crédit Mutuel Arkéa's presence in the world of digital services and online finance. With nearly 12 million customers, leetchi.com is the leader in online money pots in Europe.
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	Pumpkin	Another fintech acquired by the group is Pumpkin, which has developed a mobile application that facilitates reimbursements between close relations and is now positioned in the neo-banking market with more than one million customers.
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	Nouvelle Vague	Crédit Mutuel Arkéa has also launched its own fintech, called Nouvelle Vague, which offers "Aumax pour moi", a mobile personal assistant whose purpose is to provide a simple and effective response to consumers' daily needs. The application, which already has more than 150,000 users, offers a wide range of banking, cash-back, concierge and personalised advice services.
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	Kengo	The group, in partnership with Le Télégramme, is also the initiator of Kengo, a platform for participatory finance (or crowdfunding) by donation, designed to support projects in Brittany. Since its creation, 880 projects and €3.5 million have been collected from 59,000 contributors. More than 65% of the projects are in the economic field, mainly local business start-ups.
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In addition, the group relies on solid expertise in both consumer credit at the point of sale (Financo) and in credit restructuring and debt consolidation (CFCAL: Crédit Foncier et Communal d'Alsace et de Lorraine).

	Financo	Financo is a leading player in financing in the automobile, motorbike and leisure vehicle markets, as well as in the home equipment and housing markets. In 2021, for example, Financo became the exclusive financial partner of the 100% electric vehicle brand Seres France. Financo, which relies on a network of more than 4,430 partner points of sale, serves 440,000 customers.
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	CFCAL	As for CFCAL, it operates nationwide via a network of independent intermediaries in banking transactions. At the same time, since 2020, CFCAL has offered a 100% digital bank account combined with a payment card and distributed through Pumpkin, another subsidiary of the group.
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NON-BANKING ACTIVITIES FOR INDIVIDUALS

Arkéa On Life:
Arkéa Assistance,
Arkéa Sécurité
and AS2D

Crédit Mutuel Arkéa offers its retail customers innovative solutions, outside the strictly banking sector, through its subsidiaries dedicated to connected services: Arkéa Assistance, specialising in remote assistance services for individuals, and Arkéa Sécurité for remote home surveillance. Their services are marketed under the Arkéa On Life brand. Some 30,000 people subscribe to its services throughout France. Arkéa Sécurité and the Delta Dore group, a major player in the connected home market, also created a joint venture in 2018: AS2D. It is positioned as a single point of contact offering connected objects and services (remote monitoring, smart energy management, remote assistance, social networks for buildings, etc.) for professionals in the housing market (builders, developers, insurers, the construction industry, etc.). For example, AS2D markets a packaged offer called Homeus, which combines multi-risk home insurance and remote monitoring of the property thanks to connected equipment, thus protecting houses and their occupants from the three main risks behind claims: burglary, water damage and fire.



**Arkéa Immobilier
Conseil**

In a completely different field, Arkéa Immobilier Conseil selects, on behalf of the networks of the two federations, new and renovated real estate products and programmes throughout the country that are eligible for the main tax schemes (Pinel, Pinel Outre-Mer, LMNP, Malraux, Monument Historique, Déficit Foncier, Nue-propriété).

Crédit Mutuel Arkéa has also acquired the Izimmo group, a national expert in the valuation and marketing of investment and acquisition property products. Izimmo operates in the various business lines of the new property market: market research, bare ownership, communication, acquisition for resale, consulting and sales to institutional and private customers, through its various commercial brands (Le Comptoir Immobilier, La Référence Pierre, IZIMMO Sélection, F1RST Business Coach).

In 2021, Crédit Mutuel Arkéa launched a new real estate subsidiary: Arkéa Flex. This is based on Flex, a patented design technique that makes it possible to create flexible and scalable buildings while reducing the environmental footprint of real estate projects.



Armorique Habitat

Lastly, Armorique Habitat, a social housing company, manages a portfolio of 6,600 housing units, which it owns in more than 200 communes in the Finistère, Côtes-d'Armor and Morbihan departments. In 2021, Armorique Habitat chose to become a "company with a mission" as permitted by the "Pacte law" on the growth and transformation of businesses. The company wanted to promote and strengthen the positive impact of its action in the service of social housing and the balanced development of the region.

RETAIL BANKING FOR COMPANIES, PROFESSIONALS AND REAL ESTATE PLAYERS

Crédit Mutuel Arkéa is a leading player in the retail banking market and supports all those involved in regional economic development, including businesses, local authorities, health care institutions, property development, social housing and the social economy. The Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest branch networks also have specific teams and structures to support businesses.


Arkéa Banque Entreprises et Institutionnels and Arkéa Crédit Bail

Crédit Mutuel Arkéa also relies on a centre of expertise based on a commercial bank (Arkéa Banque Entreprises et Institutionnels), which brings together all the skills required by this clientele. A comprehensive range of solutions is offered to companies and local authorities, including financing, cash management and valuation, leasing with Arkéa Crédit-Bail, insurance, cash flow processing, factoring under the Arkéa Factoring brand, and management of business assets. Arkéa Crédit Bail provides its customers with real estate leasing solutions to finance real estate assets for professional use as well as equipment leasing solutions, leasing with option to purchase and financial leasing to finance capital goods for professional use and vehicles. Arkéa Banque E&I works with more than 12,000 clients (companies, local authorities and institutions) and supports the public sector throughout France. Priority is given to supporting public policies in favour of housing, economic development, health and environmental transition by directly financing local authorities as well as their satellites that provide local services to the population (low-rent housing, semi-public companies, public institutions, public utilities, etc.). Thus, the group is in contact with 18 of the 22 metropolises, 70 Départements and 9 Metropolitan Regions. In terms of social housing, Arkéa Banque E&I is a go-to partner for large groups which alone account for more than half of the social housing stock: Action Logement, Paris Habitat, etc. Lastly, the group has acquired stakes in 35 social housing companies. In addition, the group is also very active in the health sector: hospitals, private health institutions of collective interest, medico-social associations for vulnerable people (the elderly, disabled, etc.) but also mutual health insurance, URSSAF, etc. Arkéa Banque E&I has thus participated in the financing of two out of three university hospitals. In 2020, Arkéa Banque E&I created a dedicated environmental transition financing channel to accelerate and structure the development of regional financing for renewable energy, renovation and energy efficiency projects. It has also granted its first impact loans (known as "Pact loans"), which include a subsidy of up to 20% on financial costs if the customer improves its Environmental, Social and Governance (ESG) performance according to predetermined criteria.


Arkéa Lending Services

Arkéa Lending Services was launched in 2018. Based on the participatory financing model, this digital platform enables public sector players (local authorities, social housing players, hospitals) and companies to obtain financing directly from institutional investors who, in addition to performance, want to give meaning to their investments by supporting the economic development of the region.

The group is also a major player in private equity in France, with €1 billion under management devoted to the financing and development of companies. Crédit Mutuel Arkéa, which groups all its private equity activities under the Arkéa Capital brand, is able to support managers at all stages of their company's development, from start-up to mid-cap companies (ETI).


ARKÉA Arkéa Capital

Arkéa Capital has seven offices that cover the entire country and relies on seven complementary investment vehicles: Arkéa Capital Investissement, Arkéa Capital 2, Breizh Ma Bro, Arkéa Capital Partenaire, Arkéa Capital Managers, Breizh Armor Capital and We Positive Invest.


Arkéa Capital Investissement

Arkéa Capital Investissement's mission is to invest in development capital or buyout capital for family or independent companies, for amounts ranging from €1 to €10 million. Since its creation in 1982, more than 400 companies have been supported through equity or quasi-equity investments.


ARKÉA Arkéa Capital 2

Arkéa Capital 2, created in 2020, supports the projects of SME managers with investment tickets of between €1 and €10 million for a period of five to ten years.

	Arkéa Capital Partenaire	<p>Arkéa Capital Partenaire, which provides equity and long-term support to major unlisted companies, embodies the strength and conviction of Crédit Mutuel Arkéa's long-term commitment. In this way, it plays a direct role in maintaining regional economic decision-making centres and boosting employment in promising industrial sectors in its core regions. With a €400 million investment capacity, Arkéa Capital Partenaire works alongside the managers of major ETIs (mid-cap companies) to support them in their development projects or in the organisation of their succession. The subsidiary has already carried out several large-scale projects with the Le Graët (agri-food), Paprec (materials recycling), Armor (ink chemistry and printing technologies), Sermeta (heat exchangers manufacturing), Altrad (services to industry), Fountaine-Pajot (shipbuilding) and Vivalto Santé (private clinics) groups, and the Legris Industries (developer of industrial mid-cap companies) and Grandir (crèches and daycare centres) groups. In January 2022, Arkéa Capital Partenaire subscribed to the bond issue of the agri-food group Eureden as part of its takeover of the André Bazin company.</p>
	Arkéa Capital Managers	<p>Crédit Mutuel Arkéa has set up an additional investment vehicle to meet the specific needs of ETI's managers: Arkéa Capital Managers. Its purpose is to provide long-term support to management teams in their plans to expand or take control of their companies. It provides equity capital, with tickets in excess of €10 million, via minority shareholdings. Arkéa Capital Managers has already invested in the Malherbe (transport), CWF (children's ready-to-wear) and Piriou (shipbuilding and ship repair) groups.</p>
	We Positive Invest	<p>We Positive Invest is a €20 million investment fund that supports entrepreneurs committed to the energy transition, the circular economy and social entrepreneurship. We Positive Invest has already invested in around ten companies, including Cozynergy (energy renovation); Algo Paint (seaweed based paints); Osmia, (breeding of pollinating insects); IQspot (energy efficiency of tertiary buildings); Newcy (reusable cups for business coffee rooms), Ascor Communication (distance learning), Andjaro (HR), TokTokDoc (telemedicine) and Gaïago (soil revitalisation).</p>
	Breizh Armor Capital	<p>The Breizh Armor Capital fund, endowed with €10 million, is dedicated to the financing of projects related to the Breton fishing industry (fishing, aquaculture, seafood). It has already invested in the fishing company Marc'h Dal and Symbiomer, which specialises in the production of macro-algae.</p>
	Breizh Ma Bro	<p>Breizh Ma Bro is a venture capital mutual fund created by Arkéa Capital and La Financière d'Orion which benefits from the government's "Relance" label. The purpose is to contribute to the development, support and recovery of the economy, mainly in Brittany and Loire Atlantique, with a threefold objective: to support regional SMEs and mid-cap companies, promote the maintenance of decision-making centres in the regions, and encourage job creation. Breizh Ma Bro acts as a minority shareholder, in equity and quasi-equity, alongside entrepreneurs to contribute to the performance generated by their innovation, development and/or transmission projects. A first investment was made in 2021 in the Fidel Fillaud group, one of the leaders in France in the distribution of lightweight packaging for industry, the food industry and cosmetics. Alongside Arkéa Banque Entreprises et Institutionnels and Arkéa Capital Partenaire, Breizh Ma Bro took part in the Eureden group's bond issue in January 2022 to support its takeover of the salting company André Bazin.</p>
	Pytheas Capital Advisors	<p>Crédit Mutuel Arkéa holds a minority stake in the capital of Pytheas Capital Advisors, a young financial investment consultancy firm. The fintech is developing a reverse factoring solution that enables corporate customers to reduce their payment times to suppliers. Crédit Mutuel Arkéa also has a stake in Koregraf, a specialist in real estate crowdfunding, and a stake in Clearwater International France, an investment bank specialising in corporate mergers and acquisitions.</p>

BTOB MARKET AND SERVICES

Crédit Mutuel Arkéa develops commercial, technical and even capital-intensive partnerships with other financial institutions, big retailers, e-commerce players, etc. This white-label banking services activity is experiencing continuous growth within the group. For the customer, the outsourcing of business processes deemed non-strategic not only enables it to reduce costs, but also provides a competitive edge by allowing it to focus on its core business while benefiting from state-of-the-art products and services that comply with regulations. For Crédit Mutuel Arkéa, these partnerships enable it to capitalise on its know-how and technological expertise and to consolidate its development at national and European level. For example, the group processes payments for Amazon in France and provides IT services, management and middle-office services on behalf of Axa Banque.

 Arkéa Banking Services	The subsidiary Arkéa Banking Services, a full-service bank approved by the Banque de France, offers a full range of white-label banking services. It worked with Allianz Banque, La Banque Postale, Adyen, Brink's France, Systèmes U, Axa Banque and My Money Group in the context of the acquisition of the French network of HSBC. Arkéa Banking Services also works with several fintechs, including Currencycloud, Railsbank and Qonto.
 ProCapital	ProCapital is a securities services provider for financial institutions and asset management companies that wish to benefit from a modular offering, from account management and execution of their clients' orders to the creation of transactional websites. It manages more than 9 million transactions per year on behalf of some thirty financial institutions.
 Monext	Monext is the leader in its market, specialising in electronic transactions combining payment technologies and services. It supports more than 12,000 vendors and processes nearly 40% of e-commerce transactions in France (Amazon, Française des Jeux, Le Mouvement Leclerc, Rue du Commerce, Voyage Privé, Ventes Privées, PMU, Carrefour, Intermarché, etc.). In 2021, Monext processed more than 5 billion transactions.
 Nextalk	Nextalk, a multi-channel contact centre for banking players, is an offshoot of Monext and provides a first level of customer relations and 24/7 banking assistance. This white-label service makes it possible to maintain human contact and build customer loyalty among traditional, digital and mobile bank customers.
 Mangopay	Mangopay, a subsidiary of Leetchi, publishes turnkey payment solutions for marketplaces, collaborative consumption platforms, participatory financing and fintechs. More than 2,500 platforms use its API (Application Programming Interface) as a white label.
 Budget Insight	Since 2019, Crédit Mutuel Arkéa has also held a majority stake in the fintech Budget Insight, a specialist in data aggregation and payment initiation. This transaction will further integrate financial and extra-financial services into consumer usage. Crédit Mutuel Arkéa, which believes that collaboration between traditional players and fintechs creates added value, is thus successfully pursuing the transformation of its business lines.

In addition to these companies specialising in BtoB, other subsidiaries are developing BtoB activities through the distribution of their products via external networks (Suravenir, Suravenir Assurances, etc.).

1. PRESENTATION OF CRÉDIT MUTUEL ARKÉA

Crédit Mutuel Arkéa's business lines

INSURANCE AND ASSET MANAGEMENT

Crédit Mutuel Arkéa began setting up insurance and asset management subsidiaries in the 1980s. Suravenir, Suravenir Assurances, Novélia, Arkéa Investment Services (the brand that brings together the asset management expertise), each in its field of activity, enable Crédit Mutuel Arkéa's networks to offer comprehensive and competitive services. Their products are also distributed by networks outside the group and via internet players and brokers.

Personal protection insurance

 Suravenir	With nearly 3 million individual and professional customers, Suravenir is one of the leading players in the personal protection insurance market in France. Suravenir specialises in the design, production and management of life insurance (individual and group life insurance), personal protection insurance (loan insurance, temporary death insurance) and company retirement savings contracts. Its contracts are marketed by a large number of distribution channels: banking networks, internet, independent wealth management advisers, brokers, etc. It manages more than €50.6 billion in life insurance assets.
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Non-life insurance

 Suravenir Assurances	Suravenir Assurances covers all the non-life insurance needs of individuals: home and private life, vehicle, motorcycle, health, long-term care, personal accident coverage, etc. It manages more than 2.2 million policies on behalf of over 800,000 people. The policies are distributed by the group's commercial networks (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Novélia) as well as by partners (A comme Assure, Apivia Courtage, LSA Courtage, Wilov).
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 Novélia	A wholesale broker, Novélia is active in corporate risk coverage, designing products for the general public and for major business customers. Nearly 5,000 brokers and general agents distribute its products throughout France.
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Asset management and wealth management

 Arkéa Investment Services	Federal Finance, under the Arkéa Investment Services brand, coordinates all of the group's asset management specialists in which it is a shareholder. Several management areas of expertise are grouped together: Federal Finance Gestion, Schelcher Prince Gestion and Swen Capital Partners. Arkéa Investment Services manages €69 billion in assets.
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 Federal Finance Gestion	Federal Finance Gestion offers a range of more than 100 funds that cover all asset classes (equities, bonds, multi-management, quantitative, index-linked, money market, diversified), all tax frameworks (PEA, PEA SME, life insurance or securities accounts), the main business sectors and geographical areas, numerous management styles and specific themes such as Socially Responsible Investment (SRI) and employee savings. Its offers are distributed through Crédit Mutuel Arkéa's networks and directly to institutional investors, major accounts, private banks, fund managers and independent asset management advisers. A pioneer in socially responsible investment, Federal Finance Gestion includes Environment, Societal and Governance (ESG) criteria as a priority in its investment processes, with the conviction that the consideration of non-financial criteria is a source of long-term value for the companies in which it invests.
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 Schelcher Prince Gestion	Schelcher Prince Gestion deploys investment solutions for institutional customers, private banks, fund managers and independent wealth management advisers in France and abroad. Since 2018, Schelcher Prince Gestion has been involved in the responsible economy and has included ESG criteria in its management. It currently manages €6.5 billion.
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 Swen Capital Partners	Swen Capital Partners, created in partnership with the OFI group, is a leading player in unlisted responsible investment with €6.2 billion in assets under management and/or advisory in Europe. Convinced of the necessary transformation in the face of the societal and environmental challenges of today and tomorrow, Swen Capital Partners strives to offer investors the best financial and non-financial performance and applies ESG criteria to all its investments, in the belief that companies that anticipate change and accept transformation will be the leaders of tomorrow.
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In February 2021, Federal Finance, under the Arkéa Investment Services brand, became the majority shareholder of Catella Asset Management, renamed Arkéa Real Estate. The company – a specialist in investment activities, asset and property management on behalf of third parties (French and international institutional investors, family offices and high net worth individuals) - has more than €1.5 billion in real estate assets under management and aims to host Arkéa Investment Services' future developments in the area of real estate.



Crédit Mutuel Arkéa is also a shareholder in Vivienne Investissement, a quantitative management company that implements a scientific investment process based on a Big Data approach to the markets.



Mandarine Gestion

Crédit Mutuel Arkéa is also a shareholder in Mandarine Gestion, an independent company specialising in equity fund management and asset allocation.

1.6 Crédit Mutuel Arkéa's strategy

On 28 January 2021, the Board of Directors of Crédit Mutuel Arkéa validated Crédit Mutuel Arkéa's four-year medium-term plan (PMT), known as Transitions 2024. This plan is a resolute continuation of the previous plan – Arkéa 2020 – which initiated a dynamic transformation of the group's business lines and positioned it on a long-term growth path. Finally, it is fully consistent with Crédit Mutuel Arkéa's plan to become independent.

Action-oriented, it aims to translate the group's Raison d'être into concrete action in its business lines.

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

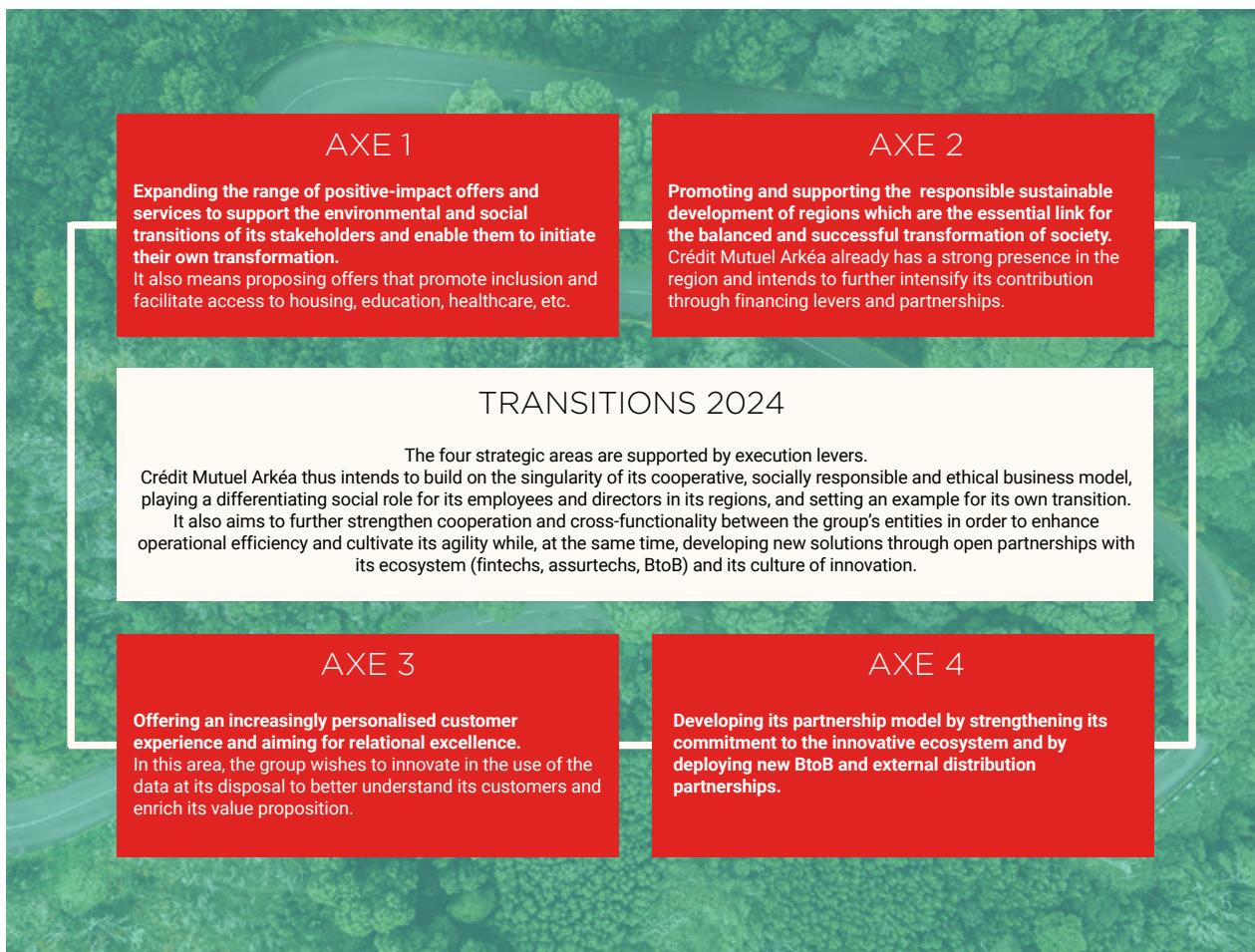
- the operational implementation of the five commitments of the Raison d'être;
- the group's development issues;
- developments in the banking and insurance sector;
- the reality of the regions and customers; and finally
- citizens' expectations of companies, so that they can participate even more in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

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

Conceived in a participative way and anchored in the reality of our businesses, Transitions 2024 accentuates the group's long-term trajectory and reaffirms the originality of its model:

It is in line with its long-standing strengths:

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



In concrete terms, Transitions 2024 aims to demonstrate its commitment to supporting environmental and territorial transitions, through its offers, business lines, practices and relationships with its customers, directors and employees. It is structured around 4 strategic axes, supported by 5 implementation levers:

The strategic axes are priorities for action to guide its business model:

1. expanding the range of positive-impact offers and services to support the environmental and social transitions of its stakeholders and enabling them to initiate their own transformation. It also means proposing offers that promote inclusion and facilitate access to housing, education and health, etc.;
2. promoting and supporting the responsible and sustainable development of regions which are the essential link for a balanced and successful transformation of society. Crédit Mutuel Arkéa already has a strong presence in the region and intends to further intensify its contribution, notably through financing levers and partnerships;
3. offering an increasingly personalised customer experience and aiming for relational excellence. Members and customers, individuals, professionals and companies, are looking for a more attentive ear, availability and responsiveness. In this area, the group wishes to innovate in the use of the data at its disposal to better understand its customers and enrich its value proposition;
4. developing its partnership model by strengthening its commitment to the innovative ecosystem and by deploying new BtoB and external distribution partnerships.

Execution levers are the means to support this business model and make these ambitions a reality. Crédit Mutuel Arkéa thus intends to build on the singularity of its cooperative, socially responsible and ethical business model, playing a differentiating social role for its employees and directors in its regions, and setting an example for its own transition. It also aims to further strengthen cooperation and cross-functionality between the group's entities in order to enhance operational efficiency and cultivate its agility while, at the same time, developing new solutions through open partnerships with its ecosystem (fintechs, assurtechs, BtoB, etc.) and its culture of innovation.

This plan contributes very actively to the vitality of the regions, companies and employment areas and is intended to generate sustainable, qualitative growth that cares about people and their living environment. It is the action plan of a group that is attentive and committed to its ecosystems, faithful to its cooperative corporate DNA, mobilised to defend its convictions and values beyond short-term success, and to take up the social, environmental and territorial challenges of our time.

1.7 2021 highlights

2021 HIGHLIGHTS

JANUARY ➤ TRANSITIONS 2024

The Transitions 2024 medium-term strategic plan aims to make the group an agile financial partner for the transitions of the future, at the service of the regions and their players.

FEBRUARY ➤ ARKÉA REAL ESTATE

Arkéa Investment Services (AIS) accelerated the development of its real estate division by becoming the majority shareholder with 75% of Catella Asset Management, which took the name Arkéa Real Estate.

APRIL ➤ CLIMATE STRATEGY

Crédit Mutuel Arkéa formalizes its commitments to transform its financing and investment practices, for all of its activities, in view of the urgency of the climate issue.

MAY ➤ FRANCE RELANCE

Crédit Mutuel Arkéa is involved in the "France Relance" plan. Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest distribute "economy recovery loans" (French PPR) to eligible corporate customers in the regions. Suravenir contributes €250 million to the investment fund dedicated to the setting up of PPRs.

MAY ➤ SOLIDARITY

Faced with an unprecedented health crisis and its lasting economic consequences, Crédit Mutuel Arkéa renews the exceptional budget of €4.18 million, already allocated in 2020 for solidarity schemes to provide long-term support to members and customers most affected by the health crisis.

MAY ➤ BANK OF TOMORROW

Crédit Mutuel Arkéa, in partnership with Onepoint, officially presents its new IT site, in the heart of the digital city of Bordeaux Métropole. These premises will welcome 150 new employees by 2022.

JUNE ➤ GOVERNANCE

The Board of Directors of Crédit Mutuel Arkéa unanimously appointed Julien Carmona as Chairman of the group. He was elected director by the Chairmen of the local banks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, with 94.5% of the votes cast, at the General Meeting in May.

JUNE ➤ BTOB PARTNERSHIP

Crédit Mutuel Arkéa announces a strategic partnership project with My Money Group. The latter will entrust the group with the IT activities of HSBC's retail banking arm in France, which My Money Group will acquire.

JUNE ➤ SUSTAINABLE REAL ESTATE

Crédit Mutuel Arkéa becomes the first French bank to measure its non-financial impacts in euros, to calculate its overall performance.

AUGUST ➤ CLIMATE

Crédit Mutuel Arkéa publishes its first climate report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

OCTOBER ➤ OVERALL PERFORMANCE

Crédit Mutuel Arkéa becomes the first French bank to measure its non-financial impacts in euros, to calculate its overall performance.

NOVEMBER ➤ COMPANY WITH A MISSION

Armorique Habitat, a social enterprise for housing, chooses to become a "company with a mission" as permitted by the Pacte Law on the growth and transformation of businesses.

NOVEMBER ➤ SECTOR POLICY

Crédit Mutuel Arkéa publishes its hydrocarbon sector policy: oil and gas. The group announces significant restrictions in terms of financing and investment in companies and projects in this sector from January 2022.

DECEMBER ➤ GROWTH AREAS

The "Territoires de Croissance" ("growth regions") consortium, led by Siparex, chooses Arkéa Capital to distribute recovery bonds ("obligations relance") in the Grand Ouest region.

January

Arkéa Banque Entreprises et Institutionnels, supported by Caisse d'Épargne Provence Alpes Corse, Bpifrance and Crédit du Nord, granted nearly €120 million in financing to **NEOEN's Zéphyr programme**, NEOEN being France's leading independent producer of exclusively renewable energies, for the construction of several wind farms and solar power plants in France.

Crédit Mutuel Arkéa contributes €20 million (out of a total budget of €50 million) to the fund **Breizh Rebond**, launched at the initiative of the Brittany Region to help regional SMEs cope with the economic consequences of the Covid-19 health crisis and support them in the necessary environmental and technological transitions to be initiated or continued. Breizh Rebond, which is aimed at companies with between 50 and 500 employees and generating more than €5 million in revenue, can assist through debt, via mezzanine-type bonds, quasi-equity via bonds convertible or redeemable in shares or, finally, in terms of equity via minority or majority capital investments.

Crédit Mutuel Arkéa reveals its new medium-term strategic plan **"Transitions 2024"**. It aims to translate its Raison d'être (Purpose) into its businesses and make the group the agile financial partner for the transitions of the future, at the service of the regions and their players, in an approach balanced between financial performance and positive impact (see also section 1.6 Crédit Mutuel Arkéa's strategy).

February

Arkéa Banque Privée and the Izimmo group, the group's real estate subsidiary, are launching a new service for professional sportspeople: **FIRST Business Coach**. The aim is to build banking and wealth management solutions that meet the different periods of development of an athlete's career with a view to building up wealth for the post-career period.

Arkéa Capital completes its national network and opens a **seventh office in Lyon**. The subsidiary dedicated to private equity activities already supports around ten companies in the South-East.

Arkéa Investment Services (AIS) accelerates the development of its Real Estate Division by becoming the majority shareholder, with 75% of **Catella Asset Management**. This company, which has been renamed Arkéa Real Estate, is a specialist in investment activities, asset and property management on behalf of third parties and has more than €1.5 billion in real estate assets under management.

AS2D, the joint venture created by Arkéa Sécurité and Delta Dore, markets a new range of connected services for builders and other professionals in the housing market: **Homeus**. It includes multi-risk home insurance and remote monitoring of property through connected equipment.

Bordeaux Métropole and the City of Bordeaux subscribe to a "Pact" impact loan of €50 million from Arkéa Banque Entreprises et Institutionnels. The Pact system is based on subsidised financing and strategic support for the borrower's environmental and societal transformation.

Crédit Mutuel Arkéa and Pytheas Capital Advisors deploy a collaborative invoice management platform, **TRESO2**. This combines a reverse factoring solution (Anticipated Supplier Payment), which enables mid-cap suppliers and major originators to easily sell their receivables, as well as a technological solution that promotes constructive dialogue between customers and suppliers.

March

Antoine Michaud becomes Chief Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest (CMSO). Antoine Michaud was previously Chairman of the Management Board of Financo, the group's consumer credit subsidiary. Present in the departments of Gironde, Dordogne and Charente, the CMSO has 84 points of sale, including 80 local branches, and serves more than 450,000 members and customers. Marc Paradis succeeds Antoine Michaud as Chairman of the Management Board of Financo. Since 2014, Marc Paradis has been Deputy Chief Executive Officer of Financo, then a member of the Management Board.

In order to combat the under-representation of young girls in STEM disciplines (science, technology, engineering and mathematics), Mastercard France and Crédit Mutuel Arkéa, in collaboration with Trace Academia, are launching "**Tech The Power**", a 100% digital educational and fun programme aimed at promoting tech professions among teenage girls. The purpose is to raise awareness among 500,000 young girls by 2025.

Novaxia R is now available for sale under Suravenir contracts. This SRI-certified fund gives investors the opportunity to invest through their life insurance in a responsible residential real estate fund that aims to address the housing shortage. With the first tranche of investment, Novaxia R will invest and transform the first obsolete office buildings made vacant. This positioning makes it possible to focus savings on housing while acting positively for the environment: the transformation of an existing asset saves 50% of the carbon footprint compared to new construction. The Novaxia R fund is targeting the production of 4,000 housing units, an investment of €1.3 billion generated by the transformation of 180,000 m² of obsolete or vacant offices.

Hugues Mercier became Chief Executive Officer of the fintech *Nouvelle Vague* ("Aumax pour moi"), launched in 2017 by Crédit Mutuel Arkéa. He was previously in charge of the group's Offer and Back Office Department. He succeeds Didier Ardonin, who has decided to take retirement.

April

The **Breizh Ma Bro** venture capital mutual fund created by Arkéa Capital and La Financière d'Orion and awarded the France "Relance" label, is open to private individuals. Breizh Ma Bro seeks to contribute to the development, support and recovery of the economy mainly in Brittany and Loire-Atlantique. It acts as a minority shareholder, in equity and quasi-equity, alongside entrepreneurs to contribute to the performance generated by their innovation, development and/or transmission projects.

Crédit Mutuel Arkéa formalises its commitments to transform its financing and investment practices, for all of its activities, in view of the urgency of the climate issue. While this climate strategy is part of the long-term approach, it sets itself the first medium-term objectives, in line with the Transitions 2024 strategic plan. To this end, the group announces its exit from the thermal coal sector by the end of 2027 and also plans a 16% reduction in its own greenhouse gas emissions by 2024, concerning the direct carbon footprint of its operations. Progress on this **climate strategy** will be assessed using indicators associated with each objective and will be the subject of an annual publication.

Arkéa Banque Entreprises et Institutionnels opens a new **business centre in Bayonne**. With this twenty-first establishment in France, the bank is strengthening its presence with its customers in the Basque Country, and the Béarn and Landes regions. In these regions, it already supports many private and public economic players in its various markets: institutional investors, real estate, businesses.

Arkéa Capital acquires a minority stake in the capital of the company **Coaxis**, based in Fauguerolles in Nouvelle-Aquitaine and specialising in the outsourcing of information systems for VSEs, SMEs and mid-cap companies. Coaxis generates revenue of €13 million and employs 86 people nationwide.

May

Crédit Mutuel Arkéa and its various entities get involved in the France "Relance" plan. Its local networks (Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest) distribute "economy recovery loans" (**PPR**) to eligible business customers in the regions. Suravenir contributes €250 million to the investment fund dedicated to the setting up of PPRs.

Faced with an unprecedented health crisis and its lasting economic consequences, Crédit Mutuel Arkéa renews **the exceptional budget** of €4.18 million already allocated in 2020 for **solidarity schemes** to provide long-term support to the members and customers most affected by the health crisis. This scheme is managed directly by the local banks of the CMB and CMSO federations. In 2020, 6,650 members and individual, professional and non-profit customers benefited from a financial boost.

Maria Carolina Griseri is appointed Chairwoman of the Management Board of Arkéa Banking Services. She was previously Director of Management, Purchasing and Customer Relations in the group's Innovation and Operations Division. Arkéa Banking Services provides white label banking services on behalf of financial institutions and retailers.

Arkéa Banque Entreprises et Institutionnels arranges €86.5 million in financing for the acquisition by the Arche group of the Century 21 network from Nexity. With this transaction, Arkéa Banque Entreprises et Institutionnels illustrates its unique position as a banking player involved in the financing of the entire real estate chain.

Crédit Mutuel Arkéa, in partnership with Onepoint, officially presents its **new IT site**, in the heart of the digital city of Bordeaux Métropole. These premises will welcome 150 new employees by 2022: designers, data/artificial intelligence engineers, business experts, web and mobile developers, and cloud architects to design and develop innovative solutions that will help to meet the challenges of the financial services transformation. This site highlights Crédit Mutuel Arkéa's ambitions in Nouvelle-Aquitaine, a region where it already has a strong presence through Crédit Mutuel du Sud-Ouest and several of its subsidiaries (Arkéa Banque E&I, Arkéa Capital, Arkéa Investment Services, Financo, etc.). More than 1,000 employees work there.

June

The Board of Directors of Crédit Mutuel Arkéa unanimously appointed Julien Carmona as Chairman of the group. He had been elected director by the Chairmen of the local banks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, with 94.5% of the votes cast, at the General Meeting in May. Julien Carmona succeeds Jean-Pierre Denis, who had chaired the Crédit Mutuel Arkéa group since 2008.

Arkéa Banque Entreprises et Institutionnels arranges the financing for the acquisition of the NomoTech group by a pair of entrepreneurs. NomoTech (100 employees) is a telecoms operator created in 2003, present in infrastructures and networks, which operates throughout France.

Crédit Mutuel Arkéa announces a **strategic partnership project with My Money Group**. This will entrust the group with the IT activities of HSBC's retail banking in France, which My Money Group plans to acquire. My Money Group will rely on Crédit Mutuel Arkéa's IT infrastructures as well as on the white label services offered by Arkéa Banking Services and ProCapital (securities services).

Patrick Le Provost becomes Chairman of Crédit Mutuel de Bretagne. He will exercise his mandate with the prospect of allowing Julien Carmona, newly elected Chairman of the Crédit Mutuel Arkéa group, to become Chairman of Crédit Mutuel de Bretagne at the appropriate time.

Crédit Mutuel de Bretagne implements a new organisation dedicated to companies in its region, in keeping with its approach of proximity and synergy of expertise. This new organisation is structured around four business centres over six locations: in Saint-Brieuc for Côtes-d'Armor, in Brest and Quimper for Finistère, in Rennes for Ille-et-Vilaine and in Vannes and Lorient for Morbihan. These business centres are supported by a new dedicated team created within the CMB Sales Department.

We Positive Invest, Crédit Mutuel Arkéa's societal innovation fund, participates in the **€5 million Edflex fundraising**. It offers a digital training solution for companies. Its SaaS solution allows each user to train at their own pace, independently and via content that meets their immediate training needs (acculturation, acquisition or updating of a skill). It already has more than 500,000 users. We Positive Invest also invests in **Gaiago**, a pioneer in soil revitalisation. This fundraising of €13 million aims to deploy its scientifically validated soil revitalisation and agrosystems solutions on a large scale. Gaiago's growth is based on the enhancement of agronomic data on products,

their approvals and commercial expansion, in order to accelerate the agroecological transition.

AS2D enters into exclusive negotiations with Creative Specific Software (C2S) for a majority stake in the company. C2S designs and distributes a patented fall detection solution for elderly and dependent people called VA2CS. Based on artificial intelligence, it makes it possible to detect and analyse falls, losses of consciousness, and night-time waking in all types of housing: at home or in specialised institutions (senior residences, nursing homes, etc.).

Crédit Mutuel Arkéa launches **Arkéa Flex**, a new real estate subsidiary based on Flex, a patented design technique that makes it possible to create flexible and scalable buildings while reducing the ecological footprint of real estate projects. The technology is based on a system of modules that can be combined horizontally or vertically to create apartments, from studios to three-room apartments or even more, depending on the wishes of the private or institutional buyer at the time of the purchase. Thus, by freely combining adjoining modules, everyone can create a home to their own design, according to their budget and their current needs.

New demonstration of Crédit Mutuel Arkéa's involvement in the development of its regions: Federal Finance Gestion, an asset management company affiliated to Arkéa Investment Services, contributes €20 million, on behalf of Suravenir, to the €80 million (of which €60 million in bank financing and €20 million in bond issues) intended to finance the **Brest University Hospital development project**.

July-August

François Leprince is appointed Chairman of the Management Board of CFCAL-Banque, the group's subsidiary specialising in loan consolidation. He was previously Head of the Engineering and Financial Communication Department of Crédit Mutuel Arkéa. With the support of more than 200 employees and a network of independent intermediaries throughout the country, CFCAL-Banque enables professionals, real estate companies (SCIs) and individuals to access all types of loans. Since 2020, it has also offered a 100% digital bank account, combined with a payment card. The product is distributed through Pumpkin, also a subsidiary of Crédit Mutuel Arkéa, to its individual customers.

Crédit Mutuel Arkéa publishes its first climate report based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The document details the actions taken to combat global warming and the consideration of climate issues in management, in terms of both strategy, and the organisation of governance and results through measurement indicators.

September

Swen Capital Partners announces the launch of its second European impact fund, **Blue Ocean**, with the aim of raising €120 million to finance start-ups dedicated to ocean regeneration. Ifremer will be the fund's scientific partner.

Arkéa Investment Services unveils its new real estate asset management entity: **Arkéa Real Estate Investment Management**. It aims to position itself as a player in real estate transitions to service the savings of its customers.

Leading public landlord in the Paris region, **Paris Habitat subscribes to a €10 million Pact impact loan from Arkéa Banque Entreprise et Institutionnels**. Paris Habitat chooses to dedicate the subsidy provided for its financial expenses to integration actions for young people.

October

Crédit Mutuel Arkéa becomes the first French bank to measure its non-financial impacts in euros, to calculate its overall performance. The group unveils its methodology, designed with an external independent firm, to select non-financial indicators relevant to the group and its stakeholders (members and customers, suppliers, employees) and convert each of these indicators into euros, the unit already used for the calculation of financial performance. Externalities generated by financing and investment activities with members and customers, by purchases made from suppliers and by the HR policy with employees are thus assessed and monetised. In practice, for example, Crédit Mutuel Arkéa assesses the non-financial impacts of a customer's activities (number of jobs supported, or greenhouse gas emissions, for example), and then converts these impacts into euros. Lastly, Crédit Mutuel Arkéa determines its level of contribution to these impacts in proportion to its commitments.

Crédit Mutuel Arkéa and its Crédit Mutuel du Sud-Ouest federation sign a sponsorship agreement with **École 42** to support the development of the establishment in Charente. This allows students to train, free of charge and without qualification requirements, in the information and communication technology professions, thanks to an original educational model based on autonomy and mutual aid between students.

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This project is in line with the Crédit Mutuel Arkéa group's Raison d'être. This sponsorship is a reflection of what makes up our cooperative and collaborative DNA: relational proximity and regional anchoring, responsibility in action, a long-term culture, innovation, inclusion and solidarity... Many points of convergence with École 42 and we are very proud to support them.”

Sophie Violleau, Vice-Chairwoman of Crédit Mutuel Arkéa and Chairwoman of Fédération du Crédit Mutuel du Sud-Ouest

Monext expands its offering by partnering with Dejamobile. Soft POS, or "tap on phone", now allows retailers to contactlessly receive, directly in the aisles and with no cap and with strong authentication, amounts of over €50, all without any additional equipment. With this omnichannel approach, Monext meets the new needs of its retail customers: mobile payments during deliveries, taxi rides, home services, as well as in all points of sale – even pop-up ones – or simply to bypass the crowds at the check-outs.

November

Armorique Habitat, a social enterprise for housing, chooses to become a **"company with a mission"** as permitted by the "Pacte law" on the growth and transformation of businesses. By including its Raison d'être and its social and environmental commitments in its Articles of Association, the Crédit Mutuel Arkéa subsidiary wishes to enhance and strengthen the positive impact of its action in the service of social housing and the balanced development of the regions by making it measurable and enforceable. Armorique Habitat is the first Breton company in its market to take the plunge.

Crédit Mutuel Arkéa makes public its **hydrocarbon sector policy: oil and gas**. The group announces significant restrictions in terms of financing and investment in companies and projects in the sector from January 2022, with a view to phasing out unconventional fossil fuels by 2030. At the same time, commitment to these players and support for their projects dedicated to the energy transition will be promoted.

Crédit Mutuel Arkéa signs the **manifesto of economic players against violence against women**, along with 12 other large companies. The text includes 10 specific actions to combat this scourge.

Mangopay breaks the €20 billion mark in transactions processed since its creation in 2013, including €10 billion in payments during the past year. Its payment solution dedicated to marketplaces, the sharing economy and crowdfunding shows very strong growth, and its customers include major names in e-commerce: Vinted, La Redoute, Leboncoin, etc.

On the occasion of the Women's Forum, Crédit Mutuel Arkéa signs, alongside some twenty large companies, the **"Towards Zero Gender Gap" pact** in favour of gender equality, to promote a more inclusive, equitable and sustainable society. The signatories have given themselves several action levers: reduce the impact of unconscious bias arising from the hiring and promotion processes; set ambitious targets for the recruitment and promotion of women; support the advancement of female talent and work towards equal pay.

Crédit Mutuel de Bretagne participates in the fundraising for the start-up Stratosfair which develops local positive impact data centres. The first of the five planned centres will emerge in the spring of 2022 in Morbihan. Built on the basis of four recycled containers, it will run on renewable energy and will be equipped with solar panels. The energy consumed will also be used by a neighbouring agricultural greenhouse.

December

Financo signs an exclusive partnership with the Seres electric vehicle brand France and thus illustrates its desire to be more committed to green and responsible mobility. The agreement covers the financing of vehicles for future customers of the brand as well as the inventory carrying costs of the Seres network. It enables Financo to offer services, rental offers and financing solutions to all distributors of the brand under the name Seres Financement.

Arkéa Capital completes a minority stake in AMI Ingrediénts, a distributor of raw materials for cosmetics and food. Based near Tours, the company generates turnover of €44 million and employs around 50 people.

The Territoires de Croissance consortium, led by Siparex, chooses Arkéa Capital to ensure the **distribution of “Recovery Bonds”** in the Grand Ouest region (Brittany, Pays de la Loire, Nouvelle-Aquitaine and Centre-Val de Loire). These bonds were rolled out by the government and are equivalent to quasi-equity investments. With a minimum amount of €2 million per project and a maturity of eight years, they are aimed at SMEs and mid-cap companies in all sectors seeking financing to support their development and transformation plans. In total, the Territoires de Croissance grouping benefits from a budget of more than €200 million, contributed by 19 insurers, including Suravenir, as well as by the Caisse des Dépôts.

AS2D develops a customised scalable home automation solution to equip the first 18 inclusive residences of the Mobicap group. This solution, controlled by a touch panel or by a smartphone application, meets the comfort and safety needs of tenants, the elderly or people with disabilities. The homes are equipped with many sensors to detect falls, smoke and flooding with, if necessary, a 24/7 remote assistance service. AS2D has also added a concierge service to its central office.

Arkéa Capital, via **Arkéa Capital Partenaire**, its long-term investment vehicle for mid-cap and large companies, reinforces its commitment to **Grandir group** which is pursuing an ambitious development project. Grandir is a leading player in the early learning and education of young children. It employs 9,000 people and manages more than 600 nurseries and kindergartens, for a total of 30,000 places in France, Germany, the United Kingdom, Canada and the United States.

1.8 Solidarity relationships

1.8.1 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 provides that the European Central Bank (the "ECB") may, on the proposal of the ACPR, for mutual and cooperative groups, issue a collective licence to a regional or federal caisse for itself and for all the caisses affiliated to it "when the liquidity and solvency of the local caisses 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 member local 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 member local banks by means of endowments and subsidies. Any local mutual fund 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 funds whose net position is negative or whose result is 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 EU Regulation 575/2013 as amended, supplemented by ad hoc intra-group financial liquidity agreements), the system provided for in the French Monetary and Financial Code (Article L.511-42 of the CMF) 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.

1.8.2 Solidarity links within Crédit Mutuel

1.8.2.1 Current context of disaffiliation

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 organization) 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 Crédit Mutuel.

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 Crédit Mutuel.

On 17 January 2018, Crédit Mutuel Arkéa's Board of Directors gave its management a mandate to take any action that would enable Crédit Mutuel Arkéa to become a cooperative banking group independent of the rest of Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its local 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. 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 under way and discussions have been started with the supervisory authorities.

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These discussions with the supervisory authorities on the terms of the separation were temporarily suspended due to 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 Coopératives Locales, which would no longer be credit institutions, retaining their status as sociétés coopératives à capital variable and forming a union of cooperatives, Arkéa, 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 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 fulfilment of the primary mission of Local Cooperatives, namely to promote access to banking, financial and insurance services for all.

In the context of the General Decision (DCG) no. 1-2019, relating to the disaffiliation of the Crédit Mutuel branches 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 prejudge 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.

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.

1.8.2.2 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 as a whole (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.

Crédit Mutuel

2.

Corporate governance

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BOARD OF DIRECTORS



15 BOARD OF DIRECTORS MEETINGS

92% ATTENDANCE RATE

56 AVERAGE AGE YEARS

47% WOMEN

APPOINTMENTS COMMITTEE

5 MEMBERS

11 MEETINGS

92% ATTENDANCE RATE

FINANCIAL STATEMENTS COMMITTEE

6 MEMBERS

4 MEETINGS

96% ATTENDANCE RATE

COMPENSATION COMMITTEE

4 MEMBERS

16 MEETINGS

81% ATTENDANCE RATE

STRATEGY AND SOCIETAL RESPONSIBILITY COMMITTEE

6 MEMBERS

8 MEETINGS

92% ATTENDANCE RATE

RISK AND INTERNAL CONTROL COMMITTEE

5 MEMBERS

16 MEETINGS

93% ATTENDANCE RATE

AUTHORIZE, GUIDE AND SUPERVISE

INFORM AND CONSULT

EXECUTIVE COMMITTEE

8 MEMBERS

1 MEETING EACH WEEK

38% WOMEN

Chief Executive Officer, Deputy Chief Executive Officers, Divisional Managers, Head of Human Resources Department

ASSIST

INFORM

Executive Management Committee

Periodic Control Committee

Compliance and Permanent Control Committee

ALM and Capital Management Committee

Credit Committee

Loan Committee

Risk Monitoring Committee

Counterparties Committee

Purchasing Committee

Real Estate Committee

Innovation Committee

Anti-Money-Laundering and Terrorism Financing Committee

IT Risk Governance Committee

Sustainable Finance Committee

The provisions of Article L.225-37 of the French Commercial Code stipulate that the Board of Directors shall present to the General Meeting referred to in Article L.225-27-4 a report on corporate governance attached to the management report referred to in the same article. However, the corresponding information may be presented in a specific section of the management report. This report gives an account of the composition of the Board and the application of the principle of balanced representation of women and men on the Board, the conditions for preparing and organising its work, as well as any limitations that the Board of Directors may place on the powers of executive management. As Crédit Mutuel Arkéa is not a company whose shares are admitted to trading on a regulated market, it has decided not to refer to the AFEP-MEDEF Code. However, it refers to the Governance Guide for Cooperatives and Mutuals.

Crédit Mutuel Arkéa complies with current regulations on corporate governance applicable to credit institutions. In this respect, it should

be noted that the European Banking Authority issued guidelines on internal governance dated 21 March 2018 (EBA/GL/2017/11), with which the company intends to comply fully.

Since its creation, the Crédit Mutuel Arkéa cooperative society in PLC form (the parent company of our group) has chosen an organisation that is separate from its governance, structured around a Board of Directors chaired by Julien Carmona, and an Executive Committee chaired by its Chief Executive Officer, Hélène Bernicot, assisted by three Deputy Chief Executive Officers: Anne Le Goff, Bertrand Blanpain and Frédéric Laurent.

Crédit Mutuel Arkéa is a cooperative public limited company with variable capital (société anonyme coopérative à capital variable). There are no valid delegations of authority granted by the General Shareholders' Meeting in the area of capital increases pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

2.1 Conditions for the preparation of the corporate governance report

The corporate governance report is prepared in accordance with the provisions of Articles L.225-37 of the French Commercial Code. The Board of Directors reports on the composition and application of the principle of balanced representation of women and men within its membership, the conditions for preparing and organising the Board's work, and the internal control and risk management procedures implemented by the company, detailing in particular those procedures relating to the preparation and processing of accounting and financial information for the parent company financial statements and, where applicable, for the consolidated financial statements. Without prejudice to the provisions of Article L.225-56 of the French Commercial Code, this report also indicates any limitations that the Board of Directors may place on the powers of executive management.

The preparation of the report is coordinated by Crédit Mutuel Arkéa's General Secretary and Corporate Communications Department, which, in addition to providing ongoing assistance to the Board's work and missions, is also responsible for providing general secretary services for the Appointments Committee and the Board of Directors' Strategy and Social Responsibility Committee. In addition,

the General Secretary and Corporate Communications Department has received contributions for the preparation of this report:

- the General Inspection and Periodic Control Department, which is responsible for the general secretary of the Board of Directors' Risk and Internal Control Committee;
- the Finance Department responsible for the general secretary of the Financial Statements Committee;
- the Human Resources Department responsible for the general secretary of the Compensation Committee.

The Statutory Auditors verify that the corporate governance report included in Crédit Mutuel Arkéa's 2021 Universal Registration Document incorporates the information required by Article L.225-37-4 of the French Commercial Code. This report is then examined by the Board of Directors. It will be presented for approval to the Annual General Shareholders' Meeting (the local banks of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations).

2.2 The Board of Directors of Crédit Mutuel Arkéa

2.2.1 Composition of the Board of Directors

The Board of Directors is composed of 19 directors and 1 non-voting Board member:

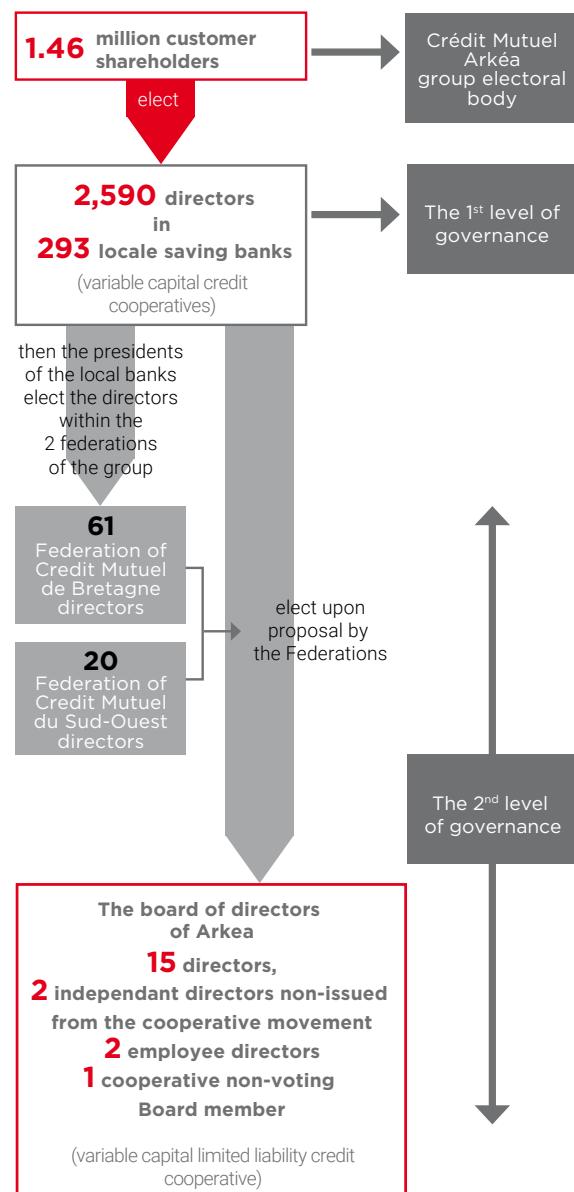
- 15 directors (6 women and 9 men) and 1 non-voting Board member (1 man) representing the members, elected by the member local banks and shareholders at the Annual General Meeting;
- 2 directors not from the cooperative movement (2 women);
- 2 employee directors (1 woman and 1 man), appointed by the Social and Economic Committee.

Crédit Mutuel Arkéa's directors are elected at the General Meeting from among the 293 directors of the local banks of the federations making up Crédit Mutuel Arkéa. These directors are themselves elected by the members, who are also customers, of their local banks at the General Meeting of their local banks in accordance with the cooperative model of "one person, one vote". There is no procedure for allocating multiple voting rights.

This elective system, whose electorate is made up of all our members, ensures genuine customer representation on Crédit Mutuel Arkéa's governing bodies and guarantees that the Board of Directors is independent from the company's management.

The directors of the Board and the non-voting Board member representing the members are of French nationality and are proposed by the federations that make up Crédit Mutuel Arkéa:

- 12 directors in respect of the banks affiliated to the Crédit Mutuel de Bretagne federation;
- 3 directors and 1 non-voting Board member in respect of the banks affiliated to the Crédit Mutuel du Sud-Ouest federation.



Many Crédit Mutuel Arkéa directors also sit on the governing bodies of one or more group subsidiaries.

The Board of Directors has two directors not from the cooperative movement. Elected by the Annual General Meeting, their candidacies are subject to pre-selection by the Appointments Committee and approval by Crédit Mutuel Arkéa's Board of Directors. They do not come from the group's cooperative movement and sit on the Board for their expertise and the complementary analysis they bring to the deliberative body. In addition, they hold no other positions in the subsidiaries. In 2021, Ms Barlois-Leroux and Ms Huet held these positions on the Board of Directors.

The employee directors are appointed by the Social and Economic Committee for a period of three years. The Social and Economic Committee appointed Mr Guillaume Gloria and Mrs Marie Vignal-Renault as employee directors on 19 February 2020.

In the context of the health crisis, in accordance with the provisions of Article 4 of Order 2020-321 of 25 March 2020, the Combined General Meeting was held without the physical presence of shareholders. In accordance with the applicable provisions, in particular Article L.225-107 of the French Commercial Code, shareholders were invited to vote by mail in a dematerialised form between 23 April and 10 May 2021. Shareholders were given the opportunity to ask written questions and were given access to all the necessary documentation. The attendance rate at Crédit Mutuel Arkéa's 2021 Annual General Meeting was 87% (91% in 2020). On an ordinary basis, the General Meeting elected its directors, approved its financial statements, reviewed the compensation of corporate officers and risk-takers and renewed the term of office of the Statutory Auditors of Crédit Mutuel Arkéa.

The business address of Crédit Mutuel Arkéa's directors and corporate officers is: 1, rue Louis Lichou – 29480 Le Relecq-Kerhuon – France.

At the 2021 General Meeting, the following developments were voted on:

- the departure of Jean-Pierre Denis;
- the reappointments of François Chatel, Yves Mainguet, Luc Moal and Colette Séné for a three-year term;
- the appointments of Julien Carmona as Director and Pascal Faugère as non-voting Board member for a period of three years.

Thus, 47% of the Board of Directors is made up of women.

Since 2008, the Board of Directors had been chaired by Jean-Pierre Denis. Following the decision of Jean-Pierre Denis not to seek the renewal of his term of office, the Board of Directors elected Julien Carmona as its Chairman on 4 June 2021.

Pursuant to Article L.511-58 of the French Monetary and Financial Code and the position of the French Prudential Supervisory and Resolution Authority (ACPR), the functions of Chairman of the Board of Directors and Chief Executive Officer of Crédit Mutuel Arkéa are separated.

Only the President may act on behalf of the Council and speak on its behalf. He may, in close cooperation with the Executive Management, represent Crédit Mutuel Arkéa in its high-level relations, particularly with major customers, partners and public authorities, at regional, national and international level. He or she drives the group's strategy towards autonomous, high-performance development, attached to its territorial roots and respectful of cooperative values and the company's *Raison d'être* (Purpose).

The Board of Directors has a Vice-Chairwoman, Sophie Violeau, who is also Chairwoman of the Crédit Mutuel du Sud-Ouest federation. The Vice-Chairwoman may represent Crédit Mutuel Arkéa on behalf of the Chairman.

The Board has no lead director.

A representative of the Central Social and Economic Committee also attends the meetings of the Board of Directors in an advisory capacity.

The age limit for Directors is set by the Articles of Association at 65 years old for a first election and 70 years old for a renewal. The term of office is three years, renewable without limitation other than that linked to the aforementioned age limit.

The Board of Directors has internal operating rules and regulations. These rules confirm the essential missions of Crédit Mutuel Arkéa's directors, set out the operating procedures of the body and set out the rights and obligations of each director. These internal operating rules were supplemented by the Crédit Mutuel Arkéa directors' Charter, which sets out the duties of the Board's 19 directors. The purpose of this charter is to ensure that the members of the Board of Directors are independent and committed. It refers to the formal independence criteria set out by the European Banking Authority (EBA/GL/2017/11 and 2017/12 guidelines § 91 and 92) and lists the individual skills of Board members with a view to ensuring that the collective expertise of the members of the Board of Directors is appropriate for the exercise of sound and effective governance of the company.

18 of the 19 Directors out of the 19 members of the Board of Directors meet at least 10 of the 11 formal independence criteria set out in the guidelines of the European Banking Authority (EBA/GL/2017/11 and 2017/12 § 91 and 92) and can therefore be considered as independent.

The Board of Directors of Crédit Mutuel Arkéa therefore fully exercises its role in accordance with the provisions of the Articles of Association, the internal regulations of a financial nature, its operating rules, its administrative charter and the charters specific to each of its specialised committees.

2. CORPORATE GOVERNANCE

The Board of Directors of Crédit Mutuel Arkéa

In summary:

The composition of the Board of Directors at 31 December 2021 was as follows:

Composition of the Board of Directors at 31 December 2021	Origin	Formal independence*	Age	First appointment	Renewal	Attendance	Financial Statements Committee	Appointments Committee	Compensation Committee	Risk and Internal Control Committee	Strategy and Corporate Social Responsibility Committee	Credit Review Committee
Julien CARMONA Chairman of the Board of Directors	CM	No	51	2021	2024	100%					C	
Sophie VIOLEAU Vice-Chairwoman of the Board of Directors	CM	Yes	49	2016	2022	100%			C			
Valérie BARLOIS-LEROUX Director not from the cooperative movement	I	Yes	52	2020	2023	67%					M	
Valérie BLANCHET-LECOQ Director	CM	Yes	56	2020	2023	80%				M		
Thierry BOUGEARD Director	CM	Yes	64	2017	2023	100%	C	M	M			
François CHATEL Director	CM	Yes	70	2015	2024	100%				C	M	
Philippe CHUPIN Director	CM	Yes	41	2020	2023	93%	M				M	M
Marta CRENN Director	CM	Yes	45	2017	2023	100%				M		
Guillaume GLORIA Employee director	E	Yes	53	2017	2023	100%	M					
Michel GOURTAY Director	CM	Yes	70	2008	2022	87%				M		
Monique HUET Director not from the cooperative movement	I	Yes	62	2017	2023	100%				M		C
Anne-Gaëlle LE BAIL Director	CM	Yes	48	2016	2022	87%	M				M	
Patrick LE PROVOST Director	CM	Yes	65	2017	2023	100%		M	C		M	M
Yves MAINGUET Director	CM	Yes	64	2018	2024	100%	M					
Luc MOAL Director	CM	Yes	64	2018	2024	80%		M	M			
Valérie MOREAU Director	CM	Yes	49	2019	2022	93%				M		
Colette SÉNÉ Director	CM	Yes	62	2015	2024	100%	M					
Dominique TRUBERT Director	CM	Yes	61	2020	2023	93%	M					
Marie VIGNAL-RENAULT Employee director	E	Yes	42	2020	2023	73%			M			
Pascal FAUGÈRE Non-voting Board member	CM	Yes	59	2021	2024	100%					6	4
MAIN INDICATORS		95%	56			92%	6	5	4	5	6	4

CM – From the cooperative movement.

I – Director not from the cooperative movement.

E – Employee director.

M – Committee member.

C – Chairman/Chairwoman of the committee.

* Formal independence criteria laid down by the European Banking Authority (EBA/GL/2017/11 and 2017/12 § 91 and 92 Guidelines).

The composition of the Board of Directors at 31 December 2021 is detailed below.

Julien CARMONA



Chairman of Crédit Mutuel Arkéa,

51

1st appointment:

11.05.2021

Term expires:

2024

Summary biography

Julien Carmona is a graduate of the École Normale Supérieure (Ulm) and the École Nationale d'Administration. He is also an "agrégé" in history. After joining the Finance Inspectorate in 1997, he joined BNP Paribas before being appointed Economic Advisor to the President of the French Republic in 2004. In 2007, he became a member of the Management Board and Chief Financial Officer of groupe Caisse d'Épargne (now BPCE), then joined SCOR SE as Deputy Chief Executive Officer, then Nexity in 2014, where he successively held the positions of Deputy Chief Executive Officer, then Assistant Chief Executive Officer. He joined the Board of Directors of Crédit Mutuel Arkéa in 2021 and was elected Chairman.

Other positions held outside Crédit Mutuel Arkéa

- Deputy Chief Executive Officer of NEXITY SA until 05.19.2021
- Chairman of the Board of Directors of CREDIT FINANCIER LILLOIS until 05.19.2021
- Chairman of SIG 30 PARTICIPATIONS until 05.19.2021
- Chairman of NEXIMMO 39 until 05.19.2021
- Chairman of SARI INVESTISSEMENTS SAS until 05.19.2021
- Chairman of NEXIM 4 SAS until 05.19.2021
- Chairman of NEXIMMO 12 SAS until 05.19.2021
- Chairman of NEXIMMO 19 SAS until 05.19.2021
- Director of NEXITY IMMOBILIER D'ENTREPRISE SA until 05.19.2021
- Director of EDOUARD DENIS DÉVELOPPEMENT until 05.19.2021
- Member of the Supervisory Board of BUREAUX A PARTAGER until 05.19.2021
- Member of the Supervisory Board of NEW PORT SAS until 05.19.2021

of which offices outside France

Germany

- Manager of NEXITY DEUTSCHLAND GmbH until 05.19.2021
- Chairman of the Supervisory Board of PANTERA AG until 05.19.2021

Belgium

- Chairman of the Board of Directors of CITY GARDEN REAL ESTATE until 05.19.2021
- Director of NEXITY BELGIUM until 05.19.2021
- Director of G&G IMMO SA until 05.19.2021

Spain

- Sole Director of DOMUS SOROLLA until 05.19.2021

Italy

- Consigliere and Amministratore delegato of AGENXITY SRL until 05.19.2021
- Consigliere and Amministratore delegato of NEXITY HOLDING ITALIA SRL until 05.19.2021
- Amministratore unico of NEXITY MILANO OLGIATI SRL until 05.19.2021
- Amministratore unico of NEXITY MILANO PORTA VOLTA SRL until 05.19.2021
- Amministratore unico of LIVRAGHI 18 SRL until 05.19.2021
- Amministratore unico of NEXITY RESCALDINA SRL until 05.19.2021
- Amministratore unico of NEXITY MILANO FARAVELLI SRL until 05.19.2021
- Amministratore unico of NEXITY TRENTA DUE SRL until 05.19.2021
- Amministratore unico of NEXITY TRENTATRE SRL until 05.19.2021
- Amministratore unico of NEXITY TRENTAQUATRO SRL until 05.19.2021
- Amministratore unico by NEXITY TRENTRACINQUE SERL until 05.19.2021
- Amministratore unico of NEXITY TRENTASEI SRL until 05.19.2021

Julien CARMONA

Poland

- Manager of NP 21 Sp Zoo until 05.19.2021
- Manager of NP 23 Sp Zoo until 05.19.2021
- Manager of NEXITY POLSKA Sp.Zoo until 05.19.2021
- Manager of NEXITY POLSKA 303 Sp Zoo until 05.19.2021
- Manager of NP 7 Sp Zoo until 05.19.2021
- Manager of NP 8 Sp Zoo until 05.19.2021
- Manager of NP 9 Sp Zoo until 05.19.2021
- Manager of NP 10 Sp Zoo until 05.19.2021
- Manager of NP 11 Sp Zoo until 05.19.2021
- Manager of NP 12 Sp Zoo until 05.19.2021
- Manager of NP 14 Sp Zoo until 05.19.2021
- Manager of NP 15 Sp Zoo until 05.19.2021
- Manager of NP 16 Sp Zoo until 05.19.2021
- Manager of NP 18 Sp Zoo until 05.19.2021
- Manager of NP 19 Sp Zoo until 05.19.2021
- Manager of NP 20 Sp Zoo until 05.19.2021

Portugal

- Manager of NEXITY PORTUGAL LDA until 05.19.2021
- Manager of NEXITY PORTUGAL NP1 LDA until 05.19.2021
- Manager of NEXITY PORTUGAL NP2 LDA until 05.19.2021
- Manager of NEXITY PORTUGAL NP3 LDA until 05.19.2021
- Manager of NEXAE VILAMOURA until 05.19.2021

Sophie VIOLEAU

Vice-Chairwoman of
Crédit Mutuel Arkéa
49

1st appointment:
21.04.2016

Term expires:
2022

Summary biography

A graduate of the Institut Supérieur des Hautes Études Économiques et Commerciales, Sophie Violeau has held various positions in marketing since 1994. Since 2008, she has been the founder and co-manager of Parenteo Services, a personal services company.

She was elected Vice-Chairwoman of Caisse de Crédit Mutuel de la Couronne in 2015 and became Chairwoman of the Crédit Mutuel du Sud-Ouest federation in 2020.

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairwoman of the Crédit Mutuel du Sud-Ouest federation
- Chairwoman of the Crédit Mutuel du Sud-Ouest regional bank
- Director of Caisse de Crédit Mutuel de la Couronne

of which offices held in subsidiaries

- Chairwoman of the Board of Directors of Suravenir Assurances
- Chairwoman of the Board of Directors of Nouvelle Vague
- Member of the Supervisory Board of Budget Insight
- Member of the Supervisory Board of Arkéa Capital
- Director of Arkéa Capital Investissement
- Director of Arkéa Capital Holding
- Member of the Supervisory Board of Apivia

Other positions held outside Crédit Mutuel Arkéa

- Manager of Parenteo Services SARL
- Director of Entreprendre Au Feminin Charente
- Director of the Éric et Odette Bocke Foundation

Valérie BARLOIS-LEROUX

Director not from
the cooperative
movement of Crédit
Mutuel Arkéa,
52

1st appointment:
05.14.2020

Term expires: 2023

Summary biography

Valérie Barlois-Leroux is a graduate of the ESCP business school and a former top-level sportswoman and Olympic fencing medallist. She has held various positions in the human resources, Sales and Real Estate Departments of the Bouygues building group. Since 2021, she has been Deputy CEO of BCA Expertise. She has also been at the head of her consultancy firm Kalymnos since 2020.

Other offices held within a Crédit Mutuel Arkéa subsidiary

- Chairwoman of the Board of Directors of Arkéa since 04.26.2021

Other positions held outside Crédit Mutuel Arkéa

- Member of the Board of Directors of COJOP Paris 2024 (association)
- Chairwoman of Ambition 2.24 – Nouvelle Aquitaine (association)
- Chairwoman of the French Olympians Association (association)
- Chairwoman of Kalymnos SAS

Valérie BLANCHET-LECOQ

Director of Crédit Mutuel Arkéa,
56

1st appointment:
14.05.2020

Term expires:
2023

Other position held within Crédit Mutuel Arkéa

- Director of Caisse de Crédit Mutuel de Lorient Porte des Indes of which offices held in subsidiaries
- Member, then permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Suravenir since 20.05.2021

Other position held outside Crédit Mutuel Arkéa

- Co-Managing lawyer of SELARL Jurilor

Thierry BOUGEARDDirector of Crédit Mutuel **Summary biography**Arkéa,
64**1st appointment:**
05.04.2017**Term expires:**
2023

Thierry Bougeard holds a BP accountant's diploma and has held various positions at Organic Bretagne since 1983, then since 2007 at RSI Bretagne as regional manager of service relations.

He was elected a director of Caisse de Crédit Mutuel de Rennes St-Sauveur in 1990, then Vice-Chairman in 2000 and Chairman in 2004.

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairman of the Crédit Mutuel de Bretagne federation
- Vice-Chairman of Caisse de Crédit Mutuel de Rennes St-Sauveur
- of which offices held in subsidiaries**
- Chairman of the Board of Directors of Arkéa Lending Services
- Chairman of the Board of Directors of Arkéa SCD
- Director of Federal Service
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Arkéa Banking Services

François CHATELDirector of Crédit Mutuel **Summary biography**Arkéa,
70**1st appointment:**
05.06.2015**Term expires:**
2024

A graduate of the ICN Business School and a chartered accountant/auditor, François Chatel, a KPMG partner, was Head Office Manager in Paris from 1993 to 2005 and Deputy Regional Manager in Rennes from 2005 to 2014.

He was elected director of Caisse de Crédit Mutuel de Rennes Maurepas in 2010 and then Vice-Chairman of the bank in 2013, before becoming its Chairman in 2021.

Other position held within Crédit Mutuel Arkéa

- Vice-Chairman, then Chairman of Caisse de Crédit Mutuel de Rennes Maurepas since 07.08.2021.
- of which offices held in subsidiaries**
- Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels until 04.21.2021
- Chairman of the Supervisory Board of ProCapital Securities Services
- Director of Arkéa Capital Holding

Other positions held outside Crédit Mutuel Arkéa

- Chairman of the ESC Rennes group Rennes School of Business (association)
- Director of the Nominoé endowment fund (Patronage, CHU Rennes)
- Honorary Chairman of the Oscars d'Ille-et-Vilaine (association)

Philippe CHUPIN

Director of Crédit Mutuel Arkéa

41

1st appointment:

05.14.2020

Term expires:

2023

Summary biography

Philippe Chupin holds a degree in agricultural engineering and a master's degree in international trade. He began his career at the Côtes-d'Armor Chamber of Agriculture. He currently holds the position of manager of Danbred France as a non-partner manager.

He became a director of Caisse de Crédit Mutuel de Saint-Brieuc Centre-ville in 2008, Vice-Chairman in 2011 and Chairman in 2012.

Other positions held within Crédit Mutuel Arkéa

- Chairman of Caisse de Crédit Mutuel de Saint-Brieuc Centre-ville
- Director and member of the Board of the Crédit Mutuel de Bretagne federation
- of which offices held in subsidiaries**
- Member, then Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels since 04.21.2021
- Director of Mangopay SA since 09.02.2021

Other position held outside Crédit Mutuel Arkéa

- Manager – non-partner manager of Danbred France

Marta DIAS

Director of Crédit Mutuel Arkéa

45

1st appointment:

05.04.2017

Term expires:

2023

Summary biography

With a PhD in Management Science after a Master's degree in Management Control and a DESS in Tourism Management, Marta Dias is Head of Management Control at the École Nationale d'Ingenieurs de Brest. Her career path includes activities as a research engineer at IMT Atlantique, teacher-researcher at ENSTA Bretagne and management controller in the hotel and public works sectors. She was elected director of Crédit Mutuel de Plougastel-Daoulas in 2010, and Chairwoman of COMUT of Relecq-Kerhuon from 2015 to 2021.

Other position held within Crédit Mutuel Arkéa

- Vice-Chairwoman of Caisse du Crédit Mutuel de Plougastel-Daoulas
- of which offices held in subsidiaries**
- Member, then Permanent Representative of Crédit Mutuel Arkéa on the Supervisory Board of Arkéa Banque Entreprises et Institutionnels since 04.21.2021.
- Director of Arkéa Lending Services
- Permanent representative of Arkéa Banque Entreprises et Institutionnels on the Board of Directors of Novélia from 06.05 to 07.02.2021

Guillaume GLORIA

Employee director of

Crédit Mutuel Arkéa since

06.15.2017,

53

1st appointment by the
ECC:

06.15.2017

Term expires:

2023

Summary biography

A graduate of the Institut d'Études Politiques, Guillaume Gloria has held several positions in the banking sector since 1993. He has been a professional customer manager at Crédit Mutuel de Bretagne since 2000.

Employee of the territorial unit of St Malo centre

Other offices

- Industrial tribunal adviser at the Saint-Malo industrial tribunal (Conseil de prud'homme)

Michel GOURTAYDirector of Crédit Mutuel Arkéa, **Summary biography**

Michel Gourtay holds a DESS (post-graduate diploma) from the Rennes Institute of Business Administration. He began his career in 1974 with the BSN Gervais Danone group as plant manager, then as general secretary of Hartereau. From 1983 to 2015, he was Managing Director of the Brest Chamber of Commerce and Industry. He was elected director of Caisse de Crédit Mutuel du Relecq-Kerhuon in 2006.

1st appointment:

09.12.2008

Term expires:

2022

Other position held within Crédit Mutuel Arkéa

- Director of Caisse de Crédit Mutuel de Le Relecq-Kerhuon
- of which offices held in subsidiaries**
- Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels

Other positions held outside Crédit Mutuel Arkéa

- Vice-Chairman of Brest Métropole
- Chairman of the Brest Iroise technology park
- Chairman and Managing Director of Semp

Monique HUET

Director not from the cooperative movement of Crédit Mutuel Arkéa, 62

Summary biography

A graduate of HEC, Monique Huet has spent her career in the energy sector, working for the EDF and then Gaz de France groups. She was Chief Financial Officer of GDF Production Nederland BV in Holland and then of the Exploration & Production Business Unit of the GDF SUEZ group (Engie). Today she is active in consulting and training. She is a certified director of Sciences Po – Institut Français des Administrateurs.

1st appointment:

05.04.2017

Term expires:

2023

Other position held outside Crédit Mutuel Arkéa

- Managing Director of OpenFields SAS

Anne-Gaëlle LE BAIL

Director of Crédit Mutuel Arkéa, 48

1st appointment:

04.21.2016

Term expires:

2022

Summary biography

Anne-Gaëlle Le Bail is a graduate of the ESC de Montpellier and holds a postgraduate degree in Macroeconomics from the University of Mannheim. Since 1996, she has held various positions in the financial and accounting fields, in particular. Since October 2011, she has held the position of Head of Finance - Payroll France/Belgium within the STERIS group.

She was elected Chairwoman of Caisse de Crédit Mutuel d'Eysines in 2015.

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairwoman of the Crédit Mutuel du Sud-Ouest federation
- Chairwoman of Caisse de Crédit Mutuel d'Eysines
- of which offices held in subsidiaries**
- Chairwoman of the Supervisory Board of Monext
- Member of the Supervisory Board of Arkéa Direct Bank
- Member of the Supervisory Board of Arkéa Bourse Retail

Patrick LE PROVOST

Director of Crédit Mutuel **Summary biography**

Arkéa,
65

1st appointment:
05.04.2017

Term expires:
2023

Patrick Le Provost is an agricultural engineer, then a graduate of the French Institute of Management. From 1980, he held various positions within the Côtes-d'Armor Health Defence group, and then the position of General Manager of the Brittany Health Defence group between 1994 and 2018.

He was elected director of Caisse de Crédit Mutuel du Gouet et du Lie in 2003 and then Vice-Chairman in 2014. He is currently Chairman of the Crédit Mutuel de Bretagne federation.

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairman, then Chairman of the Crédit Mutuel de Bretagne federation since 06.04.2021
- Vice-Chairman of Caisse de Crédit Mutuel de Pays du Gouet et du Lie

of which offices held in subsidiaries

- Chairman of the Supervisory Board of Financo
- Chairman of the Supervisory Board of CFCAL
- Member of the Supervisory Board of Nextalk
- Chairman of the Board of Directors of Arkéa Capital Holding
- Director of Arkéa SCD
- Director of Arkéa Capital Investissement
- Member of the Supervisory Board of Arkéa Capital

2.

Yves MAINGUET

Director of Crédit Mutuel **Summary biography**

Arkéa,
64

1st appointment:
05.16.2018

Term expires:
2021

Yves Mainguet holds a Master's degree in accounting and financial sciences and techniques and is a certified public accountant.

He was elected director of Caisse de Crédit Mutuel de Rennes Saint Sauveur in 2005 and has been Chairman since 2017.

Other positions held within Crédit Mutuel Arkéa

- Chairman of Caisse de Crédit Mutuel de Rennes Saint Sauveur

of which offices held in subsidiaries

- Member of the Supervisory Board of Federal Finance
- Member, then permanent representative of Federal Finance on the Supervisory Board of Federal Finance Gestion since 05.27.2021
- Member of the Supervisory Board of Schelcher Prince Gestion

Other positions held outside Crédit Mutuel Arkéa

- Managing partner of the accounting firm Bolloré-Mainguet 35
- Chairman of the joint management body Arcolib

Luc MOALDirector of Crédit Mutuel **Summary biography**Arkéa,
64**1st appointment:**

05.16.2018

Term expires:

2024

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairman of the Crédit Mutuel de Bretagne federation
- Director of Caisse de Crédit Mutuel de Brest Rive Droit

of which offices held in subsidiaries

- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Arkéa Banque Entreprises et Institutionnels until 04.22.2021.
- Permanent representative of Arkéa Banque Entreprises et Institutionnels on the Board of Directors of Novélia until 05.06.2021
- Vice-Chairman of the Supervisory Board of Arkéa Crédit Bail since 04.21.2021
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Budget Insight
- Member of the Supervisory Board of ProCapital since 04.16.2021
- Member of the Supervisory Board of Monext since 04.15.2021

Valérie MOREAUDirector of Crédit Mutuel **Summary biography**Arkéa,
49**1st appointment:**

05.16.2019

Term expires:

2022

Other positions held within Crédit Mutuel Arkéa

- Director and member of the Bureau of the Crédit Mutuel du Sud-Ouest federation
- Director of the regional branch of Crédit Mutuel du Sud-Ouest
- Vice-Chairwoman of the Caisse de Crédit Mutuel de Montpon Menesterol

of which offices held in subsidiaries

- Member of the Supervisory Board of Arkéa Banking Services
- Member, then Vice-Chairwoman of the Supervisory Board of Federal Finance since 05.27.2021
- Member, then Vice-Chairwoman of the Supervisory Board of Federal Finance Gestion since 05.27.2021
- Director of Arkéa Real Estate since 04.09.2021
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Leetchi since 04.30.2021
- Director of Arkéa Real Estate Investment Management since 06.30.2021

Colette SÉNÉ

Director of Crédit Mutuel Arkéa, 62

1st appointment:

05.11.2001 (Caisse Interfédérale du Crédit Mutuel) 05.06.2015 (Crédit Mutuel Arkéa)

Term expires:

2024

Summary biography

Colette Séné has a two-year university degree in law and, after having worked in the civil service as a manager of social action and child protection systems, has held a position for 10 years in a social action area on the Morbihan Departmental Council as a socio-professional integration officer.

She was elected in 1988 as a director, then Vice-Chairwoman and Chairwoman of Caisse de Crédit Mutuel de Malestroit-Sérent.

2.

Other positions held within Crédit Mutuel Arkéa

- Vice-Chairwoman of the Crédit Mutuel de Bretagne federation
- Director of Caisse de Crédit Mutuel de Malestroit-Sérent

of which offices held in subsidiaries

- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Arkéa Direct Bank since 05.18.2021
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Nextalk since 04.28.2021
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Suravenir Assurances until 05.06.2021

Dominique TRUBERT

Director of Crédit Mutuel Arkéa, 61

1st appointment:

05.14.2020

Term expires:

2023

Summary biography

Dominique Trubert holds a professional agricultural diploma, a certificate of specialisation in cattle and pig farming, as well as a BPA in accounting and management. He has been running his pig farm in Gévezé since 1984. He was elected director of the Caisse de Crédit Mutuel de Pacé-Vezin in 2006.

Since 2020, he has been Chairman of the Caisse de Bretagne of Crédit Mutuel Agricole, of which he had been Vice-Chairman since 2007.

Other positions held within Crédit Mutuel Arkéa

- Director and member of the Board of the Crédit Mutuel de Bretagne federation
- Director of Crédit Mutuel de Pacé-Vezin
- Chairman of the Caisse de Bretagne de Crédit Mutuel Agricole (CBCMA)

of which offices held in subsidiaries

- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Arkéa Crédit Bail since 04.20.2021

Other position held outside Crédit Mutuel Arkéa

- Manager of the GAEC du Verger Tixue

Marie VIGNAL-RENAULT

Employee director of
Crédit Mutuel Arkéa,
42

**1st appointment by the
ECC:** 02.19.2020

Term expires:
2023

Summary biography

Marie Vignal Renault holds a Master's degree in Applied Foreign Languages with a major in Business and Commerce. She began her career at the Regional Tourism Committee of Brittany where she held various positions. She joined Crédit Mutuel Arkéa in 2007 as a customer relationship manager and now holds the position of management assistant in the network support structure in the Head Office of the Côtes d'Armor Department.

Other offices

- None

Pascal FAUGÈRE

Non-voting Board
director of Crédit Mutuel
Arkéa since 05.11.2021,
59

1st appointment:

05.11.2021

Term expires:
2024

Summary biography

Holder of an Economic Certificate from the CPECF and a Master II of the Grande École programme from Kedge Business School, Pascal Faugère has pursued his professional career in the field of economic development in France and abroad.

At CCI BORDEAUX GIRONDE, he has held the position of Chief Executive Officer since 2016, having successively held the positions of Chief Executive Officer of Enterprises and Vocational Training and Director of Economic Development and International Relations. Alongside his consular career, he has held the position of Head of Mission in various countries in Africa, Eastern Europe, at the World Bank, the European Union and the UN.

Since 2020, he has been a director of Caisse du Crédit Mutuel de la Barrière du Médoc.

Other positions held within Crédit Mutuel Arkéa

- Director of Caisse du Crédit Mutuel de Barrière du Médoc

Other positions held outside Crédit Mutuel Arkéa

- Chief Executive Officer of the Bordeaux Chamber of Commerce and Industry
- Director of Vinexposium
- Director of Entrepôts Vins Export
- Director of Socodev
- Director of Kedge Business School

of which mandates in subsidiaries

- Member of the Supervisory Board of Arkéa Capital since 04.19.2021
- Director of Arkéa Capital Investissement since 04.21.2021

2.2.2 Preparation and organisation of the work

The Board of Directors met 15 times in 2021 (12 meetings in 2020). Due to the health crisis, eleven of them were held by telecommunications in accordance with the operating regulations. The attendance rate of directors at the Board of Directors meetings was 92% (91% in 2020).

Jean-Pierre Denis chaired the eight meetings of the Board of Directors until the end of his term of office. Sophie Violleau chaired the Board of Directors' meeting of 11 May 2021, then Julien Carmona chaired the following six meetings, following her election.

The Board of Directors relies on the resources of Crédit Mutuel Arkéa's General Secretary and Corporate Communications Department for the preparation and organisation of its meetings. Meeting agendas are drawn up by the Chairman after consultation with Executive Management. One week before the meeting, a file containing the items to be studied and discussed at the Board meeting is made available to the directors in their digital environment. In addition, the Chairman communicates information on the group's business and strategy to each director.

The meetings held by the Board of Directors were devoted in particular to:

■ **Examining the consequences of the Covid crisis:**

- organisational, regulatory and economic impacts of the crisis linked to the Covid epidemic;

■ **Corporate governance:**

- appointment of two new Deputy Chief Executive Officers,
- succession to the chairmanship of the Board of Directors and election of Julien Carmona;

■ **The business:**

- monitoring external economic, banking and financial news and internal current issues,
- monitoring the group's business, results, risks and prudential ratios and its main components through a report presented at each meeting;

■ **The strategy:**

- the transformation of Crédit Mutuel Arkéa into a company with a mission,
- the adoption of the fossil fuel energy sector policy and the revision of the coal sector policy,
- the review of Crédit Mutuel Arkéa's Fintech commitments,
- monitoring developments and taking decisions concerning Crédit Mutuel Arkéa's application for independence,
- the tight monitoring of Suravenir's solvency ratio,
- setting the group's general guidelines for the year,
- decision making with regard to the acquisition and merger of companies, the acquisition of holdings, external growth operations and disposals. The Board was also kept informed of the various partnerships undertaken, in particular the IT service project as part of the takeover of HSBC France by My Money Bank,
- the adoption of an exceptional contribution to the solidarity budgets of the federations in the context of the Covid crisis;

■ **The accounts:**

- approving the group's parent company financial statements and consolidated financial statements;

■ **Risk limits and control systems:**

- adapting the prudential framework and limits applicable to the group and all its components,
- reviewing the annual report on the internal control of the company and the group, the ICAAP and ILAAP reports, and Pillar 3,
- changes in regulations leading to a strengthening of internal control (permanent control, periodic control and compliance control);

■ **The appointments within Crédit Mutuel Arkéa and HR systems:**

- appointments and compensation reviews falling within the prerogatives of the Board.

This work and discussions made it possible to determine the direction of the activity and to carry out the necessary checks and verifications.

The Board of Directors defines Crédit Mutuel Arkéa's strategy. On 28 January 2021, it approved Crédit Mutuel Arkéa's strategic plan, called "Transitions 2024".

This plan, which is an extension of Crédit Mutuel Arkéa's Raison d'être (Purpose), aims to:

- strengthen Crédit Mutuel Arkéa's role as a bank with a positive impact on its stakeholders;
- develop the group's overall performance by taking into account both financial and non-financial indicators.

The plan must simultaneously target:

- the success of Crédit Mutuel Arkéa's independence project;
- the development of the group in the continuity of its existing activities;
- the development of synergies between Crédit Mutuel Arkéa's business lines;
- maintaining a high level of financial strength;
- maintaining a measured appetite for risk;
- maintaining the status of reference employer at local and national level.

As part of its mission to define Crédit Mutuel Arkéa's strategy, on 26 November 2021, the Board of Directors adopted a draft amendment to the Articles of Association of Crédit Mutuel Arkéa in order to become a company with a mission. This project will be submitted to the Crédit Mutuel Arkéa General Meeting on 10 May 2022.

In order to enable the Board to develop and maintain the skills of its members, the directors' Charter lists the various individual skills of the members of the Board of Directors and lists the key skills related to membership of the various specialised committees. The members of the Board of Directors benefit from a remote training platform dedicated to the directors of Crédit Mutuel Arkéa and its subsidiaries. This has made it possible, in particular, to maintain training systems in the context of the health crisis.

Thus, in addition to any training courses attended individually by directors on the training platform, the entire Board of Directors was trained in 2021 on:

- the fight against money laundering and terrorist financing;
- detecting and fighting corruption;
- detecting and preventing conflicts of interest;
- climate risk management;
- the Crédit Mutuel Arkéa information system.

2.2.3 Specialised committees

Five specialised committees complete the work and provide input to the Board of Directors. Each committee has an operating charter that sets out the committee's missions and organisational procedures. An assessment of the committees is carried out each year as part of the assessment of the operation of the Board of Directors and formally as part of the triennial assessment of the operation of Crédit Mutuel Arkéa's Board of Directors.

A specialised committee was set up in 2021 and is responsible for formulating an opinion on credit applications that exceed the powers of the group Credit Committee, when these files must be the subject of a commercial response within a timeframe that does not allow them to be examined in full by the Board of Directors. The opinion issued by this committee then precedes a decision by the actual managers, and is subject to information and ratification by the Board of Directors at its next Ordinary Meeting.

2.2.3.1 Strategy and Corporate Social Responsibility Committee

The role of the Strategy and Corporate Social Responsibility Committee is to drive Crédit Mutuel Arkéa's strategic thinking and assist the Board of Directors in its work. Its role consists of:

- driving/coordinating the group's strategic thinking;
- ensuring the integration of sustainable finance at the heart of the group's strategy;
- assisting the Board of Directors of Crédit Mutuel Arkéa in its work.

During the 2021 financial year, it met 8 times (11 meetings in 2020). The average attendance rate over the year was 92%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
Julien CARMONA (Chairman) ⁽¹⁾	100%
Valérie BARLOIS-LEROUX	63%
Philippe CHUPIN	100%
François CHATEL	88%
Patrick LE PROVOST	100%
Valérie MOREAU	100%

(1) Member and Chairman of the Committee since 4 June 2021.

The subjects dealt with during the financial year were numerous. For example, the Strategy and Corporate Social Responsibility Committee analysed:

- partnership projects, external growth and restructuring of the capital of subsidiaries and in particular the project to provide IT services for HSBC France as part of its acquisition by My Money Bank;
- the status of a company with a mission;
- the Transitions 2024 medium-term plan;
- the update of the coal sector policy and the adoption of the fossil fuel sector policy;
- review of the group's fintech commitments.

2.2.3.2 Compensation Committee

The role of the Compensation Committee is to ensure the overall consistency of compensation policies and practices within Crédit Mutuel Arkéa and its regulated subsidiaries.

During the 2021 financial year, it met 16 times (12 meetings in 2020). The average attendance rate over the year was 81%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
Patrick LE PROVOST (Chairman)	100%
Thierry BOUGEARD	88%
Luc MOAL	81%
Marie VIGNAL RENAULT	56%

The work of the Compensation Committee focused in particular on:

- compensation policy and practices of the Crédit Mutuel Arkéa group;
- annual reports on the group's compensation policies and practices;
- compensation of executive corporate officers of the Crédit Mutuel Arkéa group;
- scope of the regulated population;
- compensation of members of the regulated population;
- compensation policies of regulated subsidiaries;
- compensation of the actual executives of the group's regulated entities.
- Compensation Committee Charter.

2.2.3.3 Appointments Committee

The role of the Appointments Committee is to assist the Board of Directors of Crédit Mutuel Arkéa by issuing:

- proposals for the appointment of corporate officers of subsidiaries and permanent representatives on the governing bodies of companies in which Crédit Mutuel Arkéa holds financial interests;
- reasoned opinions on the Chairman's proposals for the appointment of the Chief Executive Officer and Deputy Chief Executive Officers before validation by the Board of Directors.

It also evaluates the functioning of the Board of Directors.

During the 2021 financial year, it met 13 times (11 meetings in 2020). The average attendance rate over the year was 92%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
Sophie VIOLEAU (Chairwoman)	100%
Thierry BOUGEARD	92%
Patrick LE PROVOST	100%
Luc MOAL	69%
Colette SÉNÉ	100%

In 2021, the committee carried out:

- an analysis of the applications of Bertrand Blanpain and Frédéric Laurent as Deputy Chief Executive Officers of Crédit Mutuel Arkéa;
- a review of the succession of Jean-Pierre Denis and the analysis of the candidacy of Julien Carmona as Chairman of the Board of Directors of Crédit Mutuel Arkéa;
- the selection of 2021 and 2022 candidates for renewal and/or appointment as members of the Boards of Directors and Supervisory Boards of group entities;
- the appointment of Crédit Mutuel Arkéa representatives to the governing bodies of companies in which the group holds an interest;
- a review of the appointment of executive members in subsidiaries;
- in-depth studies with a view to strengthening the procedures for supervising the exercise of offices, in particular through the introduction of rules relating to the holding of several positions and the duration of office within the same Board;
- the triennial assessment of the functioning of the Board of Directors of Crédit Mutuel Arkéa conducted with the assistance of the Mazars firm;
- the amendment of Crédit Mutuel's Director's charter and the appointment procedure, in order to include consideration of the Environmental, Social and Governance criteria and the newly defined management principles;
- in terms of training and enhancing the skills of the directors of the group's entities, the definition of training courses adapted to the profiles and characteristics of the entities and the formalisation of a training plan for Crédit Mutuel Arkéa's directors.

The committee is responsible for proposing the composition of the corporate bodies of the group as a whole, the subsidiaries and Crédit Mutuel Arkéa.

As the primary quality of a Board is the balance of its composition as well as the competence and ethics of its members, the committee pays particular attention when examining candidates for renewals or appointments in the group's integrated subsidiaries in:

- increase the number of people of the under-represented sex on the social bodies of group companies, particularly with regard to the provisions of the "Pacte" law;
- seek a diversity and complementarity of profiles for an efficient and experienced functioning of the various Boards of Directors and Supervisory Boards;
- except in special cases, set up supervisory bodies with elected representatives of the local banks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations.

2.2.3.4 Financial Statements Committee

The role of the Financial Statements Committee is to assist the Board of Directors in assessing the financial information and checking its reliability. Its role consists of:

- to be informed about accounting principles and their evolution;

- assessing the quality of accounting procedures;
- examining the financial statements of Crédit Mutuel Arkéa before they are presented to the Board of Directors;
- monitoring the work programme of the Statutory Auditors and examine the conclusions of their work.

The Committee held 4 meetings in 2021 (4 meetings in 2020). The average attendance rate over the year was 96%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
Thierry BOUGEARD (Chairman)	100%
Philippe CHUPIN	100%
Guillaume GLORIA	100%
Anne-Gaëlle LE BAIL	75%
Yves MAINGUET	100%
Dominique TRUBERT	100%

The committee's work focused on:

- the closing of the 2020 financial statements and the 2021 plan;
- the opinion of the Statutory Auditors on the annual financial statements;
- the opinion of the Head of General Inspection and Periodic Control (DIGCP) on the CCM (Caisses de Crédit Mutuel) decree;
- the presentation of the review of the 2020 internal control system;
- the presentation of the audit approach for 2021;
- the accounting principles and methods applicable to the half-yearly financial statements;
- IFRS 17;
- the closing of the interim consolidated financial statements;
- the opinion of the Statutory Auditors on the half-yearly financial statements;
- accounting principles at the end of the period;
- the update of the Financial Statements Committee's Charter;
- the terms of office of the Statutory Auditors.

2.2.3.5 Risk and Internal Control Committee

The role of the Risk and Internal Control Committee (RICC) is to assist the Board of Directors in its responsibility for monitoring Crédit Mutuel Arkéa's risks and internal control system.

10 meetings were held in 2021 (11 in 2020). The average attendance rate over the year was 93%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
François CHATEL (Chairman)	100%
Valérie BLANCHET-LECOQ	89%
Marta DIAS	78%
Michel GOURTAY	100%
Monique HUET	100%

In 2020, the themes studied by the Risk and Internal Control Committee were as follows:

■ **With regard to periodic inspection:**

- summary presentation of 44 audit assignments finalised during 2021:
 - 40 audit assignments,
 - 4 recommendations follow-up missions,
- presentation of the 2020 annual summary of the network periodic control assignments,
- review of the Annual Internal Control Report 2020,
- review of the status of implementation of the recommendations at 30 November 2020 and 31 May 2021:
 - issued by the French Prudential Supervisory and Resolution Authority (ACPR) and the European Central Bank,
 - issued by the DIGCP, including a dedicated follow-up of non-category recommendations,
- presentation of the progress of the 2021 periodic control plan,
- presentation of the draft periodic control plan 2022:
 - draft plan of the Periodic Network Monitoring Department,
 - draft plan of the Periodic Control Department,
 - draft plan of the Internal Fraud Prevention Department,
- work of the Account Certification team and the Technical Services and Projects team;

■ **In terms of compliance and permanent control:**

- Review of the activity and results of permanent control and compliance control:
 - at 31 December 2020,
 - at 31 March 2021,
 - at 30 June 2021,
 - at 30 September 2021,
- examination of the internal control report on the fight against money laundering and terrorist financing and the freezing of assets for the 2020 financial year,
- 2021 annual review of AML-CFT activity,
- Presentation of the mapping of the exposure of the group's entities to ML/TF risk,
- Presentation of the result of the annual cheque control programme 2020,
- Presentation of the update of the ML/TF group's risk classification,
- Presentation of the RCSI AMF 2020 annual report,
- Review of changes to the whistleblowing system,
- Examination of the anti-corruption statement and the communication plan associated with the fight against corruption,

- Review of the compliance function's opinion on the group compensation policy and the SCD compensation policy,

- Summary of the 2020 results of the Cross-functional Control Framework on "outsourced essential services",

■ **In terms of risk monitoring and surveillance:**

- presentation of risk reporting:
 - at 31 December 2020,
 - at 31 March 2021,
 - at 30 June 2021,
 - at 30 September 2021,
- review of risk mapping,
- review of the ICAAP report and statement for the 2020 financial year,
- review of the ILAAP report and statement for the 2020 financial year and presentation of the liquidity crisis management plan,
- review of the Pillar 3 report,
- review of adjustments to the group's limits system,
- review of the update of the risk appetite framework and presentation of the draft 2022 limits,
- review of the risk management function's opinion on the group compensation policy and the SCD compensation policy,
- approval of Crédit Mutuel Arkéa's contribution to the Crisis Recovery Plan (CRP),
- annual information on the Contingency and Business Continuity Plan system,
- proposal for changes in significant incident thresholds,
- presentation of expectations in terms of climate and environmental risk management:

presentation of the self-assessment and the plan for compliance with the ECB's expectations for the group,

information on the feedback of the Joint Supervisory Team on the self-assessment,

- information on the instruction in the ECB letters of December 2020 on credit risk,
- information and monitoring of the implementation of the recommendation of the French High Council for Financial Stability,
- Crisis Recovery Plan training;

■ **In terms of closing the accounts:**

- examination of the observations made by the Financial Statements Committee on the presentations of the financial statements at 31 December 2020 and 30 June 2021 (accounting principles, financial statements, summaries and analyses, work of the Statutory Auditors, etc.);

■ **Update on the work of the supervisory authorities (at each session);**

■ **The work also covered:**

- a review of the group's equity transactions,
- follow-up on requests from the Risk and Internal Control Committee (at each meeting if necessary),
- presentation of the committee's activity report for the year 2020,
- feedback from the members of the committee on the reports transmitted for the year 2020,
- updating of the Internal Control Charter,
- updating of the Risk and Internal Control Committee Charter,
- updating of the Risk Management Function Charter,
- updating of the periodic control Charter,
- updating of the Compliance Charter,
- presentation of the internal control governance mappings of Crédit Mutuel Arkéa and its subsidiaries,
- identification of the Lead ESG-Climate Director within the committee,
- information on the appointment of Ms Karine Gauthier as Head of the Internal Audit Function of CMA, Inspector General of the CMB and CMSO Federations.

2.2.3.6 Credit Review Committee

The Credit Review Committee is responsible for issuing an opinion on credit applications that exceed the powers of the group Credit Committee, when these files must be the subject of a commercial response within a timeframe that does not allow them to be examined in full by the Board of Directors.

13 meetings were held in 2021. The average attendance rate over the year was 98%, with the following breakdown:

First name – Last name	Attendance at 2021 meetings
Monique HUET (Chairwoman)	100%
Philippe CHUPIN	92%
Anne-Gaëlle LE BAIL	100%
Patrick LE PROVOST	100%

In addition to the various credit applications presented to it, the Credit Review Committee benefited from:

- a presentation of limits and joint credit/capital commitments;
- training on credit applications (examination procedures, financial analyst, rating procedures).

A presentation of the indicative schedule of credit renewal requests on an annual basis.

2.2.4 Review of the operation of the Board of Directors

At least once a year, at the initiative of the Chairman of the Appointments Committee, an item on the agenda of Crédit Mutuel Arkéa's Board of Directors is devoted to assessing the operation of the Board and its specialised committees. Every three years the committee, alone or with the assistance of a consultant, carries out a formal evaluation of the Board of Directors.

The last formal assessment was carried out during the 2021 financial year by the Appointments Committee with the assistance of the Mazars firm, supported by the General Secretary and Corporate Communications Department.

During this formal assessment:

- the firm's consultants conducted around thirty individual interviews with the members of the Board of Directors, the secretaries of its specialised committees, and the actual managers and the holders of key functions in order to obtain their views on the functioning of the supervisory body, according to an interview guide approved by the Appointments Committee;
- a formal questionnaire was administered to all members of the Board of Directors and this made it possible to assess in detail, using a quantitative approach, the various aspects of the functioning of the Board of Directors;
- the consultants carried out, with the support of the General Secretary and Corporate Communications Department, a comparative study of the governance practices of Crédit Mutuel Arkéa and other banking institutions and the insurance sector.

At its meeting of 28 January 2022, the Board of Directors took note of the conclusions of this formal assessment carried out by the consultants. The latter made it possible to highlight a consistent approach compared to the other institutions and concluded that the directors exercised effective governance.

The summary of the analyses carried out confirms that the Board of Directors is composed of experienced members who perform their duties with commitment. The members of the Board of Directors and the specialised committees have access to appropriate documentation and resources in order to perform their duties. The tools made available to the Board of Directors are appreciated. In addition, the specialised committees carry out quality work, and there is a high level of reciprocal trust between the directors as well as respect for the roles between the supervisory body and the actual senior managers. Overall, the consultants considered that the functioning of the Board of Directors is consistent with the practices of other financial institutions and that it has improved since 2018. A continuous improvement plan was adopted following this assessment and provides for the initiation of discussions on the Board of Directors' comitology (increasing synergies between the committees, broadening the scope of certain committees, etc.) and functioning of the Board of Directors (strengthening of the procedures for welcoming new Directors, systematisation of the organisation of time for discussion without the presence of the actual managers, etc.); continue to develop new functionalities for the tools dedicated to directors while further strengthening the training offered to elected members; and lastly, to better formalise the succession plans for key people.

2.3 Executive corporate officers

The executive corporate officers of Crédit Mutuel Arkéa at 31 December 2021 were:

Hélène BERNICOT



Chief Executive Officer
of Crédit Mutuel Arkéa,
46

Summary biography

A graduate of Sciences Po Paris and a chartered accountant, Hélène Bernicot began her career with eight years in financial audit at Mazars, where she led various audit assignments for major groups. She joined Crédit Mutuel Arkéa in 2004. She successively held various positions within the Finance Department, then the Human Resources Department, and contributed to the group's strategic thinking. In 2016, she will join the General Coordination Committee and in 2019 the group's Executive Committee, in charge of the General Secretary and Corporate Communications Department. In 2020, she was appointed Chief Executive Officer of Crédit Mutuel Arkéa.

