Amendment to the 2020 Universal Registration Document

Interim financial report June 2021

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A variable capital limited liability credit cooperative
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Contents

This amendment to the Universal Registration Document was filed on 27 August 2021 with the AMF, in its capacity as competent authority under Regulation (EU) No. 2017/1129, without prior approval pursuant to Article 9 of that Regulation. The universal registration document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments to the universal registration document. The package then formed shall be approved by the AMF in accordance with Regulation (EU) n°2017/1129.

This is a free translation into English of the Amendment to the Universal Registration Document and it is provided for the convenience of English speakers users. Only the French version of the Amendment to the Universal Registration Document has been submitted to the AMF. It is therefore the only version that is binding in law.