Other positions held within Crédit Mutuel Arkéa

- Chief Executive Officer and permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Arkéa SCD
- Director of the SAS Château Calon Séur until 12 May 2021
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Swen Capital Partners

Other position held outside Crédit Mutuel Arkéa

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of the Office of financial banking coordination
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Tikehau Capital since 04.09.2021

Anne LE GOFF



Deputy Chief Executive
Officer of Crédit Mutuel
Arkéa
48

Summary biography

A qualified member of the French Institute of Actuaries and a graduate of the Centre des Hautes Études d'Assurances, Anne Le Goff joined Suravenir, the personal protection insurance subsidiary of Crédit Mutuel Arkéa, in 1996. In 2006, she joined the group's central services, where she held responsibilities in the areas of control and risk management, before joining the office of the Chairman. After holding the position of Corporate Secretary, in 2012 she became Head of the group's General Secretary and Corporate Communications Department.

Appointed Deputy Chief Executive Officer in 2016, she heads the Development Support Division of Crédit Mutuel Arkéa, which covers the Finance, Financial Markets, Risk, Legal, Compliance and Permanent Control, Organisation and General Resources, and Institutional Relations Departments, as well as the General Secretary and Corporate Communications Department of Crédit Mutuel Arkéa.

Along with Hélène Bernicot, she has, since February 2020, been part of the two-person group executive management team.

Other offices

- None

Bertrand BLANPAIN

Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Division since 01.19.2021, 59

Summary biography

A graduate of ESCP Europe, holder of a master's degree in economics and a post-graduate degree in political economy, Bertrand Blanpain joined Crédit Mutuel Arkéa in June 2015 as Commercial Director of Arkéa Banque Entreprises et Institutionnels, then Chief Executive Officer and Chairman of the Management Board. He has also been a member of the Executive Committee of Crédit Mutuel Arkéa and Head of the Corporate and Institutional Division since 2016. Bertrand Blanpain began his professional career at Drouot Assurances (1986-1987) before moving on to the Caisse d'Épargne group (1987-2015) where he held various executive management positions in the areas of sales, human resources, banking and finance.

2.

Other positions held within Crédit Mutuel Arkéa

- Chairman of the Management Board of Arkéa Banque Entreprises et Institutionnels
- Member of the Supervisory Board of Budget Insight
- Permanent representative of Arkéa Banque Entreprises et Institutionnels on the Board of Directors of Arkéa Public Sector SCF until 05.25.2021

Other position held outside Crédit Mutuel Arkéa

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of SOFIQUEST
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Aquiti Gestion SAS until 06.04.2021
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of CLEARWATER until 06.04.2021
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of NEXITY since 05.11.2021
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of NEWPORT since 05.11.2021

Frédéric LAURENT

Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division since 01.19.2021, 59

Summary biography

A computer engineer by training, Frédéric Laurent joined Crédit Mutuel de Bretagne in 1985. He held various positions within IT and then after leading the changeover to the euro for the entire group, in 2020 he became Head of IT for the subsidiaries, before being appointed three years later as Director of Banking Products. From 2007 to 2012, he was Chairman of the Executive Board of Federal Finance, before being appointed Deputy Chief Executive Officer in charge of Arkéa's Innovation and Operations Division in 2012. He then took over the management of the Retail Customers Division in 2020, before being appointed Deputy Chief Executive Officer in 2021.

Other positions held within Crédit Mutuel Arkéa

- Chairman of the Management Board of Arkéa Bourse Retail
- Chairman of the Supervisory Board of Budget Insight
- Member of the Supervisory Board of Bretagne Digitale Participative until 04.13.2021

Other position held outside Crédit Mutuel Arkéa

- Representative of Crédit Mutuel Arkéa on the Board of Directors of Paylib Services
- Representative of Crédit Mutuel Arkéa on the Board of Directors of CCI Métropolitaine Bretagne Ouest

The Executive Management (Hélène Bernicot and Anne Le Goff) is vested with the broadest powers to act in all circumstances on behalf of the company and to represent it in its relations with third parties. It exercises its powers within the limits of the corporate purpose and subject to those powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

As Deputy Chief Executive Officers, Bertrand Blanpain and Frédéric Laurent have the necessary powers to exercise effective

management of the Crédit Mutuel Arkéa group's business and, more specifically, to act, in all circumstances, in the context of its activities related to the functions and missions entrusted to the Corporate and Institutional Division for the former and to the Retail Customers Division for the latter. These powers are governed by an engagement letter and a formal delegation for each of them. They have powers of representation both internally and with regard to third parties.

2.4 Executive Management bodies and their work

Crédit Mutuel Arkéa's Executive Committee is responsible for assisting the group's Chief Executive Officer in strategic steering and performance development. Its role consists of:

- proposing to the Board of Directors of Crédit Mutuel Arkéa the group's strategic orientations and risk appetite framework;
- steering the implementation of the strategy defined by the Board of Directors and allocating the necessary resources for its implementation;
- setting the objectives of the group's components and ensuring that they are achieved;
- examining organisational issues and general interest of the group;
- monitoring the activity of the entire group;
- regularly reviewing the group's financial position and risk exposure;
- making decisions and taking action to improve the profitability of the group's activities;

- monitoring intra-group financial flows;
- introducing and proposing a document for the arbitration of the IT d/m budget⁽¹⁾.

With the aim of seeking a balanced representation of women and men, a dedicated mission has been in place at Crédit Mutuel Arkéa since 2016. Performance indicators, including the proportion of women on the Executive Committee, the Executive Management Committee and more generally in management positions, have been set up and are regularly monitored. The group's gender diversity policy is described in the Non-Financial Performance Statement in section 5.5.4 of this document.

Crédit Mutuel Arkéa's Executive Management Committee assists the Executive Committee and meets periodically to address strategic issues requiring a cross-functional approach.

The Executive Committee meets weekly and at 31 December 2021 consisted of:

Hélène BERNICOT

Chief Executive Officer of Crédit Mutuel Arkéa

Anne LE GOFF

Deputy Chief Executive Officer, Head of the Development Support Division

Frédéric LAURENT⁽¹⁾

Deputy Chief Executive Officer, Head of the Retail Customers Division

Bertrand BLANPAIN⁽¹⁾

Deputy Chief Executive Officer, Head of the Corporate and Institutional Division

Véronique CROUZIER

Head of Human Resources Department

Frédéric DIVERREZ

Head of the BtoB and Specialised Services Division

Laurent JURRIUS

Head of the Innovation and Operations Division

Bernard Le BRAS

Head of the Product Offer Division

(1) Frédéric LAURENT and Bertrand BLANPAIN were appointed Deputy Chief Executive Officers on 01.29.2021.

(1) Information technology or computer science.

The percentage of women on the Executive Committee was 37.5% at 31 December 2021. The Executive Management Committee meets periodically to address strategic issues requiring a cross-functional approach and also includes the following members of the Executive Committee:

Philippe ROUXEL	Chief Executive Officer of the Crédit Mutuel de Bretagne federation
Antoine MICHAUD⁽¹⁾	Chief Executive Officer of the Crédit Mutuel du Sud-Ouest federation
Sophie COULON-RENOUVEL⁽²⁾	Director of External Growth, Partnerships and Digital
Jean-Marie ALFONSI	Chief Financial Officer
Antoine LEFEBVRE	Head of Compliance and Permanent Control Department
Karine GAUTHIER⁽³⁾	Head of General Inspection and the Periodic Control Department
Élisabeth QUELLEC	Head of Risk Management Department
Cédric MALENGREAU	Head of the General Secretary and Corporate Communications Department
Sébastien BONFILS	Legal Executive Manager

(1) Antoine MICHAUD replaced Jean-Marc JAY as Chief Executive Officer of the Crédit Mutuel du Sud-Ouest federation on 03.01.2021.

(2) Sophie COULON-RENOUVEL replaced Anne-Laure NAVEOS as Director of External Growth, Partnerships and Digital on 07.01.2021.

(3) Karine GAUTHIER replaced Alain TAROUILLY as Director of General Inspection and Periodic Control on 10.15.2021.

Within the framework of its prerogatives and powers, in order to ensure the relevance and quality of its decisions, Crédit Mutuel Arkéa's General Management structures its organisation around cross-functional committees in which one or more members of the Executive Management Committee take part. These committees are:

- the Periodic Review Committee;
- the Compliance and Permanent Monitoring Committee;
- the Capital Management and ALM Committee;
- the group Credit Committee;
- the Customer Commitments Committee;
- the Risk Oversight Committee;
- the Counterparty Committee;
- the Purchasing Committee;
- the Real Estate Committee;
- the Innovation Committee;
- the AML/FT Committee;
- the IT Risk Governance Committee;
- the Sustainable Finance Committee.

2.5 Agreements for the benefit of corporate officers

During the 2021 financial year, the Board of Directors approved the provisions of the agreement relating to the terms of the termination of the corporate office of Julien Carmona, Chairman of the Board of Directors of Crédit Mutuel Arkéa.

2.6 Conflicts of interest at the level of administrative and management bodies

Crédit Mutuel Arkéa has set up a framework for preventing and managing conflicts of interest, which sets out the rules applicable within the group for identifying, preventing and managing proven, potential, apparent or perceived conflicts of interest.

Crédit Mutuel Arkéa's system for preventing and managing conflicts of interest covers any professional situation in which the discretion or decision-making power of a person, company or organisation may be influenced or impaired, in its independence or integrity, by personal considerations or by pressure exercised by a third party. The system also covers any situation which arises when the independent, impartial and objective exercise of a person's functions is liable to be influenced by another public or private interest distinct from that which he or she must defend in those functions.

A conflict of interest may arise from failure to comply with one of the following principles:

- the primacy of the client's interests (commercial pressure, financial incentive, advantage, possibility of financial gain or avoidance of financial loss at the client's expense, interest in the result of a service provided, of a transaction carried out, etc.);
- fairness in the treatment of clients (privileged treatment of a client);
- the separation of activities (insufficient separation between certain activities within an entity or between entities of the group likely to facilitate the dissemination of confidential or privileged information);
- independence of functions (inappropriate influence resulting in depriving the person concerned of his or her freedom of judgement).

The framework mechanism defines the respective roles and responsibilities of the different players, including those of the management body, which is responsible for setting up, approving, monitoring and implementing an effective mechanism for preventing and managing situations of proven, potential, apparent or perceived conflicts of interest.

A risk mapping determines potential conflicts of interest with regard to the activities carried out within the group or situations encountered in the life of the company. The mapping also identifies staff conflicts of interest, including the interests of their closest family members. It specifies the procedures for identifying and detecting conflicts of interest, in particular by setting out the detection criteria.

Measures to prevent conflicts of interest are implemented by applying:

- the rules of good conduct, the Code of Ethics, the rules of procedure and the Code of Professional Conduct;
- the principle of separation of activities and operations with regard to the activities exposed;
- a compensation policy that promotes sound and effective risk management;

- a framework governing exposure to inside information;
- a procedure for appointing leaders (staff and non-staff) and permanent representatives to governance bodies.

Each case is treated individually. However, standard preventive measures can be used in certain situations:

- ethical commitment of the employee/manager in a conflict of interest situation to act honestly and loyally;
- abstention during a vote;
- implementation of the four-eyes rule;
- limitation of the possibility of subscribing to a mandate;
- compartmentalisation of committees.

Any situation of proven, potential, perceived or apparent conflict of interest must be brought to the attention of the compliance officer. To this end, the Crédit Mutuel Arkéa group has deployed a dedicated conflict of interest declaration form, accessible to all employees on the group's intranet.

For the directors of Crédit Mutuel Arkéa, two potential conflicts of interest have been identified to date:

- Mr Julien Carmona, Chairman of the Board of Directors of Crédit Mutuel Arkéa, served as Deputy Chief Executive Officer within the Nexit Group until 19 May 2021;

- Ms Valérie Blanchet-Lecoq could potentially find herself in a situation of conflict of interest with regard to her professional activities as a Lawyer and Manager of the firm Jurilor.

For these two situations, specific information and supervision measures, in particular relating to abstention, have been taken. It should be noted that, in the case of Mr Julien Carmona, given the nature of the conflict of interest, the measures run for a period of two years.

With regard to the effective managers, Ms Hélène Bernicot has a personal relationship with Mr François-Régis Bernicot, Chief Executive Officer of Suravenir, a subsidiary of Crédit Mutuel Arkéa. This conflict of interest is subject to specific supervision and organisational measures.

A conflict of interest register is used to record sensitive activities or situations, identify conflicts of interest and the systems put in place to manage them. This register also makes it possible to monitor identified conflict of interest situations.

The compliance officer is responsible for maintaining this register, identifying appropriate measures and updating the monitoring of conflict of interest situations.

The system for preventing and managing conflicts of interest was the subject of a report by the Crédit Mutuel Arkéa group's compliance function and presented to the Compliance and Permanent Control Committee and the Appointments Committee of Crédit Mutuel Arkéa in February 2021.

Each group entity is responsible for implementing the policy within its own organisation in order to meet its obligations to prevent, identify and manage potential or actual conflicts of interest. To this end, each entity maintains a register to record the conflict of interest situations examined and monitors any unresolved conflict situations.

A permanent control framework has been made available in order to monitor compliance with this policy by the group's entities.

In addition, awareness-raising and training actions are regularly conducted within Crédit Mutuel Arkéa. An awareness-raising session on the prevention and management of conflicts of interest was provided on 6 September 2021 to the members of the Executive Committee and in the second half of 2021 to the employees of the central services of the exposed functions. For secondary school administrators, a certification renewal session was organised from September to October 2021 through the monitoring and validation of the training module on the Cogito administrators platform.

2.7 Internal control

2.7.1 Internal control procedures

The organisation of internal control is described in the group's Internal Control Charter, which was updated following the decree of 6 January 2021 relating to the AML-CFT system and internal control, and the freezing of assets and prohibition of the provision or use of funds or economic resources, and that of 25 February 2021 amending the Order of 3 November 2014 on internal control. The group's Internal Control Charter was approved by the Board of Directors on 26 November 2021.

The internal control system is organised in each entity according to the "three lines of control" model, in accordance with the texts of the Basel Committee and the European Banking Authority and the amended Administrative order of 3 November 2014 (Article 12):

- first line of control: all employees and operational management, in all entities. Operational staff are primarily responsible for the risks incurred and the associated controls during the execution of the process itself. Operational management is responsible for their identification, prevention and management and the implementation of any corrective actions;
- second line of control: compliance function, risk management function and independent units dedicated to the second level of permanent control. These functions are responsible, by delegation from the actual managers, for ensuring that risk management systems are defined and implemented correctly. They define a general normative framework and implement their system for the part that concerns them;
- third line of control: periodic inspection function. It is organised centrally and hierarchically within a Department that operates directly within Crédit Mutuel Arkéa structures and through periodic control delegation agreements duly drawn up with each of the group's subsidiaries: the General Inspection and Periodic Control Department.

The internal control functions conduct their actions in accordance with the group's Raison d'être. They contribute, through their audit and control work, to the appropriation and respect of this Raison d'être by all group entities.

The actual managers of the group are responsible for effectively determining the direction of the business (Art. L.511-13 of the French Monetary and Financial Code). In particular, they implement the internal control systems, adapting them to the various risks to which the group is exposed. They inform the group's supervisory body of the progress of this implementation and the status of the systems, as well as the degree of risk control they provide.

The group's supervisory body periodically verifies the quality of the systems implemented and the degree of control of the risks to which the group is exposed, on the basis of the information provided to it by the Chairman of the group Risk and Internal Control Committee and the Head of General Inspection and Periodic Control Department (in particular the information required for the annual report on internal control in accordance with the amended Administrative order of 3 November 2014 on the internal control of banking, payment services and investment services companies subject to the supervision of the French Autorité de Contrôle Prudentiel et de Résolution).

The group's supervisory body is also informed on the basis of information provided by the group's Head of Compliance and Permanent Control, who presents the activity and results of

permanent control and compliance monitoring to Crédit Mutuel Arkéa's Risk and Internal Control committee on a quarterly basis, and provides a summary of compliance and permanent control work to Crédit Mutuel Arkéa's Board of Directors every six months.

The group's supervisory body is informed by Crédit Mutuel Arkéa's Head of Risk Management Department of the measurement and monitoring of risks to which the group is exposed (in particular the information required for the annual report on the measurement and monitoring of risks in accordance with the amended Administrative order of 3 November 2014 on the internal control of banking, payment services and investment services companies subject to the supervision of the French Autorité de Contrôle Prudentiel et de Résolution).

The mission of the group Risk and Internal Control Committee is to assist the supervisory body in its responsibility for risk control in accordance with the provisions of the amended Administrative order of 3 November 2014 on the internal control of banking, payment services and investment services companies subject to the supervision of the French Autorité de Contrôle Prudentiel et de Résolution.

With regard to the accounting treatment of transactions, the Financial Statements Committee analyses and controls the global and consolidated financial statements before they are presented to the Supervisory Board.

The supervisory body of each Crédit Mutuel Arkéa subsidiary validates the application of the charter's principles and their adaptation to the entity and entrusts their implementation to the actual managers.

2.7.1.1 Permanent control

The organisation of "permanent control" is based on the provisions of the group's internal control charter, which establishes two levels of permanent control within Crédit Mutuel Arkéa as follows:

■ **First-level permanent controls:** operational controls implemented within the processes, before their settlement, and assimilated to risk management systems; operational controls implemented post these processes and giving rise to consolidated reports;

■ **Second-level permanent controls:** controls implemented by the compliance function, the risk management function and by the independent units dedicated to the second level of permanent control. This second level is in turn divided into two types of control respecting the principle of independence of the controlled units:

- second-level permanent control "Compliance/FGR": second-level permanent control carried out by a person from the risk management and/or compliance function; the monitoring and verification systems implemented by the risk management and compliance functions constitute permanent second-level controls,

- "RCP/CP" second-level permanent control: controls performed by the second-level permanent control manager, assisted or not by a team, in the case of subsidiaries, and by the permanent controllers, reporting directly to the Compliance and Permanent Control Department (DCCP), in the case of Crédit Mutuel Arkéa, the group's parent company.

With this distinction in mind, the organisation of permanent control and compliance monitoring at Crédit Mutuel Arkéa is based on the following principles:

- the organisation of permanent control covers all risks for all the group's business lines, regardless of the legal structure of the activities generating these risks:
 - ultimate responsibility for compliance with regulatory requirements in terms of permanent control lies with the actual managers of each entity and Crédit Mutuel Arkéa for the consolidated view;
 - each subsidiary entity, in accordance with the principles of proportionality and subsidiarity, organises the permanent control and compliance monitoring process within its own organisation and reports directly to Crédit Mutuel Arkéa;
- the actors in charge of the permanent second level control of a process do not intervene in the execution of this process to ensure a seal between permanent first level control and permanent second level control;
- the quality of permanent control is part of the assessment of the steering or management of an activity.

This organisation enables Crédit Mutuel Arkéa's decision-making bodies to guide risk-taking and control its potential effects with reasonable assurance.

Crédit Mutuel Arkéa's Compliance and Permanent Control Department (DCCP), which reports to the Deputy Chief Executive Officer in charge of the Development Support Division, is responsible for supervising the permanent control and compliance control managers of the group's subsidiaries, for the permanent control of the structures within the global scope of consolidation 15,589⁽¹⁾ and for the permanent control and compliance control system at consolidated level.

2.7.1.2 Compliance control system

In order to prevent the risk of non-compliance, the group has set up a system based on a body of rules and an organisation based on the complementarity of actions, the objective being for the group to give confidence to customers, suppliers, employees, managers and supervisory authorities, in the products, the company and its actions.

A Compliance Charter, which complements the Internal Control Charter, defines the principles and rules applicable to prevent and control the risk of non-compliance within the group.

The charter thus reminds us that the scope of compliance is based on 4 major axes:

- financial security, including the fight against money laundering and terrorist financing (AML-FT);
- deontology and professional ethics;
- the protection of clients' interests including the protection of personal data;
- fiscal transparency.

The charter was enhanced in 2021 in line with the strengthening, at group level, of the information provided to governing bodies in terms of compliance, the strengthening of the management of non-compliance risk and the changes made to the body of procedures.

The organisation of the system set up within the group is therefore based on the complementary nature of the actions of the Compliance and Permanent Control Department (DCCP), the heads of compliance control for the entities and the business line operational staff, as well as on the close relationship maintained with the group's management bodies.

2.7.1.2.1 Compliance and Permanent Control Department (DCCP)

It reports to the Head of Compliance and Permanent Control Department, who in turn reports to the Deputy Chief Executive Officer in charge of the Development Support Division, who is also a member of Crédit Mutuel Arkéa's Executive Committee.

In order to ensure consistent practices throughout the group, the Compliance and Permanent Control Department leads and coordinates the implementation of the group's compliance control systems, including the fight against money laundering and terrorist financing and the protection of personal data.

The DCCP coordinates the overall implementation of the group system. To this end, it:

- identifies, assesses and maps the risks of non-compliance;
- develops, updates and coordinates the framework systems in line with legislative and regulatory changes affecting the group's activities;
- monitors the risks of non-compliance through:
 - monitoring any regulatory developments falling within the scope of compliance and likely to impact compliance control systems. The DCCP shares information with the compliance managers of the group's entities and participates in their meetings;
 - permanent control of compliance:
 - control of the implementation of the framework systems by the entities through interviews, collection of reports and controls. When recommendations are made, they are followed up annually. In 2020, all the entities were met;
 - validation of the operational implementation of the systems by the entities;
 - coordination of the collection of information necessary for the preparation of activity reports sent to the supervisory authorities;
 - steering and monitoring of indicators related to the risk of non-compliance:
 - definition of key risk indicators;
 - definition of alert thresholds for major indicators;

(1) See definition in the notes of Chapter 3.6 Consolidated financial statements.

■ coordinates the group's compliance process:

- advising and assisting the compliance officers of the group's entities in the implementation of their obligations,
- the deployment of prevention, detection, control or reporting tools made available to group entities,
- meeting with the entities through thematic discussions on compliance systems and the annual meeting as part of the annual review with the DCCP,
- the continuous improvement of the quality of data collected on customers in the context of the fight against money laundering and terrorist financing and the fight against tax fraud (notably FATCA and OECD/CRS),
- training initiatives to help strengthen a common compliance culture within the group (training sessions on compliance control systems systematically offered to new compliance control managers when they take up their positions, training of new employees joining Crédit Mutuel Arkéa in the general principles of compliance, training of the management bodies of group entities in the risk of non-compliance, etc.); Crédit Mutuel Arkéa considers that the best practices or good reflexes of all employees contribute to the robustness and effectiveness of the compliance system;

■ consolidates and monitors significant events of non-compliance within the group:

- to enrich the risk mapping,
- informs the management bodies of the inadequacies and failures observed in the group's entities (CCCP⁽¹⁾, CRCI, Crédit Mutuel Arkéa's Board of Directors) and of the monitoring of indicators with alert thresholds defined in the risk appetite framework;

■ advises, assists and raises the awareness of management bodies to the risks of non-compliance;

■ reports on the activity and results of the audit to the management bodies:

- every quarter, to the Compliance and Permanent Control Committee chaired by the Deputy Chief Executive Officer in charge of the Development Support Division, who is also a member of Crédit Mutuel Arkéa's Executive Committee,
- quarterly to the Risk and Internal Control committee, whose role is to assist Crédit Mutuel Arkéa's Board of Directors in its risk control responsibilities. An annual report on the fight against money laundering and the financing of terrorism is also presented to the CRCI,
- every six months, to the Board of Directors of Crédit Mutuel Arkéa, which ensures the quality of the systems implemented and the degree of control of the risks to which the group is exposed, as well as the efficiency of the related compliance controls,
- each quarter, within the dashboard of the Board of Directors of Crédit Mutuel Arkéa, the monitoring of non-compliance risk indicators with alert thresholds defined in the group's Risk Appetite Framework, of any possible opening disciplinary proceedings against a group entity, shortcomings/deficiencies identified in terms of compliance in the group's entities,

- each year, a specific update on the protection of personal data is sent by the Data Protection Officer (DPO) to the Executive Committee of Crédit Mutuel Arkéa,

- an annual report on the AML-CFT activity is presented to the CRCI.

2.7.1.2.2 Group entities responsible for verifying compliance

A compliance officer is responsible for ensuring that each entity complies with the principles laid down by the group in terms of prevention and control of the risk of non-compliance.

As direct line managers, the managers of the subsidiaries propose the appointment of a compliance officer for their entity, subject to validation by the group's compliance officer under a "reinforced functional reporting line".

It identifies, assesses and monitors the risk of non-compliance within its entity. He applies the compliance framework defined by the group to his entity and defines the compliance measures specific to his entity's activity. It advises and reports on the performance of its mission to the entity's executive officers and supervisory body.

The functional organisation thus set up within the group aims to strengthen business expertise as closely as possible to the activity and to give each entity manager a sense of responsibility.

2.7.1.2.3 Operational staff

The operational structures must integrate, in their day-to-day action, the need to respect the principles set by the group in order to act in compliance with the rules set out for compliance within the group. Each group employee is thus an active participant in the process and contributes through his or her actions to controlling the risk of non-compliance.

2.7.1.3 Internal control procedures relating to the preparation and processing of accounting information

The group's accounting and financial information is prepared by the Finance Department.

The organisation centralises the key activities that guarantee the quality of accounting information within the group's scope of consolidation. The Finance - Accounting Department defines the accounting rules and methods, designs and maintains accounting systems (the validation of specificities related to insurance and leasing activities is delegated to dedicated business teams). The Finance - Accounting Department determines and implements the control and analysis procedures necessary for the preparation and processing of accounting information for both Crédit Mutuel Arkéa and all delegating subsidiaries, including the financial statements justification process in relation to all entities contributing to the accounting data. The organisation of the production of accounting information is based on two activities: bookkeeping and group consolidation. The processing of accounting transactions and the preparation of accounting and financial data are part of a decentralised organisation whereby each contributing entity is responsible for the quality of the data it produces.

Bookkeeping (preparation of parent company financial statements and related consolidation packages) and the production and distribution of regulatory statements by group entities are carried out directly by the companies' Finance Departments or by Crédit Mutuel Arkéa's Finance and Accounting Department under a formal delegation of authority. The Finance Accounting Department collects all accounting information and consolidates data.

(1) Compliance and Permanent Control Committee.

The Finance - Accounting Department has prepared an accounting control guide for all entities that contribute to the accounting information, listing the key controls intended to cover the accounting risk. It leads and coordinates the accounting control system and summarises the results.

Each entity contributing to the accounting information undertakes a quarterly certification sent to Crédit Mutuel Arkéa's Finance - Accounting Department on:

- the quality of individual accounts;
- the respect for the group's principles;
- the conformity of accounting procedures.

This certification includes the results of all the major controls defined in the group's accounting control guide. All information providers contributing to the preparation of accounting and financial data formally certify to the Finance and Accounting Department the implementation of the fundamental controls designed to ensure the reliability of the accounting and financial data under their responsibility.

This internal certification process is part of the group's overall risk management system and provides the Finance and Accounting Department, as the Department responsible for the preparation and quality of the group's consolidated financial statements, with assurance that there are no major anomalies that could call into question the accuracy of the financial statements:

- the regularity and sincerity of the accounting information;
- the completeness, effectiveness and relevance of the system;
- the security of the processes for preparing and processing accounting information.

The Finance Department coordinates the management control system of the various group entities, which contributes to the security of financial data, particularly through the budget control and results analysis functions.

These processes are governed by procedures specific to the Finance - Accounting Department and are controlled by the Statutory Auditors beyond the group's involvement.

A Financial Statements Committee completes the system. It assists Crédit Mutuel Arkéa's Board of Directors in assessing financial information and checking its reliability. It examines the group's financial statements and its components before their presentation to the Board of Directors and monitors the effectiveness of the internal control systems with regard to the procedures relating to the preparation and processing of accounting and financial information. The Financial Statements Committee met 4 times in 2021.

2.7.1.4 Periodic control

The periodic inspection is carried out by the Head of General Inspection and Periodic Control (DIGCP). It carries out its activities on all the group's structures in accordance with the periodic control framework adopted and implemented within the group. It should be noted that, in the case of subsidiaries, the DIGCP acts within the framework of duly regulated agreements delegating the exercise of periodic control. Throughout the group, DIGCP thus exercises its control in accordance with the terms, conditions and procedures set out in the provisions of the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector subject to the supervision of the French Autorité de Contrôle Prudentiel et de Résolution, as amended.

DIGCP's mission is to provide independent and objective assurance on the compliance of the group's activities and to provide consulting services that contribute to creating added value and improving the degree of control over the group's operations. It helps the group to achieve its objectives by assessing, using a systematic and methodical approach, its risk management, control and corporate governance processes to determine whether they are appropriate and operate in a manner that ensures that:

- risks are identified and managed appropriately;
- the interaction between the different actors in corporate governance takes place as it should;
- significant financial, management and operating information is accurate, reliable and issued in a timely manner to the management and supervisory bodies;
- employee actions comply with the rules, standards, procedures, laws and regulations in force;
- resources are acquired economically, used efficiently and adequately protected;
- programmes, plans and objectives are achieved;
- the quality and continuous improvement of the organisation's internal control processes are encouraged;
- significant legislative and regulatory issues impacting the organisation are identified and dealt with appropriately.

To carry out its missions, DIGCP has developed a body of procedures, particularly in the areas of periodic control of business and network risks. In addition, the DIGCP is continuing the process of strengthening internal skills initiated in 2019 within the Periodic Control Department of business risks, in particular by means of formal qualifications. Thus, at the end of 2021 the Department had six auditors and one Department manager who had obtained the AMF qualification and one auditor had the Certified Internal Auditor qualification. In addition, two auditors and a Department manager are undergoing training to obtain the Certified Information Systems Auditor qualification. Finally, two auditors are taking a training course aimed at obtaining the EBIOS Risk Manager qualification. In 2021, this skills-building approach was extended to the management support functions.

During the 2021 financial year, work was carried out to continue the structuring of the function of coordination of the periodic control activities of Crédit Mutuel Arkéa (CACPG), created in 2019 within the DIGCP in order to strengthen the consolidated management of supervision risks and compliance checks carried out by Crédit Mutuel Arkéa as a parent company. To date, the coordination activity covers a scope of consisting of 20 subsidiaries or branches of Crédit Mutuel Arkéa.

In order to carry out its missions, DIGCP has developed its own risk map; this is one of the main sources for drawing up the annual periodic control plan, the themes of which are also determined on the basis of the following elements in particular:

- topics that the Head of Risk Management at Crédit Mutuel Arkéa and the Head of Compliance and Permanent Control at Crédit Mutuel Arkéa consider desirable to audit;
- the mission themes provided for in the plan and arbitrated or postponed;

- taking into account the areas of control of the French Autorité de Contrôle Prudentiel et de Résolution, the Inspectorate General of the Banque de France, the European Central Bank, and the supervisory authorities involved in the scope of foreign subsidiaries and branches (National Bank of Belgium – NBB, and Financial Services and Market Authority – FSMA, CSSF, FINMA, etc.);
- the contribution of the members of the group Executive Committee and the managers of each of the group's reporting entities that have been formally requested by the DIGCP to contribute to the development of their entity's periodic control plan.

The principle of carrying out a post-acquisition review, within one year of joining the group, of any significant acquisition is also implemented as part of the annual periodic control plan.

This plan distinguishes between a specific control programme applied to the networks of Crédit Mutuel's local mutuals and subsidiaries' branches, and a programme concerning the activities of the group's central management, companies and subsidiaries. The whole constitutes DIGCP's annual periodic control plan; it is established in accordance with the multi-year coverage objective of the main risks defined on the basis of the DIGCP private risk mapping as well as Crédit Mutuel Arkéa's development priorities.

The plan of periodic control missions thus drawn up is validated by the Risk and Internal Control Committee, which is an offshoot of the supervisory body, and adopted by Crédit Mutuel Arkéa's Board of Directors. It systematically includes annual audits of major risks in the areas of credit, capital markets, accounting processes, information technology and operational risks. A combined analysis is carried out on the assignments conducted over the last three financial years and the risk typologies defined by the amended Administrative order of 3 November 2014. This analysis makes it possible to assess the level of coverage of each of the risks.

When the 2021 periodic control plan was drawn up, this combined analysis was carried out in order to assess the coverage of major risks.

In addition, as part of the decision taken by the Autorité de Contrôle Prudentiel et de Résolution concerning the certification of the annual financial statements of the Crédit Mutuel caisses, DIGCP carries out an annual audit of the financial statements of the local Crédit Mutuel Arkéa caisses before they are presented to the General Meeting of members, in accordance with accounting auditing standards.

Furthermore, in terms of control, DIGCP is specifically responsible for the detection and treatment of internal fraud. In this context, it is responsible for deploying a remote control system by sampling and, in general, contributing to the prevention and detection of internal fraud by appropriate means. In this area, DIGCP is specifically in charge of auditing employee accounts and ensuring that directors comply with their obligations, in accordance with applicable regulations and in compliance with the laws, standards and principles adopted by Crédit Mutuel Arkéa.

2.7.2 Committees

2.7.2.1 Group Compliance and Permanent Control Committee

The Compliance and Permanent Control Committee (CCCP) is chaired by Crédit Mutuel Arkéa's Deputy Chief Executive Officer in charge of the Development Support Division.

The Group's Head of the BtoB and Specialised Services Division, Director of Banking Products and Legal Manager are also members. The Head of Compliance and Permanent Control is secretary to the CCCP and the Head of Risk Management and the Deputy Manager of General Inspection and Periodic Control are present as guests.

Its role is to ensure the adequacy and effectiveness of the group's permanent control and compliance systems, activities and risks, through:

- the permanent control system for all risks related to the group's activities;
- the compliance verification system in the following four areas: market integrity, professional conduct and ethics, customer protection and tax transparency;
- the system for combating the risk of money laundering and terrorist financing related to the group's activities;
- the personal data protection system;
- the internal rating system model validation system.

As such, the committee:

- analyses the main indicators enabling it to assess the effectiveness of the systems;
- monitors any observed shortcomings and deficiencies in compliance, the indicators and alert thresholds defined in the group's risk appetite framework, and if they are exceeded, monitors the actions undertaken;
- validates the framework systems and requests for exemptions applicable to all group entities in the areas of permanent control and compliance;
- approves the permanent control plans of the group's entities and any arbitration during the year;
- can request any additional analysis or action contributing to better risk management.

The Committee examines and approves any significant changes to the permanent control or compliance verification system, based on the work of the Crédit Mutuel Arkéa group's Compliance and Permanent Control Department. It met 4 times in 2021, on 16 February, 19 May, 13 July and 9 November.

2.7.2.2 Periodic Control Committee

Chaired by the Chief Executive Officer, this committee is responsible for assessing the quality of the periodic control, in particular the consistency of the systems for measuring, monitoring and controlling the risks incurred at the consolidated level, and for proposing additional actions as necessary. It is involved in defining the annual periodic control programme.

It takes note of the conclusions of the control and audit reports, validates the recommendations contained in these reports and monitors their implementation.

The members of the committee are:

- the CEO (Chairperson);
- the Director of Institutional Relations;

- the Head of the Corporates and Institutional Division;
- the Head of the Retail Client Division;
- the Head of the Product Offer Division;
- the Deputy Manager of the General Inspection and Periodic Control Department;
- the Head of the General Inspection and Periodic Control Department;

The Head of the Periodic Control Department acts as secretary for the meetings.

The frequency of meetings shall be set at a minimum of three times a year. The Periodic Control Committee met 10 times in 2021.

2.8 Compensation of corporate officers

2.8.1 Compensation policies for executive officers for the year 2022

2.8.1.1 General principles

The compensation policy for executive 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 officers complies with:

- the regulatory framework set by the 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 (CRD Package);
- 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 Commercial Code applicable to compensation.

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

The compensation policy for executive 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 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 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.

2.8.1.2 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 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 financial year 2022 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 year 2022 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 2022 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 financial year 2022 amounts to €305,000.

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

2.8.1.3 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 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 officers or their very strong involvement in the performance of the tasks 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 (CET1);
- the commitment ratio;
- the operating ratio.

Executive 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, deferred over five years.

Variable compensation and deferred variable compensation tranches in the course of acquisition may be reduced in whole or in part, up to 100%, in the event of behaviour likely to expose the Crédit Mutuel Arkéa group, or one of its entities, to an abnormal and significant risk, in particular because of the responsibility of the executives concerned in acts that have led to significant losses for the institution or in the event of failure to comply with the obligations of good repute and competence.

The payment of deferred variable compensation elements is also subject to compliance with the risk appetite threshold of the CET1 ratio at each payment date. If on a payout date the CET1 risk appetite threshold is not met, all deferred variable compensation to be received on that date is reduced to zero.

2.8.1.4 Financial and similar instruments

As Crédit Mutuel Arkéa is a cooperative public limited company whose share capital is not traded on a regulated market, the entire deferred component of the variable compensation is paid in cash

instruments linked to shares. These cash instruments are thus indexed to a composite indicator calculated on the basis of consolidated group criteria.

2.8.1.5 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.

2.8.1.6 Employee savings scheme

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

2.8.1.7 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 have full technical functions.

2.8.1.8 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.

2.8.1.9 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 twenty-three 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.

2.8.1.10 Loans, advances and guarantees granted to executive officers

Crédit Mutuel Arkéa's executive 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.

2.8.1.11 Compensation of the members of the Board of Directors

The rules for the allocation of compensation paid in respect of Board of Directors of Crédit Mutuel Arkéa were adopted by the Board of Directors of 22 May 2015 on the advice of the Compensation Committee and confirmed by the Board of Directors on 3 March 2020.

- a fixed annual compensation for each elected director of €7,150 (gross);
- an additional fixed annual compensation for the Vice-Chairwoman of €7,150 (gross);
- a variable attendance fee per meeting for each elected director present at a Board of Directors Meeting of €715 (gross);
- a fixed annual compensation for each Committee Chairman of €3,580 (gross); and
- a variable attendance fee per meeting for each elected director attending a committee meeting of €715 (gross).

In addition, the Board of Directors adopted, by resolution of 2 June 2017, on the proposal of the Compensation Committee, the rules for the allocation of compensation paid to directors not from the cooperative movement:

- a variable attendance fee per meeting for each director not from the cooperative movement present at a Board Meeting of €3,575 (gross);
- a variable attendance fee per meeting of a specialised committee for each director not from the cooperative movement present at a Board meeting of €715 (gross); and
- no fixed compensation is paid.

In respect of their duties within Crédit Mutuel Arkéa's subsidiaries, the subsidiaries, the directors of Crédit Mutuel Arkéa also benefit from:

- a fixed annual compensation for each Chairman of a subsidiary of €3,920 (gross);
- a variable attendance fee per meeting for each Chairman of €430 (gross); and
- a variable attendance fee per meeting for each Director present of €360 (gross).

Finally, in addition to the allocation rules set out above, it is specified that the directors of Crédit Mutuel Arkéa may, in some cases, receive lump-sum compensation for their duties within federal bodies.

2.8.2 Fixed, variable and exceptional components of total compensation and benefits of any kind paid during the 2021 financial year or granted in respect of the 2021 financial year

2.8.2.1 Chairman of the Board of Directors of Crédit Mutuel Arkéa

Fixed compensation

The annual fixed compensation of Julien Carmona, in his capacity as Chairman of the Board of Directors of Crédit Mutuel Arkéa since 4 June 2021, was set at €700,000 for 2021, prorated according to the exercise of his office.

The fixed annual compensation of Mr Jean-Pierre Denis, in his capacity as Chairman of the Board of Directors of Crédit Mutuel Arkéa until 11 May 2021, was set at €530,000 for 2021, pro rata to his departure date from the company.

Retirement

The annual individual and conditional supplementary pension rights of Julien Carmona at 31 December 2021 consisted of a supplementary defined-contribution life annuity, estimated at: €414 gross.

The annual individual and conditional supplementary pension rights of Jean-Pierre Denis at 31 December 2021 consisted of a supplementary defined-contribution life annuity, estimated at: €2,398 gross.

As Jean-Pierre Denis did not complete his professional career within the Crédit Mutuel Arkéa group, by liquidating his basic pension rights he lost the benefit of the defined benefit pension scheme (Article 39)

Benefits in kind

Julien Carmona, in his capacity as Chairman of the Board of Directors of Crédit Mutuel Arkéa, is provided with a company car and company housing.

Jean-Pierre Denis, in his capacity as Chairman of the Board of Directors of Crédit Mutuel Arkéa, was provided with a company car until the end of his term of office.

2.8.2.2 Chief Executive Officer of Crédit Mutuel Arkéa

Fixed compensation

The annual fixed compensation of Hélène Bernicot, in her capacity as Chief Executive Officer of Crédit Mutuel Arkéa, was set at €425,000 for 2021.

Annual variable compensation

The conditions for the payment of variable compensation and the level of achievement of the individual objectives set for Hélène Bernicot, in her capacity as Chief Executive Officer of Crédit Mutuel Arkéa having been met, the Board of Directors approved the payment of annual variable compensation the amount of which represents 119.5% of the gross annual compensation, i.e. €507,875 for 2021, it being specified that 60% of this compensation is deferred over five years.

Indicators	Weighting	Level of achievement
Group operating ratio		
Group commitment ratio		
Group CET ratio	66%	120%
Strategic plan	13%	120%
Inclusion and diversity	7%	115%
Equitable compensation	7%	120%
Direct environmental footprint	7%	120%

Retirement

At 31 December 2021, the estimated actuarial amount of the individual pension (Article 39) for the benefit of the Chief Executive Officer, crystallised at 31 December 2019, was, in accordance with Article D. 225-104-1 of the French Commercial Code, €69,915.

Under the supplementary defined-contribution pension plan, the annual individual and conditional supplementary pension rights of Hélène Bernicot, at 31 December 2021, consisted of a life annuity, estimated at: €3,547.

Benefits in kind

Hélène Bernicot, in her capacity as Chief Executive Officer, is provided with a company car.

2.8.2.3 Deputy Chief Executive Officer of Crédit Mutuel Arkéa

Fixed compensation

The annual fixed compensation of Anne Le Goff, in her capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa, was set at €400,000 for 2021.

Annual variable compensation

The conditions for the payment of variable compensation and the level of achievement of the individual objectives set for Anne Le Goff, in her capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa having been met, the Board of Directors approved the payment of annual variable compensation, the amount of which represents 119.5% of the gross annual compensation, i.e. €478,000 for 2021, it being specified that 50% of this compensation is deferred over five years.

Indicators	Weighting	Level of achievement
Group operating ratio		
Group commitment ratio		
Group CET ratio	66%	120%
Strategic plan	13%	120%
Inclusion and diversity	7%	115%
Equitable compensation	7%	120%
Direct environmental footprint	7%	120%

Retirement

At 31 December 2021, the estimated actuarial amount of the individual pension (Article 39) for the benefit of the Deputy Chief Executive Officer, crystallised at 31 December 2019, was, in accordance with Article D. 225-104-1 of the French Commercial Code, €87,858.

Under the supplementary defined-contribution pension plan, Anne Le Goff's annual individual and conditional supplementary pension rights at 31 December 2021, consisted of a life annuity, estimated at: €5,409 gross.

Benefits in kind

Anne Le Goff, in her capacity as Deputy Chief Executive Officer, is provided with a company car.

2.8.2.4 Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division

Fixed compensation

The annual fixed compensation of Bertrand Blanpain, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division, was set at €325,000 for 2021.

Annual variable compensation

The conditions for the payment of variable compensation and the level of achievement of the individual objectives set for Bertrand Blanpain, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division, having been met, the Board of Directors approved the payment of an annual variable compensation, the amount of which represents 100% of the gross annual compensation, i.e. €297,397 for 2021, it being specified that 50% of this compensation is deferred over five years.

Retirement

At 31 December 2021, the estimated actuarial amount of the individual annuity (Article 39) for the Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division, at 31 December 2019, was, in accordance with Article D. 225-104-1 of the French Commercial Code, €11,746.

Under the supplementary defined-contribution pension plan, the annual individual and conditional supplementary pension rights of Bertrand Blanpain, at 31 December 2021, consisted of a life annuity, estimated at: €5,604 gross.

Benefits in kind

Bertrand Blanpain, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Corporate and Institutional Banking Division, is provided with a company car.

2.8.2.5 Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division

Fixed compensation

The annual fixed compensation of Frédéric Laurent, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division, was set at €305,000 for 2021.

Annual variable compensation

The conditions for the payment of variable compensation and the level of achievement of the individual objectives set for Frédéric Laurent, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division having been met, the Board of Directors approved the payment of annual variable compensation, the amount of which represents 95% of gross annual compensation, i.e. €265,141 for 2021, it being specified that 50% of this compensation is deferred over five years.

2.

Retirement

At 31 December 2021, the estimated actuarial amount of the individual annuity (Article 39) for the Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division, crystallised at 31 December 2019, was, in accordance with Article D. 225-104-1 of the French Commercial Code, €57,016.

Under the supplementary defined-contribution pension plan, Frédéric Laurent's annual individual and conditional supplementary pension rights, at 31 December 2021, consisted of a life annuity, estimated at: €8,706 gross.

Benefits in kind

Frédéric Laurent, in his capacity as Deputy Chief Executive Officer of Crédit Mutuel Arkéa in charge of the Retail Customers Division, is provided with a company car.

2.8.2.6 Performance trends

Evolution of the compensation of each of the executive officers compared to the group's performance over the last five financial years (data in €m):

	2017	2018	2019	2020	2021
NBII	2,090	2,146	2,303	2,158	2,531
Net income attributable to equity holders of the parent	428	437	511	356	574
Compensation of the Chairman of the Board of Directors ⁽¹⁾	1.600	1.600	0.541	0.541	0.847
Compensation of the Chief Executive Officer ⁽²⁾	1.285	1.285	1.286	0.565	0.940
Compensation of the Deputy Chief Executive Officer	0.664	0.732	0.677	0.395	0.887
Compensation of the Deputy Chief Executive Officer in charge of the PEI ⁽³⁾	NA	NA	NA	NA	0.622
Compensation of the Deputy Chief Executive Officer in charge of the PCR ⁽³⁾	NA	NA	NA	NA	0.572

(1) from 2017 to 2020: Jean-Pierre Denis; 2021: Jean-Pierre Denis and Julien Carmona.

(2) from 2017 to 2019: Ronan Le Moal; 2020: Ronan Le Moal and Hélène Bernicot; 2021: Hélène Bernicot.

(3) appointments as of 1 February 2021.

2.8.3 Table of individual compensation of executive officers

The gross compensation received by Crédit Mutuel Arkéa's executive officers is detailed in the tables below:

Jean-Pierre Denis	2020 Paid on the exercise	2020 Due for the year	2021 ⁽¹⁾ Paid on the exercise	2021 ⁽¹⁾ awarded in respect of the financial year
fixed compensation	530,000	530,000	421,282	
variable compensation	0	0	0	
benefits in kind	11,289	11,289	8,907	
TOTAL	541,289	541,289	430,190	

(1) from 01/01/2021 until his departure from the Company.

Following the end of his term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa, as part of the contractual termination of his employment contract, Jean-Pierre Denis received a total gross amount of €2,418 thousand, consisting of:

- €860 thousand in compensation in respect of his leave rights;
- €475 thousand in severance payments pursuant to the legal and contractual provisions applicable to Crédit Mutuel Arkéa as an employer;
- €1,083 thousand in contractual compensation corresponding to two years of gross basic compensation. In this respect, Jean-Pierre Denis has agreed that the provisions of his employment contract, as set out in the related-party agreement approved at the General Meeting and mentioned in Crédit Mutuel Arkéa's URD for the 2020 financial year, at the end of which the contractual severance payment should have been calculated taking into account the last variable compensation actually received. By waiving these provisions, this specific compensation paid is thus reduced by two-thirds.

Julien Carmona	2020 Paid on the exercise	2020 Due for the year	2021 ⁽¹⁾ Paid on the exercise	2021 awarded subject to conditions ⁽¹⁾ in respect of the financial year
fixed compensation			400,254	400,254
variable compensation			0	0
benefits in kind			16,382	16,382
TOTAL			416,636	416,636

(1) in respect of the term of office of PCA from 04/06/2021.

CHIEF EXECUTIVE OFFICER

Hélène Bernicot	2020 ⁽¹⁾ Paid on the exercise	2020 ⁽¹⁾ Due for the year	2021 Paid on the exercise	2021 granted in respect of 2021 and paid during 2022
fixed compensation	373,641	373,641	425,000	425,000
variable compensation	0	0	43,665 ⁽²⁾	507,875
of which paid in N+1				203,150
of which deferred over 5 years subject to conditions ⁽³⁾				304,725
benefits in kind	6,412	6,412	7,266	7,266
TOTAL	380,053	380,053	475,931	940,141

(1) in respect of the corporate mandate of CEO from 13/02/2020.

(2) deferred for financial year 2019 and profit-sharing for a period prior to the term of office.

(3) conditional variable compensation: future payments spread over 5 years and subject to the achievement of vesting and payment conditions.

DEPUTY CHIEF EXECUTIVE OFFICER

Anne Le Goff	2020 Paid on the exercise	2020 Due for the year	2021 paid during the year	2021 awarded subject to conditions ⁽²⁾ in respect of the financial year
fixed compensation	384,196	384,196	400,000	400,000
variable compensation	462,219	2,417	131,708 ⁽¹⁾	478,000
of which paid in N+1				239,000
of which deferred over 5 years subject to conditions ⁽²⁾				239,000
benefits in kind	8,537	8,537	8,539	8,539
TOTAL	854,952	395,150	540,247	886,539

(1) deferred for the 2018 and 2019 financial years and profit-sharing for a period prior to the term of office.

(2) conditional variable compensation: future payments spread over 5 years and subject to the achievement of vesting and payment conditions.

DEPUTY CHIEF EXECUTIVE OFFICERS

Bertrand Blanpain	2020 Paid on the exercise	2020 Due for the year	2021 ⁽¹⁾ paid during the year	2021 ⁽¹⁾ awarded subject to conditions ⁽³⁾ in respect of the financial year
in charge of the Corporate and Institutional Banking Division				
fixed compensation			297,397	297,397
variable compensation			140,334 ⁽²⁾	316,219
of which paid in N+1				167,520
of which deferred over 5 years subject to conditions ⁽³⁾				148,699
benefits in kind			8,560	8,560
TOTAL			446,291	622,175

(1) from 01/02/2021 to 31/12/2021.

(2) of which deferred in respect of financial years 2018 and 2019.

(3) conditional variable compensation: future payments spread over 5 years and subject to the achievement of vesting and payment conditions.

Frédéric Laurent	2020 Paid on the exercise	2020 Due for the year	2021 ⁽¹⁾ paid during the year	2021 ⁽¹⁾ awarded subject to conditions ⁽³⁾ in respect of the financial year
in charge of the Retail Customer Division				
fixed compensation			279,096	279,096
variable compensation			120,050 ⁽²⁾	283,963
of which paid in N+1				151,392
of which deferred over 5 years subject to conditions ⁽³⁾				132,571
benefits in kind			8,708	8,708
TOTAL			407,853	571,766

(1) from 01/02/2021 to 31/12/2021.

(2) of which deferred in respect of financial years 2018 and 2019.

(3) conditional variable compensation: future payments spread over 5 years and subject to the achievement of vesting and payment conditions.

2. CORPORATE GOVERNANCE

Compensation of corporate officers

2.8.4 Table of compensation of the members of the Board of Directors

Breakdown of fees	2021 attendance fees					Total individual attendance fees in 2020
	In respect of the Board of Directors	In respect of the committees	Detail of other functions of corporate officers within the group	Total individual attendance fees paid in 2021		
Julien CARMONA*						
Chairman of the Board of Directors	715					
Sophie VIOLEAU						
Vice-Chairwoman	22,165	11,445	109,571	143,181	97,413	
Valérie BARLOIS-LEROUX						
Director not from the cooperative movement	39,325	4,290	2,820	46,435	16,445	
Valérie BLANCHET-LECOQ						
Director	16,445	6,020	4,110	26,575	12,240	
Thierry BOUGEARD						
Director	18,590	25,030	31,150	74,770	54,960	
François CHATEL						
Director	18,590	16,035	10,470	45,095	45,190	
Philippe CHUPIN						
Director	18,590	11,995	10,345	40,930	18,980	
Marta DIAS						
Director	17,875	5,305	3,430	26,610	25,225	
Guillaume GLORIA						
Employee director	0	0	0	0	0	
Michel GOURTAY						
Director	16,445	6,735	1,515	24,695	24,325	
Monique HUET						
Director not from the cooperative movement	57,200	9,735	0	66,935	47,190	
Anne-Gaëlle LE BAIL						
Director	16,445	5,145	37,972	59,562	57,605	
Patrick LE PROVOST						
Director	18,590	33,035	86,496	138,121	73,935	
Yves MAINGUET						
Director	18,590	2,860	6,845	28,295	20,765	
Luc MOAL						
Director	16,445	17,160	25,985	59,590	45,625	
Valérie MOREAU						
Director	17,875	6,435	14,300	38,610	30,620	
Colette SÉNÉ						
Director	18,590	7,865	22,465	48,920	28,750	
Dominique TRUBERT						
Director	17,875	2,860	20,035	40,770	13,745	
Marie VIGNAL-RENAULT						
Employee director	0	0	0	0	0	
Pascal FAUGÈRE						
Non-voting Board member	7,150	0	1,590	8,740	NA	
Outgoing directors						
Jean-Pierre DENIS **						
Chairman of the Board of Directors until 05.11.2021						
Other outgoing directors					196,234 ***	
TOTAL	356,785	171,950	389,099	917,834	809,247	

* Julien CARMONA, as a corporate officer, receives compensation the elements of which are detailed, for the 2021 financial year, in Section 2.8.2.1.

** Jean-Pierre DENIS, as a corporate officer, received compensation the elements of which are detailed, for the 2021 financial year, in Section 2.8.2.1.

*** Compensation received in 2020 by Christian David, Lionel Dunet, Anne-Sophie Grave, Marie-Thérèse Groussard, Christian Peron and Christian Touzalin whose terms of office on the Board of Directors of Crédit Mutuel Arkéa ended at the end of the General Meeting held on 14 May 2020.

Crédit Mutuel

3.

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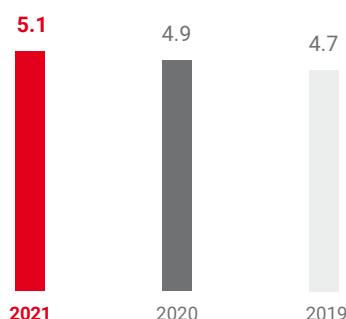
3.1 Activity

3.1.1 Customers

The customer portfolio increased by 4.0% in 2021, with more than 193,000 additional customers⁽¹⁾ brought in by online banking (+75,000 customers), insurers (+54,000 customers), personal assistant Aumax pour moi (+23,000 customers) and retail banking (+22,000 customers).

Customer portfolio

(in millions)



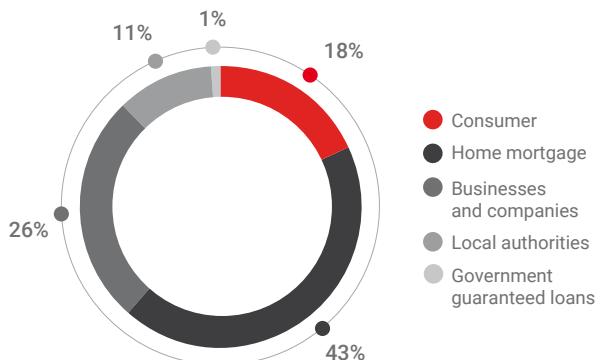
3.1.2 Loans

Outstanding loans⁽²⁾ rose 9.0% to €73.8 billion.

Loan production in 2021 reached €17.5 billion, up 1.2% compared to 2020. Production in 2020 included €1.8 billion in government-guaranteed loans. This level corresponds to an all-time high.

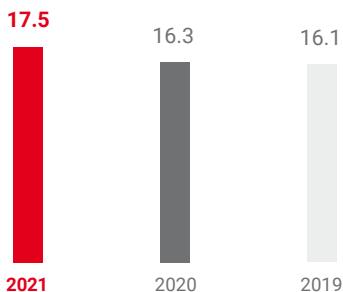
Restated for government-guaranteed loans, new production increased by €2.8 billion to €17.3 billion and was driven by home loans (+15.4% to €7.5 billion), loans to businesses and local authorities (+28.2% to €6.6 billion) and consumer loans (+11.2% to €3.2 billion).

Loans production by loan type in 2021

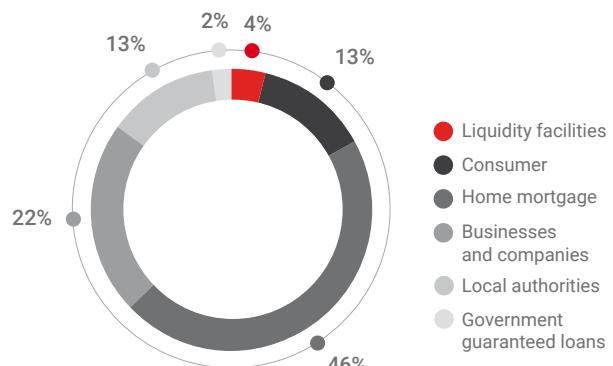


Loans production

(in € billions)

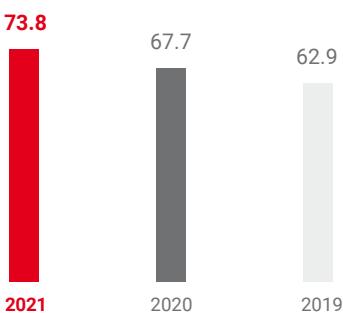


Loans outstanding by loan type in 2021



Loans outstanding

(in € billions)



(1) The 2020 portfolio included nearly 6,800 Strateo customers sold in 2021.

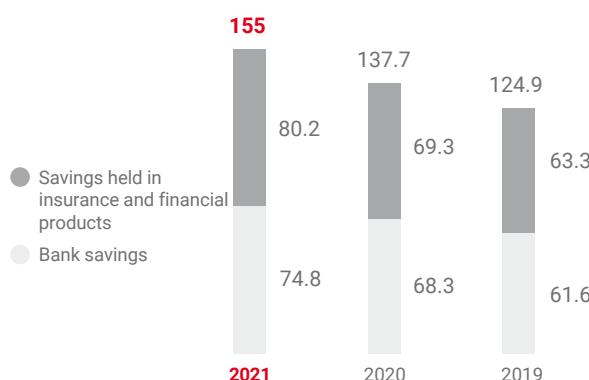
(2) Outstanding loans excluding related receivables and provisions.

3.1.3 Savings

Total savings rose to €155.0 billion, up 12.6% compared with end 2020.

Savings outstanding

(in € billions)



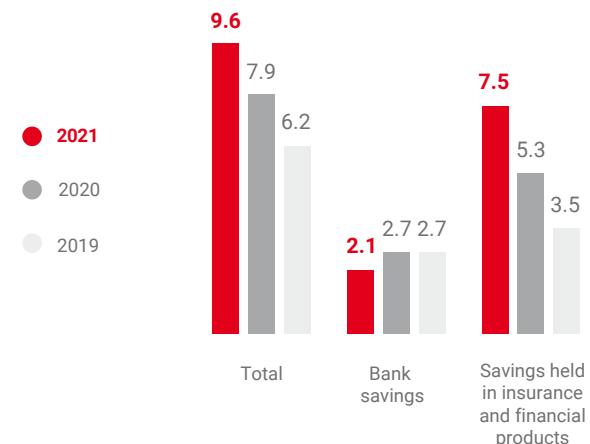
Net savings inflows in 2021 reached €9.6 billion, up 21.5% compared to 2020, which was a record level.

The highlights are:

- net inflows in interest bearing bank savings of €2.1 billion, down €0.6 billion compared to 2020;
- net inflows into insurance savings plans, up by €1.0 billion to €2.2 billion;
- net inflows in financial savings increased by €1.3 billion to €5.4 billion.

Net savings intake

(in € billions)



In addition, outstanding current accounts in credit increased by €4.1 billion to €24.9 billion.

3.1.4 Shares

Outstanding shares were up 7.2% to €2.5 billion.

3.1.5 Business-to-business (BtoB) services

Assets under custody grew by 18.4% to €49.6 billion in 2021.

The group processed a volume of 11.5 million stock market orders, an increase of 3.1% compared to 2020 (a record year in terms of order volumes processed).

The BtoB customer portfolio (managed by ProCapital Securities Services, Monext, Nextalk, Arkéa Banking Services) was up by 12.0% year-on-year, reaching 1,862 customers.

	2021	2020	2019
Securities held in custody (in € millions)	49,636	41,926	38,463
Stock exchange orders traded (in millions)	11.5	11.2	7.0
Number of BtoB customers	1,862	1,663	1,679

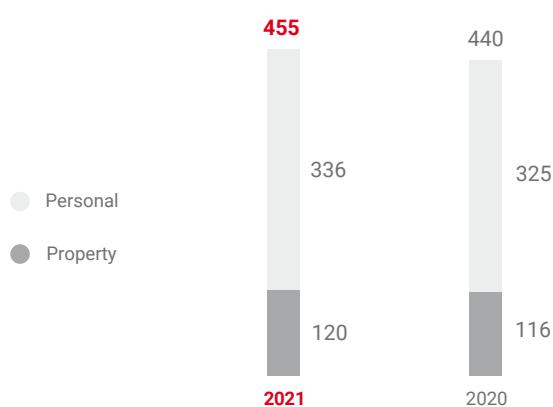
3.1.6 Non-life insurance

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

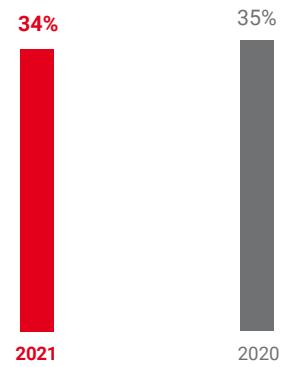
Earned premiums in the portfolio increased by 3.4% compared with 2020 to reach €455 million. At the end of 2021, 34% of these contributions were made by external networks.

New business premiums were down 9.6% compared with 2020 at €58 million, reflecting the effects of the health crisis. 55% of this amount was contributed by external networks, down three points compared to 2020.

Earned premiums on the non-life insurance portfolio
(in € millions)



Share of portfolio brought by external networks



3.2 Financial results

In 2021, the Crédit Mutuel Arkéa group reported net income attributable to equity holders of the parent of €574 million, the highest ever, up 61.0% after the health crisis in 2020.

The operating⁽¹⁾ ratio increased by 1.9 points to 67.3%.

	2021	2020	Abs.	Change 2021/2020
Revenues	2,531	2,158	373	17.3%
Operating expenses	(1,702)	(1,493)	(209)	14.0%
Gross operating income	829	665	164	24.7%
Cost of risk	(116)	(160)	44	-27.7%
Pre-tax income	717	493	224	45.5%
Income tax	(143)	(136)	(7)	4.9%
Net income, Group share	574	356	217	61.0%
Operating ratio	67.3%	69.2%	-1.9 pt	

3.2.1 Revenues⁽²⁾

Revenues were up 17.3% from 2020 to €2,531 million (+€373 million).

The analysis of NBI is based on the sector breakdown presented in the financial statements.

3.2.1.1 Banking sector

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

Banking segment revenues increased by €316 million compared to 2020, reaching €1,942 million.

On a like-for-like basis⁽²⁾, revenues increased by €404 million to €1,939 million:

- the financial margin increased by €326 million or 48.7% to €995 million. This increase is mainly due to the rebound in economic activity, which had a favourable impact on the valuations of private equity investments. The customer interest margin increased by €16 million;
- net commissions received increased by €33 million or 5.2% to €665 million, driven by the dynamism of the lending activity and white label banking services;

- other operating income and expenses increased by €45 million or 19.2% to €280 million in line with a sustained level of activity in the BPO business line.

3.2.1.2 Insurance and asset management sector

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

Revenues from the insurance and asset management segment were up by €57 million compared to 2020 at €589 million.

On a like-for-like basis⁽³⁾, revenues were up by €49 million to €580 million, marked by the good performance of the life insurance market and financial markets.

3.2.2 Operating expenses

Operating expenses and depreciation amounted to €1,702 million, up by €209 million or 14%.

On a like-for-like basis⁽⁴⁾, operating expenses and depreciation increased by €152 million to €1,691 million:

- employee benefits expenses increased by €92 million to €935 million driven by the growth in additional compensation in line with the group's good performance;
- other expenses increased by €51 million to €607 million;
- depreciation, amortisation and provisions increased by €10 million to €150 million.

(1) Management expense ratio (general operating expenses plus depreciation, amortisation and impairment of intangible and tangible fixed assets) to revenues.

(2) Excluding changes in the scope of consolidation in 2021 (Strateo) and noteworthy transactions in 2020 (Younited and Linxo).

(3) Excluding changes in scope for 2021 (Arkéa Real Estate).

(4) Excluding changes in the scope of consolidation in 2021 (Strateo and Arkéa Real Estate), excluding significant transactions in 2020 (Younited and Linxo) and the crystallisation of the additional pension supplement following the implementation of the Pacte Law in 2020.

3.2.3 Cost of risk

In the context of the ongoing health crisis marked by a rebound in the economy, the cost of risk fell by €44 million to €116 million:

- additions to provisions on performing loans decreased by €32 million to €57 million in 2021, after a year in 2020 marked by the provisioning of the business sectors considered to be the most vulnerable and the increase in the weighting of the pessimistic scenario used for forecasting purposes;
- the cost of risk on non-performing and litigious customer loans fell by €12 million to €59 million.

The cost of risk represented 0.16% of outstandings on the balance sheet of customer commitments.

Portfolio credit risk quality

Non-performing and litigious loans, including interest, increased by 0.9% to €1,451 million at the end of December 2021.

The rate of non-performing and litigious loans (including interest) on the total outstanding was stable at 2.0%.

Provisioning

Crédit Mutuel Arkéa noted the resilience of its customer loan portfolio in 2021 with a decrease in the provision rate for non-performing and litigious loans (principal and interest) by 4.8 points to 49.6% mainly impacted by the downgrading of government-guaranteed loans (with a reduced provisioning rate given the government guarantee) and the loss of significant loans.

3.2.4 Return on assets

The return on assets corresponds to the net accounting profit as a percentage of the balance sheet total on a consolidated basis. It stood at 0.32% in 2021, up 11 bps compared to 2020.

3.3 Regulatory capital and ratios

3.3.1 Internal capital adequacy assessment process

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

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

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

At the end of 2019, the European Central Bank (ECB) notified Crédit Mutuel Arkéa of a Pillar 2 (P2R – Pillar 2 mandatory) requirement of 2.75% applicable for the year 2020 from January 1. The ECB then specified in early 2020 that this requirement would be in the form of 56.25% of CET1 capital and 75% of Tier 1 capital, as a minimum.

For 2021, the requirement notified for the year 2020 is neither replaced nor modified by the ECB and remains in force. This means

that the requirements introduced by the SREP 2019 Decision continue to apply, including, in particular, the capital requirements.

Throughout 2021 Crédit Mutuel Arkéa met its minimum ratio requirements. Each quarter, the ratios are calculated on the basis of the accounts closing and then compared with the minimum requirements set by the supervisor for each ratio.

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

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

3.

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

3.3.2 Solvency ratios

3.3.2.1 Regulatory capital

Common Equity Tier 1 (CET 1) capital amounted to €7.3 billion and represented 80% of total regulatory capital. It increased by €0.56 billion in 2021, which mainly corresponds to the integration of the undistributed result for the year and the net inflow of shares on the new B shares realised over the year.

Equity Tier 2 decreased slightly over 2021 due to the gradual downgrading of subordinated debt as an equity instrument and in the absence of any issues during the year.

Regulatory capital amounted to €9.1 billion, up by €0.46 billion.

(in € millions)

	31.12.2021	31.12.2020
Tier 1 capital net of deductions	7,319	6,767
of which Common Equity Tier 1 (CET 1)	7,308	6,744
Tier 2 capital, net of deductions	1,789	1,877
TOTAL CAPITAL FOR THE CALCULATION OF THE SOLVENCY RATIO	9,108	8,643

3. FINANCIAL INFORMATION

Regulatory capital and ratios

3.3.2.2 Risk-weighted assets

They are calculated on the basis of exposures on and off balance sheet assets. They are calculated and broken down by type of risk and are used in the calculation of solvency ratios.

At the end of 2021, risk-weighted assets amounted to €43.1 billion, up by €3 billion due to the increase in outstanding loans, investments in insurance entities, and due to changes in certain risk calculation parameters. 94% of risk-weighted assets were composed of credit risk.

(in € millions)

	31.12.2021	31.12.2020
CREDIT RISK		
Standardised approach	40,464	37,561
Central and public administrations	7,918	7,197
Credit institutions	1,423	1,285
Corporates	15	45
Retail customers	217	264
Shares, securitisations and other non-credit obligation assets	5,369	4,789
Internal rating-based approach	32,546	30,365
Credit institutions	1,079	1,029
Corporates	13,523	12,787
Retail customers	3,752	3,296
Equities	13,710	12,697
Securitisation	0	0
Other non-credit obligation assets	483	556
MARKET RISK AND CVA (STANDARDISED APPROACH)	59	76
OPERATIONAL RISK (ALMOST EXCLUSIVELY ADVANCED MEASUREMENT APPROACH)	2,554	2,403
TOTAL RISK-WEIGHTED ASSETS	43,077	40,040

3.3.2.3 Solvency ratios

The CET 1 ratio stood at 17% at the end of 2021 compared to 16.8% at the end of 2020. The 0.12 point increase in the ratio is explained by the increase in CET 1 equity, which is proportionally higher than that of risk-weighted assets.

The overall solvency ratio decreased by 0.44 points to 21.1% at the end of 2021; this decrease is mainly due to the decrease in AT1 and T2 capital in 2021.

	31.12.2021	31.12.2020
CET 1 ratio	17.0%	16.8%
Tier 1 ratio	17.0%	16.9%
Overall ratio	21.1%	21.6%

In 2015, the European Commission adopted a delegated regulation in order to specify the calculation method. The leverage ratio is currently subject to a public disclosure requirement by banks and has been subject to a minimum requirement since June 28, 2021 set at 3%. This requirement is adjusted to 3.11% until the closing of March 31, 2022 due to the exercise of the option to exclude central bank exposures.

At December 31, 2021, the leverage ratio was 7.2%, compared with 6.8% at December 31, 2020; it takes into account the provisions of the delegated regulations applicable automatically but does not include the provisions subject to prior approval by the supervisor.

3.3.3.2 Financial conglomerate ratio

The financial conglomerate ratio makes it possible to verify the coverage by "financial conglomerate capital" of solvency requirements relating to banking activities (integrating Pillar 2 requirements since 2016) and insurance activities. The minimum level required is 100%.

At December 31, 2021, the conglomerate's consolidated equity stood at €11.8 billion and the requirements at €6.3 billion, i.e. a slight increase in the ratio to 187% compared to 181% at December 31, 2020 (for a regulatory requirement of 100%).

3.3.3 Other solvency ratios monitored

3.3.3.1 Leverage ratio

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

3.3.3.3 Ratio derived from the Banking Recovery and Resolution Directive

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

It provides for the introduction of the Minimum Requirement for own funds and Eligible Liabilities (MREL) ratio, which is the ratio of equity and other eligible liabilities to the institution's total liabilities and equity, after certain prudential adjustments (TLOF⁽¹⁾) or expressed in risk-weighted assets (RWA). Prudential equity, subordinated securities, non-preferred senior debt and certain preferred senior debt with a residual maturity of more than one year are eligible for the numerator of the MREL ratios.

The Confédération Nationale du Crédit Mutuel (CNCM) obtained from the Single Resolution Board (SRB) a cooperative waiver allowing a single external MREL requirement at the level of the entry point into resolution extended beyond the central institution to all its affiliates. The consequence is the exemption from internal MREL of all affiliates of the central institution. As a result, the SRB has not notified the Crédit Mutuel Arkéa group of a minimum regulatory capital requirement and eligible liabilities (MREL ratio).

In 2021, the CNCM was notified of a revised MREL requirement at the consolidated level.

Despite the absence of monitoring on an individual basis, the Crédit Mutuel Arkéa group monitors an overall MREL indicator as well as a subordinated MREL indicator (excluding senior preferential debt from the numerator). At the end of 2021, the Crédit Mutuel Arkéa group complied with the thresholds set in its appetite framework.

3.3.4 Solvency of group insurance companies

Since January 1, 2016, European insurers must comply with the Solvency 2 framework.

In this framework, the Solvency 2 capital consists of the entities' hard capital (capital fixed by Crédit Mutuel Arkéa: share capital and issue premiums), surplus funds for Suravenir (economic valuation of the provision for eligible profit-sharing to cover the Solvency Capital Requirement and the Minimum Capital Requirement), the reconciliation reserve (Solvency 2 net assets less the capitalised capital of Crédit Mutuel Arkéa, and any surplus funds) as well as subordinated liabilities subscribed by Crédit Mutuel Arkéa.

In addition, the Solvency Capital Requirement (SCR) of the group's insurance companies is calculated by applying the standard formula set out in the Solvency 2 regulation.

Since December 31, 2019, Suravenir has applied the transitional measure on technical provisions provided for in the Solvency 2 regulation. No other transitional measures provided for by European legislation have been applied by the group's insurance subsidiaries. Insurance companies' own funds and regulatory capital requirements are reported quarterly and discussed with the group.

At the end of 2021, Suravenir and Suravenir Assurances complied with regulatory requirements.

With regard to governance, Suravenir and Suravenir Assurances have the four key functions required by regulations, as well as internal control and risk management systems. Each year, the insurance subsidiaries produce an ORSA (Own Risk and Solvency Assessment) report that assesses the overall solvency requirement, identifies any deviation of each company's risk profile from the assumptions of the standard formula and ensures ongoing compliance with regulatory requirements.

Finally, Suravenir and Suravenir Assurances publish their Solvency and Financial Conditions Report (SFCR) and implement the Regular Supervisory Report (RSR) and the various quarterly and annual Quantitative Reporting Templates (QRT) for the ACPR, EIOPA, ECB and FSB.

3.

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

3.4 Recent trends and outlook

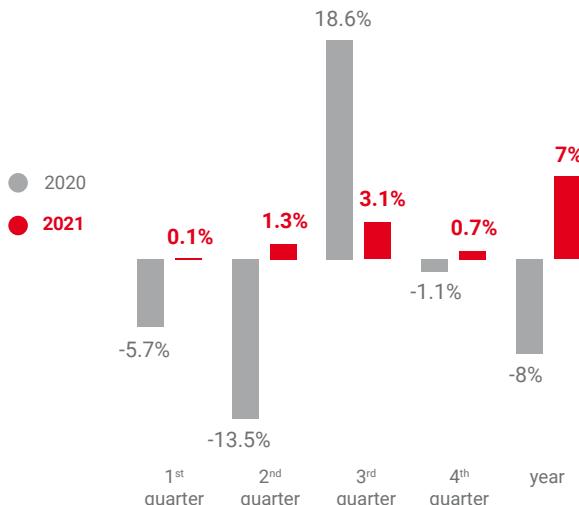
3.4.1 Economic and regulatory environment in 2021

In 2021, the global economy experienced a rebound of historic magnitude (+5.6%) after the crisis experienced in 2020 (-3.1%) linked to the emergence of the Covid-19 pandemic. Affected, many countries around the world had then put in place health lockdown measures to protect the population and slow the spread of the virus. **At the end of 2021, the scale of the economic rebound linked to the recovery of advanced economies lost its force due to the resurgence of the pandemic (delta variant, then omicron variant), value chain bottlenecks and growing inflationary pressures.**

In the Eurozone, GDP growth remained dynamic at the beginning of the second half of 2021, mainly driven by domestic demand, which benefited from a high level of confidence in the significant European vaccination coverage (at mid-December 2021, nearly 70% of Europeans had a complete vaccination course, i.e. at least two doses or one dose of the Janssen vaccine), leading to a decrease in the household savings rate (19% of gross disposable income in the second quarter compared to 25.2% at the height of the crisis, a year earlier) and a significant rebound in the consumption of services. This positive sentiment and the growth of the tertiary sector have enabled the European economy to continue its recovery, despite **industry's difficulties**, penalised by major global bottlenecks and input shortages. **These headwinds were particularly significant for the most integrated economies in global production chains, in particular Germany.**

Thus, in France, after an 8% drop in activity in 2020, the economy rebounded by 7%⁽¹⁾ in 2021, its best performance in 52 years. The final outcome was that the economy was 0.9% above its pre-pandemic level at the end of 2021. According to INSEE, the average level of GDP last year was 1.6% below that of 2019. The temporary abandonment of the usual budgetary rules at the European level⁽²⁾ has allowed states to support their economies through an expansionary budgetary policy. According to Margrethe Vestager, Executive Vice-President in charge of competition policy, since the start of the pandemic, the temporary state aid framework has enabled Member States to provide targeted and proportionate aid to companies in need, while putting in place safeguards to maintain a level playing field in the single market.

Trend in French GDP in 2020 and 2021, quarterly and year-on-year



It is notable that investment is the main contributor to growth (2.7 percentage points), ahead of consumption (2.6 points). The safeguards put in place will have preserved the ability of many companies to transform and innovate. Among these measures, a €300 billion package of government-guaranteed loans (French PGE) was proposed by the government and granted by the banks. The aim of these PGEs is to provide companies with liquidity very quickly and at attractive rates, up to a limit of 25% of annual turnover, with an amount strongly guaranteed by the State. Crédit Mutuel Arkéa has contributed to the implementation of this cash assistance, granting loans for around €2.1 billion. Nationally, €141 billion of PGEs have been distributed by French banks since 2021⁽³⁾ to 693,000 companies. Crédit Mutuel Arkéa also deferred €6 billion in loans, mainly to companies. The solidarity fund is the other flagship measure intended to help the sectors most in difficulty. In total, more than 2 million companies have received at least one payment from this fund for a total amount of more than €39 billion. Finally, in 2021, only 27,000 companies filed for bankruptcy in France, compared to 52,000 in 2019 and 32,000 in 2020.

The reverse side of all these support measures is the sharp deterioration in public finances. In 2021, the public deficit is reported to be close to 7% of GDP according to Olivier Dussopt, the Minister of Public Accounts⁽⁴⁾, while the ratio of public debt to GDP will decrease from 115.1% in 2020 to 113.6% in 2021 according to Banque de France forecasts.⁽⁵⁾

(1) INSEE estimate, January 28, 2022.

(2) The Maastricht Treaty set two limits for public expenditure management: 3% budget deficit and 60% debt.

(3) As of 29.10.2021.

(4) Press statement of January 16, 2022.

(5) Banque de France macroeconomic forecasts, December 2021.

Trend in public administration debt



Despite the increase in the deficit, the favourable financing conditions guaranteed by the action of the European Central Bank (ECB) and the new European solidarity have made it possible to maintain very low rates on the financial markets.

Indeed, the ECB is massively supporting the liquidity of financial markets through a €1,850 billion Emergency Pandemic Purchase Programme (EPPP), offering governments exceptional borrowing conditions until March 2022. On average, in 2021, the yield on the French 10-year OAT was 0%, after -0.145% in 2020, 0.13% in 2019 and 2.76% since 2000.

In this environment of low or even negative interest rates, the French are saving. While the household savings rate eased in 2021 (20.2% of disposable income over the first three quarters, after 21.4% in 2020), it is still well above its average since 2000, which is 15%. In total, the savings surplus was estimated at €170 billion in the third quarter of 2021, according to the Banque de France.

Regarding the regulatory environment, 2021 was mainly marked by the implementation of CRR2 and BRRD2, the general strengthening of resolution requirements, and major reforms in national reporting.

The main CRR2 measures implemented in June 2021 were as planned:

- changes to the rules for calculating risk-weighted exposures (RWAs);
- the transformation of the leverage ratio into a binding ratio of 3%, accompanied by changes to the rules for calculating total exposure;
- the transformation of the long-term liquidity ratio (NSFR) into a binding ratio of 100%, accompanied by a redefining of stable funding items and funding requirements, new weightings of these items and a new reporting format;
- the implementation of enhanced disclosure requirements (in terms of frequency and content), including those applicable to large institutions;
- taking into account the new MREL eligibility criteria for debt instruments.

In terms of resolution, 2021 saw:

- the Single Resolution Board (SRB) finalise the 2024 MREL targets of all institutions falling within its remit while applying the new BRRD2 calculation rules;

- the monitoring of institutions being strengthened with the implementation of quarterly MREL/TLAC reporting from June 2021;
- work on resolvability continue and intensify, both on the implementation of a bailout and data production capacities;
- additional requirements being put in place, such as the audit of the contribution bases to the Single Resolution Fund by external parties.

At the national level, the HCSF adapted in January 2021 and then made binding from January 1, 2022 its recommendation on home loans dating from 2019. Two reporting requirements (Rentimmo and Credithab) were therefore put in place or modified in 2021, with the latest changes coming into force at the beginning of 2022. 2021 was also devoted to the preparation of the five-year overhaul of the SURFI reporting requirement, replaced by RUBA from January 2022.

Lastly, changes have also been made to the statements of the Regulated Savings Statistics, in connection with green financing.

In addition, in the context of the Covid-19 crisis, the production of specific reports for the European supervisor on moratoriums, PGEs and credit issues was maintained throughout 2021.

The year 2022 will be marked by discussions on the proposal for a CRR 3 regulation, transposing the finalisation of the Basel III agreements, and aiming to amend Regulation 575/2013 known as the CRR.

This will involve the many changes proposed by the European Commission, including the new single standard method for calculating operational risks, a new methodology for calculating market risks (Fundamental Review of the Trading Book FRTB), the value of counterparty default risk market (Credit Value Adjustment CVA), the capital floor for the use of internal models (output floor) and other significant changes in the calculation of credit risk, both in the standardised approach and in the internal approaches as well as the date of application of these changes. The Commission recommends an application date of January 1, 2025, i.e. a two-year deferral compared to the recommendations of the Basel Committee, which provided for the application of these changes on January 1, 2023.

3.4.2 Outlook for 2022

In 2022, the growth in global activity (+3.6%) remained strong during the first quarter but then began to suffer the extraordinary consequences of the war between Ukraine and Russia. It is expected to slow down considerably during the second half of the year, after the impact of the shock on all prices, and the same in 2023. Global activity should return to pre-pandemic levels in 2025 (3.5% on average from 2011 to 2019).

This war could have a varying impacts depending on the distance between the various economies and Russia and Ukraine.

US growth should be more resilient than that of the eurozone. Growth will reduce by 1.4 points to 2.7% in 2022. In Germany, the leading economy in the eurozone, German economic institute IfW has indicated that it is only expecting GDP growth of 2.1%, compared to 4% previously. Germany would be the major economy most affected by the consequences of the war. The morale of German investors suffered an unprecedented drop in March due to the invasion of Ukraine by the Russian military and the ensuing economic sanctions, making a technical recession likely at the end of the first quarter and even intensifying the risk of a stagnant year in terms of activity. With regard to maritime freight and bottlenecks on certain goods, such as microchips, the normalisation of flows is likely to be significantly delayed as a result of the war and the resurgence of Covid in China in March. Indeed, within the eurozone, the global context favours the

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most diversified economies, such as France. The most industrialised economies and those most dependent on foreign trade are particularly affected by bottlenecks. Conversely, the southern economies, and that of Spain in particular, being dependent on tourism, will continue to suffer from the consequences of the virus.

French activity should prove to be more resilient (+3% in 2022, after +7% in 2021), due to its lesser dependence on Russian gas and the freezing of gas and electricity prices throughout the year. Furthermore, the lesser dependence of GDP on the industrial sector and international tourism therefore offers a definite advantage for the economy in the face of the many international uncertainties surrounding 2022. Nevertheless, growth in activity is expected to be sluggish during the second half of the year, due to the low increase in wages compared to inflation. **In this context, business failures are expected to near pre-crisis levels (50,000, compared to 52,000 in 2019 and 27,300 in 2021).** Construction, transport equipment manufacturing, transport and logistics appear to be the most at-risk sectors. The events, leisure and catering sectors could be more vulnerable in 2023 than in 2022, particularly when companies in these sectors will have to begin repaying the Government-Guaranteed Loans (PGE) taken out during the crisis. **According to a BPI Rexecode survey conducted in November 2021, 8% of companies that have taken out a PGE are concerned that they will not be able to repay it.**

Overall, in the eurozone, inflation could be an extremely powerful brake on the hoped-for post-pandemic recovery. In March, commodity prices rose sharply. Together, Russia and Ukraine account for around one-third of global wheat exports and are major producers of fertilisers and metals used in industry, such as nickel and palladium. Disruptions to wheat, corn and fertiliser supplies may increase global hunger and food insecurity. The surge in metal prices could affect a wide range of sectors such as aerospace, automotive and semiconductors. **Inflation is expected to be high throughout 2022, whereas it was expected to turn around during the first half of the year under the initial scenario. In the eurozone, it could average 6% this year (5.1% according to the ECB central scenario). In France, it should be lower (average of 5%). Unlike in 2021, inflation would be seen throughout the economy and no longer just be limited to energy components.**

In response to the expected rise in 10-year inflation to a level above 2%, the ECB has taken the opportunity to increase its key interest rates in 2022. Ultimately, the ECB seems to want to support the movement of other central banks. It could tighten its key interest rates from the third quarter at the risk of penalising growth weakened by the war. According to Crédit Mutuel Arkéa, the deposit rate would thus be raised to 0% by the end of 2022.

In France, in the face of rising inflation, the Livret A savings account rate would be increased to 2.2% in August 2022, then to 2.4% in February 2023.

In the financial markets, financing conditions are expected to tighten despite the conflict, in line with the outlook for solid growth in the United States and continued high inflation. According to our scenario, US bond yields could still reach 2.25% in mid-2022, and 2.5% at the end of 2022. The Fed is expected to raise its key interest rates seven times (by 25 basis points each time) in 2022. In the eurozone, the increase in bond yields will also be driven by inflation. The yield on French 10-year debt would be 1.2% at the end of 2022.

As for credit spreads, a rise is expected due to the consequences of the Russia-Ukraine conflict. However, the levels achieved should remain limited in view of the crisis in the eurozone.

From a regulatory point of view and given the improvement in the macroeconomic situation, the gradual elimination of exemptions related to Covid-19 will be completed in 2022 with a return to full compliance with capital requirements from January and the non-renewal beyond March 31 of the exclusion of exposures to central banks for the calculation of the leverage ratio – it being noted that the ECB's recommendation of no dividend distribution had been lifted as of October 2021. Countercyclical buffer rates should also start to rise in 2022, as announced by the HCSF for the French rate.

However, in terms of supervision, the Covid-19 crisis will remain a major element for the period 2022-2024, with concerns still focused on credit risk, the impacts of the end of the support measures on the quality of assets and the classification of the latter. The issue of provisioning levels for non-performing loans will be all the more closely monitored given that the prudential expectations expressed in 2018 by the ECB on this subject were applied during the SREP review conducted in 2021.

The profitability of banking institutions and their management of the digitisation/cyber-risk ratio, the levels of public and private debt (with the sustained growth of real estate loans and the uncertainties in commercial real estate) as well as leveraged financing and the valuation of assets in the event of a reassessment of risk in the financial markets will also be a central concern for supervisors.

From a resolution point of view, 2022 will see an expansion of the SRB's requirements, and therefore the work of the banks, on the operational implementation of resolvability, with preparation extending to tools other than bail-in. 2022 will also see the setting – according to the BRRD2 methodology – of the internal MREL objectives for the significant subsidiaries of groups.

In terms of European regulations, discussions between the Council and Parliament should start in the second half of 2022 on the proposal for the transposition in the EU of the final Basel III agreements that the Commission published at the end of October 2021. This "CRR3-CRD VI" project mainly concerns:

- new changes in the calculation of risk-weighted assets (RWA) in terms of credit risk, market risk (FRTB) and operational risk;
- the introduction of a minimum floor (output floor) for these RWAs, set at 72.5% of the requirements calculated using the standard method and applied at the highest level of consolidation for the calculation of all capital requirements;
- the improvement of the RWA weighting of investments in the insurance sector that are not deducted from regulatory capital;
- a further tightening of the publication requirements and the transmission to the EBA of all Pillar 3 data for centralised publication on its website;
- a revised and more restrictive framework for approval by the competent authorities and definition of the responsibilities of directors and key function holders.

The first two measures would come into force on January 1, 2025 with a transition period of 2025-2029 for the output floor and for certain weightings, and are likely to significantly increase the capital requirements applicable to European institutions.

Environmental issues will also be increasingly at the heart of the news, with:

- preparing the application of European regulations on sustainable finance (Disclosure regulation, taxonomy, green, etc.) which were completed in 2021;
- the gradual implementation of the ESG publications provided for in CRR2 (including the Green Assets Ratio based on December 31, 2021) – and the reinforcement of these publications provided for in CRR3;
- the implementation by the ECB in 2022 of the second climate stress test and the gradual taking into account of the results of

these tests in the determination of the capital requirements of Pillar 2 (P2R), in anticipation of the provisions of CRR3.

Finally, the reform of reporting on Financial Conglomerates is expected to be validated at the European level, with an application date postponed by one year due to the Covid-19 crisis: the requirements would be strengthened in principle but national supervisors would have flexibility in implementing the requirements in question.

For Crédit Mutuel Arkéa, 2021 will be marked by the implementation of all the measures of the new strategic plan Transitions 2024 approved at the end of January 2021. For more details on this strategic plan, see Section 1.6 "Crédit Mutuel Arkéa's strategy".

3.4.3 Post-balance sheet events

Nil.

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

Balance sheet

(in € thousands)

ASSETS	Notes	12.31.2021	12.31.2020
Cash, due from central banks	1	15,835,673	12,901,851
Financial assets at fair value through profit or loss	2	1,515,229	1,476,283
Derivatives used for hedging purposes	3	941,733	1,128,825
Financial assets at fair value through equity	4	9,438,286	11,922,563
Securities at amortized cost	5	632,290	640,787
Loans and receivables – credit institutions, at amortized cost	1	15,207,862	14,791,362
Loans and receivables – customers, at amortized cost	6	73,250,954	67,250,857
Remeasurement adjustment on interest-rate risk hedged portfolios		621,698	933,849
Placement of insurance activities	7	58,775,760	55,304,242
Current tax assets	8	127,398	174,300
Deferred tax assets	9	130,806	145,059
Accruals, prepayments and sundry assets	10	992,972	951,587
Non-current assets held for sale	27	80,813	94,958
Deferred profit-sharing		0	0
Investments in associates	11	176,345	167,698
Investment property	12	125,897	127,487
Property, plant and equipment	13	328,741	336,643
Intangible assets	14	532,452	477,403
Goodwill	15	566,533	550,017
TOTAL ASSETS		179,281,442	169,375,771

(in € thousands)

LIABILITIES	Notes	12.31.2021	12.31.2020
Due to central banks	16	0	0
Financial liabilities at fair value through profit or loss	17	1,345,024	1,362,942
Derivatives used for hedging purposes	3	956,291	1,208,376
Debt securities	18	16,438,840	19,348,474
Due to banks	16	14,596,802	12,579,835
Liabilities to customers	19	74,571,114	68,361,123
Remeasurement adjustment on interest-rate risk hedged portfolios		442,029	228,384
Current tax liabilities	8	94,463	135,727
Deferred tax liabilities	9	143,169	169,681
Accruals, deferred income and sundry liabilities	20	2,866,796	2,393,952
Liabilities associated with non-current assets held for sale	27	345,128	94,028
Insurance companies' technical reserves	21	56,248,145	52,736,780
Provisions	22	347,472	479,730
Subordinated debt	23	2,473,362	2,547,739
TOTAL EQUITY		8,412,808	7,729,000
Shareholders' equity, group share		8,406,884	7,725,770
Share capital and additional paid-in capital	24	2,548,829	2,378,428
Consolidated reserves	24	5,152,784	4,793,563
Gains and losses recognized directly in equity	25	131,547	197,537
Net income for the year		573,723	356,241
Non-controlling interests		5,924	3,230
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		179,281,442	169,375,771

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Income statement

(in € thousands)	Notes	12.31.2021	12.31.2020
Interest and similar income ⁽¹⁾	30	1,828,767	1,805,157
Interest and similar expense ⁽¹⁾	30	(1,103,665)	(1,154,498)
Commission income	31	697,700	647,475
Commission expense	31	(177,509)	(157,009)
Net gain (loss) on financial instruments at fair value through profit or loss	32	263,297	10,341
Net gain (loss) on financial instruments at fair value through equity	33	20,090	16,178
Net gain (loss) on derecognition of financial instruments at amortized cost	34	4,373	320
Net income from insurance activities	35	712,019	669,555
Income from other activities	36	354,585	299,086
Expense from other activities	36	(69,282)	(66,778)
NET BANKING INCOME		2,530,375	2,069,827
Gains (losses) on disposal – dilution in investments in associates	37	275	87,696
NET BANKING INCOME INCLUDING GAINS (LOSSES) ON DISPOSAL – DILUTION IN INVESTMENTS IN ASSOCIATES		2,530,650	2,157,523
General operating expenses	38	(1,550,442)	(1,353,257)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	39	(151,605)	(139,761)
GROSS OPERATING INCOME		828,603	664,505
Cost of credit risk	40	(115,789)	(160,071)
OPERATING INCOME		712,814	504,434
Share in net income of equity-accounted associates and joint ventures	11	3,425	1,106
Gains (losses) on other assets	41	349	(1,953)
Changes in goodwill		0	(10,974)
PRE-TAX INCOME		716,588	492,613
Income tax	42	(143,047)	(136,346)
Net income (loss) from discontinued operations		0	0
NET INCOME		573,541	356,267
O/w non-controlling interests		(182)	26
NET INCOME – GROUP SHARE		573,723	356,241

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

Statement of net income and gains and losses recognized directly in equity

(in € thousands)	Notes		
NET INCOME		573,541	356,267
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		(16,227)	26,401
Revaluation of available-for-sale financial assets (net of taxes)		(56,713)	20,960
Revaluation of derivatives used to hedge recyclable items (net of taxes)		964	1,040
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		426	368
ITEMS TO BE RECYCLED TO PROFIT OR LOSS		(71,550)	48,769
Actuarial gains (losses) on defined benefit plans (net of taxes)		12,613	(3,269)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		6,017	(18,298)
Revaluation of equity instruments at fair value through equity (net of taxes) ⁽¹⁾		(16,087)	(6,564)
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		3,007	(12,912)
ITEMS NOT TO BE RECYCLED TO PROFIT OR LOSS		5,550	(41,043)
TOTAL GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		(66,000)	7,726
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	43	507,541	363,993
of which group share		507,732	363,968
of which non-controlling interests		(191)	25

(1) of which the impact of the transfer to reserves of non-recyclable items for €(25,566,000).

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Changes in shareholders' equity

(in € thousands)	Share capital and reserves	Consolidated reserves	Total gains and losses recognized directly in equity
POSITION AT JANUARY 1, 2020	2,353,416	4,294,471	189,810
Capital increase/reduction	125,942		
Cancellation of treasury shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is share-based			
Allocation of the previous year income		510,737	
Dividend paid in 2020 in respect of 2019		(37,010)	
Change in equity interests in subsidiaries with no loss of control			
SUBTOTAL OF CHANGES INVOLVING TRANSACTIONS WITH SHAREHOLDERS	2,479,358	4,768,198	189,810
Changes in gains and losses recognized directly in equity		21,935	4,856
2020 net income			
SUBTOTAL	2,479,358	4,790,133	194,666
Impact of acquisitions and disposals on non-controlling interests	(100,930)	9,527	2,871
Share of changes in shareholders' equity from investments in associates and joint ventures		(1,703)	
Change in accounting methods			
Other changes		(4,393)	
POSITION AT DECEMBER 31, 2020	2,378,428	4,793,564	197,537
Capital increase	170,401		
Cancellation of treasury shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is share-based			
Allocation of the previous year's income		356,241	
Dividend paid in 2021 in respect of 2020		(36,512)	
Change in equity interests in subsidiaries with no loss of control			
SUBTOTAL OF CHANGES INVOLVING TRANSACTIONS WITH SHAREHOLDERS	2,548,829	5,113,293	197,537
Changes in gains and losses recognized directly in equity		28,592	(65,990)
2021 net income			
SUBTOTAL	2,548,829	5,141,885	131,547
Impact of acquisitions and disposals on non-controlling interests		1,484	
Share of changes in shareholders' equity from investments in associates and joint ventures		(89)	
Change in accounting methods		35,390	
Other changes		(25,885)	
POSITION AT DECEMBER 31, 2021	2,548,829	5,152,785	131,547

Net income attributable to equity holders of the parent	Shareholders' equity, group share	Non-controlling interests in equity	Total equity
510,737	7,348,433	3,246	7,351,679
	125,942		125,942
	-		0
	-		0
	-		0
	-		0
(510,737)	-	(5)	(37,015)
	(37,010)	(5)	(37,015)
	0		0
0	7,437,366	3,241	7,440,607
	26,791	(43)	26,748
356,241	356,241	26	356,267
356,241	7,820,398	3,224	7,823,622
	(88,532)		(88,532)
	(1,703)		(1,703)
	0		0
	(4,393)	6	(4,387)
356,241	7,725,770	3,230	7,729,000
	170,401		170,401
	0		0
	0		0
	0		0
	0		0
(356,241)	0		0
	(36,512)	(7)	(36,519)
	0		0
0	7,859,659	3,223	7,862,882
	(37,398)	(9)	(37,407)
573,723	573,723	(182)	573,541
573,723	8,395,984	3,032	8,399,016
	1,484	2,839	4,323
	(89)		(89)
	35,390		35,390
	(25,885)	53	(25,832)
573,723	8,406,884	5,924	8,412,808

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Consolidated financial statements for the year ended December 31, 2020

Net cash flow statement

(in € thousands)	12.31.2021	12.31.2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	573,541	356,267
Tax	143,047	136,346
PRE-TAX INCOME	716,588	492,613
Depreciation and amortization of property, plant and equipment and intangible assets	149,381	138,537
Impairment of goodwill and other non-current assets	14,672	10,762
Net additions to depreciations	5,358	104,616
Share of income (loss) from investments in associates	(3,425)	(3,197)
Net loss (gain) from investing activities	(6,361)	(114,900)
(Income)/expense from financing activities	0	0
Other changes	3,020,057	1,184,103
TOTAL NON-CASH ITEMS INCLUDED IN NET INCOME AND OTHER ADJUSTMENTS	3,179,681	1,319,921
Interbank transactions	1,345,597	484,361
Transactions with customers	380,963	2,179,644
Transactions involving other financial assets/liabilities	(164,829)	2,432,313
Transactions involving other non-financial assets/liabilities	795,122	(4,161,240)
Dividends from investments in associates	1,919	2,538
Taxes paid	(149,364)	(22,421)
NET DECREASE/(INCREASE) IN OPERATING ASSETS AND LIABILITIES	2,209,408	915,195
NET CASH FLOW FROM OPERATING ACTIVITIES	6,105,678	2,727,729
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets and investments	47,315	136,251
Investment property	(6,886)	40,851
Property, plant and equipment and intangible assets	(174,738)	(130,534)
Other	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	(134,309)	46,568
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows from/to shareholders	143,094	92,999
Other cash flows from financing activities	(3,430,726)	1,347,958
CASH FLOWS FROM FINANCING ACTIVITIES	(3,287,632)	1,440,957
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,683,737	4,215,254
Cash flows from operating activities	6,105,678	2,727,729
Cash flows from investing activities	(134,309)	46,568
Cash flows from financing activities	(3,287,632)	1,440,957
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	13,211,933	9,195,374
Cash, central banks (assets & liabilities)	12,901,851	10,083,885
Deposits (assets and liabilities) and demand loans with credit institutions	310,082	(888,511)
CASH AND CASH EQUIVALENTS, END OF THE YEAR	15,895,670	13,211,933
Cash, central banks (assets & liabilities) (Notes 1 and 16)	15,835,673	12,901,851
Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 16 and 21b)	59,997	310,082
CHANGE IN NET CASH AND CASH EQUIVALENTS	2,683,737	4,016,559

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

Highlights of the year

From the very start of the health crisis, Crédit Mutuel Arkéa has been fully committed to helping its customers navigate this difficult period. The group relies on its diversified business model, its very close ties to its regions and a robust financial structure to support its customers.

At €2,531 million, revenue increased by €373 million compared with 2020. This growth reflects sustained activity in all the group's business lines and favorable market conditions.

At €1,702 million, operating expenses were up €209 million compared with 2020 due to business growth, changes in the number of employees and the major projects conducted by the group in execution of its medium-term plan, called Transitions 2024.

At €116 million, cost of risk decreased by €44 million compared with 2020. Provisioning reflects uncertainties related to both the pandemic and the economic outlook.

Net income attributable to equity holders of the parent grew by 61% to €574 million, an all-time high.

In 2021, the group completed the acquisition of 75.8% of Catella Asset Management, renamed Arkéa Real Estate, and the creation of Arkéa Real Estate Investment Management. Being exclusively controlled by the group, both entities are fully consolidated.

In the fourth quarter of 2021, the group received an offer to purchase its entire investment in Keytrade Bank Luxembourg and began a process of selling the entity. Keytrade Bank Luxembourg's contribution to the consolidated financial statements for the year ended December 31, 2021 has been recognized in accordance with IFRS 5.

The sale of the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank, and the sale of Finansemble were completed in 2021.

Covid-19 information

The information specific to Covid-19 health crisis is presented pages 6 to 9.

Accounting standards applied

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its summary consolidated financial statements for the period ending December 31, 2021 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

At December 31, 2021, the group applied the standards in force as at January 1, 2021 and adopted by the European Union. The group chose to forgo early application of other standards and interpretations adopted by the European Union whose application was optional in 2021.

The group has elected to publish its Annual Financial Report 2021 using the European Single Electronic Format (ESEF) as defined by the European Delegated Regulation 2019/815 amended by the Delegated Regulation 2020/1989.

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform – Phase 2

In August 2020, the IASB published a "Phase 2" amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 introducing several changes applicable upon the effective transition to the new benchmark interest rates.

This amendment introduces an alternative accounting treatment for financial assets/liabilities for which IBOR reform results in a change in the basis for determining contractual cash flows and those changes are made on an economically equivalent basis. Under this treatment, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

This amendment also provides for flexibility in hedge accounting for changes related to the IBOR reform (after replacement indices are defined), including:

- updating the designation of the hedged risk and documentation, with no impact on the continuity of hedging relationships;
- a temporary exception to the "separately identifiable" nature of a hedged risk component not specified contractually. Such a risk component indexed to a replacement rate will be considered separately identifiable if it can reasonably be expected to be identifiable within 24 months from designation, in the context of development of replacement index markets.

These amendments, which were adopted by the European Commission in December 2020, are applicable to annual financial statements on or after January 1, 2021. The entry into force of this amendment has no material impact on the 2021 financial statements.

Health crisis related to COVID-19

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

1. COVID-19 support measures

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

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

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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 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 December 31, 2021, government-guaranteed loans distributed by the Crédit Mutuel Arkéa group totaled €2.1 billion on the balance sheet, with guarantees totaling €1.9 billion, which represents 89.7%. Of these loans, 88.7% were extended for an average period of less than five years (87.5% were extended for a period of five years) and 22.9% were repaid. At the end of December 2021, the outstanding government-guaranteed loans carried by the Crédit Mutuel Arkéa group stood at €1.4 billion on the balance sheet. Of the government-guaranteed loans, 83.5% are in Bucket 1, 10.1% in Stage 2 and 6.4% in Bucket 3.

The measurement of expected credit losses on these loans factors in the effect of the government guarantee (implemented by Bpifrance) in the amount of 70% to 90% of the principal and interest outstanding. At December 31, 2021, the impairment amount of these loans was immaterial.

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

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

These measures are not necessarily an indicator of a significant increase in the credit risk of the financial assets in question or of reclassification as restructured (forborne) assets.

However, transfer to bucket 2 or 3 may occur in accordance with the group's rules.

At December 31, 2021, the cash flow losses relating to loans benefiting from these support measures were immaterial. Accordingly, from an accounting perspective, these moratoria were not considered as substantial changes in the contractual cash flows of the loans to which they were applied, and therefore did not result in the derecognition of the loans. Outstanding loans subject to payment extensions amounted to €6 billion. For 97.1% of these outstandings, customers resumed payments in accordance with their repayment schedule. The schedules are still on hold for the remaining 2.9%.

2. 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 Arkéa 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;

- thirdly, 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 December 31, 2021, the list of 59 sectors selected in 2020 remains unchanged. However, the sector provision increased in 2021, resulting in a €4.4 million increase in the cost of risk;

- 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).

Alongside this, the probability of default (PD), credit conversion factor (CCF) and loss given default (LGD) parameters were updated in keeping with the group's customary annual revision practices, resulting in a €15 million increase in the cost of risk.

Lastly, the group has conducted a sensitivity test on the cost of risk. A 10 points increase in the weighting of the pessimistic scenario would lead to an additional allocation of €19.2 million, or 4.4% of expected losses.

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

3. Targeted longer-term refinancing operations – TLTRO III

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

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

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

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 reviewed⁽¹⁾:

- 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 starting September 2021;
- 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)⁽²⁾.

At December 31, 2021, Crédit Mutuel Arkéa participated in TLTRO III refinancing operations in the amount of €11 billion for amounts drawn 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 discounted future cash flow loss would be recognised immediately in profit or loss.

As of December 31, 2021, the Crédit Mutuel Arkéa group largely met the criteria for benefiting from the additional special interest rate.

4. "Relance" participatory loan scheme

The Crédit Mutuel Arkéa group is participating in the French "Relance" participatory loan scheme (Prêts participatifs relances – PPR), which aims to provide SMEs and mid-caps with access to loans similar to quasi-equity financing.

Through its banking network, the group will produce PPRs (meeting strict eligibility criteria set by the financial scheme). PPRs are

eight-year fixed-rate loans with an option to defer repayment of principal for up to four years and an early repayment option exercisable from the fourth year.

The group transfers 90% of the PPRs to an institutional fund (known as the PPR fund) and retains 10% on its balance sheet.

The PPR fund is structured in such a way that it does not have any subfunds among its liabilities. The securities issued by the fund offer remuneration representative of all transferred PPRs (principal and interest) after taking into account the 30% government guarantee.

The PPRs are held to collect cash flows and meet the criterion of a "basic loan". The 10% portion retained on the balance sheet is recognized at amortized cost using the effective interest rate method. At the initial recognition date, they are recognized at their nominal value, which is representative of the fair value.

At December 31, 2021, the group had no outstanding PPRs.

Through its insurance entities, the group has invested €50 million in securities issued by the PPR fund.

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

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

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

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

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

The Crédit Mutuel Arkéa group is not affected by these provisions.

Change in accounting method

IFRS IC decision relating to IAS 19 – May 2021

In its consolidated financial statements for the year ended December 31, 2021, the group took into account the decision issued by the IFRIC IC on April 20, 2021 concerning the application of IAS 19 to the attribution of defined benefit rights to periods of service.

This decision clarifies the methods for determining commitments relating to post-employment benefit plans, the rights to which depend on length of service and are capped beyond a certain number of years of service, while being subject to the employee's presence on the retirement date.

(1) 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).

(2) 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).

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For such a plan, the pension obligation will be constituted only for the period preceding the retirement age required to reach the cap (or between the employee's start date and retirement date if this period is less than the revised period required to reach the cap). This puts an end to the approach previously adopted, namely deferral of the cost of the benefit between the employee's hire date and retirement date.

The IFRS IC decision leads to a change in accounting method within the meaning of IAS 8 which is to be applied retrospectively. This change increased restated net income for the year ended December 31, 2020 by €3.8 million and increased restated consolidated reserves at December 31, 2020 by €32.8 million. The application of this interpretation had an impact on opening equity at January 1, 2020 of +€48.3 million gross of tax.

Balance sheet

(in € thousands)	12.31.2020 reprocessed	12.31.2020
ASSETS		
Deferred tax assets	131,463	145,059
Accruals, prepayments and sundry assets	997,445	951,587
TOTAL ASSETS	169,408,033	169,375,771

(in € thousands)	12.31.2020 reprocessed	12.31.2020
LIABILITIES		
Deferred tax liabilities	169,730	169,681
Provisions	472,758	479,730
TOTAL EQUITY	7,768,184	7,729,000
Shareholders' equity, group share	7,764,953	7,725,770
Share capital and additional paid-in capital	2,378,428	2,378,428
Consolidated reserves	4,826,390	4,793,563
Gains and losses recognized directly in equity	200,076	197,537
Net income for the year	360,059	356,241
Non-controlling interests	3,230	3,230
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	169,408,033	169,375,771

Income statement

(in € thousands)	12.31.2020 reprocessed	12.31.2020
General operating expenses	(1,352,140)	(1,353,257)
Income tax	(133,645)	(136,346)
NET INCOME	360,085	356,267
O/w non-controlling interests	26	26
NET INCOME – GROUP SHARE	360,059	356,241

Statement of net income and gains and losses recognized directly in equity

(in € thousands)	12.31.2020 reprocessed	12.31.2020
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	366,532	363,993
of which group share	366,507	363,968
of which non-controlling interests	25	25

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 policies under IFRS 17

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

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

3.

Liabilities representative of insurance contracts



Fulfilment cash flows

Estimated future cash flows at the effective date of the contract

Premiums, benefits, directly attributable costs



Update

Time value of money and financial risks not taken into account in the flows



Risk adjustment

Margin for uncertainty in estimating future cash flows



Margin on contract services

Expected future profits, calculated at the subscription of the contract

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

This general model will apply by default to all insurance contracts.

However, IFRS 17 also provides for an adjustment of the general model for direct profit-sharing contracts. This adapted model, known as the "Variable Fee Approach", will allow the obligation to return to

policyholders a substantial portion of the return on the underlying assets net of policy charges to be reflected in the valuation of the insurance liability (the changes in the value of the underlying assets accruing to policyholders being neutralized in the margin on contractual services).

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

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

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

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

IFRS 17 project

Crédit Mutuel Arkéa's insurance entities continued their operational implementation of the provisions of IFRS 17 in 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 in the IT systems;
- updating of the system and accounting principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process for production of the IFRS financial statements for the relevant scope.

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

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

Accounting principles and valuation methods

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

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

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

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

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

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

Accounting principles for the banking business

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

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

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

Business models

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

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

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

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

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

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

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

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

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

Cash flow characteristics

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

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

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

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

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

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

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 as of January 1, 2018.

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

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

Derivatives are covered by master netting agreements, which make it possible to net winning and losing positions in case of counterparty default. The group negotiates ISDA-type (International Swaps and Derivatives Association) master agreements for each derivative transaction.

However, these derivatives are not netted on the balance sheet, in accordance with IAS 32.

Through these collateralization agreements, the group receives or disburses only cash as guarantees.

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

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

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

multiplied by the group's probability of default (PD) and by the loss given default (LGD) rate.

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

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

An amount of €9.8 million was recognized on the balance sheet for valuation adjustments as at December 31, 2021.

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.

Cash flow hedging

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

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity "Gains and losses recognized directly in equity" while the ineffective portion is recognized in the income statement under the heading "Net gain (loss) on financial instruments at fair value through profit or loss."

As long as the hedge is effective, the amounts recorded in equity are transferred to the income statement under "interest and similar income (expense)" synchronized with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or is no longer highly effective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under "interest and similar income (expense)" at the same time as the hedged transaction itself impacts the income statement, or when it has been determined that such transaction will not take place.

The group does not hedge net investments in foreign operations.

Benchmark rate reform

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

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

All indices must now comply with the benchmark regulation (BMR). The existing indices were used until December 31, 2021 and, for certain LIBOR terms (USD LIBOR), may be used until June 30, 2023. Eventually, the old benchmark indices will cease to be used unless they comply with the new regulation or an exceptional extension is granted.

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

EONIA had been defined as a tracker of €STR since October 2019 and until its disappearance. €STR was definitively designated by the European Commission as the successor to EONIA⁽¹⁾ for all unexpired contracts at the start of January 2022 that do not include a robust fallback clause.

Furthermore, by default, SARON plus an adjustment spread defined by maturity will represent the legal replacement index⁽²⁾ for the CHF LIBOR. Since the change in its calculation methodology in July 2019, EURIBOR has been compliant with the BMR.

Lastly, in November 2021, the UK regulator, the Financial Conduct Authority, announced the publication of synthetic GBP and JPY LIBOR rates until the end of 2022, which may be used for contracts that are difficult to manage at the legal transition level (no fallback clauses). The successor market index for GBP LIBOR is SONIA. However, unlike CHF LIBOR and EONIA, this index will not benefit from a "regulatory" switchover.

In these conditions, the group believes that uncertainties remain regarding USD and GBP LIBOR rates for existing contracts that are not yet modified for the non-market scopes.

Regarding existing contracts, the group has begun work on transitioning to replacement rates by:

■ adding fallback clauses to over-the-counter derivative contracts, repurchase agreements and lending-borrowing transactions by adhering to the ISDA protocol (which has been effective since January 25, 2021) or by virtue of updates to clearing houses' rules books for cleared derivatives. They have been activated for cleared derivatives since October 2021, and will be activated for ISDA contracts no later than the definitive end of the listing of the indices;

■ starting in 2021, including a "technical amendment related to events on benchmark indices" in FBF agreements entered into with corporate customers or banking counterparties, thereby ensuring the compliance of unexpired interest rate transactions entered into before February 2020;

■ starting in 2021, updating contracts through bilateral negotiations between parties or by updating the commercial terms (i.e. a change in the benchmark rate by means of an amendment). The switchover to new replacement indices for existing contracts has already taken place for the retail banking and capital markets scopes.

Lastly, the group's interest rate risk management strategy was not significantly impacted at the reporting date as transactions processed on the new indices represent exposures considered to be marginal.

In terms of the accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2 for the transition period to the new indices once they are defined. In accordance with the Phase 2 amendment, the group applies the exceptional accounting treatment for financial assets/liabilities for which the IBOR reform results in a change in the basis for determining the contractual cash flows and those changes are made on an economically equivalent basis. Under this treatment, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

At December 31, 2021, financial instruments concerned by the reform are the following:

(in € thousand)	Financial assets (excluding derivatives) – Carrying amount	Financial liabilities (excluding derivatives) – Carrying amount	Derivatives – Notional amount	of which accounting hedge derivatives
Eonia	21,761	-	134,035	-
Euribor	9,246,759	6,733,598	71,137,864	54,268,269
GBP-Libor	-	-	20,684	-
USD-Libor	45,591	-	1,616	-
Ester	1,606,622	5,886,796	16,022,650	15,968,900

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".

(1) EU Regulation 2021/1848 of October 21, 2021.

(2) EU Regulation 2021/1847 of October 14, 2021.

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

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

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

Impairment is not recorded for these assets.

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

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

Financial assets at amortized cost

Financial assets at amortized cost meet the following criteria:

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

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

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

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

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

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

For restructuring that does not result in de-recognition of the financial asset, the value of the restructured asset is adjusted to bring the net carrying amount to the present value of the new expected future cash flows discounted using the original effective

interest rate of the asset in question. The change in the value of the asset is recognized in the income statement under the heading "Cost of credit risk" and may be reversed through profit or loss when the provision for calculated expected loss decreases.

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

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

Customer finance leases

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

Finance leases are recognized on the balance sheet at the amount corresponding to the value of the minimum payments due from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the lease payments is recorded on the income statement under the heading "Interest and similar income".

Impairment of financial assets and commitments given

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

The financial assets in question include:

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

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

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

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

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

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

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

- Bucket 1: IFRS 9 introduces the notion of "expected loss"; consequently, since credit/counterparty risk cannot be zero regardless of the asset, a provision for individual credit risk is calculated (based on one-year expected losses) and recognized when the financial asset is recorded on the balance sheet;
- Bucket 2: if, during the life of the instrument, credit risk increases significantly, the loan is reclassified into bucket 2 and a provision for lifetime expected losses is recognized;
- Bucket 3: in case of actual credit risk (counterparty default, for example), the loan is classified into bucket 3. A provision for lifetime expected losses is recognized. In this event, all receivables due from a borrower or a group of borrowers with outstanding contracts and/or debts in common in default are systematically allocated to Bucket 3 and are the subject of a single provision allocated for loan impairment.

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

- knowledge of collective proceedings or personal recovery proceedings, notification of the admissibility of overindebtedness;
- proceedings or equivalent proceedings under foreign legislation;
- out-of-court recovery that has become impossible;
- contagion of the default under Basel rules;
- doubt as to a debtor's ability to 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 in credit risk

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

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

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

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

For the group, 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.

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

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

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

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

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

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

Quantitative criteria

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

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

Qualitative criteria

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

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

Buckets 1 and 2 – calculation of expected credit losses.

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

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

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

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

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

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 on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

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

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

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

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

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

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

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

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

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

Use of judgments and estimates in the preparation of financial statements

The preparation of the Group's financial statements requires the use of assumptions and estimates that involve risks and uncertainties as to their future materialisation, notably 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;
- changes 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).

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

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

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

- all software-related expenses that do not satisfy the conditions for capitalization (notably preliminary research and functional analysis expenses) are recognized as expenses in accordance with IAS 38;
- all software expenses incurred after the start of the production process (detailed analysis, development, validation,

documentation) are capitalized if they meet the criteria of a self-created asset established by IAS 38.

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

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

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

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

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.

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

Income tax

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

Non-current assets held for sale

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

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

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

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

Provisions

Provisions are established for the group's commitments when it is likely that an outflow of resources will be needed for their settlement

and when their amount or due date is uncertain but may be estimated reliably. In particular, such provisions cover employee-related commitments, home savings product risks and disputes.

Provisions for pension obligations

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

The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. In particular, the calculations performed in December 2021 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 December 31, 2021, discount rates are the following:

	UES Arkade	Other subsidiaries
Retirement benefits	0..00%	Between (0.22%) and 1.21%
Retirement pension supplements	0.75%	0.56%
Length-of-service awards	0.80%	Between (0.62%) and 0.82%
Time savings accounts	0.89%	0.76%

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%⁽¹⁾. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the obligation accrual phase and the TGH05 and TGF05 life expectancy tables for the pay-out phase.

Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results.

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

As for post-employment benefits, actuarial differences are recognized under "Gains and losses recognized directly in equity".

Provisions for home savings accounts and plans

Home savings accounts (CEL) and Home savings plans (PEL) are savings products designed for individuals and regulated by the public authorities. They combine a savings phase in the form of an interest-bearing savings account and a phase in which these deposits are used in the form of Home loans, with this latter phase being subject to statutory conditions and inseparable from the collection phase.

The purpose of the home savings provision is to cover the risks related to:

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

(1) UES Arkade and Arkéa-SCD rates, representing 95% of the obligation.

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

In 2021:

- the group has acquired Catella Asset Management, now Arkéa Real Estate. The company specializes in real estate investment and asset and property management activities on behalf of third parties and is intended to support future developments in real estate;
- the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank, was sold in April 2021;
- Arkéa and Arkéa Real Estate Investment Management (AREIM) were also added to the consolidation scope. Arkéa is part of the implementation of the General Decision (Décision à caractère général) adopted by the CNCM in February 2021. AREIM is a management company specializing in real estate asset management;
- Crédit Mutuel Arkéa sold the shares held in Finansemble by means of a capital reduction.

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

Consolidation rules

Closing date

The closing date for all consolidated companies is December 31.

Inter-company transactions

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

Accounting for acquisitions and goodwill

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

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

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

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

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

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

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

The cash flows used are determined based on each CGU's business plan over a specific time horizon of between four and five years.

These business plans are drawn up based on a common macroeconomic scenario for all fully-consolidated entities. This scenario is notably based on the following assumptions:

- a 6.3% increase in French GDP in 2021, followed by growth of 3.7% in 2022 and 1.9% in 2023;
- a sharp decrease in the number of defaults and in job destruction in 2021 (-22%/2020). Capital spending and hiring have resumed since mid-2021;
- a recovering labor market, with unemployment around 8% at the end of 2021;
- after an increase above 3% in 2021, inflation should decrease to 2.2% in 2022 before a further decrease under 2% in 2023-2024;
- persistently negative money-market rates for the entire 2021-2024 period, and French long-term rates moving just into positive territory from 2022;
- equity markets growing by 3% to 5% each year after registering a fall that is anticipated in 2022.

The discount rates used correspond to the cost of capital determined using the Capital Asset Pricing Model (CAPM). This method is based on a risk-free interest rate, to which a risk premium is added that depends on the underlying activity of the cash generating unit. This risk premium is the product of a sector beta, the equity risk premium and possibly a specific premium reflecting, for example, the execution risk or the fact that the company was only formed recently. The risk-free rate, the sector beta and the equity risk premium are market data. For its impairment tests, the Crédit Mutuel Arkéa group uses a two-year average of each parameter. The sector beta reflects the risk of the business sector compared with the rest of the equity market. It is calculated as the average beta of a sample of comparable listed stocks. If the company is in debt, the cost of debt is also taken into account. The discount rate then becomes the weighted average cost of capital according to the ratio between equity and debt. The discount rates used in 2021 ranged between 7.4% and 12%, while the growth rates to infinity were between 1.0% and 2.5%.

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.

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Notes to the balance sheet

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

(in € thousands)	12.31.2021	12.31.2020
CASH, DUE FROM CENTRAL BANKS		
Due from central banks	15,701,374	12,761,596
Cash	134,299	140,255
Accrued interest	0	0
TOTAL	15,835,673	12,901,851
LOANS AND RECEIVABLES – CREDIT INSTITUTIONS		
Current accounts	8,791,500	8,468,498
Loans	3,549	11,082
Other receivables	4,060,735	3,856,134
Guarantee deposits paid	541,326	645,160
Repurchase agreements	1,768,534	1,769,663
Individually impaired receivables (B3)	0	0
Accrued interest	45,421	43,243
Impairment on performing loans (B1/B2)	(3,203)	(2,418)
Other impairment (B3)	0	0
TOTAL	15,207,862	14,791,362
of which deposits and demand loans with credit institutions	543,203	625,166

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

(in € thousands)	12.31.2021	12.31.2020
Assets held for trading purposes	395,566	628,691
Assets classified at fair value option	12,402	9,296
Other assets classified at fair value	1,107,261	838,296
TOTAL	1,515,229	1,476,283

Note 2a. Financial assets held for trading purposes

(in € thousands)	12.31.2021	12.31.2020
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	395,566	628,691
Loans and receivables	0	0
of which repurchase agreements	0	0
TOTAL	395,566	628,691

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

Note 2b. Assets classified at fair value option

(in € thousands)	12.31.2021	12.31.2020
Securities	0	0
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	0	0
Listed	0	0
Unlisted	0	0
Accrued interest	0	0
Including UCI	0	0
■ Stocks and other variable-income securities	0	0
Listed	0	0
Unlisted	0	0
Loans and receivables	12,402	9,296
of which guarantee deposits paid	0	0
of which repurchase agreements	0	0
TOTAL	12,402	9,296

The maximum non-recoverable amount of loans classified at fair value option was €12,099,000. This amount was not hedged through the use of credit derivatives.

3.

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

(in € thousands)	12.31.2021	12.31.2020
Securities	1,106,069	835,242
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	471,822	390,036
Listed	15,919	16,434
Unlisted	442,493	359,025
Accrued interest	13,410	14,577
Including UCI	251,665	161,989
■ Stocks and other variable-income securities	634,247	445,206
Listed	2,897	1,687
Unlisted	631,350	443,519
Loans and receivables	1,192	3,054
of which repurchase agreements	0	0
Guarantee deposits paid	0	0
TOTAL	1,107,261	838,296

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Note 3. Information relating to hedging

(in € thousands)	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	0	0
Hedging derivatives – liabilities	956,291	26,748,241	0	0
Change in the fair value of the hedging instrument	(430,245)		0	
Currency risk				
Hedging derivatives				
Hedging derivatives – assets				
Hedging derivatives – liabilities				
Change in the fair value of the hedging instrument				

(in € thousands)	12.31.2020			
	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives – assets	1,128,813	39,945,751	12	0
Hedging derivatives – liabilities	1,206,771	25,212,128	1,605	60,000
Change in the fair value of the hedging instrument	178,877		1,600	
Currency risk				
Hedging derivatives				
Hedging derivatives – assets				
Hedging derivatives – liabilities				
Change in the fair value of the hedging instrument				

Note 4. Financial assets at fair value through equity

(in € thousands)	12.31.2021	12.31.2020
Treasury bills, notes and government bonds	2,680,011	3,914,626
Bonds and other fixed-income securities	6,196,390	7,425,427
■ Listed	5,558,222	6,106,291
■ Unlisted	610,456	1,286,512
Accrued interest	27,712	32,624
SUBTOTAL GROSS VALUE OF DEBT INSTRUMENTS	8,876,401	11,340,053
Of which impaired debt instruments (B3)	0	0
Impairment on performing loans (B1/B2)	(7,233)	(8,561)
Other impairment (B3)	0	0
SUBTOTAL NET VALUE OF DEBT INSTRUMENTS	8,869,168	11,331,492
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	108,438	82,343
■ Listed	87,187	67,423
■ Unlisted	21,251	14,920
Accrued interest	0	0
Equity securities held for long-term investment	460,680	508,728
■ Long-term investments	381,316	427,151
■ Other long-term investments	79,271	81,394
■ Shares in associates	93	183
■ Translation adjustments	0	0
■ Loaned securities	0	0
Accrued interest	0	0
SUBTOTAL EQUITY INSTRUMENTS	569,118	591,071
TOTAL	9,438,286	11,922,563
Of which unrealized capital gains/losses recognized in equity	123,818	159,184
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	120,365	133,049

Equity instruments at fair value through equity mainly include investments in associates and the group's other long-term investments. They are identified on a case-by-case basis and are subject to a validation committee.

Disposals of instruments classified at fair value through equity resulted in the reclassification to reserves of a cumulative gain at the time of the sale of €26,483,000 (gross of tax).

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Note 5. Securities at amortized cost

(in € thousands)	12.31.2021	12.31.2020
Treasury bills, notes and government bonds	394,184	398,412
Bonds and other fixed-income securities	239,007	248,590
■ Listed	214,970	220,146
■ Unlisted	22,758	27,503
Accrued interest	1,279	941
GROSS TOTAL	633,191	647,002
of which impaired assets (B3)	314	5,556
Impairment on performing loans (B1/B2)	(587)	(748)
Other impairment (B3)	(314)	(5,467)
NET TOTAL	632,290	640,787

Note 6. Loans and receivables due from customers

(in € thousands)	12.31.2021	12.31.2020
Performing receivables (B1/B2)	70,803,203	65,023,235
■ Commercial receivables	101,203	128,032
■ Other loans to customers	70,577,347	64,772,459
Housing loans	38,854,246	35,337,606
Other loans and various receivables, including repurchase agreements	31,653,853	29,336,711
Guarantee deposits paid	69,248	98,142
■ Accrued interest	124,653	122,744
Individually impaired receivables (B3)	1,382,822	1,364,847
Gross receivables	72,186,025	66,388,082
Impairment on performing loans (B1/B2)	(377,525)	(323,566)
Other impairment (B3)	(693,143)	(754,922)
SUBTOTAL I	71,115,357	65,309,594
Finance leases (net investment)	2,119,937	1,920,121
■ Movable goods	1,199,209	1,076,545
■ Real property	920,728	843,576
Individually impaired receivables (B3)	68,285	73,673
Gross receivables	2,188,222	1,993,794
Impairment on performing loans (B1/B2)	(26,669)	(25,298)
Other impairment (B3)	(25,956)	(27,233)
SUBTOTAL II	2,135,597	1,941,263
TOTAL	73,250,954	67,250,857
Of which equity loans with no voting rights	8,307	9,606
Of which subordinated loans	0	0

Note 6a. Information on delinquent payments

(in € thousands)	Payment arrears			Guarantees relating to payment arrears
	≤ 30 days	> 30 days ≤ 90 days	> 90 days	
Equity instruments	0	0	0	0
Debt instruments	0	0	0	0
Central governments				
Credit institutions				
Other financial companies				
Non-financial companies				
Retail customers				
Loans and advances	273,353	94,913	0	206,050
Central governments	5,507	19	0	3,092
Credit institutions	203	0	0	114
Other financial companies	1,132	87	0	682
Non-financial companies	48,893	21,889	0	39,603
Retail customers	217,618	72,918	0	162,559
Other financial assets	0	0	0	0
TOTAL	273,353	94,913	0	206,050
Unallocated guarantees				0

This table includes outstandings considered performing but on which one or more delinquent payments have been observed.

The reported amount consists of the total value of the commitment on which a delinquent payment has been observed, not merely the delinquent payment amount.

The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

Note 6b. Restructured outstandings by type

Restructured outstandings by type as of 12.31.2021	Renegotiation of contract	Total or partial refinancing of outstanding	TOTAL
Performing outstandings	137,047	60,209	197,256
Non-performing outstandings – gross amounts	301,082	128,850	429,932
Restructured non-performing outstandings – impairment loss	(132,201)	(46,485)	(178,686)
Net non-performing outstandings	168,881	82,365	251,246

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

(in € thousands)	12.31.2021	12.31.2020
Financial assets at fair value through profit or loss	31,692,391	27,890,440
Available-for-sale financial assets	25,732,611	26,077,885
Loans and receivables – credit institutions	523	5,559
Loans and receivables linked to insurance activities	484,931	508,491
Held-to-maturity financial assets	0	0
Investment property	335,116	357,026
Share of reinsurers in technical provisions and other insurance assets	530,188	464,841
TOTAL	58,775,760	55,304,242

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

(in € thousands)	12.31.2021	12.31.2020
Financial assets held for trading purposes	73	13
Derivatives held for trading purposes	73	13
SUBTOTAL I	73	13
Assets classified at fair value option	31,692,318	27,890,427
Securities	31,692,318	27,890,427
■ Bonds and other fixed-income securities	7,910,058	7,969,194
Listed	6,325,751	6,667,072
Unlisted	1,526,783	1,244,588
Accrued interest	57,524	57,534
■ Stocks and other variable-income securities	23,782,260	19,921,233
Listed	16,113,842	13,185,543
Unlisted	7,649,260	6,718,851
Accrued interest	19,158	16,839
SUBTOTAL II	31,692,318	27,890,427
TOTAL	31,692,391	27,890,440

At December 31, 2021, the fair value of financial assets at fair value through profit or loss whose cash flows resembled those of a basic loan totaled €321 million. The change in the fair value of these assets during the period was €(0.3) million.

Note 7b. Available-for-sale financial assets

(in € thousands)	12.31.2021	12.31.2020
Treasury bills, notes and government bonds	7,546,571	7,695,446
Bonds and other fixed-income securities	16,006,434	16,482,563
■ Listed	13,216,536	13,849,300
■ Unlisted	2,652,459	2,479,686
Accrued interest	137,439	153,577
SUBTOTAL GROSS VALUE OF DEBT INSTRUMENTS	23,553,005	24,178,009
Impairment	(2,444)	(1,376)
SUBTOTAL NET VALUE OF DEBT INSTRUMENTS	23,550,561	24,176,633
Shares and other variable-income securities	1,459,029	1,210,756
■ Listed	881,407	728,352
■ Unlisted	573,237	478,477
Accrued interest	4,385	3,927
Equity securities held for long-term investment	729,586	696,156
■ Long-term investments	419,961	392,958
■ Other long-term investments	309,625	303,198
■ Shares in associates	0	0
SUBTOTAL GROSS VALUE OF EQUITY INSTRUMENTS	2,188,615	1,906,912
Impairment	(6,565)	(5,660)
SUBTOTAL NET VALUE OF EQUITY INSTRUMENTS	2,182,050	1,901,252
TOTAL	25,732,611	26,077,885
Of which unrealized capital gains/losses recognized in equity	208,155	283,040
Of which listed long-term investments	64,393	71,178

At December 31, 2021, the fair value of available-for-sale financial assets whose cash flows resembled those of a basic loan totaled €20,933 million. The change in the fair value of these assets during the period was €(85) million.

3.

Note 7c. Securities at amortized cost

(in € thousands)	12.31.2021	12.31.2020
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	0
■ Listed	0	0
■ Unlisted	0	0
Accrued interest	0	0
GROSS TOTAL	0	0
of which impaired assets		
Impairment		
NET TOTAL	0	0

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Note 7d. Loans and receivables – credit institutions

(in € thousands)	12.31.2021	12.31.2020
Loans and receivables – credit institutions		
Other regular accounts	260	5,281
Loans	0	15
Guarantee deposits paid	0	0
Repurchase agreements	0	0
Accrued interest	263	263
TOTAL	523	5,559
of which deposits and demand loans with credit institutions	260	5,296

At December 31, 2021, loans and receivables due from credit institutions whose cash flows resembled those of a basic loan totaled €0.5 million.

Note 7e. Loans and receivables linked to insurance activities

(in € thousands)	12.31.2021	12.31.2020
Performing receivables	484,931	508,491
Loans to customers	482,685	504,622
■ Housing loans	0	0
■ Other loans and various receivables, including repurchase agreements	482,685	504,622
Accrued interest	2,246	3,869
Individually impaired receivables	0	3
Gross receivables	484,931	508,494
Impairment	0	(3)
TOTAL	484,931	508,491

At December 31, 2021, loans and receivables linked to insurance activities and whose cash flows resembled those of a basic loan totaled €485 million.

Note 7f. Investment property

(in € thousands)	12.31.2020	Increase	Decrease	Other	12.31.2021
Historical cost	572,244	5,453	0	0	577,697
Amortization and impairment	(215,218)	(27,363)	0	0	(242,581)
NET AMOUNT	357,026	(21,910)	0	0	335,116

The fair value of investment real estate recognized at cost amounted to €790 million at December 31, 2021 compared with €783 million at December 31, 2020.

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

(in € thousands)	12.31.2021	12.31.2020
Technical provisions – Reinsurers' share	209,400	141,639
Other insurance assets	320,788	323,202
TOTAL	530,188	464,841

Note 8. Current taxes

(in € thousands)	12.31.2021	12.31.2020
Assets (through profit or loss)	127,398	174,300
Liabilities (through profit or loss)	94,463	135,727

3.

Note 9. Deferred taxes

(in € thousands)	12.31.2021	12.31.2020
Assets (through profit or loss)	43,528	52,267
Assets (through equity)	87,278	92,792
Liabilities (through profit or loss)	30,016	37,577
Liabilities (through equity)	113,153	132,104

Deferred taxes by major category

(in € thousands)	12.31.2021	12.31.2020
Loss carryforwards	7,960	6,409
Temporary differences on:		
Deferred capital gains or losses on available-for-sale securities	(52,955)	(71,127)
Deferred capital gains or losses on securities at fair value through equity	(19,330)	(22,385)
Change in credit risk of liabilities at fair value through profit or loss by option	4,491	7,505
Unrealized gains or losses on cash flow hedges	0	383
Unrealized gains or losses on actuarial differences	41,919	46,312
Provisions for non-deductible contingencies and charges	83,026	94,968
Unrealized reserves of finance leases	(33,726)	(28,255)
Other temporary differences	(43,748)	(58,432)
TOTAL NET DEFERRED TAXES	(12,363)	(24,622)

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Note 10. Accruals, prepayments and sundry assets

(in € thousands)	12.31.2021	12.31.2020
Accruals – assets		
Receivables collection	155,007	158,276
Foreign currency adjustment accounts	8,553	11,184
Accrued income	160,908	151,679
Miscellaneous accrual accounts	139,275	199,035
SUBTOTAL	463,743	520,174
Other assets*		
Settlement accounts for securities transactions	41,289	59,625
Various debtors	487,363	371,393
Inventories and similar	1,666	1,781
Other miscellaneous applications of funds	1,737	2,482
SUBTOTAL GROSS VALUE OF OTHER ASSETS	532,055	435,281
Impairment on performing loans (B1/B2)	0	0
Other impairment (B3)	(2,826)	(3,868)
SUBTOTAL NET VALUE OF OTHER ASSETS	529,229	431,413
TOTAL	992,972	951,587

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

Note 11. Investments in associates

(in € thousands)	12.31.2021			12.31.2020		
	Associates investments	Share of earnings	Dividends received	Associates investments	Share of earnings	Dividends received
Caisse Centrale du Crédit Mutuel	137,066	1,959	695	134,596	1,527	2,028
Younited Credit	0	0	0	0	(596)	0
New Port	30,748	1,469	0	22,526	1,398	0
Other	8,531	(2)	1,224	10,577	(1,223)	510
GROSS TOTAL	176,345	3,425	1,919	167,698	1,106	2,538

Supplementary information on main investments in associates (IFRS) at December 31, 2021

(in € thousands)	Total assets	NBI	Gross operating income	Net income	OCI	Shareholders' equity
Caisse Centrale du Crédit Mutuel	20,053,113	16,899	10,835	9,271	13,818	688,616
NEW PORT	120,033	4,434	4,253	4,253	9,479	103,104

Note 12. Investment real estate – banking activity

(in € thousands)	12.31.2020	Increase	Decrease	Other	12.31.2021
Historical cost	186,310	12,376	(10,207)	0	188,479
Amortization and impairment	(58,823)	(7,936)	4,177	0	(62,582)
NET AMOUNT	127,487	4,440	(6,030)	0	125,897

The fair value of investment real estate recognized at cost amounted to €176 million at December 31, 2021 compared with €174 million at December 31, 2020.

Note 13. Property, plant and equipment

3.

(in € thousands)	12.31.2020	Increase	Decrease	Other	12.31.2021
HISTORICAL COST					
Land	21,862	180	(107)	0	21,935
Plant	577,581	14,986	(5,195)	482	587,854
Rights of use – Property ⁽¹⁾	118,600	5,375	(872)	1,376	124,479
Other property, plant and equipment	259,128	36,202	(13,740)	25	281,615
TOTAL	977,171	56,743	(19,914)	1,883	1,015,883
AMORTIZATION AND IMPAIRMENT					
Land	0	0	0	0	0
Plant	(410,350)	(20,244)	4,939	(96)	(425,751)
Rights of use – Property	(26,410)	(14,893)	472	228	(40,603)
Other property, plant and equipment	(203,768)	(19,651)	2,497	134	(220,788)
TOTAL	(640,528)	(54,788)	7,908	266	(687,142)
NET AMOUNT	336,643	1,955	(12,006)	2,149	328,741

(1) Impact of the 1st application of IFRS 16. The amount in "other" is essentially the amount of rights of use as of January 1, 2019 (+ €85,6 m).

Note 14. Intangible assets

(in € thousands)	12.31.2020	Increase	Decrease	Other	12.31.2021
HISTORICAL COST					
Self-produced assets	603,277	85,007	(553)	0	687,731
Acquired assets	818,512	114,696	(52,827)	591	880,972
Software	408,950	34,938	(992)	(703)	442,193
Other	409,562	79,758	(51,835)	1,294	438,779
TOTAL	1,421,789	199,703	(53,380)	591	1,568,703
AMORTIZATION AND IMPAIRMENT					
Self-produced assets	(464,152)	(59,670)	206	0	(523,616)
Acquired assets	(480,234)	(37,072)	985	3,686	(512,635)
Software	(368,493)	(22,354)	985	336	(389,526)
Other	(111,741)	(14,718)	0	3,350	(123,109)
TOTAL	(944,386)	(96,742)	1,191	3,686	(1,036,251)
NET AMOUNT	477,403	102,961	(52,189)	4,277	532,452

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Note 15. Goodwill

(in € thousands)	12.31.2020	Increase	Decrease	Other	12.31.2021
Gross goodwill	560,991	0	0	16,516	577,507
Impairment	(10,974)	0	0	0	(10,974)
Net goodwill	550,017	0	0	16,516	566,533

Arkéa Real Estate was acquired in January 2021. The purchase price during the second half of 2021. Goodwill therefore increased by €16.5 million.

Allocation by Division

Division	Entities	12.31.2021	12.31.2020
Retail customers	Arkéa Direct Bank	259,757	259,757
Retail customers	Budget Insight	22,530	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	25,682	25,682
Products	Arrkéa Real Estate	16,516	0
Products	Izimmo	17,964	17,964
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Net goodwill		566,533	550,017

Note 16. Central banks – Due to credit institutions

(in € thousands)	12.31.2021	12.31.2020
Due from central banks	0	0
Liabilities to credit institutions	14,596,802	12,579,835
Current accounts	436,247	278,384
Loans	1,548,818	1,694,979
Guarantee deposits received	124,182	163,977
Other liabilities	36,259	42,277
Repurchase agreements	12,575,982	10,439,712
Accrued interest	(124,686)	(39,494)
TOTAL	14,596,802	12,579,835
of which deposits and demand loans with credit institutions	472,196	320,380

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

(in € thousands)	12.31.2021	12.31.2020
Financial liabilities held for trading purposes	412,122	656,313
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	412,122	656,313
Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	932,902	706,629
Liabilities to credit institutions	287	255
Liabilities to customers	26,596	4,698
Debt securities	906,019	701,676
Subordinated debt	0	0
TOTAL	1,345,024	1,362,942

The settlement value of financial liabilities at fair value through profit or loss was €1,350 million at December 31, 2021 versus €1,352 million at December 31, 2020.

3.

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

(in € thousands)	12.31.2021			12.31.2020		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
Liabilities to credit institutions	287	288	(1)	255	255	0
Liabilities to customers	26,596	28,923	(2,327)	4,698	4,690	8
Debt securities	906,019	908,600	(2,581)	701,676	691,387	10,289
Subordinated debt	0	0	0	0	0	0
TOTAL	932,902	937,811	(4,909)	706,629	696,332	10,297

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

12.31.2021							
(in € thousands)	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			
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	Net amount
ASSETS							
Derivatives	1,337,372	0	1,337,372	(937,637)	0	(125,849)	273,886
Reverse repurchase agreements of securities, securities borrowing or similar agreements	2,184,449	(308,700)	1,875,749	0	(795,041)	0	1,080,708
Other financial instruments	0		0	0	0	0	0
TOTAL ASSETS	3,521,821	(308,700)	3,213,121	(937,637)	(795,041)	(125,849)	1,354,594
LIABILITIES							
Derivatives	1,454,493	0	1,454,493	(937,637)	0	(428,358)	88,498
Repurchase agreements of securities, securities lending or similar agreements	13,255,140	(308,700)	12,946,440	0	(12,937,781)	(3,010)	5,649
Other financial instruments	0		0	0	0	0	0
TOTAL LIABILITIES	14,709,633	(308,700)	14,400,933	(937,637)	(12,937,781)	(431,368)	94,147

12.31.2020							
(in € thousands)	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			
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	Net amount
ASSETS							
Derivatives	1,757,529	0	1,757,529	(1,168,437)	0	(159,287)	429,805
Reverse repurchase agreements of securities, securities borrowing or similar agreements	1,878,405	0	1,878,405	0	(1,767,909)	0	110,496
Other financial instruments	0	0	0	0	0	0	0
TOTAL ASSETS	3,635,934	0	3,635,934	(1,168,437)	(1,767,909)	(159,287)	540,301
LIABILITIES							
Derivatives	1,970,392	0	1,970,392	(1,168,437)	0	(692,865)	109,090
Repurchase agreements of securities, securities lending or similar agreements	10,931,850	0	10,931,850	0	(10,930,933)	0	917
Other financial instruments	0		0	0	0	0	0
TOTAL LIABILITIES	12,902,242	0	12,902,242	(1,168,437)	(10,930,933)	(692,865)	110,007

Note 18. Debt securities

(in € thousands)	12.31.2021	12.31.2020
Certificates of deposit	13,871	13,340
Interbank market securities and negotiable debt securities	3,449,196	3,420,449
Bond issues	10,125,194	13,921,218
Non-preferred senior debt	2,773,760	1,845,624
Accrued interest	76,819	147,843
TOTAL	16,438,840	19,348,474

Note 19. Liabilities to customers

(in € thousands)	12.31.2021	12.31.2020
Savings accounts governed by special regulations	32,370,577	30,413,679
Sight accounts	26,684,328	24,901,521
Term accounts	5,686,249	5,512,158
Accrued interest on savings accounts	190,097	182,292
SUBTOTAL	32,560,674	30,595,971
Current accounts	34,808,310	30,259,334
Term accounts and term loans	7,156,162	7,404,677
Repurchase agreements	0	57,243
Accrued interest	31,800	42,027
Guarantee deposits received	14,168	1,871
SUBTOTAL	42,010,440	37,765,152
TOTAL	74,571,114	68,361,123

Note 20. Accruals, deferred income and sundry liabilities

(in € thousands)	12.31.2021	12.31.2020
ACCRUALS – LIABILITIES		
Blocked accounts for collection operations	373,249	338,449
Foreign currency adjustment accounts	7,989	8,626
Accrued expenses	217,178	192,878
Deferred income	243,758	248,477
Miscellaneous accrual accounts	1,038,564	784,609
Subtotal	1,880,738	1,573,039
OTHER LIABILITIES*		
Lease liabilities – Property	75,411	83,665
Settlement accounts for securities transactions	348,222	222,926
Outstanding payments on securities	4,680	6,165
Miscellaneous creditors	557,745	508,157
Subtotal	986,058	820,913
TOTAL	2,866,796	2,393,952

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

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Note 20a. Breakdown of lease liabilities according to maturity

(in € thousands)	12.31.2021				
	less than 1 year	1 year to 3 years	3 years to 6 years	6 years to 9 years	more than 9 years
Property	15,429	21,449	29,073	7,815	1,645
Information technology	0	0	0	0	0
Other	0	0	0	0	0
LEASE LIABILITIES	15,429	21,449	29,073	7,815	1,645
					75,411

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

Note 21. Liabilities – insurance activity

(in € thousands)	12.31.2021		12.31.2020
Financial liabilities at fair value through profit or loss		86,080	105,703
Liabilities to credit institutions		511,310	479,000
Debt securities		0	0
Insurance companies' technical reserves		53,560,640	50,272,294
Other insurance liabilities		2,089,708	1,879,376
Subordinated debt		407	407
TOTAL		56,248,145	52,736,780

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

(in € thousands)	12.31.2021		12.31.2020
Financial liabilities held for trading purposes		86,080	105,703
Derivatives		86,080	105,703
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		86,080	105,703

Note 21b. Liabilities to credit institutions

(in € thousands)	12.31.2021	12.31.2020
Liabilities to credit institutions		
Current accounts	11,270	0
Loans	0	0
Guarantee deposits received from credit institutions	0	0
Other liabilities	0	0
Repurchase agreements	500,040	479,000
Accrued interest	0	0
TOTAL	511,310	479,000
of which deposits and demand loans with credit institutions	11,270	0

3.

Note 21c. Insurance companies' technical reserves

(in € thousands)	12.31.2021	12.31.2020
Life insurance, excluding unit-linked contracts	34,072,662	34,216,642
of which profit-sharing	3,027,863	3,211,083
Non-life insurance	590,500	550,719
Unit-linked contracts	18,721,271	15,335,140
Other	176,207	169,793
TOTAL	53,560,640	50,272,294
Active deferred profit-sharing	0	0
Reinsurers' share	(209,400)	(141,639)
NET TECHNICAL PROVISIONS	53,351,240	50,130,655

Note 21d. Other insurance liabilities

(in € thousands)	12.31.2021	12.31.2020
Security deposits and guarantees received	31,910	30,032
Insurance and reinsurance liabilities	87,296	75,316
Other	1,970,502	1,774,028
TOTAL	2,089,708	1,879,376

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

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Note 22. Provisions

(in € thousands)	12.31.2020	Allocations	Write-backs (used)	Write-backs (unused)	Other	12.31.2021
Provisions for pension obligations	322,973	14,920	(25,235)	0	(132,134)	180,524
Provisions for home savings accounts and plans	60,841	0	0	(7,369)	0	53,472
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	46,992	35,220	(1,626)	(20,731)	28	59,883
Provisions for execution of guarantee commitments	2,775	5,982	0	(3,048)	0	5,709
Provisions for taxes	1,121	20	(96)	(957)	(6)	82
Provisions for lawsuits	14,264	2,320	(4,338)	(1,477)	(10)	10,759
Provisions for contingencies	2,241	581	(530)	0	0	2,292
Other	28,523	15,670	(997)	(8,445)	0	34,751
TOTAL	479,730	74,713	(32,822)	(42,027)	(132,122)	347,472

The €132 million decrease in provisions for pension obligations stems from:

- application of the IFRS IC IAS 19 decision on end-of-service benefits in the amount of €52.8 million;

- the transfer of the assets of the supplementary plan to a non-group insurance company. These assets are now classified as plan assets rather than reimbursement rights. They are therefore recognized as a deduction against the amount recognized in liabilities for defined benefits.

Note 22a. Pension obligations and similar benefits

Defined benefit pension obligations and other long-term benefits

(in € thousands)	12.31.2020	Allocations	Write-backs	Other	12.31.2021
Retirement benefits	79,937	4,705	(7,507)	(52,813)	24,322
Retirement pension supplements	89,057	4,256	(13,149)	(79,321)	843
Length-of-service awards	51,929	3,850	(4,579)	0	51,200
Time savings accounts	102,050	2,109	0	0	104,159
TOTAL	322,973	14,920	(25,235)	(132,134)	180,524

Note 22b. Provisions for regulated savings product risks

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

(in € thousands)	12.31.2021		12.31.2020	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	5,570,469	53,425	5,372,120	60,745
Under 4 years old	305,598	4	337,958	281
Between 4 and 10 years old	3,570,697	24,968	3,276,038	28,326
Over 10 years old	1,694,174	28,453	1,758,124	32,138
Home savings accounts	788,486	0	752,664	0
TOTAL	6,358,955	53,425	6,124,784	60,745

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

(in € thousands)	12.31.2021		12.31.2020	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	1,004	1	1,619	3
Home savings accounts	8,061	46	13,389	93
TOTAL	9,065	47	15,008	96

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

(in € thousands)	12.31.2020	Allocations	Write-backs	Other	12.31.2021
COMMITMENTS GIVEN					
12-month expected losses	14,030	11,211	(9,111)	8	16,138
Lifetime expected losses for non-impaired assets	5,921	5,344	(4,903)	20	6,382
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	27,041	18,665	(8,343)	0	37,363
TOTAL	46,992	35,220	(22,357)	28	59,883

Note 23. Subordinated debt

(in € thousands)	12.31.2021	12.31.2020
Subordinated debt	2,325,424	2,398,663
Equity loans with no voting rights	2,693	2,693
Undated subordinated debt	96,173	97,269
Other liabilities	0	0
Accrued interest	49,072	49,114
TOTAL	2,473,362	2,547,739

Main subordinated debt at December 31, 2021

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

3. FINANCIAL INFORMATION

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

(in € thousands)	12.31.2021	12.31.2020
Share capital	2,543,391	2,372,990
Additional paid-in capital	5,438	5,438
Consolidated reserves	5,152,785	4,793,563
Legal reserve	531,852	517,124
Reserves provided for in the by-laws and contractual reserves	2,363,493	2,287,885
Regulated reserves	0	0
Translation adjustments	0	0
Other reserves	2,197,356	1,927,212
Retained earnings	60,084	61,342
TOTAL	7,701,614	7,171,991

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

Note 25. Gains and losses recognized directly in equity

(in € thousands)	12.31.2021	12.31.2020
Available-for-sale assets	155,200	211,913
Non-recyclable equity instruments at fair value through equity by option	77,317	90,395
Recyclable debt instruments at fair value through equity	32,286	48,086
Change in fair value attributable to credit risk presented in other items of comprehensive income for the liabilities	(12,894)	(18,911)
Cash flow hedge derivatives	2	(962)
Real property	0	0
Other	(120,364)	(132,984)
TOTAL	131,547	197,537

Note 26a Breakdown of financial liabilities according to maturity – banking activity

(in € thousands)	Residual maturity					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Liabilities at fair value through profit or loss	1,738	8,284	38,955	1,296,047	-	1,345,024
Derivatives used for hedging purposes					956,291	956,291
Liabilities to credit institutions	235,543	916,815	12,365,979	1,078,447	-	14,596,783
Liabilities to customers	58,083,111	3,235,834	8,706,560	4,547,936	-	74,573,442
Debt securities	1,487,327	2,347,505	5,048,699	7,555,309	-	16,438,840
Subordinated debt	-	-	531,315	1,845,773	96,274	2,473,362

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Note 26b Breakdown of financial liabilities according to maturity – insurance activity

(in € thousands)	Residual maturity					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Derivatives used for hedging purposes					86,080	86,080
Liabilities to credit institutions	11,270	500,040	-	-	-	511,310
Subordinated debt	-	407	-	-	-	407

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

The group is in the process of selling Keytrade Bank Luxembourg.

The entity's contribution is accounted for in the consolidated financial statements for the year ended December 31, 2021 in accordance with IFRS 5 relating to entities held for sale.

The sale is scheduled to take place in the first half of 2022.

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Note 28a. Fair value ranking – banking activity

	12.31.2021			
(in € thousands)	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
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	0	0	0	0
Bonds and other fixed-income securities – Other FVTPL	15,959	177,457	278,406	471,822
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 1 were made in the amount of €62 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

12.31.2020

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

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

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

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

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Note 28b. Fair value ranking – insurance activity

12.31.2021

(in € thousands)	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
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	1,169,644	2,180,256	16,003,990
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	16,113,841	3,681,429	3,986,990	23,782,260
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				
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 bonds 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 bonds 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.

12.31.2020

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

(1) Transfers from level 1 to level 2 were made in the amount of €89 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(2) Transfers from level 2 to level 1 were made in the amount of €65 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

(3) Transfers from level 1 to level 2 were made in the amount of €499 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

(4) Transfers from level 1 to level 2 were made in the amount of €23 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

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

(6) Transfers from level 3 to level 2 were made in the amount of €345 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

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

(in € thousands)	Opening balance	Purchases	Issues	Sales
FINANCIAL ASSETS				
FVOCI	380,042	13,477	1,907	(50,870)
Treasury bills and similar securities – FVOCI	0	0	0	0
Bonds and other fixed-income securities – FVOCI	0	0	0	0
Stocks and other variable-income securities – FVOCI	12,452	0	0	0
Equity investments and other long-term investments – FVOCI	367,410	13,477	1,907	(50,870)
Shares in associates – FVOCI	180	0	0	0
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	702,866	185,545	0	(138,827)
Treasury bills and similar securities – Trading	0	0	0	0
Treasury bills and similar securities – Fair value option	0	0	0	0
Treasury bills and similar securities – Other FVTPL	0	0	0	0
Bonds and other fixed-income securities – Trading	0	0	0	0
Bonds and other fixed-income securities – Fair value option	0	0	0	0
Bonds and other fixed-income securities – Other FVTPL	259,347	93,449	0	(28,199)
Stocks and other variable-income securities – Trading	0	0	0	0
Stocks and other variable-income securities – Other FVTPL	443,519	92,096	0	(110,628)
Loans and receivables due from credit institutions – Fair value option	0	0	0	0
Loans and receivables due from credit institutions – Other FVTPL	0	0	0	0
Loans and receivables due from customers – Fair value option	0	0	0	0
Loans and receivables due from customers – Other FVTPL	0	0	0	0
Derivatives and other financial assets – Trading	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0
TOTAL	1,082,908	199,022	1,907	(189,697)
FINANCIAL LIABILITIES				
Trading/FVO	0	0	0	0
Amounts due to credit institutions – Fair value option	0	0	0	0
Amounts due to customers – Fair value option	0	0	0	0
Debt securities – Fair value option	0	0	0	0
Derivatives and other financial liabilities – Trading	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0
TOTAL	0	0	0	0

Repayments	Transfers	Gains and losses through profit or loss	Gains and losses in equity	Other changes	Closing balance	Transfers L1, L2 => L3	Transfers L3 => L1, L2
(1,893)	0	0	17,259	1,628	361,550	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	1,812	6,975	21,239	0	0
(1,803)	0	0	15,447	(5,347)	340,221	0	0
(90)	0	0	0	0	90	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(17,694)	0	177,866	0	0	909,756	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(17,694)	0	(3,197)	0	(25,300)	278,406	0	0
0	0	0	0	0	0	0	0
0	0	181,063	0	25,300	631,350	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(19,587)	0	177,866	17,259	1,628	1,271,306	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0

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

(in € thousands)	Opening balance	Purchases	Issues	Disposals	Repayments
FINANCIAL ASSETS					
Available-for-sale assets	2,724,425	435,036	0	0	(255,619)
Treasury bills and similar securities – AFS	0	0	0	0	0
Bonds and other fixed-income securities – AFS	2,022,786	408,989	0	0	(255,619)
Stocks and other variable-income securities -AFS	76,661	0	0	0	0
Equity investments and other long-term investments – AFS	624,978	26,047	0	0	0
Shares in associates – AFS	0	0	0	0	0
Trading/FVO	4,224,632	1,293,316	0	(14,190)	(93,916)
Treasury bills and similar securities – Trading	0	0	0	0	0
Treasury bills and similar securities – Fair value option	0	0	0	0	0
Bonds and other fixed-income securities – Trading	0	0	0	0	0
Bonds and other fixed-income securities – Fair value option	1,249,266	365,247	0	0	(93,426)
Stocks and other variable-income securities – Trading	0	0	0	0	0
Stocks and other variable-income securities – Fair value option	2,975,366	928,069	0	(14,190)	(490)
Derivatives and other financial assets – Trading	0	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0	0
TOTAL	6,949,057	1,728,352	0	(14,190)	(349,535)
FINANCIAL LIABILITIES					
Trading/FVO	0	0	0	0	0
Amounts due to credit institutions – Fair value option	0	0	0	0	0
Debt securities – Fair value option	0	0	0	0	0
Derivatives and other financial liabilities – Trading	0	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0	0
TOTAL	0	0	0	0	0

Transfers	Gains and losses through profit or loss	Gains and losses in equity	Other changes	Closing balance	Transfers L1, L2 => L3	Transfers L3 => L1, L2
3,161	(179)	13,517	0	2,920,341	3,161	0
0	0	0	0	0	0	0
3,161	(179)	1,118	0	2,180,256	3,161	0
0	0	(1,769)	0	74,892	0	0
0	0	14,168	0	665,193	0	0
0	0	0	0	0	0	0
0	113,135	0	0	5,522,977	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	14,900	0	0	1,535,987	0	0
0	0	0	0	0	0	0
0	98,235	0	0	3,986,990	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
3,161	112,956	13,517	0	8,443,318	3,161	0
				0		
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

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

12.31.2021

(in € thousands)	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						
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

12.31.2020

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

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

12.31.2021

(in € thousands)	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

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12.31.2020

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

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Notes to the income statement

Note 30. Interest and similar income/expense

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Credit institutions and central banks	154,768	(108,395)	119,847	(91,752)
Customers	1,314,464	(423,882)	1,287,349	(421,646)
of which leasing	202,758	(144,068)	182,676	(125,833)
of which rental debts		(198)		(518)
Securities at amortized cost	3,050	0	3,050	0
Financial assets at fair value through profit or loss	17,217	(376)	15,277	(368)
Derivatives used for hedging purposes	330,875	(325,149)	375,783	(314,766)
Financial assets at fair value through equity	8,393	0	3,851	0
Debt securities	0	(245,863)	0	(325,966)
TOTAL	1,828,767	(1,103,665)	1,805,157	(1,154,498)

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

Note 31. Fee and commission income/expense

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Credit institutions	6,243	(30,346)	9,339	(26,316)
Customers	121,890	(271)	103,749	(212)
Derivatives	18,526	(681)	12,682	(780)
Foreign exchange	7,866	(685)	10,732	(239)
Financing and guarantee commitments	315	(2,992)	667	(2,906)
Securities and services	542,860	(142,534)	510,306	(126,556)
TOTAL	697,700	(177,509)	647,475	(157,009)

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

(in € thousands)	12.31.2021	12.31.2020
Instruments held for trading	45,134	316
Fair value option instruments	(24,316)	5,660
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	247,309	4,111
Including UCI	61,557	19,839
Hedging ineffectiveness	(1,002)	273
cash flow hedges	1	5
fair value hedges	(1,003)	268
change in fair value of hedged items	408,105	(114,647)
change in fair value of hedges	(409,108)	114,915
Foreign exchange gains (losses)	(3,828)	(19)
TOTAL OF CHANGES IN FAIR VALUE	263,297	10,341

3.

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

(in € thousands)	12.31.2021	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		2,121	2,121	
Bonds and other fixed-income securities		2,777	2,777	
Loans – Credit institutions		0	0	
Customer loans		0	0	
Stocks and other variable-income securities	4,230		4,230	
Equity securities held for long-term investment	10,962			10,962
TOTAL	15,192		4,898	20,090

(in € thousands)	12.31.2020	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		2,271	2,271	
Bonds and other fixed-income securities		2,360	2,360	
Loans – Credit institutions		0	0	
Customer loans		0	0	
Stocks and other variable-income securities	3,926		3,926	
Equity securities held for long-term investment	7,621			7,621
TOTAL	11,547		4,631	16,178

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

	Profit or loss recognized on the derecognition of assets as at December 31, 2021	Profit or loss recognized on the derecognition of assets as at December 31, 2020
Financial assets		
TREASURY BILLS, NOTES AND GOVERNMENT BONDS	0	0
Bonds and other fixed-income securities	0	320
Loans – Credit institutions	4,373	0
Customer loans	0	0
Financial liabilities		
LIABILITIES TO CREDIT INSTITUTIONS	0	0
Liabilities to customers	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	4,373	320

Note 35. Net income from insurance activities

(in € thousands)	12.31.2021	12.31.2020
Interest and similar income/expense	40,341	41,489
Fee and commission income/expense	(115,070)	(101,907)
Net gain (loss) on financial instruments at fair value through profit or loss	957	2,039
Net gain (loss) on available-for-sale financial instruments	2,803	2,207
Net gain (loss) on financial assets/liabilities at amortized cost	0	0
Other income/expense from insurance activities	782,988	725,727
TOTAL	712,019	669,555

Note 35a. Interest and similar income/expense

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,931	(738)	2,003	(756)
Customers	1	0	0	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	39,147	0	40,242	0
Debt securities	0	0	0	0
Subordinated debt	0	0	0	0
TOTAL	41,079	(738)	42,245	(756)

Note 35b. Fee and commission income/expense

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Credit institutions	0	(21)	0	(29)
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	100,161	(215,210)	70,922	(172,800)
TOTAL	100,161	(215,231)	70,922	(172,829)

3.

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

(in € thousands)	12.31.2021		12.31.2020
Instruments held for trading		206	(143)
Fair value option instruments		1,176	1,928
Other instruments at fair value through profit or loss		0	0
Foreign exchange gains (losses)		(425)	254
TOTAL OF CHANGES IN FAIR VALUE		957	2,039

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

(in € thousands)	12.31.2021			12.31.2020		
	Dividends	Realized gains/losses	Total	Dividends	Realized gains/losses	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	(86)	(86)	0	(682)	(682)
Stocks and other variable-income securities	1,504	0	1,504	1,504	0	1,504
Equity securities held for long-term investment	1,385	0	1,385	1,385	0	1,385
Other	0	0	0	0	0	0
TOTAL	2,889	(86)	2,803	2,889	(682)	2,207

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Note 35e. Other income/expense from insurance activities

	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Insurance business	8,234,062	(7,443,879)	7,688,916	(6,945,441)
Investment property	0	(16,340)	2,402	(16,971)
Other income and expense	11,927	(2,782)	9,888	(13,067)
TOTAL	8,245,989	(7,463,001)	7,701,206	(6,975,479)

Note 35f. Gross margin on insurance activities

(in € thousands)	12.31.2021	12.31.2020
Premiums earned	5,410,525	4,583,774
Cost of claims and benefits	(231,598)	(218,705)
Change in provisions	3,692	5,036
Other technical and non-technical income and expenses	(5,339,388)	(4,399,603)
Net investment income	946,952	772,973
TOTAL	790,183	743,475

Note 36. Income/expense from other activities

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Investment property	4,917	(8,132)	23,844	(5,972)
Other income and expense	349,668	(61,150)	275,242	(60,806)
TOTAL	354,585	(69,282)	299,086	(66,778)

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

(in € thousands)	12.31.2021	12.31.2020
Gains or losses on disposal/dilution on joint ventures	0	0
Gains or losses on disposal/dilution on associates	275	87,696
TOTAL	275	87,696

Note 38. Operating expense

(in € thousands)	12.31.2021	12.31.2020
Personnel expenses	(940,475)	(796,277)
Other expense	(609,967)	(556,980)
TOTAL	(1,550,442)	(1,353,257)

Note 38a. Personnel expenses

(in € thousands)	12.31.2021	12.31.2020
Salaries and wages	(533,553)	(510,604)
Payroll taxes	(248,914)	(224,740)
Mandatory and optional employee profit-sharing	(86,157)	(73,620)
Taxes, levies and similar payments on compensation	(71,851)	(69,510)
Other*	0	82,197
TOTAL	(940,475)	(796,277)

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

3.

Note 38b. Average number of employees

(in € thousands)	12.31.2021	12.31.2020
Employees	4,437	4,325
Management and supervisors	6,279	5,886
TOTAL	10,716	10,211

Note 38c. Post-employment benefits

Defined contribution plans are those for which the group's commitment is limited to the payment of a contribution but do not include any commitment by the group with respect to the level of benefits provided.

The main defined contribution post-employment benefit plans include mandatory social security and the Agirc and Arrco retirement plans, as well as the PERO (plan épargne retraite obligatoire, compulsory retirement savings plan) established by some entities.

In 2021, expenses related to these plans totaled €92,137,000 compared with €89,648,000 in 2020.

Defined benefit plans and other long-term benefits

These defined benefit plans expose the group to certain risks such as interest rate risk and market risk.

These benefits are based on the final salary for end-of-service awards for the retirement benefits and have been crystallized for the supplementary plan. When the annuity for the additional voluntary pension contribution is liquidated, the risk is transferred to Suravenir in the form of an insurance contract.

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Change in actuarial liability

(in € thousands)	Post-employment benefits			TOTAL 12.31.2021	TOTAL 12.31.2020 reprocessed	TOTAL 12.31.2020
	Supplementary plan	Retirement benefits	Other long-term benefits ⁽¹⁾			
Gross actuarial liability at the beginning of the period	87,986	25,923	153,998	267,907	344,142	393,575
Cost of services rendered during the period	3,907	5,713	3,588	13,208	11,264	11,953
Net interest	442	15	738	1,194	1,458	1,867
Modification/reduction/liquidation of the plan	0	0	0	0	(84,471)	(84,471)
Acquisition, disposal (change in consolidated scope)	0	0	0	0	(3,032)	(4,174)
Benefits paid	(4,365)	(3,559)	(7,780)	(15,704)	(17,115)	(17,115)
Actuarial gains/losses	(8,784)	(3,926)	4,814	(7,895)	15,663	19,086
of which actuarial gains/losses due to changes in demographic assumptions	(220)	174	1,054	1,007	(7,821)	(7,396)
of which gains/losses related to changes in financial assumptions	(3,187)	(291)	(6,457)	(9,935)	7,335	9,718
of which actuarial gains/losses due to differences between estimates and actual experiences	(5,377)	(3,808)	10,217	1,032	16,149	16,764
Gross actuarial liability at the end of the period	79,186	24,166	155,358	258,710	267,907	320,721

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

Expense recognized on the income statement

(in € thousands)	Post-employment benefits			TOTAL 12.31.2021	TOTAL 12.31.2020 reprocessed	TOTAL 12.31.2020
	Supplementary plan	Retirement benefits	Other long-term benefits			
Cost of services rendered during the period	(3,814)	(4,690)	(3,588)	(12,091)	(11,525)	(12,220)
Net interest	49	(140)	(631)	(722)	(301)	(721)
Impact of any reduction or liquidation of the plan	979	156		1,135	84,471	84,471
Actuarial gains/losses			(4,828)	(4,828)	(14,916)	(14,916)
of which actuarial gains/losses due to changes in demographic assumptions recognized on the income statement			(1,054)	(1,054)	(1,614)	(1,614)
of which gains/losses due to changes in financial assumptions recognized on the income statement			6,442	6,442	(4,823)	(4,823)
of which actuarial gains/losses due to differences between estimates and actual experiences			(10,217)	(10,217)	(8,479)	(8,479)
Expense recognized on the income statement	(2,786)	(4,674)	(9,047)	(16,507)	57,729	56,615

Change in fair value of plan assets and reimbursement rights

(in € thousands)	Post-employment benefits			TOTAL 12.31.2021	TOTAL 12.31.2020 reprocessed	TOTAL 12.31.2020
	Supplementary plan	Retirement benefits	Other long-term benefits			
Fair value of assets at the beginning of the period	104,638	61,096	22,308	188,042	190,740	190,740
Net interest	491	(125)	107	472	1,168	1,168
Employer contributions	0	0	0	0	6,980	6,980
Acquisition, disposal (change in consolidated scope)	0	0	0	0	(0)	0
Benefits paid	(4,365)	(3,283)	0	(7,648)	(10,331)	(10,331)
Actuarial gains/losses	1,752	253	(14)	1,991	(516)	(516)
of which actuarial gains/losses due to changes in demographic assumptions	0	0	0	0	0	0
of which actuarial gains/losses on plan assets due to changes in financial assumptions	1,752	253	(14)	1,991	(516)	(516)
of which actuarial gains/losses due to differences between estimates and actual experiences	0	0	0	0	0	0
Fair value of assets at the end of the period	102,515	57,941	22,401	182,858	188,042	188,042

Net position

(in € thousands)	Supplementary plan	Retirement benefits	Other long-term benefits	TOTAL 12.31.2021	TOTAL 12.31.2020 reprocessed	TOTAL 12.31.2020
Actuarial liability at the end of the period	79,186	24,166	155,358	258,710	267,907	320,721
Fair value of assets/reimbursement rights	(102,515)	(57,941)	(22,401)	(182,858)	(188,042)	(188,042)
NET POSITION	(23,329)	(33,775)	132,957	75,852	79,866	132,679

Items recognized immediately in comprehensive income

(in € thousands)	12.31.2021	TOTAL 12.31.2020 reprocessed	TOTAL 12.31.2020
Actuarial differences generated on post-employment benefit plans	13,591	(983)	(4,406)
Adjustments to the asset ceiling	0	0	0
TOTAL ITEMS RECOGNIZED IMMEDIATELY DURING THE YEAR	13,591	(983)	(4,406)
Aggregate actuarial differences at the end of the year	(162,282)	(175,874)	(179,297)

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Information regarding plan assets

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

Plan assets are held by Suravenir and by a non-group insurance company for the portion relating to the supplementary plan.

At December 31, 2021, the weighted average term of defined benefit obligations was 8.9 years (11.4 years in 2020).

Composition of hedging assets

	12.31.2021			
(in € thousands)	Debt securities	Equity instruments	Real property	Other
Fair value of plan assets				
Assets listed on an active market	91,424	7,255	586	0
Assets not listed on an active market	49,155	907	11,131	0
TOTAL	140,579	8,162	11,716	0

	12.31.2020			
(in € thousands)	Debt securities	Equity instruments	Real property	Other
Fair value of plan assets				
Assets listed on an active market	103,131	7,695	606	0
Assets not listed on an active market	41,904	986	11,412	0
TOTAL	145,035	8,681	12,017	0

Sensitivity of obligations to changes in the main actuarial assumptions

	12.31.2021			
(As a % of the item measured)	Supplementary plan	Retirement benefits	Length-of-service awards	Time savings account
+0.5% CHANGE IN DISCOUNT RATE				
Impact on present value of obligations as of December 31	(5%)	(2%)	(5%)	(6%)
+0.5% CHANGE IN NET SALARY				
Impact on present value of obligations as of December 31	1%	2%	6%	6%

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

Note 38d. Share-based payments

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

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

- equity-settled share-based payment transactions;
- cash-settled share-based payment transactions.

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

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

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6
Type of plan	Cash settled	Cash settled	Cash settled	Cash settled	Cash settled	Cash settled
Award date	09.18.2015	11.29.2017	07.2017	11.2017	11.2019	01.2021
Exercise period	HY1 2021	Q1 2021	Q2 2022	Q1 2020/Q1 2023	2022/2024	2026
Valuation method	Multiple of revenue	% of net income – Group share	Customer conquest/Net banking income	EBITDA multiple	Multiple of revenue	FVO/Securities
Impact 2021 income	279	(281)	513	(150)	2,849	(71)
Liabilities on the balance sheet	0	0	3,184	0	5,066	0

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Note 38e. Other expenses

(in € thousands)	12.31.2021	12.31.2020
Taxes other than on income	(79,775)	(89,707)
Rentals	(65,414)	(56,632)
■ short term rentals of assets or low/substantial values	(61,842)	(53,058)
■ other rentals	(3,572)	(3,574)
External services	(459,301)	(410,600)
Other miscellaneous expenses	(5,477)	(41)
TOTAL	(609,967)	(556,980)

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(in € thousands)	12.31.2021			12.31.2020		
	PwC	Deloitte network	Total	Mazars	Deloitte network	Total
AUDITING, CERTIFICATION, EXAMINATION OF INDIVIDUAL AND CONSOLIDATED ACCOUNTS	907	1,742	2,649	1,598	1,812	3,410
Crédit Mutuel Arkéa	589	752	1,341	605	534	1,139
Consolidated subsidiaries	318	990	1,308	993	1,278	2,271
SERVICES OTHER THAN ACCOUNT CERTIFICATION	213	231	444	98	607	705
Crédit Mutuel Arkéa	155	139	294	27	333	360
Consolidated subsidiaries	58	92	150	71	274	345
TOTAL	1,120	1,973	3,093	1,696	2,419	4,115

The total amount of audit fees paid to the Statutory Auditors not belonging to the network of one of those certifying the Crédit Mutuel Arkéa's consolidated and individual financial statements, mentioned in the table above, amounted to €1,653,000 in respect of 2021 versus €394,000 at 2020.

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

(in € thousands)	12.31.2021		12.31.2020
Amortization		(150,516)	(139,912)
Property, plant and equipment		(55,040)	(53,581)
■ of which rights of use – Property		(15,561)	(13,985)
Intangible assets		(95,476)	(86,331)
Impairment		(1,089)	151
Property, plant and equipment		(329)	151
■ of which rights of use – Property		0	0
Intangible assets		(760)	0
TOTAL		(151,605)	(139,761)

Note 40. Cost of risk**Note 40a. Cost of risk – banking activity**

(in € thousands)	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2021
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	(101,428)	70,726				(30,702)
Loans and receivables due from credit institutions	(1,573)	837				(736)
Loans and receivables due from customers	(83,988)	55,443				(28,545)
■ of which finance leases	(3,503)	1,839				(1,664)
Financial assets at amortized cost – Fixed income securities	(45)	0				(45)
Financial assets at FVOCI – Fixed income securities	(4,648)	5,328				680
Financial assets at FVOCI – Loans	0	0				0
Off-balance sheet	(11,174)	9,118				(2,056)
Other assets	0	0				0
Lifetime expected loss	(144,524)	118,194				(26,330)
Loans and receivables due from credit institutions	0	0				0
Loans and receivables due from customers	(139,118)	112,395				(26,723)
■ of which finance leases	(3,075)	3,362				287
Financial assets at amortized cost – Fixed income securities	0	207				207
Financial assets at FVOCI – Fixed income securities	(62)	719				657
Financial assets at FVOCI – Loans	0	0				0
Off-balance sheet	(5,344)	4,873				(471)
Other assets	0	0				0
Impaired assets	(205,929)	252,796	(98,520)	(10,653)	3,431	(58,875)
Loans and receivables due from credit institutions	0	0	0	0	0	0
Loans and receivables due from customers	(182,244)	236,356	(93,126)	(10,653)	3,431	(46,236)
■ of which finance leases	(10,925)	11,711	(3,158)	0	6	(2,366)
Financial assets at amortized cost – Fixed income securities	0	5,025	(5,354)	0	0	(329)
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	(22,831)	9,576	0	0	0	(13,255)
Other assets	(854)	1,839	(40)	0	0	945
TOTAL	(451,881)	441,716	(98,520)	(10,653)	3,431	(115,907)

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

Note 40b. Cost of risk – insurance activity

(in € thousands)	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2021
			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	0	118	0	0	0	118
TOTAL	0	118	0	0	0	118

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(in € thousands)	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2020
			Provisioned bad debt	Unprovisioned bad debt		
Credit institutions	0	0	0	0	0	0
Insurance business	0	0	0	0	0	0
Available-for-sale assets	0	0	0	0	0	0
Held-to-maturity assets	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

(in € thousands)	12.31.2020	Acquisition/ production	Sale/ repayment	Transfers between buckets	Other	12.31.2021
Financial assets at amortized costs – loans and receivables due from credit institutions	14,793,780	2,814,774	(2,370,035)	0	(27,454)	15,211,065
12-month expected losses	14,793,780	2,814,774	(2,370,035)	0	(27,454)	15,211,065
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	68,381,876	19,965,704	(13,959,829)	0	(13,504)	74,374,247
12-month expected losses	62,620,880	19,040,897	(12,216,225)	(826,712)	(13,424)	68,605,416
Lifetime expected losses – non-impaired assets	4,322,476	736,077	(1,292,399)	551,596	(26)	4,317,724
Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	1,227,479	123,543	(396,159)	275,116	(54)	1,229,925
Lifetime expected losses – assets impaired as from acquisition/creation	211,041	65,187	(55,046)	0	0	221,182
Financial assets at amortized cost – Securities	647,002	7,448	(21,259)	0	0	633,191
12-month expected losses	624,991	7,448	(16,017)	10,158	0	626,580
Lifetime expected losses – non-impaired assets	16,455	0	0	(10,158)	0	6,297
Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	5,556	0	(5,242)	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	11,340,053	5,262,768	(7,726,420)	0	0	8,876,401
12-month expected losses	11,306,126	5,222,863	(7,726,420)	33,784	0	8,836,353
Lifetime expected losses – non-impaired assets	33,927	39,905	0	(33,784)	0	40,048
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	95,162,711	28,050,694	(24,077,543)	0	(40,958)	99,094,904

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

(in € thousands)	12.31.2020	Allocations	Reversals	Transfers	Change of method	Other	12.31.2021
Financial assets at amortized costs – loans and receivables due from credit institutions	(2,418)	(1,576)	837	0	0	(46)	(3,203)
12-month expected losses	(2,418)	(1,576)	837	0	0	(46)	(3,203)
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	(1,131,019)	(438,750)	446,440	0	0	36	(1,123,293)
12-month expected losses	(143,723)	(83,924)	112,598	(57,151)	0	14	(172,186)
Lifetime expected losses – non-impaired assets	(205,141)	(139,235)	78,517	33,852	0	(1)	(232,008)
Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(676,681)	(205,838)	238,501	23,299	0	23	(620,696)
Lifetime expected losses – assets impaired as from acquisition/creation	(105,473)	(9,754)	16,824	0	0	0	(98,403)
Financial assets at amortized cost – Securities	(6,215)	(45)	5,359	0	0	0	(901)
12-month expected losses	(501)	(45)	186	(186)	0	0	(546)
Lifetime expected losses – non-impaired assets	(247)	0	20	186	0	0	(41)
Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(5,467)	0	5,153	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	(8,561)	(4,713)	6,041	0	0	0	(7,233)
12-month expected losses	(7,842)	(4,651)	5,322	0	0	0	(7,171)
Lifetime expected losses – non-impaired assets	(719)	(62)	719	0	0	0	(62)
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	(46,992)	(33,605)	20,710	0	0	4	(59,883)
12-month expected losses	(14,030)	(11,221)	9,109	0	0	4	(16,138)
Lifetime expected losses – non-impaired assets	(5,921)	(5,346)	4,885	0	0	0	(6,382)
Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(27,041)	(17,040)	6,718	0	0	0	(37,363)
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	(1,195,205)	(478,689)	479,387	0	0	(6)	(1,194,513)

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

At December 31, 2021

Risk categories: PD at 1 year	Subject to 12-month expected losses	Subject to lifetime expected losses	Subject to lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	Subject to expected losses for assets impaired at the closing date and when acquired/created
< 0,1	22,276,559	9,618	0	0
[0,1;0,25]	15,693,171	159,382	0	0
[0,26;0,99]	11,422,616	371,593	0	0
[1;2,99]	8,838,293	941,525	0	0
[3;9,99]	9,838,964	1,205,396	0	0
>=10	535,813	1,630,210	1,229,925	221,182
TOTAL	68,605,416	4,317,724	1,229,925	221,182

At December 31, 2020

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

Note 41. Gains (losses) on other assets

(in € thousands)	12.31.2021	12.31.2020
Property, plant and equipment and intangible assets	1,448	1,012
Capital losses on disposals	(1,477)	(3,224)
Capital gains on disposals	2,925	4,236
Expenses related to business combinations	(1,099)	(865)
More or less transfer values on consolidated securities	0	(2,100)
TOTAL	349	(1,953)

Note 42. Income tax**Breakdown of tax expense**

(in € thousands)	12.31.2021	12.31.2020
Current tax expense	(153,678)	(138,132)
Net deferred tax expense or revenue	10,631	1,786
NET INCOME TAX EXPENSE	(143,047)	(136,346)
Income before taxes, badwill and income contribution from associates	713,163	502,481
EFFECTIVE TAX RATE	20.06%	27.13%

Analysis of effective tax rate

(in € thousands)	12.31.2021	12.31.2020
Statutory tax rate	28.41%	32.02%
Permanent differences	1.13%	(0.22%)
Income taxed at a reduced rate or exempt	(9.25%)	0.72%
Impact of fiscal losses	0.48%	0.84%
Tax credits	(0.16%)	(0.61%)
Special	0.50%	(0.73%)
Other	(1.05%)	(0.79%)
EFFECTIVE TAX RATE	20.06%	27.13%

Régulation n° 2019-759, published on July 24, 2019, as well as the 2020 finance act, provide modifications in the gradual reduction of the corporate tax rate initially planned by the 2018 finance act. The tax rate for the fiscal year 2021 is therefore 28.41%; this rate will be reduced to 25.83% in 2022.

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

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

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

Notes on gains and losses recognized directly in equity

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

(in € thousands)	Changes in 2021	Changes in 2020
Revaluation of debt instruments at fair value through equity	(16,227)	26,401
■ Reclassification to profit or loss	(7,303)	(1,265)
■ Other changes	(8,924)	27,666
Revaluation of available-for-sale financial assets	(56,713)	20,960
■ Reclassification to profit or loss	(17,982)	(777)
■ Other changes	(38,731)	21,737
Revaluation of hedging derivatives	964	1,040
■ Reclassification to profit or loss	-	(3)
■ Other changes	964	1,043
Share of recyclable gains and losses of equity-accounted entities recognized directly in equity	426	368
Items to be recycled to profit or loss	(71,550)	48,769
Actuarial gains and losses on defined benefit plans	12,613	(3,269)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	6,017	(18,298)
Revaluation of equity instruments at fair value through equity (sold and not sold during the year)	(16,087)	(6,564)
Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity	3,007	(12,912)
Items not to be recycled to profit or loss	5,550	(41,043)
TOTAL	(66,000)	7,726

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

(in € thousands)	12.31.2021			12.31.2020		
	Gross	Tax	Net	Gross	Tax	Net
Revaluation of recyclable debt instruments at fair value through equity	(23,783)	7,557	(16,226)	35,642	(9,241)	26,401
Revaluation of available-for-sale financial assets	(74,885)	18,172	(56,713)	22,607	(1,647)	20,960
Revaluation of hedging derivatives	1,347	(383)	964	1,600	(560)	1,040
Share of gains and losses of equity-accounted entities recognized directly in equity	577	(151)	426	496	(128)	368
Items to be recycled to profit or loss	(96,744)	25,195	(71,549)	60,345	(11,576)	48,769
Actuarial gains and losses on defined benefit plans	17,003	(4,390)	12,613	(4,407)	1,138	(3,269)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	9,031	(3,014)	6,017	(25,514)	7,216	(18,298)
Revaluation of equity instruments at fair value through equity	(11,584)	(4,504)	(16,088)	(11,929)	5,365	(6,564)
Share of gains and losses of equity-accounted entities recognized directly in equity	3,104	(97)	3,007	(13,325)	413	(12,912)
Items not to be recycled to profit or loss	17,554	(12,005)	5,549	(55,175)	14,132	(41,043)
TOTAL CHANGES IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	(79,190)	13,190	(66,000)	5,170	2,556	7,726

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Note 44a. Commitments given and received – banking activity

(in € thousands)	12.31.2021	12.31.2020
Commitments given	16,273,202	14,796,083
Financing commitments	11,416,181	10,066,332
to credit and similar institutions	13,350	13,350
to customers	11,402,831	10,052,982
Guarantee commitments	4,619,999	4,453,443
to credit and similar institutions	513	620
to customers	4,619,486	4,452,823
Securities commitments	237,022	276,308
repurchase agreements	0	0
other commitments given	237,022	276,308
Commitments received	62,191,646	55,668,263
Financing commitments	15,406,259	13,245,011
from credit and similar institutions	15,399,196	13,238,492
from customers	7,063	6,519
Guarantee commitments	46,310,707	41,952,780
from credit and similar institutions	260,998	235,480
from customers	46,049,709	41,717,300
Securities commitments	474,680	470,472
Reverse repurchase agreements	0	0
Other commitments received	474,680	470,472

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

(in € thousands)	12.31.2021	12.31.2020
Receivables pledged as collateral	18,144,095	15,664,445
Banque de France	16,399,791	13,870,027
European Investment Bank	630,308	615,743
Caisse de Refinancement de l'Habitat	363,554	372,412
Caisse des Dépôts et Consignations	748,443	804,263
Other	2,000	2,000
Loaned securities	0	0
Deposits on market transactions	543,723	689,034
Securities sold under repurchase agreements	12,575,982	10,439,712

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

Note 44b. Commitments given and received – insurance activity

(in € thousands)	12.31.2021	12.31.2020
COMMITMENTS GIVEN	282	-
COMMITMENTS RECEIVED	1,388,232	1,638,280

Note 45. Segment information

	Banking	Insurance and asset management	Group	3.
(in € thousands)	12.31.2021	12.31.2020	12.31.2021	12.31.2020
Internal income ⁽¹⁾	275,464	257,611	(275,464)	(257,611)
External income ⁽²⁾	1,666,216	1,280,446	864,159	789,381
NET BANKING INCOME	1,941,680	1,538,057	588,695	531,770
Gains (losses) on disposal – dilution	275	87,696	0	0
NET BANKING INCOME INCLUDING GAINS (LOSSES) ON DISPOSAL – DILUTION	1,941,955	1,625,753	588,695	531,770
General operating expenses and depreciation and amortization	(1,478,950)	(1,298,902)	(223,097)	(194,116)
GROSS OPERATING INCOME	463,005	326,851	365,598	337,654
Cost of risk	(111,148)	(157,542)	(4,641)	(2,529)
OPERATING INCOME	351,857	169,309	360,957	335,125
Share of income of companies carried under equity method	3,427	834	(2)	272
Other	390	(12,927)	(41)	0
RECURRING INCOME BEFORE TAX	355,674	157,216	360,914	335,397
Income tax	(45,603)	(42,460)	(97,444)	(93,886)
NET INCOME	310,071	114,756	263,470	241,511
O/w non-controlling interests	101	4	(283)	22
NET INCOME, GROUP SHARE	309,971	114,752	263,753	241,489

(1) Segment income from transactions with other segments.

(2) Segment income from sales to external customers.

(in € thousands)	12.31.2021	12.31.2020	12.31.2021	12.31.2020	12.31.2021	12.31.2020
SEGMENT ASSETS AND LIABILITIES	118,256,292	112,189,472	61,025,150	57,186,299	179,281,442	169,375,771

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.

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Note 46. Information on related parties

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

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

	12.31.2021	12.31.2020
	Companies under the equity method ⁽¹⁾	Companies under the equity method ⁽¹⁾
(in € thousands)		
ASSETS		
Loans and receivables – credit institutions, at amortized cost	4,747,670	4,399,277
Loans and receivables – customers, at amortized cost	0	0
Assets at fair value through profit or loss	0	0
Financial assets at fair value through equity	0	0
Securities at amortized cost	0	0
Derivatives used for hedging purposes	0	0
Other assets	0	0
LIABILITIES		
Liabilities to credit institutions	0	0
Derivatives used for hedging purposes	0	0
Liabilities at fair value through profit or loss	0	0
Liabilities to customers	0	0
Debt securities	0	0
Subordinated debt	0	0
Other liabilities	0	0
(1) Mainly CCCM.		

	12.31.2021	12.31.2020
	Companies under the equity method ⁽¹⁾	Companies under the equity method ⁽¹⁾
(in € thousands)		
Interest and similar income		
Interest and similar income	0	0
Interest and similar expense	(5,109)	(3,497)
Fee and commission income		
Fee and commission income	0	0
Fee and commission expense	0	0
Net gain (loss) on financial instruments at fair value through profit or loss		
Net gain (loss) on financial instruments at fair value through profit or loss	0	0
Net gain (loss) on financial instruments at fair value through equity	1,919	2,538
Net gain (loss) on available-for-sale financial instruments		
Net gain (loss) on available-for-sale financial instruments	0	0
Net gain (loss) on derecognition of financial instruments at amortized cost		
Net gain (loss) on derecognition of financial instruments at amortized cost	0	0
Net income from insurance activities		
Net income from insurance activities	0	0
Income from other activities		
Income from other activities	0	0
Expense from other activities		
Expense from other activities	0	0
NET BANKING INCOME	(3,190)	(959)

(1) Mainly CCCM.

	12.31.2021	12.31.2020
	Companies under the equity method	Companies under the equity method
(in € thousands)		
Financing commitments		
FINANCING COMMITMENTS GIVEN	0	0
Financing commitments received	0	0
GUARANTEE COMMITMENTS		
Guarantees given	0	0
Guarantees received	0	0
SECURITIES COMMITMENTS		
Other securities to be received	0	0
Other securities to be delivered	0	0

3.

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists, at December 31, 2020, of 20 members appointed for three-year terms:

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

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

The total compensation paid to members of Crédit Mutuel Arkéa's Board of Directors in 2021 was €1,141,000 (compared with €976,000 in 2020).

The total compensation paid to the group's key corporate officers⁽¹⁾ in 2021 was €2,099,000 (compared with €6,235,000 in 2020).

Following the end of his term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa, as a result of the contractual termination of his employment contract, Jean-Pierre Denis received a total gross amount of €2,418,000 consisting of:

- €860,000 in allowances for leave entitlement;
- €475,000 in severance pay pursuant to the legal and contractual provisions applicable to Crédit Mutuel Arkéa as an employer;
- €1,083,000 in contractual compensation corresponding to two years of gross basic pay. In this respect, YY has agreed not to apply the provisions of his employment contract, as included in the regulated agreement approved at the General Meeting of Shareholders and mentioned in Crédit Mutuel Arkéa's 2020 URD, according to which contractual severance pay should have been

calculated by taking into account the last variable compensation actually received. By waiving these provisions, this specific compensation paid is thus reduced by two thirds.

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

The employment contracts of the Chief Executive Officer and the Associate Chief Executive Officer of Crédit Mutuel Arkéa have been suspended since February 13, 2020 and for the duration of their respective terms of office, after which they are automatically reinstated.

The Associate Chief Executive Officers hold an employment contract.

In the event that their term of office or employment contract is terminated, the Chairman of the Board of Directors, the Chief Executive Officer and the Associate Chief Executive Officers may be entitled to receive severance pay.

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

The Chief Executive Officer and the Associate Chief Executive Officers benefit from a defined contribution pension plan. In accordance with the regulations, the existing pension obligations for the benefit of the Chief Executive Officer and the Associate Chief Executive Officers in the form of a defined benefit supplementary retirement plan (known as "Article 39") were crystallized as of December 31, 2019.

At the time of their retirement, the Chief Executive Officer and the Associate Chief Executive Officers receive a retirement benefit equal to seven twelfths of their annual compensation if they have at least five years of seniority. They also receive an end-of-service leave benefit equivalent to 23 days per year of service as a senior executive of Crédit Mutuel Arkéa.

The provisions recorded by the group in 2021 pursuant to IAS 19 for post-employment benefits, other long-term benefits and termination benefits totaled €428,000 (compared with €435,000 in 2020).

(1) Jean-Pierre Denis from January 1 until his departure from the company, Julien Carmona from June 4 to December 31, Hélène Bernicot and Anne Le Goff from January 1 to December 31, Bertrand Blanpain and Frédéric Laurent from February 1 to December 31.

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Note 47. Investments in unconsolidated structured entities

(in € thousands) 12.31.2021	Securitization vehicles	Asset management (mutual funds/real estate investment funds)	Other structured entities
Total assets	377,237	10,425,469	0
Carrying amount of financial assets ⁽¹⁾	99,830	3,207,386	0
Carrying amount of financial liabilities ⁽¹⁾	0	0	0
Maximum exposure to risk of loss	99,830	3,207,386	0

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

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

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

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

Note 48. Scope of consolidation

Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne et du Sud-Ouest	France	Banking/Mutual banking	consolidating entity			
FULLY CONSOLIDATED COMPANIES						
ARKÉA ⁽¹⁾	France	Banking/Services	85.8	/	85.8	/
ARKÉA BANKING SERVICES	France	Banking/Banking services	100.0	100.0	100.0	100.0
ARKÉA BANQUE ENTREPRISES ET INSTITUTIONNELS	France	Banking/Corporate banking	100.0	100.0	100.0	100.0
ARKÉA BOURSE RETAIL	France	Banking/Holding	100.0	100.0	100.0	100.0
ARKÉA CAPITAL	France	Insurance and asset management/Asset management	100.0	100.0	100.0	100.0
ARKÉA CAPITAL INVESTISSEMENT	France	Banking/Private equity	100.0	100.0	100.0	100.0
ARKÉA CAPITAL MANAGERS HOLDING SLP	France	Banking/Private equity	100.0	100.0	100.0	100.0
ARKÉA CAPITAL PARTENAIRE	France	Banking/Private equity	100.0	100.0	100.0	100.0
ARKÉA CREDIT BAIL	France	Banking/Finance leasing	100.0	100.0	100.0	100.0
ARKÉA DIRECT BANK	France	Banking/Financial and stock market intermediation	100.0	100.0	100.0	100.0
ARKÉA FONCIERE	France	Banking/Real estate	100.0	100.0	100.0	100.0
ARKÉA HOME LOANS SFH	France	Banking/Refinancing entity	100.0	100.0	100.0	100.0
ARKÉA PUBLIC SECTOR SCF	France	Banking/Refinancing entity	100.0	100.0	100.0	100.0
ARKÉA REAL ESTATE ⁽¹⁾	France	Insurance and asset management/Real estate asset management	71.4	/	71.4	/
ARKÉA REIM ⁽¹⁾	France	Insurance and asset management/Real estate asset management	71.4	/	71.4	/
ARKÉA 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	93.5	94.8	93.5
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANK (succursale)	Belgium	Banking/Asset holding company	100.0	100.0	100.0	100.0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	France	Banking/Specialized networks banking	100.0	100.0	100.0	100.0
FCT COLLECTIVITES	France	Banking/Securitization fund	57.8	57.8	57.8	57.8
FEDERAL EQUIPEMENTS	France	Banking/Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	France	Insurance and asset management/Private banking and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	France	Insurance and asset management/Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	France	Banking/Services	99.7	97.9	99.7	97.8
FINANCO	France	Banking/Specialized networks banking	100.0	100.0	100.0	100.0
GICM	France	Banking/Services	100.0	100.0	99.7	97.8
IZIMMO	France	Banking/Real estate	100.0	100.0	100.0	100.0
IZIMMO HOLDING	France	Banking/Holding	/	100.0	/	100.0
KEYTRADE BANK (succursale)	Belgium	Banking/Financial and stock market intermediation	100.0	100.0	100.0	100.0

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Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
KEYTRADE BANK Luxembourg SA	Luxembourg	Banking/Financial and stock market intermediation	100.0	100.0	100.0	100.0
LEETCHI SA	France	Banking/Services	100.0	100.0	100.0	100.0
MANGOPAY SA	Luxembourg/ France	Banking/Services	100.0	100.0	100.0	100.0
MONEXT	France	Banking/Services	100.0	100.0	100.0	100.0
NEXTALK	France	Banking/Services	100.0	100.0	100.0	100.0
NOUVELLE VAGUE	France	Banking/Services	100.0	100.0	100.0	100.0
NOVELIA	France	Insurance and asset management/Insurance brokerage	100.0	100.0	100.0	100.0
PROCAPITAL	France/ Belgium	Banking/Financial and stock market intermediation	100.0	100.0	100.0	100.0
PUMPKIN	France	Banking/Services	100.0	100.0	100.0	100.0
SCHELCHER PRINCE GESTION	France	Insurance and asset management/Asset management	100.0	100.0	100.0	100.0
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Banking/Real estate	100.0	100.0	100.0	100.0
SMSPG	France	Insurance and asset management/Holding	100.0	100.0	100.0	100.0
STRATEO (succursale)	Swiss	Banking/Financial and stock market intermediation	100.0	100.0	100.0	100.0
SURAVENIR	France	Insurance and asset management/Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	France	Insurance and asset management/Non-life insurance	100.0	100.0	100.0	100.0

Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
COMPANIES CONSOLIDATED USING THE EQUITY METHOD						
CAISSE CENTRALE DU CREDIT MUTUEL	France	Banking/Mutual banking	20.2	20.1	20.2	20.1
FINANSEMBLE	France	Insurance and asset management/Asset management	/	30.4	/	30.4
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	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
COMPANIES CONSOLIDATED USING THE SHORT-CUT METHOD						
AIS MANDARINE ACTIVE	France	Insurance and asset management/OPCVM	80.6	79.4	80.6	79.4
AIS MANDARINE ENTREPRENEURS	France	Insurance and asset management/OPCVM	83.2	80.7	83.2	80.7
AIS MANDARINE MULTI-ASSETS	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
AIS PROTECT ⁽¹⁾	France	Insurance and asset management/OPCVM	85.5	/	85.5	/
ARKÉA CAPITAL 1	France	Banking/OPCVM	100.0	100.0	100.0	100.0

Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
ARKÉA CAPITAL 2	France	Banking/OPCVM	38.5	46.0	38.5	46.0
AUTOFOCUS CROISSANCE DÉCEMBRE 2019	France	Insurance and asset management/OPCVM	95.1	95.2	95.1	95.2
AUTOFOCUS CROISSANCE JUILLET 2019	France	Insurance and asset management/OPCVM	99.2	99.2	99.2	99.2
AUTOFOCUS CROISSANCE JUIN 2015 ⁽³⁾	France	Insurance and asset management/OPCVM	/	93.9	/	93.9
AUTOFOCUS CROISSANCE MAI 2017 ⁽³⁾	France	Insurance and asset management/OPCVM	/	97.2	/	97.2
AUTOFOCUS CROISSANCE MARS 2015 ⁽³⁾	France	Insurance and asset management/OPCVM	/	85.0	/	85.0
AUTOFOCUS CROISSANCE NOVEMBRE 2018 ⁽³⁾	France	Insurance and asset management/OPCVM	/	80.3	/	80.3
AUTOFOCUS ESG DÉCEMBRE 2020 ⁽¹⁾	France	Insurance and asset management/OPCVM	88.0	/	88.0	/
AUTOFOCUS ESG JUILLET 2020 ⁽¹⁾	France	Insurance and asset management/OPCVM	99.0	/	99.0	/
AUTOFOCUS RENDEMENT AVRIL 2020 ⁽¹⁾	France	Insurance and asset management/OPCVM	99.7	/	99.7	/
AUTOFOCUS RENDEMENT FÉVRIER 2020 ⁽¹⁾	France	Insurance and asset management/OPCVM	98.2	/	98.2	/
AUTOFOCUS RENDEMENT JANVIER 2018 ⁽³⁾	France	Insurance and asset management/OPCVM	/	99.3	/	99.3
AUTOFOCUS RENDEMENT JANVIER 2019 ⁽³⁾	France	Insurance and asset management/OPCVM	/	99.4	/	99.4
AUTOFOCUS RENDEMENT JUIN 2018 ⁽³⁾	France	Insurance and asset management/OPCVM	/	98.4	/	98.4
AUTOFOCUS RENDEMENT DÉCEMBRE 2014 ⁽³⁾	France	Insurance and asset management/OPCVM	/	93.5	/	93.5
AUTOFOCUS RENDEMENT MARS 2015 ⁽³⁾	France	Insurance and asset management/OPCVM	/	93.9	/	93.9
AUTOFOCUS RENDEMENT MARS 2017 ⁽³⁾	France	Insurance and asset management/OPCVM	/	97.2	/	97.2
AUTOFOCUS RENDEMENT MARS 2019	France	Insurance and asset management/OPCVM	99.1	99.0	99.1	99.0
BREHAT	France	Insurance and asset management/OPCVM	20.7	75.1	20.7	75.1
BREIZH ARMOR CAPITAL	France	Banking/OPCVM	50.0	50.0	50.0	50.0
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management/OPCVM	97.6	97.6	97.6	97.6
FCPR BREIZH MA BRO ⁽¹⁾	France	Insurance and asset management/OPCVM	77.2	/	77.2	/
FCT ARDIAN SURAVENIR PRIVATE DEBT	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT MERIUS SURAVENIR	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT OBLIGATION BAUX AC 2019	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT PYTHEAS ⁽²⁾	France	Insurance and asset management/OPCVM	/	100.0	/	100.0
FCT PYTHEAS 56 ⁽¹⁾	France	Insurance and asset management/OPCVM	88.6	/	88.6	/
FCT PYTHEAS BAUX REG 2018	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT SCOR SURAVENIR EURO LOANS	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT SP EUROCREANCES	France	Insurance and asset management/OPCVM	43.4	43.4	43.4	43.4
FCT SPG DETTE PRIVEE	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT SURAVENIR CONSO FUND	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT SURAVENIR PRIVATE DEBT I	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0

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Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
FCT SURAVENIR PRIVATE DEBT II	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FCT TIKEHAU SPD III	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FEDERAL AMBITION CLIMAT	France	Insurance and asset management/OPCVM	99.3	99.3	99.3	99.3
FEDERAL CAPITAL INVESTISSEMENT	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FEDERAL CONVICTION GRANDE ASIE	France	Insurance and asset management/OPCVM	99.8	99.9	99.8	99.9
FEDERAL GLOBAL GREEN BONDS	France	Insurance and asset management/OPCVM	46.3	40.1	46.3	40.1
FEDERAL INDICIEL APAL (EX FEDERAL APAL)	France	Insurance and asset management/OPCVM	72.1	75.0	72.1	75.0
FEDERAL INDICIEL JAPON	France	Insurance and asset management/OPCVM	77.7	67.0	77.7	67.0
FEDERAL INDICIEL US	France	Insurance and asset management/OPCVM	60.7	58.3	60.7	58.3
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management/OPCVM	75.1	75.8	75.1	75.8
FEDERAL MULTI L/S	France	Insurance and asset management/OPCVM	100.0	67.2	100.0	67.2
FEDERAL MULTI OR ET MATIERES PREMIERES	France	Insurance and asset management/OPCVM	90.0	90.1	90.0	90.1
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management/OPCVM	99.4	99.5	99.4	99.5
FEDERAL OPTIMAL GESTION PRIVEE ESG ⁽¹⁾	France	Insurance and asset management/OPCVM	88.6	/	88.6	/
FEDERAL SUPPORT COURT TERME ESG	France	Insurance and asset management/OPCVM	39.9	37.2	39.9	37.2

Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
COMPANIES CONSOLIDATED USING THE SHORT-CUT METHOD						
FEDERAL TRANSITION EQUILIBRE (EX FEDERAL OPPORTUNITE EQUILIBRE ESG)	France	Insurance and asset management/OPCVM	83.0	85.4	83.0	85.4
FEDERAL TRANSITION MODERE (EX FEDERAL OPPORTUNITE MODERE ESG)	France	Insurance and asset management/OPCVM	56.4	64.5	56.4	64.5
FEDERAL TRANSITION OXYGENE (EX FEDERAL OXYGENE)	France	Insurance and asset management/OPCVM	94.7	94.2	94.7	94.2
FEDERAL TRANSITION TERRITOIRES (EX FEDERAL IMPACT TERRITOIRES)	France	Insurance and asset management/OPCVM	45.0	56.2	45.0	56.2
FEDERAL TRANSITION TONIQUE (EX FEDERAL OPPORTUNITE TONIQUE ESG)	France	Insurance and asset management/OPCVM	99.1	99.1	99.1	99.1
FLEXPERTISE	France	Insurance and asset management/OPCVM	74.6	71.4	74.6	71.4
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS LOW VOL	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS MID CAPS	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS PROTECT	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FPS SURAVENIR OVERLAY LOW VOL ACTIONS	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
FPS UBS ARCHMORE INFRASTRUCTURE DEBT PLATFORM II	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
MANDARINE EQUITY INCOME ⁽¹⁾	France	Insurance and asset management/OPCVM	97.4	/	97.4	/
OPCI CLUB FRANCE RETAIL	France	Insurance and asset management/OPCVM	46.3	46.3	46.3	46.3

Last name	Country	Sector/Activity	% control		% equity interest	
			12.31.2021	12.31.2020	12.31.2021	12.31.2020
OPCI PREIM DEFENSE 2	France	Insurance and asset management/OPCVM	37.5	37.5	37.5	37.5
OPCI PREIM EUROS	France	Insurance and asset management/OPCVM	100.0	98.1	100.0	98.1
OPCI PREIM EUROS 2	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
OPCI PREIMIUM	France	Insurance and asset management/OPCVM	67.1	73.0	67.1	73.0
OPCI TIKEHAU RET PRO	France	Insurance and asset management/OPCVM	39.3	39.3	39.3	39.3
OUESSANT	France	Insurance and asset management/OPCVM	44.3	38.7	44.3	38.7
PRIMO ELITE	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SCI PROGRES PIERRE	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SCI SURAVENIR PIERRE	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SC NOVAXIA R ⁽¹⁾	France	Insurance and asset management/OPCVM	58.2	/	58.2	/
SC PYTHAGORE ⁽¹⁾	France	Insurance and asset management/OPCVM	46.4	/	46.4	/
SCHELCHER CONVERTIBLES ESG (EX SP CONVERTIBLES)	France	Insurance and asset management/OPCVM	22.5	20.4	22.5	20.4
SCHELCHER CONVERTIBLES MID CAP ESG (EX SP CONVERTIBLES MID CAP ESG)	France	Insurance and asset management/OPCVM	32.9	22.5	32.9	22.5
SCHELCHER GLOBAL HIGH YIELD (EX SP HAUT RENDEMENT)	France	Insurance and asset management/OPCVM	40.2	43.2	40.2	43.2
SCHELCHER IVO GLOBAL YIELD 2024	France	Insurance and asset management/OPCVM	47.4	45.9	47.4	45.9
SCHELCHER MULTI ASSET (EX SP CROISSANCE)	France	Insurance and asset management/OPCVM	92.2	91.6	92.2	91.6
SCHELCHER OPTIMAL INCOME ESG (EX SP OPPORTUNITES EUROPEENNES)	France	Insurance and asset management/OPCVM	30.6	30.5	30.6	30.5
SCI CLOVERHOME	France	Insurance and asset management/OPCVM	50.0	50.0	50.0	50.0
SCI LE VINCI HOLDING	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SCI PR2 PREIM RET 2	France	Insurance and asset management/OPCVM	38.0	38.0	38.0	38.0
SCI SILVER AVENIR	France	Insurance and asset management/OPCVM	90.4	100.0	90.4	100.0
SCI USUFRUIMMO	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SCPI PRIMOFAMILY	France	Insurance and asset management/OPCVM	/	37.7	/	37.7
SURAVENIR INITIATIVE ACTIONS	France	Insurance and asset management/OPCVM	100.0	100.0	100.0	100.0
SYNERGIE FINANCE INVESTISSEMENT	France	Banking/OPCVM	100.0	100.0	100.0	100.0
WE POSITIVE INVEST	France	Banking/OPCVM	100.0	100.0	100.0	100.0
YOMONI ALLOCATION	France	Insurance and asset management/OPCVM	/	42.5	/	42.5

(1) Companies first-time consolidated in 2021.

(2) Property.

(3) Liquidation.

(4) Transfer of assets and liabilities

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

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The short-cut method entails:

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

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

Note 49. Business combination

On January 29, 2021, Crédit Mutuel Arkéa purchased Catella Asset Management. The company, renamed Arkéa Real Estate at the acquisition, specializes in real estate investment and asset and property management activities on behalf of third parties and is intended to support future developments in real estate.

Arkéa Real Estate is fully consolidated in the accounts of Crédit Mutuel Arkéa.

The following table contains key information about these business combinations:

(in € thousands)	Arkéa Real Estate
Date of acquisition	01.29.2021
Acquisition price	24,234
Net IFRS position (100%)	5,682
Goodwill (100%)	6,068
Related deferred taxes (100%)	(1,567)
Other (100%)	0
Net assets + Goodwill	10,183
Consolidation method	Full consolidated
Goodwill recognized on the balance sheet (full goodwill)	16,516
Contribution to the group's 2021 profit/loss	(9)

Note 50. Events after the reporting period

On 24 February 2022, the Board of Directors authorised the group's executive officers to review and negotiate, as appropriate, the process to sell all or part of the Leetchi and Budget Insight securities held by Crédit Mutuel Arkéa.

3.6 Aggregate financial statements for the year ended December 31, 2021

The aggregate financial statements are prepared in accordance with French accounting standards.

These aggregate financial statements correspond to the bank named Crédit Mutuel Arkéa, which has the bank code 15589.

3.6.1 Balance sheet

3.6.1.1 Balance sheet structure

At December 31, 2021, the balance sheet total of the aggregate financial statements increased by €11.1 billion to €110 billion, compared with €99 billion in 2020, or an increase of 11%.

On the assets side, the cash and central banks item was up by €2.9 billion, notably due to the reinvestment of drawdowns in the TLTRO III. Government securities and similar securities decreased by €1.2 billion; and bonds and other fixed income securities increased by €1.4 billion. Receivables from credit institutions increased by €3.9 billion mainly due to the increase in outstanding loans granted to the group's subsidiaries in connection with the increase in their credit granting activity.

Transactions with customers increased by €4.0 billion, thanks in particular to the sustained production of home loans.

On the liabilities side, debts to credit institutions increased by €5.4 billion under the effect of participation in TLTRO III transactions and the increase in outstandings replenished by the subsidiaries following good commercial performances in savings collection.

Transactions with customers increased by €4.6 billion to €35.7 billion in line with the inflows on current accounts in credit and interest-bearing bank savings.

3.6.1.2 Equity

Equity amounts to €6.6 billion. It is made up of shareholders' equity (capital, reserves, etc.) and the Fund for General Banking Risks. The share capital increased by €170 million to €2.5 billion. Almost all of this capital is made up of shares subscribed to by the local banks. Reserves increased by €90 million to €3.0 billion.

The Fund for General Banking Risks amounted to €911 million, compared to €797 million in 2020. In addition to the amounts allocated to cover general risks, it includes the federal fund set up by the local bank networks, which is involved in the financial solidarity mechanisms.

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Aggregate financial statements for the year ended December 31, 2021

Assets

(in € thousands)	Notes	31.12.2021	31.12.2020
Cash, central banks	1	15,366,957	12,422,455
Treasury bills and similar securities	2	2,833,605	3,997,390
Due from credit institutions	3	32,477,873	28,574,899
Transactions with customers	4	41,727,237	37,689,834
Bonds and other fixed-income securities	5	10,245,849	8,886,486
Shares and other variable-income securities		198,917	154,564
Equity holdings and other long-term investments	6	342,556	371,903
Share in associates	6	5,337,077	5,053,719
Intangible assets	7	12,677	13,555
Property, plant and equipment	7	207,666	210,578
Other assets	8	823,532	993,513
Accruals	9	583,064	646,785
TOTAL		110,157,010	99,015,681

Liabilities

(in € thousands)	Notes	31.12.2021	31.12.2020
Liabilities to credit institutions	10	52,583,575	47,216,387
Transactions with customers	11	35,663,621	31,059,317
Debt securities	12	11,444,772	10,643,502
Other liabilities	13	398,723	408,213
Accruals	14	964,499	973,156
Provisions	15	76,038	81,375
Subordinated debt	16	2,450,684	2,450,723
Fund for general banking risks (FRBG)		911,383	796,644
Shareholders' equity excluding FRBG	17	5,663,715	5,386,364
Subscribed capital		2,543,391	2,372,990
Additional paid-in capital		6,175	5,438
Reserves		2,953,468	2,863,131
Regulated provisions and investment subsidies		4,545	4,532
Retained earnings		13,411	14,669
Profit/loss for the year		142,275	125,604
TOTAL		110,157,010	99,015,681

Off-balance sheet items

(in € thousands)	Notes	31.12.2021	31.12.2020
Commitments given	21	6,829,814	6,443,869
Financing commitments		4,311,889	3,844,226
Guarantee commitments		2,508,346	2,592,556
Securities commitments		9,579	7,087
Commitments received	21	16,897,467	14,648,022
Financing commitments		15,396,546	13,235,805
Guarantee commitments		1,323,933	1,210,245
Securities commitments		176,988	201,972
Financial futures	22	101,757,614	98,294,060

3.6.2 Income statement

3.6.2.1 Net income

Net income from the aggregate financial statements reached €143 million, up €17 million compared to 2020.

Net income

(in € millions)

(in €m)

126

2020

143

2021

3.6.2.2 Net banking income

The net banking income from aggregate financial statements amounted to €1,024 million, an increase of €136 million.

The financial margin was up by €113 million to €575 million, marked in particular by the increase in income received on equity investments and the increase in transactions with subsidiaries.

Net commissions increased by €21 million to €449 million driven by the good commercial momentum in 2021.

Net banking income

(in € millions)

(in €m)

887

2020

1024

2021

3.6.2.3 Operating expenses

Operating expenses increased by €96 million to €808 million in 2021. This change is mainly due to the increase in employee benefits expenses, in particular due to the increase in social security liabilities (including the favourable effects observed in 2020 of the crystallisation of the conditions of the supplementary pension in line with the Pacte Law).

Operating expenses

(in € millions)

(in €m)

713

2020

808

2021

3.

3.6.2.4 Cost of risk

The cost of risk amounted to €2 million, down €10 million compared to 2020 due in particular to the reversals of provisions in the housing market.

3.6.2.5 Gains or losses on fixed assets

Net gains on fixed assets increased by €59 million to reach €11 million in 2021 mainly due to the impairment of equity investments in 2020.

Gains or losses on fixed assets

(in € millions)

(in €m)

11

-48

2020

2021

3. FINANCIAL INFORMATION

Aggregate financial statements for the year ended December 31, 2021

Income statement

(in € thousands)	Notes	12.31.2021	12.31.2020
Interest and similar income	23	1,514,768	1,429,996
Interest and similar expense	23	(1,311,522)	(1,286,103)
Income on variable-income securities	24	315,316	281,702
Commissions income	25	515,968	490,980
Commissions expense	25	(67,170)	(63,281)
Net gains/(losses) on trading account securities	26	2,650	(3,562)
Net gains/(losses) on investment portfolio and similar securities	26	53,901	40,483
Other operating income from banking activities		14,115	6,604
Other operating expense from banking activities		(14,354)	(9,479)
NET BANKING INCOME		1,023,672	887,340
General operating expenses	27	(795,729)	(699,949)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(12,524)	(12,565)
GROSS OPERATING INCOME		215,419	174,826
Cost of risk	28	(2,211)	(12,386)
OPERATING INCOME		213,208	162,440
Gains/(losses) on non-current assets	29	10,743	(48,369)
RECURRING INCOME BEFORE TAX		223,951	114,071
Non-recurring income/(loss)	30	653	39,904
Income tax	31	32,860	47,604
Allocation to/reversals from FRBG and regulated provisions		(114,739)	(75,975)
NET INCOME		142,725	125,604

3.6.2.6 Supplier and customer deadlines

In application of the provisions of Article L.441-14 of the French Commercial Code, the breakdown of the balance of outstanding trade payables by due date at the closing date was as follows:

Article D.441-6 I, 1°: invoices received not paid at the closing date of the financial year whose term has expired					Article D.441-6 I, 2°: invoices issued not paid at the closing date of the financial year whose term has expired						
0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment tranches											
Number of invoices concerned					137						
Total amount of invoices concerned including VAT	9,517.04	17,811.31	38,535.19	13,469.12	79,332.66						
Percentage of the total amount of purchases for the financial year including VAT	0.01%	0.02%	0.03%	0.01%	0.07%						
Percentage of turnover for the financial year including VAT											
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables											
Number of excluded invoices											
Total amount of invoices excluded											
(D) Reference payment periods (contractual or legal period – Article L.441-10 or Article L.441-11 of the French Commercial Code)											
Payment periods used for the late payment calculation	X	Contractual deadlines:				Contractual deadlines:					
		Legal deadlines:				Legal deadlines:					

For receivables and payables relating to Crédit Mutuel Arkéa's customers, reference should be made to Note 19 on the breakdown of assets and liabilities, which provides information on their residual term.

3. FINANCIAL INFORMATION

Aggregate financial statements for the year ended December 31, 2021

3.6.2.7 Other mentions

Five-year financial summary and other key data of the company

	2017	2018	2019	2020	2021
SHARE CAPITAL AT YEAR-END					
(in € thousands)					
Share capital	2,202,426	2,260,952	2,347,978	2,372,990	2,543,391
Number of ordinary shares outstanding	2,201,414,815	2,259,941,584	2,346,975,060	2,372,737,903	2,543,139,003
Number of existing preferred shares (without right to vote)					
Maximum number of shares to be created:					
■ through exercise of convertible					
■ through exercise of subscription rights					
OPERATIONS AND RESULTS OF THE YEAR					
(in € thousands)					
Turnover (net of taxes)	2,674,167	2,164,192	2,232,950	2,209,282	2,360,168
Income before tax, employee profit sharing, and allocations to depreciation, amortisation and provisions	828,924	222,378	105,405	103,742	203,726
Income tax*	(9,280)	34,811	(72,531)	(47,604)	(32,860)
Employee profit sharing due for the year*	5,584	5,885	4,920	6,740	8,480
Income after tax, employee profit sharing, and allocations to depreciation, amortisation and provisions	514,348	117,494	93,622	125,604	142,275
Distributed earnings	36,824	39,505	38,723	36,512	36,501
EARNINGS PER SHARE					
(in €)					
Earnings after tax and employee profit-sharing but before allocations to depreciation, amortisation and provisions	0.38	0.08	0.04	0.04	0.09
Income after tax, employee profit sharing, and allocations to depreciation, amortisation and provisions	0.23	0.05	0.04	0.05	0.06
Dividend per share	0.02	0.02	0.02	0.02	0.01
EMPLOYEES					
Average number of employees during the year	6,281	6,128	6,456	6,331	6,478
Total payroll for the year	260,054	263,818	281,825	260,531	266,188
Employee benefits (Social Security, charities)	129,951	136,612	134,713	127,057	136,141

* Charges signed positively and revenues negatively.

Notes

Legal and financial framework and highlights of the year

Legal and financial framework

Pursuant to Regulation R.511-3 of the French Monetary and Financial Code, Crédit Mutuel Arkéa's publishable aggregate financial statements encompass:

- Fédération du Crédit Mutuel de Bretagne and the member Crédit Mutuel savings banks;
- Fédération du Crédit Mutuel du Sud-Ouest and the member Crédit Mutuel savings banks;
- Crédit Mutuel Arkéa.

These aggregate financial statements pertain to the banking institution called Crédit Mutuel Arkéa whose bank code is 15589.

In this document, the term "Crédit Mutuel Arkéa" corresponds to the scope of the aggregate financial statements defined above.

Highlights of the year

Since the start of the health crisis, Crédit Mutuel Arkéa has been fully committed to helping its customers navigate the crisis. Crédit Mutuel Arkéa relies on its business model, its close ties to its regions and a robust financial structure to support its customers.

Against a backdrop of economic recovery in 2021, net banking income grew by 15% to €1,024 million, driven by good sales momentum.

Operating expenses increased by €96 million to €808 million (up 13%) due to a return to a more normalised level of activity and execution of the projects in the Transitions 2024 medium-term plan.

At €2.2 million, cost of risk reflects the quality of the portfolio and includes the reversal of a provision of €14 million relating to a specific case.

After an increase of €115 million to the general banking risk reserve, net profit came to €143 million at December 31, 2021.

Accounting principles and valuation methods

Presentation of the financial statements

The financial statements are presented in accordance with Regulation 2014-07 of the French Accounting Standards Authority (ANC) on the financial statements of companies in the banking sector.

General principles and valuation methods

General principles

With the exception of notes 3 and 10, the valuation and presentation methods used this year for the annual financial statements have not changed from the previous year.

General accounting conventions have been applied based on the principle of conservatism in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one year to the next;
- time-period concept

and in accordance with the general rules regarding the preparation and presentation of annual financial statements.

The company financial statements are prepared in accordance with generally accepted accounting principles and the regulations applicable to credit institutions in France, as set out in ANC Regulation 2014-07 of November 26, 2014 which consolidates in a single regulation, on the basis of established law, all accounting standards applicable to credit institutions.

The basic method used to measure the accounting items is the historical cost method.

The main methods used are as follows:

Impacts related to the Covid-19 pandemic

Background

Crédit Mutuel Arkéa's financial statements were prepared using the method given in the recommendations and observations issued by the ANC on July 24, 2020 on including the consequences of the Covid-19 pandemic in full and interim financial statements prepared as from January 1, 2020.

The method consists of disclosing the key relevant impacts on the company's income statement and balance sheet of the Covid-19 event.

Covid-19 health crisis

The COVID-19 health crisis had little impact on the entity's performance over the past financial year.

The financial impacts of the Covid-19 health crisis cannot be distinguished from changes due to other impacts.

Covid-19 support measures

Crédit Mutuel Arkéa continued its participation in the government's economic support program by extending the distribution of government-guaranteed loans 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. 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).

At the time of origination, government-backed loans are recognized as customer loans at their contractual value. Interest accrued since loan origination or since the last contractual due date is recognized in profit or loss and recorded on the balance sheet as accrued interest on outstanding loans. Guarantee fees received and paid are amortized on a straight-line basis over the loan term. The amount guaranteed by the government is disclosed under commitments received.

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Notes

At December 31, 2021, government-backed loans issued by the company totaled €519,272 thousand, of which €509,626 thousand is guaranteed, and included €30,779 thousand in "seasonal" government-backed loans that are 100% guaranteed.

At the end of the first year, a company that has taken out a government-guaranteed loan may decide to amortise the loan over an additional period of one, two, three, four or five years.

Outstandings on loans subject to deferred repayment stood at €508,038 thousand, of which 91% were for an additional five-year period.

At 31 December 2021, non-performing outstandings amounted to €20,508 thousand.

Impairment is recorded on a government-backed loan when the loan is classified as non-performing. Impairment must represent the probable loss, and its amount will take into account the guarantee provided by the government.

At December 31, 2021, impairments of €2,377 thousand were recorded on the total amount of government-backed loans.

For accounting purposes, the repayment holiday is treated as a payment deferral. The interest continues to be recognized as income, and is recorded as accrued interest on the balance sheet.

Payment extensions were granted on loans totaling €3,300,731 thousand during 2021. At December 31, 2021, customers had resumed payments according to the repayment schedule for 97.10% of these loans.

Changes related to the extension of government-guaranteed loans are deferred on a pro rata basis.

In addition, in accordance with the provisions of Articles L.313-13 et seq. of the French Monetary and Financial Code and the provisions of Decree No. 2021-318 of 25 March 2021 relating to the government guarantee provided for in Article 209 of Law No. 2020-1721 of 29 December 2020, the 2021 Finance Act, participatory recovery loans have been offered to eligible customers.

Participatory recovery loans, with a maturity of eight years and a four-year repayment deferral, are intended to finance investment. These loans range from €200 thousand to €100 million and are remunerated at a fixed rate freely defined by the bank, which may be increased by a share in the Borrower's net profits (participatory clause).

The amounts distributed as participatory recovery loans are immaterial.

Valuation options and methods

Receivables

Amounts due from credit institutions and customers are governed by ANC Regulation 2014-07 on the accounting treatment of credit risk at companies subject to the supervision of the French Banking and Financial Regulations Committee (CRBF). Accrued interest on receivables is recognized in the accrued interest account through profit or loss.

In accordance with ANC Regulation 2014-07, on Crédit Mutuel Arkéa's aggregate financial statements, commissions from credit granting and renegotiation are spread over the actual loan term in proportion to the principal balance. Commission income is presented as net interest income under net banking income on the income statement and included in outstanding loans on the balance sheet.

With effect from the financial year ending 31 December 2021, in accordance with the rules stipulated in Articles L.211-36 et seq. of the French Monetary and Financial Code, repurchase transactions between institutions that are both creditors and debtors of the same counterparty are offset. The amount of repurchase offsets affects amounts due from credit institutions and amounts due to credit institutions.

A breakdown of this impact is provided in the Notes relating to amounts due from credit institutions and amounts due to credit institutions.

Classification

Loans are broken down into performing loans and non-performing loans.

Non-performing loans include loans for which a risk of full or partial non-recovery is probable and which meet one of the following two conditions:

- overdue by more than six months for real estate loans or by more than three months for other types of loans;
- counterparty whose financial situation has worsened or who is involved in litigation.

The classification of a loan as non-performing results, by contagion, in the same classification for all the loans of a given counterparty.

Loans for which acceleration of payment has been demanded are classified as irrecoverable non-performing loans.

The notion of "doubtful loans" covers non-performing loans and irrecoverable non-performing loans. The recognition of interest is suspended on the date of classification as irrecoverable non-performing loan.

Non-performing outstandings are classified as performing outstandings when the borrower has remained performing over the last 24 months and has no outstanding payments of more than 30 days on all its contracts at the end of the 24 months.

When payments of the amounts due are again being made on a regular basis, the loans are reclassified as performing loans. Restructured loans whose probability of recovery is deemed sufficient are also classified as performing loans.

A restructured receivable is a receivable that has been granted for any type of exposure to a customer who is encountering or is about to encounter difficulties in honouring its financial commitments.

Portfolio credit risk quality

The customer loan portfolio credit risk quality is determined by an internal rating of customers that measures their ability to repay over the next 12 months. Updated daily to take account of potential risk events, it is expressed on a scale of 11 ratings, from the highest rating of A+ (lowest risk) to the lowest rating of F (highest risk). The internal ratings E- and F cover non-performing and disputed receivables, while the nine other ratings cover performing receivables.

Impairment

Non-performing loans are impaired, on a case-by-case basis, in order to cover the probable loss. This impairment is deducted from the receivables corresponding to the asset. The interest on non-performing loans recognized in income is fully impaired.

On the income statement, impairment provisions and reversals, losses on bad debt and recoveries of written-off loans are recognized under "Cost of risk", with the exception of impairment provisions and reversals related to interest on non-performing loans which are presented under net banking income.

In accordance with the Customer Credit Risk Management Policy, provisions are calculated statistically and then supplemented by provisions assessed by a specialist.

In accordance with ANC Regulation 2014-07, this impairment is recognized at present value in order to cover all projected losses on non-performing loans or irrecoverable non-performing loans. Projected losses are equal to the difference between the initial contractual flows still due and the discounted projected 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, projected flows are discounted only if the impact of discounting is material compared to their amounts estimated conservatively. As a result, only impairment on disputed receivables is discounted. In the income statement, provisions related to discounting are recognized under cost of risk and reversals related to the effects of accretion are recorded under net banking income. Provisions set up to cover individualized off-balance sheet risks are listed under liabilities.

The projected loss is calculated by applying statistical provisioning rate tables, which take into account the age of the receivable in default and the value of the guarantee.

In accordance with the Customer Credit Risk Management System, write-offs are generally carried out after all recovery options have been exhausted and, at the decision of the body that has been vested with the necessary powers, the receivable deemed definitively lost is cleared via an "irrecoverable receivables" account.

Guarantees

Guarantees are valued at the best frequency, depending on the type of guarantees included in the portfolio.

Securities portfolio

Securities portfolio transactions are recognized in accordance with the provisions of ANC Regulation 2014-07.

Trading securities

Trading securities are securities that are originally:

- either acquired or sold with the intention of reselling or repurchasing them in the near term;
- or held by an institution as a result of its activity as a market maker, and this classification as trading securities is subject to the securities being actually traded in a significant transaction volume based on market opportunities and subject to the following conditions: the securities must be traded on an active market and the accessible market prices must represent actual and regularly occurring market transactions on an arm's length basis.

Trading securities are recognized on the balance sheet as of their acquisition date and at their acquisition price excluding expenses and, where applicable, including accrued interest. At each closing, these securities are valued at the most recent market price. Net differences resulting from price changes are recorded on the income statement.

Available-for-sale securities

Securities that are not recorded as trading securities, as investment securities or as the securities referred to in section 5 of title 3 of book II of ANC Article 2014.07 are considered available-for-sale securities.

Available-for-sale securities are recognized on the balance sheet as of their acquisition date and at their acquisition price excluding expenses and, where applicable, including accrued interest. At each closing, these securities are valued at the most recent market price. Net differences resulting from price changes are recorded on the income statement.

The positive difference between the acquisition price and the redemption price of fixed-income securities is amortized over the residual maturity of the securities using the actuarial method, with the exception of securitizations and structured bonds, for which the straight-line method is used.

At each closing, impairment is recorded, on a security-by-security basis, for the unrealized capital losses resulting from the difference between the carrying amount and the market price of securities not subject to a hedging strategy. Unrealized capital gains are not recorded.

Investment securities

Fixed-income securities with a fixed maturity that were acquired or reclassified from the "available-for-sale securities" category or the "trading securities" category with the clear intention of holding them to maturity are considered investment securities.

The institution must have the necessary financing capacity to hold them to maturity while not being subject to any legal or other requirement that could compromise its intention of holding them to maturity.

Investment securities are recognized as of their acquisition date and at their acquisition price excluding expenses. Accrued interest recorded at the time of acquisition of the securities, where applicable, is recognized in similar accounts.

The rule for amortizing the difference between the acquisition price and the redemption price is the same rule used for available-for-sale securities. No provision is recorded for the unrealized capital losses resulting from the difference between the carrying amount and the market price.

Only the risk of default of the issuer of the securities can result in the recognition of impairment. This impairment is recorded in the income statement under "cost of risk". Unrealized capital gains are not recorded.

Equity investments and shares in associates

Equity investments and shares in associates include shares and similar securities. The long-term ownership of which is deemed to be beneficial to the company's development and which allow holders to exercise significant influence over or control the issuing company. This influence is deemed to exist when the percentage of control is greater than or equal to 10%.

Equity investments and shares in associates are recognized as of their acquisition date and at their acquisition price excluding expenses. They are then measured based on their value-in-use and appear on the balance sheet at the lower of their acquisition price and this value-in-use.

The value in use for each security is estimated using valuation methods based either on market approaches (multiples, sector benchmarks, etc.), income approaches (discounting of future cash flows, DCF – discounted cash flows, DDM – dividend discount model, etc.) or cost approaches (adjusted net assets), thereby enabling an assessment of profit expectations. For securities listed on an active market, the value in use is considered equal to the average market price observed over the last month.

A provision for impairment is recorded for unrealized capital losses resulting from the difference between the carrying amount and the value-in-use, on a security-by-security basis, without offsetting with unrealized capital gains. Unrealized capital gains are not recorded.

Securities sold under repurchase agreements

Securities sold under repurchase agreements are recorded as assets on the balance sheet and treated according to the rules applicable to the portfolio to which they belong. The assignee's debt is recorded as a liability.

Other long-term investments

"Other long-term investments" are shares or similar securities that are held with the intention of supporting the development of long-term business relations by creating special ties with the issuing company but without influencing its management given the low number of voting rights associated with these securities. Other long-term investments are recognized as of their acquisition date and at their acquisition price excluding expenses. They are then measured based on their value-in-use and appear on the balance sheet at the lower of their acquisition price and this value-in-use.

A provision for impairment is recorded for unrealized capital losses resulting from the difference between the carrying amount and the value-in-use, on a security-by-security basis, without offsetting with unrealized capital gains. Unrealized capital gains are not recorded.

Scope of judgments and estimations

The fair values of equity securities in the portfolio are determined mainly by applying the recommendations of the IPEV Board:

- The effects of the health crisis and its economic consequences are to be taken into account,
- Fair value is to be established on the basis of information that was known and knowable at the measurement date,
- Government measures (including cash measures) are to be taken into account where they are assured,
- When carrying out the assessment, consideration must be given to the weighting afforded to recent transactions,
- Fair value is the price that would be received in an orderly transaction between market participants in the current environment.

Financial futures transactions

These transactions are recognized in accordance with the provisions of ANC Regulation 2014-07.

Commitments on financial futures transactions are recorded on a line of the off-balance sheet at their nominal value. This amount is merely an indication of the volume of outstanding transactions at closing and does not reflect the market risk related to these instruments. The fair value of the financial instruments is determined by reference to a market value or by applying generally accepted valuation models.

Interest rate instruments

Organized markets

Futures contracts are valued at each closing at their market value. For hedging transactions, realized gains and losses are recognized in the income statement symmetrically with the recording of income and expenses related to the hedged item. For isolated positions, gains and losses related to the revaluation are recognized directly in the income statement.

Over-the-counter markets

Interest rate swaps and forward rate agreements (FRA) result in the calculation of interest on a prorata basis over their reference term. The income and expenses related to the same contract are recorded at their net amount.

For option contracts (cap, floor, collar), premiums and accrued interest are recognized through profit or loss on a prorata basis.

For speculative swaps, a provision is recorded in case of an unrealized capital loss.

For hedging swaps, a provision is recorded for the hedged security resulting in a capital loss (which is not fully offset by the unrealized capital gain on the swap).

Exchange rate instruments

The valuation difference on foreign exchange swaps is recognized through profit or loss on each reporting date.

For currency options, unrealized capital gains or losses are recognized through profit or loss. At maturity, if an option is exercised, this results in a currency purchase or sale.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are shown at their historical cost less accumulated depreciation and amortization. Straight-line amortization and depreciation is used.

In accordance with ANC Regulation 2014-03 on the rules regarding asset amortization, depreciation and impairment, the main components of buildings are kept separate in accounting and depreciated over their respective useful lives. The following components and depreciation periods have been used:

Component	Depreciation period
Land	not depreciable
Building shell	Corporate buildings and investment properties: 50 years Branches: 25 years
Roof and siding	25 years
Technical work packages	20 years
Fixtures	3 to 10 years
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

Pursuant to Regulation 2014-03 of the French Accounting Standards Authority on asset definition, recognition and valuation, the acquisition costs of property, plant and equipment and intangible assets are included in the initial value of these assets recorded on the balance sheet.

Software intended for internal use is recognized in fixed assets if it is highly probable that the project will be a technical success and the entity expresses its desire to produce the software (General Chart of Accounts Art. 611-3).

Software created by the entity intended for commercial use and software intended for the entity's own purposes is recognized in fixed assets at production cost. Production cost includes only costs related to the detailed design of the application (organic analysis), programming, testing and test cases and drafting of technical documentation for internal or external use (General Chart of Accounts Art. 611-4).

When indications of impairment exist, an impairment test is carried out to compare the carrying amount of the asset and its current value. In case of an impairment loss, impairment is recorded on the income statement under "Depreciation, amortization and impairment of property, plant and equipment and intangible assets". In particular, the loss resulting from a merger or similar transaction is impaired when the current value of an underlying asset to which a share of the loss was allocated falls below the carrying amount of such asset, increased by the share of the allocated loss.

Pursuant to ANC Regulation 2015-06 transposing the 2013 European directive, the technical loss is recorded on the balance sheet by asset category based on its allocation to the unrealized capital gains on the underlying assets contributed (General Chart of Accounts Art. 745-5 and 745-6).

Goodwill

The residual technical loss after allocation to the various underlying assets is recorded at its net amount in goodwill.

Goodwill consists of the components of a business that are not identifiable and were not valued separately on the balance sheet. It contributes to maintaining and developing the business' potential: goodwill that is deemed to have an indefinite life is not amortized but is tested annually for impairment in accordance with ANC Regulation 2015-06 of November 23, 2015. In the event that this results in a lower amount than shown on the asset side of the balance sheet, impairment is recorded. Impairment recorded on the technical loss and on goodwill cannot be written back.

Provisions

Provisions are set up to cover clearly identified and measurable risks or expenses. Provisions not related to banking transactions are recorded in accordance with ANC Regulation 2014-03 and are subject to the existence of an obligation vis-à-vis third parties without future consideration.

Provisions for home savings accounts and plans

ANC Regulation 2014-07 is applied for the recognition of home savings accounts and plans. The purpose of the home savings provision is to cover the risks related to:

- the commitment to extend home loans to account holders and subscribers of home savings plans at a regulated interest rate that may be lower than the prevailing market rate;

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

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all home savings accounts (which are a single generation), without offsetting between the commitments related to different generations. 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.

Provisions for pension obligations

For its aggregate financial statements, Crédit Mutuel Arkéa applies ANC Recommendation 2013-02 of November 7, 2013 on the rules for recognition and valuation of pension obligations and similar benefits.

Pension plans include defined contribution plans and defined benefit plans. Defined contribution plans do not entail a commitment on the part of the company regarding the level of benefits provided. The contributions paid represent an expense for the year which is recognized under "Personnel expenses". Defined benefit plans are those for which the company has agreed to provide a benefit amount or level. This commitment constitutes a medium or long-term risk. Pension commitments outside the scope of defined contribution plans are fully provisioned in the balance sheet under "Provisions". Retirement bonuses and long service awards are also recorded under this item.

In accordance with recommendation no. 2013-02 of 7 November 2013, amended on 5 November 2021, early application is possible for financial years ending on or after 30 June 2021. The company did not opt for this early application.

Fund for general banking risks

Established by Regulation 90-02 of the French Banking and Financial Regulations Committee, this fund is set up at the discretion of management to cover risks that may or may not materialize and are part of the banking activity.

Additions and deductions are recorded on the income statement under "Additions to, deductions from funds for general banking risks".

Translation of financial statements in foreign currencies

In accordance with the provisions of ANC Regulation 2014-07, assets, liabilities and spot exchange off-balance sheet commitments denominated in foreign currencies are measured at the year-end market price, with the exception of items denominated in foreign currencies participating in the European single currency scheme, for which the official conversion rate has been used. The same rule applies to forward exchange commitments. Income and expenses in foreign currencies are recorded at the exchange rate in effect on the last day of the month of their receipt or payment, and expenses and income accrued but not yet paid on the balance sheet date are converted at the exchange rate on that date.

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Information regarding balance sheet, off-balance sheet and income statement items

Note 1. Cash, due from central banks

(in € thousands)	12.31.2021	12.31.2020
Cash	134,295	140,199
Due from central banks	15,232,662	12,282,256
TOTAL	15,366,957	12,422,455

Note 2. Treasury bills and similar securities

(in € thousands)	12.31.2021			12.31.2020		
	Available-for-sale	Investment	Total	Available-for-sale	Investment	Total
Securities held (gross value)	2,457,314	374,939	2,832,253	3,609,177	382,720	3,991,897
Related receivables	2,263	1,200	3,463	4,504	1,196	5,700
GROSS TOTAL	2,459,577	376,139	2,835,716	3,613,681	383,916	3,997,597
Impairment	(2,111)		(2,111)	(207)		(207)
NET TOTAL	2,457,466	376,139	2,833,605	3,613,474	383,916	3,997,390
Unrealized capital gains and losses	43,054	23,815	66,869	68,555	18,072	86,627
Difference between acquisition price and redemption price	31,306	15,216	46,522	24,853	8,793	33,646

In 2021, no transfers were made between the different categories of securities and no investment securities were sold before maturity.

Note 3. Due from credit institutions

(in € thousands)	12.31.2021			12.31.2020		
	Sight accounts	Term accounts	Total	Sight accounts	Term accounts	Total
Current accounts	231,227		231,227	408,952		408,952
Loans, securities received under repurchase agreements*		32,168,982	32,168,982		28,094,180	28,094,180
Related receivables	10,705	66,959	77,664	(1)	71,768	71,767
TOTAL	241,932	32,235,941	32,477,873	408,951	28,165,948	28,574,899

* As at 31 December 2021, repurchase offsets amounted to €308,700 thousand. As at 31 December 2020, the impact of this offset would have been €200,012 thousand.

The centralized savings presented in receivables due from credit institutions correspond to the amount to be paid to the Caisse des Dépôts et Consignation in respect of the final call of the month.

Subordinated assets

(in € thousands)	12.31.2021	12.31.2020
Due from credit institutions	439,843	1,040,253

Note 4. Transactions with customers – Assets

(in € thousands)	12.31.2021	12.31.2020
Commercial receivables	2,618	2,867
Related receivables	-	-
Loans and credit	40,945,518	36,911,566
Related receivables	47,922	47,905
Current accounts	458,992	438,782
Related receivables	6,635	5,890
Non-performing loans	539,868	588,110
Of which irrecoverable non-performing loans	427,895	453,986
Related receivables	109,773	109,293
Impairment	(384,089)	(414,579)
Of which impairment on irrecoverable non-performing loans	(303,509)	(300,661)
TOTAL	41,727,237	37,689,834

3.

Banque de France-eligible receivables on behalf of the Crédit Mutuel Arkéa totaled €3,408,041 thousand in 2021.

Impairment and provisions for credit risk recorded for transactions with customers

(in € thousands)	12.31.2020	Allocations	Reversals	Other chg.	12.31.2021
Impairment deducted from assets	414,579	67,969	(98,459)	-	384,089
Provisions recorded under liabilities	9,142	3,888	(2,309)	-	10,721
in respect of signature commitments	5,525	2,521	(984)	-	7,062
in respect of customer receivables	3,618	1,367	(1,325)	-	3,660
TOTAL	423,721	71,857	(100,768)	-	394,810

Non-performing receivables and accrued interest by counterparty

(in € thousands)	12.31.2021		12.31.2020	
	Impaired assets (S3)	Impairment	Impaired assets (S3)	Impairment
Central banks	-	-	-	-
Public administrations	-	-	-	-
Credit institutions	-	-	-	-
Other financial companies	2,480	(1,535)	22,888	(17,001)
Non-financial companies	405,793	(242,965)	402,500	(246,487)
Households	241,368	(139,589)	272,014	(151,091)
TOTAL	649,641	(384,089)	697,402	(414,579)

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 5. Bonds and other fixed-income securities

(in € thousands)	12.31.2021			12.31.2020		
	Trading	Available-for-sale	Invest.	Total	Trading	Available-for-sale
						Invest.
						Total
Securities held (gross value)	-	10,018,098	193,743	10,211,841	-	8,652,331
Related receivables	-	37,907	83	37,990	-	41,954
GROSS TOTAL	-	10,056,005	193,826	10,249,831	-	8,694,285
Impairment	-	(3,982)	-	(3,982)	-	(2,068)
NET TOTAL	-	10,052,023	193,826	10,245,849	-	8,692,217
Unrealized capital gains and losses	-	22,683	(1,813)	20,870	-	64,423
Difference between acquisition price and redemption price	-	70,601	989	71,590	-	63,331
						546
						63,877

In 2021, no transfers were made between the different categories of securities.

Note 6. Equity holdings, other long-term investments and shares in associates

(in € thousands)	12.31.2020	Increase	Decrease	Others	12.31.2021
Equity holdings					
Gross value	289,815	3,515	(29,116)		264,214
Impairment	(13,348)	(1,402)	3,812		(10,938)
NET VALUE	276,467	2,113	(25,304)		253,276
Other long-term investments					
Gross value	95,989	8,750	(277)	(14,523)	89,939
Impairment	(553)	(210)	104		(659)
NET VALUE	95,436	8,540	(173)	(14,523)	89,280
Associates					
Gross value	4,788,161	263,355		7,822	5,059,338
Allocated loss	312,390				312,390
Impairment	(46,832)	(3,539)	15,720		(34,651)
NET VALUE	5,053,719	259,816	15,720	7,822	5,337,077

Equity holdings and shares in associates held at credit institutions amounted to €1,828,427 thousand.

As a result of the application of Regulation 2015-06, the loss was allocated to the securities related to associates. It was neither impaired nor amortized at 12.31.2021.

List of subsidiaries and equity holdings:

(in € thousands) Company name and address	Share of capital held	Shareholders' equity	Last year profit/loss
DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF CAPITAL			
1. SUBSIDIARIES (COMPANIES MORE THAN 50% HELD)			
SURAVENIR ⁽¹⁾ 232, rue Général Paulet - 29802 BREST CEDEX	100.00%	2,072,070	169,588
ARKÉA BANQUE ENTREPRISES ET INSTITUTIONNELS ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ-KERHOUON/BREST	100.00%	1,419,066	109,852
CRÉDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE ⁽¹⁾ 1, rue Dôme BP 102 - 67000 STRASBOURG	100.00%	298,858	13,898
SURAVENIR ASSURANCES ⁽¹⁾ 2, rue Vasco de Gama - 44800 ST HERBLAIN	100.00%	193,883	45,676
ARKÉA CAPITAL PARTENAIRE S.L.P. ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ KERHOUON/BREST	100.00%	193,202	(6,180)
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE ⁽¹⁾⁽²⁾ 1, rue Louis Lichou - 29480 LE RELECQ KERHOUON/BREST	100.00%	179,733	4,033
FINANCO ⁽¹⁾ 335, rue Antoine de Saint - Exupéry - 29490 GUIPAVAS	100.00%	140,953	12,298
FEDERAL EQUIPEMENTS ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ KERHOUON/BREST	100.00%	132,856	(27)
ARKÉA PUBLIC SECTOR SCF ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ-KERHOUON/BREST	100.00%	101,756	1,467
MONEXT ⁽¹⁾ Tour Ariane 5, Place de la Pyramide 92088 PARIS LA DEFENSE - CEDEX	100.00%	89,920	14,850
ARKÉA CAPITAL MANAGERS HOLDING SLP ⁽¹⁾ 1 RUE LOUIS LICHOU 29480 LE RELECQ-KERHOUON	100.00%	81,716	(1,850)
ARKÉA PUBLIC SECTOR SFH ⁽¹⁾ 232, rue Général Paulet - 29802 BREST CEDEX	100.00%	76,375	2,407
ARKÉA BANKING SERVICES ⁽¹⁾ Place de la pyramide - Tour Ariane La défense - 92800 PUTEAUX	100.00%	41,813	(3,484)
ARKÉA CRÉDIT BAIL ⁽¹⁾ 3, Avenue d'Alphasis - 35760 SAINT GREGOIRE	100.00%	23,737	(6,031)
NOUVELLE VAGUE, ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ KERHOUON/BREST	100.00%	14,293	(13,240)
LEETCHI SA ⁽¹⁾ 4, Rue de la tour des dames - 75009 PARIS CEDEX	100.00%	(3,301)	(2,527)
ARKÉA BOURSE RETAIL ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ-KERHOUON/BREST	99.99%	418,094	27,433
ARKÉA CAPITAL INVESTISSEMENT ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ-KERHOUON/BREST	99.99%	303,836	40,445
ARKÉA FONCIERE ⁽¹⁾ 1, rue Louis Lichou - 29480 LE RELECQ KERHOUON/BREST	98.08%	122,097	4,450
PUMPKIN ⁽¹⁾ 26 Rue des ponts de Comines 59800 LILLE	94.98%	(8,989)	(12,644)
BUDGET INSIGHT ⁽¹⁾ 84 Rue Beaubourg 75003 PARIS	92.28%	2,355	(2,542)
2. EQUITY HOLDINGS AND ASSOCIATES (10% TO 50% HELD)			
Caisse centrale du Crédit Mutuel ⁽¹⁾ 88-90, rue Cardinet - 75847 PARIS CEDEX 17	20.15%	601,732	9,848

(1) Company information not formally adopted or audited at December 31, 2021.

(2) The securities of SCI Interfédérale are classified as property, plant and equipment.

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Transactions with associates and equity holdings:

(in € thousands)	Equity holdings and associates		Subsidiaries	
	12.31.2021	12.31.2020	12.31.2021	12.31.2020
DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF CAPITAL				
ASSETS				
Capital held	73,066	72,657	3,422,804	3,211,780
Other uses				
Receivables	4,747,670	4,399,276	25,095,442	20,328,504
Bonds and other fixed-income securities			4,002,868	1,481,682
TOTAL USES	4,820,736	4,471,933	32,521,114	25,021,966
LIABILITIES				
Debt		42,948	29,785,070	26,189,376
Debt securities			11,283	11,283
TOTAL SOURCES	42,948	29,796,353	26,200,659	
COMMITMENTS GIVEN				
Financing commitments			621,073	608,426
Guarantee commitments			610,383	512,964
TOTAL COMMITMENTS GIVEN			1,231,456	1,121,390
COMMITMENTS RECEIVED				
Financing commitments				
Guarantee commitments			585,791	513,388
TOTAL COMMITMENTS RECEIVED			585,791	513,388

At 12.31.2021, there were no significant transactions not carried out on an arm's length basis between related parties.

Note 7. Property, plant and equipment and intangible assets

(in € thousands)	12.31.2020	Increase	Decrease	Other changes	12.31.2021
INTANGIBLE ASSETS					
Gross amount	37,356	133	(140)	-	37,349
Depreciation	(23,801)	(871)	-	-	(24,672)
NET AMOUNT	13,555	(738)	(140)	-	12,677
PROPERTY, PLANT AND EQUIPMENT					
Gross amount	485,688	20,217	(14,524)	-	491,381
Depreciation	(275,110)	(11,378)	3,054	-	(283,434)
Impairment	-	(281)	-	-	(281)
NET AMOUNT	210,578	8,558	(11,470)	-	207,666

The company owns land valued at €1,905 thousand.

Pursuant to ANC Regulation 2015-06 transposing the 2013 European directive, the technical loss is recorded on the balance sheet by asset category based on its allocation to the unrealized capital gains on the underlying assets contributed (General Chart of Accounts Art. 745-5 and 745-6).

Note 8. Other assets

(in € thousands)	12.31.2021	12.31.2020
Government	92,741	140,107
Home savings premium	22,904	23,732
Deferred tax assets	38,693	38,102
Securities transactions	-	1
Premiums paid on conditional instruments purchased	13,630	1,132
Guarantee deposits paid	572,104	714,446
Other misc. debtors	83,460	75,993
TOTAL	823,532	993,513

3.

Note 9. Accruals – Assets

(in € thousands)	12.31.2021	12.31.2020
Uncleared transactions	131,101	136,248
Adjustment accounts	13,924	7,915
Share premiums negotiable debt securities and bond issues	46,864	45,812
Pre-paid expenses	54,149	55,230
Accrued income	321,696	385,330
Miscellaneous accrual accounts	15,330	16,250
Misc.	-	-
TOTAL	583,064	646,785

Note 10. Liabilities to credit institutions

(in € thousands)	12.31.2021			12.31.2020		
	Sight accounts	Term accounts	Total	Sight accounts	Term accounts	Total
Current accounts	13,599,067	0	13,599,067	12,653,046	0	12,653,046
Loans and securities sold under repurchase agreements	0	37,398,898	37,398,898	0	32,934,526	32,934,526
Securities sold under repurchase agreements	0	1,579,443	1,579,443	0	1,496,955	1,496,955
Related payables	3,238	2,929	6,167	817	131,043	131,860
TOTAL	13,602,305	38,981,270	52,583,575	12,653,863	34,562,524	47,216,387

* As at 31 December 2021, repurchase offsets amounted to €308,700 thousand. As at 31 December 2020, the impact of this offset would have been €200,012 thousand.

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 11. Transactions with customers – Liabilities

(in € thousands)	12.31.2021			12.31.2020		
	Sight accounts	Term accounts	Total	Sight accounts	Term accounts	Total
Savings accounts governed by special regulations	16,642,893	5,683,317	22,326,210	15,206,735	5,509,758	20,716,493
Accrued interest on savings accounts	64,707	106,235	170,942	62,441	100,518	162,959
Current accounts	15,244,412	0	15,244,412	13,199,572	1	13,199,573
Term accounts and loans	857,000	3,391,156	4,248,156	500,000	2,470,042	2,970,042
Securities sold under repurchase agreements	0	0	0	0	0	0
CDC centralization*	(6,335,454)	0	(6,335,454)	(6,000,482)	0	(6,000,482)
Accrued interest	5,363	3,992	9,355	5,956	4,776	10,732
TOTAL	26,478,921	9,184,700	35,663,621	22,974,222	8,085,095	31,059,317

* Following the amendment of ANC Regulation 2014-07, the amount centralized at the Caisse des Dépôts et Consignation was disclosed as a deduction from customer savings deposits.

Note 12. Debt securities

(in € thousands)	12.31.2021			12.31.2020		
	Principal	Accrued interest	Total	Principal	Accrued interest	Total
Certificates of deposit	13,871	178	14,049	13,340	213	13,553
Interbank market securities and negotiable debt securities	3,538,036	4,173	3,542,209	3,464,190	4,795	3,468,985
Bond issues	7,838,943	49,571	7,888,514	7,112,556	48,408	7,160,964
TOTAL	11,390,850	53,922	11,444,772	10,590,086	53,416	10,643,502

Bond issues

Issue date	Amount	Type	Term in years	Interest rate
02.16.2007	35,000	International bonds	15	Indexed rate
04.02.2007	50,000	International bonds	15	Indexed rate
06.04.2007	50,000	International bonds	15	Indexed rate
06.11.2007	100,000	International bonds	15	Indexed rate
08.04.2010	11,000	International bonds	12	4.65%
08.12.2011	22,000	International bonds	18	E3M + 1.55%
10.31.2011	40,000	International bonds	20	E3M
01.26.2015	500,000	International bonds	8	1.00%
05.31.2017	500,000	International bonds	7	1.25%
03.08.2018	19,000	International bonds	12	1.85%
09.06.2018	5,000	International bonds	20	2.85%
09.21.2018	5,000	International bonds	20	2.06%
10.02.2018	5,000	International bonds	23	3.00%
10.05.2018	500,000	International bonds	5	0.88%
12.28.2018	12,000	International bonds	15	1.86%
01.17.2019	500,000	International bonds	6	1.38%
03.25.2019	10,000	International bonds	20	2.64%
03.27.2019	10,000	International bonds	15	1.91%
04.15.2019	500,000	International bonds	7	1.63%
05.23.2019	500,000	International bonds	10	1.13%
09.20.2019	144,531	International bonds	10	3.5%
09.20.2019	42,355	International bonds	10	Indexed rate
09.24.2019	10,000	International bonds	20	1.17%
10.03.2019	500,000	International bonds	9	0.38%
10.14.2019	25,000	International bonds	17	0.73%
01.22.2020	12,946	International bonds	10	Indexed rate
03.11.2020	20,263	International bonds	10	3.5%
03.11.2020	2,253	International bonds	10	Indexed rate
03.18.2020	10,000	International bonds	5	0.25%
05.07.2020	750,000	International bonds	7	0.88%
05.11.2020	14,015	International bonds	10	Indexed rate
05.14.2020	10,000	International bonds	15	1.56%
06.08.2020	75,000	International bonds	3	0.4%
06.11.2020	750,000	International bonds	9	0.00%
06.18.2020	10,000	International bonds	2	0.1%
07.08.2020	20,000	International bonds	5	0.22%
09.15.2020	153,059	International bonds	10	4.00%
09.15.2020	20,994	International bonds	10	Indexed rate
10.28.2020	500,000	International bonds	5	Indexed rate
11.09.2020	8,003	International bonds	10	Indexed rate
11.09.2020	7,867	International bonds	10	Indexed rate
01.11.2021	14,206	International bonds	10	Indexed rate
01.11.2021	34,837	International bonds	10	Indexed rate
03.11.2021	500,000	International bonds	12	0.88%
05.03.2021	39,390	International bonds	8	Indexed rate
05.03.2021	20,916	International bonds	10	Indexed rate
09.14.2021	151,932	International bonds	10	Indexed rate
09.14.2021	33,058	International bonds	10	Indexed rate
09.14.2021	39,802	International bonds	10	Indexed rate
10.25.2021	500,000	International bonds	10	0.88%
11.08.2021	11,087	International bonds	10	Indexed rate
11.08.2021	33,429	International bonds	10	Indexed rate
7,838,943				

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 13. Other liabilities

(in € thousands)	12.31.2021	12.31.2020
Premiums received on conditional instruments sold	8,043	3,656
Guarantee deposits received on financial instruments	153,406	163,846
Government	70,812	110,545
Deferred tax liabilities	-	-
Compensation due to personnel	80,407	60,493
Payroll taxes	45,801	15,479
Outstanding payments on securities	62,177	63,662
Misc.	(21,923)	(9,468)
TOTAL	398,723	408,213

Note 14. Accruals - Liabilities

(in € thousands)	12.31.2021	12.31.2020
Blocked accounts for collection operations	362,731	328,601
Deferred income	320,074	357,183
Accrued expenses	243,259	251,485
Adjustment accounts	4,470	6,947
Miscellaneous accrual accounts	33,965	28,940
TOTAL	964,499	973,156

Note 15. Provisions

(in € thousands)	12.31.2020	Allocations	Reversals (used)	Reversals (unused)	Other changes	12.31.2021
Provisions for signature commitment risks	5,525	2,521	-	(984)	-	7,062
Provisions for pension obligations	-	-	-	-	-	-
Provisions for personnel expenses	536	329	(72)	(47)	-	746
Provisions for lawsuits	326	1,933	(59)	-	-	2,200
Provisions for home savings accounts and plans	60,801	-	(7,369)	-	-	53,432
Other provisions	14,187	3,706	(156)	(5,139)	-	12,598
TOTAL	81,375	8,489	(7,656)	(6,170)	-	76,038
Net change				(5,337)		

The provision for pension obligations is calculated using the projected unit credit method and takes into account demographic, employee turnover rate, salary increase, discount rate and inflation assumptions. In particular, the calculations include a discount rate of 0.89%. This rate is determined by reference to the iBoxx corporate AA 10+ euro zone index for private bonds. The calculations also include an employee turnover rate of between 0.30% and 8.11% and a gross salary increase rate, excluding inflation, of between 2.56% and 2.70%. 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.

Breakdown of the net change in provisions:

(in € thousands)	12.31.2021	12.31.2020
Net banking income	(5,520)	(633)
General operating expenses	(384)	(41,279)
Cost of risk	1,537	256
Corporate income tax	(970)	714
Special	-	-
TOTAL	(5,337)	(40,942)

Provisions for risks related to commitments on home savings accounts and plans:

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

3.

(in € thousands)	12.31.2021	12.31.2020		
	Deposits	Provisions	Deposits	Provisions
Home savings plans	5,567,537	(53,385)	5,369,720	(60,704)
Under 4 years old	252,964	(4)	281,184	(281)
Between 4 and 10 years old	3,604,405	(24,959)	3,311,422	(28,318)
Over 10 years old	1,710,168	(28,422)	1,777,114	(32,105)
Home savings accounts	788,183	(47)	752,420	(97)
TOTAL	6,355,720	(53,432)	6,122,140	(60,801)

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

(in € thousands)	12.31.2021	12.31.2020		
	Deposits	Provisions	Deposits	Provisions
Home savings plans	1,016	(1)	1,635	(3)
Home savings accounts	8,157	(46)	13,525	(93)
TOTAL	9,173	(47)	15,160	(96)

Note 16. Subordinated debt

Subordinated debt representing at least 10% of total subordinated debt	Amount (in € thousands)	Currency	Interest rate	Due date	Conditions of subordination	Possibility of early repayment
Subordinated notes	500,000	eur	3.25%	01.06.2026	Tier 2 Capital	No
Subordinated notes	500,000	eur	3.50%	09.02.2029	Tier 2	Yes
Subordinated notes	500,000	eur	1.88%	25.10.2029	Tier 2	Yes
Subordinated notes	25,000	eur	3.81%	28.01.2031	Tier 2	Yes
Subordinated notes	750,000	eur	3.38%	11.03.2031	Tier 2	Yes
Subordinated notes	30,000	eur	3.40%	14.03.2031	Tier 2	Yes
Deeply subordinated notes	97,314	eur	CMS 10 + 0.10	05.07.2057	Tier 1 Capital	Yes
Related payables	48,370					
TOTAL	2,450,684					

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Note 17. Shareholders' equity excluding FRBG

(in € thousands)	Start of year	Allocation prior year profit	Change during the year	End of year
Capital	2,372,990	-	170,401	2,543,391
Additional paid-in capital	5,438	-	737	6,175
Total reserves	2,863,131	90,337	-	2,953,468
Legal reserve	517,123	14,729	-	531,852
Optional and statutory reserves	2,287,885	75,608	-	2,363,493
Long-term capital gains reserves	-	-	-	-
Other reserves	58,123	-	-	58,123
Regulated provisions	4,532	13	-	4,545
Revaluation surplus	-	-	-	-
Retained earnings	14,669	(1,258)	-	13,411
Deferred losses	-	-	-	-
Profit/loss for the year	125,604	(125,604)	142,725	142,725
Interest paid on shares	-	36,512	-	-
TOTAL	5,386,364	-	313,863	5,663,715

The capital consists of A shares for €27,183 thousand, B shares for €29,487 thousand, new B shares for €2,480,716 thousand and C shares for €6,005 thousand.

Note 18. Transactions with network banks

(in € thousands)	12.31.2021	12.31.2020
Due from network banks		
Sight accounts	4,756,947	4,481,305
Term accounts	34,372	231,998
Due to network banks		
Sight accounts	4,722,575	4,249,307
Term accounts	55,127	53,397
	-	-

Note 19. Breakdown of certain assets/liabilities according to their residual maturity

(in € thousands)	T<3 months	3M<T<1 year	1 year<T<5 years	T>5 years	Accrued interest payable and receivable	Total
ASSETS						
Amounts due from credit institutions	3,059,533	8,193,561	9,475,853	11,671,262	77,664	32,477,873
Sight accounts	231,227	0	0	0	10,705	241,932
Term accounts	2,828,306	8,193,561	9,475,853	11,671,262	66,959	32,235,941
Amounts due from customers	3,010,251	2,930,621	12,575,547	23,046,488	164,330	41,727,237
Commercial receivables	2,731	0	0	0	0	2,731
other customer loans	2,530,172	2,930,621	12,575,547	23,046,488	157,695	41,240,523
overdrafts	477,348	0	0	0	6,635	483,983
Bonds and other fixed-income securities	1,171,482	1,458,539	5,721,850	1,855,988	37,990	10,245,849
LIABILITIES						
Liabilities to credit institutions	14,426,989	3,589,805	23,330,505	11,230,109	6,167	52,583,575
Sight accounts	13,599,067	0	0	0	3,238	13,602,305
Term accounts	827,922	3,589,805	23,330,505	11,230,109	2,929	38,981,270
Transactions with customers	30,270,937	1,356,456	2,874,681	981,250	180,297	35,663,621
savings accounts governed by special regulations	12,574,607	492,692	2,518,126	405,331	170,942	16,161,698
Sight accounts	10,307,439	0	0	0	64,707	10,372,146
Term accounts	2,267,168	492,692	2,518,126	405,331	106,235	5,789,552
other liabilities	17,696,330	863,764	356,555	575,919	9,355	19,501,923
Sight accounts	16,101,412	0	0	0	5,363	16,106,775
Term accounts	1,594,918	863,764	356,555	575,919	3,992	3,395,148
Debt securities	1,480,628	1,835,134	3,363,009	4,712,079	53,922	11,444,772
certificates of deposit	3,128	3,134	7,609	0	178	14,049
interbank market securities and negotiable debt securities	1,442,500	1,611,000	250,400	234,136	4,173	3,542,209
bond issues	35,000	221,000	3,105,000	4,477,943	49,571	7,888,514

3.

Note 20. Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies at December 31, 2021 totaled €275,418 thousand and €240,683 thousand, respectively.

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 21. Banking activity commitments

(in € thousands)	12.31.2021	12.31.2020
COMMITMENTS GIVEN	6,829,814	6,443,869
Financing commitments	4,311,889	3,844,226
to credit institutions	353,350	361,350
to customers	3,958,539	3,482,876
Guarantee commitments	2,508,346	2,592,556
to credit institutions	32,859	54,398
to customers	2,475,487	2,538,158
Securities commitments	9,579	7,087
other commitments given	9,579	7,087
COMMITMENTS RECEIVED	16,897,467	14,648,022
Financing commitments	15,396,546	13,235,805
received from credit institutions	15,396,546	13,235,805
Guarantee commitments	1,323,933	1,210,245
received from credit institutions	1,323,933	1,210,245
Securities commitments	176,988	201,972
other commitments received	176,988	201,972

The financing commitments given include the €13.35 million cash advance made to the Caisse de Refinancement de l'Habitat to ensure its operation.

Commitments received include the guarantee received from Banque Européenne d'Investissement in the amount of €509.63 million for the government-backed loans distributed by Crédit Mutuel Arkéa.

Breakdown of assets provided as security for liabilities:

(in € thousands)	12.31.2021
Banque de France	16,388,151
Caisse des Dépôts et Consignations	748,443
European Investment Bank	630,308
Arkéa Home Loans SFH	10,085,493
Caisse de Refinancement de l'Habitat	363,554
Arkéa Public Sector SCF	75,603
Caisse Centrale du Crédit Mutuel	2,000
TOTAL	28,293,552

Note 22. Financial futures transactions

Nominal value of the contracts

By type

(in € thousands)	12.31.2021			12.31.2020		
	Hedging transactions	Other transactions	TOTAL	Hedging transactions	Other transactions	TOTAL
FIRM TRANSACTIONS						
Transactions on organized markets	-	-	-	-	-	-
interest rate contracts	-	-	-	-	-	-
foreign exchange contracts	-	-	-	-	-	-
Other transactions	63,972,509	-	63,972,509	59,784,582	-	59,784,582
Over-the-counter transactions						
forward rate agreements	-	-	-	-	-	-
interest rate swaps	24,067,289	-	24,067,289	25,262,586	-	25,262,586
financial swaps	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-
CONDITIONAL TRANSACTIONS						
Interest rate floors/caps	-	-	-	-	-	-
Purchased	7,069,575	-	7,069,575	7,284,788	-	7,284,788
sold	5,030,915	-	5,030,915	5,225,668	-	5,225,668
Interest rate, currency and other options	-	-	-	-	-	-
Purchased	808,663	-	808,663	368,218	-	368,218
sold	808,663	-	808,663	368,218	-	368,218
TOTAL	101,757,614	-	101,757,614	98,294,060	-	98,294,060

3.

By residual maturity

(in € thousands)	12.31.2021			
	less than 1 year	1 to 5 years	more than 5 years	Total
Interest rate instruments	-	-	-	-
Over-the-counter market	-	-	-	-
Interest rate swaps	11,028,458	29,511,956	47,499,384	88,039,798
Interest rate floors/caps	2,347,973	5,956,187	3,796,330	12,100,490
Other options	1,200,013	417,313	-	1,617,326
TOTAL	14,576,444	35,885,456	51,295,714	101,757,614

Fair value

(in € thousands)	12.31.2021		12.31.2020
Interest rate instruments		(99,036)	(210,171)
Other options		-	-

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 23. Interest, similar income and expense

(in € thousands)	12.31.2021		12.31.2020	
	Income	Expense	Income	Expense
Transactions with credit institutions*	855,943	(986,483)	756,338	(973,050)
Transactions with customers	636,243	(229,848)	644,349	(227,970)
Bonds and other fixed-income securities	6,288	(95,163)	19,045	(85,048)
Other transactions	16,294	(28)	10,264	(35)
TOTAL	1,514,768	(1,311,522)	1,429,996	(1,286,103)

* of which expenses on transactions related to subordinated debt: €99,352 thousand at 12.31.2021 and €91,397 thousand at 12.31.2020.

Note 24. Income on variable-income securities

(in € thousands)	12.31.2021		12.31.2020
	Income	Expense	Income
Stocks and other variable-income securities		4,194	3,903
Equity holdings and other long-term investments		-	-
Shares in associates		311,122	277,799
TOTAL	315,316		281,702

Note 25. Fee and commission income/expense

(in € thousands)	12.31.2021		12.31.2020
	Income	Expense	Income
Transactions with credit institutions	4,274	(627)	6,838
Transactions with customers	42,922	(164)	42,450
Securities transactions	580	(1,402)	811
Foreign exchange transactions	263	-	220
Off-balance sheet transactions	19,776	(16,635)	13,822
Provision of financial services	448,153	(48,342)	426,839
TOTAL	515,968	(67,170)	490,980
			(63,281)

Note 26. Gains/(losses) on portfolio transactions**Trading books**

(in € thousands)	12.31.2021	12.31.2020
Trading securities transactions	-	-
Foreign exchange transactions	2,971	(3,050)
Financial futures transactions	(321)	(512)
Interest rate	(321)	(512)
Misc.	-	-
TOTAL	2,650	(3,562)

Investment portfolios and similar securities

(in € thousands)	12.31.2021	12.31.2020
Available-for-sale securities transactions	-	-
Capital gains on disposals	59,155	44,404
Capital losses on disposals	(6,202)	(3,262)
Provisions for impairment	(9,136)	(9,512)
Reversals of impairment	10,084	8,853
TOTAL	53,901	40,483

3.

Note 27. General operating expenses

(in € thousands)	12.31.2021	12.31.2020
Personnel expenses	(520,069)	(419,769)
Salaries and wages	(282,996)	(261,546)
Payroll taxes	(132,055)	(69,874)
of which pension expenses	(27,813)	26,102
Mandatory and optional employee profit-sharing	(59,375)	(43,619)
Related taxes other than on income	(45,643)	(44,730)
Other administrative expenses	(275,660)	(280,180)
Taxes other than on income	(33,530)	(34,261)
External services	(451,734)	(420,610)
Re-invoiced expenses	209,604	174,691
TOTAL	(795,729)	(699,949)

Breakdown of paid staff

(in € thousands)	12.31.2021	12.31.2020
	Paid staff	Paid staff
Employees	2,744	2,731
Management and supervisors	3,734	3,600
TOTAL	6,478	6,331

The total compensation paid to members of the Board of Directors was €1,141 thousand (compared with €976 thousand for the year ended 31 December 2020).

Total gross remuneration paid to the group's main corporate officers⁽¹⁾ for the year ended 31 December 2021 was €2,099 thousand (compared with €6,235 thousand for the year ended 31 December 2020).

(1) Jean-Pierre Denis from 1 January to his departure from the company, Julien Carmona from 4 June to 31 December 2021, Hélène Bernicot and Anne Le Goff from 1 January to 31 December 2021, Bertrand Blanpain and Frédéric Laurent from 1 February to 31 December 2021.

3. FINANCIAL INFORMATION

Information regarding balance sheet, off-balance sheet and income statement items

Note 28. Cost of risk

(in € thousands)		12.31.2021	12.31.2020
Loans	Allocations	(54,085)	(57,985)
	Reversals used	15,147	15,256
	Reversals that became available	69,565	48,963
	Recovery of written-off loans	1,356	2,186
	Covered irrecoverable loans	(15,265)	(15,368)
	Uncovered irrecoverable loans	(7,549)	(6,411)
Off-balance sheet risk	Allocations	59	1,270
	Reversals used	-	-
	Reversals that became available	(641)	(797)
Securities	Allocations	(11,700)	-
	Reversals	902	500
Provisions for other risks and charges	Allocations	-	-
	Reversals	-	-
	SOLDE	(2,211)	(12,386)

Note 29. Gains/(losses) on non-current assets

(in € thousands)	Provisions for impairment	Capital losses on disposals	Reversals of impairment	Capital gains on disposals	12.31.2021
Property, plant and equipment and intangible assets	-	(326)	-	932	606
Equity holdings and other long-term investments	(3,749)	(1,938)	15,824	-	10,137
Shares in associates	-	-	-	-	-
Investment securities	-	-	-	-	-
TOTAL	(3,749)	(2,264)	15,824	932	10,743

Note 30. Non-recurring income/(loss)

(in € thousands)	12.31.2021	12.31.2020
Equalization paid	-	-
Miscellaneous exceptional expenses	-	(5,096)
Miscellaneous exceptional income	653	45,000
TOTAL	653	39,904

Note 31 Income tax

(in € thousands)	12.31.2021	12.31.2020
Current tax expense excluding contribution of consolidated subsidiaries	(110,048)	(91,842)
Contribution of consolidated subsidiaries	142,285	142,062
Carry-back claim	31	-
Net deferred tax expense and misc.	592	(2,616)
TOTAL	32,860	47,604
Pre-tax income, non-recurring income and FRBG	223,951	114,071
EFFECTIVE TAX RATE	14.67%	41.73%

Tax expenses are borne by the consolidated companies as if there were no tax consolidation.

3.

The effective tax rate at 12.31.2021 was as follows:

(in € thousands)	12.31.2021	12.31.2020
Statutory tax rate (including contributions)	28.41%	32.02%
Permanent differences	-19.36%	-37.34%
Temporary differences	0.67%	-10.70%
Taxation at reduced rates	-5.26%	-2.29%
Impact of tax loss	-2.09%	-7.21%
Other	-17.04%	-16.21%
EFFECTIVE TAX RATE	-14.67%	-41.73%

Note 32. Establishment in States that have not entered into an administrative agreement with France allowing access to banking information in order to combat fraud and tax evasion

Crédit Mutuel Arkéa does not operate in non-cooperative States or territories as defined by Article 238-0 A of the French General Tax Code.

Note 33. Consolidated financial statements

Crédit Mutuel Arkéa, together with the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations and the member Crédit Mutuel savings banks, is the parent company for the preparation of Crédit Mutuel Arkéa's consolidated financial statements.

The consolidated financial statements are available at:

http://www.cm-arkea.com/banque/assurance/credit/mutuel/ecb_5034/fr/rapports-annuels

Note 34. Management report

In application of ANC Regulation 2014-07, the management report is available to the public at the following address:

Crédit Mutuel Arkéa
1 rue Louis Lichou
29480 Le Relecq-Kerhuon/BREST

Note 35. Events after the balance sheet date

None.

4. Risks

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4.1 Risk factors

This section presents the main risks identified to date as being significant and specific to Crédit Mutuel Arkéa, and which could have a significant impact on its business and financial position.

Crédit Mutuel Arkéa is exposed to two main categories of risk, which are detailed in the following pages:⁽¹⁾

■ **Strategic, business and ecosystem risks:** these risks are likely to affect all banking institutions and/or to cause the group's major orientations in terms of business model, competitive positioning and human resources management to fail. They also include the risk related to the change in Crédit Mutuel Arkéa's affiliation to Crédit Mutuel as a whole.

■ **Risks related to Crédit Mutuel Arkéa's business profile:** they mainly include credit, operational, liquidity, interest rate, insurance, market and climate risks. These risks could materialise idiosyncratically at Crédit Mutuel Arkéa within the banking or insurance business, or result from systemic causes (from the previous category).

Crédit Mutuel Arkéa has a process for identifying and assessing (in terms of probability and scale in the event of occurrence) the risks associated with its business activities in order to establish the matrix of its most significant risks. The risk factors are listed taking into account their importance for Crédit Mutuel Arkéa.

Information relating to Pillar 3 of Basel III is available on Crédit Mutuel Arkéa's website, under the heading "Pillar 3 report", in the "Investors" section, under "Financial information".

4.1.1 Strategic, business and ecosystem risks

4.1.1.1 Macroeconomic risk

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

"This information is not part of the management report approved by the Board of Directors on 24 February 2022."

Since mid-February 2022, international geopolitics has 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 increased cyber threat, Crédit Mutuel Arkéa immediately activated its usual protection systems and has supplemented them, where necessary, with additional measures in accordance with ANSSI recommendations.

In terms of credit risk, direct exposures to Russian and Ukrainian companies are nil and those to individuals are very low.

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.

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 attention will be paid to the consequences of inflation and the increase in the cost of materials for customers in business sectors identified as the most sensitive, and to the impact on the general macroeconomic context.

4.1.1.1.1 Macroeconomic risk specifically related to Covid-19

The current coronavirus (Covid-19) pandemic and its economic consequences could adversely affect Crédit Mutuel Arkéa's business, operations and financial performance

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 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. 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.

(1) The proposed description of risk factors is in accordance with Prospectus 3, applicable at 21 July 2019, and the European Securities and Markets Authority's Risk Factors Guidelines under the Prospectus 3 regulations. The objective of the proposed description is to simplify the presentation of information for issuers while improving the usefulness of the document for investors.

The restrictive measures (lockdowns, curfews, temporary administrative closure for certain activities, etc.) taken 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 7% announced by the French government.

Although measures were put in place in 2020 to anticipate a potential deterioration of the portfolio, the cost of risk for 2021 decreased to €116 million (compared to €160 million in 2020), 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.

This context generated an increase in exposure to cyber risk and the risk of external fraud. Particular attention has been paid and continues to be paid to keeping the appropriate monitoring systems operational, particularly with regard to external access to the information system, given the expansion and the extensive long-term use of remote working.

The evolution of the situation related to the Covid-19 pandemic remains a major source of uncertainty, both in terms of the duration and the scale of the pandemic, 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.

4.1.1.2 Macroeconomic risk

The unfavourable economic and financial context has had in the past, and could have in the future, an impact on Crédit Mutuel Arkéa and the markets in which it operates

In carrying out its activities, Crédit Mutuel Arkéa is exposed to the economic environment in France, Europe and the rest of the world. The deterioration of economic and market conditions could have one or more of the following consequences for the group:

- an unfavourable economic environment could have repercussions on the activities and transactions of Crédit Mutuel Arkéa's customers, which could increase the default rate among borrowers, in particular due to the deterioration in the financial capacity of companies and households;
- a fall in the price of bonds and equities (to a lesser extent) could impact the group's activities, in particular its capital markets and asset management activities;
- the macroeconomic policies adopted in response to the current or anticipated economic situation could have unforeseen effects and impact market parameters such as interest rates, which could in turn impact the group's activities:
 - a deterioration in the global economic and financial context could lead to an additional easing of monetary policies which, combined with a resurgence of risk aversion, would lead to a prolonged adoption of very low rates in countries deemed to be risk-free (Germany, United States),

- the prolongation of the very low interest rate environment could lead investors, looking for returns, to move towards riskier assets, which could lead to the formation of financial asset bubbles, including in certain real estate markets. The low interest rate environment also leads private economic players and governments to take on debt, and debt levels are sometimes very high. This increases the risks in the event of a market reversal,

- a sharp rise in short- and long-term market rates as a result of the monetary policies implemented to combat persistent inflation could have an adverse effect on Crédit Mutuel Arkéa;

■ the favourable perception of the global or sectoral economic situation could result in the forming of speculative bubbles, which could exacerbate the impacts arising from corrections resulting caused by a deterioration in the economic situation;

■ a major economic disruption (such as the financial crisis of 2008, the European sovereign debt crisis of 2011 or the health crisis of the Covid-19 pandemic since 2020) could have a significant adverse impact on the all of the group's activities, in particular if the disruption were characterised by a lack of liquidity on the markets that would make it difficult or even impossible to sell certain products at their estimated market value;

■ unfavourable political and geopolitical events such as natural disasters, geopolitical tensions (in particular protectionist measures), health or social crises or terrorist acts could increase the level of uncertainty and have a temporary or lasting impact on the economic environment in which Crédit Mutuel Arkéa operates.

It is difficult to anticipate potential downturns in the economic environment or financial markets, and to determine their impacts. If economic or market conditions were to deteriorate or become increasingly volatile, this could have a material adverse impact on the group's business, results and financial position.

4.1.1.2 Risk related to the regulatory environment

Changes in prudential and regulatory requirements could reduce the group's capital surplus

The capital surplus (or capital requirement, if negative) is the difference between the capital of the institution and the capital requirement defined by the supervisor. While to date there is no indication that prudential requirements will be increased in the short term, a potential increase in prudential requirements constitutes a risk for Crédit Mutuel Arkéa.

At 31 December 2021, Crédit Mutuel Arkéa had a CET1 ratio of 17%, more than 8 points above the regulatory requirement, and an overall ratio of 21.1%.

4.1.1.2.1 Risk related to changes in prudential requirements

Supervisors have the power to increase the capital requirement for institutions under their supervision. This increase may result from an increase in the ratio requirements under Pillar 1 and may also result from a change in the supervisor's Pillar 2 requirements, particularly in the context of the prudential Supervisory Review and Evaluation Process (SREP). These Pillar 2 requirements are defined as part of the annual dialogue with the European Central Bank⁽¹⁾, based on governance and risk management criteria, business model, solvency and liquidity specific to each supervised institution.

(1) SREP Review: Supervisory Review and Evaluation Process.

To date, there are no plans to change the Pillar 1 requirement, which is common to all banks.

The European Central Bank informed Crédit Mutuel Arkéa that the Pillar 2 requirement arising from the SREP will also remain unchanged for the 2022 financial year.

In addition, the regulator could increase the level of buffers required outside of periods of stress.⁽¹⁾ In March 2020, in the context of the Covid-19 pandemic, the European Central Bank eased its prudential requirements in order to allow institutions to use, if necessary and in this particular context, capital and liquidity buffers provided for this purpose (P2R and LCR in particular).

In return, and in order to ensure the maintenance of a solid financial base for financial institutions, in 2020-2021 institutions were expected not to distribute dividends, not to buy back shares and to exercise extreme caution in revising their compensation policy.

To date, the European Central Bank has announced:

- that as of 30 September 2021, the recommendation not to distribute dividends, nor to carry out share buybacks and to exercise extreme caution in variable compensation policies has been repealed;
- that from 31 December 2021, the supervision of liquidity ratios will return to normal and that institutions will no longer benefit from flexibility to act below the regulatory liquidity ratio;
- that until the end of 2022, institutions should still be allowed to act below the P2G requirements in order to facilitate the granting of bank loans to the economy.

In the context of the crisis, since 1 April 2020, the French Haut Conseil de stabilité financière (HCSF) had lowered the countercyclical capital buffer rate to 0%. In its press release dated 6 January 2022, the HCSF confirmed maintaining the rate at 0% but expected a normalisation of the buffer rate to its pre-crisis level at its next meeting in March. If the pre-crisis rate was at 0.25% and if the change in the rate is applicable one year after the announcement of this change, i.e. in 2023, it is possible that the rate will be raised to 0.5% and be applicable more quickly to institutions.

4.1.1.2.2 Risk related to changes in regulatory requirements

Crédit Mutuel Arkéa's operational framework is regulated. It determines risk management expectations and is a source of direct impact. For example, the measurement of the capital ratio could change in the event of a change in regulatory requirements and in particular in the event of a change in the equity calculation method, or in the event of a change in the asset weighting method.

It should be noted that a proposal for the European transposition of the finalisation of the Basel III agreements is being discussed in the European Parliament. The Basel Committee recommends that these provisions be applied from 1 January 2024 (after having postponed the date initially planned due to the Covid-19 crisis). In the current version of the European Commission proposal, this future regulation should be applicable from 1 January 2025 and would impact the methods for calculating operational risks, with a new standard calculation method that will apply to all institutions, market risks (Fundamental Review of the Trading Book), the market value of the risk of default by a counterparty (Credit Value Adjustment, or CVA) and would include a capital floor for the use of internal models (output floor) and other significant changes to the standard method for calculating credit risk and the use of internal approaches (scope and parameters of internal approaches).

Provision charges on sound or non-performing loans could therefore increase in the event of an imposed change in the methods used to calculate risk parameters. An increase in the corporate tax rate or other tax constraints (transaction tax) could reduce net income. An increase in the cost of deposits, in particular through the remuneration of regulated savings, could reduce the net interest margin.

In addition, the European Banking Authority was mandated to deliver a report on the advisability of providing for a prudential treatment of ESG risks. This report is expected by June 2023 at the latest.

4.1.1.3 Strategic risk

4.1.1.3.1 Business model risk

Failure by Crédit Mutuel Arkéa to achieve its strategic and financial objectives could adversely impact its business and results

In January 2021, Crédit Mutuel Arkéa adopted its new Transitions 2024 strategic plan, describing the trajectory for the 2021-2024 period.

This trajectory, designed as an extension of the group's Raison d'être (Purpose), aims to establish Crédit Mutuel Arkéa's positioning as an agile financial partner for the transitions of the future, at the service of the regions and their players. The aim is to focus on a strategy of responsible growth and overall performance, with a balanced approach between financial performance and a positive impact on all stakeholders.

Crédit Mutuel Arkéa's business model has historically been based on mutual and cooperative retail banking in Brittany and in South-West. The group then strengthened its position by diversifying its activities, firstly in insurance through its two subsidiaries in life insurance (Suravenir) and non-life insurance (Suravenir Assurances), but also by developing new activities in online banking, asset management, corporate and white-label banking services.

The diversification of the group's activities has historically allowed for strong revenue resilience, even in contexts of major national or global crisis. However, this diversification implies a significant exposure of the group to insurance activities, which could be exposed to a certain volatility in an uncertain rate environment. The group is also exposed to real estate in most of its businesses, from financing to investment. As such, a deep and lasting deterioration in the outlook for the property market could have an impact on the profitability of the group as a whole.

While the focus on supporting future transitions, whether societal or environmental, is in line with the group's historical business model, it nevertheless brings a shift in the direction in that all the group's activities will now be managed with a view to achieving overall performance for the benefit of its customers, the regions and, more generally, all of its stakeholders. The search for this overall performance may lead to investment choices or allocation of resources in a perspective that goes beyond strict financial profitability, even if this remains necessary for the group's long-term development.

(1) As defined in SSM ICAAP, November 2018.

The strategic plan also includes financial objectives, in particular related to revenues, results and solvency. These financial targets have been established for internal planning and resource allocation purposes and are based on a number of assumptions relating to the group's economic environment and business.

The group's results may differ significantly from these objectives for various reasons, in particular in the event of the occurrence of one or more of the risk factors described in this section. If the group does not evolve in line with these objectives, its financial position and the value of its financial instruments could be affected, as could its financing costs.

4.1.1.3.2 Risks relating to Crédit Mutuel Arkéa's affiliation to Crédit Mutuel as a whole

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 different to that of most of its competitors, and to commit as a "company with a mission", in line with its Raison d'être (Purpose) adopted by Crédit Mutuel Arkéa's General Meeting in May 2020.

However, maintaining Crédit Mutuel's affiliation constitutes a risk for Crédit Mutuel Arkéa of interference or even interference by the other members of Crédit Mutuel as a whole in its strategy, which tends to 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 entities as a whole, 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 term of office 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 as a whole exceeds the risk related to disaffiliation, presented below.

4.1.1.3.3 Risks relating to the disaffiliation of Crédit Mutuel Arkéa from 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 under way 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.

Following the appointment of Julien Carmona as Chairman of Crédit Mutuel Arkéa, Crédit Mutuel Arkéa reaffirmed its desire for independence in order to preserve its complete autonomy from Crédit Mutuel as a whole. 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.

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 (the "**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 the local Arkéa branch, opened in the same premises as those of the LCs.

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 prejudge 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 as a whole, 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 prejudge 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 time frame 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 as a whole 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 31 December 2021, the credit risk was determined to be €128 billion of net risk exposure, of which:

- €82 billion of risk exposures assessed using an internal ratings approach; and
- €46 billion 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 (€82 billion), 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 as a whole, 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 1.7 on Solidarity Relationships of this 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.

4.1.1.3.4 Risk related to the competitive environment

Increased competition could have an adverse impact on Crédit Mutuel Arkéa's revenues and profitability.

Crédit Mutuel Arkéa faces strong competition in all the markets in which it operates. Consolidation in the banking and financial services sector is strengthening this competition, by creating a certain number of institutions which, like Crédit Mutuel Arkéa, have the ability to offer a wide range of services and products to their customers (insurance, loans and deposits, asset management, etc.).

The group is also subject to competition from new entrants, for whom the regulatory constraint may be less severe and who are able to capture a targeted part of the value chain through the appropriate use of innovative technologies. These new players pose a threat, but can also represent growth drivers for the group through the development of appropriate partnerships.

In addition, technological advances and increasing digitisation have enabled institutions other than banks to offer products and services that were traditionally banking products, and other financial institutions and companies to provide electronic financial solutions that could compete directly with the group.

An increase in competitive pressure could thus affect the group either by a decrease in business volume caused by an aggressive strategy of conquest by competitors in its various markets, or by a decrease in margins caused by the actions of competitors on the pricing of their products, or by a combination of these two factors.

4.1.1.4 Resolution risk

Governance risk (related to the implementation of resolution measures)

Holders of Crédit Mutuel Arkéa shares could suffer losses if the group were to be subject to a resolution procedure

The regulation gives the resolution authority the power to initiate a resolution procedure with respect to the Crédit Mutuel group if, after application of the measures referred to in Article L.511-31, the failure of CNCM, the central body of the group and all its affiliates is proven or foreseeable with the objective of ensuring the continuity of critical functions, avoiding risks of contagion, recapitalising or restoring the viability of the Crédit Mutuel group. These powers must be implemented in such a way that losses, subject to certain exceptions, are borne first by the impairment or conversion of own funds instruments, then by the holders of additional Tier 1 and Tier 2 capital instruments (such as subordinated bonds), then by the holders of non-preferred senior bonds and finally by the holders of preferred senior bonds in accordance with the priority of their claims.

The resolution authority has broad powers to implement resolution tools with respect to the Issuer, or the Crédit Mutuel group, which may include, *inter alia*, the total or partial transfer of activities to a third party or a bridging institution, the separation of the assets of this institution, the substitution of the issuer as debtor under debt instruments, the total or partial write-down of regulatory capital instruments, the dilution of regulatory capital instruments through the issuance of new equity securities, full or partial impairment or conversion to equity of debt instruments, modification of the terms of debt instruments (including modification of the maturity and/or amount of interest payable and/or temporary suspension of payments), the suspension of the listing and admission to trading of financial instruments, the removal of management or the appointment of a special administrator.

Issuers affiliated to Crédit Mutuel Arkéa are covered by the Crédit Mutuel group's internal financial solidarity mechanism. Nevertheless, creditors are reminded that the full repayment of their claims is subject to the risk of the implementation of this financial solidarity mechanism.

When the emergency plan or the measures taken in the context of solidarity are not sufficient to restore the members of the central body, including the Issuer, or if objective information leads to the conclusion that the implementation of this emergency plan or the measures that the CNCM could take would be insufficient to restore compliance with prudential requirements, the resolution of the Crédit Mutuel group will be considered on a collective basis. Indeed, the implementation of solidarity is accompanied by a merger between the affiliates of the Crédit Mutuel group.

In a phase of proven financial difficulty, meaning if the European Central Bank alerts the Single Resolution Board of the risk of default (principle of "Failing Or Likely To Fail" or FOLTF), understood to be on a consolidated basis of the Crédit Mutuel group, or the Single Resolution Board proceeds to the declaration of FOLTF on a consolidated basis of the Crédit Mutuel group in accordance with Article 18.1 of Regulation (EU) 806/2014 known as "SRMR" or, as provided for in the national solidarity scheme, if the emergency plan or the measures taken by the CNCM under this scheme are not sufficient for the recovery of a failing group or if objective information leads to the anticipated conclusion that the implementation of this emergency plan or of the measures that could be taken by the Confederation would prove insufficient to restore compliance with prudential requirements, the CNCM shall exercise, if necessary at the request of the supervisory or resolution authorities, all its powers in terms of solidarity in order to satisfy the objectives and principles pursued by these authorities.

In the event of proven financial difficulties or in the event of resolution, solidarity between CNCM members is unlimited.

The implementation of these means and powers in relation to the Issuer or the Crédit Mutuel group could give rise to significant structural changes.

If the CNCM were to merge all of the affiliates, the creditors could find themselves competing with creditors of the same rank as the creditors of other CNCM affiliates. After the transfer of all or part of the business, creditors (even in the absence of any write-down or conversion of their claims) would hold claims in an institution whose remaining business or assets might be insufficient to meet those claims held by all or part.

If the CNCM did not merge all affiliates upon entry into resolution, the resolution authority could consider alternative resolution strategies (divestment of business, bridge institution, establishment of an asset separation structure, or coordinated internal bail-in of all CNCM affiliates). In the event that the resolution authority implements coordinated internal bail-in, the liquidity of the CNCM affiliates and all capital instruments, eligible liabilities could be called upon to absorb losses, and recapitalise the CNCM affiliates. In this case, the write-down or conversion of eligible liabilities would follow the rank of the creditors in receivership. The internal bail-in would be based on capital requirements at the consolidated level but applied pro rata at the entity level, i.e. the same rate of write-down or conversion will be applied to all shareholders and creditors of the same class notwithstanding the issuing legal entity in the network.

The exercise of the powers described above could result in losses to investors.

4.1.1.5 Human Resources risk

Difficulty attracting and retaining qualified staff could have an adverse impact on Crédit Mutuel Arkéa's activities and performance.

The financial services sector relies primarily on the quality of its teams. Human capital is therefore an integral part of Crédit Mutuel Arkéa's culture. It is important in all the group's teams, for product design, customer service and the defence of the banking licence. The potential increase in the attrition rate related to the potential unavailability of human resources to meet recruitment needs constitutes a risk for Crédit Mutuel Arkéa.

4.1.2 Credit risk

4.1.2.1 Customer and counterparty credit risk

Crédit Mutuel Arkéa is exposed to customer and counterparty credit risks that could have a material adverse effect on its business, results and financial position.

Crédit Mutuel Arkéa is significantly exposed to credit and counterparty risk through its financing and market activities. Capital requirements for credit risk represent approximately 95% of the group's capital requirements.

Credit risk is the risk incurred in the event of default in payment by a counterparty or counterparties considered as the same group of customers, within the regulatory meaning of this term. Credit risk includes:

- customer credit risk, relating to loans granted by the group to private individuals, small and medium-sized enterprises (SMEs), large groups, central and public administrations and credit institutions. A counterparty's default results in its inability to honour its commitments in accordance with the agreed terms;
- counterparty risk, relating to the repayment of debt securities (particularly bonds) or the payment of flows under performance swap contracts ("derivative" contracts). With regard to debt securities held in the investment portfolio, credit risk includes the risk of default by the issuer but not the spread risk, which is classified under market risk.

The group could incur losses in the event of the default of one or more customers or counterparties (financial institutions, industrial or commercial companies, States or State entities, natural persons, etc.). For counterparties, such losses could materialise if the group encounters legal or other difficulties in exercising its collateral or if the value of such collateral does not make it possible to fully cover the exposure in the event of default. Although the group seeks to reduce its exposure to credit risk through the use of risk mitigation techniques (such as the creation of collateral, obtaining guarantees or entering into netting agreements), it cannot be certain that they would offset losses resulting from the default of one or more of its counterparties. In addition, only a portion of the credit risk borne by the group is covered by risk mitigation techniques.

In addition, despite the vigilance of Crédit Mutuel Arkéa, aimed at limiting the effects of concentration of its loan portfolio, it is possible that defaults might be amplified within the same economic sector or geographical area due to interdependence effects. In addition, certain economic sectors could in the longer term be particularly affected by the measures put in place to promote the energy transition or by the physical risks related to climate change. Thus, the default of one or more major customers or counterparties could have a material adverse impact on the group's cost of risk, results and financial position.

For information, at 31 December 2021, the non-performing loan rate, which measures the ratio between the amount of principal and interest on receivables declassified for accounting purposes and total outstanding principal and interest on total receivables, was 2%. The incident rate, which measures the ratio between the amount of unpaid and irregular loans for more than 30 days, and performing loans, was 0.06%.

4.1.2.2 Provisions for credit risk

A substantial increase in provisions for credit risk could have a material adverse effect on Crédit Mutuel Arkéa's results and financial position

As part of its lending activities, Crédit Mutuel Arkéa recognises expenses for non-performing receivables in the income statement under "Cost of risk" whenever necessary in order to record actual or potential losses in respect of its portfolio of loans and receivables.

In accordance with IFRS 9, the provisioning includes expected losses as soon as they are granted. Provisioning models are based on historical default rates, historical recovery rates in the event of default, and corrective factors to incorporate a forward-looking dimension, linked to positioning in the economic cycle (the forward-looking approach). Although the group endeavours to set up an appropriate level of provisions, it may in the future be required to increase its level of provision in response to an increase in non-performing assets or other factors such as a deterioration in economic conditions.

The substantial increase in provisions for non-performing loans, the substantial change in the estimated risk of loss inherent in its portfolio of performing loans, or the realisation of losses on loans in excess of the amounts provisioned, could have a material adverse impact on the group's results and financial position.

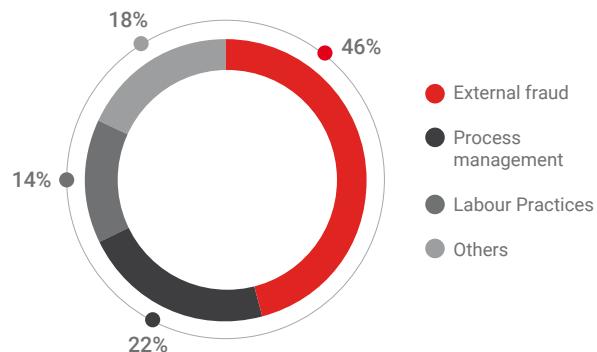
For information, Crédit Mutuel Arkéa's cost of risk amounted to €116 million for 2021.

4.1.3 Operational risk

The concept of operational risk corresponds to the risk of losses resulting from inadequate or failed internal processes, personnel and systems, or from external events. Operational risk includes risks related to events with a low probability of occurrence but with a high potential impact, such as risks of external fraud, non-compliance, legal risks, reputational risk and IT risks and risks with a probability of higher occurrence but low impact, such as external fraud, risks related to internal processes and external events and risks related to the use of models.

The breakdown of losses and provisions for incidents declared in 2021 by Basel categories is as follows:

Breakdown of losses and provisions for incidents reported since 1 January 2021



The regulatory capital requirement for operational risk was €204.3 million at the end of 2021. The proven claims ratio (losses and provisions) for operational risk amounted to €16.75 million for the 2021 financial year.

4.1.3.1 IT risk

Any interruption or failure of Crédit Mutuel Arkéa's information systems could have a material adverse impact on the group's activities.

Like most financial institutions, Crédit Mutuel Arkéa is highly dependent on information systems for conducting its business. This dependence has increased since the widespread use of online banking.

Any failure, interruption or failure of the security of these systems could lead to errors or interruptions in customer management, general accounting, deposits, services and/or loan processing systems. If, for example, the group's information and communication systems were to temporarily fail, even over a short period, the affected group entities would no longer be able to meet the needs of their customers on time and could then lose business opportunities. Similarly, a temporary failure of Crédit Mutuel Arkéa's information systems, despite backup systems and emergency plans, could generate significant costs for the recovery of lost data and their verification. Crédit Mutuel Arkéa cannot guarantee that such failures or interruptions will not occur or, if they did occur, that they would be adequately resolved. The occurrence of any failure or interruption of the information and communication systems could therefore have a material adverse impact on the group's results and financial position.

In addition, Crédit Mutuel Arkéa's information and communication systems, as well as those of its customers, service providers and counterparties, could also be subject to malfunctions or interruptions as a result of cybercrime or cyberterrorist acts. For example, the main cyber risks identified could lead to the following:

- fraudulent operations following an intrusion into the information system, such as Swift access usurpation;
- a theft or data leak;
- an attack on the integrity of the data can lead to an interruption of activity while reconstruction is being carried out;

- an attack leading to a major unavailability of the information system, such as a distributed denial of service attack (DDoS) attack, or an attack targeting one or more data centres.

Such malfunctions or interruptions to information systems could cause significant operational losses and have an adverse impact on the group's reputation, business and results.

Lastly, Crédit Mutuel Arkéa is also exposed to the risk of operational malfunction or interruption of a clearing agent, foreign exchange markets, clearing houses, custodian banks or any other financial intermediary or external service provider, to which the group has recourse to execute or facilitate its transactions involving financial instruments. Due to its growing interconnection with its customers, Crédit Mutuel Arkéa could also see an increase in its exposure to the risk of operational malfunction of its customers' information systems.

4.1.3.2 Risk of external fraud

The risk of external fraud, arising from internal or external events, constitutes a financial risk for Crédit Mutuel Arkéa.

Crédit Mutuel Arkéa is also exposed to the risk of external fraud. Over the past year, the increase in the financial impact of operational risk mainly concerned the external fraud category, following an increase in phishing e-mail attacks and the rise in electronic banking fraud (card fraud). In addition, the digitisation of banking services is an additional cause of external fraud risk as well as cyber/IT risk.

4.1.3.3 Risk related to internal processes and external events

The inadequacy or failure of internal processes or deliberate, accidental or natural external events could lead to operational losses and have an adverse impact on Crédit Mutuel Arkéa's activities and financial position.

Crédit Mutuel Arkéa's has implemented risk management and hedging strategies and techniques via the implementation of risk management procedures. However, it is not possible to systematically guarantee the effectiveness of these procedures and effectively limit the group's risk exposure to all types of economic and market environments and to all types of risks. These strategies and techniques could also prove ineffective in the face of risks that the group has not previously identified or anticipated. In addition, the risk management strategies and techniques used by Crédit Mutuel Arkéa may not completely limit its risk exposure and guarantee an effective reduction in the overall level of risk.

In addition, Crédit Mutuel Arkéa is dependent on its natural and social environment. Unforeseen events such as a serious natural disaster, extreme weather conditions, a new pandemic crisis, terrorist attacks or large-scale social movements could disrupt the conduct of the group's activities and result in substantial losses, particularly in terms of reinsurance premiums.

4.1.3.4 Non-compliance risk

In the event of non-compliance with applicable laws and regulations, Crédit Mutuel Arkéa could be exposed to significant fines and other legal, administrative or disciplinary sanctions likely to have a material adverse impact on its financial position, its activities and its reputation

The risk of non-compliance is defined as the risk of judicial, administrative or disciplinary sanctions, significant financial loss or damage to reputation, arising from failure to comply with provisions specific to banking and financial activities, whether of a legislative or regulatory nature, national or European directly applicable, or whether they are professional and ethical standards, or instructions from the actual managers taken in particular in application of the guidelines of the supervisory body.

The ever-increasing regulatory pressure means that banks face a growing risk of sanctions or damage to their reputation, requiring increased vigilance.

Through its distribution networks and subsidiaries, Crédit Mutuel Arkéa covers all banking and financial activities. As a manufacturer and distributor, Crédit Mutuel Arkéa is able to offer its customers, whether individuals, professionals, companies or local authorities, a complete range of banking, financial, wealth management and insurance products and services.

Given the multiplicity of activities carried out, the range of compliance risks to be taken into consideration is all the more extensive.

In order to protect the interests of its customers and preserve the group's integrity and reputation, Crédit Mutuel Arkéa has set up a compliance risk prevention and management system based on a set of procedures and the complementarity of actions within the group. It is described in more detail in Section 4.4.7 dedicated to the risk of non-compliance.

4.1.3.5 Internal fraud risk

Despite the procedures deployed, Crédit Mutuel Arkéa is exposed to the risk that a member of its staff will not comply with internal procedures and rules and will deliberately commit fraud, which exposes Crédit Mutuel Arkéa to a financial risk.

As Crédit Mutuel Arkéa does not operate in proprietary speculative trading, it limits the risk of internal fraud linked to rogue trading.

4.1.3.6 Risk related to the use of models

The models used by Crédit Mutuel Arkéa in decision-making or asset valuation could contain defects in their design, implementation or use and lead to financial losses.

For several years now, the increasing integration of models in decision-making processes or asset valuation processes has generated model risk: the risk of financial loss, insolvency, illiquidity and damage to the group's reputation resulting from defects in the design, implementation or use of models.

This risk, which is included in operational risks, is a risk in its own right with the implications that this entails in terms of identification, assessment and steering throughout the model's life cycle, in line with the regulations⁽¹⁾ that identify this risk.

Without anticipating the risk associated with its models, Crédit Mutuel Arkéa could face financial losses.

(1) Order of 3 November 2014, amended in early 2021.

4.1.3.7 Legal risk

The legal risk to which Crédit Mutuel Arkéa is exposed could adversely impact its financial position

Legal risk is the risk of any litigation with a counterparty, resulting from any imprecision, shortcoming or insufficiency, real or supposed, that may be attributable to the company subject to its operations.

Legal risk is included in operating risks and would materialise, among other things, in the event of exposure to fines, penalties and damages for events that could engage the liability of Crédit Mutuel Arkéa in the context of its activities.

Provisions have been set aside to cover current legal risks that could have a negative impact on Crédit Mutuel Arkéa's assets and liabilities, based on the best estimate of senior management based on the information available to it.

4.1.3.8 Reputational risk

Damage to Crédit Mutuel Arkéa's reputation could have an adverse impact on its business and financial position

Maintaining a solid reputation for Crédit Mutuel Arkéa is essential to retain and develop its relationships with its customers and other counterparties in a highly competitive environment in the banking and financial services industry.

The use of inappropriate means to promote its products and services, inadequate management of potential conflicts of interest, ethical issues or data protection requirements could tarnish the group's reputation and affect its competitive position. Any inappropriate behaviour or misconduct of an employee, any fraud or wrongdoing committed by financial sector players to which the group is exposed, any act of cybercrime, any reduction, restatement or correction of financial results, or any legal or regulatory action with a potentially unfavourable outcome could also harm the group's reputation.

In addition, inadequate management of these issues could create a legal risk for the group, which could increase the number of disputes and expose it to regulatory sanctions.

4.1.4 Liquidity risk

4.1.4.1 Crédit Mutuel Arkéa's access to financing and the costs of this financing could be adversely impacted in the event of a financial crisis or a deterioration in economic conditions

Crédit Mutuel Arkéa's ability to access short- and long-term financing is essential for its activities. If the group were to face a restriction in access to financing or a deterioration in the conditions of this financing or if it were to suffer an unforeseen outflow of cash (including a significant decrease in customer deposits), its liquidity would be negatively impacted.

If the group were unable to maintain a satisfactory level of deposit collection from its customers, it could be forced to resort to higher volumes of market financing and thus increase its dependence on the market. At 31 December 2021, the commitment factor, which measures the share of loans financed by bank deposits and, consequently, dependence on the financial markets, was less than 100%.

In addition, the group's ability to access capital markets, as well as the cost at which it obtains this financing, depends on events that the group cannot control or predict. Thus, the financial crisis of 2008, the debt crisis in the euro zone, and more recently the tensions on the financial markets related to the Covid-19 crisis before the intervention of central banks, have led in recent years, on an ad hoc basis, to a restriction of access to financing or a deterioration in the conditions of this financing by European banks, due to several factors including the significant increase in credit risk perceived by the banks, the deterioration of ratings affecting certain States and financial institutions or speculation on the debt markets. The resulting liquidity constraints could have a material adverse impact on the group's business, results and financial position.

In recent years, the European Central Bank has taken measures to facilitate the access of European financial institutions to liquidity, in particular by lowering its interest rates to historically low levels and by setting up Targeted Longer-Term Refinancing Operations (TLTROs) in which Crédit Mutuel Arkéa has participated. In the event that the ECB were to terminate these exceptional measures, Crédit Mutuel Arkéa's liquidity reserves would not be impacted due to the reinvestment of almost all TLTROs in the central bank account.

At 31 December 2021, the Liquidity Coverage Ratio (LCR ratio), which measures the ratio between liquid assets and net cash outflows at thirty days under a stress scenario, stood at 163% and liquidity reserves amounted to nearly €30 billion, covering more than twice the LCR regulatory requirements.

4.1.4.2 A deterioration in external credit ratings could have an adverse impact on Crédit Mutuel Arkéa's financing costs and access to liquidity

Credit ratings have an impact on Crédit Mutuel Arkéa's liquidity. Rated by Fitch Ratings and Moody's Investors Service, Crédit Mutuel Arkéa has one of the best ratings in the French banking sector. A deterioration in external credit ratings could have an adverse impact on the group's liquidity and competitive position. Indeed, a downward trend in Crédit Mutuel Arkéa's external ratings could limit access to capital markets, increase financing costs or trigger additional obligations under its covered issuance programmes.

In addition, the cost of the unsecured long-term refinancing of Crédit Mutuel Arkéa is directly related to its credit spreads, which are themselves partly dependent on its credit ratings. An increase in credit spreads can significantly increase the group's refinancing cost. Credit spreads change in line with the market and sometimes undergo unpredictable and highly volatile changes.

4.1.5 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 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 income 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. The markets have been operating for several years in an environment of low interest rates, significantly impacting Crédit Mutuel Arkéa's profitability. 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 income 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 the net banking income and affect the profitability of Crédit Mutuel Arkéa.

The end of a prolonged period of low interest rates, in particular due to a tightening of monetary policy resulting in particular from an economic recovery or higher inflation than expected by the monetary authorities, would also entail risks. Thus, a sudden exit from these interest rate levels could have an adverse impact on the bank's revenues and profitability. Crédit Mutuel Arkéa could have difficulty immediately passing on the increase in these interest rates to the production of real estate loans and other fixed-rate loans granted to individuals and companies, whereas the cost of customer deposits could increase more quickly. In addition, some current non-interest-bearing or low-interest demand deposits could be redirected to more costly deposits (for example in term or passbook accounts).

4.1.6 Insurance risk

4.1.6.1 Life insurance risk

4.1.6.1.1 Underwriting risk

Suravenir is exposed to underwriting risks that could have an adverse impact on its financial position

Suravenir is exposed to underwriting risk, which covers all risks inherent in the distribution business (risks of massive surrender, mortality, incapacity/disability, longevity, natural disasters), the occurrence of which would have a negative impact on the value of the Suravenir's insurance liabilities. This situation may be the result of several factors, including:

- anti-selection in borrower insurance;

- significant amounts of capital accumulated (included in reinsurance risk);
- failure to manage commercial savings exemptions;
- an increase in claims not anticipated at the time of pricing or risk acceptance.

The main underwriting risk for Suravenir is the surrender risk (lapse risk) and could result in a loss or a decrease in the value of insurance liabilities resulting from an upward or downward change in the surrender rates for life insurance policies or early repayment rates in borrower insurance. This risk also exists in the event of arbitrage by policyholders between unit-linked and euro-denominated vehicles.

4.1.6.1.2 Interest rate risk

Any significant change in interest rates could have a significant negative impact on Suravenir's financial position.

A change in interest rates has a direct impact on the valuation and profitability of the bond portfolio of Suravenir, whether it concerns capital managed for own account or euro-denominated funds. Fixed-rate bonds expose Suravenir to a risk of changes in asset value; variable-rate bonds expose it to a risk of fluctuations in income.

A sustained low interest rate environment could exert downward pressure on the level of margin taken by Suravenir, affecting its profitability and ultimately its solvency. Life insurance contracts in euros commit the company to serve a minimum rate. When market rates fall, the portfolio yield may become insufficient to meet this commitment. In this case, French regulations require insurance companies to set aside a specific provision (provision for financial contingencies).

An increase in interest rates would lead to a decrease in the value of the fixed-rate bonds held in the portfolio. Depending on the IFRS accounting classification of these securities, this devaluation would have an impact on shareholders' equity or income. A significant and lasting increase in rates would also expose Suravenir to a financial risk due to the potential increase in redemptions by policyholders on euro funds due to the lack of attractiveness of these funds compared to other investments. Such a situation could lead Suravenir to sell assets and bear any capital losses resulting from these disposals.

4.1.6.1.3 Liquidity risk

A massive outflow could have a significant adverse impact on Suravenir's liquidity and capital adequacy

Suravenir is exposed to the risk of massive and sudden redemptions by its customers. Indeed, massive redemptions on euro funds (which could result from a sudden increase in interest rates or as a consequence of reputational risk) or massive outflows of unit-linked contracts with an illiquid underlying would have a negative impact on Suravenir's liquidity.

This risk thus appears in particularly unfavourable scenarios in life insurance, generating massive outflows.

Such massive outflows could force the Suravenir to sell illiquid securities and/or securities with significant unrealised losses (for example in the event of a sharp rise in interest rates), which could adversely impact the return paid to policyholders, and the capitalisation reserve up to a certain level, as well as the level of liquidity and the company's equity.

4.1.6.1.4 Market risks

Suravenir is exposed to market risks that could have an adverse impact on its financial position

The market risk to which Suravenir is exposed includes the interest rate risk related to asset/liability management (see dedicated section) and the equity risk related to investments included under assets. Suravenir is exposed to:

- a change in the equity markets or other markets (market decline resulting in a loss in the event of disposal) and volatility in the market value of the shares;
- a change in the real estate market (decline in the real estate market) and volatility in the market value of real estate assets;
- the risk of capital loss on all its assets, whether in bonds or in title deeds. On its bond portfolios, Suravenir carries a risk of default, or of an unfavourable change in the financial position, resulting from fluctuations affecting the credit quality of issuers of securities, counterparties or any debtor;

4.1.6.2 Risk specific to the non-life insurance business

4.1.6.2.1 Underwriting risk

Suravenir Assurances is exposed to underwriting and provisioning risks likely to have an adverse impact on its financial position.

The underwriting risk in non-life insurance is the risk that the profitability of non-life insurance products may be affected by inadequate acceptance rules, pricing and/or reinsurance coverage of the guarantees offered to policyholders. The main activities concerned by underwriting risk management are:

- design of new product(s);
- changes in the offer (subscription rules, new coverage, changes in the product/network pairing, etc.);
- loyalty and discount programmes;
- price changes;
- portfolio monitoring (by dealer network, by product) and broker monitoring. Only individual brokers' points of sale are monitored. The other physical distributors (banks of the distributing federations) are subject to monitoring at the overall network level.

Suravenir Assurances is exposed to underwriting risk, including the following three sub-categories:

- the risk of under-pricing resulting from the potential inadequacy of the pricing of guarantees with the profitability objectives of the portfolio when designing new products, changes to the offer or prices proposed by Suravenir;
- the risk of anti-selection resulting from over-subscription of an unwanted risk caused by pricing;
- the risk of natural disasters resulting from any extreme or exceptional events that would have a financial impact on Suravenir Assurances. The coverage of potential losses remains the main objective of reinsurance coverage (peak risk).

Global warming and its consequences affect underwriting risks through the increase in the frequency and cost of extreme weather events (drought, floods, storms, thunderstorms, etc.). Another potential consequence that could have a negative financial impact

for Suravenir Assurances would be an increase in mortality and tropical diseases.

Suravenir Assurances is also exposed to provisioning risk, which is the risk of loss or adverse change in the value of insurance commitments, due to inadequate assumptions regarding provisioning. This risk is intrinsically linked to the underwriting risk, as the monitoring of provisions must be carried out in a manner consistent with the management of risks and claims related to the guarantees marketed.

4.1.6.2.2 Interest rate risk

Suravenir Assurances is exposed to a risk of changes in interest rates that could have an adverse impact on its financial position.

Changes in interest rates and spreads constitutes a risk for the company due to the potential decrease in value of the bond assets in the portfolio. The interest rate risk borne by the company is mainly due to an increase in interest rates given that the duration of Suravenir Assurances' liabilities is shorter than that of its assets.

An increase in interest rates and/or credit spreads would expose the company to a decline in the market value of the bond assets held in the portfolio. A low interest rate environment is likely to have a long-term impact on the returns on new investments and, consequently, on Suravenir Assurances' financial result.

Conversely, a drop in interest rates would not have a negative impact on the company. Indeed, a drop in interest rates would lead to a greater increase in the market value of assets than the increase in technical provisions in liabilities, which would in fine lead to an increase in Suravenir Assurance's economic equity.

4.1.6.2.3 Credit risk

Suravenir Assurances is exposed to a risk of default by one or more counterparties that could have an adverse impact on its financial position.

Suravenir Assurances is exposed to a credit risk on three main types of counterparties: issuers of securities that have been the subject of an investment, banking institutions holding its cash and reinsurers.

The investments made by Suravenir Assurances in medium- or long-term instruments, mainly bonds, expose Suravenir Assurances to a counterparty credit risk on the issuers of these vehicles. In the event of default by these issuers, Suravenir Assurances may not be reimbursed in part or in full of the invested capital and/or the related coupons.

In addition, Suravenir Assurances has placed its cash with banking institutions. In the event of default by these institutions, Suravenir Assurances may not be refunded the amounts deposited in its accounts and is thus exposed to a credit risk on these institutions.

Suravenir Assurances has taken out reinsurance contracts giving it recourse against a second insurer in the event of the payment of sums to its insured customers for covered claims. In the event of default by a reinsurer, it will no longer be able to honour its commitments, which would have a negative financial impact on Suravenir Assurances.

The counterparty risk on reinsurers will be all the more significant for Suravenir Assurances if it is combined with the occurrence of a major loss, generating a significant amount receivable from reinsurers.

4.1.7 Market risks

The evolution and volatility of the financial markets could have an adverse impact on Crédit Mutuel Arkéa's financial position.

Crédit Mutuel Arkéa's financial market activity is limited to cash management and refinancing, as well as activity on behalf of customers. It excludes any speculative activity or proprietary trading.

Crédit Mutuel Arkéa's exposure to financial market volatility is limited:

Transactions carried out on behalf of customers are exposed to a residual market risk in view of their systematic backing on the market. The currency risk is also not material given the low foreign exchange position limits granted by the group's risk management policy.

In addition, interest rate risk constitutes a market risk but is treated separately in this document (see Section 4.1.4).

The market risk to which Crédit Mutuel Arkéa is exposed mainly results from market positions in the scopes relating to investments (cash management and refinancing).

Risk-weighted assets specific to market risk amounted to €148.3 million at 31 December 2021, equivalent to 4.3% of the group's total risk-weighted assets.

4.1.8 Environmental risks, including climate

Environmental risks, including climate risks, both physical and in terms of the transition, could adversely impact Crédit Mutuel Arkéa's activities and financial position

Climate change and environmental degradation are sources of structural changes that can affect economic activity and, as a result, the financial system. Climate and environmental risks are commonly considered to include two main risk factors:⁽¹⁾

- physical risk refers to the financial effects of climate change (including increased extreme weather events and gradual climate change) and environmental degradation (such as air, water and land pollution, water stress, biodiversity loss and deforestation);
- transition risk is the financial loss that an institution may incur, directly or indirectly, as a result of the process of adapting to a low-carbon and more environmentally sustainable economy. It can arise, for example, from the relatively abrupt adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

Initiated as part of its Corporate Social Responsibility and current strategic plans up to 2024, Crédit Mutuel Arkéa integrates non-financial data known as ESG (Environment, Social and Governance) into its business lines. The group has thus drawn up its climate strategy based on a dual risk/opportunity approach.

Environmental risks could materialise directly for Crédit Mutuel Arkéa. It is exposed to physical risk for its property assets and its non-life insurance business. They could also materialise indirectly via its financing and management activities and through mechanisms for transmission to other risks (including credit risks and operational risks).

Without anticipating this type of risk, Crédit Mutuel Arkéa could face financial losses and reputational damage.

4.1.9 Risk summary

4.1.9.1 Risk matrix

Risks are classified by broad categories. Within each category, the risk factors are ranked in order of importance:

- the probability of occurrence is considered "low" if the risk has not already occurred in the past and there is no presumption of occurrence;
- it is considered "medium" if the risk has already occurred in the past and there is no presumption of occurrence;
- it is deemed "high" if the risk has already occurred in the past and there is a presumption of occurrence.

The magnitude in the event of an occurrence was assessed according to the impact of a stress scenario, based on risk history (e.g. credit risk) and on realistic scenarios for risk items that have not materialised significantly in the past. The magnitude in case of occurrence reflects the impact of the identified risk on liquidity and solvency indicators, in the event of materialisation:

- the magnitude in case of occurrence is deemed "low" if the risk does not have a significant impact on the liquidity and solvency ratios;
- the magnitude in case of occurrence is deemed "medium" if the risk significantly affects the annual result and ratios, but does not compromise the announced remuneration of the various investment vehicles (shares, debt securities);
- it is deemed "high" if the risk is such as to compromise the remuneration of the various investment vehicles.

The probability of occurrence and the estimated magnitude of the negative impact in the event of occurrence are described in the dedicated paragraphs.

Macroeconomic and regulatory risks are not mentioned in this matrix because they are taken into account in other risk typologies measured elsewhere in this matrix (credit, interest rate, market), for which they play an inducing role.

(1) Source: ECB, Guide to Climate and Environmental Risks, November 2020.

Crédit Mutuel Arkéa's risk matrix

Risk categories and factors	Probability of occurrence x	Magnitude in case of occurrence	= Materiality
Strategic, business and ecosystem risk			
Macroeconomic risk	Medium	Medium	Medium
Regulatory risk	Medium	Low	Low
Strategic risk	Low	Low	Low
Resolution risk	Low	Low	Low
Human resources risk	Low	Low	Low
Credit risk			
Customer credit risk	Medium	Medium	Medium
Credit risk on market counterparties	Low	Medium	Low
Operational risk			
IT risk	Medium	Medium	Medium
Risk of external fraud	Medium	Low	Low
Risk related to internal processes	Medium	Low	Low
Non-compliance risk (including money laundering)	Low	Medium	Low
Risk of internal fraud	Low	Medium	Low
Model risk	Low	Low	Low
Legal risk	Low	Low	Low
Reputational risk	Low	Low	Low
Liquidity risk			
Liquidity risk	Low	Medium	Low
Interest-rate risk			
Interest-rate risk	Medium	Low	Low
Insurance			
Life insurance	Low	Medium	Low
Non-life insurance	Low	Low	Low
Market risk			
Market risk	Medium	Low	Low
Environmental risks			
Climate risk	Medium	Low	Low
Legend			
Low			
Medium			
High			

The risk factors identified within Crédit Mutuel Arkéa do not deviate from the risk appetite framework defined by Crédit Mutuel Arkéa. Thus, their materiality does not exceed a stage deemed "Medium".

4.2 Risk management function

4.2.1 Introduction to Crédit Mutuel Arkéa's risk appetite

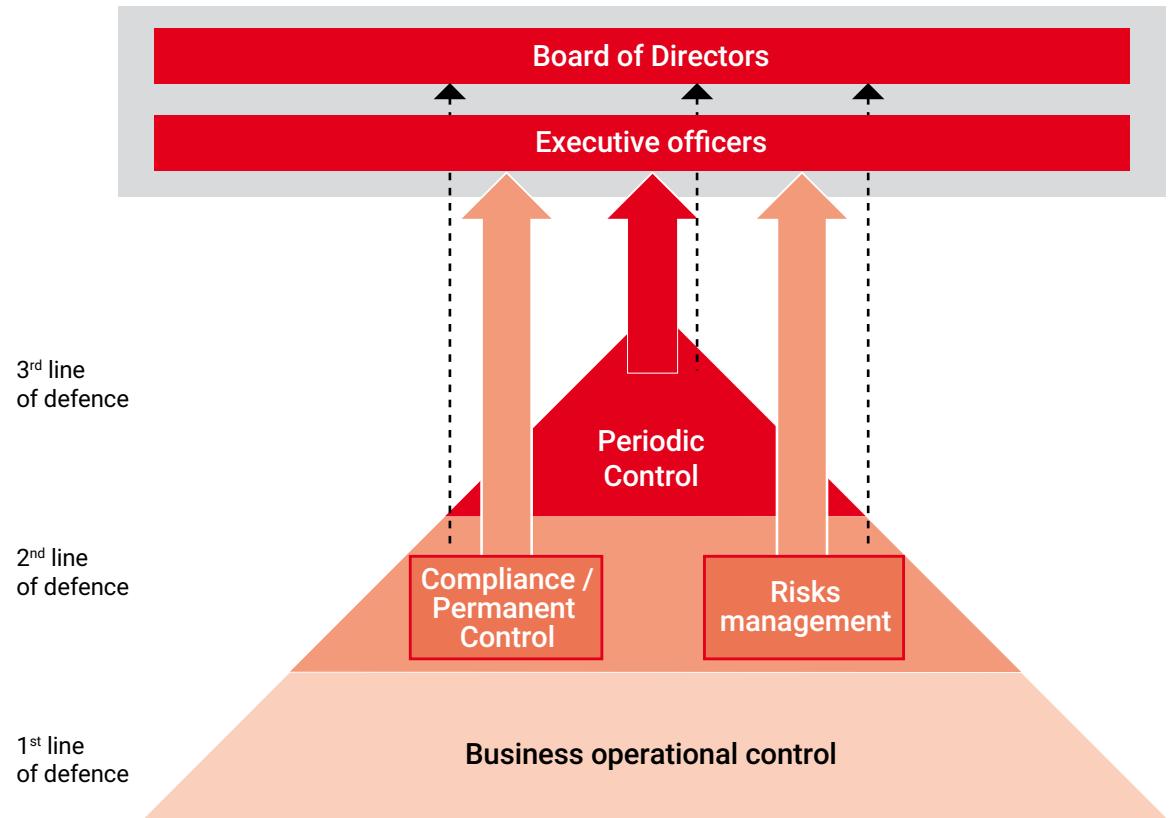
Risk appetite is the level and type of risk that a company is able and willing to assume in its exposures and business activities, taking into account its objectives and obligations to stakeholders.

In view of its level of shareholders' equity and the comparative levels of its return on equity and solvency ratios, Crédit Mutuel Arkéa's risk appetite is moderate overall and over the long term.

Priority is given to reasoned profitability and risk, which reinforces the capital of confidence necessary to maintain the commercial relationship with customers. It is a unique feature of Crédit Mutuel Arkéa's cooperative model, where the shareholder-member is also a customer and gives priority to the quality of a lasting relationship with his bank over the return offered by the share capital he holds. The criterion of return on share capital is part of an overall medium- or long-term assessment, without immediacy.

In line with the above-mentioned link between risk and profitability, Crédit Mutuel Arkéa's risk appetite policy aims to situate risk at a level compatible with its overall performance objectives while ensuring that it can always be controlled through its organisation and know-how. Risk levels and risk control are criteria that are the subject of very close attention and are particularly selective in terms of the direction of development.

The risk management function is part of the global governance framework for risk and internal control represented below:



4.2.2 Crédit Mutuel Arkéa's risk management function

The general mission of the risk management function is, in accordance with regulatory requirements (see Order of 3 November 2014, amended in 2021), to ensure the implementation of Crédit Mutuel Arkéa's risk measurement and monitoring systems.

Its organisation covers all the risks of all the group's entities. On a consolidated basis, it provides an overall view of all the risks associated with the group's banking and non-banking activities on a cross-functional and forward-looking basis.

The purpose of the "risk management function" is to ensure that the level of risks incurred is compatible with the guidelines set by Crédit Mutuel Arkéa's supervisory body, which has set the following priority objectives in this area:

- operate within limits consistent with its Raison d'être, overall performance strategy and objective, financial capabilities and regulatory risk requirements;
- deliver high-quality, relevant, controlled information to the supervisory body and to the group's actual managers and supervisory authorities, with each group entity being responsible for managing its risks.

Responsibility within Crédit Mutuel Arkéa is assigned to Crédit Mutuel Arkéa's Head of Risk Management, who is independent of the business lines and reports to the Deputy Chief Executive Officer in charge of the Development Support Division and the executive management of Crédit Mutuel Arkéa. Ultimate responsibility for risk management at the operational level remains with the actual managers of each entity, whether or not its activities are outsourced.

The Head of the group's "risk management function" is responsible for organising the smooth operation of this function, ensuring that effective management and the group's supervisory body are properly informed, and ensuring and/or participating in the application of group procedures for his or her area of responsibility.

It intervenes upstream and downstream of operational risk management by the entities and provides consolidated risk monitoring at group level. The results are communicated, using appropriate media and frequency, to the Risk Committee and to the group's senior management, as well as to the Risk and Internal Control Committee and the Board of Directors of Crédit Mutuel Arkéa. The Head of the group's "risk management function" relies for this purpose on the network of correspondents appointed in each group entity (see below) and on a consolidated information system.

The "risk management function" is organised functionally, in addition to the hierarchical organisation. Each institution in the group, whether a bank or not, appoints a manager for the "risk management function" for its perimeter, with one manager per type of risk.

Functional links are provided at three levels:

- between the Head of the "risk management function" of the group and the Head of the "risk management function" of each entity;
- between the Head of the "risk management function" of each entity and the designated managers for each type of risk within that entity;
- between the Head of the group's "risk management function" and the group's risk managers.

Crédit Mutuel Arkéa's consolidated view of risks is assured:

- by a governance of the "risk management function", homogeneous and based on the same model whatever the group entity and whatever the risk;
- and by common methods, procedures and tools enabling both "local" management by entity and global management at group level.

This organisation of the "risk management function" and the resources at its disposal contribute to the compliance of Crédit Mutuel Arkéa's risk exposure with the risk appetite framework and risk policy defined by its supervisory body. In this respect, all of the documents forming the Risk Appetite Framework constitute the standard which contains the group's system of limits. First validated by the Risk Monitoring Committee and then by the group's Executive Committee, this document is then presented to the Risk and Internal Control Committee, before being submitted to Crédit Mutuel Arkéa's Board of Directors for adoption.

4.3 Credit risk

NB: the data below is presented pro-forma for the current year, unless otherwise stated.

Credit risk is the risk incurred in the event of default by a counterparty or counterparties considered as a single group of customers, within the regulatory meaning of this term.

For credit risk, the calculation of weighted risk is organised according to two distinct approaches: the IRB method and the standard method. At 31 December 2021, exposure at the time of default amounted to €127.7 billion, of which €81.9 billion under the IRB approach and €45.8 billion under the standard approach. The weighted credit risk amounted to €40.5 billion.

4.3.1 Customer credit risk

4.3.1.1 Selection, limit and monitoring procedures

All risk selection, limit and monitoring procedures are part of a regulatory framework. This framework complies with the Administrative order of 3 November 2014, amended by the Order of 25 February 2021, on the internal control of companies in the banking, payment services and investment services sector, which are subject to supervision by the French prudential supervision and resolution authority (ACPR).

4.3.1.2 Risk selection system

In accordance with regulations, internal ratings are at the centre of the credit granting process and are used to determine both the decision limits and the commitment ceiling for each group entity.

The granting of credit is governed by procedures specific to each distributing entity within the group, within the framework of the system of limits defined by Crédit Mutuel Arkéa's Board of Directors. Requests for financing exceeding the decision limits specific to each network or subsidiary are submitted to the group Credit Committee. Beyond the limits set by this committee, a request for exemption is submitted to the Board of Directors of Crédit Mutuel Arkéa.

The credit granting procedures of the group's entities are based on detailed analyses of the quality of borrowers and their ability to meet the repayments of the loans requested.

Whatever the typology of the borrowing client (individual, company, institutional), these analyses integrate, depending on the case, the following elements:

- external data (entry in the national file of incidents involving the repayment of loans to individuals, banking ban, Banque de France rating, outstanding amounts declared to the Banque de France's Risk Centralisation Department, unpaid debts, existence of collective procedures, K-BIS, etc.);
- personal data describing the financial situation (account operation, accounting documents, etc.);
- qualitative contextual elements (matrimonial regime, legal form, sectors of activity, etc.).

4.3.1.2.1 Monitoring of customer loans

In accordance with regulations, Crédit Mutuel Arkéa ensures strict independence between the units responsible for initiating transactions and the units responsible for validating or supervising them.

The tools set up by the group enable the rapid detection of risky situations (unpaid, irregularities, downgrading of ratings, etc.).

The risk management structures of the group's distribution entities ensure that the managers take proper charge of risky files, both in terms of diagnosing the customer's situation and rapidly implementing the necessary measures and monitoring the regularisation of the customer's situation.

At the second level, overall monitoring of risks is carried out by Crédit Mutuel Arkéa's Risk Department (monitoring of major risks, detection of downgraded commitments, analysis of the main doubtful and disputed cases).

4.3.1.2.2 Reporting

The members of Crédit Mutuel Arkéa's Executive Committee are provided with a monthly report on customer credit risks. The main indicators are calculated by market and by group entity.

A summary of customer credit risk exposure and an update on compliance with commitment limits are provided at each meeting of Crédit Mutuel Arkéa's Board of Directors.

Finally, the group's credit risk situation is also presented to the group Risk Monitoring Committee, which meets quarterly. It is also included in the quarterly group risk scorecard, which is sent and presented to Crédit Mutuel Arkéa's Executive Committee and then to the group's Risk and Internal Control Committee.

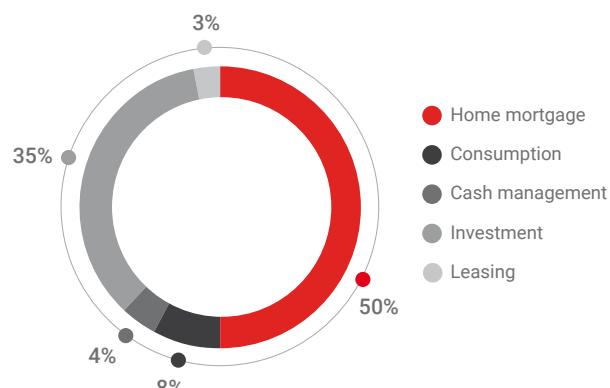
4.3.1.3 Analysis of outstandings

4.3.1.3.1 Outstanding customer loans

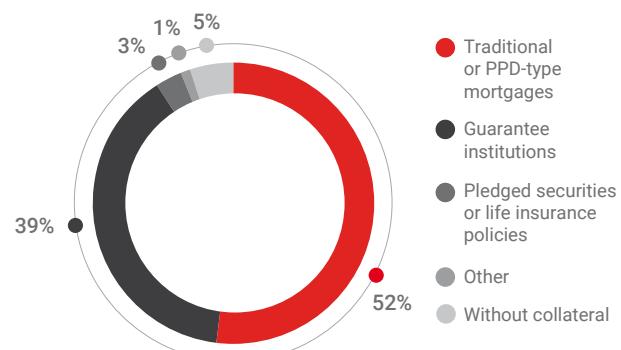
At 31 December 2021, Crédit Mutuel Arkéa's balance sheet and off-balance sheet customer outstandings amounted to €90 billion. On-balance sheet loans (including capital and related receivables) amounted to €73.9 billion, up by 8.9%.

These mainly concern moderate-risk sectors where the unit amounts of loans granted are generally limited. Housing loans account for nearly half of outstanding loans. The strong regional presence also favours proximity and good knowledge of borrowers.

Breakdown of outstanding loans on the capital balance sheet



Breakdown of home mortgage outstandings by type of collateral

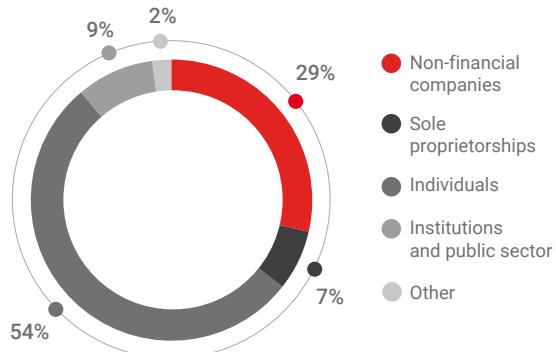


4.3.1.3.2 Dispersion of outstanding customer loans

The dispersion of the customer loan portfolio is satisfactory from a risk point of view:

- by type of borrower;
- by business field.

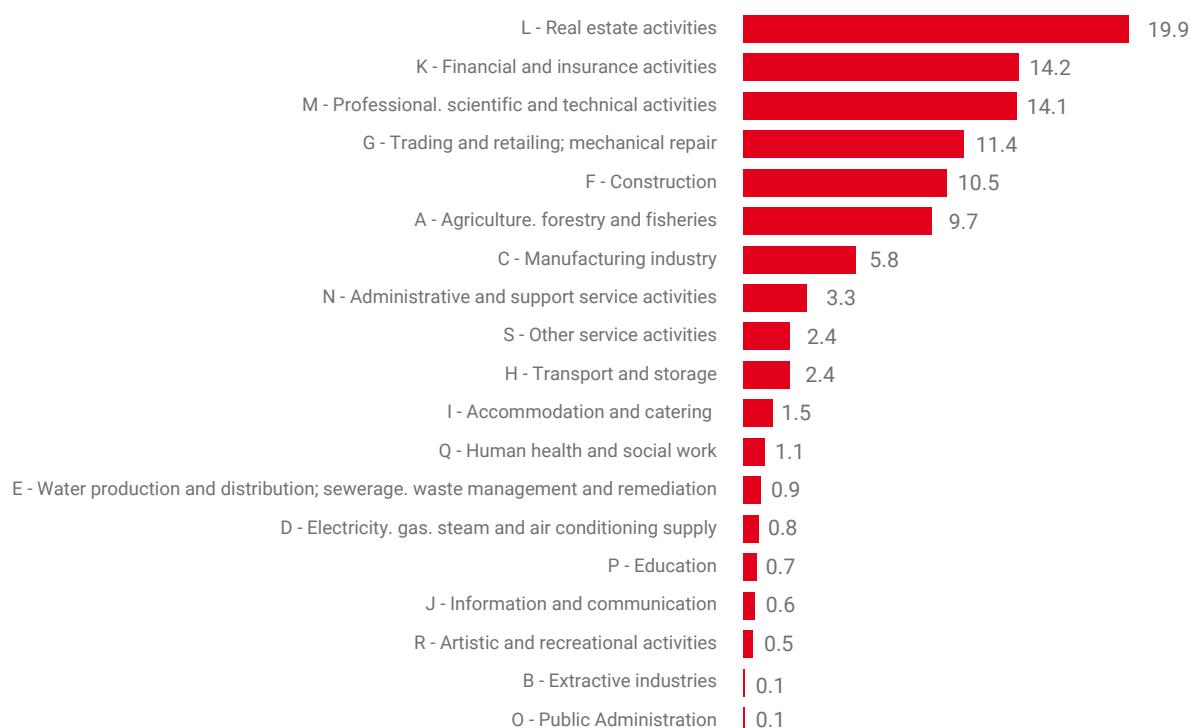
Outstanding balance sheet commitments by type of borrower



4.

Outstanding loans to individuals represent more than half of balance sheet outstandings.

Sectoral breakdown of gross exposure (balance sheet and off-balance sheet outstanding) of professionals and companies



The gross exposure (balance sheet and off-balance sheet outstandings) of professionals and companies amounted to €27.8 billion, or 31% of total exposure. The sector best represented is real estate (social landlords and property companies) with 19.9% of gross commitments.

4.3.1.3.3 Portfolio credit risk quality

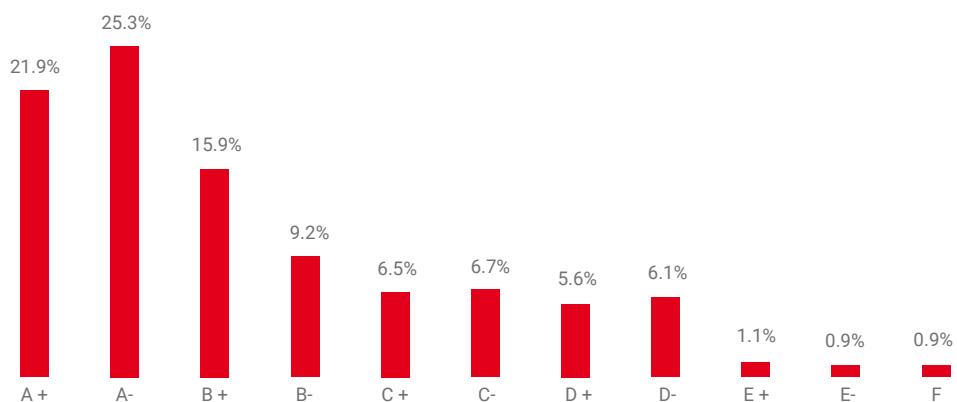
The risk quality of the customer loan portfolio is assessed through internal customer ratings.

A client's internal rating, at a given point in time, corresponds to an assessment of the risk that the client will not honour its repayment commitments within the next 12 months. Updated daily to take into account possible risk events, it is expressed on a scale of 11 ratings,

ranging from the highest rating of A+ (lowest risk) to the lowest rating of F (highest risk). The internal E- and F ratings group together doubtful and disputed loans, while the nine other ratings group sound loans.

Performing outstandings accounted for 98.2% of total outstandings and non-performing and disputed outstandings (E- and F ratings) for 1.8%.

Breakdown of balance sheet (capital) outstandings by rating level at the end of 2021



Presentation of non-performing and litigious loans (NPL)

Markets	Amount (in € millions)	%	2020		2021	
			Amount (in € millions)	%	Amount (in € millions)	%
Individuals	604.7	41.9%	601.1	41.2%		
Non-financial companies	624.7	43.3%	646.4	44.3%		
Sole proprietorships*	213.2	14.8%	210.2	14.4%		
TOTAL	1,442.7	100.0%	1,457.8	100.0%		

* Including farmers.

The group's non-performing and litigious outstandings (capital and interest) increased by €15.1 million over the financial year and amounted to €1,457.8 million at the end of 2021 compared with €1,442.7 million at the end of 2020. The NPL rate on overall outstandings was stable at 2% compared to 2.1% at the end of 2020.

4.3.1.3.4 Outstanding restructured loans

Restructured credits, within the meaning of European regulations (EBA ITS), are contracts that have been the subject of "concessions to debtors having or about to have difficulties in honouring their debts". These concessions may correspond in particular to changes in the residual term of the contract or debt refinancing, excluding commercial renegotiations.

Default downgrading is stricter for restructured loans, which are automatically downgraded to doubtful debt as soon as they are more than 30 days past due or when a new restructuring is implemented.

For debtors already in default at the time of identification of the restructuring, the maintenance in default is carried out for a minimum period of one year.

According to these definitions, restructured loans represent €641.2 million (in capital) or 0.87% of Crédit Mutuel Arkéa's total outstandings. €442.5 million has been downgraded to non-performing or disputed loans, while €198.8 million have been recognised as performing loans.

4.3.1.4 Provisioning and cost of risk

4.3.1.4.1 Provisioning

The provisioning of risk on customer loans concerns, on the one hand, doubtful and disputed loans (internal notes E- or F) and, on the other hand, sound loans.

For doubtful loans, the provision is applied automatically or based on an expert's assessment. Financo has a special feature in that it has a statistical provisioning system for all of its doubtful or disputed loans to individuals.

The provision rate for non-performing and litigious loans (principal + interest) was 49.3% at the end of December 2021 compared with 54.3% in December 2020. This rate was 56.2% for companies, 53.7% for sole proprietorships and 40.4% for individuals.

In the current economic climate, Crédit Mutuel Arkéa remained prudent in its approach to customer credit risk in 2021.

With regard to sound receivables, a new regulatory accounting standard for financial instruments came into force on 1 January 2018 (IFRS 9 – International Financial Reporting Standards). Since its implementation, a provision for credit risk is made as soon as the loan is granted. The provisioning of each contract is also calculated according to an estimate of the "expected" loss, determined on the basis of risk parameters whose calculation methods and values are specific to Crédit Mutuel Arkéa.

In response to the current crisis caused by the Covid-19 pandemic, the calculation of provisions on sound loans has been adapted to anticipate an increase in defaults across the entire population and in particular a sharp rise in insolvencies. Thus, the scenarios for calculating provisions have been tightened on all sound loans and specific provisions have been added to take into account a more marked impact on the sectors of activity most affected by the different confinements (restaurants, tourism, hotels and transport for example). The system put in place in 2020 was thus maintained in 2021.

As a result, the balance sheet provisioning rate for performing customer loans increased to 0.56% compared to 0.53% at 31 December 2020, representing a total of €404 million in provisions for performing loans (balance sheet).

4.3.1.4.2 Cost of risk

The cost of customer credit risk corresponds to the net allocation to provisions and losses not covered by provisions, less recoveries on amortised loans. It amounted, including provisions on performing loans, to €116.2 million in 2021 compared to €158.1 million in 2020. It consisted of a cost of risk of €58.4 million on downgraded loans and €57.8 million on performing loans.

The cost of risk on performing loans decreased in 2021 compared to 2020, which saw a sharp increase in IFRS 9 provisions in order to anticipate an increase in defaults in the context of the Covid-19 crisis. The cost of risk on doubtful or disputed loans remains at a level close to that of the previous year. As a percentage of customer outstandings, the cost of risk returned to its level of 2019 and stood at 0.16% at 31 December 2021 compared to 0.23% at 31 December 2020.

4.3.1.4.3 Taking into account the cost of risk in pricing

The cost of credit risk is taken into account in setting the financial terms and conditions granted to the customer according to a generally accepted approach, in the spirit of the Basel III regulations. The average or statistically "expected" cost of risk is incorporated into the cost of credit and contributes directly to the reference pricing, with the cost of exceptional or "unexpected" risk being, in principle, to be covered by equity capital.

4.3.2 Credit risk on market counterparties

4.3.2.1 Group-wide limit device

Crédit Mutuel Arkéa has a system of unit limits per type of counterparty (or group of "related customers" within the meaning of Article 4-1-39 of EU Regulation No. 575/2013, known as "CRR") that applies separately to proprietary and third-party activities (assets representing euro-denominated life insurance funds).

Unit limits are reviewed at least once a year by Crédit Mutuel Arkéa's Board of Directors. They are set on the basis of the internal rating of the counterparties, classified into four categories:

- sovereigns (States), public sector, supranational and secured debt;
- public authorities;
- banking, insurance and securitisation (senior and subordinated debt);
- companies.

As regards proprietary market activities, individual limits are set, in terms of amount and duration, mainly by reference to Crédit Mutuel Arkéa's equity and earnings, as well as to the "fundamentals" of the counterparty (equity, debt and ratings).

Requests for limits for a given counterparty are examined by Crédit Mutuel Arkéa's Counterparty Committee, which bases its decision on the reasoned opinions of Crédit Mutuel Arkéa's Risk Management Department, which is responsible for analysis, monitoring and second-level control. First level control is carried out by the structures carrying and/or managing the outstanding amounts on the counterparties.

Any financial market transaction involving a credit risk must relate to an issuer or security listed by the group Counterparty Committee.

In the event of a request for a waiver of the limit between two revisions, the decision is taken by the Board of Directors of Crédit Mutuel Arkéa.

4.3.2.2 Reporting

The group's Counterparty Committee regularly reviews the credit risk related to market transactions.

A quarterly risk report is drawn up and communicated to the members of Crédit Mutuel Arkéa's Executive Committee. It includes an update on compliance with credit risk limits on market counterparties.

An update on compliance with credit limits is given at each meeting of the Board of Directors of Crédit Mutuel Arkéa.

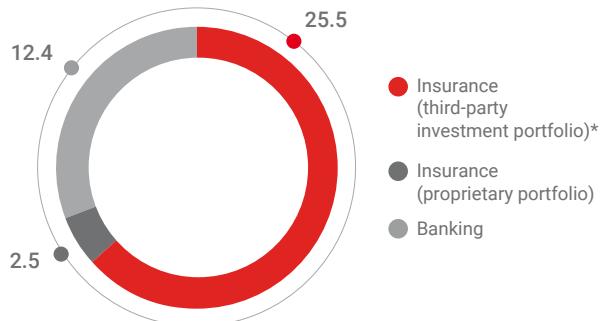
4.3.2.3 Analysis of credit risk on market counterparties

4.3.2.3.1 For the entire scope

The group's investment portfolio of interest rate products stood at €40.3 billion (unless otherwise stated, the amounts below are expressed at redemption value) at 31 December 2021, broken down as follows:

Breakdown by structure

(in € billions)



* Insurance (Third-party): assets representing euro-denominated funds

The group is directly exposed to credit risk only on proprietary insurance portfolios (€2.5 billion) and banking (€12.4 billion). For the latter, the exposure to credit risk results mainly from the replacement of surplus cash.

€25.5 billion in third-party investments by the insurance company Suravenir is mainly borne by policyholders via the return they receive on euro-denominated funds.

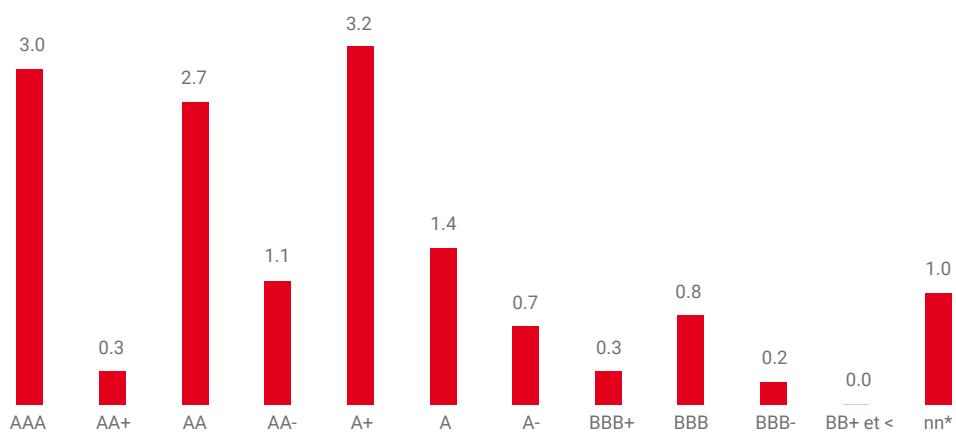
Crédit Mutuel Arkéa's analysis of counterparty risk is based on its own internal rating system as well as on the ratings of the rating agencies.

4.3.2.3.2 For the scope of proprietary accounts (insurance and banking)

€14.8 billion of investments in the bank and insurance proprietary accounts mainly concern issuers with the best external ratings: 84% have external ratings of between AAA and A-.

Breakdown by external rating - proprietary

(in € billions)

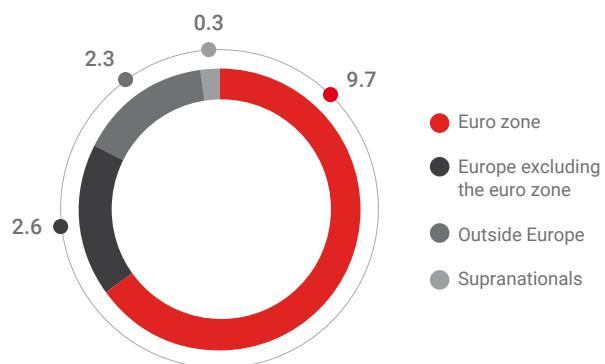


* nn: issuers not monitored by the benchmark rating agencies (S&P, Moody's and Fitch).

83% of the investments in this scope concern European issuers, 42% of which are French.

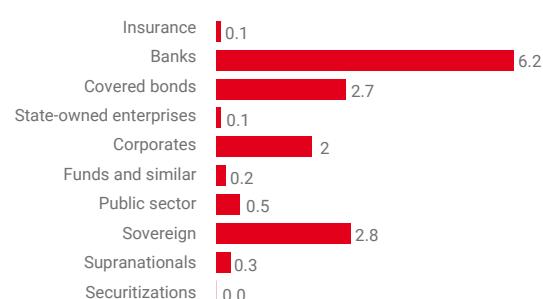
Breakdown by geographic area – proprietary

(in € billions)



Breakdown by issuer category - proprietary

(in € billions)



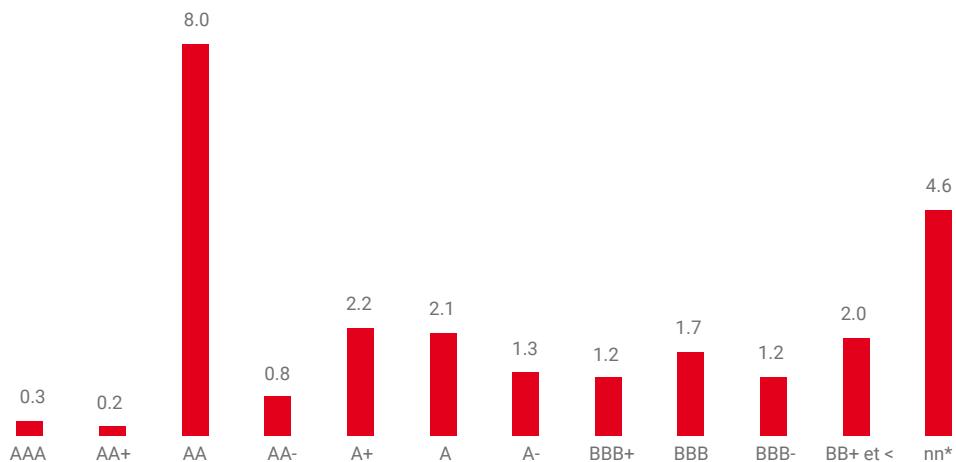
From a sectorial point of view, the investments of the bank and insurance own accounts are mainly carried out on two main types of issuers:

- the banking sector (banks and covered bonds) for 60%;
- sovereigns, supranationals, public authorities and the public sector for 25%.

4.3.2.3.3 For the third-party account scope of Suravenir

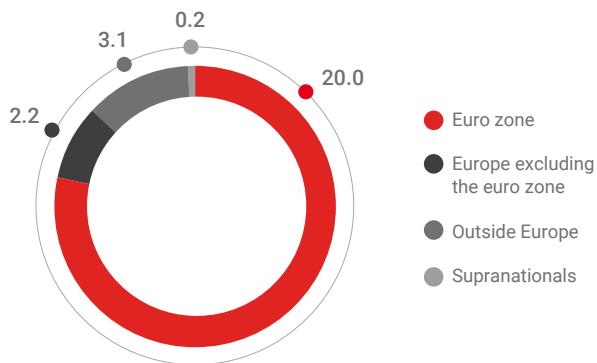
€25.5 billion, Suravenir's third-party investment portfolio, is mainly invested in issuers with the best external ratings: for 58% of them, external ratings are in fact between AAA and A-.

Breakdown by external rating - Suravenir third-party account (in € billions)



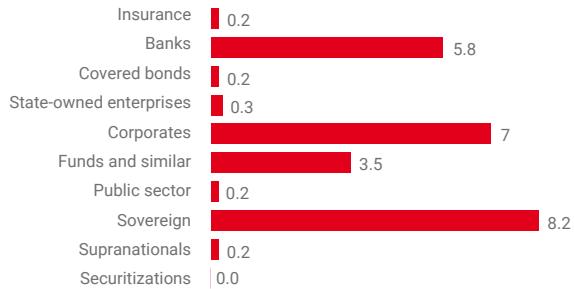
* nn: issuers not monitored by the benchmark rating agencies (S&P, Moody's and Fitch).

Breakdown by geographical area - Suravenir third-party account (in € billions)



Geographically, the third-party account is mainly invested in European issuers for 87%, 63% of which are French.

Breakdown by issuer category - Suravenir third-party account (in € billions)



From an industry point of view, Suravenir's third-party account is mainly present on two main types of issuers:

- the banking sector (banks and covered bonds) for 23%;
- sovereigns, supranationals, public authorities and the public sector for 35%.

4.4 Operational risk

4.4.1 Operational risk management function

4.4.1.1 Organisation

Crédit Mutuel Arkéa has chosen to apply its operational risk management system to all its components, including those not directly subject to Basel III regulations (life insurance subsidiaries, non-life insurance, etc.).

The general framework for controlling operational risk is based on the functional coordination provided by the Operational Risk Department, a component of Crédit Mutuel Arkéa's Risk Management Department.

This unit, consisting of two Departments (Operational Risk and IT Risk Departments) sets group policies in terms of risk management, consolidates results and monitors the evolution of operational and IT risks for the entire group. In order to carry out this mission, it relies, in its capacity as functional manager of the "operational risk" management function, on:

- the operational risk correspondents who report to each subsidiary's management, and who are the relay for the Operational Risk Department for the application of the operational risk management policy within each structure;
- information systems security managers in subsidiaries, in charge of implementing the group's IT Security Policy (ITSP);
- a team, located within it, dedicated to managing and monitoring the operational and IT risks of the Crédit Mutuel Arkéa credit institution (Central Departments, local banks and central services of the Crédit Mutuel federations).

Operational risk management is governed by formalised procedures relating to:

- updating the mapping of operational risks, including their self-assessment;
- the collection of claims;
- modelling of operational risk as part of the calculation of the capital requirement.

In addition, and in order to cover its main operational risk areas, cross-functional systems are defined by the Operational Risk Department and deployed across all entities. They concern in particular:

- the security of the IT;
- the implementation of emergency and business continuity plans;
- management external fraud prevention efforts;
- managing the risks associated with outsourcing.

4.4.1.2 Reporting

Quarterly reporting is prepared by Crédit Mutuel Arkéa's Risk Management Department and communicated in various formats:

- to the group Risk Monitoring Committee;
- to the group Executive Committee;
- to the Risk and Internal Control Committee of Crédit Mutuel Arkéa;
- to the Board of Directors of Crédit Mutuel Arkéa.

This reporting covers four main themes:

- the observed loss rate;
- the results of the tests of the emergency and business continuity plans (EBCP);
- risk self-assessment, resulting from the mapping of operational risks;
- IT risk.

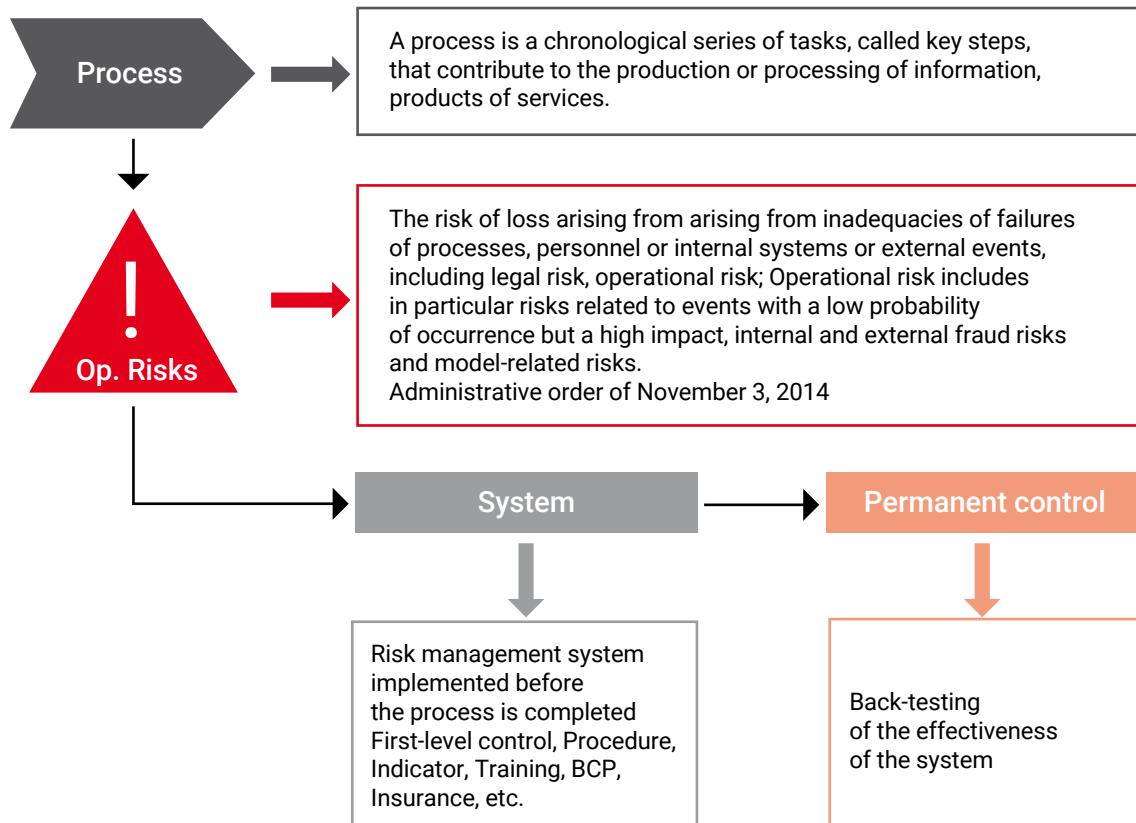
4.4.2 Operational risk measurement

The measurement of Crédit Mutuel Arkéa's operational risk is mainly based on a two-pronged approach:

- a self-assessment of risk, carried out by the operational risk correspondents within the group's structures, with recourse to the expertise of the operational staff of these structures;
- a declaration of any incident following the occurrence of a proven operational risk, in a dedicated tool based on the mapping of processes and risks.

The self-assessment of operational risk is based on an internal approach called "PRDC" for "Process-Risk-Management System-Permanent Second Level Control". This approach has led to the construction of the PRDC reference framework, whose objectives, presented in stages, are as follows:

- Processes: definition and description of the processes, in the form of a flow chart for the most important ones;
- Risks: identification, evaluation and prioritisation of operational risks;
- Systems: identification and evaluation of inherent risk control systems (means to reduce risks or their impacts) classified according to their nature (procedures, first-level operational control, tools, training, alerts, insurance, EBCP);
- Permanent 2nd level controls: verification and assessment of the relevance and effectiveness of the risk management systems attached to the processes.



Considering each unitary risk at the crossroads of the process and risk references and considering the effects of the control system in force on this risk, a self-assessment of the risk is carried out on a scale of 8 levels of frequency and 10 levels of severity.

This approach covers all Crédit Mutuel Arkéa's activities. Given the level of computerisation of processes, the effectiveness of risk management systems relating to the information system is examined with particular attention.

4.4.3 Operational risk modelling

4.4.3.1 Organisation

Since 1 January 2010, the group has been authorised to use its Advanced Measurement Approach to calculate regulatory capital requirements for operational risk for a large majority of its companies.

Crédit Mutuel Arkéa participates in projects undertaken at national level by the entire Crédit Mutuel group. In this context, dedicated resources are allocated to the annual review of risk mapping and expert opinion models, as well as to statistical modelling and the calculation of regulatory capital requirements. This enables the group to maintain the level of expertise and responsiveness required to model operational risks and quantify their capital requirements.

In addition, Crédit Mutuel Arkéa inputs risk indicators for "severity" risks and the distribution of claims for "frequency" risks into the calculation of capital requirements for Crédit Mutuel.

4.4.3.2 Quantification

For the quantification of operational risk, two modelling approaches have been adopted:

- for so-called "frequency" risks that may have been recorded in the loss histories and whose severity anticipated by the experts is not such as to result in a significant unexpected loss, the "Loss Distribution Approach" (LDA) technique is used;
- for other so-called "serious" risks, the analysis carried out by the group's experts leads to the implementation of scenarios requiring the provision of risk indicators. These indicators are used in conditional probability models based on each scenario.

The approach is supplemented by taking into account the correlations between the various risks in order to arrive at the capital requirement and the application of the insurance deduction.

The overall capital requirement is then distributed among the different entities of Crédit Mutuel as a whole. For Crédit Mutuel Arkéa, the regulatory capital requirement for operational risk was €204.3 million at the end of 2021.

4.4.3.3 Insurance

In 2012, Crédit Mutuel as a whole obtained authorisation from the Autorité de Contrôle Prudentiel et de Résolution (ACPR) to use the deduction from insurance policies taken out to cover its operating risks.

Insurance is thus fully integrated into the risk management process:

- the assessment of operational risks leads to the production of scenarios for severity risks;
- asymmetries between insurance cover and product scenarios are analysed;
- insurance programmes can thus be better adapted to the determined risk profile (scope covered, full cover).

The insurance coverages used to date in the deduction process are those relative to the insurance coverage of the company:

- damage to movable and immovable property (multi-risk);
- to fraud ("global bank" insurance);
- to professional civil liability (PCR);
- to cyber risks.

Crédit Mutuel Arkéa's insurance programmes comply with Basel III eligibility criteria (rating, initial term, residual term, termination notice, etc.).

4.4.4 Business continuity

The purpose of the Emergency and Business Continuity Plan (EBCP), as defined in the decree of 3 November 2014, is to take rapid action in the event of a crisis situation in order to minimise the impact of a major disaster on Crédit Mutuel Arkéa's activities and its customers. The activities concerned are essential or important services or operations as defined by regulations.

This device is triggered when an incident causes the cessation of an essential activity, the foreseeable or certain duration of which exceeds the maximum permissible period of interruption of that activity.

In line with Crédit Mutuel Arkéa's crisis management procedure, the group's contingency and business continuity plan is based on the following two plans:

- the "Crisis Management Plan";
- the "Business Continuity Plan" for business lines and support functions.

The "Crisis Management Plan" deals with the organisational aspects, in the event of a disaster, by defining the roles and responsibilities of the players in the various crisis units:

- the decision-making crisis unit (headed by the Chief Executive Officer of Crédit Mutuel Arkéa);
- the operational crisis unit (headed by the Chief Risk Officer of Crédit Mutuel Arkéa);
- the crisis recovery unit (headed by the person in charge of restoring the failing resource).

Each business and support function "Emergency and Business Continuity Plan" is placed under the responsibility of the manager of the entity or activity concerned. The latter designates a EBCP manager who is responsible for the implementation and operational maintenance of the entity's EBCP.

The overall consistency of all EBCPs is ensured by the Operational Risk unit within Crédit Mutuel Arkéa's Risk Management Department. As such, the person responsible for the group's EBCP is the Head of the Operational Risk Department.

A business continuity plan is built to respond to the following scenarios:

- unavailability of premises;
 - premises destroyed, unusable or inaccessible;
- unavailability of information systems (including the impacts of cyber risk);
 - central system, server, network or software incident;
- unavailability of staff;
 - staff unable to work (regardless of location, including at home),
- unavailability of key suppliers,
 - suppliers – external and internal – needed for essential activities.

These scenarios are supplemented by two crisis scenarios:

- Extreme shock:
 - exceptional event such as pandemic, cyber threat, attacks, industrial accidents, etc;
- Resolution:
 - supervision of continuity arrangements in the event of triggering of the single resolution mechanism.

Each scenario has three phases:

1. Emergency measures
2. Alternatives
3. Return to normal

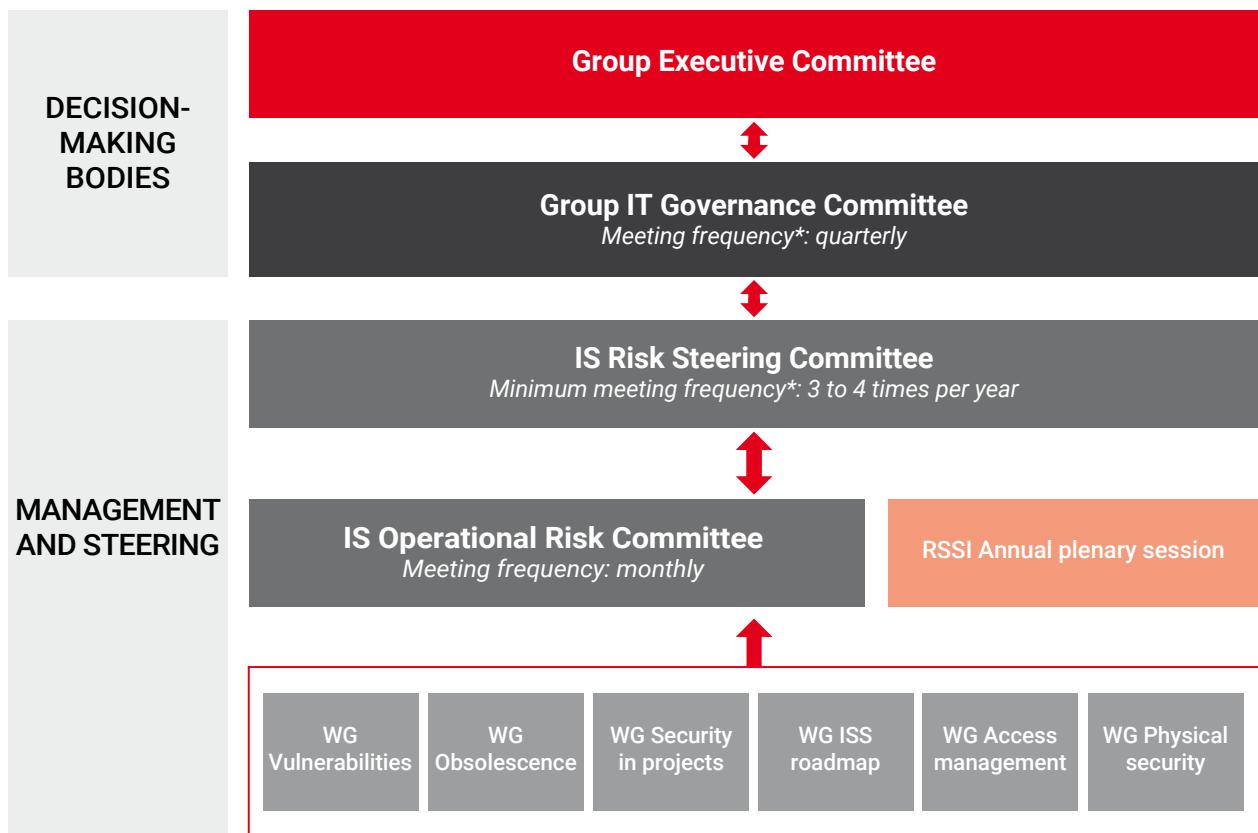
The EBCP starts from the moment when operations are entrusted to the operational crisis unit by decision of the decision-making crisis unit. It ends when a return to normality is observed by the same decision-making crisis unit.

4.4.5 IT risk measurement

IT risk is an operational risk. It is therefore part of the operational risk management system set up by the Crédit Mutuel Arkéa group as described in the operational risk management policy.

The governance of IT risk management is part of that of operational risk management. It relies both on a committee dedicated to IT risk and on the deployment of an ISS function in the Crédit Mutuel Arkéa group structures.

IT risk governance diagram:



* : + gathering of opinions/decisions, if necessary, by circulating files by email

By delegation of the Crédit Mutuel Arkéa group's Executive Management and Executive Committee, the IT Governance Committee contributes to monitoring that the IT strategy matches the group's risk appetite framework.

The mission of the IT Governance Committee, at the Crédit Mutuel Arkéa group level, is strategic management and IT governance, including the associated IS risks. As such, it covers the following areas:

■ architecture:

- definition of Crédit Mutuel Arkéa's general IT policy, guiding principles and strategic vision,
- definition of the trajectory and arbitration of decisions to extend the Crédit Mutuel Arkéa group IT platform,
- verification and guarantee of the consistency and vision of the Enterprise Architecture;

■ IS risk:

- definition of the IS risk management policy incorporating the IS security policy, the organisation and operation of the ISS function,
- updating of the internal standards in force,
- monitoring of risk exposure, definition of prevention and risk reduction measures with monitoring of the associated action plans,
- analysis and monitoring of the impacts of regulatory changes in terms of IS risk,

- analysis of ISS files as part of projects in the event of exceeding the powers of the IS Risk Steering Committee.

The Crédit Mutuel Arkéa group's Information Systems Security Policy, validated by the Crédit Mutuel Arkéa group's Executive Management, sets out the guiding principles and general guidelines for information security.

The objective of the methodology adopted in this respect is to improve the overall security of the Information System. As such, it enables:

- the identification of IT risks;
- the quantification of IT risks;
- the definition of the actions to be implemented and their priority;
- the recurrence of the cycle for constant improvement.

The approach to reducing and preventing IT risks, both in terms of causes and consequences, is based on four classes of systems:

- detection system: used to alert to an imminent risk or a recent incident;
- prevention system: to prevent a risk from occurring;
- protection system: to reduce damage caused by an incident;
- financing mechanism: to reduce the economic cost of a claim.

In accordance with the Operational Risk Management Policy, the following indicators are used to monitor and manage IT risk and adjust the strategy in order to improve the group's risk management, and are consolidated through reporting:

- IT Risk dashboard;
- IT security testing;
- security incidents.

4.4.6 Legal risk

Legal risks are included in operational risks and concern, among other things, exposure to fines, penalties and damages for events that could result in the group being held liable in connection with its activities.

The group's Legal Department is part of the Development Support Division, which reports to the Deputy Chief Executive Officer, who is also a member of the Executive Committee.

Crédit Mutuel Arkéa is subject to all regulations governing, in particular, the activities of companies in the banking, insurance and financial services sector. In an environment marked by the multiplication of regulations that lead to increased constraints on the exercise of activities and therefore legal risks, the legal function has a global vision and the capacity to intervene in a vast field of expertise.

To this end, the group Legal Department relies on a centralised team of nearly 50 lawyers in addition to the community of lawyers operating in the subsidiaries. In the interests of efficiency, the networks' litigation activity has been centralised in order to ensure that cases are handled consistently and optimally. At the same time, the Legal Department increased its staff and continued to refine its policy for managing outside legal counsel.

Since 2017, the new organisation of the Legal Department has enabled it to:

- fully play its role as guarantor of the group's legal security;
- leading a legal coordination committee with all of the group's legal managers to encourage cross-functional collaboration and networking.

Provisions have been set aside for legal risks outstanding at 31 December 2021 that are likely to have a negative impact on the group's assets and liabilities, in accordance with the best estimates made by Executive Management on the basis of the information available to it.

Only 3 files have claims above €1 million for a total of €11 million. Only one of these files was provisioned in the amount of €700,000, the other two files only giving rise to credit risk.

In view of these factors, no dispute is likely to have a material impact on Crédit Mutuel Arkéa's financial position.

In addition, the CNCM Board of Directors Meeting held on 20 April 2018 proposed a new draft of the CNCM's Articles of Association that would allow the CNCM to remove the main leaders of the regional groups. The CNCM thus 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.

4.4.7 Non-compliance risk including money laundering and the financing of terrorism

4.4.7.1 An organisation under the aegis of the Compliance and Permanent Control Department (DCCP)

In order to maintain the confidence of its customers and stakeholders in its products and businesses, the group constantly strives to protect the interests of its customers while preserving its integrity and reputation.

The teams in charge of the group's compliance control work on a daily basis to enable the group to control its risks and thus adapt to changes in the economy and society with complete peace of mind.

In order to ensure a common vision and synergy of practices within the group, the DCCP relies on the group's compliance charter and drives the group compliance policy. It assists the entities on a daily basis in implementing the compliance systems that it develops. Within each entity, a compliance officer reporting functionally to the group Compliance Officer advises the operational teams closest to the business lines.

This organisation is fully in line with the group's collaborative and agile spirit. Each employee is an active participant in the process and contributes through their actions to the development of a common compliance culture and the control of the risk of non-compliance.

The compliance control function ensures compliance with regulations, informs stakeholders of the challenges and risks, monitors compliance with best professional practices, the transparency of information and the consistency of systems with the group's strategy.

In addition to the legal watch carried out by the group Legal Department, the DCCP carries out a specific regulatory watch on:

- changes in the prudential framework set out in the decree of 3 November 2014 on the internal control of banking, payment services and investment services companies subject to ACPR supervision;
- changes in the framework set out in the AMF General Regulation or the Monetary and Financial Code;
- in general, any changes related to compliance control systems (financial security, fight against money laundering and the financing of terrorism, protection of customers' interests, fiscal transparency, business conduct, professional ethics, protection of personal data, investment services, etc.). The DCCP also participates in meetings of the French financial community.

The group's compliance system, which is developed, managed and coordinated by the DCCP, is deployed around four major areas:

- financial security including the fight against money laundering and the financing of terrorism (AML-FT) and the preservation of market integrity;
- business conduct and professional ethics;

- customer protection including the protection of personal data;
- fiscal transparency.

Training also plays a key role in managing the risks of non-compliance.

The DCCP carries out training activities for the group's entities:

- training in compliance systems for employees in the compliance function when they take up their duties;
- raising the awareness of exposed employees on themes of particular interest to the group;
- training of secondary school administrators aimed at providing them with a knowledge base on the major themes of compliance (fight against corruption and influence peddling, conflicts of interest, professional ethics and business conduct, AML-FT);
- awareness of compliance and AML-FT issues on the part of the governing bodies;
- support for the compliance function in the implementation of group framework systems;
- meetings in plenary meetings of employees in the compliance function aimed at sharing information concerning the evolution of the group's body of procedures, tools, legislative or regulatory changes, and topical issues.

In each entity, the compliance verification officer is responsible for training the employees concerned in compliance verification tools and procedures.

Local banks employees in contact with customers are trained each year according to a regulatory training schedule that changes in line with changes in regulations. Ethics and rules of good conduct in financial matters, obligations related to banking inclusion, the fight against money laundering and the financing of terrorism and the processing of customer complaints are among the recurrent topics for which training is provided. This was the case in 2021. Training on conflicts of interest, the right to bank accounts and inclusion, the processing of complaints, cooperative shares and AML-CFT were delivered in 2021. Training on the fight against corruption and the prevention and management of conflicts of interest was provided to central service employees in 2021.

An awareness-raising campaign on the prevention and detection of risks of corruption, the prevention and management of conflicts of interest as well as AML-FT was offered to Crédit Mutuel Arkéa's directors in 2021 via the distance learning platform.

Awareness-raising sessions were held for the members of the group's Executive Committee on the prevention and detection of risks of corruption and influence peddling, the prevention and management of conflicts of interest and the prevention of risks of market abuse on respectively 28 June and 6 September 2021.

In investment services, in order to reduce the risk of non-compliance in relation to the sale of financial instruments in the group's banking networks, employees subject to a certified examination of their knowledge and not benefiting from the grandfathering clause (Article 313-7-1 of the AMF General Regulation) passed an external or internal examination.

4.4.7.2 Compliance frameworks supported by the DCCP

The DCCP draws up the group's framework systems, which the group's entities are responsible for implementing according to the specific nature of their business.

4.4.7.2.1 Financial security

Anti-Money Laundering and financing of terrorism (AML/FT)

Faced in recent years with an increase in the level of risk linked to the financing of terrorism and the growing need to combat the underground economy and tax fraud in order to preserve the financial balances of states, European and French regulators have again this year strengthened the regulatory arsenal in the area of AML-FT.

The bulk of the sanctions issued by the Autorité de Contrôle Prudentiel et de Résolution in recent years relate to shortcomings identified in the area of AML-FT. The amount of the fines imposed by the Enforcement Committee is constantly increasing, reaching several tens of millions of euros.

Beyond the financial damage caused to the sanctioned institution, these sanctions, whose grievances are made public by the regulators, are likely to damage the image of the institution concerned.

In accordance with regulatory requirements, the anti-money laundering and financing of terrorism system was adapted during the 2021 financial year in order to take into account, in addition to the regulatory changes of the Order of 6 January 2021 relating to the system and to internal control in terms of AML-CFT, the effects of the health crisis. Thus, increased vigilance has been implemented to ensure, in particular, that the funds granted via government guaranteed loans were used in accordance with their purpose and that the collection of short-time working benefits was consistent. Monitoring has also been stepped up on solidarity fund fraud, false investment scams and document fraud.

In 2021, most of the work focused on:

- updating the classification of money laundering and terrorist financing risks according to the five regulatory axes and, more specifically, enriching the risk factors used to calculate the level of intrinsic risk for customers;
- updating the AML-FT country classification that applies to all Crédit Mutuel Arkéa entities in the context of its international activities. This update is notably the result of an analysis of publications issued by the FATF and the French and European authorities concerning countries that are fiscally non-cooperative or that impede AML-FT or countries subject to international sanctions;
- the optimisation of our AML-FT filtering and asset freeze tools: Crédit Mutuel Arkéa has set up a tool common to all group entities based on a market algorithm with enhanced functionalities. The deployment of this tool was initiated in the last quarter of 2021 and will continue in 2022. The scope of the screening carried out concerns the detection of business relationships under freezing of assets, of politically exposed or high-risk persons according to the group's policy. This filtering concerns customer databases, new relationships and cross-border financial flows;
- the quality of the customer knowledge files and its management, the querying of the register of beneficial owners;

- the implementation of the annual AML-FT training plan for exposed personnel;
- the Annual Meeting of the subsidiaries subject to regulation and the half-yearly plenaries of Crédit Mutuel Arkéa's AML-FT experts led by the Compliance and Permanent Control Department.

As every year, the procedural body has also been updated to reflect changes in regulations, guidelines and sanctions issued by ACPR, as well as publications by the TRACFIN financial intelligence unit.

Investment services

The framework arrangements under the AMF General Regulation are intended to cover the activities of group entities subject to market abuse and financial instrument market regulations.

The group thus ensures that its activities comply with the rules defined in this area:

- the circulation of confidential and privileged information and the prevention of insider trading;
- intervention on financial instruments;
- post-trade transparency;
- prevention and detection of market abuse;
- detection and management of conflict of interest situations.

A tool to monitor transactions in order to detect market abuse completes the procedural body.

4.4.7.2.2 Business conduct and ethics

Each group entity draws up and updates its reference texts on ethics and professional conduct based on the group's framework, internal regulations, Code of Conduct and Code of Ethics.

Right to professional alerts

In addition to the usual channels for reporting malfunctions, consisting of the line management, internal control and employee representative bodies (Article 36 of the Decree of 3 November 2014 on internal control), the group has the following in accordance with Article 37 of the Order of 3 November 2014 relating to internal control and Law No. 2016-1691 of 9 December 2016 relating to transparency, the fight against corruption and the modernisation of economic life ("Sapin 2" Law), a group framework mechanism relating to "whistleblowing". The right of whistleblowing is included in Arkade's Internal Regulations and all of the requirements of the "Sapin 2" Act relating to the internal whistleblowing system are set out in the group's "Fight against corruption and influence peddling" framework.

In 2021, the framework system was modified in order to open up the system to anonymous reports and to specify the methods used for these reports in order to promote the exercise of the right of whistleblowing by employees and the protection of whistleblowers. The provisions relating to the protection of personal data have also been updated. The update of the system was validated by Crédit Mutuel Arkéa's Board of Directors on 26 November 2021. Finally, the compliance manager of each entity is designated as the contact recipient of the alerts and is in charge of processing them.

Anti-corruption and influence peddling

Since 2017, Arkéa has been implementing a group-wide "Fight against corruption and influence peddling" framework that integrates

the new anti-corruption measures introduced by Law No. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life ("Sapin 2" law) and the provisions of Decree no. 2017-564 of 19 April 2017 relating to the procedures for collecting alerts issued by whistleblowers within legal entities under public or private law or State administrations.

This system was updated in 2021 to adapt the system to the recommendations of the French Anti-Corruption Agency of 12 January 2021 relating to the prevention and detection of acts of corruption and influence peddling, as well as the 2021 practical guide published by the same agency in the context of mergers and acquisitions.

The system reinforces the provisions relating to the commitment of management bodies; it designates the Compliance Officer as being responsible for anti-corruption compliance. It clarifies the definitions relating to offences, as well as criminal sanctions. The training material has also been updated. The methodology for mapping corruption and influence peddling risks has also been specified. Lastly, with regard to anti-corruption checks in the context of external growth and equity investments, a change in the provisions relating to legal issues has been made, as well as a presentation of risk scenarios at the various stages of the transaction, and further details on the commitment of the governing bodies and the role of the Compliance Officer.

It should be noted that in terms of operations, the Chairman of the Board of Directors and the Chief Executive Officer of the Crédit Mutuel Arkéa group are committed to the fight against corruption and influence peddling and have affirmed the principle of zero tolerance. The formal process for all Crédit Mutuel Arkéa group employees, directors and service providers was countersigned by all members of the Crédit Mutuel Arkéa Executive Committee. The resulting declaration has also been published on the Crédit Mutuel Arkéa institutional website and shared with all the Crédit Mutuel de Bretagne and Crédit Mutuel Sud-Ouest directors. It is also covered in all training materials. This commitment was also the subject of massive awareness-raising among the directors of the local banks, with an online publication on the extranet dedicated to the directors and an inclusion in the "Chairman's file" for the months of December 2021 and January 2022 in view of the preparation of the meetings of the Boards of Directors of said local banks.

Lastly, a fun communication was distributed to all group employees, focusing in particular on the management of gifts and entertaining. The entire Compliance Department was made aware of these procedures during the Compliance Plenary on 9 December 2021, the date of International Anti-Corruption Day.

Supervision of "Interest Representatives".

Pursuant to the provisions on transparency in public life, a procedure applicable to credit institution 15589 defines the capacity of interest representatives, whose main or regular activity is to influence public decision making. Credit institution 15589, which has been listed on the www.hatvp.fr directory since 2017, filed its report on 30 March 2021 in accordance with its regulatory obligations.

Conflict of interest

Crédit Mutuel Arkéa has a dedicated policy approved by its Board of Directors that sets out the principles for detecting, preventing, managing and recording situations of conflict of interest within the group.

Point 2.6 of this Universal Registration Document sets out in detail the content of the system set up within the group.

4.4.7.2.3 Protection of customer interests

Devices dedicated to customer protection

The Compliance and Permanent Control Department ensures compliance with customer protection rules within the group. It draws up framework procedures aimed at ensuring that customers' interests are respected, from the design of products and sales tools, the choice of partners, through product or service marketing practices (advertising, precontractual information) to the conclusion of the contract (duty to advise) and the handling of complaints.

The group's framework measures contributing to customer protection within the group concern the handling of complaints; account entitlement; protection of financially vulnerable people; banking mobility; intermediation (prescription); prior approval of the compliance of new products and projects; product governance and supervision; and protection of personal data.

Other systems listed as falling within the scope of financial security on the one hand (client knowledge of investment services, obligations to inform clients about investment services, "best execution and selection" obligations, registration obligations, incentives for investment services, protection of assets) and the scope of professional ethics and professional conduct on the other hand (fight against corruption and influence peddling, management of conflicts of interest, professional warnings-whistleblowing) also contribute to the protection of clients' interests.

The systems governing the prior approval of the compliance of products and projects, the processing of customer complaints and the provisions relating to financially vulnerable people evolved in 2021 in order to integrate regulatory and/or internal changes.

In addition to reviewing the body of procedures, Crédit Mutuel Arkéa, which places the customer at the heart of its concerns, also continued its actions to protect the interests of its customers.

In this respect, it is worth noting the proactive approach towards financially fragile customers that has resulted since 2018 in the creation of the Banking Inclusion Coordination Committee (CCIB), a governance body responsible for steering the system within the group and supervising work to improve the assistance provided to financially fragile customers.

In 2021, the committee continued its work to:

- implement the regulatory changes that came into force in 2021;
- make the criteria for detecting fragile customers more reliable and improve them;
- enrich the offer proposed to fragile customers;
- promote the specific offer;
- support the local banks networks in the implementation of the system.

The actions implemented are set out in more detail in the chapter dedicated to the inclusion of people in situations of fragility in the Non-Financial Performance Statement.

The group also pursued its efforts to continuously improve processes by holding the quarterly committee meetings for the qualitative analysis of Crédit Mutuel Arkéa's customer complaints and the community of practices for handling complaints, which, as in previous years, brought together the group entities that handle complaints to share best practices and their tools in order to further improve customer satisfaction.

Protection of personal data

The Personal Data Protection Department ensures that credit institution complies with the RGPD (general regulations on data protection) and manages the group's personal data protection system. To carry out its tasks, the Department has five staff members and can rely on a network of contacts within each Crédit Mutuel Arkéa company. Thanks to this system, the objectives are to:

- ensure the operational implementation within the entities of the personal data protection policy;
- disseminate the GDPR culture within the entities by offering staff awareness-raising sessions on the protection of personal data;
- assist managers from the design stage of projects, according to the privacy by design principle;
- follow up on data disclosures;
- manage complaints received by the CNIL;
- piloting and analysing the transversal control framework;
- ensure the regulatory watch related to the activity.

4.4.7.2.4 Fiscal transparency

Crédit Mutuel Arkéa ensures compliance with the regulations relating to the automatic exchange of information on:

- financial accounts through the Foreign Account Tax Compliance Act and the Common Reporting Standard for Financial Institutions;
- cross-border arrangements that must be declared (DAC6 regulation).

To do so, Crédit Mutuel Arkéa has set up a system governing the automatic exchange of information on financial accounts covering the provisions relating to the American law known as FATCA, as well as the international standard on tax transparency known as the OECD/CRS.

In addition, in application of the DAC 6 directive, Crédit Mutuel Arkéa set up a system in 2021 to regulate the automatic exchange of information on cross-border arrangements that must be declared.

4.5 Structural interest rate and liquidity risks

4.5.1 Organisation

The objective of the ALM management function is to steer the group's major financial balances over a medium to long-term horizon. In addition to allocating equity capital, its missions consist of measuring, monitoring and recommending actions to optimise liquidity risk and interest rate risk (exchange rate risk being marginal).

It is carried out both by a dedicated, centralised structure – Crédit Mutuel Arkéa's ALM Management Department that reports to the Finance Department and oversees the balance sheet balances of Crédit Mutuel Arkéa as a group and of Crédit Mutuel Arkéa as a whole – and by the Finance Departments of the subsidiaries, which operate within the framework of the standards set by the group.

The main indicators on the banking sector are produced by Crédit Mutuel Arkéa's ALM Management Department. The risks of the insurance subsidiaries are monitored at their level, under the supervision of the group Capital Management and ALM Committee.

Steering is organised on three levels:

- the principles and limits for managing the group's balance sheet are set annually by the Board of Directors of Crédit Mutuel Arkéa, on the recommendation of the group's Capital and ALM Management Committee. Subsidiaries' limits are adopted by their supervisory bodies within the framework defined at group level;
- the Capital and ALM Management Committee carries out strategic steering and controls the exposure of the group and its components. Chaired by the group's Chief Executive Officer, it met 7 times in 2021;
- the Operational ALM Committees of the group and subsidiaries are responsible for the day-to-day management of the balance sheet of the entity concerned, by delegation and within the framework of the guidelines defined by the group's Capital and ALM Management Committee. The group's Operational ALM Committee meets on a monthly basis.

Crédit Mutuel Arkéa is solely responsible for financial market transactions, enabling it to control and optimise the management of the group's liquidity and interest rate risks. Hedging decisions taken by the banking entities are therefore exclusively carried out by Crédit Mutuel Arkéa.

The reporting data relating to the main indicators of the capital and balance sheet risk management policy are included in the management charts for the attention of Crédit Mutuel Arkéa's senior management, the Risk and Internal Control Committee and the Board of Directors. The Board of Directors and senior management of Crédit Mutuel Arkéa are thus informed of any group limits that are exceeded and must be immediately rectified (unless a specific decision is taken, with reasons, and a timetable for the return of the limit, if applicable).

4.5.2 Interest rate risk on the banking and insurance portfolio

Interest rate risk is the risk, present or future, to which the bank's shareholders' equity and profits are exposed as a result of unfavourable movements in interest rates. It can result from a difference in maturity between fixed-rate assets and liabilities, a difference in the reference index (base risk) or the exercise of options (such as caps and floors or early repayment of loans).

4.5.2.1 Banking portfolio

4.5.2.1.1 Measurement and monitoring

The system in place within Crédit Mutuel Arkéa concerning interest rate risk is in line with the recommendations of the Order of 3 November 2014 on the internal control of companies in the banking, payment and investment services sector, those of the European Banking Authority relating to the Supervisory Review and Evaluation Process (SREP) of December 2014 (2014/13), and the EBA guidelines (2018/02) on the management of interest rate risk inherent in non-trading book activities.

Interest rate risk is measured and monitored within the consolidated banking perimeter and at each of its component entities. All balance sheet and off-balance sheet items, notably financial instruments (swaps) and deferred transactions, are included in the measurement of this risk.

The interest rate risk is generated by the group's commercial activity and results from the differences in interest rates and benchmark indices between uses and resources. Its analysis also takes into account the volatility of outstanding products with no contractual maturity and implicit options (early repayment of loans, extensions, use of credit rights, etc.). Three main indicators are calculated at least every quarter, making it possible to measure interest rate risk on a static basis:

- the sensitivity of the Net Present Value (NPV) is an indicator provided for by the Capital Requirements Directive 5 (CRD 5). Expressed as a percentage of Tier 1 capital, it measures the change in the present value of the balance sheet for the six scenarios of interest rate shocks in accordance with the EBA⁽¹⁾ guidelines: +200 bp, -200 bp, steepening, flattening, increase in short rates, decrease in short rates, excluding equity, equity holdings and fixed assets. The CRD 5 sets a maximum exposure threshold of -15% of Tier 1 capital.

At the end of 2021, the sensitivities of NPV to equity Tier 1 of the group according to the six EBA scenarios were at the following levels:

- upward shock in interest rates (+200 bp): -6.3%,
- downward shock in interest rates (-200 bp): +2.9%,
- steepening (short-term rates down, long-term rates up): +1.2%,
- flattening (short-term rates up, long-term rates down): -1.6%,
- increase in short-term rates: -2.5%,
- decrease in short-term rates: +3.4%.

(1) European Banking Authority.

NPV sensitivity levels comply with the internal management threshold set at -10%, reflecting Crédit Mutuel Arkéa's desire to minimise its exposure to interest rate risk. The maximum exposure was nearly €461 million under a +200 bp interest rate increase scenario;

- Interest rate impasses consist of projecting outstandings at a known interest rate based on their contractual characteristics (maturity date and type of amortisation) or by modelling their flow.

Flow modelling is necessary when the amortisation profile is not known (products with no contractual maturity such as current accounts, passbooks or equity capital) or when implicit options are incorporated in customer products (early repayments on loans, etc.). With the exception of reserves that are disposed of by agreement, the modelling is essentially based on the analysis of past customer behaviour. In the context of early repayments, it takes into account a possible correlation between market rates and early repayment rates.

At the end of 2021, the level of conversion into interest rates was very limited for all maturities, and Crédit Mutuel Arkéa's exposure to interest rates was broadly neutral in the central scenario. The levels of exposure to the interest rate gap are well below internal management thresholds and reflect the group's desire to minimise its exposure to interest rate risk;

- the sensitivity of the interest margin expresses the gain (or cost) of a change (up or down) in interest rates on the group's interest margin. It is expressed as a percentage of NBI, according to different rate variations. It is based on static interest rate impasses, the impact of optional risks (measuring the effect of activating caps and floors on the interest margin) and projected over 5 years.

At the end of 2021, the neutral position in the fixed interest rate gap resulted in reduced sensitivity of the interest margin in the event of a parallel interest rate shock on the yield curve:

- for a +100 bp increase, the maximum annual impact over the first five years was -€18 million (in year 1), equivalent to 1% of NBI;
- for a decrease of -100 bp, the maximum annual impact over the first five years was -€17 million (in year 5), equivalent to 1% of NBI.

In a parallel shock scenario of +/- 100 bp on the interest rate curve, the sensitivity of the Crédit Mutuel Arkéa group's interest margin at the end of 2021 was less than -1% of NBI over the first five years.

Other static indicators are produced in order to monitor the basic risk and the risk related to the activation of explicit options on customer loans (capped interest rate).

In addition, dynamic indicators are also produced to determine the impact of future production on the interest margin in the group's central economic scenario and in different stressed rate environments.

4.5.2.1.2 Management

Crédit Mutuel Arkéa acts as a central interest rate unit for the banking sector. The interest-rate position of the banking entities is fully backed by the central rate centre, which manages the group's level of hedging on the markets within the framework of the level of exposure defined by the group's Operational ALM Committee (in line with the group's central economic scenario) in accordance with the standards set by the Capital and ALM Management Committee and the Board of Directors.

When the risk arises from a difference in interest rates (between fixed-rate assets and variable-rate liabilities, for example), hedging is mainly provided through macro-hedging swaps.

In the case of an explicit optional risk, hedging must take the form of an option; the hedging of capped variable-rate loans is thus ensured by interest rate caps.

Macro-hedging transactions are generally justified in relation to Fair Value Hedge under IFRS on the basis of loan and deposit portfolios. Accounting documentation and effectiveness tests are produced at the inception of the hedge and updated regularly to ensure the quality of the hedge and limit the impact on the group's IFRS earnings.

In the current context of rising inflation and the corresponding impacts on monetary policy, the group is maintaining a prudent policy and a high level of interest rate backing in its balance sheet. It thus remains slightly exposed to interest rate risk in order to protect its margins, which is corroborated by the level of the structural impasse and the interest margin sensitivity indicator.

4.5.2.2 Insurance portfolio

A change in interest rates has a direct impact on the valuation and profitability of the bond portfolio, whether it concerns capital proprietary managed or euro-denominated funds. Fixed-rate bonds expose Suravenir to a risk of changes in the value of assets; variable-rate bonds expose it to a risk of fluctuations in income.

4.5.2.2.1 Risk of a fall in interest rates

A sustained low interest rate environment could exert downward pressure on Suravenir's margin, affect its profitability and ultimately its solvency. Life insurance contracts in euros commit the company to serving a guaranteed minimum rate. When market rates fall, the portfolio yield may become insufficient to meet this commitment. In this case, French regulations require insurance companies to set aside a specific provision (provision for financial contingencies). Suravenir has not allocated this provision for the 2021 financial year. At the end of 2021, the future risk relates to an average guaranteed rate of 0.15%, which is well below the actuarial rate of return on the average purchase of Suravenir's fixed-rate bond portfolio.

4.5.2.2.2 Risk of a rise in interest rates

A rise in interest rates has several consequences on the assets held: firstly, a fall in the value of fixed-rate bonds held in the portfolio. Depending on the IFRS accounting classification of these securities, this devaluation has an impact on either shareholders' equity or income. At the end of 2021, a 100 basis point increase in interest rates would have adversely impacted Suravenir's net income by €22.1 million and its shareholders' equity by €147.9 million.

The second risk linked to a significant and lasting rise in interest rates is an increase in surrenders by policyholders on euro funds, due to a loss of competitiveness of the contracts in relation to other investments. In this case, in order to adjust the assets under management, the company may be forced to dispose of assets. In the event that it has to dispose of fixed-rate assets, it may have to bear capital losses. To protect itself from such a risk, Suravenir has a significant volume of variable-rate bonds in its portfolio, as well as hedging options (cap/cap-spread/adjusted cap duration). These financial instruments enable Suravenir's euro fund returns to converge more quickly with the returns offered by other savings products, thereby limiting the risk of outflows. At 31 December 2021, the proportion of the bond portfolio protected against a rise in interest rates was 31% of general assets.

4.5.3 Liquidity risk

Liquidity risk is the risk for the reporting company that it will not be able to meet its commitments or that it will not be able to unwind or offset a position due to its situation or the market situation within a certain period of time and at a reasonable cost. It arises from a maturity mismatch between jobs and resources.

It may result in an additional charge in the event of a rise in liquidity spreads; in its most extreme form, it could result in the institution's inability to honour its commitments.

The group has historically been vigilant and prudent in the face of this risk.

4.5.3.1 Banking portfolio

4.5.3.1.1 Measurement and monitoring

For liquidity risk management, the Crédit Mutuel Arkéa group relies on the Internal Liquidity Adequacy Assessment Processes (ILAAP) which is in line with the general recommendations of the Basel Committee (09-2008), those of the European Banking Authority relating to the SREP of December 2014 (2014/13), the Order of 3 November 2014 on the internal control of companies in the banking, payment services and investment services sector, and the ECB guidelines of November 2018 relating to the ILAAP.

Liquidity is managed centrally across all entities within the banking prudential scope. The Crédit Mutuel Arkéa group acts as a liquidity centre:

- Crédit Mutuel Arkéa is the only entity operating on the markets: CM Arkéa implements a refinancing programme and manages excess liquidity for the entire banking group. Transactions are almost exclusively carried out in euros;
- Crédit Mutuel Arkéa is the only entity in the group that can access refinancing from the Central Bank and has a 3G (Global Guarantee Management) asset pool. As such, Crédit Mutuel Arkéa manages the group's collateral;
- subsidiaries with cash requirements are refinanced exclusively with CM Arkéa.

This organisation is justified by the vital nature of the liquidity risk, which is thus managed by specialised teams at Crédit Mutuel Arkéa. By bringing together and pooling the needs of all banking entities, this organisation enables Crédit Mutuel Arkéa to reach the critical size sufficient to access markets under competitive price and volume conditions.

Liquidity risk is measured and monitored within the consolidated banking perimeter and at each of its component entities. They are mainly based on three elements:

- liquidity gaps;
- liquidity ratios (regulatory and non-regulatory);
- refinancing volumes and liquid assets (particularly short-term).

Liquidity gaps, calculated at least quarterly, include all balance sheet items (all financial and non-financial assets and liabilities) and off-balance sheet items impacting the group's liquidity (overdraft authorisations, release of loans granted). They are established on the basis of static scenarios (without any assumption of new production), and supplemented by dynamic scenarios in order to estimate refinancing requirements for the various maturities, liquidity reserves and the survival horizon in the event of financial market tensions.

Static gaps are produced according to a central scenario and a crisis scenario. The latter is characterised in particular by assumptions of leakage of commercial resources, drawdowns of certain off-balance sheet liquidity agreements or differentiated levels of liquidity of financial securities held according to their nature. These assumptions are consistent with the principles and rules adopted by the European Union on the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

On the basis of the crisis scenario, the group has set itself a rule for minimum credit matching over the next five years, with a level between 100% and 85% depending on the maturity. This objective was maintained throughout 2021 with significant room for manoeuvre.

Several liquidity ratios are particularly monitored:

- the LCR is a liquidity ratio provided for by the CRD 4 and CRR texts (transposing the so-called "Basel III" proposals into European standards). It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum required level has been set at 100% since 2018. The group met the minimum regulatory requirement throughout 2021 with significant room for manoeuvre. At the end of 2021, the LCR ratio stood at 163%;
- the NSFR (Net Stable Funding Ratio) is also a liquidity ratio provided for in the CRD 5 and CRR2 texts. It verifies the coverage of stable uses by stable resources. The minimum level required is 100%. The NSFR ratio came into force on 28 June 2021 for the regulatory declaration of 30 June 2021. At the end of 2021, the NSFR ratio stood at 112%;
- the loan-to-deposit ratio measures the proportion of loans financed by bank deposits and, consequently, the dependence on the financial markets. The gross loan/deposit ratio stood at 99% at the end of 2021.

Limits on short-term refinancing volumes (overnight and less than three months) and on annual medium/long-term refinancing volumes are also defined in order to limit the impact of non-renewal of these lines in the event of market tensions. These limits have been respected throughout 2021.

In addition, the group has developed additional indicators to ensure its ability to withstand situations of severe tension on the financial markets or with customers. The qualitative assessment of these indicators shows a low and controlled risk thanks to a high level of hedging and to a holding of significant liquidity reserves representing nearly twice the requirements of the LCR, thereby ensuring financial autonomy of more than 18 months even in severe customer crises.

4.5.3.1.2 Refinancing programme

Crédit Mutuel Arkéa acts as a central refinancing body on behalf of all the group's banking entities. It therefore manages a portfolio of resources that it makes available to the banking entities.

The group's refinancing programme is drawn up annually and updated on a quarterly basis based on observed and forecast changes in business activity. It aims to comply with the various limits set by the Board of Directors, in particular the minimum matching rule in a crisis scenario, and takes into account:

- maturity concentration risk;
- the level of collateral available for emissions from secured vehicles. A limit on the mobilisation of assets has been adopted in order to preserve the emission capacities of these vehicles and protect the quality of the group's senior signature;
- the need to promote the group's signature on the markets in order to maintain a regular presence with investors;
- requirements in terms of equity and senior debt within the framework of solvency ratios.

The implementation of the refinancing programme also takes into account investor appetite and preferential issue periods. In 2021, the group borrowed €1.2 billion with maturities of more than one year.

Crédit Mutuel Arkéa has developed a policy of diversifying its refinancing channels and has:

- a short-term refinancing programme (€3 billion of NEU CP outstandings);⁽¹⁾
- an unsecured medium- to long-term refinancing programme (€9.5 billion):
 - senior debt: €4.3 billion,
 - non-preferred senior debt: €2.8 billion,
 - subordinated debt: €2.4 billion;
- €5.7 billion in secured refinancing programmes through two refinancing vehicles:
 - a Société de Financement de l'Habitat (€4.6 billion in outstanding issues guaranteed by housing loans),
 - a Société de Crédit Foncier (€1.1 billion guaranteed by exposures to public entities);
- €1.7 billion in unsecured long-term interbank loans or secured by a mobilisation of receivables from:
 - the Caisse de Refinancement de l'Habitat (€0.3 billion),
 - the European Investment Bank (€0.8 billion),
 - Caisse des Dépôts et Consignations (€0.6 billion).

Particular attention is paid to the terms and conditions of debt issuance contracts. In addition to the usual clauses, these contracts may include an option for early redemption at the group's discretion. Conversely, they do not include an option for early redemption at the option of the counterparties.

The group is therefore in control of the timing of these contracts and can, for certain securities, redeem them early.

At the same time, the group is careful to limit its dependence on the financial markets by collecting bank savings from its customers. It regularly enhances its range of deposits (passbook savings accounts, term deposits) for individual, business and institutional customers as well as financial customers. In 2021, it achieved a €6.3 billion increase in outstanding bank deposits, net of centralisation, due to the inflows received by Arkéa Banque Entreprises et Institutionnels, and the Crédit Mutuel Arkéa networks.

4.5.3.1.3 Emergency financing plan and liquidity reserves

The group's emergency financing plan is updated, tested and approved each year by the Crédit Mutuel Arkéa group's Board of Directors.

The plan is triggered according to various qualitative and quantitative indicators: projected cash position, market situation and Crédit Mutuel Arkéa's refinancing, etc. A Crisis Treasury Committee, which meets at least once a week with the heads of the main structures concerned (balance sheet management, trading room, middle and back office), is responsible for managing the crisis and decides on the transactions to be carried out with the central bank and on the markets; it may also propose commercial actions to the Executive Committee. The main axiom, in connection with the survival time indicator, is to finance projected cash requirements through the mobilisation of liquidity reserves (notably from the Central Bank).

The group has significant liquidity reserves to protect itself against a market closure. These are set up to comply with the various limits, including the survival period limit, set by the Board of Directors.

Binding rules have been laid down to ensure that cushions are available quickly in the event of a crisis:

- securities held by Crédit Mutuel Arkéa with a maturity of more than 6 months must be highly liquid (meaning eligible for the numerator of the LCR) and/or eligible with the European Central Bank, and included in the so-called "3G" (global collateral management) asset pool;
- the availability of eligible securities from the Central Bank must be tested annually to ensure that there are no difficulties in implementing the project within a limited timeframe;
- the amount of liquidity reserves and the level of use of collateral eligible for central bank approval are subject to a specific limit.

At the end of 2021, liquidity reserves – including available cash – were abundant at nearly €30 billion, representing nearly 40% of the group's outstanding customer deposits.

4.5.3.2 Insurance portfolio

Liquidity risk arises when the company is forced to sell assets following a wave of massive buybacks. This risk is assessed by studying liquidity gaps that compare asset flows (coupons/redemptions, etc.) with liability outflows in a central scenario and a stressed scenario (tripling of redemptions/deterioration in asset valuation).

In the event of a cash shortfall, Suravenir may repurchase securities, in particular those eligible for BCE refinancing, at their market value adjusted by a haircut, in order to have additional liquidity. At 31 December 2021, studies show that in the deterministic stress scenario, Suravenir could face a tripling of redemptions without encountering a liquidity problem.

(1) Negotiable European Commercial Paper.

4.6 Risks specific to the insurance business

4.6.1 Technical risks of life insurance

Suravenir is exposed to underwriting risk in its personal protection insurance business.

Underwriting risk is the risk of loss or adverse change in the value of insurance liabilities. This situation results from an increase in claims not anticipated at the time of pricing, risk acceptance or risk monitoring (provisioning risk).

To manage and monitor these risks, Suravenir has established underwriting and provisioning policies, implemented by the company's Departments.

The breakdown of the various technical provisions set aside to cover these risks in accordance with the French Insurance Code, based on the nature of the products and therefore the group's commitments, is set out in Note 21c to the consolidated financial statements at 31 December 2021 (see Section 3.5 of the Universal Registration Document).

The main underwriting risks relating to Suravenir's activities are described below.

4.6.1.1 Redemption and arbitrage risks

The surrender risk (termination risk) is a risk of loss or adverse change in the value of insurance liabilities resulting from an upward or downward change in surrender rates for life insurance contracts or prepayment rates for loan insurance. This risk also exists in the event of arbitrage by policyholders between unit-linked and euro-denominated vehicles.

This risk is the main underwriting risk in life insurance.

4.6.1.2 Biometric risks

The main biometric risks applicable to the insurance policies marketed by Suravenir are:

- mortality risk: mortality risk is defined as the risk of loss or an unfavourable change in the value of insurance liabilities resulting from an increase in mortality affecting the borrower insurance business and the individual pension business;
- risk of incapacity/disability: the risk of incapacity/disability corresponds to a loss or an unfavourable change in the value of insurance liabilities resulting from an increase in the claims record for accidents and illnesses leading to temporary or permanent disability and subject to compensation. These risks are mainly related to the borrowers' insurance business but also to the individual provident business;
- longevity risk: longevity risk is the risk of loss or unfavourable change in the value of insurance liabilities resulting from an increase in human duration affecting the business of life insurance contracts in the portfolio.

Biometric risks are the main underwriting risks applicable in borrower insurance.

4.6.1.3 Risks of unfavourable change in the insurer's expenses

Cost or "management" risk is the risk that the costs incurred by the insurer will be higher than anticipated. An increase in costs leads to a change in the value of insurance liabilities and could lead to an overestimation of the profitability assessment when prior studies are carried out.

Suravenir's overheads are taken into account in the pricing of insurance contracts. Thus, an unfavourable change in the costs that Suravenir will have to incur in the future for the acquisition and management of insurance contracts may lead to an underestimation of the amount of premiums paid by policyholders.

This risk impacts all insurance activities.

4.6.1.4 Natural disaster risk

Natural disaster risk is defined as the risk of loss or unfavourable change in the value of insurance liabilities attributable to a sudden event that directly causes serious harm to policyholders and whose origin may be a natural phenomenon, human intervention or a combination of both within the scope of the borrowers' insurance business, the individual provident business and the floor guarantees of certain life insurance contracts. This risk is not very critical for Suravenir.

4.6.1.5 Risk management and monitoring systems

Underwriting risk is identified, analysed and measured in particular through the following processes:

- analysis of pricing via the profitability study for new products/partnerships or any modification of the existing offer, prior to their launch;
- exposure analyses to ensure that risk exposure remains within the risk limits defined by Suravenir's management bodies;
- the reinsurance plan to limit certain exposures in order to protect solvency and reduce the volatility of financial results;
- review of technical provisions;
- monitoring of pricing derogations.

It should be noted that in accordance with IFRS 4, Suravenir conducted a liability adequacy test (LAT) on 31 December 2021, which revealed that the insurance liabilities measured under French accounting standards were higher than the fair value of these liabilities, taking into account the surrender option embedded in the contracts.

4.6.1.6 Reporting

A quarterly reporting of underwriting risks is established by Suravenir and communicated:

- to the Suravenir Risk Committee;
- to the Financial Statements Committee and Supervisory Board of Suravenir;
- the Risk Monitoring Committee of Crédit Mutuel Arkéa.

4.6.2 Technical risks of non-life insurance

Suravenir Assurances is exposed to underwriting and provisioning risks in connection with its property and personal insurance business, particularly in the areas of motor, home, health and personal protection.

The underwriting risk is related to a mismatch in the acceptance, pricing and/or reinsurance coverage rules for the guarantees offered to policyholders. Within this risk, a distinction is made between the concepts of underpricing risk, anti-selection risk and natural disaster risk.

The provisioning risk is linked to a shortfall in technical provisions on the liabilities side of the balance sheet.

Suravenir Assurances monitors and manages these risks on the basis of an underwriting and provisioning risk management policy.

4.6.2.1 Non-life underwriting risk

The underwriting risk in non-life insurance is the risk that the profitability of insurance products may be affected by inadequate acceptance rules, pricing and/or reinsurance coverage of the guarantees offered to policyholders.

The underwriting risk consists of three sub-risks:

1. the risk of underpricing, which results from the failure to adapt the pricing of guarantees to the portfolio's profitability objectives. This risk is linked to the design of new product(s), changes in the offer and/or the proposed rates;
2. the risk of anti-selection, meaning the risk that inappropriate pricing will lead to the over-underwriting of an undesired risk.
3. natural disaster risk, which results from the occurrence of extreme or exceptional events. Covering these potential losses remains the main objective of reinsurance coverage (see Section 4.6.3 Reinsurance system).

Risks of under-pricing and anti-selection are managed and controlled through regular monitoring of the portfolio's technical indicators. This monitoring includes analysis:

- monthly and cumulative subscriptions per product and per distributor;
- the segmentation of the portfolio by product, and the evolution of this segmentation;

- changes in C/P (Claims/Premiums) rates, by product and by distributor;
- the average premium, average costs and frequency of claims per coverage;
- the evolution of the portfolio in terms of claims experience, net subscriptions and conversion rates based on the most discriminating criteria of the tariff.

The monitoring and analysis of this data allows for the definition and implementation of appropriate policies:

- changes in the underwriting policy in terms of pricing, selection, product development and guarantees offered;
- targeting of actions by geographical area and by distributor;

With regard to natural disaster risk, in the event of an exceptional climatic event (based on a forecast in the four Breton departments and on the Gironde of a loss rate of 20% equivalent to the storm Klaus in 2009, involving a gross compensation cost for policyholders of €108 million), Suravenir Assurances' reinsurance programme is structured so that the remaining expense for the company is limited to €7.5 million, in accordance with the risk appetite framework defined by the Board of Directors of Suravenir Assurances.

The overall underwriting policy is also the subject of an independent opinion issued by the actuarial function. This opinion is formalised in the Actuarial Report, which is drawn up annually and presented to the Board of Directors of Suravenir Assurances.

4.6.2.2 Provisioning risk

The provisioning risk is the risk of loss or adverse change in the value of insurance commitments due to inadequate provisioning assumptions.

This risk is intrinsically linked to the underwriting risk, as the monitoring of provisions must be carried out in a manner consistent with the management of risks and claims related to the guarantees marketed.

The management and control of the provisioning risk is carried out in particular through the following studies:

- monitoring of bonuses/malus: surplus/shortfall in provisions for claims payable associated with a financial year;
- analysis and comparison of C/P (Claims/Premiums) ratio by product;
- analysis of distortions between provisions under French accounting standards and those under Solvency 2;
- reinsurers' reports on the management and reserving of serious bodily injury claims.

In addition, the actuarial function, as part of its regulatory duties and on the basis of an independent recalculation, ensures the appropriateness of the methodologies, models and assumptions used to calculate technical provisions under Solvency 2. Its conclusions are formalised in the Actuarial Report.

4.6.3 Reinsurance system

The reinsurance mechanism makes it possible to limit the insurer's risk exposure by transferring part of the insurer's risk to one or more reinsurers.

The insurer establishes a reinsurance policy based on a process to effectively calibrate the level of risk transferred to reinsurers in line with risk appetite and to monitor the level of counterparty risk of reinsurers.

The reinsurance policy aims to control the two main reinsurance risks:

- the inadequacy of the reinsurance programme in relation to the risk strategy of the insurance company and the group. Deterministic and stochastic actuarial analyses as well as stress tests are carried out in order to structure the reinsurance programmes as well as possible;

- the default of a reinsurer who would not be able to cover its share of the claims. The reduction of this risk is based on:

- a diversification of reinsurers,
- the selection of reinsurers on the basis of financial strength criteria,
- the requirement to pledge securities as collateral for provisions sold;

- setting limits on the maximum level of risk that can be ceded to a single reinsurer.

Beyond the selection process, sensitivity analyses are carried out. In addition, reinsurers' ratings are monitored to ensure the financial soundness of counterparties.

The adequacy of the reinsurance arrangements is also the subject of an independent opinion issued by the actuarial function in an Actuarial Report.

4.7 Market risk

Market risk or price risk arises from unfavourable changes in market parameters that have an impact on the value of financial instruments recorded on the balance sheet. Market risks are defined as the risk of loss or adverse changes in financial position, resulting directly or indirectly from fluctuations in financial markets.

Crédit Mutuel Arkéa is mainly exposed to first-order spread, interest rate and currency rate risks. Proprietary exposure of Crédit Mutuel Arkéa to optional banking risks is not material.

From a management point of view, the market risks of the banking scope dealt with in this paragraph stem either from the portfolios of financial instruments managed by Crédit Mutuel Arkéa's Financial Markets Department or from the portfolio of Arkéa Direct Bank. The latter, which results from the acquisition of the Belgian online bank Keytrade in June 2016, was immediately placed under management in extinguishment. The exposure to market risks of the group's other banking subsidiaries remains immaterial due to the almost systematic centralisation of their cash investments with Crédit Mutuel Arkéa.

Interest rate risk is essentially managed globally at the level of a central interest rate centre whose risk limits and management principles are defined by the group's Balance Sheet Management function. The Financial Markets Department is responsible for the effective management of this central interest rate centre.

In addition, market risks can also originate from equity risks and the risks of investments and private equity resulting from the Crédit Mutuel Arkéa group's portfolio of investments and private equity.

At the end of 2021, the market risk exposure of investments on the balance sheet amounted to €8.7 billion for the banking scope. This amount was down on the previous year by €2.4 billion. It breaks down as follows:

Exposure of the banking scope to market risks at 31 December 2021

(in € millions)

Crédit Mutuel Arkéa LCR portfolio	5,732
Other investments	2,996
Crédit Mutuel Arkéa	2,735
Cash investments of less than one year	1,409
Arkéa Direct Bank (Keytrade portfolio being wound down)	245
Other entities	16
TOTAL INVESTMENTS	8,728

The value of investments in the balance sheet is exposed to the risk of changes in the spread of issuers due to the presence of long-term positions (the proportion of securities with a residual maturity of

more than five years is 15%). This risk is concentrated in Crédit Mutuel Arkéa's LCR portfolio.

Changes in the value of Crédit Mutuel Arkéa's investments due to interest rates are transferred, via internal swaps, to the central interest rate centre whose objective is to manage the overall interest rate risk within sensitivity limits set by the Board of Directors. Changes in the value of Arkéa Direct Bank's investments, consisting entirely of fixed-rate securities, are retained in full. Arkéa Direct Bank's interest rate risk is managed directly by matching assets recorded at fair value with liabilities recorded at amortised cost.

In 2021, the sensitivity of investments to spread and interest rate risks increased due to decreased exposure.

Derivatives traded with network customers in connection with the provision of investment services represented a notional amount of €9 billion at 31 December 2021. Their reversal in the market means that the market risks of the business are neutralised, with the exception of CVA-DVA and FVA risks.

The valuation of derivative instruments gives rise to two adjustments.

In accordance with IFRS 13, the first adjustment is intended to incorporate the market value of the counterparty risk. The adjustment takes into account the bilateral nature of this risk; on the one hand the counterparty risk or Credit Valuation Adjustment (CVA), and on the other hand Crédit Mutuel Arkéa's own credit risk or Debit Valuation Adjustment (DVA).

The second adjustment aims to incorporate the financing cost of derivatives that are not subject to margin calls, i.e. those negotiated with customers (Funding Valuation Adjustment – FVA).

In total, income of €9 million was recognised in respect of the 2021 financial year⁽¹⁾, for a total CVA net of DVA + FVA of -€9.82 million at 31 December 2021.

Lastly, from a regulatory point of view, Crédit Mutuel Arkéa's market risk concerns the interest rate risk on the trading portfolio⁽²⁾, the CVA risk and the currency risk. The trading portfolio is not material since it is limited to the group's debt management transactions. It did not contain any transactions at 31 December 2021.

With regard to CVA risk, the regulatory capital requirement stood at €4.7 million at 31 December 2021.

With regard to currency risk, it should be noted that Crédit Mutuel Arkéa is not subject to the calculation of capital requirements, as mentioned in section 4.7.4 "Currency risk".

The above exposures relate to notes 2, 3, 4, 7 and 18 to the consolidated financial statements of Crédit Mutuel Arkéa.

(1) DVA-CVA: +€6.06 million, FVA: +€2.92 million.

(2) The trading portfolio consists of positions held with a view to short-term disposal.

4.7.1 Risk organisation and monitoring

4.7.1.1 Organisation

Crédit Mutuel Arkéa's market transactions are negotiated by a trading room attached to the Financial Markets Department. This room is organised around Departments, which are themselves organised into services:

- the Structuring Department;
- the Customer Activities Department;
- the Treasury, Refinancing and Foreign Exchange Department, composed of two Departments:
 - the Treasury and Refinancing Department,
 - the Currency Service;
- the Front-Office Cross Support Department;
- the Investor Relations and Economic Studies Department.

The accounting recording and settlement of transactions are handled by the Back Offices Department (Finance Department).

Within the Risk Department, the Market and Participation Risk Department is organised around two Departments:

- the Investment Monitoring and Conglomerate Risk Department, which is responsible for organising the management and monitoring of risk relating to investments and private equity, as well as risks related to the activity of the conglomerate's insurance subsidiaries;
- the Market Risk Monitoring Department is responsible for valuing positions, assessing the management result and market risks, and calculating capital requirements.

Each of the phases in the processing of transactions is subject to permanent control in accordance with regulations.

4.7.1.2 Monitoring

The Board of Directors of Crédit Mutuel Arkéa, on the proposal of the Executive Committee and after a meeting of the group Risk Monitoring Committee, sets the overall capital market intervention system on an annual basis, in particular the market risk appetite, but also the investment and insurer market risks (equities, capital loss, real estate), via the investment and insurance risk appetite level. The detailed system of limits is then decided by the group's Executive Committee, after review by the Risk Monitoring Committee.

This system consists of management limits or thresholds that cover positions, sensitivities, losses, capital requirements and additional value adjustments.

In 2021, the limits relating to the various portfolios were adjusted mainly to support the business.

The corpus of limits is supplemented by a procedure for approving new products that takes the form of a list of instruments authorised for trading.

4.7.1.2.1 Reporting to Executive Management

The Risk Management Department informs the Operational Departments on a daily basis of the level of indicators subject to limits. In the event that limits are exceeded, a procedure is activated

to inform the actual managers. The Risk Department also regularly prepares consolidated market risk reports for them.

4.7.1.2.2 Reporting to the supervisory body

Communication on the risks associated with market activities is made at each meeting of Crédit Mutuel Arkéa's Board of Directors. It includes a presentation of exposures, results and risk indicators as well as an update on compliance with the limits decided by the Board.

The consolidated risk position, which includes market risk, is also presented regularly to Crédit Mutuel Arkéa's Risk and Internal Control Committee.

4.7.1.3 Sensitivity analyses

The valuations used as a reference for sensitivity analyses are obtained according to a hierarchy of methods. When the asset is listed on an active market, fair value is determined on the basis of its quotation. In the absence of such a quotation, the price results from the application of market valuation techniques using market data that are generally observable. Valuations based on models may be adjusted to take into account liquidity risk.

4.7.1.3.1 Value at Risk (VaR)

The market risk of the trading book is measured in VaR.

The method used is based on a full revaluation of positions based on a history with a depth of 250 working days.

The model is calibrated with a confidence interval of 99% and a horizon of 10 working days. It has not been audited by the Statutory Auditors nor has it been submitted for approval by the Autorité de Contrôle Prudentiel et de Résolution for the calculation of the capital requirement. The amount obtained is therefore provided for information purposes only.

At 31 December 2021, the VaR amount was nil due to the absence of positions in the trading portfolio.

4.7.1.3.2 Potential loss

Changes in the value of Crédit Mutuel Arkéa's portfolios recorded at fair value are subject to sensitivity limits.

These daily measurements of the sensitivity of the portfolios to normative and low variations in spreads and interest rates are supplemented monthly by a calculation of potential losses carried out within the banking scope.

The objective is to assess the impact on the income statement and on equity capital of tensions likely to arise on the markets under reasonably possible conditions, based on a full revaluation of positions.

The choice of risk factors is based on a detailed analysis of the composition of the portfolio, as a financial instrument may be sensitive to a number of factors.

The potential loss is estimated using a VaR-type model based on historical data for the last three rolling years.

Two approaches coexist:

- **spread, equity and currency risks:** the scenarios applied correspond to relative or absolute variations observed over a time horizon of one month, with a 99% probability, over sliding periods within a historical period of three years;

- **interest rate risk:** the potential loss retained is the historical daily 99% VaR, extrapolated to one month.

The overall potential loss is the sum of the impacts of the shocks obtained for each of the risks.

The model used to calculate the potential loss has three main simplifications:

- the scenarios applied to the positions are based exclusively on historical observations;
- due to the difficulty of obtaining individualised historical data outside of interest rates, the volatility of the portfolio's risk factors is estimated from proxies, the latter being as granular as possible;

- the addition of the stress test results for each of the risk factors leads to a conservative overall amount.

The estimate of the potential loss at 31 December 2021 shows, on the one hand, that adverse market movements would almost exclusively affect shareholders' equity (99.2% of total impairment losses) and, on the other hand, that the portfolio is mainly exposed to spread risk (92% of the total).

The results obtained are subject to ex-post control.

Maximum potential loss at 99% at 31 December 2020 – (one-month horizon)

Risk	Scenario	Exposure (in € millions)	Potential loss (in € millions)	Of which impact on net income (in € millions)	Of which impact on equity (in € millions)
TOTAL			(75.8)	(0.6)	(75.2)
INTEREST RATE	SCENARIO SELECTED ON THE BASIS OF OBSERVED HISTORY	8,857	(5.5)	0.0	(5.5)
CURRENCY	+/-5% ⁽¹⁾	12.3	(0.6)	(0.6)	0.0
	TOTAL	8,857	(69.68)	0.0	(69.7)
	+20 bp on supranationals	262	(1.68)	0.0	(1.7)
	+30 bp on French sovereign	1,166	(15.96)	0.0	(16.0)
	+30 bp on Austrian sovereign	139	(0.62)	0.0	(0.6)
	+20 bp on Finnish sovereign	-	-	0.0	0.0
	+15 bp on German sovereign	229	(1.47)	0.0	(1.5)
	+20 bp on Dutch sovereign	101	(0.61)	0.0	(0.6)
	+30 bp on Belgian sovereign	134	(2.29)	0.0	(2.3)
SPREAD	+45 bp on Spanish sovereign	125	(0.09)	0.0	(0.1)
	+45 bp on Portuguese sovereign	50	(0.01)	0.0	0.0
	+65 bp on Italian sovereign	551	(1.44)	0.0	(1.4)
	+5 bp on Luxembourgish sovereign	25	(0.08)	0.0	(0.1)
	+5 bp on US sovereign	186	(0.69)	0.0	(0.7)
	+20 bp on covered bonds	2,502	(11.46)	0.0	(11.5)
	+75 bp on European financials	2,356	(19.64)	0.0	(19.6)
	+70 bp on US financials	-	-	0.0	0.0
	+105 bp on corporates	1,030	(13.66)	0.0	(13.7)

(1) In relative value.

4.7.1.3.3 Stress scenarios

The calculation scope of the strength tests is identical to that of the potential loss. The shocks applied correspond, for each of the selected risk factors, to the worst variations observed over a period

of one year in a reference history whose depth varies from 12 to 17 years depending on the data available.

It should be noted that the simplifications mentioned for potential loss also apply to stress scenarios.

Stress scenario at 31 December 2021 - (one-year horizon)

Risk	Scenario	Exposure (in € millions)	Stress test (in € millions)	Of which impact on net income (in € millions)	Of which impact on equity (in € millions)
TOTAL			(232.2)	(2.9)	(229.3)
INTEREST RATE	SHOCKS DIFFERENTIATED ACCORDING TO MATURITY	8,857	(20.2)	0.0	(20.2)
CURRENCY	+/-24% ⁽¹⁾	12.3	(2.9)	(2.9)	0.0
	TOTAL	8,857	(209.1)	0.0	(209.1)
	Medium/long-term	5,394	(192.5)	0.0	(192.5)
	+70 bp on supranationals	254	(6.4)	0.0	(6.4)
	+40 bp on German sovereign	225	(4.3)	0.0	(4.3)
	+30 bp on US sovereign	184	(2.5)	0.0	(2.5)
	+45 bp on Dutch sovereign	101	(1.4)	0.0	(1.4)
	+115 bp on Austrian sovereign	108	(2.0)	0.0	(2.0)
	+130 bp on French sovereign	1,098	(67.9)	0.0	(67.9)
	+215 bp on Belgian sovereign	134	(15.5)	0.0	(15.5)
	+25 bp on Luxembourgish sovereign	25	(0.3)	0.0	(0.3)
	+70 bp on covered bonds	1,797	(38.2)	0.0	(38.2)
	+190 bp on European financials	1,040	(40.8)	0.0	(40.8)
	+540 bp on US financials	-	-	0.0	0.0
	+110 bp on corporates	426	(13.2)	0.0	(13.2)
	Short-term	3,464	(16.6)	0.0	(16.6)
	+125 bp on short-term securities	3,464	(16.6)	0.0	(16.6)

(1) In relative value.

4.7.2 Equity and other variable-income securities risk and fixed-income securities risk

Equity risk arises when adverse movements in the equity markets lead to a decrease in the value of the portfolio.

Certain unlisted variable-income securities are exposed to property risk, which arises in the event of an adverse change in the valuation of the underlying property assets.

The fair value of the group's portfolio of shares and other variable-income securities amounted to €26 billion at 31 December 2021 in the IFRS financial statements.

From an accounting point of view (see notes 28a and 28b to the consolidated financial statements), the risk on equities and other variable-income securities covers two very distinct perimeters, out of the following four categories:

4.7.2.1 Banking scope

Assets at fair value by OCI (other comprehensive income)

Shares and other variable income securities at fair value by OCI represented €108 million. They concern securities held by Crédit Mutuel Arkéa with a long-term perspective. They consist mainly of listed securities and investments in unlisted companies.

Assets at fair value through profit or loss

Shares and other variable income securities at fair value through profit or loss represented €634 million. They concern securities held for private equity businesses in unlisted companies.

4.7.2.2 Insurance scope

Assets available for sale

Shares and other variable-income securities available for sale amounted to €1.5 billion. They represent the securities held on a long-term basis by Suravenir as part of its portfolio management, mainly equities and mutual funds (private equity, real estate, fixed income).

Assets at fair value on option

Shares and other variable-income securities at fair value on option represented €23.8 billion. They are held by Suravenir in connection with unit-linked contracts in the insurance business to be consistent with the treatment applied to liabilities.

4.7.2.3 Long-term investment securities

In addition, the group holds a portfolio of fixed assets with a fair value of €461 million at 31 December 2021. These securities are held over the medium and long term to derive a capital gain or with the intention of fostering the development of lasting economic relationships or exercising influence over the issuing companies.

4.7.3 UCI securities

In addition, the group holds a portfolio of UCI-type securities with a fair value of €252 million at 31 December 2021.

4.7.4 Currency risk

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The probability of occurrence of currency risk is considered low in view of the low exposure and existing hedges. In the event of occurrence, the impact would also be low.

A limit on cumulative exposure on the currency position is set at 9 million euro equivalents. Since this limit is always less than 2% of the group's equity capital, it does not give rise to a regulatory capital requirement in accordance with Article 351 of EU Regulation 575/2013.

The Financial Markets Department hedges currency risk either on its own initiative or at the request of the entities concerned.

The sensitivity analysis of the currency position is included in section 4.7.1.3 "Sensitivity analyses".

Crédit Mutuel

5.

Statement of non-financial performance

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5.1 Crédit Mutuel Arkéa's business model

Through its open, innovative, cooperative and collaborative model, Crédit Mutuel Arkéa strives to combine the needs of its members and customers with the challenges of our times, in a quest for overall performance, in terms of financial, environmental and social issues. Crédit Mutuel Arkéa thus pursues a responsible development strategy and positions itself as a banking and financial partner in a

world that is to be thought for the long term, at the service of regions and their stakeholders.

The group's business model and activities are described in more detail in Chapter 1 of this Universal Registration Document.

5.2 Crédit Mutuel Arkéa's corporate social responsibility

5.2.1 Responsible development at the heart of the strategic project

Crédit Mutuel Arkéa's cooperative nature, which is closely aligned with the challenges faced by its members and customers, places the notion of responsibility at the heart of its strategy.

Having formalised its Raison d'être (Purpose) in 2019, a founding text setting the course for the long term, the group adopted five commitments on 3 March 2020 aimed at concretely guiding the transformation of its business lines and practices in the service of this Purpose:

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

Crédit Mutuel Arkéa thus contributes mainly to the sustainable development Goals (SDGs) relating to economic growth (SDG 8), the fight against global warming (SDG 13) and responsible consumption and production (SDG 12), as well as the fight against inequality (SDG 10).

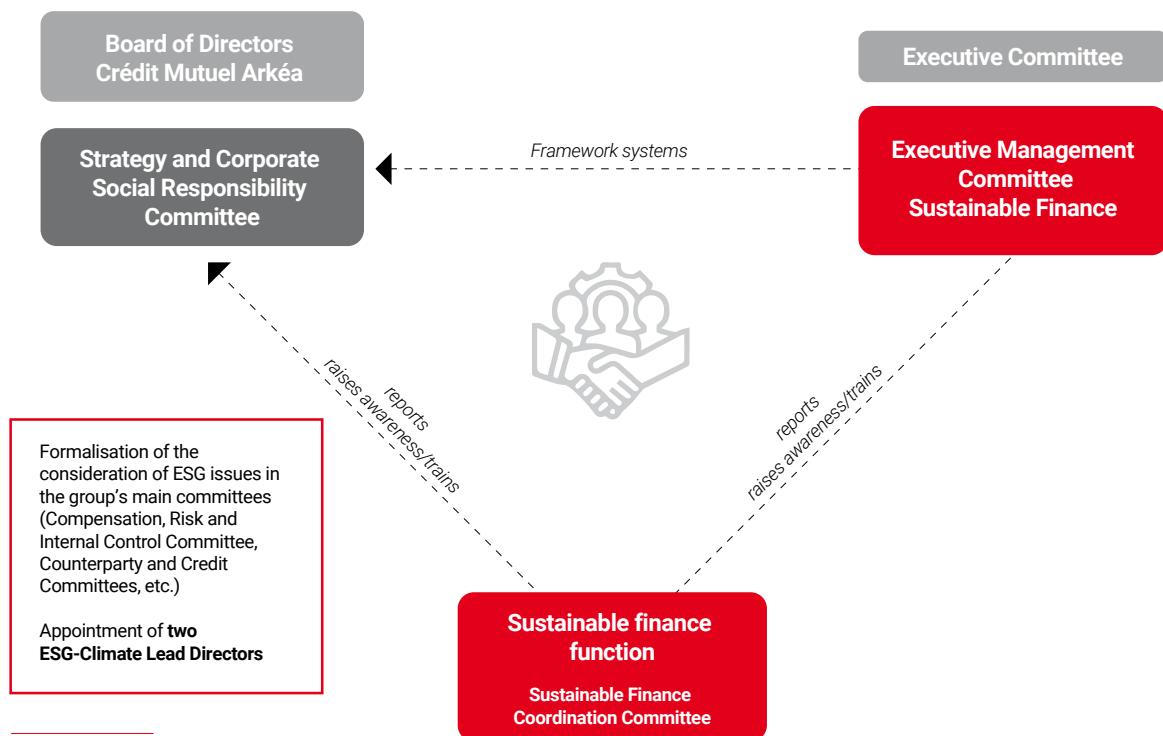
Developed in a participatory manner, these five commitments form the basis of the thinking initiated in 2020 on Crédit Mutuel Arkéa's Transitions 2024 medium-term plan.

This concrete action plan aims to take advantage of the group's many support points to extend its development in the service of transition and in a quest for global, financial and non-financial performance.

5.2.2 Governance and organisation that address these challenges

The governance of Crédit Mutuel Arkéa guarantees the group's sustainability approach.

Significant changes were made in 2021 to increase the integration of these issues into all of the group's decision-making processes.



Crédit Mutuel Arkéa's Board of Directors approves the group's strategic guidelines, oversees their implementation and regularly monitors them. To do so, each year it reviews the main guidelines of the group's corporate social responsibility policy. After having approved the group's Raison d'être in 2019, the Board of Directors of Crédit Mutuel Arkéa was particularly involved in the development of the new strategic plan in 2020, which it approved on 28 January 2021.

The Board of Directors relies on specialised committees which supplement its work and provide it with informed opinions. The operating charters of some of these committees were enhanced in 2021 to formalise the strengthening commitment to environmental, social and governance (ESG) issues, including climate.

Two of these specialised committees are particularly involved in sustainability issues:

- the Strategy and Societal Responsibility Committee, which monitors the progress of the group's strategic project, is responsible for placing corporate social responsibility at the heart of the strategy;
- the role of the Risk and Internal Control Committee (RICC) is to assist the Board of Directors in its responsibility for monitoring Crédit Mutuel Arkéa's risks and internal control system. This committee is responsible for formulating and monitoring the group's risk appetite.

In 2021, the group also wanted to change its governance by appointing two ESG-Climate Directors, to the Strategy and Societal Responsibility Committee and the RICC.

The new strategic plan and the approach for measuring overall performance, the group's participation in market initiatives promoting more sustainable finance, the revision of the policy governing thermal coal financing and investments, as well as the new oil and gas policy, were presented either for monitoring or for approval by the governance bodies in 2021.

The Executive Committee proposes to the Board of Directors the strategic orientations and steers the implementation of the strategy as defined by the Board of Directors. In addition to the committees already in place which integrate sustainability issues into their decision-making (Counterparties Committee or Purchasing Committee for example), in September 2021, an Executive Management Committee dedicated to Sustainable Finance was also set up. It aims to ensure the necessary impetus on these subjects in all of the group's business lines.

The group's various operational functions take into account sustainability issues, including the climate, in their operations. To date, the main functions active on the subject and which coordinate this approach are:

■ the Sustainable Finance function, created in early 2021

Composed of the sustainable finance managers of the entities and the central sustainable finance team, it proposes framework systems for sustainable finance and implements the associated action plans.

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The sustainable finance managers of the entities are the keystone for the proper dissemination of the group's ESG-Climate goals: they coordinate the implementation of the actions of the sustainable finance roadmap and the climate strategy that apply to their entity. The central sustainable finance team, composed of seven people, reports to the group's General Secretary Department.

It:

- coordinates the group's sustainable finance function and governance on ESG-Climate issues;
- formalises framework mechanisms, such as sectoral policies;
- coordinates cross-functional ESG-Climate projects.

■ Risk Department of Crédit Mutuel Arkéa

The cross-functional Risk Management Department has been specifically responsible for managing climate risks since June 2019. Work on the integration of climate risks within the Risk Department has led each business line Department (Credit Risk, Operational Risk, Market Risk, etc.) concerned by climate risks to appoint one or more ambassadors. This cross-functional organisation makes it possible to respond to the challenges of these matrix risks and to build and present the action plan for compliance with the environmental and climate risks guide to the supervisory authorities in May 2021;

■ Risk management function

Each Head of the "risk management function" of Crédit Mutuel Arkéa entities, subsidiaries and federations has been regularly made aware of climate risks during meetings in 2019 and 2020, and of their future role in integrating climate risks.

Quarterly Climate Risk Coordination Committee meetings have also been in place since 2020.

5.2.3 An open-minded approach for sustainable economic development

A cooperative and collaborative bank, Crédit Mutuel Arkéa places dialogue with its stakeholders at the heart of its corporate approach. Many structuring projects are carried out with a key focus on listening to the internal and external environment.

Over the 2018-2020 period, a major process of listening to and involving stakeholders in the group's strategy was carried out, ultimately leading to the construction of the new Transition 2024 strategic plan, which was approved in early 2021:

■ 2018: the group went out to meet its stakeholders throughout the year:

- "cooperation workshops" were held with 1,500 directors of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, so that they could express their expectations regarding the cooperative movement,
- as part of the group's materiality analysis, interviews and workshops were also held with various categories of group stakeholders (customers, directors, employees, suppliers, etc.),
- from the summer of 2018, a collaborative approach was carried out with employees, managers and directors in order to express the group's Raison d'être (Purpose),
- lastly, collaborative workshops were held with group employees on the theme of equity;

■ 2019: a diagnostic process of its activities, business lines, business relationships and internal practices with regard to the group's purpose was carried out. Once again, this work was carried out with the full involvement of directors and employees, and also with consultation of the group's customers and partners. An open process, a guarantee of an authentic and sincere approach, which has made it possible to precisely identify, for each of the group's business lines, points of support and room for improvement;

■ 2020: Crédit Mutuel Arkéa's entities were mobilised around the construction of the 2021-2024 strategic plan, in a participatory, resolutely bottom-up and cross-functional approach, as close as possible to the business lines and challenges of its members, customers and partners. Each of the entities will thus have contributed to an in-depth reflection on the global, financial and non-financial impact of Crédit Mutuel Arkéa's activities.

■ This collaborative approach provides structure and enables the group to strengthen its knowledge of its impact on its stakeholders, and in particular the social, environmental and societal consequences of its activities. It also enables it to better understand their expectations, to further strengthen the relevance of its actions.

It is now further enhanced by an innovative approach, presented in 2021, for measuring overall performance – combining financial and non-financial performance. This unique methodology was designed with technical input from experts an external independent firm to select non-financial indicators relevant to the group and its stakeholders (e.g. number of jobs supported, water consumption, CO₂ emissions, etc.), and convert each of these indicators into euros, the unit already used to calculate financial performance.

This approach complements the group's regular exchanges with its various stakeholders.

Key stakeholders	Main modalities of dialogue or expression
Prospective customers, custos and members (individuals, professionals, companies, institutions, etc.)	<p>Federations Surveys, round tables, member panels, an event day of collaboration and co-construction with our members. Collection of customer opinions within the digital interfaces and navigation paths including via the Mop opinion tool Measures of satisfaction.</p>
Directors	<p>Boards of Directors and General Meetings. Federal commissions and specialised committees. Involvement in Solidarity schemes (federations). Coordinating (director/employee) of training modules for directors. Annual seminar dedicated to group strategy for Crédit Mutuel Arkéa directors. Annual training seminar for second level directors. Annual assessment and three-year questionnaire for Crédit Mutuel Arkéa directors to evaluate the Board's operation. Annual seminars for elected federal officials, members of the Federation's Bureau, new directors and new Bank Chairmen. As part of the MTP 2024 and its "Promotion of the cooperative model" pillar, co-construction of changes in the cooperative bodies (in particular the Boards of Directors of the banks) and the role of federal elected representatives, through participatory workshops. Surveys of local banks Chairmen and local banks directors</p>
Suppliers	<p>Exchanges with the Purchasing Department (including responses to calls for tenders, contracts, questionnaires assessing the risks of non-compliance and CSR policies for the main suppliers) and purchasing managers in the entities. Operational monitoring of the service with the trades.</p>
Analysts and investors	<p>Investor Relations team. Investor area on the arkea.com website. Market releases. Presentation of annual and half-yearly results. Roadshows in France and abroad.</p>
Rating agencies (financial and non-financial)	<p>Presentation of annual and half-yearly results. Exchanges with the Finance Department correspondents in charge of monitoring the rating agencies. Periodic meetings between Crédit Mutuel Arkéa staff and each rating agency. Answers to requests and questions from agencies.</p>
Regulatory authorities	<p>Regular meetings and exchanges between the relevant Crédit Mutuel Arkéa management and departments and:</p> <ul style="list-style-type: none"> ■ the ECB and the ACPR in the context of their authorisation, supervision and prudential monitoring missions (agreements and authorisations, prudential reporting, desk audits, on-site inspections, close supervision interviews, consultations, participation in workshops and working groups, questionnaires, various request, etc.); ■ the AMF as part of its regulatory and financial investment protection duties (approvals, authorisations and approvals of prospectuses, information documents and investment products, advice, consultations, document investigations and inspections, on-site inspections and investigations, periodic information reports, various types of request, etc.); ■ the Luxembourg Financial Sector Supervisory Commission as part of the approval of our EMTN refinancing programmes; ■ foreign supervisory authorities in support and supervision of subsidiaries and branches operating abroad (in particular the Commission de Surveillance du Secteur Financier in Luxembourg, the National Bank of Belgium and the Financial Services and Market Authority in Belgium).

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Key stakeholders	Main modalities of dialogue or expression
Trade associations (AMAFI, OCBF, etc.) and professional networks	Meetings, regular exchanges and participation in workshops and working groups. Monitoring and exchanges on legislative and regulatory developments. Exchange on common or divergent professional systems and practices. Reflections on issues of interpretation and operational implementation. Participation in exchanges and work with regulators.
Media	Discussions with the General Secretary and Corporate Communication Department. Press releases, press conferences and media events. Journalist and media exchanges. Corporate publications. Presentations by spokespersons. Digital communication (social networks).
Employees	Relationship with management. Exchanges with HR managers. Surveys and barometers. Internal communication: information meetings (Spring & Autumn meetings, PEPS, 360 Chrono, RH Days, Square Events), intranet, events, etc. Whistleblowing.
Social partners	Employee representative bodies. Agreement on trade union rights and staff representation.

Crédit Mutuel Arkéa's goal of sustainability is part of a continuous process of progress and openness.

The group's executives themselves promote this commitment to sustainable economic development, through internal and external presentations. For the purpose of illustration:

- in September 2021, Julien Carmona, group Chairman, opened the group's internal sustainable finance seminar, to share his vision of climate issues and the group's role in achieving the objectives of the Paris Agreement;
- Hélène Bernicot took part in the tenth edition of the "Dialogues de l'inclusion" and CSR in May 2021.

As a sign of this commitment, in 2015 the group decided to join the UN Global Compact and promote its ten principles. Since October 2018, the group's Communication on Progress (COP), published annually, has been qualified at the Advanced level.

In 2021, the group wanted to rally initiatives in favour of an active contribution of the financial sector to environmental and social objectives: it joined the Principles for Responsible Banking (PRB) of the UNEP Fi at the end of 2021 as well as the initiative Finance for Biodiversity Pledge. Crédit Mutuel Arkéa also wished to support the recommendations of the Task force on Climate-related Financial Disclosures (TCFD), in line with the publication of its first TCFD report, as well as the Carbon Disclosure Project (CDP), which aim for greater transparency for companies in the consideration of climate and environmental issues in their business model.

Crédit Mutuel Arkéa also signed the manifesto Towards the Zero Gender Gap in November 2021, during the Women's Forum for the Economy & Society.

In the field of asset management, the group's subsidiaries also participate in initiatives in favour of sustainable finance, such as the Principles for Responsible Investment, Finance For Biodiversity Pledge or International Climate Initiative.

In its regions, the group also wants to contribute to a collective dynamic in favour of economic, societal and environmental issues. Crédit Mutuel Arkéa actively contributed to the creation of the Dirigeants Responsables de l'Ouest Finistère network (DRO 29 or 'West Finistère responsible business leaders'). Arkéa Banque Entreprises et Institutionnels is also a founding member, along with other managers, of the same network of "Dirigeants responsables de l'Ouest" in Ille-et-Vilaine (DRO 35). Faced with the environmental and social emergency, these leaders have the will to mobilise, experiment and transform their companies to contribute to a desirable future. The mission of the DRO 29 and DRO 35 networks is therefore to work together on shared issues such as climate, sustainable mobility, attracting talent, listening to stakeholders, etc. to cooperate for a concrete and rapid positive impact by supporting their members in their commitment.

In September 2021, Arkéa Banque Entreprises et Institutionnels, the subsidiary of the Crédit Mutuel Arkéa group dedicated to the financing of corporate, institutional investors and real estate professionals, published "Towards a more sustainable and responsible real estate", a white paper that compiles testimonials from thirteen major players involved in the sector's evolution towards new and greener solutions. The paper was presented in September 2021, at the eighth Real Estate Speed Dating organised by the bank, in front of more than 400 players from all over France.

Crédit Mutuel Arkéa's involvement in these networks and initiatives, whether international, national or local, aims to make an active and collective contribution to the achievement of sustainable economic development.

The policies and action plans implemented by the group in favour of a sustainable business model are reflected in its non-financial ratings: Crédit Mutuel Arkéa is rated by the Vigeo Eiris, MSCI, ISS-Oekom and Sustainalytics agencies.

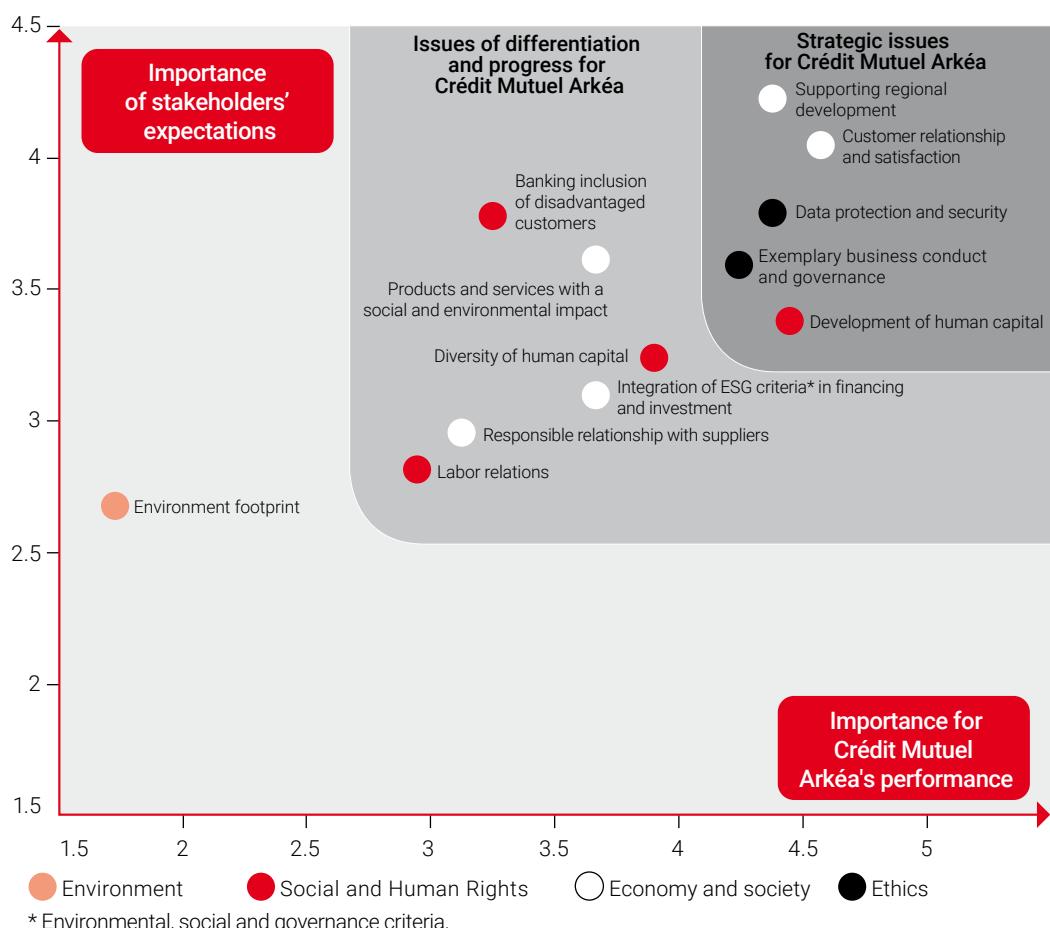
5.3 Main non-financial challenges and risks

5.3.1 Materiality analysis

In 2018, Crédit Mutuel Arkéa conducted a first materiality study to identify the main corporate social responsibility (CSR) challenges for the group and its stakeholders.

A first phase of identification of these non-financial issues was carried out. It was based on the group's existing CSR strategy, which emerged from the work of listening to stakeholders and the internal diagnosis carried out in 2014, on existing international initiatives and industry studies, on the regulatory context and the evaluation criteria of non-financial rating agencies. At the end of this phase, an initial list of issues was drawn up in four areas: ethics; social and human rights; environment; economy and society. The assessment of the

materiality of these issues was carried out through collaborative workshops and individual interviews with the group's priority stakeholders. During these workshops or interviews, employees with expertise in CSR, managers, directors of Crédit Mutuel Arkéa's Board of Directors and the federations' specialised committees were questioned on their assessment of the importance of these issues for the group's performance (x-axis of the matrix). Customers, directors – representing members, employees, suppliers and partners – were asked to express their expectations of the group (y-axis). These exchanges resulted in the materiality matrix presented below.



The issues at the top right of the matrix were considered strategic issues for the group. They affect the continuity of its business and have a strong impact on performance in the short term.

The issues at the centre of the matrix are considered to be issues of differentiation from other players in the market or areas of progress

for Crédit Mutuel Arkéa in order to turn them into genuine performance drivers in the medium term.

This first materiality exercise enabled the stakeholders who contributed to this work to assess all of the group's non-financial challenges and to express their priority expectations.

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Main non-financial challenges and risks

Key stakeholders	Non-financial issues
Sole proprietorships, corporate and institutional customers	Customer relationship and satisfaction Data protection and security Exemplarity in business and governance Products and services with a social and environmental impact Support for regional development
Employees	Human capital development Customer relationship and satisfaction Diversity of human capital Support for regional development
Directors representing members	Inclusion of vulnerable customers Support for regional development Data protection and security Customer relationship and satisfaction
Suppliers	Responsible supplier relationship Support for regional development Exemplarity in business and governance

For Crédit Mutuel Arkéa, this exercise enabled the identification of issues where expectations were significant and/or where progress needs to be made.

This materiality exercise will be repeated, in particular to take into account changes in stakeholder expectations and the regulatory and competitive environment.

These various challenges are presented in detail in Section 5.4, Support for customers and regions in societal, social and environmental transitions and Section 5.5, A responsible corporate approach, of this statement of non-financial performance.

Responsible investment activities and supporting customers and regions to move to sustainable business models are opportunities for positive value creation for the Crédit Mutuel Arkéa group in line with its Transitions 2024 strategic plan (see *Section 1.6 Crédit Mutuel Arkéa's strategy*) whose risk factors are presented in Chapter 4 of this Universal Registration Document.

Only major non-financial risks are presented below.

5.3.2 The group's main non-financial risks

In order to identify its main non-financial risks, Crédit Mutuel Arkéa relied on the work carried out within the framework of the materiality matrix, the vigilance plan (see *report below in Section 5.3.3*) and the existing mapping of operational risks. On this basis, interviews were conducted with the business lines concerned.

This cross-functional approach has highlighted eight major categories of non-financial risks related to the social, environmental, governance and ethical consequences of the group's activities and business relationships. The so-called direct environmental risks were not assessed as major, due to the group being a service business and in view of the other risks presented below.

However, and in line with its purpose, environmental risks and in particular climate risks are subject to particular vigilance by Crédit Mutuel Arkéa. Fully convinced of the need, as a financial institution, to act positively in favour of the environmental transition and local vitality, Crédit Mutuel Arkéa supports its members, customers, partners and regional players in their own environmental and societal transitions towards responsible production and more sustainable consumption. In this respect, the group published its Climate

strategy in April 2021, which formalises its objectives in the fight against global warming and is in line with its ESG-Climate roadmap and its Transitions 2024 strategic plan aimed at gradually integrating climate change as a performance and risk factor in the management of all its activities.

Finally, the group itself may also be subject to risks related to climate change. In the field, for example, of non-life insurance, the growing risks resulting from global warming are physical risks related to the damage caused by storms, floods and droughts, which are now more frequent and often more destructive than in the past. Faced with these risks, in addition to risk identification and selection mechanisms, Suravenir Assurances relies on reinsurance to mitigate the financial impact, both in terms of protecting its results and its equity. However, in a context of increasing climatic events, an increase in the cost of property and casualty reinsurance has been observed, which will have to be reflected in the pricing of home insurance in order to maintain sustainable protection for policyholders. These financial risks are described in detail in Chapter 4 of the Universal Registration Document.

The major non-financial risks presented below are related to the group's activities and relationships with its stakeholders. Beyond the effect they may have for the latter, their main consequence is to generate an impact in terms of image and reputation for Crédit Mutuel Arkéa. Some risks have consequences that could have financial consequences: possible sanctions and fines, customer attrition, lack of employee commitment, but also medium- and long-term credit or counterparty risk concerning controversial financing and investments and support for the development of the regions. Risk factors including strategic, business and ecosystem risks as well as risks related to the business profile are described in detail in Chapter 4 of this Universal Registration Document.

2021, following on from the previous financial year, was marked by the management of the health crisis. This unprecedented situation did not reveal any significant new non-financial risks but increased the risks already identified and monitored by the group such as psychosocial risks, risks related to the group's suppliers, etc. Mitigation measures have been strengthened or implemented to deal with them. They have thus made it possible to support the group's various internal and external stakeholders in this unprecedented economic context.

Description of the main non-financial risks

2021

2020

2019

Issues

NON-COMPLIANCE RISK

Non-compliance with financial security rules, including non-compliance with the regulation in the field of anti-money laundering and financing of terrorism (AML-FT)	Percentage of staff exposed to AML-FT and trained (credit institution scope 15589) Number of sanctions by ACPR concerning the AML-FT scheme	91.40% 0	90.70% 1	90.10% 0	Exemplarity in business and governance
Non-compliance with business conduct/professional ethics rules including corruption	Percentage of people trained in compliance with rules of professional conduct (credit institution scope 15,589)	90.60%	64.40%	89.30%	
Non-compliance with customer protection rules	Number of beneficiaries of the specific offer dedicated to vulnerable customers (credit institution scope 15589)	24,330	19,551	14,818	Customer relationship and satisfaction Inclusion of vulnerable customers
Non-compliance with tax transparency rules	See <i>Mitigation policies described below</i>				Exemplarity in business and governance

RISK OF BREACHING THE SECURITY OF OUR DATA

Inappropriate use or access to data	% of targeted staff aware of information systems security	91.50%	86.50%	85.10%	Data protection and security
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RISK OF INADEQUATE GOVERNANCE

Lack of good repute and competence	% of directors approved without condition precedent by the regulators (scope of regulated entities)	91%	89%	97%	
	Share of members among the federations' individual customers	66%	72%	72%	
Lack of cooperative governance	Attendance rate at General Meetings of local banks	1.1%	0.7%	2.9%	
	Attendance rate at Crédit Mutuel Arkéa's General Meeting	87%	91%	79%	Exemplarity in business and governance
	Attendance rate at Arkéa's Board meetings	92%	90%	90%	
	% of subsidiaries with an attendance rate of more than 75% at meetings of the supervisory body	98%	90%	80%	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS

Controversial financing and investment risk ⁽¹⁾	Share of assets under management with an analysis including ESG in Federal Finance Gestion's assets under management	93%	95%	94%	Integration of ESG criteria in financing and investments
Image risk: environmental and societal issues that could impact the group's reputation due to poor conduct in its activities.	Measurement of the direct environmental footprint: Group carbon footprint per metric ton of CO ₂ ⁽²⁾	44,403 t, i.e. 4.1 tonnes of CO ₂ per FTE	51,548 t, i.e. 5 tonnes of CO ₂ per FTE	61,956 t, i.e. 6.1 tonnes of CO ₂ per FTE	The environmental footprint Support for regional development

(1) mitigation of environmental and social impacts through sustainable financing of customers/projects or socially responsible investment in issuers that comply with governance and ethics, social practices and human rights, and environmental and climate standards.

(2) according to the most recent method of the Association Bilan Carbone in force for each financial year and specified in Section 5.5.7 (Environmental footprint) and in Section 5.6 (Consolidated table of indicators) in the methodological note.

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Main non-financial challenges and risks

Description of the main non-financial risks

		2021	2020	2019	Issues
PSYCHOSOCIAL RISKS					
Psychosocial risks (PSR) result from the following risk factors: workload, quality of working life, lack of employee commitment, sexism and harassment.	QWL barometer: Rate of positive opinions on the "meaningful work" criterion	64%	64%	68%	Human capital development
	Positive opinion rate on the "workload" criterion	25%	32%	24%	
EMPLOYABILITY AND JOB TRANSFORMATION					
Lack of attractiveness	Percentage of employees trained	94.70%	89.50%	94.20%	Human capital development
Career and skills staging	Internal mobility rate	14.10%	12.60%	13.40%	
POOR SOCIAL PRACTICES					
Discrimination	Gender pay gap (Economic and Social Unit)	-1%	-0.60%	-1%	Diversity of human capital
	Share of workers disabled in the workforce	3.20%	3.00%	3.40%	
Failure to respect social dialogue	Number of collective agreements signed	64	51	50	Social dialogue
NON-RESPONSIBLE SUPPLIER RELATIONSHIP					
Collusion Economic dependence Late payment Non-compliant CSR practices	Share of purchases from French suppliers	92%	96%	96%	Responsible supplier relationship
	% of ESG supplier assessments carried out for the reporting period	8.04%	14.50%	7.40%	

In 2018, these risks, policies and mitigation measures, as well as key performance indicators (KPIs) were approved by Crédit Mutuel Arkéa's Strategy and Societal Responsibility Committee and Board of Directors.

They are reviewed and updated every year by the departments concerned. In 2021, the update of major non-financial risks was brought to the attention of the Sustainable Finance Committee.

Methodological details

■ Risks of non-compliance:

- Concerning non-compliance with the rules of professional conduct/ethics, including corruption and influence peddling:

The scope of professional conduct/ethics training covers training for which the Compliance Department is the instructing party, taking care to retain the same scope of employees to be trained each year (business conduct/fight against corruption). In 2019, exposed persons were trained in compliance with ethical rules. In 2020, a training campaign on the fight against corruption and influence peddling was initiated and will continue through 2021.

■ Non-responsible Supplier relationship risk:

- the assessment of the share of purchases from French suppliers covers the following scope: scope of the Economic and Social Unit, Arkéa Banking Services, CFCAL, Financo, Fortuneo, Nouvelle Vague, Arkéa On Life, Suravenir. The reference period is the year 2020 to include all the entities listed in the scope. The centralised tool (concerto) covers 80% of the scope and the sustainability of supplier relationships allows using 2020 as the reference,
- the share of supplier ESG assessments carried out for the reporting period is related to the total amount of the group's purchases.

Description of the risk	Mitigation policies	Key due diligence measures associated with these policies
NON-COMPLIANCE RISK		
Non-compliance with financial security rules, including non-compliance with the regulation in the field of anti-money laundering and financing of terrorism (AML-FT)	<p>Framework procedure for detecting and reporting suspicious market abuse transactions.</p> <p>Framework procedure for managing permanent insiders.</p> <p>Framework procedure for privileged information protection and transaction monitoring.</p> <p>Framework procedure for supervising the transactions of the persons concerned.</p> <p>“Information requirements for customers regarding investment services” framework procedure.</p> <p>“Incentives” framework system.</p> <p>Procedure for assessing employee knowledge and skills.</p> <p>Framework system for Best Execution and Best Selection obligations.</p> <p>“Know your customer” investment services framework procedure.</p> <p>“Asset protection” investment services framework procedure.</p> <p>Framework system relating to registration obligations.</p> <p>AML-FT framework procedure and additional modules.</p>	Operational implementation of group framework systems by group entities subject to regulations (Crédit Mutuel Arkéa institution and the group subsidiaries concerned).
Non-compliance with deontology/professional ethics rules including corruption	<p>Compliance charter.</p> <p>Conflict of interest management policy.</p> <p>Whistleblowing framework procedure.</p> <p>Framework system for the fight against corruption, influence peddling and additional notes</p> <p>Anti-corruption statement by executives.</p>	Management of the group's Compliance and Permanent Control Department: regulatory monitoring (information of the group's entities; validation of the operational implementation by the entities and verification of their correct roll-out (compliance reporting, interviews on the systems, compliance controls, etc.); coordination of entities (assistance, consulting, training); activity reporting to management bodies (Group Compliance and Permanent Control Committee, Risks and Internal Control Committee, Board of Directors).
Non-compliance with customer protection rules	<p>Framework system for prior approval of the compliance of new products and projects.</p> <p>“Product governance and supervision” framework procedure.</p> <p>Framework system for protecting financially vulnerable people.</p> <p>Framework right to an account system.</p> <p>Crédit Mutuel Arkéa's policy in terms of banking mobility assistance.</p> <p>Framework procedure for processing customer complaints.</p> <p>Crédit Mutuel Arkéa intermediation management policy.</p>	
Non-compliance with tax transparency rules	Tax transparency framework systems (FATCA, CRS, DAC6).	
RISK OF BREACH OF OUR DATA SECURITY		
Inappropriate use or access to data	<p>Group Information Systems Security Policy (ISSP)</p> <p>Group personal data protection framework.</p> <p>Personal data protection policies (customers, employees and directors).</p>	<p>Group governance of IT risk management, including data security.</p> <p>Thematic policy for the protection of sensitive data including a classification of data and protection mechanisms associated with the classification level.</p> <p>Logical access management thematic policy.</p> <p>Security analysis in projects and impact analysis on personal data protection.</p> <p>Awareness and regular training on information systems security for all employees.</p> <p>ISS thematic policy on the Cloud.</p>

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Main non-financial challenges and risks

Description of the risk	Mitigation policies	Key due diligence measures associated with these policies
RISK OF INADEQUATE GOVERNANCE		
Lack of good repute and competence	Internal operating rules of the Board of Directors. Articles of Association. Charter of the Appointments Committee. Governance charter for the appointment of directors and the enhancement of their skills.	Annual and triennial assessment of the functioning of the Board of Directors. Approval of regulators.
Lack of cooperative governance	Articles of Association. Operating regulations (Federations). Internal operating rules of Crédit Mutuel Arkéa. Director's charter of the Board of Directors of Crédit Mutuel Arkéa. Local bank director guidelines. Legal guide to General Meetings.	Cooperative review. Control of General Meetings by the General Inspection and Periodic Control Department.
ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS		
Image risk: <i>environmental and societal challenges</i> that could impact the group's reputation due to poor conduct in its activities. <i>Controversial financing and investments:</i> mitigation of environmental and societal impacts through the sustainable financing of customers/projects or socially responsible investment in issuers that comply with standards of governance and ethics, social practices and human rights, and environmental and climate standards.	Group: Group ESG ambition and strategy approved by the Board of Directors. Transitions 2024 strategic project approved by the Board of Directors, including the management of the group's direct environmental impact through two cross-functional initiatives: "Direct Environmental Footprint" and "Sustainable Real Estate Trajectory". Climate strategy approved by the Board of Directors.	Management and deployment of framework procedures relating to environmental and societal risks and operational implementation of systems by the group's entities. Climate training for members of the Executive Committee and the Board of Directors in 2020. Climate training for employees and directors in 2021. Training of the Board of Directors on climate risks in 2021. Group risk appetite framework, including climate risks.
	Policy governing thermal coal financing and investments approved by the Board of Directors.	
	Oil and gas financing and investment management policy approved by the Board of Directors.	
	Membership of Principles For Responsible Banking, of Finance for Biodiversity Pledge and of the Carbon Disclosure Project.	
	Publication of a TCFD report and support for the initiative.	
	Climate risk action plan – ECB guide.	
	Asset managers and institutional investors: ESG framework for the investment policy of Suravenir, Suravenir Assurances, Federal Finance Gestion and Schelcher Prince Gestion.	ESG research. Exclusion list of companies that seriously violate the principles of the Global Compact (active collective management scope of Federal Finance Gestion and Schelcher Prince Gestion). Monitoring in Investment/Treasury Committees. Identification and monitoring of controversies. Climate training for employees and directors
	Policy on the integration of sustainability risks into investment decision-making processes (Federal Finance Gestion, Schelcher Prince Gestion, Suravenir). Statement taking into account the main negative impacts (Federal Finance Gestion, Schelcher Prince Gestion, Suravenir). Voting and engagement policy with issuers (Federal Finance Gestion, Schelcher Prince Gestion).	
	Membership of PRI (Federal Finance Gestion, Suravenir, Schelcher Prince Gestion). Membership of Finance for Biodiversity Pledge (Federal Finance Gestion, Schelcher Prince Gestion).	

Description of the risk	Mitigation policies	Key due diligence measures associated with these policies
<u>Private equity business:</u>		
	Arkéa Capital's ESG Commitment Charter. Arkéa Capital's ESG approach. Sustainability risk integration policy. Statement on due diligence policies relating to the consideration of main adverse impacts. Membership of the PRI and the International Climate Initiative.	ESG review during the investment phase. ESG clause in shareholders' agreements. Annual ESG questionnaire. Climate training for directors and the team.
PSYCHOSOCIAL RISKS		
Psychosocial risks (PSR) result from the following risk factors: workload, quality of working life, lack of employee commitment, sexism and harassment.	Group MTP roadmap "HR Transitions 2024". Economic and Social Unity (ESU) PSR mitigation policy.	Arkéa "Management Academie" training. QWL survey (ESU). Annual Papripact/Single Document (ESU). Current collective bargaining agreements (ESU). Schemes for listening. Rebound Programme (ESU).
EMPLOYABILITY AND JOB TRANSFORMATION		
Lack of attractiveness	Group MTP roadmap "HR Transitions 2024".	MTP Managerial Experience mission. MTP Employee Experience mission. Arkéa "Management Académie". Training plans. Annual E-perf and E-pro assessments. Development of collaborative practices.
POOR SOCIAL PRACTICES		
Discrimination	Group MTP roadmap "HR Transitions 2024". Collective agreements.	"Tous Inclusifs" training Disability, equality/professional agreements, employees over 50 (ESU) Harassment Working Group (ESU)
Failure to respect social dialogue	Policy for mitigating non-compliant social practices relating to Economic and Social Unity (ESU).	Agreement on trade union rights and employee representation (ESU)
NON-RESPONSIBLE SUPPLIER RELATIONSHIP		
Collusion Economic dependence Late payment Non-compliant CSR practices	Group Responsible supplier relations charter.	Duty of care procedure and Sapin 2. Anti-corruption clause in framework contracts Supplier Code of Conduct appended to the framework agreement Sapin 2 supplier duty of care questionnaire and financial data collection Code of Ethics signed by buyers

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Main non-financial challenges and risks

5.3.3 Vigilance plan and implementation report

In order to meet the requirements set by the law of 27 March 2017 relating to the duty of vigilance of parent companies and contractors, Crédit Mutuel Arkéa deploys a vigilance plan relating to risks of serious violations of human rights and fundamental freedoms, health/safety and the environment. The group's vigilance plan is

divided into three parts: its risks as a company, as a principal in its relations with suppliers and service providers, and the risks related to its financial businesses. It has a dedicated organisation and management.

Summary of the 2021 vigilance plan

As a company	As a customer	In financial activities
<p>Human rights</p> <ul style="list-style-type: none"> ■ Presence in European countries: risk level assessed as low (for more than 99% of employees) or average (for less than 1% of employees). ■ All countries: risk identified as medium: discrimination and inequalities ■ Mitigation plan: (See Section 5.5.4 <i>Diversity of human capital</i>) <p>Health & Safety</p> <ul style="list-style-type: none"> ■ Physical risks, identified as significant: pandemic, fire, working with screens, falls, road accidents, aggression, serious incidents and isolation in exceptional remote working situations. ■ Psychosocial risks identified for stress at work. Special focus on post-traumatic stress and harassment. ■ Mitigation plans: (See Section 5.5.3 <i>Human capital development</i>). <p>Environment</p> <ul style="list-style-type: none"> ■ Direct and proven impacts identified and monitored: <ul style="list-style-type: none"> - climate impact due to travel and energy consumption - environmental impact of certain polluting waste - environmental risks that may be induced by the group's buildings: no major incidents identified in 2021. ■ Mitigation plans: broken down into five sub-projects (commuting, business travel, responsible digital technology, sustainable real estate and impactful supplies) <p>(See Section 5.5.7 <i>Environmental footprint</i>).</p>	<p>New risk mapping and deployment of mitigation plans:</p> <ul style="list-style-type: none"> ■ integration of a new mapping tool underway with Afnor, monitoring thirteen CSR issues in three areas: the environment, human rights and social conditions, ethics and fair practices. ■ Mitigation plans being integrated in three areas: contractual clauses, in addition to the Supplier Code of Conduct, requirements in the specifications and knowledge of the actions taken by the supplier to reduce its risks. <p>Training on the mapping tool:</p> <p>In 2021, all employees of the Purchasing Department as well as group employees making major purchases related to CSR risk families.</p> <p>Supplier knowledge and CSR assessment process:</p> <ul style="list-style-type: none"> ■ In 2021, increase in the level of individual knowledge of suppliers in connection with the guidelines of the European Bank Authority (EBA) on outsourcing, specifying the internal governance arrangements, including in terms of sound risk management, to be implemented in particular with regard to the outsourcing of critical or important functions. <p>Integration of a dimension on second level suppliers.</p> <p>Organisation and governance of responsible purchasing:</p> <p>Establishment of a supplier Purchasing Committee integrating CSR issues.</p> <p>(See Section 5.5.6 <i>Responsible supplier relationships</i>)</p>	<p>Financing and investing activities:</p> <ul style="list-style-type: none"> ■ Governance, organisation and monitoring of action plans: change in governance, including the appointment of two ESG-Climate lead directors and the creation of two dedicated sustainable finance committees. ■ Participation and support for market initiatives: Task Force on Climate-related Financial Disclosures, Carbon Disclosure Project, Finance for Biodiversity Pledge ■ Training of employees and directors: in 2021, training of employees and governance in sustainable finance and the challenges of climate change for a financial player. ■ Human rights risks: in 2021, update of the risk assessment mapping by country and sovereign. ■ Environmental risks: priority given to climate risks with the creation of a mapping, a reference system now being integrated and dedicated training. ■ Mitigation plans: climate strategy by 2024 (in 2021, revision of the coal policy and approval of an oil and gas policy). (See Section 5.4.3 <i>Integration of ESG criteria into financing and investments</i>) <p>Group banking and insurance activities</p> <ul style="list-style-type: none"> ■ Risk of exclusion from the banking and insurance system of vulnerable customers (see Section 5.4.6 <i>Inclusion of vulnerable customers</i>). ■ Risk of inappropriate use or access to data (see Section 5.5.1 <i>Data protection and security</i>) ■ Pandemic risk: <ul style="list-style-type: none"> - health risk: continuation of the customer and employee protection policy based on a health protocol favouring remote relations or reception by appointment; support schemes for professional and individual customers: reinforcement of solidarity budgets. <p>(See Sections 5.4.2 <i>Support for regional development</i> and 5.4.6 <i>Inclusion of vulnerable customers</i>)</p>

Organisation and governance of the vigilance plan

The implementation of due diligence within the group is coordinated by a cross-functional steering committee, whose role is to ensure that the due diligence is deployed by the group's entities, to monitor validated actions and to define the progress plan. This committee, led by the Sustainable Finance Department of the General Secretary and Institutional Communication Department, brings together the Human Resources, Risk, Compliance and Permanent Control, Organisation and Resources Departments as well as the Purchasing Department. In 2021, it met three times.

The vigilance plan was approved by the Crédit Mutuel Arkéa group's Executive Committee on 6 December 2021, and then presented to the group's Strategy and Social Responsibility Committee on 26 January 2022.

Major actions that marked the year 2021

Level of integration of duty of care mitigation plans into the group's strategy: in early 2021, Crédit Mutuel Arkéa's management body approved a new strategic plan, Transitions 2024, with strong commitments to the integration of societal and environmental issues into the group's activities. The implementation of the risk mitigation plans of the vigilance plan is therefore strongly correlated with the action plans of the new strategic plan. The group's climate strategy, defined in 2020 and identified as a major cross-functional theme of the strategic plan, is an example of this. In particular, it helps to identify and manage climate risks in the group's financing and investment businesses and as a company.

Health crisis: The year 2021 was marked by the management of the health crisis. This context has highlighted the importance of strong vigilance on health and safety risks and their impact on all company value chains.

In line with the systems implemented during the emergence of Covid-19, the group continued its actions to combine business continuity, customer service and the preservation of employee health:

- business continuity plans remained active as needed to ensure the business continuity of our essential services;
- the measures to support the economy, rolled out in the networks since 2020 to support our customers as closely as possible, continued, and were enriched by new measures such as the proposal of participatory loans to support our technological know-how, thereby enabling effective remote processing, with attention paid to preventive gestures;
- in addition, enhanced customer monitoring systems have been implemented and contacts are initiated with customers as soon as warning signs of potential difficulties are detected;
- the group continued to make extensive use of remote working while reviewing and extending teleworking agreements.

In support of the close monitoring of indicators characterising the severity of the health situation (the incidence rate in particular, qualifying the level of alert and vigilance), the group has relied on the systems tested in 2020 which were renewed for most of 2021. They have made it possible to support our various stakeholders in this uncertain and unprecedented health and economic context.

The governance dedicated to the continued management of this crisis consists of:

- a decision-making crisis unit (Executive Committee extended to risk functions and General Secretary/Communication);
- an organisational crisis unit and working groups dedicated to health and safety, distance working, business continuity and consolidated monitoring of risks for the group;
- a crisis communication unit ensuring that all stakeholders are properly informed of the situation and the measures implemented.

Management of the vigilance plan: the management indicators were reviewed and enhanced in order to strengthen the monitoring of the effectiveness of the vigilance plan. They are divided between:

- indicators of the means put in place to prevent risks;
- performance indicators for the action plans on the three risk areas (risks as a company, a principal and in financial activities).

For each aspect of the duty of care, the main actions implemented are described below or in the chapters of this Statement of non-financial performance dedicated to these issues.

Risks as a company

Regarding human rights risks, each year the group analyses changes in the geographical presence of its workforce. In 2021, the group was mainly present in France (97%) and in six countries in Europe. For each of its countries of operation, a level of human rights risk has been assessed⁽¹⁾ which is low (for more than 99% of employees) or average (for less than 1% of employees).

The group has also drawn up a list of human rights for which it could, as a company, have a direct impact. Each of these risks was found to be low, with the exception of one risk that the group assessed as medium: **discrimination and inequality**. Numerous actions to combat discrimination and inequality are implemented, mainly around inequalities linked to gender, age and disability. Significant work to share best practices throughout the group has been initiated and will continue in 2022. More than 60% of the group's employees have benefited from the dedicated "Tous inclusif" training programme, which continues to be rolled out within the group. Crédit Mutuel Arkéa is also proactive in industry initiatives to promote diversity. In 2021, the group signed, along with eleven other organisations and companies, the French "Manifesto of economic players against violence against women" whose objective is to better support and protect employees who are victims of intra-family violence and to raise their employees' awareness of this cause. The group has undertaken to implement at least one of the ten actions of the manifesto. Work is already underway on awareness-raising and training for 2022. A sponsorship programme will also be signed with the Regional Federation of Information Centres on the Rights of Women and Families of Brittany (FR-CIDFF Bretagne) to support the latter's action in the fight against inequalities, poverty and violence against women. All of these actions are presented in Section 5.5.4 *Diversity of human capital*.

(1) In view of the number of international treaties ratified, the violation of workers' rights, the importance of child labour and the existence of the death penalty (for the Sovereigns' analysis).

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In the area of health and safety risks, the group asks its various entities about their main physical and psychosocial risks. All group entities assess their physical and psychosocial occupational risks using the same rating method.

With regard to physical risks, the risks that stand out as the most significant are: **the risks of pandemic, fire, working with screens, falls, road accidents, aggression, serious incidents and isolation** in exceptional remote working situations. Mitigation plans are applied in the various entities concerned. The risk of isolation in remote working situations, highlighted in the context of the health crisis, was the subject of specific attention through the implementation of training for managers and employees and training in collaborative tools.

With regard to psychosocial risks, the group pays attention to three main areas: **workplace stress, post-traumatic stress and harassment**.

On the stress at work component, which is specifically monitored through employee surveys, three risk factors have been identified: workload, clarity of roles and change. These risk factors are subject to dedicated mitigation plans.

Particular attention is also paid to post-traumatic stress with the implementation of support systems, awareness-raising and the offer of an external psychological support service.

Since 2020, the group has also focused on the risks related to moral and sexual harassment and sexist behaviour. Thus, several group entities have now deployed a system to combat moral or sexual harassment and sexist behaviour. At the end of 2021, more than 8,000 group employees could activate a specifically dedicated whistleblowing system. The objective of such a system is to clarify the whistleblowing procedure to enable people to speak out. This whistleblowing system is accompanied by the appointment of "harassment" officers, communication and awareness-raising actions. At the level of the Arkade Economic and Social Unit (ESU), this system is supplemented by a community of benevolent volunteers.

Specifically with regard to managing the health crisis, the group used distance working during the various periods of the crisis and implemented strict health measures to respect the barrier gestures in its offices, catering areas and areas receiving the public. A free and anonymous external psychological support service was also offered to employees of several group entities. Guides and webinars have also been set up to provide the best possible support to the group's employees during this period of lockdowns and the health crisis.

The various actions implemented by the group in the areas of quality of life at work and occupational risk management are presented in *Section 5.5.3 Human capital development*.

In terms of the environment, the main direct and proven impacts on the environment are identified and monitored: these are the climate impact due to travel and energy consumption, as well as the environmental impact of certain polluting waste.

Every year, the group measures its carbon footprint and implements actions to raise awareness of good travel practices (the main item of greenhouse gas – GHG – emissions). Each year, the various building managers also assess the environmental risks that may be caused by the group's facilities. In 2021, no significant incidents were identified.

To achieve the target of reducing direct carbon emissions by 16% between 2019 and 2024 that the group has set itself as part of the Transitions 2024 strategic plan, five projects have been defined to reduce the group's impact on its environment: commuting, business travel, responsible digital technology, sustainable real estate and impactful supplies. These ambitions and actions are presented in *Section 5.5.7 Environmental footprint*.

Risks as principal

The Department in charge of the group's purchasing system, hereinafter referred to as the Purchasing Department, builds systems aimed at improving knowledge of the human rights, health and safety, ethics and environmental risks of suppliers and service providers and manages a responsible purchasing approach shared with the group's internal and external stakeholders. Crédit Mutuel Arkéa has been a signatory of the French RFAR (Responsible supplier relationships and Purchasing) charter since 2017.

In 2021, the actions implemented were carried out in line with the implementation of the recommendations of the European Bank Authority (EBA) as part of the outsourcing of the group's essential services.⁽¹⁾ These recommendations include a section on risk management in terms of human rights, ethics, fair practices and the environment.

Risk mapping and deployment of mitigation plans

In 2021, the work initiated with the French Standards Association (Afnor) to develop and manage a new risk mapping was finalised.

The methodology chosen consists of:

- based on an analysis of the gross risks of Crédit Mutuel Arkéa's 56 purchasing segments for companies in the banking sector, based on thirteen CSR issues covering three areas:
 - the environment,
 - human rights and social conditions,
 - ethics and fair practices;
- integrating into this risk analysis the risk mitigation plans already in place within the group, makes it possible to reassess these gross risks. They concern three areas:
 - the integration of contractual clauses,
 - complementary to the group's Supplier Code of Conduct,
 - the inclusion of requirements in specifications;
- the integration of these mitigation plans and recommendations into the mapping tool makes it possible to measure and manage the net risk by purchasing category: new risk mitigation actions can thus be defined and managed over the long term by working with suppliers.

(1) European Banking Authority (EBA) guidance on outsourcing: 73 - Institutions and payment institutions should take appropriate measures to ensure that service providers act in accordance with their values and Code of Conduct. With regard to service providers located in third countries and, where applicable, their subcontractors, institutions and payment institutions should ensure that the service provider acts in an ethical and socially responsible manner and complies with international standards relating to human rights (for example, the European Convention on Human Rights), environmental protection and the provision of appropriate working conditions, including the prohibition of child labour.

In 2021, purchasing families with a high gross CSR risk were identified. The analysis of the net risk by major purchasing category has been initiated and the mitigation plans are being analysed.

In connection with the families with CSR risks, the employees of the Purchasing Department were trained by Afnor in this mapping tool and the recommendations in terms of risk mitigation.

Supplier knowledge and CSR assessment approach

In 2021, also in line with the EBA guidelines on outsourcing, specifying the internal governance systems to be implemented, including in terms of sound risk management, in particular concerning the outsourcing of critical or important functions, the group has strengthened its level of individual knowledge of suppliers through the deployment of questionnaires also including a dimension on second level suppliers.

On CSR, two assessment procedures are in place: a CSR questionnaire, developed in-house, is deployed during calls for tenders in order to obtain a self-assessment of the means put in place by a supplier or service provider to prevent and manage risks related to its activities in the areas of the environment, social and human rights, governance and ethics. A service contract with Afnor allows the evaluation of the group's main suppliers (Acesia solution). Tools for detecting and monitoring controversies on CSR issues are also being tested.

Organisation and governance of responsible purchasing: in 2020, a Service Provider Purchasing and Monitoring Committee was set up at group level whose missions are to:

1. validate the listing of service providers for critical or important services;
2. rule on service providers with major alerts, including on CSR matters;
3. monitor and manage the compliance of listed service providers, and monitor the progress of remediation plans;
4. monitor regulatory changes.

These actions are presented in *Section 5.5.6 Responsible supplier relationships*.

Specifically concerning the management of the health crisis, the group has implemented exceptional processes to minimise the impact of the crisis on its service providers, such as the authorised use of remote working.

Risks within the framework of the group's financial businesses

In the area of its financing and investment activities, the duty of vigilance is fully in line with Crédit Mutuel Arkéa's ambition to take greater account of social, environmental and governance (ESG) issues in all its activities. In 2021, the group continued to implement its ESG roadmap, which had been approved at the end of 2019. This roadmap, which aims to strengthen the consideration of these issues, in addition to the financial analysis, also includes the implementation of new regulations on sustainable finance at the European and national level.

Governance, organisation and monitoring of action plans: in 2021, the group wanted to strengthen the integration of ESG issues into the decision-making of the Board of Directors, in particular via the appointment of two dedicated ESG-Climate lead directors, the first being a member of the Strategy and Societal Responsibility Committee, and the second of the Risks and Internal Control Committee. A Sustainable Finance function has also been created as well as the creation of two dedicated committees: a Sustainable Finance Committee at Executive Management level and an Operational Committee, composed of the sustainable finance managers of each group entity.

Training of employees and directors: in order to raise awareness and improve employees' skills, various training initiatives have been put in place. For all employees:

- awareness-raising training on sustainable finance and the integration of ESG issues into the financing and investment business lines (more than 50% of the group's employees took this e-learning course in 2021);
- specifically concerning the challenges of climate change for a financial player, dedicated e-learning training was offered to all group employees. The business lines most affected by these issues (such as portfolio managers, investment portfolio managers) have also benefited from dedicated training delivered by specialised climate firms. These training courses were taken by more than half of employees across the entire group. The directors of the subsidiaries and federations also benefited from this training. Crédit Mutuel Arkéa's Board of Directors had been trained in climate issues in 2020 and was specifically trained in climate risks at the end of 2021.

In the area of human rights, the group has developed an initial risk mapping for its financing and investment activities, focusing on sovereigns and companies. A level of human rights risk was assessed for each country, giving an indication of the level of human rights risk for the company headquartered in the assessed country.⁽¹⁾

In terms of **environmental issues**, in 2021 the group responded to the request for self-positioning in relation to the expectations of the ECB guide in terms of climate and environmental risks and defined a commitment to ensure compliance by setting up an action plan. A climate risk industry standard specific to the group has also been drawn up. In addition, after having been specified in the group's risk appetite statement in 2020, climate and environmental risks were included in the group's risk appetite framework at the end of 2021 for the 2022 financial year.

In terms of the 2021 achievements, it should be noted:

- the implementation of the climate strategy by 2024 with the revision of the financing and investment management policy for thermal coal-related activities (early exit in 2027) and the validation of a group financing management policy and investments related to fossil fuels;

(1) Scope covered: bank loans granted by the following group entities: Crédit Mutuel de Bretagne (CMB), Crédit Mutuel du Sud-Ouest (CMSO), Arkéa Crédit Bail (ACB), Arkéa Banque Entreprises et Institutionnels (ABEI), Arkéa Banque Privée (ABP), Financo and the investments managed by Federal Finance Gestion (FFG), including mandates for Suravenir and Suravenir Assurances, by Schelcher Prince Gestion (SPG), Arkéa Capital and the group's trading room.

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Main non-financial challenges and risks

- the construction of tools and measures to better understand the impacts of financing and investments on the climate: implementation of the first low-carbon alignment measures for investment portfolios and the development of tools to assess the alignment of financed projects with the technical criteria of European taxonomy;
- the launch of a project to comply with the EBA guidelines for granting loans, which includes an ESG component;
- under the so-called "disclosure" regulation, the group's entities subject to these new obligations have changed their ESG approach to meet the notion of sustainability risk assessment and have published their risk integration policies in terms of sustainability in decision-making processes.

In addition to this risk-based approach, all of the ambitions and actions implemented to integrate these issues into the group's financial activities are detailed in *Section 5.4.3 Integration of ESG criteria into financing and investments*.

Lastly, in the field of the group's banking and insurance activities, three risks have also been identified and are subject to monitoring and mitigation plans:

- the risk of exclusion from the banking and insurance system of vulnerable customers: this is an issue monitored by the group, which has long developed specific systems, both regulatory in the context of inclusive banking and solidarity measures like the development of partnerships for the implementation of professional and personal microloans and access to borrower insurance for people excluded from this type of insurance for health reasons (Project itinerary unit). The actions implemented by the group are presented in *Section 5.4.6 Inclusion of vulnerable customers*;
- **pandemic risk**: the group continued its policy of remote relations or by appointment only in order to minimise the risk for its customers and employees.

In addition, faced with the economic and financial effects of the health crisis, the group has stepped up its support mechanisms for professional and individual customers who are potentially at financial risk following the crisis, by strengthening, in 2020 and 2021, its solidarity budgets compared to 2019.

These systems are detailed in *Section 5.4.2 Support for regional development* and *Section 5.4.6 Inclusion of vulnerable customers*;

- The risk of inappropriate use of or access to data: the actions implemented by the group in this area are presented in *Section 5.5.1 Data protection and security*.

Alert mechanism

A whistleblowing and reporting system dedicated to serious health and safety risks, human rights and the environment has been in place since 2018. Staff representative organisations (from the Economic and Social Unit) were involved in the development of the alert mechanism. This mechanism is made accessible to employees, service providers and subcontractors, by posting notices in the buildings of the group's central services and local banks and via the group's intranet. It is also accessible to any person, internal or external to the company, via its institutional website (arkea.com).

As part of the launch of a system to combat moral or sexual harassment and sexist behaviour, a whistleblowing mechanism specifically dedicated to this subject has also been set up in each of the entities that have deployed this system (see *dedicated paragraph above*).

In 2021, the harassment alert mechanism was triggered four times within the scope of the Arkade ESU, and a total of eight times since its implementation in 2020. As provided for by the system (which can be triggered by the employee allegedly harassed or by another employee), the alerts were handled by the dedicated unit made up of experts (human resources, elected members of the Social and Economic Committee, harassment officers, etc.) who meet as soon as the alert mechanism is triggered.

5.4 Supporting customers and regions in societal, social and environmental transitions

5.4.1 Customer relations and satisfaction

Non-financial risks associated with this issue:

- risk of non-compliance: failure to comply with customer protection rules

Crédit Mutuel Arkéa has always paid particular attention to the quality of its customer relationship and customer satisfaction.

This attention is all the more important given that the member is at the heart of the operation of a cooperative group like Crédit Mutuel Arkéa: in its cooperative movement, the member, who holds a share in the company, is both a cooperator and a customer. This participation in the share capital of his local bank makes him a co-owner. As such, they are invited to attend the Annual General Meeting of their local bank and have the right to vote to elect the members of the Board of Directors on a "one person, one vote" basis. He may also stand as a candidate for the position of director on the Board of his local bank.

At the end of 2021, 75.3% of the individual customers of Crédit Mutuel Arkéa's federations were members.

The Annual General Meeting of the local banks is a special time for exchanges between the members, the directors of the local bank and the employees. It provides an opportunity to present activity reports to the members, the members of the Board of Directors and to put resolutions to the vote. It is also a time for discussion on topics related to economic and financial news, bancassurance or the life of the local bank.

As in 2020, the health context limited the number of visitors to bank branches in 2021 and impacted the attendance of the General Meetings of local banks, organised as open days. In 2021, 15,569 members attended the General Meetings of the local banks, equivalent to 1.1% of members, compared to 0.7% in 2020.

Each year, part of the distributable profit is paid to the members through the remuneration of the shares they hold. In 2021, for the 2020 financial year, the members received remuneration for their shares amounting to €36.4 million.

In terms of customer relations, the federations continue their work on the relational approach through the Ambition Customer Obsession (AOC) programme defined in coordination with the Customer Experience Marketing Department (reachability, moments of truth, project support, etc.).

Crédit Mutuel Arkéa's federations thus position the adviser as a genuine financial coach for their members and customers. The federations are committed to providing their members and customers with the best possible experience, bringing them simplicity, clarity, proximity, responsiveness and sincere attention.

The South-West and Brittany federations also rely on technological innovations to make their daily lives easier and simpler. They offer a budget coaching service, Bud'JET, which enables automatic categorisation of income and expenditure, the sending of personalised alerts and the anticipation of expenditure. Since 2020, the federations have regularly updated their digital tools to offer their individual customers more services, autonomy and fluidity. The digital tools are constantly evolving through the collection of customer opinions within the navigation paths to identify improvements.

The federations also rely on listening to the inhabitants of their region. Through regular surveys and round tables, they identify the expectations of their members, customers and prospects in order to better meet them. In 2021, more than 110,000 customers and prospects were listened to. Together with their members and customers, they measure the quality of their experience: immediate reaction (daily measurement), on reflection (measurement every 4 months) and a strategic survey (structural measurement of overall satisfaction), which alternates each year between private individuals and professionals. The results are presented to the teams in the field in their geographical area in order to get to know their customers better from a satisfaction perspective and identify locally the actions to be implemented to improve the customer experience. Since April 2021, the managers of the CMB & CMSO networks have a platform (Satis'Action) that allows them to monitor the performance of their structure in terms of customer satisfaction.

These tools are essential to the continuous improvement of their service delivery.

To strengthen their commitment to their customers, in South-West and Brittany, a panel of more than 4,200 registered members and customers has been in place since 2016 to build tomorrow's solutions with them. The approach of co-construction of the CMB and the CMSO with their members was enriched with a new initiative in 2021. During a collaborative working day, based on an issue identified by the panel, around twenty members (out of more than a hundred who had expressed an interest in the approach) worked as a team in November during a design sprint. Many ideas and suggestions emerged, including fifteen major ones to improve the customer experience. A college composed of directors and employees met in December to take a more operational look at these ideas and identify the priorities to be implemented.

The group's subsidiaries are also attentive to their customers' satisfaction, through regular measurements of this indicator.

In order to best satisfy the interests of customers, the group's entities in contact with customers all have a unit dedicated to handling customer complaints to ensure that they are dealt with quickly and efficiently.

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Supporting customers and regions in societal, social and environmental transitions

All of the group's entities also have an operational procedure defining the practical methods for processing complaints in their structure based on the group system which, in order to harmonise practices, sets the general framework for processing customer complaints.

In 2021, the group framework system was updated to take into account the extension to intermediaries of the ACPR recommendation on the processing of complaints, to specify the rules applicable in terms of complaints processing times according to the channel receiving them, and to improve the clarity relating to the reporting of the group's entities on the processing of complaints respectively to group compliance, and to the governing bodies.

In addition, with a view to the continuous improvement of practices and customer satisfaction, complaints processed within the group are subject to qualitative monitoring. Thus, a Quality and Customer Complaints Analysis Committee brings together the relevant Departments every quarter to analyse the complaints of customers of the Crédit Mutuel Arkéa federations and to change the processes accordingly. Lastly, an annual community of practice brings together the Heads of the Customer Relations and Internal Control Departments of the group's entities. It met on 27 September 2021. In addition to sharing the group's expectations in terms of handling complaints and best practices within the group, this meeting was an

opportunity to raise awareness among participants of the challenges and impacts of the upcoming overhaul of the ACPR Recommendation No. 2016-R-02 of 14 November 2016, amended on 6 December 2019, on complaint processing and mediation systems.

With regard to mediation, the Crédit Mutuel Arkéa group has an independent mediator who may be consulted by the customer or by a mandated representative after the entity's internal remedies have been exhausted or in the absence of a response within the regulatory deadlines.

Concerning the mediator with Crédit Mutuel Arkéa, in 2021, 197 cases eligible for mediation were registered.

Disputes falling within the remit of the AMF mediator are excluded from the scope of the Crédit Mutuel Arkéa mediator. Some group entities use professional mediators specific to their field of activity that their customers can contact (Financo, Suravenir, Suravenir Assurances, etc.). In any event, each entity defines, with the mediator and in accordance with regulatory requirements, the operating methods of its mediation system.

A dedicated website is accessible to the general public⁽¹⁾.

Scope of federations: Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest

	2021	2020*	2019
Number of local banks	293	296	329
Number of customers	2,245,767	2,229,138	2,353,745
■ of which private individuals	2,041,225	2,028,275	2,141,484
Number of members	1,349,591	1,464,536	1,533,961
Membership rate (among individual customers)	66.1%	72.2%	71.60%
Participation rate in votes at General Meetings	1.1%	0.7%	2.90%
Average amount of shares held (in €)	1,717	1,618	1,529

* Decrease due to the departure of Crédit Mutuel Massif Central in 2020.

In addition to monitoring non-financial risks, Crédit Mutuel Arkéa, which places social and environmental issues at the heart of its strategy, identifies real opportunities for development and differentiation by supporting regions and assisting its customers in their transitions.

5.4.2 Support for regional development

Crédit Mutuel Arkéa is a regional banking player that supports economic development, employment and innovation in its regions through its financing, investments and participation in economic ecosystems. As a committed company, it also contributes to the cultural and sporting development of its regions. The group also pursues an active recruitment policy (see Section 5.5.3 *Human capital development*).

Financing the real economy

Financing and capital support for professionals and companies

Crédit Mutuel Arkéa assists professionals and businesses from their creation through to the development and transfer phases. It pays particular attention to innovative entrepreneurs who will be the leaders of tomorrow. This support takes the form of providing expertise, financing, capital support, networking and participation in external initiatives.

At the end of 2021, Crédit Mutuel Arkéa had €15.9 billion in outstanding loans to professionals and businesses.

In the unprecedented economic context of the Covid-19 health crisis, from 25 March 2020, measures to support the economy were rapidly deployed in the federation networks and by Arkéa Banque Entreprises et Institutionnels to support customers as closely as possible with government-guaranteed loans, releasing over €2 billion for more than 11,000 professionals. In addition, more than 60,000 loan adjustments have been carried out since the start of the health crisis.

For the group's two federations and for Arkéa Banque Entreprises et Institutionnels, supporting the creation and takeover of companies is a key issue in terms of economic dynamics. The partnerships forged are numerous and enable the group to be present at each stage of the process of creating or taking over a business, with specialised players who provide creators or buyers with skills complementary to those of the group: chartered accountants, consular chambers (CCIs, Chambers of Trades and Crafts, etc.), support structures (management shops, local platforms of the Initiative France network, France Active, Réseau Entreprendre, etc.). For example, Crédit Mutuel de Bretagne is a partner of the Initiative Bretagne network, which works to support companies in the region via interest-free honour loans (creation and transmission of businesses) and via the Bretagne Reprise Initiative Transmission (BRIT) and PHAR funds, the latter being a regional fund to help the creation of innovative companies in Brittany.

(1) <https://lemediateur.creditmutuelarkea.fr/>

The group's federations also offer their individual customers the "La Vie d'iCi" passbook savings account, the funds collected from which make it possible to grant loans in our regions to facilitate the creation and creation and takeover of companies in the regions and "La Vie d'iCi" innovation loans to finance innovative projects with the support of networks specialising in innovation (competitiveness clusters, technology parks, etc.) in various sectors including the agricultural sector (See *Sub-section Support for farmers, winegrowers and fishermen, below*).

The group has also set up complementary measures to bank loans when companies are created or taken over:

■ Under certain conditions, thanks to the solidarity mechanisms, aid is granted in the form of donations to small businesses that are in the process of being created or taken over and that create jobs. These donations can be financial and/or in the form of services such as, for example, the production of a film and/or a website to publicise the project. This aid may be granted in addition to a zero-interest "Appui Pro" loan, which is granted by the local banks and remains subject to the granting of a traditional bank loan.

These schemes are managed locally, at the level of each of the Boards of Directors of the local banks. Their purpose is to promote and accelerate the economic and social development of the regions covered by the Crédit Mutuel Arkéa federations.

Against the backdrop of the 2020 health crisis, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest have adapted their aid scheme for professionals by enabling the Boards of Directors of the local banks to make donations to companies in difficulty or that have played an active role in the Covid-19 solidarity drive to support the local economy;

■ Kengo, the group's participative financing platform, enables project owners in Brittany to make themselves known and benefit from donations, with or without compensation. Kengo has been chosen to award the "participative financing for green growth" label to projects that must meet requirements in terms of transparency of information, environmental and social impacts and the implementation of a mechanism to measure their positive contribution to the energy and ecological transition.

	2021	2020	2019
Help for professionals			
Support for business creation			
Donations (in € thousands)*	789	872	479
Interest-free loans (in € thousands)*	3,509	2,760	2,665
Number of jobs supported	1,064	962	965
Amount of funds raised via Kengo (in € thousands)	765	837	680
Number of projects funded via Kengo	170	239	146
Help for professionals experiencing difficulties			
Donations (in € thousands)*	609	N/A	N/A
Number of jobs supported	967	N/A	N/A

* Scope of federations: Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest.

5.

In addition to creating and taking over businesses, the group supports companies throughout their development, through specific organisations depending on the size of the client companies and bancassurance offers adapted to their needs.

Arkéa Banque E&I supports more than 10,000 companies, most of which are medium-sized and mid-cap. The bank operates in targeted business sectors in which it has developed strong expertise. Each year, it reinforces its presence with its historical customers: companies in the food industry, distribution, construction and public works, health, tourism, industry, IT services and transport and logistics. To support these companies, it now relies on 21 business centres in the regions, Bayonne having been created in 2021 to complete its presence in the historical region of Crédit Mutuel du Sud-Ouest. Its sales teams are specialised by sector, enabling the bank to provide solutions tailored to the needs and expectations of its customers (financing, savings, means of payment, asset management and international trade). In addition to this traditional financing, Arkéa Banque Entreprises et Institutionnels is accelerating the ESG approach of local companies through its impact loan (see Section 5.4.5 Products and services with a social and environmental impact).

In 2021, Arkéa Banque Entreprises et Institutionnels confirmed the support it intends to give to sustainable regional economic development. In this respect, it has, through its teams from the Energy Transition Department and its corporate business centre in Saint Brieuc, acted as arranger, agent and lender for a wind farm

owned by the IEL group in Brittany (an independent renewable energy producer located in the greater western region of France). This project has been the subject of in-depth studies on fauna, flora and the habitat.

The support for the region is also illustrated in the collaboration between the Rennes business centre and the Specialised Financing department of Arkéa Banque Entreprises et Institutionnels, which arranged the financing of the Legende group's development, committed to local values and a regional presence.

Private equity occupies a special place in the group's strategy. Arkéa Capital finances and supports the projects of business leaders, from start-ups to mid-caps, in their search for additional capital to accelerate their growth and/or in the context of business transmission issues. With €1 billion under management and six regional offices, Arkéa Capital is today the partner of more than one hundred companies. Arkéa Capital positions itself as a minority partner and acts alone or in co-investment in equity capital through five complementary investment vehicles in the area of development and transmission capital:

■ Arkéa Capital Investissement and Arkéa Capital 2, endowed respectively with €250 million and €80 million, support the projects of SME managers in France; Arkéa Capital 2 is unique in that it is associated with a philanthropic endowment fund, PhiNOE, which offers finance for the regions and employment;

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- Arkéa Capital Partenaire, a €400 million vehicle, supports major regional companies as a reference shareholder for periods of more than ten years;
- Arkéa Capital Managers, with a €200 million investment, enables managers to strengthen/consolidate their shareholding in their company.

In 2016, Arkéa Capital diversified its activities with the launch of the We Positive Invest investment fund, which supports innovative start-ups operating in the following areas:

- energy transition;
- circular economy;
- social entrepreneurship.

(See *Section 5.4.5 Products and services with a social and environmental impact*).

In 2020, Arkéa Capital created the Breizh Ma Bro venture capital mutual fund, dedicated to the development, support and recovery of the economy in Brittany and Loire-Atlantique. Breizh Ma Bro is one of the first ten funds to be certified by the government as part of the French economic recovery plan. This fund aims to support regional SMEs and mid-caps, to promote the maintenance of decision-making centres in the regions and to encourage job creation through a minority investment in equity and quasi-equity, alongside the company Head(s).

The group also enables its customers to provide capital support to companies. SWEN Capital Partners, 40% owned by Federal Finance Gestion and OFI Asset Management and its employees, specialises in responsible investment in unlisted companies and offers FCPI (Fonds Communs de Placement dans l'Innovation) and FIP (Fonds d'Investissement de Proximité) funds. These FCPIs and FIPs support the development of innovative companies based in the regions. They contribute directly to the development of the economic fabric and have supported nearly 300 companies since 2008.

Support for farmers, winegrowers and fishermen

Agriculture, wine-growing and fishing are important markers of economic activity in Crédit Mutuel Arkéa's historic regions.

In the agricultural market, the group's federations make supporting young farmers a priority. In 2021, Crédit Mutuel de Bretagne supported 38% of new young farmers in Brittany. Crédit Mutuel de Bretagne is a partner of Bretagne Reprise Initiative Transmission (BRIT), which helps young farmers to set up in farming through the granting of agricultural loans.

In addition, Crédit Mutuel de Bretagne has co-built with Safer Bretagne and the Brittany Region an innovative solution for the deferred purchase of land. The objective of this solution is to provide a secure start for the young farmers and improve the competitiveness of farms by making strategic land available to them from the outset. The young farmer has ten years to take up the land thus reserved.

Crédit Mutuel du Sud-Ouest has a market share of more than 20% among young farmers. At the same time, the partnership with Initiative Nouvelle Aquitaine has made it possible to continue to support many young farmers established through honour loans. The federations in Brittany and the South West offer their individual customers a "La Vie d'iCi Jeunes Agris" passbook savings account.

The sums paid into this passbook account enable Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest to support the financing of projects presented to them by young farmers, through loans of the same name.

Crédit Mutuel de Bretagne is a partner in PASS Avenir, an individual support scheme intended to support the cattle industry initiated and supported by the Brittany region and banking partners, aimed at improving the resilience of cattle farms in difficulty. It is based on a diagnosis leading to an action plan with precise objectives, monitoring of the implementation of the action plan and an assessment to evaluate its results. Since its creation, Crédit Mutuel de Bretagne has provided financial support to nearly 50 farmers under the PASS scheme, working with the region.

In addition to setting up young farmers, the group's federations offer financial solutions to support the day-to-day management of the farm or its modernisation and development. Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest are specifically concerned with the environmental challenges facing the profession and are developing financial solutions to support farmers wishing to take this path (see *Section 5.4.5 Products and services with a social and environmental impact*).

The two Federations have set up a dedicated AGRINOVEO loan (green energy production/energy reduction) as well as an aid for the financing of the French 'Good Carbon Diagnostic', a government scheme for young farmers.

As regards wine-growing, Crédit Mutuel du Sud-Ouest remains fully mobilised in the VitiRev regional project, a large-scale project led by the Nouvelle Aquitaine Region aimed at ending the use of pesticides in wine-growing.

VitiRev brings together all the regional vineyards, fourteen regional innovation laboratories and more than 130 players committed to an action programme whose aim is to develop the wine-growing culture of tomorrow, by making it attractive and respectful of the environment. It is also in this context that the Crédit Mutuel Arkéa group contributed to two funds, VitiREV Innovation and Terradev, aimed at supporting sustainable wine-growing projects. Crédit Mutuel du Sud-Ouest is continuing its commitment to supporting organic vineyards and a high environmental value approach. Through its long-standing partnership with Agrobio and as a member of the Club des Financeurs Interbio Nouvelle Aquitaine, it is at the heart of financing organic farms. The strengthening of links with the 'Viticole Bio Nouvelle Aquitaine' syndicate and the 'Agence Nationale Viticole Bio' initiated in 2020 also continued in 2021. All wine and agriculture managers in the banks have taken a comprehensive training course on organic farming and wine-growing.

The main objective of the wine and spirits sector, led by the Crédit Mutuel Arkéa group and launched in early 2022 in Aquitaine, is to develop strongly in this sector by supporting all players in their agro-ecological transitions. The group has chosen to implement a new sectoral organisation in order to better meet the specific expectations of professionals, from upstream to downstream, and to support them in their transformation challenges, on both a local and a regional scale:

- the renewal of generations and profiles;
- the agro-ecological transition and societal changes;
- innovation and diversification;

- preservation of the typicity of the wines, etc.

Crédit Mutuel de Bretagne also provides support for maritime activities and cooperates actively with the various bodies representing the profession. At the initiative of Arkéa Capital and in partnership with private professional investors including the Crédit Mutuel Arkéa and Crédit Maritime banking groups, Breizh Armor Capital was created. The purpose of this private fund is to invest in the projects of companies operating in the fishing industry, and more broadly in activities related to the Breton fishing industry. It helps strengthen the financial structure of companies and facilitates the financing of high investment programs, including the construction of deep-sea fishing vessels. Despite the health crisis, the fund has continued its actions and made promising new investments.

The financing of institutions

Through its federations and Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel Arkéa is a preferred partner of institutional players, with €2 billion in loans granted to the institutional sector in 2021.

Arkéa Banque Entreprises et Institutionnels supports both local public sector players and private players entrusted with missions of general interest. Its institutional customers include local authorities, in particular municipalities and inter-municipal bodies with more than 20,000 inhabitants, two out of three departments, eleven regions out of thirteen, and the fifteen most populous cities in France. The bank also finances the tools of local authorities such as local public companies, health and medico-social institutions, social housing providers, CCIs, mutual and pension funds, associations, etc.

Arkéa Banque Entreprises et Institutionnels finances projects that make sense for the vitality and attractiveness of the regions: installation of very high-speed networks, development of public transport, real estate for the establishment of shops and companies, etc. Arkéa Banque Entreprises et Institutionnels is stepping up its support for players in connection with the environmental transition: energy syndicates, household waste treatment syndicate, etc.

Support for the associative network

The group counts nearly 63,500 non-profit organisations among its customers, from all sectors. In addition to banking solutions, initiatives to support associations are regularly proposed: the "100% for associations" operation with the 'Défi Territoires d'Initiative' (Regional Initiative Challenge), which rewards associations that carry out actions beneficial to employment, regional development, solidarity or sustainable development, etc.

The group also supports associations and players in the social and solidarity, or third sector, economy by giving them the opportunity to benefit from refurbished computers in very good condition. Since 2013, more than 650 associations have been able to benefit from more than 1,300 pieces of equipment enabling them to better carry out their missions.

Since 2019, the solidarity schemes have been extended and are managed at the level of the local banks of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest, which each have a specific budget for granting donations to their member associations, whether they are charitable or organising a charitable event.

Finally, in the context of the crisis that continued in 2021 and with the support of a solidarity budget supplemented for the second year in a row by the group, the support mechanisms created in 2020 were

maintained in order to be able to support associations weakened by the crisis. Financial donations have thus been granted by local banks to support the action of associations deprived of resources due to the Covid-19 epidemic. In this context, an initiative in favour of students, who have been severely affected by the crisis, was approved by the Federal Bureau of Crédit Mutuel du Sud-Ouest. Indeed, to help students, nearly half of whom must have a job to finance their studies (46% of students according to the 2020 living conditions survey of the French 'national observatory of student life'), the health crisis having only worsened their already precarious situation (20% of them live below the poverty line), the Federal Commission on Solidarity of the CSMO launched an appeal for projects in an approach covering a large area to take into account consideration of the issue in rural areas. At the end of the selection process, €120,000 was collected to help ten CSMO member associations that work in favour of students (nearly 1,200 beneficiaries). In the same way, in 2021, the Crédit Mutuel de Bretagne federation also supported students and young working people through solidarity schemes. Thus, in addition to a massive increase in donations to student customers and young working people in difficulty, a collective action by the local banks made it possible to allocate €115,000 to associations working in favour of students in difficulty, across the whole of Brittany.

	2021	2020	2019
Non-profit customer organisations	63,455	62,995	68,648

Support for talent and creativity in the regions

As an extension of its financing activity and its involvement in the field of economic development, Crédit Mutuel Arkéa is a company committed to local players through sponsorship and patronage. In this way, the group works alongside organisations and associations working to enhance and promote creativity, excellence, expertise and knowledge in the regions, in the fields of culture, education, health and sport. In 2021, the group contributed nearly €18 million in sponsorship.

Crédit Mutuel Arkéa structures its financial sponsorship around emblematic actions in several complementary areas:

- culture, by supporting artistic creation: 'Le Quartz - scène nationale de Brest', the 'Petites Cités de Caractère', the 'Musée du Faouët', etc.;
- health, by supporting medical research (Innoveo endowment fund, Liryc and Bergonié institutes, etc.);
- inclusion and diversity: in 2021, Crédit Mutuel Arkéa became a sponsor of the Fifty Sail association, in support of its reconstruction programme for female victims of violence, as well as the organisation of 'boating and diversity' encounters;
- education, by providing financial support to three centres of excellence in the regions: the Rennes 1 University Foundation, the UBO Foundation and the Bordeaux University Foundation. In 2021, Crédit Mutuel Arkéa also supported the second chance schools in the Gironde, Charente and Dordogne departments, which aim to support young people between the ages of 16 and 25 who drop out of school and are motivated by a return to the job market and vocational training. The group's donation made it possible to purchase computer equipment, with the aim of combating digital illiteracy.

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Crédit Mutuel Arkéa and its employees are also committed to their local communities and support numerous charities and public interest organisations through local initiatives such as collections and races.

Promote the Crédit Mutuel Arkéa group's brands in its regions

With regard to sponsorship activities, Crédit Mutuel Arkéa reviewed its organisation in 2021 by creating a dedicated subsidiary called "ARKEA, Partenaire communication et synergies des filiales du groupe Crédit Mutuel Arkéa". The latter provides the group's subsidiaries with a range of communication and promotional resources, based on a strong and value-creating brand.

Under its sole name or in partnership, ARKEA now supports several professional sports teams in cycling, sailing and rugby, as well as a concert hall.

ARKEA is the title sponsor of the Arkéa-Samsic professional cycling team, which competes in the Continental Pro Division. Arkéa thus takes over from Crédit Mutuel Arkéa, which had previously succeeded the Fortuneo subsidiary. The team, with strong Breton ties, continues to progress in the professional field.

Evolving from Arkéa-Samsic, Arkéa Pro Cycling Team is a new professional women's team that competed in its second season in 2021. This is the first time that a French female professional cycling team has been supported by a single private partner. This support echoes the various initiatives carried out within the Crédit Mutuel Arkéa group to promote gender equality and diversity.

Already present together in the 2020 Vendée Globe, Arkéa and Paprec are embarking on a new campaign for the Vendée Globe 2024. With a great first in the world of ocean racing since the two groups have chosen to create their own structure based in Lorient, in the heart of the 'Sailing Valley'. Yoann Richomme, winner of the Solitaire du Figaro twice, was chosen to be the skipper of the new IMOCA Paprec-Arkéa. Through this joint approach, Paprec and Arkéa want to build a sustainable and committed project around the values of performance and innovation.

A stronghold of French rugby and a leading club in the Top 14 since 2011, Union Bordeaux-Bègles (UBB) now benefits from the support of Arkéa.

Arkéa also lends its name to the Bordeaux Métropole Arena. Located in the town of Floirac, in a privileged location, aesthetic due to its proximity to the river and the majestic buildings of Bordeaux, and easily accessible by all means of transport, the hall hosts the largest national and international shows and major indoor sporting events.

Like the Crédit Mutuel Arkéa group, Suravenir, its personal protection insurance subsidiary, wanted to take an active part in creative life and share it with audiences, through support for artists in emerging creation and a commitment to artistic structures. In this respect, Suravenir supports the artists Benjamin Deroche, a photographer, and Marc Ash, a visual artist, the Hélène et Edouard Leclerc Fund, (a private fund for contemporary French art endowments) located in Landerneau, the Passerelle centre for contemporary art in Brest and, finally, the Regional Contemporary Art Fund (FRAC) based in Rennes.

In terms of sports sponsorship, Crédit Mutuel de Bretagne supports Breton Ligue 1 football clubs: Stade Rennais Football Club and Stade Brestois 29, and Ligue 2 football clubs: Football Club de Lorient and En Avant Guingamp. Crédit Mutuel de Bretagne also supports the women's team of En Avant Guingamp, which plays in Division 1.

Crédit Mutuel de Bretagne has also been involved in sailing alongside Brittany regional council since 2011. Together, and with the support of the Finistère Pôle Course au large, they have created the Bretagne-CMB ocean racing centre of excellence. This original approach aims to detect and support talented young sailors to enable them to express themselves at the highest level (Skippers Espoir et Performance Bretagne-CMB). In 2020, this programme will be expanded to include a new section, "skipper Océane Bretagne-CMB", reserved for women skippers, in order to promote gender diversity in ocean racing.

In addition to sports partnerships, Crédit Mutuel de Bretagne supports festivals in Brittany such as the Vieilles Charrues, the Transmusicales in Rennes and the Fête du Bruit in Landerneau.

5.4.3 Integration of ESG criteria into financing and investments

■ Associated non-financial risks:

Financing of customers/projects or investments in issuers that do not comply with the standards of governance and ethics, social practices and human rights, the environment and climate.

As a concrete expression of its Raison d'être, the integration of Environmental, Social and Governance (ESG) criteria into its financing and investment activities is a key issue for Crédit Mutuel Arkéa. Convinced that a company's performance cannot be solely financial but must be global, the group applies this conviction to its own operations and its interactions with its stakeholders.

At the end of 2019, Crédit Mutuel Arkéa group validated an ESG ambition and associated action plans for its financing and investment businesses, whether on its own account or on behalf of third parties. The aim is to make ESG a vector of development and growth for the group and its stakeholders.

This ambition affirms Crédit Mutuel Arkéa's positioning as a "**partner in transition to serve the economic vitality of the regions**".

Crédit Mutuel Arkéa's role is to work alongside regional players to help them prepare for these transitions and support them in transforming their business model, with the aim of contributing to their economic sustainability.

Faced with these profound changes, the group has chosen to focus on two priority transitions:

- climate transition and the preservation of natural capital;
- the transition towards an inclusive and balanced society in the regions.

In order to implement this ambition, the group wanted, as part of a medium-term trajectory, to:

- develop new offers (financing, investment, savings, etc.) aimed at supporting customers in transitions and developing a positive impact;
- systematise ESG analysis for all financing and investment businesses, integrating its vision of transitions;
- formalise sectoral policies concerning the sectors of activity most exposed to these transitions;

■ with regard to the climate emergency, specifically deploy a climate strategy. This climate strategy for 2024⁽¹⁾, formalises the group's commitments to integrate climate issues into its business model. It has been available on the group's institutional website since early 2021.

Main achievements in 2021

■ Strengthening governance and setting up a new organisation to meet these challenges:

- the creation of a Sustainable Finance Committee at Executive Management level, associated with the development of the charters of the main Board of Directors and Executive Management specialised committees to formalise the consideration of ESG issues in decision-making,
- the appointment of two ESG-Climate lead directors, respectively members of the Risk and Internal Control Committee and the Strategy and Societal Responsibility Committee,
- the structuring and management of a Sustainable Finance Function, bringing together a central team dedicated to the coordination of these issues and sustainable finance managers in the group's main entities (subsidiaries, federations and trading floor), in charge of managing the action plans of their entity;

■ Continued efforts to raise awareness and improve the skills of the various internal and external stakeholders:

- after training the members of the Executive Committee and the group's Board of Directors on climate issues in 2020 and climate risks in 2021, the group launched a wide-ranging process to raise awareness among its employees and directors in 2021: e-learning dedicated to Sustainable Finance was distributed to all group employees and directors, followed by an e-learning course dedicated to climate issues in the second half of 2021,
- as part of the preparation for the requirements of the European taxonomy, Arkéa Banque Entreprises et Institutionnels provided awareness-raising sessions to its employees but also to some of its customers to whom it offered the opportunity to take part in a first test to measure the 'green portion' of their activities,
- in the first half of 2021, significant resources were also deployed to raise awareness of the new requirements of the disclosure regulation and a dedicated project structure was set up to meet the first regulatory deadlines;

■ The group's participation in new market initiatives aimed at collectively building greater consideration of sustainability issues, including climate and biodiversity, by economic players and greater transparency:

- at the end of 2021, Crédit Mutuel Arkéa signed the Principles for Responsible Banking of UNEP FI,
- Crédit Mutuel Arkéa became a signatory of the Carbon Disclosure Project (CDP) and responded to its first CDP questionnaire,

- the group supported the Task Force on Climate-Related Financial Disclosures (TCFD) and published its first TCFD report in July 2021⁽²⁾,

- Crédit Mutuel Arkéa and its subsidiaries Schelcher Prince Gestion and Federal Finance Gestion are committed to the initiative dedicated to biodiversity, Finance For Biodiversity Pledge.

■ Development of sustainable financial products for customers:

- in the field of savings:

- the launch of new sustainable investment products, such as 'Federal Transition Emploi',
- the continuation of the certification process for financial savings products, with preparatory work for the certification of nearly thirty new funds in 2022 by Federal Finance Gestion and Schelcher Prince Gestion, including fourteen from the first quarter of 2022,

- Referencing by Suravenir of new labelled unit-linked contracts,

- in the area of financing:

- the acceleration of the development of the Pact system, to support Arkéa Banque Entreprises et Institutionnels customers,
- the development of the financing of activities and projects dedicated to the energy transition, via the expertise provided to customers by Arkéa Banque Entreprises et Institutionnels's Environmental Transition Department,
- the launch of a project to comply with the guidelines of the European Banking Authority (EBA) for granting loans, which includes an ESG component.

■ The adoption of a new financing and investment management policy for Crédit Mutuel Arkéa, for activities related to oil and gas⁽³⁾. This policy, covering the full group, complements the coal policy in force since 2019, which was reviewed in 2020⁽⁴⁾. It sets a common exit trajectory for unconventional fossil fuels by 2030 and framework criteria for new financing and investments specific to the business lines from January 2022.

■ Increasing awareness of sustainability risks:

- as part of the so-called disclosure regulation, the group's entities subject to these new obligations have changed their ESG approach to meet the notion of sustainability risk assessment and have published their risk integration policies in terms of sustainability in decision-making processes,
- Crédit Mutuel Arkéa's Risk Department continued work on climate and environmental risks, in particular through the formalisation of an action plan meeting the requirements of the European Central Bank (ECB) guide in this area, the development of a sectoral framework for climate risks and their integration into the risk appetite framework for 2022.

(1) https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/climate-strategy_gb.pdf
 (2) https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-07/rapport_tcfdf_juin2021_gb_vdef_1.pdf
 (3) https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-11/oilgas_policy_2021_uk.pdf
 (4) https://www.cm-arkea.com/banque/assurance/credit/upload/docs/application/pdf/2021-04/coal_policy_2021_gb.pdf

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Summary table of sustainable finance indicators

	2021
Share of ESG outstandings (Federal Finance and Suravenir)	93%
Share of SRI/Greenfin-certified outstandings under management in Federal Finance Gestion and Schelcher Prince Gestion's total outstandings	89.4%
Share of the annual refinancing programme and structured investment campaigns based on green or social bond issues	41%
Outstanding loans to individuals to finance the transition (in € millions)	560
Outstanding loans to companies to finance the transition (in € millions)	516
of which outstandings related to the financing of renewable energies (in € millions)	506
Outstanding PACT loans (in € millions)	500

Existing ESG practices in the group's various business lines

Asset management

ESG is historically rooted in the DNA of Arkéa Investment Services, the Crédit Mutuel Arkéa group's set of management companies, in line with the group's identity.

There is a shared belief that ESG integration is a source of performance. Financial performance benefits from the consideration of sustainable development issues, whatever the investment universe. This approach reflects the ability of companies in which investments are made to take a long-term view in the conduct of their business. It is therefore necessarily correlated with their performance. Arkéa Investment Services is also convinced that customers expect more: beyond financial performance, the goal is to offer them products that give meaning to their investments with an impact on the environment and on people.

Arkéa Investment Services' model allows it to maintain management agility with real skills for each of its areas of expertise. Thanks to this model, its integration of environmental, social and governance (ESG) issues is flexible. On the contrary, it is linked to the expertise of each management company. This organisation makes it possible to propose the most suitable approach to each asset class.

In the case of **Federal Finance Gestion and Schelcher Prince Gestion**, ESG integration is at the heart of the management investment process. Federal Finance Gestion has been practicing Socially Responsible Investment (SRI) since 2000 and has been a signatory to the Principles for Responsible Investment (PRI) since 2009, the Paris Appeal, the Global Investor Statement on Climate Change and the Climate Action 100+ initiative. **In 2021, Federal Finance Gestion and Schelcher Prince Gestion also joined the biodiversity initiative, Finance for Biodiversity Pledge, and also take part in working groups.**

Schelcher Prince Gestion signed the PRI in 2018 and joined the Carbon Disclosure Project in 2020. It sits on the Responsible Investment Technical Committee of the Association Française de Gestion (AFG) and also takes ESG issues into account in its management.

The integration carried out within these management companies is supported by a research team shared between Federal Finance Gestion and Schelcher Prince Gestion, combining financial analysts and ESG analysts. Investment research is carried out and presented by a pair of analysts. Thus, managers benefit from financial and ESG analyses to make their investment decisions.

The ESG analysis system is based on a model combining a reference framework and proprietary tools, on the one hand, and the conviction that the quality of the analysis can only be achieved if it puts the analyst and his expertise at its centre, on the other hand. The study of issuers involves understanding them, their environment, and how they evolve. The research team, shared by Federal Finance Gestion and Schelcher Prince Gestion, comprises 10 analysts, including 5 ESG experts.

In practice, the ESG Research model combines a normative approach with a best-in-class approach.

The normative approach aims to ensure that our funds do not invest in:

- players that do not guarantee compliance with the main minimum internationally recognised social, environmental or governance standards, which are grouped together in the United Nations Global Compact. These companies are excluded from the investment universe of all Federal Finance Gestion and Schelcher Prince Gestion's active collective management;
- players involved in the manufacture or marketing of controversial weapons, such as cluster bombs and landmines. This exclusion applies to investment in securities issued by such companies and exposure to such securities through derivatives whose sole underlying interest is the company concerned;
- companies involved in thermal coal since the implementation of a dedicated policy in 2019, as well as in unconventional fossil fuels under a Fossil Energy policy in force at 1 January 2022, according to the principles detailed in the group's policies, described above.

The best-in-class approach aims to select the most advanced issuers on ESG issues within their industries. The criteria for analysing the benchmark are based on the study of three major non-financial issues directly related to sustainable development: Environment (E), Social (S) and Governance (G), adapted to the nature of each issuer. The analysis of these non-financial risks is intended to complement the financial analysis, in order to have a more complete, 360° view of the risks and opportunities of issuers in which investments may be made.

A policy of commitment has also been put in place in 2018 to build a constructive dialogue with companies whose non-financial rating is much lower than that of their sector of activity. These exchanges should encourage them to adopt responsible policies and behaviours with regard to their poorly addressed or unaddressed non-financial issues. The aim is also to encourage companies to take into account their negative non-financial impacts in order to reduce the risk exposure of investments, and ultimately of funds held by customers.

Federal Finance Gestion and Schelcher Prince Gestion also take part in the General Meetings of the companies whose shares are held in their funds and mandates. This exercise of voting rights enables the interests of minority shareholders represented by Federal Finance Gestion and Schelcher Prince Gestion to be defended. It is also a means of dialoguing with the company and making it aware of its expectations as a responsible investor.

At Schelcher Prince Gestion, as part of the Private Debt business, since its launch in July 2016, the settlement of the second economic loan fund in Schelcher Prince Gestion's SP EuroCréances range integrates the first steps of an ESG approach in the investment universe of SMEs/mid-caps. Indeed, the entrepreneur is asked to sign a certificate of compliance with the 10 Principles of the UN Global Compact and the Ottawa and Oslo Conventions. In September 2017, as part of the retirement reserve fund (FRR) mandate, Schelcher Prince Gestion has chosen to take a step forward in structuring this approach by commissioning a leading player in the non-financial rating of SMEs on ESG aspects: the company EthiFinance. With the assistance of EthiFinance, a non-financial analysis of the issuer is now carried out by proactively involving it (dedicated questionnaire and interviews with managers and their teams). This process takes the form of an annual summary of the ESG impact of the funds deployed under the mandate. This study is also intended to help the company adopt best practices. It also makes it possible to open a dialogue with the company, particularly on ESG risks. This approach was renewed for the SP EuroCréances 2020 fund and the recently launched Pro'Action Rebond 2021 fund.

In 2021, Schelcher Prince Gestion created a fund and mandate management activity dedicated to infrastructure financing. This Infrastructure Transition Platform targets both financial and non-financial objectives and aims to finance infrastructure essential to the development of tomorrow, for the benefit of a sustainable and digital economy promoting the transition to a low-carbon model that meets the goals of the European green taxonomy. The Infrastructure Transition Platform, composed of a team of seven people, will also capitalise on the expertise in sustainable and responsible investment built up by the Arkéa Investment Services teams and will integrate future changes in the European taxonomy into its strategies.

Lastly, as part of its medium-term development plan, and a few months after the creation of Arkéa Real Estate, Arkéa Investment Services launched a real estate asset management business, Arkéa Real Estate Investment Management, Arkéa REIM. Work to obtain its AMF approval is underway. Arkéa REIM aims to position itself as a leading player in the management of real estate funds and related transitions in this sector.

SWEN Capital Partners, 40% owned by Federal Finance Gestion alongside OFI AM (50.3%) and its employees (9.7%), systematically deploys a Responsible Investment policy across all its institutional strategies (primary, secondary and direct investment) and asset classes under management (Private Equity, Private Debt and Private Infrastructure). As a signatory of the PRI, SWEN Capital Partners wishes to be an actor in the promotion of the best approaches within the profession. Each year, it questions the practices and performance of more than 200 management companies in its investment universe, as well as all of its portfolio holdings and underlyings. SWEN Capital Partners is also committed to a just transition towards a low carbon society: a member of the International Climate Initiative since its launch, it has implemented a Climate Strategy in 2017 in which it describes its convictions, its process for integrating climate issues into its management and its reporting which shows the carbon footprint of its funds. It also undertakes to allocate a

minimum share of the new funds it manages to the financing of companies whose activity contributes to the energy and ecological transition. This commitment has notably resulted in the launch of a new direct and impact investment activity in infrastructure dedicated to the production of biomethane and its applications in new mobilities. **In 2021, as part of the development of its impact investment strategy, SWEN launched the SWEN Blue Ocean strategy, which will invest in innovations for the regeneration of the ocean thus contributing to the achievement of UN Sustainable Development Goal 14.**

Lastly, in 2020 SWEN Capital Partners joined the Net Environmental Contribution (NEC) initiative⁽¹⁾ in order to be able to measure, using a scientific and transparent method, the environmental impact of its investments and their alignment with the energy and ecological transition.

Institutional investors

Suravenir, the group's life insurance subsidiary, and a signatory of the PRI since 2018, integrates in its investment policy an ESG framework that includes non-financial risks in the investment process.

To do so, for the scope of financial assets excluding Units of Account (UA), it relies on Federal Finance Gestion's ESG expertise and integrates exclusion criteria identical to those of Federal Finance Gestion (Global Compact and controversial weapons), to which is added the exclusion criterion for non-OECD countries (on all direct investments and all indirect investments when Suravenir's holding ratio is greater than 50%, with the exception of funds whose objective is to replicate the performance of an index). These criteria apply to both stock and flows. In order to limit non-financial risk, Suravenir has also chosen to no longer invest in securities issued by issuers rated E according to the Federal Finance Gestion methodology.

In order to help limit global warming and reduce the financial risks induced by the energy transition in the short- to medium-term, **Suravenir defined and published a climate strategy in 2021, aligned with that of the Crédit Mutuel Arkéa group and incorporating specificities related to its business lines.** This climate strategy is available on the Suravenir website⁽²⁾.

To date, this climate strategy involves:

- measuring the carbon footprint of its portfolio (Scopes 1, 2 & 3) via a carbon intensity indicator and a carbon responsibility indicator. By measuring the carbon footprint of its portfolio, Suravenir wants to have a barometer, helping it to identify the actions to be targeted as a priority to converge towards a 2°C global warming trajectory, and to then validate or invalidate the effects of decisions taken as part of the climate strategy. Physical assets, indirect investments and the portfolio in Units of Account are excluded from the scope of calculation;
- the measurement of the portfolio's alignment via its agent Federal Finance Gestion, which aims to assess the long-term performance of the climate strategies of the companies invested in the portfolio and to verify that their future greenhouse gas emissions will make it possible to contain global warming to 2°C;
- supervision of investments in thermal coal. Suravenir applies the group policy to all its portfolios (with the exception of Unit of Account-linked portfolios outside the group), all direct investments and all indirect investments when Suravenir's holding ratio is greater than 50%, with the exception of funds whose objective is to replicate the performance of an index;

(1) <https://www.nec-initiative.org>

(2) <https://www.Suravenir.fr/assenseur-responsable-et-engage/transition-energetique/>

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- supervision of investments in conventional and non-conventional fossil fuels, in accordance with the group policy approved at the end of 2021;
- in order to contribute to compliance with the 2°C scenario and support the move towards a low-carbon economy, **Suravenir wants to participate in the financing of the energy transition by investing in green assets and has set itself the objective in 2021 of doubling the green share of investments for the year compared to the stock at the end of 2020.** To define the activities falling within the scope of the energy transition, Suravenir has referred in particular to the nomenclatures of the GreenFin label (formerly the TEEC or French 'ecological and energy transition for the climate') and the Climate Bonds Initiative (CBI). The first investments in Greenfin-labelled funds were made as early as 2018.

Suravenir asks Federal Finance Gestion to carry out direct commitment actions with issuers whose non-financial ratings are low compared to those of their competitors. Suravenir also delegates to Federal Finance Gestion its voting rights exercise policy.

Suravenir, together with its main property managers, Primomial REIM and Crédit Mutuel Arkéa, has initiated a process to audit its properties and determine a framework for monitoring and improving relevant ESG criteria, with a focus on the energy performance of these properties. In parallel with this medium-term approach for the existing portfolio, ESG criteria are systematically taken into account in the selection process for new acquisitions.

On the Units of Account portfolio, it is through the offer made that Suravenir can have an impact. The new listings only concern vehicles managed by asset management companies that are signatories to the PRI and, from 2022, classified as Article 8 or 9 within the meaning of disclosure. For several years, Suravenir has been offering certified units in the contracts it markets. All contracts marketed by Suravenir include at least one SRI, Greenfin, Finansol, Relance and Low carbon UA (UC Article 9 within the meaning of disclosure with an objective of reducing greenhouse gas emissions).

In 2021, Suravenir continued its dialogue with its retailer partners and asset management companies on the integration and strengthening of ESG/Climate criteria in the unit-linked policy.

Suravenir is continuing its approach of opening up to stakeholders and improving transparency, and in 2020 has integrated the "Observatoire de la Finance Durable" initiative as part of the "Finance ClimAct" project.

Suravenir Assurances, the group's property and personal insurance subsidiary, as part of its own-account investments, has also incorporated ESG criteria into its investment policy. Financial investments are made through Federal Finance Gestion, which allows Suravenir Assurances to benefit from the same exclusion criteria as those applied by its manager (Global Compact, controversial weapons). Suravenir Assurances refrains from investing in securities/instruments issued by companies involved in tobacco manufacturing and applies the group's coal and oil and gas policy.

More generally, in order to guarantee the non-financial quality of its portfolio, Suravenir Assurances relies on the SRI ratings of issuers and has implemented non-financial selection criteria: since March 2021, no issuer with a higher rating than C is authorised for investment.

A formal review of the ESG situation of Suravenir Assurances' financial portfolio is carried out at least every six months at the Cash

Flow Committee meetings. An non-financial follow-up of the investments made during the half-year is also presented.

In order to make a positive contribution to limiting global warming, Suravenir Assurances has built a climate strategy around three axes:

- measuring the carbon footprint of its financial portfolio (Scope 3 measure): this exercise is a necessary starting point for defining an efficient strategy to contain the CO₂ emissions resulting from its investment decisions at sustainable levels. Since 2018, Suravenir Assurances has been measuring the carbon responsibility and carbon intensity of its corporate and sovereign investments. Suravenir Assurances complements this measurement with other emerging indicators (brown/green share measurement; portfolio climate trajectory) to improve its knowledge of the environmental impacts of its investment decisions;
- the reduction of investments in the thermal coal industry and in oil and gas players, in accordance with the group policy approved at the end of 2021 and applicable from 1 January 2022;
- the identification of carbo-intensive players: Suravenir Assurances has not, to date, defined exclusion thresholds or constraints for its investments. The company would like to perfect its thinking and acquire more efficient measurement tools.

Private equity

In 2017, Arkéa Capital formalised its values and commitments through an ESG charter, which confirms the sustainable development of the regions as a major strategic focus, as well as the inclusion of non-financial criteria in the investment policy and support for companies in their ESG progress.

Arkéa Capital confirmed its commitments by adhering to the Principles for Responsible Investment (PRI) and the International Climate Initiative (iCi).

Since 2018, Arkéa Capital has been formalising the consideration of ESG criteria in its investment decisions for Arkéa Capital Investissement, Arkéa Capital Managers, Arkéa Capital 2, Arkéa Capital Partenaire and We Positive Invest vehicles.

Arkéa Capital has undertaken not to invest in certain activities in accordance with the Oslo and Ottawa international conventions and its values:

- production or marketing of antipersonnel mines and cluster bombs;
- gambling industries;
- tobacco production or marketing activities;
- activities related to prostitution and pornography;
- activities related to thermal coal (mining and power generation). Arkéa Capital does not have any holdings in companies whose activity is coal mining or the production of electricity from coal-fired power plants;
- activities related to non-conventional fossil fuels, from the beginning of 2022, in accordance with the group's policy.

In 2021, as part of the implementation of the requirements of the disclosure regulation, Arkéa Capital published its sustainability risk integration policy as well as a statement on due diligence policies relating to the consideration of the main negative impacts.

During the investment phase, Arkéa Capital's team carries out an internal ESG review using a sector-based tool to assist in the ESG analysis of investment opportunities. The tool's analysis criteria are based on the study of four major non-financial issues directly related to sustainable development: governance, human capital, environment and external stakeholders. Climate change topics are examined as part of the environmental issue (see *Section 5.4.5 Products and services with a social and environmental impact*). More in-depth ESG audits can be set up, with the support of an external firm, depending on the materiality of the ESG issues for the company. Arkéa Capital aims to support its investments in their CSR approach. Thus, for each new investment made by one of the vehicles under Arkéa Capital's management, the objective is to define an ESG action plan and monitor its implementation on an annual basis. This objective is formalised by an ESG clause inserted in shareholders' agreements.

By signing the International Climate Initiative Manifesto, Arkéa Capital is committed to mobilising to contribute, at its own level, to the COP 21 objective of limiting global warming to 2°C, contributing to the reduction of greenhouse gas emissions by its portfolio companies and ensuring the sustainability of its performance. In 2020, Arkéa Capital has formalised a climate action plan in line with the group's climate strategy. As a first step in this action plan, an analysis of the exposure of Arkéa Capital's portfolio companies to climate change-related risks was conducted by an external consultant. An estimate of the carbon footprint of Arkéa Capital's holdings was also carried out as part of this analysis. This work will continue in 2022. Arkéa Capital also participates in the materiality workshop on the climate issue of the France Climate Initiative.

In 2021, Arkéa Capital renewed a campaign to collect non-financial data from its subsidiaries in order to carry out an analysis and present the environmental, social and governance indicators in its ESG report published in 2021. **Work was carried out in 2021 to develop a tool for analysing the CSR maturity of portfolio investments and to provide an analysis to some of the companies concerned.** Some of them may also benefit from support from CSR consultants to help them improve their non-financial performance.

In the impact investment area, Arkéa Capital manages the We Positive Invest investment fund dedicated to supporting innovative companies in the fields of energy transition, the circular economy and societal entrepreneurship. The team that manages the We Positive Invest fund also participates in the work of the France Invest Impact Commission.

Banking activity

In addition to its initiatives to encourage the responsible projects of its customers, Arkéa Banque Entreprises et Institutionnels also seeks to pay particular attention to the responsible approaches of the players it finances.

Since 2020, the "PACT" system provides for a reduction in the loan interest rate providing the customer's ESG objectives are achieved. To define these criteria, the bank relies on the non-financial rating agency EthiFinance, which measures annual progress and compares it with a benchmark.

In addition to the PACT system, Arkéa Banque Entreprises et Institutionnels has rolled out a qualitative CSR analysis grid for its counterparties. This grid aims to assess the degree of CSR maturity of the structure and to broaden the customer vision by addressing the issues of human capital, territorial footprint, the environment and relations with stakeholders (suppliers/partners and customers).

Work was carried out in 2021 and will continue in 2022 to strengthen this approach and build a sectoral ESG assessment grid, with a trusted third party specialising in ESG. This grid will be a tool for both the company and the bank, to identify the company's strengths and its levers for progress in order to enhance its non-financial performance.

In 2021, Arkéa Banque Entreprise et Institutionnels rolled out a reinforced approach to raising awareness and supporting its corporate and institutional customers on sustainability issues:

- webinars on ESG issues and solutions offered by the bank;
- webinars dedicated to the European taxonomy and the impacts of this new reference framework for companies;
- construction of questionnaires dedicated to the taxonomy (objective related to climate mitigation) offered to client companies in the sectors concerned in order to help them make an initial assessment of the "green portion" of their activity and help them structure the necessary data;
- it has also been proposed to companies, in sectors of activity not covered to date by the taxonomy, to assess the environmental performance of their activity through another assessment tool, the Net Environmental Contribution (NEC). In this process, the group was supported by a specialised firm.

Analysis tools for funded projects were also developed in 2021 in order to be able to assess their alignment with the objectives of the European taxonomy (renewable energies, transport, real estate, etc.).

Since 2019, Arkéa Banque E&I has also refocused its investment product offering around responsible investment, creating CSR term deposits and offering its customers funds that meet ESG criteria in its range of UCITS, the majority of which are SRI-labelled funds.

In addition, the group's federations have initiated financing packages aimed at supporting the responsible projects of their farming and professional customers (see *Section 5.4.5 Products and services with a social and environmental impact*).

Crédit Mutuel Arkéa's **trading room**, in its cash management activity, applies the group's coal and non-conventional fossil fuel policy and the exclusion of companies that do not provide assurances that they comply with the principles of the United Nations Global Compact. The investment opportunities and limits granted by the Counterparty Committee are also defined according to an internal ESG rating attributed to the counterparties concerned.

Crédit Mutuel Arkéa's trading room carries out the group's social and green bond issues. **In 2021, a public social bond issue was carried out for an amount of €500 million. Investments structured around Crédit Mutuel Arkéa green bonds were also offered in 2021 to the group's individual customers.**

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The first low-carbon alignment measures were carried out in 2021 on a significant trading room investment portfolio. This exploratory work will be continued in 2022.

Climate risk

The Cross-Functional Risk Management Department includes the Risk Summary Department that has been in charge of climate risk since June 2019. Each Arkéa group's Risk Management manager has been made aware of climate risks and is working to integrate climate risk within his or her entity.

A quarterly climate risk coordination committee was set up in the fourth quarter of 2020. Its tasks include monitoring climate risk integration projects in the Risk Department and, in the Risk

Management Function, reporting on the implementation of the climate risk strategy, for arbitration on any blockage points raised in operational committees.

In 2021, the group responded to the request for self-positioning in relation to the expectations of the ECB guide in terms of climate and environmental risks and defined a compliance commitment by setting up an action plan. A climate risk industry standard specific to the group has also been drawn up.

In addition, after being specified in the group's risk appetite statement in 2020, **environmental risks, including climate risks, were included in the group's risk appetite framework at the end of 2021 for the 2022 financial year.**

5.4.4 Green taxonomy

Application of the European Green Taxonomy

In accordance with European Regulation 2020/852 of 18 June 2020 on the establishment of a framework to promote sustainable investments in the EU, the Crédit Mutuel Arkéa group is subject to the obligation to publish the share of the balance sheet associated with economic activities considered to have sustainable potential from an environmental standpoint according to the classification and criteria defined in the European taxonomy.

The environmental objectives set out in the EU's taxonomy regulation are as follows:

- Climate change mitigation;
- Adaptation to climate change;
- Sustainable use and production of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and reduction; and
- Protection and restoration of biodiversity and ecosystems.

Until now, only the technical criteria for the first two objectives have been established in the Climate Delegated Act⁽¹⁾. The Delegated Act relating to the other four environmental objectives will be published during 2022, for application from 1 January 2023. The application of this regulation is gradual by virtue of the provisions of the Delegated Act to Article 8 of the taxonomy regulation. Credit institutions must publish:

From 1 January 2022 to 31 December 2023, information relating to the share in total assets:

- exposures to economic activities eligible and ineligible for the taxonomy;
- exposures to companies not subject to the NFRD;
- derivatives;
- interbank loans;
- exposures to sovereign and central bank exposures; and
- the trading book.

From 1 January 2024, information on the proportion of assets aligned and from 1 January 2026, indicators on the trading book and fees and commissions.

An activity is eligible if it is defined and described in a delegated act relating to one of the aforementioned environmental objectives. It becomes aligned when:

- it contributes substantially to one or more environmental objectives, by meeting technical review criteria;
- it does not cause significant harm to other environmental objectives;
- it respects the minimum social guarantees: Human Rights, UN, OECD, ILO.

This first assessment of the eligibility of Crédit Mutuel Arkéa's activities was carried out on the basis of the draft taxonomy and the Climate Delegated Act available at the date of consolidation of the 2021 balance sheet, through a methodological approach including a detailed analysis of the Group's activities, based on existing processes and reporting systems.

All of this constitutes a methodology, the significant elements of which - assumptions and interpretations, methodological details and limitations - are described below. The group will review this methodology on the basis of changes in regulations.

Methodological principles and presentation of ratios

Methodological principles

For this first approach, the group relied heavily on proven financial reporting systems (FINREP).

Determination of the total Green Asset Ratio (GAR) – denominator:

The total assets of the GAR ratio are determined on the basis of the FINREP statements in accordance with the provisions of Article 8 of the Delegated Act applicable to credit institutions.

The denominator of the eligibility ratio is total FINREP assets less loans and advances classified in the trading book or whose counterparty is a sovereign issuer or a central bank.

Determination of Green Asset Ratio eligible assets – numerator:

Companies subject to the NFRD are identified according to the following principle: listed companies with more than 500 employees. French companies subject to the NFRD are identified using the information from the Diane database⁽²⁾ in accordance with the criteria defined above. European companies subject to the NFRD are identified after analysing the outstandings of companies not included in the Diane database, according to the most recent published URD.

Companies not subject to the NFRD are identified differently, as this ratio includes both financial and non-financial companies that do not meet the above criteria or that are established outside of the European Union.

In accordance with the information communicated by the European Commission through its FAQs, the information set out in the regulatory publication must be based on data produced and/or provided by the corporate customers of financial institutions. The use of estimates is not permitted. In the absence of mandatory reporting by companies for this first financial year, the group's exposures to these counterparties have been classified as ineligible in the regulatory publication.

The following assets are considered eligible for taxonomy in the regulatory publication (ratio no. 1):

- loans secured by residential real estate and home improvement loans;
- loans to local authorities financing social housing.

The following assets are considered as ineligible for taxonomy in the regulatory publication (ratio no. 2):

(1) Commission Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852.

(2) Bureau Van Dijk's database providing access to the financial data of French companies that have published their annual financial statements with the commercial courts.

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- exposures to non-financial companies subject to the NFRD (non-financial companies not subject to the NFRD being excluded from the numerator) and outstanding amounts to financial companies;
- car loans, which will only be considered eligible as of 1 January 2022;

- exposures to households excluding loans secured by residential real estate and home improvement loans;
- exposures to local authorities excluding the financing of social housing.

Crédit Mutuel Arkéa's regulatory ratios based on this methodology are presented below.

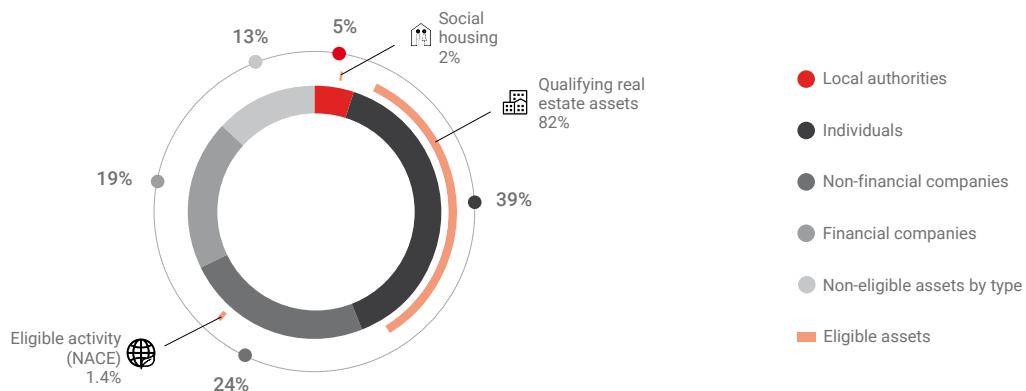
Article 8 of the delegated act of the EU Taxonomy Regulation – Publication on regulatory basis

12.31.2021

1. Activities eligible for the Green Asset Ratio (GAR) taxonomy	32%
2. Activities not eligible for the Green Asset Ratio (GAR) taxonomy	32%
3. Exposures to sovereigns, central banks and supranational issuers on total assets	15%
4. Exposures on hedging derivatives (excluding trading book) on total assets	1%
5. Exposures to entities not subject to NFRD on total assets	24%
6. Trading book on total assets	0%
7. Interbank demand loans on total assets	0%
8. Total Green Asset Ratio (GAR) (in € thousands)	107,900,290
9. Total assets (in € thousands)	127,706,350

In addition to the regulatory publication presented above, Crédit Mutuel Arkéa has voluntarily estimated the eligible portion of its exposures to non-financial counterparties subject to the NFRD. To this end, a correspondence has been established between the list of NACE codes mentioned in the taxonomy and the NACE codes available in the Group's information systems. The eligible outstandings of non-financial companies, estimated on the basis of European Commission recommendations, have very little impact on the group's eligibility ratio. The results are presented below

Breakdown of Green Asset Ratio



5.4.5 Products and services with a social and environmental impact

Crédit Mutuel Arkéa's various entities make a positive contribution to societal, social and environmental issues through their products and services. In addition to providing economic support (see Section 5.4.2 *Support for regional development*) and ESG analysis of the customers, projects and issuers financed¹ (see Section 5.4.3 *Integration of ESG criteria into financing and investments*), Crédit Mutuel Arkéa is committed to developing products and services to guarantee its customers that their money is managed responsibly, while giving them even more meaning by developing positive impact.

In order to encourage and enhance the responsible practices of all stakeholders, Arkéa Banque E&I has renewed each year since 2017 a funding envelope dedicated to its customers' CSR projects (infrastructure, renewable energies, energy efficiency in buildings, clean equipment, etc.). The aim of this scheme is to encourage its customers and prospects to put their responsible development projects into practice by offering them subsidised loan rates. The scheme was relaunched in September 2021 with a budget of €200 million. At the end of 2021, it had already enabled the financing of 22 projects for a total amount of €87 million.

Also at Arkéa Banque Entreprises et Institutionnels, the PACT impact loan enables SMEs and mid-caps to combine financial and non-financial performance. Accessible as of €3 million over a period of between 5 and 20 years, it provides a subsidy of up to 20% on financial costs if the borrower improves its ESG performance according to predetermined criteria. In order to guarantee the neutrality of the valuations, they are assessed by EthiFinance, an independent non-financial analysis and consulting firm. EthiFinance measures annual progress, which is the subject of a report submitted and commented on by the bank to its customer. Launched in February 2020, the PACT scheme has already convinced 95 public and private economic players for a total of €500 million (proposals signed).

After the successful launch in 2020 of the activity dedicated to the financing of the environmental transition, Arkéa Banque Entreprises et Institutionnels, via the Environmental Transition Department, financed more than thirty projects for an amount of €240 million across mainland France.

The new activity is part of the bank's global and proactive approach, following the tightening of the investment product offer around a 100% responsible range and the launch of impact loans accessible as of €2 million from 2022.

This initiative aims to support SMEs, mid-caps, local authorities, institutional investors and real estate professionals in their transition to carbon neutrality. Renewable energies play a major role in projects financed with mature technologies (photovoltaic, wind, hydraulic, methanisation, biomass, heating networks, NGV stations, etc.). The energy renovation of buildings is also an integral part of this sector's activities.

In addition, Crédit Mutuel Arkéa's equity investments in the semi-public departmental energy companies of the four Breton departments (Côte d'Armor, Finistère, Ille-et-Vilaine and Morbihan), as well as the departments of Ain and Gironde, are part of the desire to be at the heart of regional ecosystems for the emergence of structural renewable energy projects. Our presence on the Technical and Strategic Committee of these bodies contributes to the ability to finance these projects.

More broadly, the ambition of Arkéa Banque E&I is to provide appropriate resources to support environmental transition and serve the economic vitality of the regions.

In line with the "deposits make the loans" approach, Arkéa Banque E&I offers its customers a range of CSR Term Deposits with lower interest rates and a commitment by the bank to invest part of the remuneration to finance and support CSR projects. Following a collection campaign, these CSR Term Deposit outstandings increased sharply in 2021 to reach €2.5 billion. In addition, Arkéa Banque E&I has chosen to select and offer its customers a range of diversified financial investments that meet 100% SRI criteria.

Products and services with environmental impact

In 2016, Crédit Mutuel Arkéa launched We Positive Invest, a capital investment fund dedicated to supporting innovative entrepreneurs in three main sectors: energy transition, the circular economy and societal entrepreneurship. With €20 million, the fund aims to support innovative companies that have already reached an initial economic threshold (a minimum of €1 million in turnover). In five years, We Positive Invest has made eleven investments: Cozynergy (energy renovation of homes), Osmia (bee pollination services), Algo Paint (bio-sourced paints made from algae), iQspot (real-time measurement analysis solutions of the consumption of tertiary buildings), Newcy (solution of reusable cups for vending machines), Phenix (smart management of unsold goods and agri-food waste), TokTokDoc (telemedicine solution in nursing homes), Ascor Communication (online vocational training), Andjaro (HR platform for internal employee mobility), Edflex (a platform that simplifies access to online training content in companies) and Gaïago (soil and plant bio-stimulation solutions).

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In 2022, Arkéa Capital plans to launch a new private equity fund, We Positive Invest 2, endowed with €100 million (of which €50 million could be committed by Crédit Mutuel Arkéa). This positive impact fund will support young fast-growing companies developing solutions to an environmental or social issue in the areas of energy and climate transition, the circular economy, human capital, health or well-being.

Energy efficiency in housing

The group's federations offer a range of loans to finance the energy renovation work of their individual customers: the regulated zero-rate Eco-loan as well as the additional zero-rate Eco-loan and the eco-energy works loan. The latter offers preferential loan conditions to finance energy-saving equipment for primary, secondary or rental residences.

Since 2016, Crédit Mutuel de Bretagne has been a partner of the Brittany region to facilitate housing renovation. Through this partnership, Crédit Mutuel de Bretagne has undertaken to facilitate access to interest-free eco-loans in Brittany and to encourage its customers to use the engineering services offered by home renovation platforms.

Crédit Mutuel du Sud-Ouest is a partner of the Agence Régionale pour les Travaux d'Économies d'Énergie and the Nouvelle-Aquitaine region, through which it offers financing solutions tailored to energy-saving renovation work. Crédit Mutuel du Sud-Ouest also participates in Bordeaux Métropole's "marenov" platform, which helps households to make their homes more energy-efficient.

The Federations signed a partnership with Économie d'Énergie, appointed by the French Ministry for the Ecological and Inclusive Transition to lead the PEPZ programme. The purpose of this partnership is to train banking advisors in the challenges of the energy transition as well as in aid for the energy renovation of housing. Advisors also have access to a simulator for works, grants and financing plans. Access to this platform has been extended into 2022.

Loans for financing energy efficiency retrofits

	2021	2020	2019
Number of interest-free eco-loans granted during the year	2,149	1,484	1,164
Average amount of interest-free eco-loans granted (in €)	12,063	12,135	13,672
Total amount of interest-free eco-loans granted (in € millions)	26	18	16
Number of eco-energy works loans granted during the year	682	556	869
Average amount of Eco-energy works loans granted (in €)	10,117	10,057	10,538
Total amount of eco-energy works loans granted during the year (in € millions)	6.9	5.5	9.1

Suravenir Assurances also supports its policyholders in their eco-responsible housing policies by offering systematic coverage for ecological equipment, such as photovoltaic panels, solar water heaters and heat pumps. In addition, Suravenir Assurances, in its role as a preventive insurer, is setting up a system aimed at mitigating the damage caused by climate events by sending emails and text messages to policyholders in the areas concerned.

Sustainable mobility

The group's federations offer advantageous loan conditions to future owners (private individuals and professionals) of ecological vehicles.

Through its property and casualty insurance offers (Fire, Accident and Miscellaneous Risks), the group supports the development of responsible behaviours.

Financo is also positioned in the home improvement market, where 78% of its activity is currently generated by the financing of energy renovation work. In this context, Financo carried out several initiatives in 2021, including:

- the signing of the "engage pour FAIRE" charter (to Facilitate, Accompany, Inform for Renovation of Energy), jointly initiated by the French State, ADEME and the Sustainable Building Plan, whose objective is to bring together all stakeholders in energy renovation, whether public or private, in order to strengthen the support of individuals in the realisation of their projects;
- the installation of "Simul'Aides" on Financo's subscription tools. This tool was set up as part of the FAIRE network to identify and simulate public financial aid;
- the establishment of a partnership with Effy, the leading company in remote support for private individuals in their energy renovation work to facilitate each stage of the energy renovation by providing expertise which covers the analysis of needs, selection of construction companies certified RGE (Recognized Guarantor of the Environment) and identification of sources of subsidies (CEE, MaPrimeRénov', etc.);
- the creation of a new financing offer dedicated to energy renovation called "Eco Habitat" to facilitate access by individuals to significant energy renovation work (average budget over €20,000).

Alongside these initiatives, Financo is consolidating its partnerships in favour of the energy transition of housing with EDF ENR, SIBEL Énergie and construction companies (TRYBA and Art et Fenêtre in particular). Financo is also a member of the French Association of Financial Companies (ASF), which promotes specialised lending activities. In this context, the subsidiary co-drafted the self-regulatory charter for financial companies in the energy renovation market.

In this context, Suravenir Assurances offers price reductions on motor insurance policies covering vehicles with reduced CO₂ emissions, and electric vehicles.

Suravenir Assurances rewards and also encourages customers who use their vehicle less or better and contribute to reducing the carbon footprint through schemes such as:

- mileage packages: provision of price reductions according to the mileage package declared by the insured person;
- pay-as-you-go: contract pricing according to the number of days the vehicle is used;

- pay-how-you-drive: allows the rate to be adjusted according to eco-driving measures captured by a box installed in the vehicle. The associated economy favours access to populations that sometimes have very high contributions;
- carpooling: facilitates carpooling among customers without extra premiums (authorisation to lend a vehicle to a passenger with driver's bodily injury guarantee, including passenger assistance);
- use of public transport: takes into consideration public transport users by applying a 5% reduction in the insurance premium when a limited mileage package is taken out and a valid annual paid transport subscription exists in the name of the policyholder or his or her spouse.

Suravenir Assurances also encourages and supports responsible behaviour through appropriate compensation principles:

- use of re-used parts;
- windshield repair rather than replacement;
- selection of approved garages near the insured person's home;
- loyalty bonus, paid to any policyholder who buys a new vehicle eligible for the environmental bonus following a claim.

Financo is also fully committed to the development of sustainable mobility in France. On 10 November 2021, a new financial partnership agreement was signed with the 100% electric vehicle brand Seres France. This agreement covers the financing of vehicles for the future customers of the brand as well as the carrying costs of inventories in the Seres network. Financo will offer services, rental offers and innovative financing solutions aligned with consumer expectations to all Seres brand distributors under the name Seres Financement.

Professional market

To meet the climate emergency, the high expectations of its stakeholders and in line with the commitments made in its climate strategy, Crédit Mutuel Arkéa supports its customers in all areas related to the environmental transition. In this context, in January 2022, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest launched a new loan offer with preferential conditions, PRONOVEO, to finance investments in the production of green energy, green transport and the thermal improvement of business premises.

Sustainable agriculture and agro-ecology

Crédit Mutuel Arkéa's federations are committed to supporting farmers (see Section 5.4.2 *Support for regional development*) and are committed to helping their customers through the transition process.

To support transition projects, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest offer a loan to finance renewable energy production and energy efficiency equipment: the Agrinovéo loan. Renewable energy production such as anaerobic digestion, photovoltaics and cogeneration are at the heart of the strategy.

Crédit Mutuel de Bretagne has provided financial support for almost half of the agricultural methanisation installations in operation in Brittany. Crédit Mutuel de Bretagne and the Association des Agriculteurs Méthaniseurs Bretons signed an agreement to promote mentoring for methanisation projects. Training for farmers with methanisation projects is essential for the performance and safety of the installations and for the development of the industry.

Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest also offer the "Clé-Mat" loan dedicated to the financing of precision agricultural equipment that limits inputs and promotes agro-ecology.

The Crédit Mutuel Arkéa federations are actively involved in setting up young farmers with an organic farming project. Crédit Mutuel de Bretagne is a member of the Brittany Organic Initiative (IBB) funders club. Crédit Mutuel du Sud-Ouest is a partner of AGROBIO Périgord, an association with which various actions are carried out for more responsible agriculture (training, visits to model organic farms, programmes to support plant biodiversity, respect for animal welfare, etc.). Crédit Mutuel du Sud-Ouest has also joined the Interbio Nouvelle-Aquitaine finance club, enabling it to participate in the financing round for projects by food companies specialising in organic farming. Lastly, it supports winegrowers and farmers that focus on local distribution circuits.

Crédit Mutuel de Bretagne and Crédit Mutuel Arkéa have worked together to create a contract within the framework of Payment for Environmental Services (French 'PSE'). The purpose of signing this contract with the Finistère-based association ALLI'HOMME is to provide financial compensation for the efforts of farmers who commit to changing their farming practices. Crédit Mutuel de Bretagne is also involved in LabPSE in Ille-et-Vilaine. This project aims to test the implementation of a PES market in Western France and to demonstrate that the development of PES is favourable for farmers, buyers and to accelerate the agro-ecological transition.

All of these topics are an integral part of research and development within the agricultural sector. The impacts, particularly on carbon management in agriculture (reduction of emissions and carbon capture) may even represent new sources of income for farms.

The roll-out of the National Initiative for French Agriculture (INAF), which began in 2020 by the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest networks, continued in 2021. Launched as an extension of the 'General Assembly' on Agriculture and Food, and part of the Grand Investment Plan, the INAF programme is proposed by the French Ministry of Agriculture and Food. Crédit Mutuel Arkéa was selected in this call for expressions of interest and, like three other networks, is able to offer its customers investing in agricultural transitions (mainly upmarket) limited risk in setting up loans, which are counter-guaranteed by the European Investment Fund (EIF). The significant amount obtained by the group is spread over the 3 years of the programme. The entire network of agricultural advisers and administrators have been trained in this tool, which provides security for the financier and supports agricultural transitions.

Lastly, Crédit Mutuel Arkéa's asset management activities contribute to the development of products with an environmental impact. For example, Federal Finance Gestion manages the Federal Oxygène mutual fund (FCP), a fund whose investment themes are water, food, health and the environment. Similarly, the Federal Global Green Bonds fund, invested in green bonds, was launched in 2020. This fund, which has been awarded the Greenfin label, saves 295 tonnes of CO₂ for every million euros invested. Schelcher Prince Gestion launched two new activities in 2021 with the creation in the first half of the year of Arkéa REIM, a real estate asset management company, and in the second half of an infrastructure fund management platform to support the environmental transition. For Arkéa REIM, the environmental transition is one of the cardinal points of its strategy.

Products and services with a social impact

Since September 2019, Crédit Mutuel Arkéa has issued three social bonds on the financial markets, thus becoming one of the leading banking players in Europe in this market.

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This fundraising, for a total amount of €1,750 million, made it possible to refinance projects dedicated to the social housing, health and education sectors as well as loans to SMEs, which are natural areas for Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest to be involved in. The issues carried out in 2020 and 2021 also made it possible to support the economic and social development of the regions, against the background of the health crisis.

Access to health care, home care, social ties

Crédit Mutuel Arkéa's federations offer their customers a range of insurance products designed by Suravenir Assurances to cover various health and long-term care risks: health insurance, long-term care insurance (annuity in the event of loss of independence), life accident cover and insurance to help carers.

In the field of health, Suravenir Assurances strives to provide offers that are accessible to all. Thus, the Suravenir Assurances individual health offer incorporates changes related to the so-called "100% health" reform, which makes it possible to offer fully reimbursed opticians', dentists' and audiologists' services. Since July, the offer also includes fixed-price psychological consultations to guarantee wider access to these essential services during the period.

In the field of public health, Crédit Mutuel Arkéa finances the university hospitals and main hospitals in Brittany and the South-West. Arkéa Banque Entreprises et Institutionnels also supports more than 100 institutions in the healthcare or medico-social sector, for a total amount of €170 million in financing in 2021 for investments and more than €200 million for working capital requirements. The group is also a sponsor in this area (see Section 5.4.2 *Support for regional development*).

Arkéa On Life, the group's brand dedicated to the connected services offered by the subsidiary Arkéa Assistance (a company declared as a personal services organisation), is striving towards providing greater peace of mind for the elderly and people with reduced mobility. It offers a home remote assistance service for isolated people, as well as a connected watch for home support for elderly people wishing to continue their activities outside the home.

The offer includes a private social network service with the exchange of messages, photos and video calls between the elderly relative and his or her entourage. Thanks to this centre, the beneficiaries can stay in permanent contact with their relatives, thus limiting the feeling of isolation. This solution proved particularly effective during the Covid-19 epidemic by allowing people often far removed from technology to simply make video-conferences with their loved ones (without the need for an internet connection or a computer). This

solution is also an effective way to maintain links while limiting the risk of virus transmission.

Arkéa Assistance also provides tailor-made tele-assistance solutions for senior residences and residential facilities for dependent elderly people (EHPAD). Arkéa On Life is also positioned in the field of health by offering a 24-hour health advisory service offering beneficiaries the possibility of carrying out a teleconsultation with a general practitioner (diagnosis and prescription). In total, Arkéa On Life now supports around 30,000 people throughout France.

Lastly, to enable professionals to make their premises accessible to the disabled, the Crédit Mutuel Arkéa federations offer them a "Pro Accessibility Loan" to finance the necessary works.

Actions in favour of housing and social home ownership

As access to housing is a major concern for its customers, Crédit Mutuel Arkéa has chosen to contribute to this issue through various types of initiatives that go beyond property financing. The banking services offered by the federations contribute to financing social housing, notably through a portion of the savings collected in CMB and CMSO savings accounts.

Since the beginning of 2018, some major cities in Brittany (Rennes, Saint-Malo), in consultation with social housing stakeholders, have decided to facilitate home ownership in difficult areas via a new system: the Organisme Foncier Solidaire (Solidarity Ownership Body) and the Bail Réel et Solidaire (Real and Solidarity Lease). Thanks to the OFS, purchasers do not have to buy the land made available to them, for a fee that is less costly than loan repayment. Crédit Mutuel de Bretagne is the first bank to have adapted its financing offer and formed its network to finance these projects under good conditions.

Arkéa Banque Entreprises et Institutionnels has made supporting the housing sector one of its priorities. Thus, it works with more than two-thirds of the social landlords of more than 10,000 housing units. Since 2010, it has financed public players to the tune of more than €10 billion.

Arkéa Banque Entreprises et Institutionnels is a partner of the various players in the sector. It has signed agreements with all the professional federations in the HLM sector and has formed an emblematic partnership with Action Logement. Arkéa Banque Entreprises et Institutionnels is now present throughout the entire housing chain, and thus finances local authorities that hold land, developers and social housing operators, by helping them carry out their initiatives (construction of social rented housing, renovation of homes, urban renewal policy, social home ownership, etc.).

Savings and loans contributing to the financing of social housing
(in € millions)

	2021	2020	2019
CMB, CMSO saving accounts	7,845	7,394	6,962
Social housing incentive loans (PLS and PSLA)	667	755	866

Support for the social and solidarity-based economy and social entrepreneurship

By its very nature and by deep conviction, Crédit Mutuel Arkéa has always positioned itself in support of the social economy (SSE) and social entrepreneurship, in its traditional regions of course, but also more widely, notably through support for innovative initiatives.

Thus, the group is a partner of major players in the SSE such as the Association for the Right to Economic Initiative (ADIE).

In 2021, the group has chosen to support the creation of a "Café Joyeux" in Brest, which is scheduled to open in 2023. Café Joyeux is the first family of coffee shops to employ and train people with mental and cognitive disabilities.

In Nouvelle-Aquitaine, the group provides financial support to Bordeaux Mécènes Solidaires, a regional foundation that supports concrete projects for social and professional integration, the fight against precariousness, digital inclusion, access to housing and social innovation in the Gironde department.

Arkéa Banque E&I, thanks to a dedicated team, promotes the development of projects in the SSE field. In this way, it has been able to support new players in carrying out their projects, whether in the education, health or social support sectors.

The group therefore directly finances initiatives with a positive social impact and also enables its customers to direct their savings towards social causes. With the Livret Solidaire savings account, the

federations offer individual customers the opportunity to donate all or part of the interest earned each year to public interest associations selected from a list of partner organisations in four areas: social and housing, employment, international solidarity and the environment. The Livret Solidaire has been awarded the solidarity finance label by Finansol. Almost €177,500 were thus paid out to associations in 2021.

In addition, since October 2020, holders of Livret Développement Durable et Solidaire (LDDS) savings accounts can also donate the interest or capital invested in their sustainable savings accounts to one or more public interest associations.

Eighteen partner associations have been selected by Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, Fortuneo and Arkéa Banque Privée, in line with the group's purpose, to focus on the major social and environmental challenges facing our regions.

These partnerships with these associations are long-term and special attention is paid to the use of donations.

Finally, the solidarity portion of Federal Finance Gestion's FEE Solidarité SRI mutual fund (FCPE) is invested in the capital of France Active Investissement. France Active offers support and financing to SSE entrepreneurs and people in difficulty who wish to set up their own business. In order to be close to Crédit Mutuel Arkéa's regions, investments made by France Active Investissement are directed towards four regional solidarity investment funds (Brittany, Auvergne Rhône-Alpes, Nouvelle-Aquitaine and Provence-Alpes-Côte d'Azur).

Solidarity savings: outstandings (in € millions)

Employee savings schemes

Solidarity Booklet

TOTAL

	2021	2020	2019
Employee savings schemes	379.68	387.46	10.71
Solidarity Booklet	70.53	54.40	40.48
TOTAL	450.21	441.86	51.19

5.4.6 Inclusion of vulnerable customers

Associated non-financial risks:

- risk of non-compliance, non-compliance with customer protection rules

Crédit Mutuel Arkéa, an inclusive and socially responsible company, also pays particular attention to access to banking and insurance for all (financial products and services).

Support for financial fragility

The group supports its financially vulnerable customers and members by involving its employees and directors and by developing its offers and business lines.

In accordance with the charter for banking inclusion and the prevention of overindebtedness adopted by the French Association of Credit Institutions and Investment Firms under the conditions provided for in Article L.312-1-1 (A) of the French Monetary and Financial Code, a system applicable to all group entities sets out the practical procedures for implementing obligations depending on the

activity carried out (information, proposal of suitable products, customer support). To date, each group entity subject to compliance with the applicable provisions on financial vulnerability has implemented the group framework system.

In order to provide effective support to customers in financially fragile situations, the group's entities train employees in contact with customers on the systems and procedures for implementing dedicated systems.

Like all group entities, the Crédit Mutuel Arkéa credit institution has developed its own operational implementation of the framework system specifying the methods of application within the scope of local bank networks.

Before, it should be noted that financially vulnerable customers holding the specific Budg'Équilibre offer can benefit from a second bank card if they have a joint account. The Bud'jet budget coaching app is also available to customers benefiting from the Budg'Équilibre offer. In addition, Crédit Mutuel Arkéa has formed partnerships with specialised third parties to facilitate customer guidance when financial difficulties cannot be dealt with by the bank alone.

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Supporting customers and regions in societal, social and environmental transitions

Since 2018, Crédit Mutuel Arkéa is committed to putting the customer at the heart of its concerns and has taken a proactive approach to financially vulnerable customers through various initiatives:

- the creation of the Banking Inclusion Coordination Committee (CCIB), a genuine governance body responsible for steering the banking inclusion system within the group. In 2021, the committee, which met every quarter, continued its work to improve the reliability and improve the criteria for detecting proven or potential financial vulnerability, and to improve the care of vulnerable customers;
- participation in the work of the French Banking Inclusion Observatory (OIB) aimed at better understanding the practices of institutions in terms of detecting situations of financial vulnerability, and the measures implemented to inform, protect and support the most vulnerable people. In this respect, on 30 April and 22 June 2021, Crédit Mutuel Arkéa met with the OIB's Scientific Advisory Board as part of its work to analyse the practices of institutions in terms of the early detection of financial vulnerability; this work aims to provide new statistical data and identify behavioural variables and weak signals, in order to establish a list of elements to monitor that would make it possible to better support customers upstream and thus better prevent the risk of overindebtedness. Following discussions with the OIB's Scientific Advisory Board, Crédit Mutuel Arkéa undertook work to ensure the relevance of the model adopted and the value of the business line filters in place (impact analysis of certain business filters, analysis of the distribution of scores). The work, which is still ongoing, will be presented to the CCIB in 2022;
- the continued strong mobilisation of local banks to promote the specific offer dedicated to financially vulnerable customers. At the end of 2021, the local bank networks of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest had 24,330 beneficiaries of the special offer for vulnerable customers;
- the cap on incident fees beyond the regulatory requirements, with the maintenance in 2021 of the exemption of incident fees for customers equipped with the specific Budg'Equilibre offer. Crédit Mutuel Arkéa, true to its cooperative banking DNA and its values of solidarity, has chosen to go further than the obligation imposed by the regulatory framework.

On 31 December 2021, Crédit Mutuel implemented the following mechanisms for detecting financially vulnerable people:

- monthly detection under "regulatory" criteria. The following are concerned:
 - customers who have filed an overindebtedness file that is admissible by the Banque de France during the entire period of their registration in the Fichier des Incidents de remboursement des Crédits aux Particuliers (FICP), as well as those who benefit from measures to deal with their overindebtedness, during the period of their registration in the file,
 - customers who have been registered with the Fichier Central des Chèques (FCC) for more than 3 months and who have been "banned from banking",

■ monthly detection based on so-called "modular" criteria at the discretion of each establishment. The detection process currently in force takes into account the situation of homes with all of their checking accounts:

- at least 5 account operating incidents⁽¹⁾ over the last month,
- or at least 12 account operating incidents over the last 3 months,
- or with an overdraft exceeding the authorised limit at least one day per month for 3 months, and at least one account operation incident* every month for 3 months;

households are taken into account whose monthly income paid into the accounts is less than:

- €1,500 for households with only one adult,
- €2,500 for households composed of two adults;

and where the amount of interest-bearing savings held by adults in the household is less than:

- €5,000 for households with only one adult,
- €15,000 for households composed of two adults.

The group's device also detects customers with a new registration in the Fichier Central des Chèques (FCC) that is more than 30 days old and less than 90 days old.

When a customer, previously identified as financially vulnerable, no longer corresponds to the detection criteria, an observation period of three months is allowed for. During this period, the customer continues to benefit from the cap on incident costs. The purpose of this observation is to ensure that the situation is restored on a long-term basis. In the event of a new incident during this period, the customer concerned will not experience a break in the cap on incident costs.

■ early detection under the heading of "prevention of overindebtedness":

- this quarterly detection mechanism is based on an AI model that makes it possible to identify a series of events that could eventually lead to financial vulnerability and result in the filing of an overindebtedness dossier;
- it also detects customers who have been billed incident costs of at least €200 in one of the last three months, without otherwise having been identified as financially vulnerable.

After analysing each of these situations, the advisor can identify these customers as financially vulnerable persons for a renewable period of 12 months;

■ a "manual" detection at the initiative of each advisor to identify, for a renewable period of 12 months, a situation of vulnerability that has not been detected by the above processes.

(1) The account operating incidents detected by these detection tools are those for which the costs incurred are those capped under Article R.3 12-1-2 of the French Financial Markets Code, for all household chequing accounts: Intervention fees, Fees for prior information letter for NSF cheques, Fees for information letter for unauthorised debit accounts, Fixed fee per cheque rejected for lack of funds, Fees for direct debits rejected for lack of funds, Fees for non-execution of standing orders for lack of funds, Fees following the notification reported by the Banque de France of a ban on customers issuing cheques, Fees for the Banque de France declaration of a decision to withdraw a bank card, Fees for the bank to stop (block) the card.

People benefiting from one of the solidarity schemes (Budgetary Support, Assistance to Borrowers in Difficulty or Personal Micro-Credit) are also identified as financially vulnerable and therefore benefit from a ceiling on incident costs for a renewable period of 12 months;

These efforts are fully in line with Crédit Mutuel Arkéa's Raison d'être (Purpose), which is to assert itself as a socially responsible, ethical and inclusive company.

Crédit Mutuel Arkéa is also developing specific solidarity schemes to help members in financial difficulties.

Since January 2019, these schemes have been directly managed by the Boards of Directors of the local banks, within the framework of an annual budget allocated to each bank. Their objective is to help people in temporary difficulty through four levers of action: assistance to borrowers, personal micro-loans, the sensitive accounts scheme (reversal of fees) and, since 2015 in the framework of banking inclusion, budget support by specialised partners.

Assistance to borrowers in difficulty consists of occasional payment of the loan maturities of members (with a ceiling of €7,500 per year per member) experiencing temporary difficulties in repaying their loans following an accident. In 2021, 167 new subsidies were granted for a total amount of €211,000.

Within this framework, and through its partners, personal micro-loans of up to €5,000 can also be granted by local banks. These loans are aimed at people excluded from "classic" loan. As social support, these microloans can finance the acquisition or maintenance of a vehicle, household equipment, promote autonomy, access to housing or contribute to family cohesion projects. In 2021, 326 personal micro-loan were granted for a total amount of €943,797.

The monitoring of sensitive accounts enables the Boards of Directors of the local banks to reverse charges for members with significant monthly expenses. In 2021, more than €305,000 were not drawn down or were reversed to the benefit of 1,730 members.

Since 1994, Crédit Mutuel Arkéa has been a partner of the association for the right to economic initiative (ADIE). This partnership notably provides for the opening of credit lines enabling ADIE to grant micro-loans and the endowment of honorary loan funds. These schemes benefit business creators in Brittany and in the South West. In 2021, €2.2 million of loans were allocated in the form of professional micro-loans to 748 project owners installed and supported.

In 2020, against the backdrop of the health, economic and social crisis, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest's solidarity mechanisms evolved to provide new responses to the needs of financially vulnerable customers. Thus, in addition to providing financial assistance to borrowers in difficulty, the local banks now have the possibility of supporting customers experiencing temporary difficulties, whether or not they are borrowers, up to a limit of €1,000 per beneficiary. The financial donation scheme for private individuals has been used extensively. In 2021, more than €1,160,000 in donations enabled households to improve their financial situation.

Suravenir Assurances, Crédit Mutuel Arkéa's property and casualty insurance company, carried out preparatory work in 2021 and then approved a specific governance structure to establish a solidarity commission. The objective of this commission will be to study the granting of solidarity gestures to support vulnerable customers in the event of a major non-covered or partially covered claim. The system will be operational in January 2022.

Access to home loans after a health event

In 2018, given the difficulty for some people to benefit from home loans due to health problems, the group wanted to strengthen its support for this population excluded from loan insurance by creating an expert unit and a system aimed at finding tailor-made solutions for these customers and thus enable them to realise their housing project and become homeowners (main, secondary or rental residence).

Accessibility of services

The websites of the group's federations have been designed to facilitate their use by all. They comply with the web standards defined by the World Wide Web Consortium (W3C) and the directives of the Web Accessibility Initiative (WAI). The mobile applications are accessible to people with disabilities using assistive technologies. With at least one system per point of sale, withdrawals have also been made accessible to visually impaired people by audio guidance on ATMs, which requires the use of earphones or headsets. All vending machines are installed at a height that complies with accessibility standards for people with reduced mobility (PRM standards). Finally, the telephone numbers of the federations, as well as those of Suravenir Assurances and Suravenir for loan insurance, are accessible to the deaf and hard of hearing via a connected real-time transcription or interpretation service.

Since 2018, the group has strengthened its resources to deal with the issue of accessibility by appointing a dedicated staff member to take this issue into account as of the design stage of projects, but also to raise awareness, provide training on tools, etc.

5.5 A responsible corporate approach

5.5.1 Data protection and security

Non-financial risks associated with this issue:

- risk of breaching the security of our data

Data protection is a key issue for the bank, in a context where general exposure to cyber risk is growing. This issue is also identified among the expectations expressed by the group's stakeholders.

In order to respond to this, Crédit Mutuel Arkéa relies on the IT Risk Governance Committee, an Executive Management Committee dedicated to its governance.

The Operational Risk Department, within the Risk Department, is in charge of assessing and controlling cyber risks and, as such, protecting the data of all its stakeholders.

In addition, the IT Security Division is supported by the group IT Security Manager (RSSI), who reports to the Operational Risk Department, and the group Operational Security Manager (RSOP). In order to ensure group coverage, this organisation is supplemented by a network of RSSIs in the main group entities, all of whom report functionally to the group RSSI.

This IT sector, and more broadly IT risk, are supervised by the group's General Management through the IT Risk Governance Committee.

Data protection, one of the major aspects of IT risk management, is covered by the group's IT Security Policy (ISSP), which is defined and regularly reviewed by the IT Risk Governance Committee.

This policy, based on the ISO 27001 and 27002 standards, sets out the general guidelines for identifying, reducing and managing risks related to any malfunction or potential vulnerability of the group's information systems, whether accidental or intentional. These general guidelines are based on thematic policies, procedures, rules, instructions and operational recommendations, which may be broken down by specialised area.

This reference framework incorporates the thematic policy on the protection of data, which defines the different levels of classification of data in terms of confidentiality, as well as the recommendations to protect these data in terms of storage, exchange and processing. This policy is regularly updated in conjunction with the Data Protection Officer (DPO) and takes into account the requirements of the European regulation on the protection of personal data (GDPR).

More generally, the measures put in place in the various areas of security contribute to the protection of Crédit Mutuel Arkéa's data and that of its stakeholders, whether hosted in its own data centres or outsourced. A number of measures have been put in place to verify their effectiveness. They include the periodic performance of intrusion tests, internally and by external companies with expertise in IT security, and a monitoring unit (Security Operating Centre) for the information system in order to detect potential incidents. These measures and control systems are regularly strengthened on the basis of an annual plan approved by the IT Risk Governance Committee.

In addition, the framework of the personal data policy is applied within each of the group's entities and covers the various areas of the GDPR. Each entity also has a personal data protection officer who ensures the proper operational implementation of the framework system and whose work is coordinated by the group DPO and their team. From the design stage onwards for projects involving the processing of personal data, the GDPR coordinators are involved in accordance with the principle of Privacy By Design. In addition, staff are regularly trained on the protection of personal data. In 2021, a training course targeting all group employees was conducted.

In addition, a user charter, available via the group's intranet and sent to each new employee, aims to inform each employee of the legal provisions and internal rules for the secure use of data, the internet and internal tools, including the workstation. This charter specifies and completes the texts in force in the company and in particular the internal regulations. This charter was reviewed in 2021 and is now the subject of an online training course. Regular awareness-raising sessions for all employees provide regular reminders of these rules and best practices.

Finally, an incident response plan and a crisis management policy are in place.

An internal incident response unit with the label Computer Emergency Response Team (CERT) helps to further strengthen the existing systems. CERT Crédit Mutuel Arkéa joined the French interCERT association in 2021.

Crédit Mutuel Arkéa has made the responsible management of its customers' digital assets a top priority.

5.5.2 Exemplarity in business and governance

Non-financial risks associated with this issue:

- risks of inadequate governance: lack of good repute and competence; lack of cooperative governance
- risks of non-compliance

Responsible governance

Cooperative governance allows representation of the stakeholders of the enterprise at the level of the Boards of Directors.

At the level of the local banks, the directors, who are volunteers, are elected by and from among the members (see *Section 5.4.1 Customer relations and satisfaction*). This system ensures that the Board of Directors of each of the local banks, regional federations and Crédit Mutuel Arkéa is truly representative of the members, independent of the company's management. Elected for three years (CMB) or four years (CMSO), the directors listen to the members and relay their expectations and suggestions to their Board of Directors. They are directly involved in the solidarity initiatives of the Crédit Mutuel Arkéa federations. They represent their federation at local or departmental events and help to strengthen relations with the various players in the local economy and the voluntary sector. The directors' involvement in local life nourishes and strengthens Crédit Mutuel Arkéa's local roots. As consumer witnesses, they also ensure a balance between the interests of the members they represent and the company's management imperatives. The elected directors' control of the decisions taken by the operating structures ensures that the company's actions are sustainable over the long term. This control emphasises responsible management to ensure the sustainability of economic, social and environmental investments.

In 2021, 119 new directors were elected in the local banks. The trend is towards greater diversity, both in terms of gender and age group as well as in terms of socio-professional categories. Women accounted for 44% of newly elected directors and 25% of the new Chairpersons of the local banks.

To support them in the performance of their mission, the federations set up a training programme, which is one of the priority actions for directors. In 2021, the training system for local bank directors continued to be disrupted by the health situation, which did not make it possible to organise all the scheduled face-to-face training sessions. The strengthening of distance learning continued, making it possible, despite the context, to improve the skills of directors. Two major initiatives were carried out with the local bank elected representatives addressing, on the one hand, the prevention of corruption and conflicts of interest and, on the other, climate issues. In 2021, more than 2,100 directors were trained in the Crédit Mutuel de Bretagne and Sud-Ouest federations.

The Boards of Directors of the federations are supported by specialised commissions. Thus, at Crédit Mutuel de Bretagne, the "Cooperative life", "Training", "Responsible development", "Member and customer relations" and "Solidarity" commissions formulate opinions and recommendations that enrich and guide the work of the federation's Board of Directors. At Crédit Mutuel du Sud-Ouest, these are the federation committees: "Control and Audit", "Training and induction of new directors", "Reconciliation", "Investments", "CSR-Sustainable Finance", "Viticulture", "Agriculture", "Solidarity", "Level 2 appointments" and "Communication and coordination of the Cooperative".

In the federations, directors are particularly involved in sustainable development issues. Crédit Mutuel de Bretagne's Responsible

Development Committee is made up of 13 directors and is tasked with keeping abreast of the latest developments in corporate social responsibility (CSR) and contributing to the implementation of Crédit Mutuel de Bretagne's CSR strategy. The committee may propose or be involved in the implementation of any event or other initiative likely to promote corporate social responsibility among the directors and members of Crédit Mutuel de Bretagne, and the public in general. Following the adoption of an ESG – Climate strategy by the group in 2020, the Responsible Development Committee has kept itself informed of changes to the regulatory framework and its operational application through the Sustainable Finance Function. The creation in 2021 of a Raison d'être (Purpose) Governance Committee including both Crédit Mutuel de Bretagne senior executives and directors, as well as a member of the Responsible Development Committee, should be noted. The purpose of this committee is to monitor compliance with CSR commitments. The integration of ESG-Climate criteria into Crédit Mutuel de Bretagne's range of products and services will be an additional focus of the committee's work.

At Crédit Mutuel du Sud-Ouest, governance specific to the sustainable finance and CSR sector was created with two bodies in the first half of 2021. Thus, the CSR Committee was expanded to become the CSR-Sustainable Finance Committee. Its objective is to ensure the implementation of the ESG-Climate strategy and to supervise compliance with regulatory obligations. It feeds proposals into the CMSO action plan with the implementation of emblematic actions and is the relay of information to the Board of Directors of the federation. It also monitors changes in ESG indicators. Composed of six directors and two employees, the committee meets at least three times a year.

A second body has been set up at the CMSO with an Operational Steering Committee composed of all the members of the Crédit Mutuel du Sud-Ouest Management Committee (CODIR) and meets every two months. The purpose of this committee is to monitor the ESG and CSR indicators, coordinate the federation's annual ESG-Climate action plan and set a course.

At Crédit Mutuel Arkéa level, the group's Board of Directors is composed of nineteen directors and one non-voting Board member:

- fifteen directors representing the members. They are elected at the Annual General Meeting and come from the regions in which Crédit Mutuel Arkéa operates, namely:
 - twelve directors in respect of the banks affiliated to the Crédit Mutuel de Bretagne federation,
 - three directors in respect of the banks affiliated to the Crédit Mutuel du Sud-Ouest federation;
- two directors not from the cooperative movement: one of them was elected and the other was re-elected at the Annual General Meeting of 14 May 2020, after prior approval by the Appointments Committee and the Board of Directors of Crédit Mutuel Arkéa;
- two directors representing employees. They are appointed by the Central Social and Economic Committee (CSEC);
- a non-voting Board member representing banks affiliated with the Crédit Mutuel du Sud-Ouest federation.

The directors of the Board are all of French nationality.

The Board of Directors is particularly vigilant with regard to the exercise of an independent and committed mandate by its members. Since 2020, it has had a Crédit Mutuel Arkéa director's charter which governs the duties of the Board's nineteen directors and refers to the formal independence criteria set by the European Banking Authority (EBA/GL/2017/11 and 2017/12 § 91 and 92 guidelines). According to these criteria, eighteen directors out of the nineteen members who make up the Board of Directors are independent. In addition, this charter lists the individual skills of the members of the Board of

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

A responsible corporate approach

Directors and must thus ensure the maintenance, in all circumstances, of a collective expertise suited to the exercising of sound and effective governance of the company.

With regard to the Board of Directors' diversity policy, since 2017 the percentage of women on the Board of Directors has exceeded 40% and stood at 47% at 31 December 2021.

The Board of Directors met 15 times in 2021. The attendance rate of directors at Board meetings was 92%. The Board has a digital solution for holding meetings that aims to streamline the organisation of the meetings and documentation to be studied and to strengthen dialogue between members.

The Board of Directors also has internal operating rules. These confirm the essential missions of Crédit Mutuel Arkéa's directors, set out the operating procedures of the body and set out the rights and obligations of each director.

Consequently, the Board of Directors of Crédit Mutuel Arkéa fully exercises its role in accordance with the provisions of the Articles of Association, the internal regulations of a financial nature, its operating rules and the specific charters of each of its five specialised committees.

The members of the Board of Directors of Crédit Mutuel Arkéa benefit from an annual training programme and have a dedicated remote training platform offering more than 64 training modules on the themes of strategy, risk, audit and accounting, banking and insurance sector regulations and the products and businesses of the various subsidiaries of the Crédit Mutuel Arkéa group.

In order to ensure the effectiveness of the governance exercised by the Board of Directors, at least once a year, at the initiative of the Chairman of the Appointments Committee, an item on the agenda of Crédit Mutuel Arkéa's Board of Directors is devoted to assessing the operation of the Board and its specialised committees. Every three years the committee alone, or with the assistance of a consultant, carries out a formal assessment of the functioning of the Board of Directors. The last one was carried out in 2021, with the assistance of Mazars and the support of the General Secretary and Institutional Communication Department. This assessment was based on: reviewing existing documentation, conducting interviews with members of the executive and all directors, administering a formal questionnaire and analysing best market practices (benchmarks, EBA guidelines, Corporate Governance Codes, etc.). At the end of its work, the firm considered that the benchmark of market practices made it possible to point to an operation consistent with other institutions. The composition of the Board seems adapted to a mutualist environment, diversity is present and the average age of the directors is lower than that of the other institutions in our sample. The files are complete and generally consist of a summary. In addition, the firm stated that the answers provided by the directors to the formal questionnaire attest to the very good functioning of the Board of Directors and that both the functioning of the Board of Directors and the specialised committees had improved overall since 2018.

In accordance with the provisions of the French law on the Social and Solidarity Economy, Crédit Mutuel Arkéa's General Meeting held on 14 May 2019 heard the conclusions of the report of PHF Conseils, the firm appointed the previous year as cooperative auditor. This five-year report deals with the mechanisms to ensure voluntary and open membership for all, the nature of the dual status of members (customers and members), the mechanisms to ensure the democratic governance of our cooperative society and a good level of economic participation by members, the procedures for allocating operating surpluses, the training arrangements for directors and the various forms of cooperation with other cooperative societies. In addition to certifying compliance with the principles of cooperation, this report highlights Crédit Mutuel Arkéa's best practices.

At the level of Crédit Mutuel Arkéa subsidiaries

As part of Crédit Mutuel Arkéa's cooperative governance model, the Appointments Committee of the Board of Directors of Crédit Mutuel Arkéa selects from among the elected members of the local banks competent directors, and exceptionally additional expert staff, to sit on the supervisory bodies of the group's various subsidiaries.

In order to guarantee the good reputation and competence of the nearly 200 members of supervisory bodies, the Appointments Committee adopted a second-tier governance charter in 2019, which provides a framework for the appointment of members of the supervisory bodies of subsidiaries and the performance of their duties. This charter sets out three guidelines for the good governance of subsidiaries:

- balanced representation, proportionality of size and renewal of the supervisory bodies of the group's subsidiaries;
- strengthening the collective competence of the Boards and the individual competence of the members of the supervisory bodies, both in the process of detection and training of directors;
- strengthening the committee's role and dialogue with the Chairpersons of the various Boards and the general secretaries of the group's entities.

In 2021, 98% of the subsidiaries' supervisory bodies had an attendance rate of more than 75%. In addition, 91% of the directors appointed in 2021 were approved by a supervisory authority without conditions precedent.

In terms of strengthening the collective and individual skills of the subsidiaries' supervisory bodies and their members, a framework policy for the training of second-tier directors is in place. It is supplemented by providing access for members of the supervisory bodies to a remote training platform which enables experts from central departments and each subsidiary to provide training on regulations, risks, governance, accounting and auditing, the products and business lines of Crédit Mutuel Arkéa entities and banking strategy.

The involvement of Crédit Mutuel Arkéa's governance in the group's CSR approach is described in Section 5.2 Societal Responsibility of Crédit Mutuel Arkéa.

	2021	2020*	2019
Directors of local banks			
Number of first-tier directors	2,590	2,713	2,924
% of women among the directors of local banks	42%	41.8%	41.1%
Number of new directors elected during the year	119	163	184
% of women among the new directors of local banks	43.7%	46.6%	49.5%
Participation rate on the Boards of Directors of local banks	78.7%	76%	79.4%
Number of new Chairmen of local banks	32	29	34
% of women among the new Chairwomen of the local banks	25.0%	31.0%	32.4%
Directors of the federations			
Number of elected directors of federations	81	81	105
% of women among the federations directors	42%	43.2%	36.2%
Number of newly elected directors of federations	5	12	13
% of women among newly elected directors of federations	0%	66.7%	38.5%
Training			
Number of directors of local banks who have taken at least one training course during the year	2,109	988	1,425
Total number of hours dispensed	8,466	5,615	11,147
% directors of local banks trained	81.4%	36.4%	48.7%
Duration of training per director trained (in hours)	4	6	8

* Exit from the Crédit Mutuel Massif Central federation in 2020.

5.

Business exemplarity

Adapting to regulatory inflation, which places banks at increasing risk of sanctions and damage to their reputation, facing the digital challenge, proposing innovative, useful and environmentally friendly solutions, while demonstrating irreproachable ethics, are the challenges facing banks today.

In line with its Raison d'être (Purpose) and its ambition to be a socially responsible, ethical and inclusive company, Crédit Mutuel Arkéa aims to set an example in the conduct of its business and is constantly striving to ensure that its actions are ethical and secure processes that protect the interests of its customers and preserve its integrity and reputation. The group also works closely with its customers to understand and meet their expectations.

Crédit Mutuel Arkéa's approach is thus based mainly on promoting a culture of ethics and responsibility within the company, a responsible compliance approach based on internal procedures governing the group's activities and offers that are constantly adapted to customer expectations.

Promotion of a culture of ethics and responsibility

In order to guard against the risk of misconduct in the group's activities, Crédit Mutuel Arkéa makes compliance with ethical rules a priority.

To this end, Crédit Mutuel Arkéa has drawn up internal rules and regulations that give concrete expression to its commitments and set out the principles to be respected by employees in their decisions and actions.

In addition to the penalties incurred for non-compliance with the principles set out in the internal rules, the internal regulations relating to transactions generated on their own behalf by employees; the rules relating to transactions carried out on financial markets; the rules applicable to persons involved in activities likely to give rise to a conflict of interest or provide access to inside information, or those relating to the recording of telephone and electronic communications by certain employees in accordance with the French MIF 2 regulations. The Code of Conduct of the internal regulations

constitutes the pillar of the anti-corruption plan enshrined in the so-called "Sapin 2" law. The Code of Conduct, which reflects the decision of the management body to engage the company in a process of prevention and detection of corruption, sets out the acts that may be qualified as active or passive corruption, influence peddling or collusion; lists the illicit behaviour of corruption and/or influence peddling and/or collusion, the rules relating to the acceptance of gifts or invitations, conflicts of interest or the exercise of the right to whistle-blowing.

In addition to the Code of Conduct and in order to promote an ethical culture within the company, a training/awareness raising system is deployed within the group. The governance bodies and employees most at risk are regularly trained in the rules of ethics and professional conduct.

Thus, during the 2021 financial year, all employees of the central services were made aware of the regulations relating to the fight against corruption. The most exposed employees received extra awareness-raising. The members of the Executive Committee were also trained on 28 June 2021.

In addition, the Chairman of the Board of Directors and the Chief Executive Officer of the Crédit Mutuel Arkéa group Executive Committee have committed to the fight against corruption and influence peddling and affirmed the principle of zero tolerance by signing an anti-corruption declaration on 9 December 2021 on the United Nations International Anti-Corruption Day. The formalised process for all Crédit Mutuel Arkéa group employees, directors and service providers was countersigned by all members of the Executive Committee. The resulting declaration has also been published on the Crédit Mutuel Arkéa institutional website and shared with all the Crédit Mutuel de Bretagne and Crédit Mutuel Sud-Ouest directors. It is also covered in all training materials. This commitment was also the subject of massive awareness-raising among the directors of the local banks, with an online publication on the extranet dedicated to the directors and an inclusion in the "Chairman's file" for the months of December and January with a view to the preparation of the Boards of Directors meetings of said local banks.

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Finally, a fun communication was distributed to all group employees, focusing in particular on the management of gifts and entertaining. The entire compliance function was also made aware of these initiatives as part of the compliance plenary session held on 9 December 2021, symbolically convened on International Anti-Corruption Day.

A responsible compliance approach

In addition to promoting a culture of ethics and responsibility, in order to protect the group from the risk of non-compliance in its activities, Crédit Mutuel Arkéa promotes a responsible compliance approach through the implementation of compliance control systems supervised and steered by its group Compliance and Permanent Control Department (DCCP).

Above all, ensuring compliance with regulations, the teams in charge of compliance work closely with the operational teams, ensuring that a common culture of compliance is reinforced. Each group employee is thus an active participant in the process and contributes through his or her actions to controlling the risk of non-compliance.

Preventing, protecting, informing, supervising; compliance works on a daily basis to enable the group to control its risks and thus adapt to changes in the economy and society with complete peace of mind. To protect the group from any risk of sanctions, financial loss or damage to reputation, the DCCP relies on a body of rules that is deployed around 4 major areas: financial security, professional ethics and business conduct, protection of customer's interests, and fiscal transparency. Each group entity applies, within its own scope, the group framework rules to which it is subject with regard to its activities and scrupulously ensures that they are properly implemented.

Financial security

Market integrity

To preserve market integrity, the group ensures that its activities comply with the rules defined in particular with regard to the circulation of confidential and privileged information and the prevention of insider trading, intervention in financial instruments, post-trade transparency, prevention and detection of market abuse, detection and management of conflicts of interest, best execution and selection of information and advice to customers, and protection of assets.

In accordance with Article 314-10 of the AMF's General Regulation, Crédit Mutuel Arkéa ensures that employees who market financial instruments have the required knowledge and skills.

In addition, in order to ensure proper monitoring of financial transactions relating to market abuse, an analysis of suspicious transactions is carried out daily within Crédit Mutuel Arkéa's scope.

An assessment of the actions carried out is regularly reported to the group's management bodies.

Anti-money laundering and financing terrorism

In order to protect the interests of customers and the group, a framework policy incorporating the regulations in force and an organisation capable of contributing effectively to the fight against money laundering and the financing of terrorism (AML-FT) have been put in place within the group.

In addition, a classification indicates the overall risk level of each country assessed according to criteria related to the quality of the tax system, the quality of the AML/FT system, the risk of the presence and activity of terrorist organisations, the existence of international sanctions or restrictive measures against the country, and the corruption index assessed by Transparency International. Procedures are in place in order to:

- prohibit transactions from or to countries sanctioned by the European Union and French regulators;
- to strengthen the monitoring of business relations in connection with countries at high risk of money laundering and terrorist financing.

The framework procedure is applied operationally by each group entity, using a risk-based approach that takes into account the type of customers, the products and services distributed, the distribution channels, the type of customer transactions and their geographical location.

The actions taken in 2021 by Crédit Mutuel Arkéa are detailed in this Universal Registration Document in Section 4.4.7.2.1 Financial security. They take into account the trends and analyses presented by the financial intelligence unit TRACFIN in its annual reports, the country assessments of the Financial Action Task Force (FATF) and the European Union and the regulator's communications (guidelines, sanctions, etc.). In the context of the health crisis, the monitoring initiated in 2020 continued in order to detect the possible occurrence of new risks. The management of money laundering schemes that have emerged in recent months has been maintained; State-guaranteed loan (SGL) fraud, sale of non-compliant sanitary equipment, fraud in short-time working benefits, etc.

The diversity of the grounds for suspicious transaction reports issued by all Crédit Mutuel Arkéa entities to the financial intelligence units to which they report has once again demonstrated this year Crédit Mutuel Arkéa's contribution to AML-FT, whose main challenge is to:

- to dry up the sources of terrorist financing;
- to hinder the laundering of illicit money through banking channels;
- to fight against corruption;
- to fight against tax and social security fraud;
- to protect the interests of its customers who are victims of abuse of weakness, identity theft or gang fraud.

The results of the application of the AML-FT system are regularly presented by the DCCP to the Compliance and Permanent Control Committee, the Risk and Internal Control Committee and the group's Board of Directors. In 2021, a training plan adapted to each employee profile was rolled out throughout the group. For Crédit Mutuel Arkéa, it focused on the following themes:

- annual remote training for employees of central departments exposed, by their responsibilities, to the risks of money laundering and the financing of terrorism (back office banking products, cash management, risks, legal, financial markets, external growth, etc.);
- continuous training of DCCP AML-FT experts as part of the half-yearly plenary sessions (at the meetings of 17 June and 2 December 2021) and weekly meetings of the Department;
- training of network employees. A first remote module was rolled out in June 2021. It included the following themes: the TRACFIN report, the financing of terrorism, cases of transmission to the public prosecutor's office, the Covid-19 pandemic and AML-FT risks, crypto-assets and cases of organised fraud concerning real estate transactions. As of 25 November 2021, 88.7% of the employees concerned had completed this training. A second half-yearly module was rolled out on 2 December 2021, incorporating the following themes: TRACFIN2020 report, changes in the AML-FT operational procedure, the financing of terrorism, fraud related to SGLs, crypto-assets and supervision of the cannabidiol trade;

- training of new directors of Crédit Mutuel Arkéa local banks: three sessions in the first half of 2021 (sixteen CMSO directors and eight CMB directors trained). For the second half of the year, three new sessions were scheduled for the end of 2021;
- training of new recruits: introductory module on AML-FT as soon as they take up their position, followed by an in-depth module.

Training is also provided by the DCCP for members of the Executive Committee of the Crédit Mutuel Arkéa group (at least every two years). The last session was carried out on 7 December 2020.

Training of second-tier directors on the AML-FT issue is provided via a dedicated training course upon taking office and periodically throughout the term of office.

In 2021, the Crédit Mutuel Arkéa group strengthened the robustness of its system by acquiring a new filtering tool, including the detection of relationships with businesses subject to asset freezes as well as politically exposed persons. The deployment of this new tool, initiated in 2021, will continue in the first quarter of 2022 for all group entities. It covers the filtering of new customer relationships, customer databases and international money flows. This system is based on an expert algorithm and the integration of artificial intelligence to limit the number of false-positive results.

Lastly, Crédit Mutuel Arkéa commits itself to its customers, partners and other counterparties by publishing a duly completed Wolfsberg questionnaire on the www.arkea.com website, as well as its AML-FT policy and commitments in an AML statement.

Professional ethics and business conduct

Thanks to the wide dissemination of the compliance culture within the group and the training system dedicated to professional ethics and business conduct, which provides for regular awareness raising among the most exposed players within the group, the rules of ethics and business conduct are an integral part of practices within the group.

The system for fighting corruption and influence peddling, which is organised around the 8 pillars enshrined in the "Sapin 2" law, is a major system with regard to the rules of business conduct and professional ethics. Defining the rules of conduct to be adopted, the acts to be prohibited, the rules relating to the acceptance of gifts and entertainment, the rules applicable in relations with third parties (customers, suppliers, intermediaries), and the rules of control, this system is supplemented by a whistleblowing system enabling any person to report a breach, offence or malfunction, and by a system governing the methods for preventing and managing conflicts of interest.

This system, which was updated in 2021, strengthens the provisions relating to the commitment of the management bodies; it designates the Head of Compliance as being responsible for anti-corruption compliance.

It is also worth recalling the commitment of the Chairman of the Board of Directors and the Chief Executive Officer of Crédit Mutuel Arkéa to the fight against corruption and influence peddling by affirming the principle of zero tolerance in this area. The approach was also formalised for the attention of all Crédit Mutuel Arkéa employees, directors and service providers and the anti-corruption declaration countersigned by all members of the Executive Committee.

As ethical rules are shared up to the highest level of the company, in application of the provisions relating to transparency in public life, Crédit Mutuel Arkéa has registered with the register of interest representatives and publishes a specific annual report on the activities in question.

All these internal procedures, which are detailed in chapter 4 of the Universal Registration Document, give concrete expression to Crédit Mutuel Arkéa's genuine commitment to ethics and professional conduct.

Protection of customers' interests

Protecting customers' interests is a major concern for Crédit Mutuel Arkéa, which is committed to fair behaviour and commercial practices towards its customers.

In this way, Crédit Mutuel Arkéa ensures that customers' interests are taken into account from the design of the products to the processing of their complaints. Training plays a key role in this success, and the group therefore carries out a number of awareness-raising initiatives for employees in contact with customers.

Ethics and the rules of good financial conduct are among the recurring themes of the training courses given to employees of Crédit Mutuel Arkéa's networks who are in contact with customers.

The protection of personal data is one of the most important aspects of the protection of customers' interests. The Personal Data Protection Department, within the Compliance and Permanent Control Department, ensures that group companies comply with the principles of the regulations, such as transparency in data processing, the strengthening of individual rights and the accountability of the various players.

Each company has finalised the operational implementation of the group's personal data protection framework.

The Personal Data Protection Department is responsible for coordinating this system, in particular through regular exchanges, bilaterally or during plenary meetings, with the personal data officers of the group companies concerned. In addition, training initiatives for new recruits and awareness-raising initiatives for existing staff were also carried out.

Finally, in line with its values, in 2021 the group continued its actions focused on customer satisfaction and protection. Concrete actions such as capping or eliminating payment incident charges for customers in a financially fragile situation were carried out.

Transparency and the fight against tax evasion

In line with its values, Crédit Mutuel Arkéa actively contributes to the fight against tax fraud and tax evasion.

Crédit Mutuel Arkéa and the subsidiaries concerned implement several measures to combat tax fraud and tax evasion based on the principles laid down in international agreements, notably the FATCA Act between France and the United States and the OECD-CRS standard for the automatic exchange of information on financial accounts for tax purposes, and are constantly adapting their procedures and information systems to comply with regulatory changes and enhance the effectiveness of their systems.

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Crédit Mutuel Arkéa has no subsidiaries outside the euro zone and does not offer offshore banking services to its customers and members, nor does it operate in countries on the European Union's black list of non-cooperative countries and regions.

Offers constantly adapted to customer expectations

In line with its Raison d'être (Purpose) as a socially responsible, ethical and inclusive company, Crédit Mutuel Arkéa aims to be exemplary both in the way it deals with its customers and in the solutions it offers.

Crédit Mutuel Arkéa and its dedicated teams seek to create innovative and responsible products as well as useful and practical solutions.

Crédit Mutuel Arkéa has already set an example thanks to its well-established inclusive approach. This is reflected first and foremost in the services it offers:

- a support system for financially vulnerable customers that takes the form of a packaged offer of dedicated services (Budg'Équilibre), or the capping of incident costs for financially vulnerable customers. For subscribers to the Budg'Équilibre offer, Crédit Mutuel Arkéa has decided to go beyond the regulatory requirement by eliminating all incident costs;
- Crédit Mutuel Arkéa's own solidarity schemes such as micro-loan, budget support and assistance for borrowers in difficulty;
- the right to an account that allows customers to benefit from access to basic banking services free of charge.

(See Section 5.4.6 *Inclusion of vulnerable customers*).

The inclusive approach also takes the form of the day-to-day support of network advisers who are attentive to the expectations of members and customers.

To guarantee customers the highest standards in terms of the quality of products and solutions, Crédit Mutuel Arkéa has set up internal procedures to ensure best practices (prior approval process for new product compliance, product governance and monitoring system, best execution and selection, etc.).

In order to guarantee the customer the best advice and information, as well as impeccable ethics of the employees in contact with the customer, the latter have, at their level, internal procedures to guide them on a daily basis, training on products and are regularly made aware of the rules of business conduct and professional ethics.

5.5.3 Human capital development

Non-financial risks associated with this issue:

- psycho-social risks, risk of employability and job transformation.

At the end of 2021, Crédit Mutuel Arkéa's total number of employees on permanent contracts stood at 10,286, up 3% on the previous year.

The group is mainly present in France, with 75% of its workforce located in the historical regions of its two federations, in Brittany and Nouvelle-Aquitaine. 3.3% of Crédit Mutuel Arkéa's workforce is located abroad (Belgium, Luxembourg, United Kingdom, Germany, Spain and Italy).

The group complies with the fundamental conventions of the International Labour Organization (ILO), relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.

The strategic "HR Transitions 2024", developed collaboratively during workshops and interviews with members of the group's Human Resources (HR) Professionals Community, places a special emphasis on the importance of what constitutes the greatest asset of Crédit Mutuel Arkéa: its human capital. The mission was unveiled in September 2021: "To support **the human opportunities and challenges of an employer with a positive impact on its regions, we create the conditions for the commitment of each employee** thanks to a personalised experience".

A key player in the success of the group's strategy and its overall performance, the Human Resources Department is a partner and facilitator at the service of all, managers and employees alike. To do this, the HR teams help each employee to achieve their potential within the group and its ecosystems by anticipating the needs of employees, developing their individual and collective skills, facilitating managerial transitions, and making "everyone a stakeholder in their own career".

Supporting each employee to realise their full potential

The quality of life at work is a major HR commitment: the interest taken in the content of the missions, the opportunity to develop new skills and support for new missions are key motivating factors.

Crédit Mutuel Arkéa also wants to make its business plan clearer. This is the purpose of "Les rencontres du printemps ou d'automne" (the Spring and Autumn meetings), which provide an ideal opportunity for management and employees to discuss the company's business plan. Information meetings also bring together all the group's managers. In order to maintain these opportunities for privileged exchanges, particularly during the health crisis, distant formats have been developed. In addition, 'Living well' flashes were published on the intranet to respond to employee issues concerning remote working: "improving our daily lives as teleworkers, how to stay active while teleworking, maintaining sleep patterns while teleworking", etc.

A team dedicated to Workplace Well-being and the prevention of psychosocial risks is responsible for this mission at the Human Resources Department in collaboration with all the entities.

To formalise the assessment of all occupational risks, including psychosocial risks, the company produces a Single Document (DU) every year, in which it specifies the results of the occupational risk assessment. The annual Programme for the Prevention of Occupational Risks and the Improvement of Working Conditions (PAPRIPACT) is designed based on the DU, listing the HR actions and the corresponding resources to be implemented. The Economic and Social Unit (ESU) employee intranet site provides information on the systems set up and the relays available in the working environment. It is a permanent information vector for all employees on occupational risk prevention. In addition, managers and various occupational risk coordinators are trained in occupational risk prevention through specific training courses. A model of the DU has been proposed by the Economic and Social Unit to the entities to facilitate annual updates.

In view of the group's activity, physical risks are limited. Accidents at work and on the way to and from work remain infrequent and of low severity: 51 accidents in 2021, compared with 49 in 2020. The total number of days of absence related to these accidents was 2,723 days. With regard to occupational diseases, no employee has been declared to be suffering from an occupational disease recognised as such by the health service in France.

An agreement on the supplementary health and welfare scheme was signed in 2017. Its purpose is to define the guarantees that employees benefit from in terms of benefits in addition to social security coverage in the event of long-term illness and provident benefits in the event of incapacity for work, disability or death, in compliance with the legal provisions relating to so-called "responsible" contracts. This collective scheme, with compulsory membership, benefits all employees of the Economic and Social Unit and their dependents. It is financed up to 75% by the employer. An additional health supplement has also been unilaterally introduced to cover excess fees for doctors with optional membership.

As a service company, special attention is paid to the psycho-social risks within the group. **This year the quality of working life (QWL) survey was launched for the entire group.** The key criteria assessed and monitored are workload, clarity of roles, physical environment, clarity of appraisal criteria, managerial support, change, autonomy, relationships with colleagues and the meaning given to work. The results communicated to all employees in the last quarter of 2021 illustrate the group's ongoing and personalised support for its employees.

2021 saw good progress. All subsidiaries now have a QWL survey, enabling each group employee to share their vision and thus guide action plans to improve their daily working lives. In addition to very rigorous and imperative health management, Crédit Mutuel Arkéa has also endeavoured to ensure good acceptance of the rules and to maintain a spirit of cohesion. This year, the crisis made it possible to confirm our employer promise: to be agile and support our employees by considering each individual case. "Relationships between colleagues" remains well perceived and is once again the top source of satisfaction even if the crisis has impacted the conviviality between employees. Long-term QWL support, coupled with pragmatic support in a crisis situation from all stakeholders (regular communications, guides and webinars, psychological listening unit, Covid-19 contacts, mobilisation of HR teams and "BienVeilleur" volunteers, launch of an anti-harassment system, etc.) and the undeniable involvement of local managers were praised by the vast majority of respondents. "Meaning given to work" received more than 60% positive opinions, and "Managerial support" 61% positive opinions. The psychological impact of the health crisis remains a point of vigilance: one third of respondents suffered from isolation and one in two employees felt more stressed than usual. Returning to the site during periods of lockdown was also a source of stress for some (complication of the organisation of work/personal life, greater health constraints, fear of non-compliance with preventive gestures within the company, etc.). Lastly, "Clarity of roles" and "Workload management" remain priorities for attention.

The "Bien-vivre au travail" (Workplace Well-being) team has been integrated into the Health and Safety group and HR monitoring since its creation in February 2020. To support employees, particularly during the pandemic crisis, employees can count, in addition to their local HR managers, their managers and their union representatives, on a community of "BienVeilleurs" deployed by HR at the beginning of 2020 within the group. Trained and led by the Well-being at Work team, these forty or so volunteer employees represent multiple sensors and relays of trust in the field. In addition, dozens of "Covid-19 Arkéa sites" volunteer employees were mobilised to coordinate the smooth running of the continuation of the activity on-site and remotely: awareness-raising and distribution of protective items, adaptation of the workplaces to health constraints, etc. Communications aimed at managers and employees are regularly sent out **with** practical support: guides for continuing activity remotely or on-site and webinars ("Being a manager in a crisis context" or "Managing stress and its personal and professional impacts" or "Managing the mental pressure in times of

health crisis"), which are followed by thousands of employees. In addition to the internal support already offered, an external listening and psychological support system was put in place since this year. The aim of this service, available 24/7, is to help employees find a better balance in their lives, whether or not it is related to the health crisis, by exchanging information with health professionals, free of charge, anonymously and confidentially. A teleconsultation service has also been made available to employees of the Economic and Social Unit and 7 group subsidiaries.

In addition, as any employee may encounter difficulties of a professional and/or personal nature during his or her life that may have consequences for his or her health, Crédit Mutuel Arkéa has set up various types of support. In this context, a network of social workers is available to employees within the Economic and Social Unit. In addition, since 2016, the Human Resources Department has run a personalised support programme for around 20 ESU employees experiencing professional difficulties for work-related or personal reasons. As part of this **"Rebound programme"**, an action plan adapted to the situation of each employee is designed and then implemented.

There is also a full-time nurse on the premises of the group's central services.

Finally, with regard to **moral or sexual harassment and sexist behaviour**, the Human Resources Department's Workplace Well-being team has set up a dedicated unit to manage reported cases, thanks to a prevention and awareness-raising mechanism for employees and a process that makes it possible to mobilise the right players at the best time to take swift action. A Stop Harassment campaign has been deployed since November 2020 by the Human Resources Department. The aim is to clarify the reporting process and to free up the floor to enable this type of situation to be resolved. In addition to communicating with all employees and managers, the company provides a certain number of tools to all: a guide that sets out the legal framework governing harassment, concrete examples and steps to be taken, as well as training soon to be available for managers and employees in the form of e-learning, and an explanatory video, a map showing all the useful numbers and the reporting process, etc. Launched within the scope of the ESU, this new system inspires other entities within the group to equip themselves with their own tools.

All these support systems are fully in line with the cooperative and solidarity identity of the group.

The organisation of work plays a major role in simplifying and lightening tasks and contributing to the effective and sustainable protection of employees' health and safety. Taking action on workloads by improving the quality of life of employees is therefore a priority in the fight against accidents at work, occupational diseases and stress. The group wishes to encourage a more flexible organisation of employees' working hours.

Company-wide agreements are implemented within the scope of the Economic and Social Unit in order to allow a more agile organisation of employees' working time:

■ teleworking agreement:

While one in ten employees had practised teleworking before the crisis, a majority of employees discovered teleworking during lockdown. In this respect, nine out of ten employees in the Economic and Social Unit say they appreciate this method of organisation and feel prepared to practise teleworking in the future.

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Teleworking is currently offered to the entire eligible population of central services, and deployment started very strongly for the networks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations. All of the group's subsidiaries offer and experiment with teleworking. Independently of the teleworking imposed by the Covid-19 health crisis, the need to set up a hybrid organisation combining face-to-face and remote work was approved in 2020.

At 31 December 2021, nearly 7,000 employees were teleworking (including nearly 4,000 within the ESU). Teleworking helps to give Crédit Mutuel Arkéa a positive image of the employer brand for nine out of ten employees. It is also one of the main motivations for young people to join a company in France.

In addition to teleworking, a remote working charter (nomadism) for mobile sales representatives has been in place at Financo and other group entities since 2017;

- agreement on chosen part-time work: it aims to take better account of employees' aspirations regarding their work-life balance and to give greater access to part-time work;
- agreement on the 'Day Package': the spirit of this agreement lies in the desire to abandon the fixed management of daily work organisation in favour of an annual management of days worked, which allows greater flexibility in the professional and personal organisation of employees. At Crédit Mutuel Arkéa, 2,069 employees are now concerned;
- donations of leave for seriously ill children or spouses: this donation, anonymous and with nothing received in return, enables the employee receiving the donation to maintain his or her compensation during their absence. In 2021, 194 ESU employees donated a total of 274 days. Since July 2020, employees are no longer required to use up their own leave before being able to benefit from the scheme. This holiday gift is now open to "helping" employees for up to 5 days per year. Donations of leave for seriously ill children or spouses are also in place at the Suravenir subsidiary.

These agreements aim to accompany the company's development from a social and economic point of view, to offer a more flexible working environment to employees, and to pursue initiatives in terms of work-life balance.

Moreover, while new technologies are now an integral part of the working environment and are indispensable to the smooth running of societies, companies are attentive to **the right to disconnection**. Automatic disconnections (during defined time slots) of the external access of certain employees to the group's IT tools are being rolled out. In 2020, the Training Department has included a 'good e-mail management' module in its catalogue.

This Quality of Life at Work approach has already been recognised with an award at the "Victoires des leaders du capital humain" awards in November 2018 for its innovative projects serving the commitment and well-being of employees. Since 2019, the "Sport@work" internal cohesion project has helped identify and support employees who take part in top-level sports, enabling them to display the Crédit Mutuel Arkéa colours, share their feedback and encourage all employees to take part in sports.

The company also supports its employees involved in humanitarian or civic events. Suravenir has set up a *salary rounding system which makes it possible for employees to give monthly micro-donations directly deducted from their pay for the benefit of two associations*.

Since 2017, initiatives have been carried out to rethink workspaces and provide improved working conditions for employees in central services and subsidiaries. Meeting and break rooms have been redesigned to promote exchanges, conviviality and modularity. In 2020, a more global review had been initiated concerning all the spaces, buildings and facilities of the central services, which must become important vectors of communication internally and externally. For this, a **cross-functional signature project** is being rolled out, in conjunction with the Human Resources Department, with the aim of contributing to the expression of the group's identity in collective spaces. In addition, in the networks, the concept of "New local banks" provides work areas for employees and customer reception areas that are fully in line with the group's ambitions to sincerely demonstrate attention to customers and employees.

Create the conditions for engagement by offering employee and manager career paths

To support the deployment of its Transitions RH 2024 strategic plan and respond to current HR challenges, the Human Resources Department has undertaken projects based on the actual experiences of managers and employees. Highly complementary in nature, these major projects aim to support the commitment of all employees, by deploying career-by-career approach and by supporting the transition to management through meaning and trust, thus enhancing the attractiveness of the group.

Crédit Mutuel Arkéa implements a dynamic recruitment, mobility and training strategy, with the aim of enhancing its attractiveness to current and future talents and the employees' pride in belonging. In 2019, the group was awarded the best distinction in the "Employer brand and recruitment" category at the "Victoires des Leaders du Capital Humain". This Gold Trophy rewards a "strong employer brand, based on people and atypical recruitment operations."

The group pursues a proactive recruitment approach based on a personalised applicant experience. In 2021, the group recruited 1,033 people on permanent contracts. Given the new behaviour of applicants and the massive arrival of social networks in the context of their job search, the recruitment team is adopting a new stance and deploys several recruitment strategies depending on the jobs to be filled, the scarcity of profiles and the business expertise sought. In addition, LinkedIn workshops are offered to employees to acquire the right reflexes, optimise their profile and share the group's achievements.

The group supports the arrival of employees in its regions, taking into consideration their family situation, in particular the professional situation of the spouse, and belongs to a network of employers in the Brest region. The human resources functions of the group's various entities also organise specific induction and training programmes for new employees. The aim is to provide optimal working conditions for the new recruit, check the match between his or her aptitudes and the expectations of the company, and create a link with the other employees. Crédit Mutuel Arkéa organises a "Carrefour des nouveaux recrutés" (new recruits' forum) to present the company's strategic plan to new group employees, meet with managers, but also to encourage cross-functionality and the creation of a network of relationships. Crédit Mutuel Arkéa also contributes to initial training by welcoming interns and work-study students. A "Work-study Encounter" was held on 4 November 2021 to raise awareness of the company's plans, publicise the richness of its business lines and facilitate their integration with a shared ambition: "At Crédit Mutuel Arkéa, work-study programmes can be the first step in your employee career". A teambuilding activity enabled work-study students to get together to win €6,000 for the group's partner associations (associations that welcome employees in skills sponsorship).

In 2021, despite the health situation, the group maintained its actions promoting the employment of young people, taking in many interns and work-study students. Faced with the difficulties encountered by students in finding companies to host them, the group launched a solidarity internship programme to further help young jobseekers. This scheme was a great success in 2021 with an increase of more than 20% in the number of interns and work-study students (956 students to be exact).

Since September 2019, initially within the scope of Crédit Mutuel de Bretagne and Central Services and then extended to the Economic and Social Unit, the group launched a co-option programme: 611 candidates co-opted and 60 applicants were appointed at the end of the process. A special operation was carried out on IT jobs that are difficult to fill in November and December 2021: 52 CVs were received and 22 applicants are now in the recruitment process.

Given the changes in the banking and insurance market, its strategic objectives, its age pyramid and its territorial positioning, Crédit Mutuel Arkéa considers job mobility to be an essential condition for its development and that of its employees. Mobility, both functional and between entities, is encouraged. A mobility committee is held every month between the recruitment and mobility teams at Head Office and in the subsidiaries to discuss job vacancies and the profiles of employees declared to be mobile. In 2021, internal mobility concerned 14.1% of the group's employees. "Objective Mobility" newsletters are sent every month to employees by email so that they can discover a selection of job offers to be filled within the central services. Similar procedures exist in the other group entities.

In addition to this commitment in terms of mobility, the group is committed to developing talent to open up its innovation capabilities even further. Each year, an annual appraisal interview enables employees to discuss the missions carried out and the employee's skills with their manager. During the 2020-2021 campaign, 89% of group employees received annual appraisals. Professional interviews are organised between employees and their managers, at least every two years, in order to discuss the employee's career path and his or her wishes for a one-year and three-year career path. Employees also have the opportunity to meet with an HR correspondent to discuss in greater depth the issues raised during the professional interview. To encourage employees to take an active role in their career path, the company offers positions open for recruitment via a job exchange system. To publicise and promote the great diversity of the group and its businesses, Crédit Mutuel Arkéa provides its employees with tools to enable them to be fully involved in their own mobility.

Since 2017, the group has been encouraging entrepreneurship initiatives, enabling company employees to develop new activities, based on personal initiatives. The aim is to enable project leaders to benefit from a welcome, expert advice, training, testing of the solution in real conditions, and even logistical support from the group. Following the November 2019 hackathon, which brought together more than 130 employees from all backgrounds to imagine the Open Banking services of tomorrow, a support programme was designed for the four winning teams, i.e. around 15 employees. A training session with an external company was thus set up to help them define a differentiating value proposition and discover the preliminary stages before setting up a pilot project or distributing it on the market. Three offers by the winning teams are now being launched within our distribution networks. A new ideas challenge for all employees will be launched in the first quarter of 2022.

Beyond individual career paths, when jobs are under pressure or when reorganisations are necessary, these changes are anticipated and managed as part of a policy of mobility within the group. In order to reinforce this moral commitment, when reorganizations are implemented, several measures included in the group's mobility charter aim to support the employees concerned (such as a mobility bonus under certain geographical mobility conditions). Each reorganisation project is supported by a dedicated Human Resources correspondent, responsible for supporting groups and individuals. The employee support process always begins with an individual interview, during which the employee and his or her HR contact discuss the employee's career paths and wishes. On a case-by-case basis, the HR correspondent has tools to help the employees concerned stay with the group (dedicated training, skills tutoring support, skills assessment, specialised external office, etc.).

Facilitate managerial transitions

The quality of management is a major lever for success, motivation and employee commitment. Since 2017, the group has been deploying its management induction programme with the Arkéa Management Academy. A programme lasting several months, it covers the following subjects: management techniques, collective leadership, motivation, employment law, stress management, personal development and quality of life at work. In addition, each manager is assessed annually on the knowledge and know-how specified in their job description as adapted to their managerial situation. The line managers of other managers are also asked to assess them on specific skills.

Develop individual and collective skills to help make Crédit Mutuel Arkéa a learning company

Training is a fundamental resource for adapting to changes, developing skills, facilitating the professional career of employees and thus contributing to the company's greater efficiency. To support each employee in becoming an actor in their own mobility, a digital training application, COGITO, has been deployed in the group since September 2020. It aims to simplify browsing to help identify training courses from the catalogue to post-training evaluation. Crédit Mutuel Arkéa maintains a high level of commitment to training. 94.7% of employees have received training and this commitment corresponds to 4.7% of total payroll. The group implements training to support the company's strategy and help its employees grow, facilitate adaptation to employment, promote professional development and maintain employee motivation. In line with the continuation of the 2020 health situation, Crédit Mutuel Arkéa continued to translate its business line training into a digital version: new recruits from Crédit Mutuel de Bretagne and the Sud-Ouest (EFIBA) banks, professional and agriculture advisors. ("Viviers"), new managers (Arkéa Management Académie), insurance distribution, home loans, IT training, etc.

In the same vein as for the network's training courses with qualifications, a training course certifying the "Data Prom" was built with an external training organisation - Telecom Évolution, to train employees in new, much sought after jobs in big data and Artificial Intelligence. This course is part of a more global approach to raising awareness of the data professions (meet-up data events, internal training, etc.) and alternates over nine months between face-to-face training and individual or collective work. This first course ended in September 2020 with a presentation of projects, with a view to direct application according to the new jobs of the employees concerned within the group during the year 2021. Training courses encouraging the entrepreneurial, collaborative and cross-functional spirit are also offered to group employees, such as the facilitators training course, which aims to disseminate the method of conducting collaborative workshops within all group entities. Specifically with regard to the climate and environmental challenges, awareness and training measures have been set up for the group's employees (see Section 5.5.7 *Environmental footprint*).

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In addition to the training plan, employees benefit from individual systems such as the Validation of Prior Experience (VAE), the Personal Training Account (CPF), the Professional Transition Project, and the financing system governed by joint committees (COPARCIF).

Offer a motivating salary policy

The annual compensation negotiations for 2021 resulted in a general annual increase of €300 per employee for salaries below €39.8 thousand, and €160 per employee for salaries above €39.8 thousand in the Economic and Social Unit. Subsidiaries outside the scope of the Economic and Social Unit conduct their own mandatory annual negotiations. In 2021, 29% of the group's employees also received an individual increase.

Employees are involved in the company's performance through profit-sharing and incentive schemes. In 2021, a total employee savings package of nearly €68 million was distributed to the group's employees. Within the scope of the Economic and Social Unit, a one-year addendum to the profit-sharing agreement for the period 2020-2023 is in force. It notably includes criteria for increasing the budget, some of which relate to the group's carbon footprint assessment and gender mix. The objective is to further strengthen

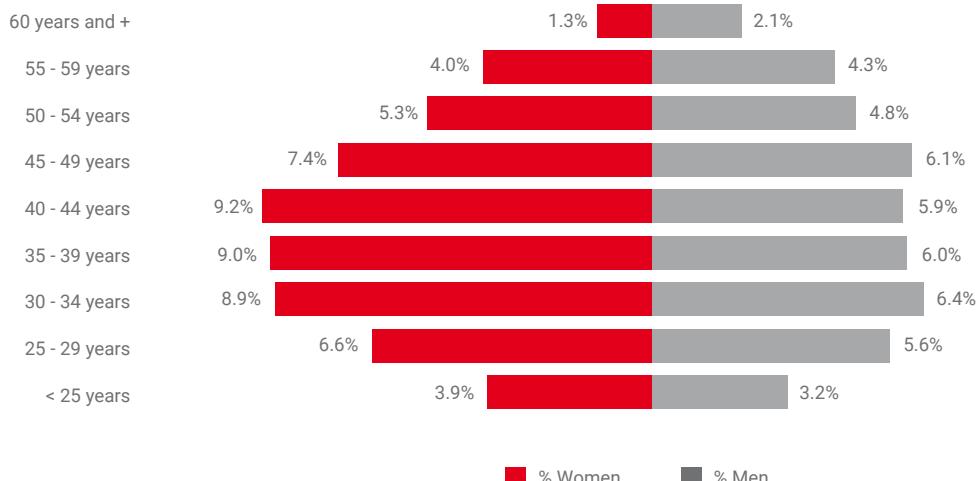
the link between profit-sharing and the achievement of the plan's strategic objectives.

In addition, the ESU has variable compensation schemes aimed at recognising collective and individual sales performance. These schemes apply to trading room managers (Federal Finance Gestion and Crédit Mutuel Arkéa), the sales staff of Arkéa Banque Entreprises et Institutionnels delegations, the sales staff of Arkéa Banque Privée, the front-office staff of Arkéa Capital and the sales networks of the two federations. For the latter, the scheme, which can provide up to 2.5 months' salary, is based on collective performance with recognition of individual investment. In 2021, the scheme allowed for €5.3 million in variable compensation to be distributed to 3,396 permanent employees.

The Economic and Social Unit has a supplementary pension plan that distributes deferred compensation to each employee upon retirement. Each employee benefits from an individual, portable account in a Mandatory Retirement Savings Plan (PERO) in which the employer supports the employee's retirement savings effort by paying a contribution of 3.90% of the reference salary every month (0.5% employee contributions). Suravenir, Armorique Habitat, ASCD and Fortuneo also benefit from this type of scheme.

	2021	2020	2019
Total workforce (physical persons)	11,190	10,846	10,560
Permanent staff (permanent contracts)	10,259	9,990	9,641
Non-permanent workforce (physical persons)	931	856	919
Executives	6,795	6,507	6,146
Non-managers	4,395	4,339	4,414
Average age (years)	40	40	40
Recruitment (permanent and fixed-term contracts)	2,133	2,058	2,085
Number of employees on permanent contracts who have left the company	764	824	579
of which dismissals	101	90	82
Average compensation per employee on permanent contracts (in euros)	48,695	48,334	47,862
Average number of hours of training per employee who has received training	25	20	27
% total payroll devoted to training	4.7%	3.9%	5.3%
Total number of calendar days of absence	168,819	177,041	157,232
Total workforce (Full Time Equivalent)	10,864	10,388	10,174
Permanent staff (Permanent contract – Full Time Equivalent)	9,975	9,549	9,301
Non-permanent staff (Full Time Equivalent)	889	840	873

Age pyramid (distribution by age group, as% of total workforce)



5.5.4 Diversity of human capital

Non-financial risks associated with this issue:

- risks of non-compliant social practices linked to the risk of discrimination

An inclusive business model

Crédit Mutuel Arkéa aims to be an inclusive business model. The group's conviction is that a company that is more inclusive of all forms of difference will improve its overall performance. The company takes care to combat the various forms of discrimination, whether direct (such as disadvantaging one employee in favour of another due to non-objective criteria at the time of hiring) or indirect, when rules and practices, accepted for economic or functional reasons, have a discriminatory impact on an individual or a group of employees.

The group's management is responsible for ensuring that the principles of non-discrimination are upheld within the company. To this end, it provides each employee with a set of internal rules and regulations when they join the company, in which they are reminded of these principles. The internal rules are specific to each company in the group. The Human Resources teams operate within a procedural framework that enables them to prevent discrimination by being aware of the inclusion and integration of all differences. In addition, the participation of line management in recruitment panels ensures that all forms of discrimination are avoided. In addition, there is no discrimination between full-time and part-time employees with regard to the social benefits offered within the Economic and Social Unit.

An "All Inclusive" training course has been in place since 2017 to help employees better identify stereotypes that can, often unconsciously, influence judgement. The group has set itself the goal of training all its employees on this subject by the end of 2022.

Gender diversity

Internally, ensure gender equality and representativeness of women in positions of responsibility.

As a group composed of 56% women, the challenge is to ensure the balanced representation of men and women at all levels, and in particular the representation of women in positions of high responsibility. In order to achieve a better balance, the group created a dedicated mission, "Mixité inside", at the beginning of 2016, whose aim is to act both on the organisation of work and on mentalities (individual stereotypes and corporate culture). The objective was to initiate a dynamic to lay the foundations for lasting change, carried out autonomously and at the heart of the business lines by each of the group's entities. This mission is supported by a network of more than 450 ambassadors, male and female employee volunteers, whose role is to raise awareness of the issue and to participate in the management of the issue within their entities. Following a diagnosis of the obstacles to gender diversity drawn up in 2016, a group-wide gender diversity action plan was launched, as well as decentralised action plans specific to each entity. The gender equality task force coordinates all of these action plans throughout the group. New managers also benefit from a half-day training session devoted to the subjects of gender diversity, diversity and inclusion. Several topics are addressed during this training: self-censorship, sexism and support for maternity leave. This module is also available on request to existing managers.

Within the scope of the Economic and Social Unit, since 2004 the actions carried out promoting gender equality have been framed by the signature of six successive company agreements. The aim of the gender equality agreement signed in 2018 is, for equivalent jobs, to measure and eliminate differences in terms of pay and professional or career development between women and men. To limit and eliminate these gaps, it provides solutions in terms of career paths, training and support measures between professional and personal life. Since 2015, a specific annual "Gender Equality" budget has been set up with the aim of reducing the pay gap. This allocation amounted to €200,000 in 2021. In 2021, 190 women benefited from a pay adjustment under this scheme. At the end of 2021, the average median gender pay gap for each level of employment was -1% within the Arkéa Economic and Social Unit. With a gender equality index which is higher than required⁽¹⁾ and increased by 2 points in 2021 to reach 94/100, Crédit Mutuel Arkéa has demonstrated its long-term commitment to promoting diversity and combating discrimination.

(1) The requirement set by the government for 1 March 2019 is 75 out of 100, failing which companies have three years to comply.

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Since 2015, in accordance with the commitments made in the collective agreement, a system to support maternity, adoption or parental leave is also in place within the Economic and Social Unit. Gender equality in the workplace agreements are also in force in certain subsidiaries. In 2021, as part of the change in the law on second parent leave, the Arkade ESU extended the beneficiaries to include all forms of parenthood. In addition, a contribution of fifteen additional days was put in place, bringing the total of second parent leave to 42 days.

Externally, the group also supports initiatives to promote diversity.

In particular, the group is a partner of the French "Diversity observatory", which brings together large companies committed to this subject. This partnership resulted in the publication, in December 2021, of a "Green Paper of six concrete measures to improve diversity in companies".

Crédit Mutuel Arkéa was one of the first 56 signatories of the charter of commitment driven by the SISTA collective and the French "National Digital Council" (CNNum) to accelerate the financing of women entrepreneurs. This charter, called "SISTAxCNNum" and presented by Secretaries of State Marlène Schiappa and Cédric O, sets out best practices for investors to make their recruitment and investment processes more favourable to gender diversity. For Crédit Mutuel Arkéa, this signature illustrates all the measures already implemented to promote equality in the workplace and greater diversity in its federations, subsidiaries and central departments. The target by 2025 is to finance 25% of start-ups founded or co-founded by women.

In 2021, as part of their respective initiatives to fight against discrimination, Crédit Mutuel Arkéa and Mastercard entered into a partnership to develop a programme to raise awareness among girls of technology jobs (defined as jobs with a high numerical component, including algorithmics, artificial intelligence or programming) in which they are underrepresented. This programme, entitled "Tech the power", was launched in June 2021.

In February 2021, the "Boostons les potentielles" project was launched with the aim of accelerating the access of women in the company to the highest positions of responsibility. The objective is to give a strong impetus to the acceleration of women's career paths, whether in terms of support or the talent spotting process. It is supported at the highest level of the company by Hélène Bernicot, Chief Executive Officer, and Julien Carmona, Chairman of the Crédit Mutuel Arkéa group. By 2024, the goal is to reach 40% women in top management and 50% women in key positions (managers and experts).

Thanks to the involvement of gender diversity ambassadors and the HR community from across the group, more than 60 people worked on the subject during a hackathon. Three of the four winning ideas were selected – a newly recruited programme, a female mentoring project 'the revealer' and a detection of female leaders process – via an internal voting campaign. These three projects will make it possible to structurally and culturally change the women's careers, their support and talent spotting.

SHARE OF WOMEN IN SENIOR MANAGEMENT AND EXECUTIVE POSITIONS AT 31 DECEMBER 2021:

- N+2 managers (Head of Department at headquarters and Head of Regional Unit in the networks): 35% versus 33%;
- executives: 37.9% vs 32.5%;
- senior executives: 20% vs 20%;
- members of the group's General Coordination Committee: 35% vs 30%;
- members of the group Executive Committee: 38% vs 44%;
- Crédit Mutuel Arkéa's effective managers: 100%.

Employees with disabilities

Another important challenge for the group in terms of diversity is to continue and strengthen the employment of people with disabilities and to maintain and support employees with disabilities throughout their working lives. At the end of 2021, 3.2%⁽¹⁾ of the group's workforce had disabilities.

In accordance with its values and in a context where the unemployment rate of people with disabilities is double that of the rest of the working population, the group actively continues its efforts.

In 2017, a new five-year agreement for 2018-2022 on the employment of people with disabilities, covering the scope of the Economic and Social Unit, was signed. This 6th agreement aims to:

- develop their employment in the group's regions: as part of the internal recruitment plan within the company and through partnerships with establishments in the protected sector on identified activities (see *Section 5.5.6 Responsible supplier relationships*). Internally, the company has set itself the objective of recruiting people with disabilities, with the aim of reaching an employment rate of 6% (in 2021, the ESU employment rate was 5.03%), with a minimum of 7 recruitments per year;
- maintain their employability, in particular through access to vocational training throughout their career. The objective is to find a professional solution adapted to each individual, by encouraging material adaptations and/or the adaptation of work situations, by supporting their professional development and by providing individual assistance if necessary;
- improve their working conditions by placing particular emphasis on digital accessibility to company tools.

A dedicated team, "Mission Handicap", coordinates the promotion and coordination of actions in favour of people with disabilities and organises, in conjunction with the disability correspondents in the various establishments of the ESU, the monitoring of actions in favour of people with disabilities. A disability IT correspondent has also been appointed. He or she works in collaboration with the Mission Handicap team and people with disabilities to ensure the availability of adapted IT tools, provide support and training for the users concerned, ensure the accessibility of communication media and anticipate the availability of new IT solutions.

(1) Position at 31 December 2021 reassessed at an employment rate of 3.8% in accordance with the URSSAF census received in March 2022 for the 2021 reference year.

On the occasion of the European Week for the Employment of People with Disabilities, but also throughout the year 2021, disability awareness campaigns were carried out for all the group's employees at a distance, taking into account the health context. At Crédit Mutuel Arkéa, many initiatives and moments were shared on this subject. A questionnaire for employees was distributed to obtain their views on disability and any measures to be put in place to improve working conditions and promote the integration of employees with disabilities.

To provide visibility, particularly on workstation arrangements for people with disabilities, interviews with internal and external people and stakeholders in these arrangements (including "CAP Emploi", ergonomists, nurses) were distributed to all employees.

Finally, we wanted to focus on the recruitment of jobseekers with disabilities by participating in the 2021 edition of Duo Day, organising five duos throughout the country, but also by promoting professional retraining by providing support for periods of practical experience in a professional environment. In May 2021, the group also took part in the Hello Handicap virtual recruitment forum (Handicap.fr). In this context, around fifty job offers were distributed to a wide audience of jobseekers with disabilities.

Employee commitment and solidarity

Skills sponsorship

In accordance with its commitments under the above-mentioned agreement, Crédit Mutuel Arkéa initiated skills sponsorship in 2018. During their final years of employment, the group offers to make employees who volunteer available (for all or part of their working hours) free of charge to a public interest body located in the regions where the group operates. In this way, the employee's employment contract is maintained, and the employee continues to receive his or her compensation and all related benefits. In this way, the company wishes to encourage employees to invest in the community before they actually leave the company, in order to be able to manage the end of their working life and the beginning of their retirement in the best possible way. In 2021, twenty employees benefited from this scheme.

Solidarity leave

In addition, in collaboration with the association "Planète Urgence", the company has already supported around twenty of the group's employees who committed to taking solidarity leave in 2018 or 2019 to teach French to women micro-entrepreneurs, first in Benin and

then in Togo during the last quarter of 2019. In 2020, forty employees were to participate in two-person teams in this solidarity operation. As the health crisis prevented the operation, Crédit Mutuel Arkéa provided financial assistance of €35,000 to the association in 2021.

5.5.5 Social dialogue

Non-financial risks associated with this issue:

- risks of non-compliant social practices, linked to non-compliance with social dialogue

The group is open to social dialogue that respects different sensitivities and expressions.

Each group company has its own employee representative bodies, in accordance with its own regulatory obligations: union representatives, company or establishment social and economic committees. The Arkade Economic and Social Unit and each subsidiary outside this scope negotiate their own company agreements. There is also a body for economic, social and organisational information: the group works council. It meets twice a year. This body is informed of the situation and prospects of all entities.

At the end of 2021, 98.2% of the group's employees were covered by a collective agreement.

Within the Arkade ESU, the new architecture of employee representative bodies was implemented in early 2020. The agreement on employee representation and trade union rights had been renewed beforehand to allow the organisation of the way these new bodies operate, as requested by the government. This agreement applies to the three Social and Economic Committees (Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and the headquarters Corporate and Institutional unit) and to the Central Social and Economic Committee of the ESU, as well as to the various committees that make them up, including the safety, health and working conditions committees. This agreement also made it possible to set up local representatives to relay employee concerns.

Social dialogue takes the form of negotiating and signing company agreements. In 2021, 64 agreements were signed at group level, including eleven within the scope of the Arkade ESU listed below.

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Main collective agreements signed in 2021 or whose implementation started in 2021 (scope Economic and Social Unit)

Expected impact of the agreements on the company's economic performance and on employees' working conditions

Teleworking

Extension of the teleworking system already in force to all employees of the Arkade ESU with the aim of improving quality of life and working conditions (QWL) and increasing employee autonomy. This agreement also aims to enable the company to meet its CSR policy objectives (carbon impact, property management, reduction of health risks, etc.).

Annual Negotiation

The mandatory annual negotiation provided for by Article L.242-13 of the French Labour Code resulted in an agreement on the general increase, but also on the budgets dedicated to gender equality, individual increases, bonuses and the determination of the matching contribution amount per employee.

Company Savings Scheme (PEE) Regulation

The purpose of the agreement is to update the name of the corporate mutual funds.

Revisions to health contributions

The purpose of the agreement is to adjust health contributions to maintain a balance between expenses and receipts on the group's Health/Protection policy.

Agreement on gender equality

This agreement aims to continue the commitment implemented several years ago by the company in favour of a real equality policy between the group's women and men. The primary objective here is to promote long-term gender equality by creating the conditions for real fairness in all stages of an employee's working life.

2021 profit-sharing agreement

The objective of this agreement is to involve employees in the development of the company by involving them directly in the performance of the Economic and Social Unit and to promote a more equal distribution in this respect over one year given the health context.

Career interview agreement

The purpose of this agreement is to adapt the frequency and methods of conducting career interviews to best meet the needs of employees to help them build their career path, while simplifying the administration of interviews for all stakeholders.

Agreement on early retirement schemes

The objective of this agreement is to maintain the early retirement arrangements already in force within the Arkade ESU pending future regulatory reforms.

QWL method agreement

This agreement defines and sets out the terms of negotiations relating to the development of a QWL agreement.

Negotiation method agreement on the management of jobs and career paths

This agreement defines and governs the terms of negotiations relating to the development of a Job Management and Professional Career Agreement (GEPP).

QVCT negotiation method agreement

Amendment to the methodology agreement relating to the terms of negotiations on QVCT (quality of life and working conditions).

The Human Resources Department regularly communicates with employee representatives during bargaining and social and economic committee (CSE) meetings. Employees are informed of the social dialogue through these communications, with an inventory of the proposals made and decisions taken. The trade union organisations benefit from several means of communication and infrastructures are made available to them with trade union premises.

Since the beginning of the health crisis, Extraordinary Meetings of the central CSE have been devoted exclusively to the measures taken to deal with the pandemic (health instructions, solutions to support employees and managers, organisation of work, particularly telework) and the subject is discussed at each meeting of this body. The state of affairs related to the health crisis is also discussed on a

monthly basis at the level of the establishment's CSEs. Finally, during periods of confinement, telephone interviews between the representative trade union organisations and the HR Department have been set up on a weekly basis to enable the HR Department to better understand employees' concerns. In addition, since June 2020, three representatives of the CSEs have been taking part each week in the HR Health and Safety monitoring group, made up of HR representatives from the group's entities, occupational medicine, the Legal Department, the Real Estate Department and the Quality of Life at Work and communication teams. The aim of this working group is to propose HR organisation solutions to the Operational Crisis Unit so that employees can continue their work in complete safety and serenity, whether remotely or on-site.

5.5.6 Responsible supplier relationships

Non-financial risks associated with this issue:

- risks of irresponsible supplier relations linked to risks of collusion, economic dependence for suppliers, late payment to suppliers and non-compliant CSR practices of suppliers

Since 2017, Crédit Mutuel Arkéa has been a signatory to the Responsible Supplier Relations charter, in which it undertakes to comply with ten principles of responsible purchasing, such as financial equity vis-à-vis suppliers, reducing the risks of mutual dependence and taking environmental issues into account. On this occasion, the group also appointed a business mediator, who can be consulted by suppliers to resolve any contractual or relationship difficulties.

Over a typical year, the group makes 92% of its purchases from French suppliers⁽¹⁾.

The group's purchasing policy takes into consideration the territorial aspect in the choice of its service providers, which is perfectly consistent with the group's positioning. Crédit Mutuel Arkéa works with nearly 2,500 local companies in its traditional regions (Brittany, South West).

Knowledge of social, human rights, environmental and anti-corruption practices

Since 2017, the Department in charge of the group's purchasing system, hereinafter referred to as the Purchasing Department, has carried out, as part of the duty of care, an annual assessment of environmental, ethical, health/safety and human rights risks by major service categories (or sectoral risks).

The group's framework contracts with suppliers and service providers include clauses relating to compliance with labour law and the fight against corruption. Since autumn 2017, a supplier Code of Conduct has also been appended to the group's framework contracts. By signing it, the supplier undertakes to comply with human rights principles (no use of forced labour and child labour, non-discrimination, etc.) and labour rights (compensation, working hours and holidays, collective bargaining, etc.), business ethics (fight against corruption, conflicts of interest, etc.) and respect for the environment.

A group framework procedure relating to the Sapin 2 law and the duty of care in the context of supplier relations has been drawn up by the Purchasing Department and is intended to apply to all group entities. The questionnaire on suppliers' knowledge of CSR practices was finalised in 2019 and revised in 2021 to include new issues, including climate risk. This self-assessment questionnaire was sent in 2021 to all service providers in charge of critical or important services and is systematically included in all tenders.

A Code of Ethics has been signed by the buyers in the Purchasing Department. It defines the rules of behaviour and ethical standards to be promoted within Crédit Mutuel Arkéa and its subsidiaries.

The choice of service providers also integrates environmental, social and societal criteria. For services of equivalent quality, suppliers and subcontractors may be selected on the basis of criteria such as employee remuneration policy, training plans set up to promote their development or prevent risks, resource management and waste treatment policies.

The correct assessment of these practices and the risks involved was also strengthened in 2021 by the deployment of a new supplier risk mapping tool. Developed by the French standards association, Afnor, the tool makes it possible to identify the risks specific to each type of purchase, and to adapt in a more targeted manner the selection criteria to be included in the specifications, as well as the contractual provisions to be imposed on suppliers.

The Purchasing Department is also a stakeholder in the group's approach to limiting its direct environmental footprint. In 2021, it formalised a charter of best practice on the purchase of advertising items and the selection of suppliers, which will be shared in 2022 with all entities and subsidiaries in order to become the reference framework for this topic.

Use of the adapted and protected sector

The Purchasing Department, in conjunction with the Human Resources Department, also promotes the use for certain activities of establishments and services for assistance through work (ESAT) and adapted companies (EA), through the national network platform for sheltered and adapted work sector service providers (GESAT).

In addition, the consultation document for tenders was enhanced in 2021 with a clause encouraging bidders to respond in collaboration with one or more players in the disability sector.

In order to develop subcontracting with the adapted and protected sector, Crédit Mutuel Arkéa buyers and specifiers were trained in 2017, in partnership with "Union Nationale des Entreprises Adaptées".

In the framework of the new company agreement on the employment of people with disabilities (Economic and Social Unit scope), the company has set a target of a 30% increase in turnover from the protected sector in order to reach €1 million in turnover in 2022 (according to the regulations in force on the day the agreement was signed).

During the Covid-19 health crisis, Crédit Mutuel Arkéa regularly communicated with its main service providers on the health measures implemented in the event of being physically present on the group's sites.

As an opt-out and in order to reduce the impact on its service providers, Crédit Mutuel Arkéa implemented various technical measures in 2021 to maintain remote services when the activity was compatible with this mode of organisation.

(1) Scope covered: equivalent to the Economic and Social Unit, Arkéa Banking Services, CFCAL, Financo, Fortuneo, Nouvelle Vague, Arkéa On Life, Suravenir, Suravenir Assurances, Keytrade, Monext, Nextalk, Izimmo, Armorique Habitat. The reference period is the year 2020 to include all the entities listed in the scope. The centralised tool (concerto) covers 80% of the scope and the sustainability of supplier relationships allows using 2020 as the reference

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5.5.7 Environmental footprint

In the context of Crédit Mutuel Arkéa's financial activities, environmental and climate-related issues are described in Sections 5.4.3 "Integration of ESG criteria" and 5.4.5 "Products and services with a social and environmental impact". As part of its duty of care, Crédit Mutuel Arkéa has also carried out a mapping of its direct environmental risks.

Raising employee awareness of good practices

Numerous actions are carried out each year to raise employee awareness of these issues. A new communication campaign, called "Co₂ acteur" was rolled out from September 2021. A dedicated space on the group's intranet presents employees with various levers for reducing their environmental footprint, supplemented through initiatives rolled out by the entities. An awareness-raising film on the group's direct environmental footprint is also available.

In 2021, in view of the health situation, Crédit Mutuel Arkéa made extensive use of teleworking. On-site activity was greatly reduced.

Management and reduction of the group's carbon footprint

Crédit Mutuel Arkéa wishes to play its full part in achieving the objectives set by the Paris Agreement. In this context, it has set itself the target of reducing the direct carbon footprint of its operations by 16% of its greenhouse gas emissions between 2019 and 2024. To this end, five action levers have been identified, broken down into concrete actions to mitigate and adapt to climate change, in the service of the preservation of natural resources: home-to-work travel, business travel, impactful supplies, sustainable real estate, and responsible digital technology.

Each year, the group measures its carbon footprint through a group carbon footprint assessment. Thus, the group's carbon assessment was carried out at the beginning of 2022, on the basis of 2021 data, and according to the method of the "Bilan Carbone" (carbon footprint assessment) Association and is subject to a fairness review by an

independent third party. Because of its strong territorial coverage, the group has chosen to include home-to-work travel in its Scope 3. To date, Scope 3 does not include the carbon footprint of the group's financing and investments. However, Suravenir and Suravenir Assurances do measure the carbon footprint of their investment portfolios (see Section 5.4.3 *Integration of ESG criteria in financing and investments*).

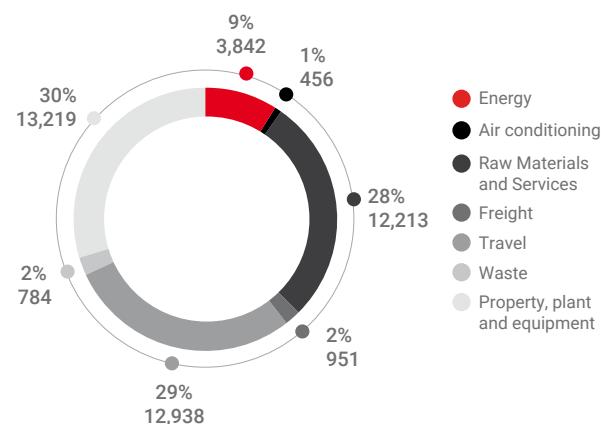
For the 2021 financial year, the group's carbon footprint assessment amounts to 44,403 tonnes of CO₂, or 4.09 tonnes of CO₂ per FTE.

The 14% decrease compared to 2020 is mainly due to the review of emission factors for home-to-work travel and for IT equipment.

Each division receives its carbon footprint assessment in order to position itself in relation to the group average and to be able to define its own action plan.

Breakdown of Crédit Mutuel Arkéa's GHG emissions

Total in tCO₂e: 44,403



Emission categories	Numbers	Emission items	Source	Breakdown
Direct GHG emissions (scope 1)	1	Direct emissions from stationary combustion sources	Natural gas and domestic fuel for the sites	7%
	2	Direct emissions from combustion engine mobile sources	Diesel fuel in the fleet	
	4	Direct emission leaks	Cold fluid leaks	
Associated indirect emissions to energy (scope 2)	6	Indirect emissions from electricity consumption	Site electricity	4%
	8	Energy-related emissions not included in items 1 to 6	Same as item 1 and 6	
	9	Purchases of products or services	Paper, ink and services	
Other indirect emissions of GHGs (Scope 3)	10	Fixed assets	Fixed assets: buildings, vehicles and IT equipment	89%
	11	Waste	Treatment of non-hazardous waste	
	12	Inbound freight transport	Cross-country transport and internal shuttles	
	13	Business travel	Travel by car, train and plane	
	23	Commuting to work	Employee travel	
		TOTAL		100%

Crédit Mutuel Arkéa wants to control its carbon footprint by focusing its efforts on its two main sources of emission: travel and fixed assets. It has set reduction targets up to 2024 based on 2019.

In order to mobilise all employees around this objective, since 2017, the profit-sharing agreement (within the scope of the Economic and Social Unit) has included a criterion for increasing the budget linked to the reduction in the carbon footprint assessment per employee.

Proactive action in the field of transport

Travel represents a significant part of Crédit Mutuel Arkéa's carbon footprint. To limit and shift practices towards eco-mobility, the group is implementing proactive actions on the subject.

Mobility plans are thus deployed in many of the group's entities.

Charging stations for electric vehicles have been installed in the employee car parks of several group sites.

Since 2018, electric vehicles have been offered for short-distance travel by central services employees where there are recharging stations. The vehicle fleet policy has been adjusted to encourage or require employees traveling less than 25,000 km per year to choose plug-in hybrid or electric vehicles. In 2021, 20% of the group's car fleet consisted of electric or plug-in hybrid vehicles.

For business trips, the use of the train is preferred and compulsory on journeys of less than 3h30.

The expansion of teleworking continued and expanded in 2021 in the context of the health crisis and the measures taken to combat the Covid-19 pandemic (including lockdown). The use of video-conferencing and remote document sharing tools became widespread, with the direct consequence of a sharp reduction in business and home-to-work travel. Conversely, the massive distribution of laptops in 2020 and 2021 reduced the capitalised portion of the PC fleet on a temporary basis. A hardware rationalisation operation is planned for 2022, including raising employee awareness of the need for digital sobriety.

Energy efficiency and eco-design

As a player in the financial sector, the group's main energy consumption concerns its IT equipment and data centres. For several years, the group has been implementing various actions to optimise this consumption (such as the insulation of cold aisles in data centres, reflective paint tests, etc.).

A data centre has undergone a significant improvement in energy efficiency evidenced by the awarding of bonuses under the Energy Saving Certificate scheme (CEE), which requires energy suppliers to improve energy efficiency.

In addition, the group has initiated work to improve the eco-design of its IT applications. Three mobile applications were the subject of a "Greenspector" analysis in 2021, obtaining the Bronze level.

In real estate, the group is also attentive to the energy efficiency of the buildings it operates. As part of the cross-functional 'Sustainable Real Estate Trajectory' initiative, the group began several actions in 2021.

For the purpose of illustration:

- following the renewal of electricity and gas supply contracts in 2020, since 1 January 2021, the group has been consuming energy with the following characteristics: the electricity supplier undertakes to inject into the grid a quantity of electricity of renewable origin equivalent to nearly 100% of the sites' consumption. The gas supplier undertakes to supply 'green' gas directly from the production of French biomethane, subject to availability;
- in 2021, the group obtained CEE grants for energy improvement work;
- the operational implementation of the missions relating to the tertiary decree "Tertiary eco-energy scheme" (DEET) was initiated at the beginning of 2021;
- the future new construction programmes drafted in 2021 included the desire to comply with future "RE 2020" environmental regulations and environmental certification objectives;
- with regard to the real estate activity as a social landlord, as part of a continuous process aimed at improving the energy efficiency of buildings and social housing under management, the Armorique Habitat subsidiary launched a significant energy renovation operation in 2021 of more than 100 housing units in Morlaix (Finistère). In addition, in 2021 Armorique Habitat chose to become a "company with a mission", as permitted by the Pacte law.

Responsible management of resources

As a player in the financial sector, Crédit Mutuel Arkéa's consumption of natural resources remains limited compared with other activities and mainly concerns paper. The group's main lever for reducing paper consumption for its customers is the dematerialisation and electronic signature of its offers, which continued in 2021. For its internal consumption, the group is continuing its efforts to reduce the volume of paper used (double-sided printing, printing by company badge introduced at central sites, Wi-Fi in the meeting rooms of central departments, etc.). In addition to the attention paid to consumption, the group is also vigilant with regard to procurement: the paper supplied to the reprographic workshops is "Programme for the Endorsement of Forest Certification" (PEFC) and Forest Stewardship Council (FSC) certified. Since 2018, employees have been using recycled paper on a daily basis.

Circular economy and waste management

Different waste sorting systems exist within the group. The main waste generated by the group's activity includes paper and waste electrical and electronic equipment (WEEE).

Crédit Mutuel Arkéa is committed to giving a second life to equipment that is no longer used within the group via specialised companies. These products are reconditioned and resold on the secondary market, or destroyed according to WEEE standards, with a certificate attesting to their destruction according to an eco-responsible process. Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest also donate reconditioned computer equipment to customer associations. In 2021, 100 donations were made, in particular to the Crèsus and Bordeaux Mécènes associations.

Since 2017, bio-waste from company restaurants has also been collected by a service provider in order to be recycled using a methanisation process.

In 2021, the recycling of cigarette ends and single-use masks was implemented.

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Consolidated table of indicators

5.6 Consolidated table of indicators

Key performance indicators	2021 Data
Share of staff exposed to AML-FT and trained (credit institution scope 15589)	91.4%
Number of sanctions by ACPR concerning the AML-FT scheme	0
Share of persons trained in compliance with the rules of deontology/professional ethics within the credit institution 15589	91%
Number of beneficiaries of the specific offer dedicated to vulnerable customers (credit institution scope 15589)	24,330
% of targeted staff aware of information systems security	91.5%
% of directors approved without condition precedent by the regulators (scope of regulated entities)	91%
Attendance rate at Arkéa's Board meetings	92%
% of subsidiaries with an attendance rate of more than 75% at meetings of the supervisory body	98%
Membership rate among individual customers	66%
% voting participation during Crédit Mutuel Arkéa's General Meetings	87%
% of voting participation in the General Meetings of local banks	1.1%
Share of assets under management with an analysis including ESG in Federal Finance Gestion's assets under management	93%
% of positive opinions on the "Meaning given to work" criterion of the QWL survey	64%
% positive opinions on the "Workload" criterion of the QWL survey	25%
Gender pay gap (Economic and Social Unit)	-1.0%
Percentage of employees trained	94.7%
Internal mobility rate	14.1%
Share of disabled workers in the workforce	3.2%
Number of collective agreements signed during the year	64
% of group purchases from French suppliers	92%
Share of ESG supplier assessments carried out for the reporting period	8.04%
GOVERNANCE	
Members – customers	
Number of clients of local banks	2,245,767
■ of which private individuals	2,041,225
Number of members	1,349,591
Number of members N-1	1,464,536
Membership rate among individual customers	66.1%
Average amount of shares held (in €)	1,717
Amount of remuneration of the shares paid in 2021 for the year 2020 (in €)	36,450,606
Number of members present and represented at the General Meetings of the local banks	15,803
Voting participation rate	1.1%
Directors of local banks	
Number of local banks	293
Number of directors of local banks	2,590
■ of which women	1,087
Number of Local Boards held during the year	3,170
Number of chairwomen of local banks	81
% of chairwomen of local banks	27.7%
Number of directors summoned to Local Bank Boards	28,592
Number of directors on Local Bank Boards	22,505
Number of new elected directors of local banks	119
■ of which women	52
% of women among the new directors of local banks	43.7%
Number of new Chairmen of local banks	32
■ of which women	8
% of women among the new chairmen of the local banks	25.0%

Key performance indicators	2021 Data
Directors of the federations	
Number of elected directors of federations	81
■ of which women	34
Number of newly elected directors of federations	5
■ of which women	0
% of women among newly elected directors of federations	0.0%
Number of new Presidents of federations	1
Directors of Crédit Mutuel Arkéa	
Number of members elected from Crédit Mutuel Arkéa's Board of Directors (excluding employees appointed by the CSEC)	17
■ of which women	8
■ of which independent directors	16
Training	
Number of directors or corporate officers of local banks who have attended at least one training course during the year	2,109
Total number of hours dispensed	8,466
Percentage of local bank directors trained	81%
Duration of training per director trained (hours)	4
SOCIETAL	
Number of Crédit Mutuel Arkéa outlets in France and abroad	425
Number of Crédit Mutuel points of sale	367
Number of Crédit Mutuel Arkéa outlets outside France	3
Periodic points of sale	552
Micro-loans	
Personal supported micro-loans (partnerships)	
Number of personal micro-loans granted during the year	326
Average amount of personal micro-loans granted (in €)	2,895
Amount of personal micro-loans financed during the year (in €)	943,797
ADIE Intermediated professional micro-loans	
Number of intermediated professional micro-loan files	748
Amount of credit lines made available (in €)	2,191,024
Professional solidarity	
Appui Plus donations (in € thousands)	789
Amount of Appui Pro loans at 0% interest (in € thousands)	3,509
Number of 0%-rate Appui Pro loans granted during the year	807
Number of jobs supported Solidarité Pro	1,064
Personal solidarity	
Amount of aid under the "sensitive accounts" scheme (reversal and charges not levied) (in €)	311,830
Number of grants from the "sensitive accounts" scheme (reversal and fees not deducted)	1,790
Amount of aid to borrowers (in €)	245,558
Number of borrower's aids	167
SRI – ESG	
SRI outstandings (in €)	9,607,474,623
Outstanding ESG (in €)	26,369,314,381
Voting policy	
Rate of approval of resolutions	84.4%
Number of General Meetings attended by the company	102
Solidarity savings	
Total outstanding solidarity savings (in €)	2,878,911,728
Amount donated to associations	177,497
Outstandings excluding capitalisation Livret Solidaire (in €) ⁽¹⁾	70,531,737
Outstanding solidarity-based employee savings (in €)	379,679,991

(1) In 2021, all outstandings benefited from the FINANSOL groups

5.

STATEMENT OF NON-FINANCIAL PERFORMANCE

Consolidated table of indicators

Key performance indicators	2021 Data
Non-profit organisation market	
Number of client NPOs (associations, trade unions, works councils, etc.)	63,455
Patronage and sponsoring	
Overall budget for sponsorship and corporate sponsorship (in €)	17,715,975
Renewable energy and energy efficiency loans	
Number of interest-free eco-loans granted during the year	2,149
Average amount of interest-free eco-loans granted (in €)	12,063
Total amount of interest-free eco-loans granted (in €)	25,924,447
Number of projects funded (professionals and farmers)	291
Products and services with social purpose	
Outstanding regulated social loans (PLS, PSLA) (in €)	666,504,174
Mediation	
Number of eligible applications	223
Number of customer-friendly decisions	61
Financial Indicators	
Gross technical provisions of insurance subsidiaries (in € thousands)	33,213,080
Technical provisions for unit-linked contracts of insurance subsidiaries (in € thousands)	18,721,207
SOCIAL	
Staff	
Workforce physical persons	11,190
■ of which France	10,820
■ of which outside France	370
■ of which non-managerial staff	4,395
■ of which men	4,961
■ of which women	6,229
Total staff FTEs	10,864
FTE permanent staff	9,975
■ of which women	5,487
■ of which non-managerial staff	3,655
% of employees on permanent contracts	91.8%
Recruitment	
Total number of recruitments	2,133
■ of which women	1,186
■ of which permanent contracts	1,033
Number of trainees and work-study students welcomed over the year	956
Conversion rates (permanent and fixed-term contracts)	26.5%
Dismissals and reasons	
Number of employees with permanent contracts who left the organisation	764
■ of which dismissals	101
Turnover	6.1%
ORGANISATION, WORKING HOURS AND ABSENTEEISM	
Organisation of working time	
% of full-time employees	93.3%
% of part-time employees	6.7%
Absenteeism and its reasons	
Total number of calendar days of absence	168,819
■ of which Diseases	166,096
■ of which Accidents at work	2,723
Number of declarations of occupational diseases	1
Health and safety conditions	
Number of reported accidents at work, with work stoppage	51

Key performance indicators	2021 Data
Training and professional development	
Payroll invested in training (in €)	24,008,477
% of payroll dedicated to training	4.7%
Number of employees who attended at least one training course	10,596
% of employees trained	94.7%
Total hours spent on employee training	268,903
Average number of hours of training per year per employee who has received training	25
% of annual evaluation interviews carried out	89.0%
Internal mobility rate	14.1%
Professional equality between men and women	
Number of women managers	2,987
% of women among managers	46.5%
% of women at Executive Committee	38%
% of women on the General Management Coordination Committee	35%
% of women in senior management	20%
% of women in executive management	38%
% of women among N+2 managers	35%
Number of managers promoted within the year to a higher level of function	402
■ of which women	194
% of women among management promotions	48.3%
Number of women who have received a pay correction under the professional equality package	190
Social dialogue	
Number of convictions for the offence of obstruction (in France)	0
Number of consultations of staff representatives (ESC)	464
Number of information procedures for staff representatives (ESC)	496
% of employees covered by a collective agreement	98.2%
Employment and integration of disabled workers	
Number of disabled workers	359
% of people with disabilities in the total workforce	3.2%
Compensation and changes in compensations	
Gross payroll (in €)	514,517,501
Average gross annual compensation for all permanent positions (in €)	48,695
Average gross annual compensation for permanent non-managerial staff (in €)	34,045
Average gross annual remuneration for permanent managerial staff (in €)	57,168
Total gross annual compensation on permanent contracts (in €)	485,728,010
Total gross annual compensation for permanent non-managerial staff (in €)	124,446,168
Total gross annual compensation for permanent managerial staff (in €)	361,281,842
Amount of employee savings	67,290,358
% of employees who received an individual raise	29.0%
ENVIRONMENTAL	
Carbon footprint assessment	
Carbon footprint assessment (tons of CO ₂)	44,403
Carbon footprint assessment (tons of CO ₂ /fte)	4.1
Water	
Water consumption (m ³)	49,894
Energy (kwh)	
Total energy consumption (kwh)	44,522,369
■ of which chilled water in the urban network (kwh)	165,759
■ of which steam heating – urban network, billed per tonne of water returned (kwh)	178,932
■ of which electricity (kwh)	37,693,345
■ of which gas (kwh)	6,226,362
■ of which fuel oil (kwh)	257,972
% of electrical energy from renewable sources	99

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Consolidated table of indicators

Key performance indicators	2021 Data
Paper (tons)	
Paper consumption (tons)	929
■ of which paper for internal use (tons)	167
of which paper for external use (external services: printing, communication, customer statements, cheque books, etc.) (tons)	762
% recycled paper at purchase	52.8%
Weight of recycled paper (tons)	572
Travel (km)	
Business travel – plane (km)	2,921,215
Business travel – train (km)	3,118,939
Business travel – car fleets (km)	10,470,266
Business trips with personal vehicle (km)	4,686,662
Mail management: shuttles between cash desks and business lines + cash transport (km)	1,393,948
Number of litres of gasoline consumed by the internal fleet	251,920
Number of litres of diesel fuel consumed by the internal fleet	400,024
Direct emission leaks	
Leakage of refrigerant gases from air conditioning systems (tertiary air and water air conditioning) (kg)	258
Devices to reduce environmental impact and greenhouse gas emissions	
Number of videoconference equipment in meeting rooms	86
Number of remote conferences	780,679
Sanctions	
Amount of compensation paid during the financial year in execution of a judicial decision in environmental matters (in €)	0
Risks	
Amount of provisions for environmental risks (in €)	0
Number of ministerial decrees recognising a state of natural disaster during the calendar year	27
Number of claims reported under these decrees	687
Number of these claims handled and closed during the financial year	216
Total number of claims (natural disasters) handled and closed during the financial year, regardless of the date of recognition of the disaster	723

Methodology

Reporting scope

The scope covered by the reporting process corresponds to Crédit Mutuel Arkéa as a whole, as defined by the financial consolidation. Subsidiaries accounted for by the equity method are excluded from the scope.

Reporting period

This report covers the 2021 calendar year from 1 January to 31 December, including data relating to the group's carbon footprint assessment.

In 2021, the energy data (gas, electricity) cover a rolling year from 1 December 2020 to 30 November 2021.

Methodological specificities of the indicators

Concerning social data, unless otherwise specified, the scope is that of the group. Where this is not the case, the scope of the Economic and Social Unit is stipulated and represents 66% of the group's employees (permanent and fixed-term contracts) and includes the following employer companies: Crédit Mutuel Arkéa (Crédit Mutuel de Bretagne network and central services), Arkéa Banque Entreprises et Institutionnels, Federal Finance, Federal Finance Gestion, Arkéa Crédit Bail, Arkéa Capital, Crédit Mutuel du Sud-Ouest.

Clarifications on some key performance indicators

Annual rate of personnel exposed to AML-FT: the figures refer to training campaigns launched in 2021.

Gender pay gap: average of the differences (in%) in median gender pay observed for each level of employment, weighted by the number of employees at each level of employment.

Clarifications on some governance indicators

Training

The duration of training for directors at Crédit Mutuel de Bretagne is estimated at 8 hours for full-day training, 3 hours for half-day training and 2 hours for evening training.

Clarifications on certain social indicators

Staff

The number of employees does not include the service staff of 28 local banks and one departmental management.

Absenteeism

The total number of calendar days of absence includes all of the following absences of employees on permanent, fixed-term or work-study contracts: paid sick leave, unpaid sick leave, sick leave without a medical certificate, accidents at work (including those not recognised by the French health service) and commuting accidents, special leave, child sick leave, long-term unpaid leave (longer than one month), sabbatical leave, parental leave, and disability leave.

Unaccounted absences are paid leave or conventional days (RTT, seniority, marriage, etc.), maternity, paternity and adoption leave.

Payroll

The wage bill invested in training includes Fongecif subsidies and work-linked training.

Mobility

The internal mobility rate includes movements within and between group entities for employees on permanent contracts.

Departure rate

The departure rate is calculated by dividing the number of departures (excluding retirement) by the average number of employees during the year.

Clarifications on some environmental indicators

Carbon footprint assessment

The 2021 carbon footprint assessment has been carried out using the most recent method of the Bilan Carbone Association (V8.6), which provides greater precision in the calculation of emissions.

The home-to-work travel figures are for the headcount present at 31 December 2021.

The mileage done with company vehicles corresponds to business travel.

The carbon footprint is subject to external verification by the independent third party.

Water consumption

Water consumption refers to actual consumption for all group entities, except for Crédit Mutuel de Bretagne, which is estimated on the basis of average water consumption per employee.

Travelling by train and plane

Air and rail miles travelled are calculated from billing data and can include 2020 journeys that were settled in 2021.

Business travel - Car fleets

The kilometres travelled by company vehicles are prorated based on the average number of days worked during the year.

Exclusions

The following subjects are not described in the Non-financial Performance Statement, as they are considered non-material in the context of the group's direct activity: food waste and the fight against food insecurity.

External audit approach

In order to obtain an external opinion on the reliability and sincerity of the non-financial data, Crédit Mutuel Arkéa has appointed PricewaterhouseCoopers Audit as an independent third party, to verify the Statement's compliance with the provisions of Article R.225-105 of the French Commercial Code and the sincerity of the information provided in application of 3° of I and II of Article R.225-105 of the French Commercial Code, namely the results of policies including key performance indicators and actions relating to the main risks.

The assurance report issued by the Independent Third Party and detailing the due diligence carried out as well as their comments and conclusions are included in this Universal Registration Document.

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Cross-reference table with international commitments

5.7 Cross-reference table with international commitments

Global Compact
Principles



5.1 Arkéa group's business model

5.2 Social responsibility of the Arkéa group



5.3 Main non-financial challenges and risks

1 to 10	1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

5.3.1 Materiality analysis

5.3.2 Main non-financial risks of the group

5.3.3 Vigilance plan and implementation report

5.4 Supporting customers and regions in societal, social and environmental transitions

5.4.1 Customer relations and satisfaction

5.4.2 Support for regional development

1	1 NO POVERTY 	2 ZERO HUNGER 	4 QUALITY EDUCATION 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES
	11 SUSTAINABLE CITIES AND COMMUNITIES 					

5.4.3 Integration of ESG criteria into financing and investments

1 to 10	1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

5.4.4 Green taxonomy

5.4.5 Products and services with a social and environmental impact

1, 8, 9	1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	7 AFFORDABLE AND CLEAN ENERGY 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	13 CLIMATE ACTION 	15 LIFE ON LAND 				

5.4.6 Inclusion of vulnerable customers

1	1 NO POVERTY 	10 REDUCED INEQUALITIES
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Global Compact
Principles**5.5 A responsible corporate approach**

5.5.1 Data protection and security	2	
5.5.2 Exemplarity in business and governance	1, 10	 
5.5.3 Human capital development	1, 3, 4, 5, 6	 
5.5.4 Diversity of human capital	1, 6	 
5.5.5 Social dialogue	1, 3, 6	
5.5.6 Responsible supplier relationships	2, 3, 4, 5, 6, 7, 10	  
5.5.7 Environmental footprint	7, 8, 9	  

5.6 Table of non-financial indicators

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Report of the independent third party on the non-financial performance statement information

5.8 Report of the independent third party on the non-financial performance statement information

Report by the Statutory Auditor, appointed as an independent third party, on the verification of the consolidated statement of non-financial performance

(Financial year ended December 31, 2021)

Report by one of the Statutory Auditors, appointed as an independent third party, on the verification of the consolidated statement of non-financial performance

(Financial year ended December 31, 2021)

To the General Meeting

CREDIT MUTUEL ARKÉA

1 rue Louis Lichou

29480 Le Relecq-Kerhuon

In our capacity as Statutory Auditor of the company (hereinafter "the entity"), appointed as an independent third party, accredited by Cofrac (Cofrac Inspection Accreditation, no. 3-1060, available at www.cofrac.fr), we have carried out work to formulate a reasoned opinion expressing a conclusion of limited assurance on the historical information (recorded or extrapolated) of the consolidated statement of non-financial performance (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the entity's procedures (hereinafter the "Reference Framework"), for the financial year ended , presented in the group's management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we have implemented, as described in the "Nature and scope of the work" section, and the information we collected, we have not identified any material anomalies that would call into question the fact that the consolidated statement of non-financial performance complies with applicable regulatory provisions and that the information, taken as a whole, is fairly presented in accordance with the Reference Framework.

Comments

Without calling into question the conclusion expressed above and in accordance with the provisions of Article A.225-3 of the French Commercial Code, we make the following comment:

- The group does not present in the Statement a key performance indicator for the risk of non-compliance with tax transparency rules.

Preparation of the statement of non-financial performance

The absence of a generally accepted and commonly used reference framework or established practices used to evaluate and measure the Information allows the use of different yet acceptable measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood in conjunction with the Reference Framework, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The Information may be subject to inherent uncertainty in terms of scientific or economic knowledge and the quality of the external data used. Certain information is sensitive to methodological choices, assumptions and/or estimates used to prepare it and presented in the Statement.

Responsibility of the entity

It is the responsibility of :

- to select and/or establish appropriate criteria for the preparation of the Information;
- prepare a Statement compliant with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators and the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- as well as to put in place the internal control that it deems necessary to prepare information that is free from material misstatements, whether due to fraud or error.

The Statement was prepared in accordance with the entity's Reference Framework as mentioned above.

Responsibility of the Statutory Auditor appointed as an independent third party

It is our responsibility, based on our work, to express a reasoned opinion with a moderate level of assurance on :

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to 3° of I and II of Article R.225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions, relating to the principal risks, hereinafter the "Information".

As we are responsible for preparing an independent conclusion on the Information prepared by management, we are not authorised to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A.225-1 et seq. of the French Commercial Code, the professional doctrine of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this work and international standard ISAE 3000 (revised) - *Assurance engagements other than audits or reviews of historical financial information*.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the Code of Ethics for Statutory Auditors. In addition, we have set up a quality control system that includes documented policies and procedures to ensure compliance with applicable laws and regulations, ethical rules and the professional doctrine of the French national auditing body relating to this work.

Means and resources

Our work involved the skills of various people and took place over a period of several weeks.

To assist us in the completion of our work, we called upon our specialists in sustainable development and corporate social responsibility. We conducted around twenty interviews with the people responsible for preparing the Statement, representing in particular the Organisation and Resources Department.

Nature and scope of the work

We planned and carried out our work taking into account the risk of material misstatements in the Information.

We believe that the procedures we have implemented, exercising our professional judgement, have enabled us to formulate a conclusion of limited assurance:

- we have reviewed the activities of all the entities included in the scope of consolidation and the description of the principal risks;
- we have assessed the appropriateness of the Reference Framework in terms of its relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, good industry practice;
- we have verified that the Statement covers each category of social and environmental information provided for in Article L.225-102-1 III;

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

Report of the independent third party on the non-financial performance statement information

- we have verified that the Statement presents the information required by Article R.225-105 II when relevant to the principal risks and includes an explanation of the reasons for the absence of the information required by Article L.225-102-1 III, paragraph 2;
- we have verified that the Statement presents the business model and a description of the principal risks of the business of all entities included in the scope of consolidation, including, where relevant and proportionate, risks created by its business relationships, products or services, as well as policies, actions and results, including key performance indicators relating to the principal risks;
- we have consulted documentary sources and conducted interviews to:
 - assess the process for selecting and validating principal risks and the consistency of the results, including the key performance indicators selected, with the principal risks and policies presented, and
 - corroborate the qualitative information (actions and outcomes) that we considered the most important, presented in the Appendix. Our work was carried out at the level of the consolidating entity;
- we have verified that the Statement covers the consolidated scope, i.e. all entities included in the scope of consolidation in accordance with Article L.233-16;
- we have examined the internal control and risk management procedures implemented by the entity and have assessed the information collection process with a view to ensuring its completeness and fairness;
- for the key performance indicators and other quantitative results that we have considered most important, presented in the Appendix, we have implemented:
 - analytical procedures consisting of verifying the correct consolidation of the data collected as well as the consistency of their evolution,
 - detailed testing, using samples or other selection methods, consisting of verifying the proper application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with a selection of contributing entities, namely Crédit Mutuel de Bretagne, Central Services (centralised management scope covering several entities depending on the indicators), Crédit Mutuel du Sud-Ouest, Financo, Arkéa Banque Entreprises et Institutionnels, Suravenir, Fortuneo, Suravenir Assurances, Arkea SCD, ProCapital, Arkea Banking Services, NEXTALK, Izimmo Holding, and Budget Insight, and cover between 20% and 100% of the consolidated data selected for these tests;
- we have assessed the overall consistency of the Statement with our knowledge of all the entities included in the scope of consolidation;
- we have verified that the Statement includes a clear and reasoned explanation of the reasons justifying the absence of a policy concerning one or more of these risks.

The procedures implemented as part of a limited assurance assignment are less extensive than those required for a reasonable assurance assignment performed in accordance with the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes; a higher level of assurance would have required more extensive verification work.

Neuilly-sur-Seine, April 8, 2022

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Pierre Clavié

Associate

Pascal Baranger

Director of the Sustainable Development Department

Appendix: List of information that we have considered to be the most important

Key performance indicators and other quantitative results:

KPI

- Percentage of staff exposed to AML-FT and trained (credit institution scope 15,589)
- Number of sanctions by the ACPR concerning the AML-FT scheme
- Share of persons trained in compliance with the rules of deontology/professional ethics (credit institution scope 15,589)
- Number of beneficiaries of the specific offer dedicated to vulnerable customers (credit institution scope 15,589)
- % of targeted staff aware of information systems security
- % of directors approved without condition precedent by the regulators (scope of regulated entities)
- Share of members among the federations' individual customers
- Attendance rate at General Meetings of local banks
- Attendance rate at Crédit Mutuel Arkéa's General Meeting
- Attendance rate at Crédit Mutuel Arkéa's Board of Directors' meetings
- % of subsidiaries with an attendance rate of more than 75% at meetings of the supervisory body
- Share of assets under management with an analysis including ESG in Federal Finance Gestion's assets under management
- Measurement of the direct environmental footprint: group carbon footprint per ton of CO₂
- QWL barometer: rate of positive opinions on the "Meaningfulness of work" criterion and rate of positive opinions on the "workload" criterion
- Percentage of employees trained
- Internal mobility rate
- Gender pay gap (Economic and Social Unit)
- Share of workers disabled in the workforce
- Number of collective agreements signed

- Number of directors or corporate officers who have attended at least one training course during the year
- Number of new male Chairpersons - Local banks
- Number of new female Chairpersons - Local banks
- Number of new female Chairpersons - Federations
- Number of customers - of which private individuals
- Number of members of Local banks
- Number of members present and represented at local AGMs
- Sum of ESG funds under collective management
- Total outstanding under collective management
- Interest-free eco-loans: number of loans granted
- Interest-free eco-loans: total sum of loans granted (in €)
- Overall budget for sponsorship (in €)
- Chilled water consumption in urban areas (kWh)
- Water vapour heating consumption
- Electricity consumption (kWh)
- Gas consumption (kWh)
- Fuel oil consumption (kWh)
- Paper consumption via non-stored commissary (in tonnes)
- Paper consumption via intra-group desktop publishing (in tonnes)
- Paper consumption via mailing services (in tonnes)
- Paper consumption via chequebook production (in tonnes)
- Paper consumption via extra-group printing (in tonnes)
- Paper consumption via stored commissary (in tonnes)
- Consumption of reprographic paper (in tonnes)
- Business travel by plane (km)
- Business travel by train (km)
- Business travel – car fleets (km)
- Total number of employees in average annual FTE as of December 31 of the reference year
- Workforce (natural persons)
- Number of employees on permanent contracts
- Number of employees on fixed-term contracts
- Total number of hires
- Total number of female hires
- Number of employees trained during the year
- Number of employees working from home
- Number of intra-entity movements among the permanent workforce (in natural persons)

Quantitative indicators

- Number of client NPOs (associations, trade unions, works councils, etc.)
- Pro Support loans at 0% interest (in € thousands)
- Amount of aid under the "sensitive accounts" scheme (reversal and charges not levied)

5. STATEMENT OF NON-FINANCIAL PERFORMANCE

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- Number of inter-entity movements among the permanent workforce (in natural persons)
- Number of reported accidents at work, with lost time
- Number of women managers
- Number of disabled workers
- Number of women who have received a pay correction under the professional equality package
- Total amount of GROUP purchases made from French suppliers
- Amount of purchases made from suppliers who have responded to a CSR questionnaire

Qualitative information (actions and outcomes):

- Anti-money laundering and financing terrorism
- Promotion of a culture of ethics and responsibility
- Development of customer focus
- Mechanisms for detecting financially vulnerable customers
- Incident response strengthening
- Director training - at subsidiary level
- Responsible governance - at CMSO and CMB federation level
- Responsible governance - at CMA level
- The group's participation in new market initiatives aimed at collectively building greater consideration of sustainability issues, including climate and biodiversity-related issues, by economic players and greater transparency
- Increased consideration of sustainability risks
- Financing for critical infrastructure for future development
- Private equity: controlling investments
- Energy efficiency in housing (Financo)
- Sustainable mobility (Suravenir Assurances)
- Support for farmers, winegrowers and fishermen
- Support for the associative network
- Management and reduction of the group's carbon footprint
- Promoting the Crédit Mutuel Arkéa group brands in its regions
- Support for talent and creativity in the regions
- Supporting each employee to realise their full potential
- Creating conditions for engagement by offering employee and manager career paths
- Developing individual and collective skills to help make Crédit Mutuel Arkéa a learning company
- Gender diversity - internally, ensuring professional equality and female representation in positions of responsibility
- Gender diversity - externally, the group also supports gender diversity initiatives
- Maintaining social dialogue
- Knowledge of social, human rights, environmental and anti-corruption practices
- Use of the adapted and protected sector

5.9 SNFP and URD cross-reference table

	Reference texts	Sections	Pages
Presentation of the business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	Chapter 1 - Presentation of Crédit Mutuel Arkéa 1.1 The Crédit Mutuel Arkéa business model	04
Business model		5.1 The Crédit Mutuel Arkéa business model (see section 1 of Chapter 1)	264
Main activities of the Group: business lines and their key figures, products and services, results		1.2 Group profile 1.5 The Crédit Mutuel Arkéa business lines	06 18
Organisation: presentation of the main activities, workforce, governance		5.2.2 Governance and organisation that address these challenges 2 Corporate governance	265 35
Strategy, outlook and objectives		1.3 Overall performance 1.4 Crédit Mutuel Arkéa in a few dates 1.6 The Crédit Mutuel Arkéa strategy 1.7 2021 highlights 5.2 Crédit Mutuel Arkéa's corporate social responsibility 5.2.1 Responsible development at the heart of the strategic project 5.2.3 An open-minded approach for sustainable economic development	09 14 26 28 264 264 266
General presentation of the principal non-financial activity-related risks			
Description of the principal risks related to the activity of the company or group, including, where relevant and proportionate, risks created by business relationships, products and/or services	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	5.3 Principal non-financial issues and risks	269
Materiality Analysis		5.3.1 Materiality analysis	269
Main non-financial risks including key performance indicators and summary	Articles L. 225-102-1 and R. 225-105, I. 1° of the French Commercial Code	5.3.2 Main non-financial risks Summary table of the main non-financial risks 4.1 Risk factors	270 271 - 272 218
Description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the principal risks related to the activity of the company or group	Articles L. 225-102-1 and R. 225-105, I. 3° of the French Commercial Code	5.3.2 The group's main non-financial risks Summary table of the principal risks Summary table of the mitigation policies and main associated due diligence measures in place to prevent the occurrence of major risks 5.3.3 Vigilance plan and implementation report 5.7 Cross-reference table with international commitments	270 271 - 272 273 - 275 276 326
Information on the effects of the activity on respect for human rights and the fight against corruption and tax evasion, and the way in which the company or group takes into account the social and environmental consequences of its activity	Articles L. 225-102-1, III, L. 22-10-36 and R. 22-10-29, R. 225-104 and R. 225-105, I. 2°, II. B. 1° of the French Commercial Code	5.4 Supporting clients and regions in societal, social and environmental transitions 5.4.3 Integration of ESG criteria into financing and investments 5.4.6 Inclusion of vulnerable customers 5.5 A responsible corporate approach 5.5.1 Data protection and security 5.5.2 Exemplarity in business and governance 5.5.6 Responsible supplier relations 4.4.7 Non-compliance risk including money laundering and the financing of terrorism, Transparency and the fight against tax evasion 5.7 Cross-reference table with international commitments	281 286 299 302 302 303 317 247 326

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SNFP and URD cross-reference table

	Reference texts	Sections	Pages
Social information (employment, work organisation, health and safety, labour relations, training, equal treatment, including the fight against discrimination and promoting diversity & measures for people with disabilities)	Articles L. 225-102-1 and R. 225-105, II. A. 1° of the French Commercial Code	5.5.2 Exemplarity in business and governance 5.5.3 Human capital development 5.5.4 Diversity of human capital	303 308 313
Collective agreements concluded within the company and their impact on the company's economic performance as well as on the working conditions of employees	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	5.5.5 Social dialogue	315
Environmental information (general environmental policy, pollution, Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code (circular economy, climate change))	Articles L. 225-102-1 and R. 225-105, II. A. 2° of the French Commercial Code	5.4.3 Integration of ESG criteria into financing and investments 1.3 Overall performance 5.4.4 Green taxonomy 5.4.5 Products and services with a social and environmental impact 5.5.7 Environmental footprint	286 09 293 295 318
Societal information (societal commitments in favour of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II. A. 3° of the French Commercial Code <i>Food waste and the fight against food insecurity, even if taken into account in the criteria for investments and customer support, do not justify an in-depth analysis in this report because they are considered immaterial in the context of Crédit Mutuel Arkéa's direct business</i>	5.4 Supporting customers and regions in societal, social and environmental transitions 5.4.2 Support for regional development 5.4.3 Integration of ESG criteria into financing and investments 5.4.4 Green taxonomy 5.4.5 Products and services with a social and environmental impact 5.4.6 Inclusion of vulnerable customers 5.5 A responsible corporate approach 5.5.2 Exemplarity in business and governance 5.5.6 Responsible supplier relations 5.5.7 Environmental footprint	281 282 286 293 295 299 302 303 317 318
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Crédit Mutuel

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Additional information

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General information

Information about the company

Registered name and trading name: Crédit Mutuel Arkéa

Place and registration number:

Siren: 775 577 018 RCS Brest/APE Code: 641 Z

Date of incorporation and lifetime:

The company was incorporated on 24 September 1960 for a 99 years term, i.e. for a period ending on 23 September 2059.

Head office: 1 rue Louis Lichou, 29480 Le Relecq-Kerhuon, France

Telephone: +33 (0)2 98 00 22 22

Fax: +33 (0)2 98 28 46 32

Legal form:

The company is a French variable capital credit cooperative. It is also a union of cooperatives.

It is governed by:

- the law of 10 September 1947 on the status of cooperation;
- Articles L.231-1 to L.231-8 of the French Commercial Code on variable capital;
- the provisions of the French Commercial Code on commercial companies;
- the provisions of the French Monetary and Financial Code relating to the activity and supervision of credit institutions;

■ Articles L.512-55 to L.512-59 of the French Monetary and Financial Code and all other texts relating to Crédit Mutuel;

■ the provisions of its Articles of Association and internal regulations.

Memorandum and Articles of Association:

The latest version of Crédit Mutuel Arkéa's Articles of Association was approved at the General Meeting of 14 May 2020. The corporate purpose of the Company is described in Article 6 of the Articles of Association.

Nature of control over the company

The basic structure of the group is the local bank. This covers a limited geographical area and its capital is held by the members in the form of shares. In accordance with the provisions applicable to Crédit Mutuel, and in particular the provisions of Articles L.512-55 et seq. of the French Monetary and Financial Code, Crédit Mutuel Arkéa's capital is held by the local banks of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations. There are no agreement that could lead to a change in control of the company. Changes in Crédit Mutuel Arkéa's capital are also governed by the provisions of Article 9 of the Articles of Association and are also applied in accordance with the provisions applicable to cooperatives.

Legal and arbitration proceedings

At the date of filing of this Universal Registration Document, neither the company nor any other member of Crédit Mutuel Arkéa is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings of which the company is aware, which are pending or of which it is threatened) that could have or have had in the last twelve months a significant effect on the financial position or profitability of the company and/or Crédit Mutuel Arkéa.

Information relating to the locations and activities included in the scope of consolidation at 31 December 2021

The main information relating to locations at 31 December 2021 aggregated at the level of the States and regions is as follows:

		12.31.2021				
Zone	Country	NBI*	Employees (full-time equivalent)	Profit or loss before tax*	Income tax*	Grants*
France	France	2,415,966	10,340	710,327	(140,339)	0
Other EU countries	Belgium	92,644	272	12,603	(2,711)	0
	Luxembourg	19,840	95	(7,039)	(392)	0
Other European countries	Switzerland	2,200	9	697	395	0
GENERAL TOTAL		2,530,650	10,716	716,588	(143,047)	0

(*) The share of net income of equity-consolidated entities is recorded directly in pre-tax income.

Their contribution to consolidated NBI, income taxes and subsidies are therefore nil.

Major agreements

There have been no material contracts (other than contracts entered into in the normal course of the company's business) that could confer on any member of Crédit Mutuel Arkéa a right or obligation that would have a material impact on the company's ability to meet the obligations imposed on it by the financial securities issued to their holders.

Significant change in the company's financial position

No significant change in the company's financial position has occurred since the end of the last financial year, and in particular since the financial statements for the 2021 financial year were approved by the company's Board of Directors on 24 February 2022.

Audit of the annual historical financial information and sources of the financial information contained in this document

For the 2021 financial year:

See the Statutory Auditors' report for the 2021 financial year.

For the 2020 financial year:

See the Statutory Auditors' report for the 2020 financial year.

For the 2019 financial year:

See the Statutory Auditors' report for the 2019 financial year.

This Universal Registration Document does not contain any other information audited by the Statutory Auditors, and the financial information in this document is all taken from the audited financial statements of the company.

This Universal Registration Document does not contain any third party information, statements by experts or declarations of interest.

Profit forecasts or estimates

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

Date of last audited financial information

The date of the last audited financial information is 31 December 2021. They were approved by the Board of Directors on 24 February 2022 and will be submitted to the General Shareholders' Meeting for approval.

No quarterly or semi-annual financial information has been published since the date of the last audited financial statements.

Publicly available documents

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

- the Articles of Association of the company;
- all reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the company included in this Universal Registration Document;

- this Universal Registration Document;

- the Universal Registration Document number D.21-0324 of 19 April 2021 and the amendment of the Universal Registration Document published on 27 August 2021 under number D.21-0324-A01;

- the Universal Registration Document published on 14 April 2020 under number D.20-0228 and its amendment;

The Universal Registration Document published on 28 August 2020 under number D.20-0288-A01.

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

Legal Entity Identification

CREDIT MUTUEL ARKÉA

1, RUE LOUIS LICHOU

29480 LE RELECQ-KERHUON FRANCE

96950041VJ1QP0B69503

Documents integrated by reference

In accordance with Article 19 of European Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 29 April 2004, readers are referred to the previous Universal Registration Documents for certain information, in particular financial information concerning the assets, financial position and results of the company:

1. relating to the 2020 financial year; pages 73 to 192 of the Universal Registration Document No. D. 21-0324 of 19 April 2021;
2. relating to the 2019 financial year; pages 74 to 196 of the Universal Registration Document No. D. 20-0288 of 14 April 2020;

Other information included in the previous Universal Registration Document other than that set out above has, where applicable, been replaced and/or updated by information included in this Universal Registration Document.

Declaration of the person responsible

Person responsible for the information contained in this document

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa.

Statement by the person responsible for this document

I certify, after having taken all reasonable care to ensure that such is the case, that the information contained in this 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 certify that, to the best of my knowledge, the financial statements 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 of all the companies included in the consolidation, and that the management report, a cross-reference table of which is provided on page 356 presents a true and fair view of the development of the business, results and financial position of the company and of all the companies included in the consolidation and describes the main risks and uncertainties facing them.

Done at Le Relecq Kerhuon, on 14 April 2022

Hélène Bernicot,
Chief Executive Officer of Crédit Mutuel Arkéa

Statutory Auditors

The company's consolidated financial statements for the 2021 financial year have been audited by:

Statutory Auditors:

PricewaterhouseCoopers Audit

63, rue deVilliers
92208 Neuilly-sur-Seine Cedex
France

Represented by **Mr Pierre Clavie**

Start of first term: 2021

Expiry of current term of office: 31 December 2026 (at the end of the financial statements)

The appointment of PricewaterhouseCoopers Audit, represented by Pierre Clavie, as from the 2021 financial year was decided on, at the end of a call for tenders process, on 11 May 2021 for a six-financial year term.

and

Deloitte et Associés

6, place de la Pyramide
92908 Paris La Défense Cedex
France

Represented by **Mrs Anne-Elisabeth PANNIER** and **Mr Jean-Marc MICKELER**

Start of first term: 2007

Expiry of current term of office: 31 December 2026 (at the end of the financial statements)

The renewal of the mandate of Deloitte & Associés, represented by Anne-Elisabeth Pannier and Jean-Marc Mickeler as from the 2021 financial year was decided on 11 May 2021 for a period of six financial years.

Crédit Mutuel

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Statutory auditors' reports

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7.1 Statutory Auditors' reports on the consolidated financial statements

Financial year ended 31 December 2021

To the General Meeting

Opinion

In compliance with the assignment entrusted to us by your General Meeting, we have audited the consolidated financial statements of Crédit Mutuel Arkéa for the financial year ended on 31 December 2021, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the year and of the financial position and assets and liabilities of the group of persons and entities included in the consolidation, in accordance with International Financial Reporting Standards as adopted by the European Union.

The above opinion is consistent with the contents of our report to the Financial Statements Committee.

Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The responsibilities incumbent upon us under these standards are indicated in the section "Statutory Auditors' responsibilities in relation to the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit in accordance with the independence rules set out in the French Commercial Code and in the Code of Ethics of the audit profession for the period from 1 January 2021 to the date of the issue of our report, and in particular we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014.

In addition, the services other than the certification of the financial statements that we provided during the financial year to your company and the entities it controls and which are not mentioned in the management report or the notes to the consolidated financial statements are the following:

- the issuance of letters of comfort in the context of bond issue programmes;
- carrying out CSR missions;
- issuing certificates of accounting and financial information;
- review of regulatory compliance.

Emphasis of matter

Without calling into question the opinion expressed above, we draw your attention to the change in accounting method set out in the note "Accounting standards applied" to the consolidated financial statements concerning the application of the IFRS IC decision relating to IAS 19.

Justification of assessments - Key audit matters

The global crisis linked to the COVID-19 pandemic creates particular conditions for the preparation and audit of this year's accounts. Indeed, this crisis and the exceptional measures taken within the framework of the state of health emergency have had multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainties on their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organisation of companies and on the way audits are carried out.

It is in this complex and evolving context that, in accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year, as well as the responses we have provided to these risks.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on any individual item of the consolidated financial statements.

Measurement of impairment losses on customer loan portfolios - Note 6 and 40a to the consolidated financial statements

Risk identified

Customer loan portfolios carry a credit risk that exposes Crédit Mutuel Arkéa to a potential loss if its customers or counterparties are unable to meet their financial commitments.

According to the provisions of the "Impairment" section of IFRS 9, Crédit Mutuel Arkéa recognises impairments and provisions intended to cover expected credit risk (outstandings classified in "buckets" 1 and 2) or proven ("bucket 3").

The rules for the impairment of expected losses are presented in the note "Accounting principles and valuation methods" to the consolidated financial statements. Impairment for expected losses is determined mainly on the basis of statistical models using judgement during the various calculation phases (creation of homogeneous portfolios, determination of risk parameters, operative events leading to a change in the "bucket" weighted macroeconomic projections, and included in the deterioration criteria and the measurement of expected losses), in particular in the context of uncertainty due to the health crisis. In addition, Crédit Mutuel Arkéa uses judgement and makes accounting estimates to assess the level of individual impairment of doubtful loans.

Given the extension of the crisis linked to the Covid-19 pandemic, the adjustments to the system for detecting and measuring credit risk were maintained during the financial year, as specified in Note "2. Calculation of expected credit" according to the accounting standards applied as described in the notes to the consolidated financial statements.

We considered that the assessment of credit risk and the evaluation of impairments was a key audit issue as it involves management's judgement and estimates, particularly in the context of the uncertainty associated with the health crisis and its effect on the level of corporate default in the coming years.

At 31 December 2021, the total amount of outstanding customer loans exposed to credit risk amounted to €74.4 billion for a total amount of impairments of €1.1 billion and a cost of banking risk of €115.9 million for the year 2021 compared with €160.1 million in 2020 as specified in note 40a "Cost of risk - banking activity" in the notes to the consolidated financial statements of the Crédit Mutuel Arkéa group at 31 December 2021.

Our audit approach

We took note of the governance and internal control system put in place by Crédit Mutuel Arkéa, its adaptation to the context of the health crisis and tested the key manual and computerized controls relating to the identification of credit risk and the assessment of expected losses to study the compliance of the principles and methodologies applied by Crédit Mutuel Arkéa with IFRS 9 "Financial Instruments".

Our work focused in particular on the following areas:

■ Classification of stocks by "bucket":

- we assessed the relevance of the monitoring indicators put in place by Crédit Mutuel Arkéa to measure the significant deterioration in credit risk and the resulting classification of outstandings by "buckets", including the classification criteria used by Crédit Mutuel Arkéa for outstandings in business sectors considered to be more exposed to the possible consequences of the health crisis and its impacts on the economy;
- we assessed, using a data analysis tool, the consistency of the transition of outstandings between "buckets" 1 and 2 with regard to the criteria of significant deterioration in credit risk;
- we verified the existence of an internal control system enabling the ratings of the various outstanding loans to be updated at an appropriate frequency.

■ Assessment of expected losses (buckets 1, 2 and 3):

- with the help of our credit risk specialists integrated into the audit team, we assessed the appropriateness of the risk models and parameters used for the assessment of expected losses, the documentation of sectoral provisions recognized and the relevance of the macroeconomic scenarios used by Crédit Mutuel Arkéa and their weighting;
- we assessed, using a data analysis tool, the valuation of provisions for expected losses on a sample of portfolios classified in "buckets" 1 and 2;
- we tested, on the basis of a sample of the Corporate and Institutional Banking division's loan applications classified in "bucket 3", the criteria applied for the classification of doubtful outstandings as well as the assumptions used to estimate individual impairments.

We also reviewed the disclosures in the notes relating to credit risk in the evolving context of the pandemic and in particular the disclosures required by IFRS 9 in respect of credit risk.

Impairment of goodwill - Note 15

Risk identified

During external growth operations, the Crédit Mutuel Arkéa group generally recognises goodwill on the assets side of its consolidated balance sheet. This goodwill is then allocated to the various cash generating units (CGUs). At 31 December 2021, goodwill amounted to €567 million. In the evolving context of the Covid-19 crisis impacting the results and financial projections of the Crédit Mutuel Arkéa group, the latter must ensure the presence or absence of additional impairment indicators on this goodwill.

Goodwill is tested for impairment whenever there is an indication that it may be impaired and at least annually. These tests are based on the comparison between the net carrying amount and the recoverable amount of the homogeneous groups of business lines, broken down into CGUs. The methods for determining the recoverable amount are based on the expected future profitability method, which is based on an estimate of future cash flows based on the business plans of each CGU, prepared over an explicit time horizon. These business plans are based on macroeconomic parameters, which take into account the context of uncertainty created by the health crisis.

We considered the impairment of goodwill to be a key issue in our audit because of the judgement exercised by management in establishing the future earnings assumptions of the acquired companies and assessing the recoverable amount of the homogeneous sets of business lines, particularly in the context of the crisis associated with Covid-19.

Our audit approach

We analysed the Group's process for identifying potential impairment of goodwill and the process for preparing impairment tests arising from the identification of impairment indicators or from the annual review process.

We brought in our valuation experts to:

- Carry out a technical analysis of the construction of valuation models based on the expected future profitability method;
- Review the assumptions used to determine the financial parameters involved in the discount rate, by re-performing with internal data;
- Carry out a critical review of a selection of provisional business plans drawn up by the management of the entities concerned and approved by the Board of Directors and assess the relevance of the budget process by comparing achievements with previous budgets. Particular attention was paid to the impacts of the Covid-19 crisis, which have been updated in these provisional plans;
- Review the sensitivity analyses conducted on both financial parameters and business plans;
- Carry out a counter-valuation on a selection of entities.

Finally, we have validated the information communicated by the group with regard to goodwill in Note 15 "Goodwill" to the consolidated financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also carried out the specific verifications required by law of the information relating to the group given in the management report of the Board of Directors.

We have no comment to make on their fairness and consistency with the consolidated financial statements.

We certify that the consolidated statement of non-financial performance provided for in Article L. 225-102-1 of the French Commercial Code is included in the Board of Directors' management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, the information contained in this statement has not been verified by us as being true and fair or consistent with the consolidated financial statements, and must be the subject of a report by an independent third party.

Other verifications or information required by law and regulations

Format of the consolidated accounts to be included in the annual financial report

In accordance with the professional practice standard on the due diligence of Statutory Auditors in relation to the aggregate annual and consolidated financial statements presented in accordance with the single European electronic information format, we have also verified compliance with this format defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L. 451-1-2 of the French Monetary and Financial Code, which are drawn up under the responsibility of the Chief Executive Officer.

As these are consolidated financial statements, our work includes verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the Single European Electronic Reporting Format.

It is not our responsibility to verify that the consolidated financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of auditors

We have been appointed as Statutory Auditors of Crédit Mutuel Arkéa by your General Meeting on 11 May 2021 for PricewaterhouseCoopers Audit and on 11 May 2007 for Deloitte & Associés.

To December 31 2021, PricewaterhouseCoopers Audit was in the 1st year of uninterrupted mission and the firm Deloitte & Associés in the 15th year.

Responsibilities of management and those charged with governance in relation to the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with the IFRS as adopted by the European Union, and to implement such internal control as management determines is necessary to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of management to make an assessment of the company's ability to continue as a going concern, to disclose in those financial statements, where appropriate, the necessary information relating to the going concern basis of accounting and to apply the going concern basis of accounting unless the company is to be wound up or cease trading.

The Financial Statements Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, and where appropriate, the internal audit, in relation to the procedures for the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities in relation to the audit of the consolidated accounts

Audit objective and approach

Our responsibility is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will result in the systematic detection of material misstatements. Misstatements may be due to fraud or error and are considered material when they could reasonably be expected to influence the economic decisions that users of the accounts make on the basis of the accounts, either individually or in aggregate.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission of certification of the accounts does not consist in guaranteeing the viability or the quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgement throughout the audit.

In addition:

- The auditor identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- The auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- It assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the consolidated financial statements;
- It assesses the appropriateness of management's application of the going concern accounting policy and, based on the information obtained, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of the report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the consolidated financial statements concerning this uncertainty or, if this information is not provided or is not relevant, he issues a qualified opinion or a refusal to certify;
- Evaluating the overall presentation of the consolidated accounts and assessing whether the consolidated accounts reflect the underlying transactions and events in a fair presentation;
- With regard to the financial information of the persons or entities included in the scope of consolidation, it gathers elements that it considers sufficient and appropriate to express an opinion on the consolidated accounts. The auditor is responsible to management for directing, supervising and performing the audit of the consolidated financial statements and for expressing an opinion on those financial statements.

Report to the Financial Statements Committee

We provide the Financial Statements Committee with a report that presents, in particular, the scope of the audit work and the work programme implemented, as well as the conclusions resulting from our work. We also report to the Financial Statements Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information.

The matters disclosed in the report to the Financial Statements Committee include the risks of material misstatement that we considered to be of most significance to our audit of the consolidated financial statements for the year and which,

accordingly, constitute the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Financial Statements Committee the risks to our independence and the safeguards applied.

Signed in Neuilly-sur-Seine and Paris-La Défense, 13 April 2022

The statutory auditors

PricewaterhouseCoopers Audit

Pierre Clavié

Deloitte & Associés

Anne-Elisabeth PANNIER Jean-Marc MICKELER

7.2 Statutory Auditors' reports on the aggregate annual financial statements

Financial year ended 31 December 2021

To the General Meeting

Opinion

In compliance with the mission entrusted to us by the General Meeting, we have audited the accompanying aggregate annual financial statements of Crédit Mutuel Arkéa for the financial year ended on 31 December 2021.

In our opinion, the aggregate annual financial statements give a true and fair view of the results of operations for the year ended 31 December 2021 and of the financial position and assets of the company at that date, in accordance with French accounting principles.

The above opinion is consistent with the contents of our report to the Financial Statements Committee.

Basis of opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Statutory Auditors' Responsibilities in the Audit of the Aggregate Annual Financial Statements".

Independence

We conducted our audit in accordance with the independence rules set out in the French Commercial Code and in the Code of Ethics of the audit profession for the period from 1 January 2021 to the date of issue of our report, and in particular we did not provide any services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014.

In addition, the services other than the certification of the financial statements that we provided during the year to your company and the entities it controls and which are not mentioned in the management report or notes to the aggregate annual financial statements are the following:

- the issuance of letters of comfort in the context of bond issue programmes,
- carrying out CSR missions,
- issuing certificates of accounting and financial information,
- review of regulatory compliance.

Justification of assessments - Key audit matters

The global crisis linked to the COVID-19 pandemic creates particular conditions for the preparation and audit of this year's accounts. Indeed, this crisis and the exceptional measures taken within the framework of the state of health emergency have had multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainties on their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organisation of companies and on the way audits are carried out.

It is in this complex and evolving context that, in accordance with the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgement, were the most important for the audit of the aggregate annual financial statements for the financial year, as well as the responses we have given to these risks.

These assessments were made in the context of our audit of the aggregate financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on the elements of these aggregate annual financial statements taken in isolation.

Long-term investments shares in associates - Note 6 and "Accounting policies and valuation methods" of the notes to the aggregate annual financial statements.

Risks identified

"Investments in subsidiaries and other long-term investments" and "Shares in associates" are recorded in the balance sheet at a net value of €5,679 million (including €46 million of impairment).

As indicated in the note "Equity investments and shares in associates" to the aggregate annual financial statements, they are recognized at the lower of the purchase price excluding acquisition costs and the value of the purchase price and the value in use.

In the evolving context of the Covid-19 crisis impacting the results and financial projections of the Crédit Mutuel Arkéa group, the entity must ensure the presence or absence of impairment indicators on these securities, in particular their taken into account in the forecasts made in the business plans and in the variables used to discount the resulting flows.

The comparison of the net carrying amount of the securities with their recoverable value is an essential element in assessing the need for any impairment.

This value in use is subject to an annual valuation using several valuation techniques and macroeconomic assumptions, including:

- The use of net asset value;
- The use of actuarially based capital valuation;
- The use of the expected future profitability method, which uses forecast data, a discount rate and a perpetual growth rate.

This is an estimate that requires management to exercise judgement in selecting the relevant inputs.

Given the sensitivity of the models used to changes in the data and assumptions on which the estimates are based, we considered the valuation of securities to be a key audit issue.

Our audit approach

We analysed the process put in place by Crédit Mutuel Arkéa to identify the potential need for impairment of equity interests and to assess these impairments, where applicable, as well as the controls implemented relating to this process.

Our main work was carried out by mobilizing our valuation experts and consisted of:

- an analysis of the rationale for the valuation methods used by management to determine the values in use of equity investments and affiliated companies;
- a technical analysis of the construction of a selection of valuation models as well as a review of the assumptions used to determine the financial parameters used;
- a critical review of a selection of provisional business plans drawn up by the management of the entities concerned, and approved by the Board of Directors and assessed the relevance of the budget process by comparing achievements with previous budgets. Particular attention was paid to the impacts of the Covid-19 crisis, which have been updated in these provisional plans;
- a review of sensitivity analyses conducted on both financial parameters and business plans;
- carrying out a counter-valuation on a selection of entities.

Lastly, we validated the information provided by Crédit Mutuel Arkéa on equity investments, shown in Note 6 to the annual financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations.

Information given in the management report and in the other documents on the financial situation and the aggregate annual financial statements sent to the shareholders

We have no comments as to the fair presentation and the conformity with the aggregate annual financial statements of the information given in the Board of Directors' Management Report and in the other documents on the financial position and the aggregate annual financial statements addressed to the shareholders with the exception of the point below.

The fair presentation and the consistency with the aggregate annual financial statements of the information relating to payment terms mentioned in Article D. 441-6 of the French Commercial Code call for the following observation:

As indicated in the management report, this information does not include banking transactions and related transactions, as your company considers that they are not included in the scope of the information to be produced.

Corporate governance report

We attest to the existence, in the report of the Board of Directors on corporate governance, the information required by Articles L. 225-37-4 of the French Commercial Code.

Other verifications or information required by law and regulations

Format of the aggregate annual financial statements to be included in the annual financial report

In accordance with the professional practice standard on the due diligence of statutory auditors in relation to the aggregate annual and aggregate financial statements presented in accordance with the single European electronic information format, we have also verified compliance with this format defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L. 451-1-2 of the French Monetary and Financial Code, which are drawn up under the responsibility of the Chief Executive Officer.

Based on our work, we conclude that the presentation of the aggregate annual financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the consolidated financial statements that will be effectively included by your company in the annual financial report filed with the AMF correspond to those on which we have performed our work.

Appointment of auditors

We have been appointed as Statutory Auditors to CREDIT MUTUEL ARKÉA by your General Meeting on 11 May 2021 for PricewaterhouseCoopers Audit and on 11 May 2007 for Deloitte & Associés.

At 31 December 2021, Mazars was in the 1st year of its uninterrupted engagement and Deloitte & Associés in the 15th year, including 1 year and 15 years respectively since the company's debt securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance in relation to the aggregate annual financial statements

It is the responsibility of management to prepare aggregate annual financial statements that give a true and fair view in accordance with French accounting rules and principles and to implement such internal control as it determines is necessary to ensure that the aggregate annual financial statements are free from material misstatement, whether due to fraud or error.

In preparing the aggregate annual financial statements, it is the responsibility of management to make an assessment of the company's ability to continue as a going concern, to disclose in those accounts, where appropriate, the necessary information relating to the going concern and to apply the going concern accounting policy, unless the company is to be wound up or cease trading.

The Financial Statements Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, and where appropriate the internal audit, in relation to the procedures for the preparation and processing of accounting and financial information.

The aggregate annual financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities in relation to the audit of aggregate annual financial statements

Audit objective and approach

Our responsibility is to express an opinion on the aggregate annual financial statements. Our objective is to obtain reasonable assurance about whether the aggregate annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but does not guarantee that an audit performed in accordance with professional standards will result in the systematic detection of material misstatements. Misstatements may be due to fraud or error and are considered material when they could reasonably be expected to influence the economic decisions that users of the accounts make on the basis of the accounts, either individually or in aggregate.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission of certification of the accounts does not consist in guaranteeing the viability or the quality of the management of your company.

In the context of an audit conducted in accordance with professional standards applicable in France, the auditor exercises professional judgement throughout the audit. In addition:

- The auditor identifies and assesses the risks of material misstatement of the aggregate annual financial statements, whether due to fraud or error, designs and performs audit procedures to address those risks, and obtains audit evidence that the auditor believes to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, because fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- The auditor obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- It assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the related disclosures in the aggregate annual financial statements;

- It assesses the appropriateness of management's application of the going concern accounting policy and, based on the information obtained, whether there is any material uncertainty related to events or circumstances that may affect the company's ability to continue as a going concern. This assessment is based on information gathered up to the date of the report, bearing in mind that subsequent events or circumstances could call into question the company's ability to continue as a going concern. If the auditor concludes that there is a material uncertainty, he draws the attention of the readers of his report to the information provided in the aggregate annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, he issues a qualified opinion or a refusal to certify;
- It assesses the overall presentation of the aggregate annual financial statements and whether the aggregate annual financial statements reflect the underlying transactions and events in a fair presentation.

Report to the Financial Statements Committee

We provide the Financial Statements Committee with a report that presents, in particular, the scope of the audit work and the work programme implemented, as well as the conclusions resulting from our work. We also report to the Financial Statements Committee on any material weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information.

The matters disclosed in the report to the Financial Statements Committee include the risks of material misstatement that we considered to be most significant to our audit of the aggregate annual financial statements for the year and which, accordingly, are the key audit matters that we are required to describe in this report.

We also provide the Financial Statements Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Financial Statements Committee the risks to our independence and the safeguards applied.

Signed in Neuilly-sur-Seine and Paris-La Défense, 13 April 2022

The statutory auditors

PricewaterhouseCoopers Audit

Pierre CLAVIÉ

Deloitte & Associés

Anne-Elisabeth PANNIER Jean-Marc MICKELER

7.3 Statutory auditors' special report on regulated agreements and commitments

To the General Meeting

In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the characteristics and essential terms and conditions of the agreements of which we have been informed or of which we may have discovered in the course of our work, without having to express an opinion on their usefulness or appropriateness, or to ascertain whether any other agreements exist. It is your responsibility, under the terms of Article R. 225-31 of the French Commercial Code, to evaluate the benefits resulting from these agreements prior to their approval.

In addition, it is our responsibility, where applicable, to provide you with the information provided for in Article R. 225-31 of the French Commercial Code relating to the execution, during the past financial year, of agreements already approved by the General Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this mission. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it is derived.

Agreements subject to approval by the General Meeting

Pursuant to Article 225-40 of the French Commercial Code, we have been advised of the following agreements entered into during the past financial year which were subject to the prior authorisation of your Board of Directors.

Agreement on the terms and conditions for the termination of the term of office of Mr Julien Carmona

On 4 June 2021, the Board of Directors approved the provisions of the agreement relating to the terms of the termination of the term of office of Mr Julien Carmona, Chairman of the Board of Directors of Crédit Mutuel Arkéa.

The agreement mentions the terms of compensation in the event of involuntary termination of the term of office of the Chairman of the Board of Directors (in particular dismissal or non-renewal), i.e. compensation in an amount equal to two years of gross compensation, calculated on the basis of the gross compensation at the time of the termination, benefits in kind included, subject to social security, CSG, CRDS contributions and withholding tax.

The agreement also specifies the terms and conditions for subscribing to a private unemployment insurance scheme.

Agreements already approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the General Meeting in previous years, continued to be executed during the past year.

Employment contract of the Chief Executive Officer

On 3 April 2020, the Board of Directors approved the provisions of the amendment to the employment contract of Mrs Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa. The amendment to the suspension of the employment contract mentions the following provisions:

- the date of suspension of the employment contract,
- the conditions for reinstatement at the end of the mandate,
- the inclusion of the mandate in the calculation of seniority and related rights,
- the subscription to a private unemployment insurance scheme during the period of suspension of the employment contract,
- the terms of compensation in the event of termination of the employment contract by the employer, for any reason whatsoever, with the exception of dismissal for gross misconduct or gross negligence, as well as in the event of termination by agreement of the employment contract, payment of an indemnity equal to two years' remuneration (calculated on the basis of the average gross monthly salary including benefits in kind), whether in respect of the employment contract or the corporate mandate, received during the twelve months preceding the date of termination, plus the monthly average of all variable remuneration received during the three years preceding the date of termination), in addition to the sums due by application of the law and the applicable contractual provisions.

Employment contract of the Deputy Chief Executive Officer

On 3 April 2020, the Board of Directors approved the provisions of the amendment to the employment contract of Ms Anne Le Goff, Deputy Chief Executive Officer of Crédit Mutuel Arkéa. The amendment to the suspension of the employment contract mentions the following provisions:

- the date of suspension of the employment contract,

- the conditions for reinstatement at the end of the mandate,
- the inclusion of the mandate in the calculation of seniority and related rights,
- subscription to a private unemployment insurance scheme during the period of suspension of the employment contract,
- the terms of compensation in the event of termination of the employment contract by the employer, for any reason whatsoever, with the exception of dismissal for gross misconduct or gross negligence, as well as in the event of termination by agreement of the employment contract, payment of an indemnity equal to two years' compensation (calculated on the basis of the average gross monthly salary including benefits in kind), whether in respect of the employment contract or the term of office, received during the twelve months preceding the date of termination, plus the monthly average of all variable remuneration received during the three years preceding the date of termination), in addition to the sums due pursuant to the law and the applicable contractual provisions.

Signed in Neuilly-sur-Seine and Paris-La Défense, 13 April 2022

The statutory auditors

PricewaterhouseCoopers Audit

Pierre Clavié

Deloitte & Associés

Anne-Elisabeth Pannier Jean-Marc Mickeler

Crédit Mutuel

8.

Cross-reference tables and alternative performance measures

Cross-reference table
of the Universal Registration
Document

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Cross-reference table
for Crédit Mutuel Arkéa's
2021 Annual Financial Report

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Alternative performance measures
- Article 223-1 of the AMF General
Regulation

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Cross-reference table of the Universal Registration Document

This concordance table contains the headings provided for in Annex 1 (cross-referenced from Annex 2) of the delegated Commission Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission Regulation (EC) no. 809/2004, and refers to the sections and pages of this Universal Registration Document where the information relating to each of these headings is given.

Headings of Annex I of the Delegated Regulation (EU) no. 2019/980	Sections	Pages
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1.3 Statement or report attributed to a person acting as an expert	6	337
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2. Statutory Auditors	6	
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3. RISK FACTORS	4	
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4. INFORMATION ABOUT THE ISSUER	6	
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4.3 Date of incorporation and lifetime of the issuer	6	336
4.4 Registered 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		
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5.4 Strategy and objectives	1.6	27
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5.6 Elements on which any statement by the issuer regarding its competitive position is based	1.5	18
5.7 Investments	1.4; 1.7	14; 29
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8. CASH AND CAPITAL RESOURCES		
8.1 Information on the issuer's capital	3.5	96-97
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8.3 Information on the issuer's financing requirements and funding structure	3.3; 3.5; 4.5	85; 144; 254
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Headings of Annex I of the Delegated Regulation (EU) no. 2019/980	Sections	Pages
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9. REGULATORY ENVIRONMENT	4.1	220
10. TREND INFORMATION		
10.1 Principal recent trends affecting production, sales and inventories, costs and selling prices since the end of the last financial year Any significant change in the group's financial performance or provide an appropriate negative statement	3.4; 4.1	88; 218
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11. PROFIT FORECASTS OR ESTIMATES	6	337
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12.2 Conflicts of interest at the level of the administrative, management and supervisory bodies and the Executive Management	2.6	60
13. COMPENSATION AND BENEFITS		
13.1 Amount of compensation paid and benefits in kind	2.8; 3.5	68; 180
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14. FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES		
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14.2 Information about any service contracts binding the members of the administrative bodies to the issuer or any of its subsidiaries and providing for the granting of benefits under such contracts	2.5	59
14.3 Information on the issuer's Audit Committee and Compensation Committee	2.2	52-53
14.4 A statement as to whether or not the issuer complies with the corporate governance regime	2.1	37
14.5 Potential significant impacts on corporate governance, including future changes in the composition of administrative and management bodies and committees	NA	
15. EMPLOYEES		
15.1 Number of employees	3.5; 5.5; 5.6	162; 308; 322
15.2 Shareholdings and stock options of corporate officers Agreement providing for employee shareholding in the issuer's share capital	NA	
16. MAJOR SHAREHOLDERS		
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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	
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18.3 Audit of historical annual financial information	7	341
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CROSS-REFERENCE TABLES AND ALTERNATIVE PERFORMANCE MEASURES

Cross-reference table for Crédit Mutuel Arkéa's 2021 Annual Financial Report

Cross-reference table for Crédit Mutuel Arkéa's 2021 Annual Financial Report

The information contained in the 2021 Annual Financial Report, represented by the headings in the table below, is set out in full in this Universal Registration Document.

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Alternative performance measures – 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 management expenses to Net Bank Insurance Income	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 gain (loss) on financial instruments at fair value through profit or loss; - net gain (loss) on available-for-sale financial instruments; - 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 transactions and similar	Measures income from financial activity from Crédit Mutuel Arkéa parent company financial statements
Asset returns	Ratio of the net profit or loss to the balance sheet total on a consolidated basis at the end of the financial year	Measures the rate of return of total balance sheet assets
Overall coverage ratio of non-performing loans (interest + capital)	Ratio of provisions recognised in respect of credit risk on an individual basis to impaired loans outstanding on an individual basis	Measures the maximum residual rate of risk coverage for impaired loans outstanding
Rate of non-performing and litigated 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

A variable capital limited liability credit cooperative and insurance brokerage

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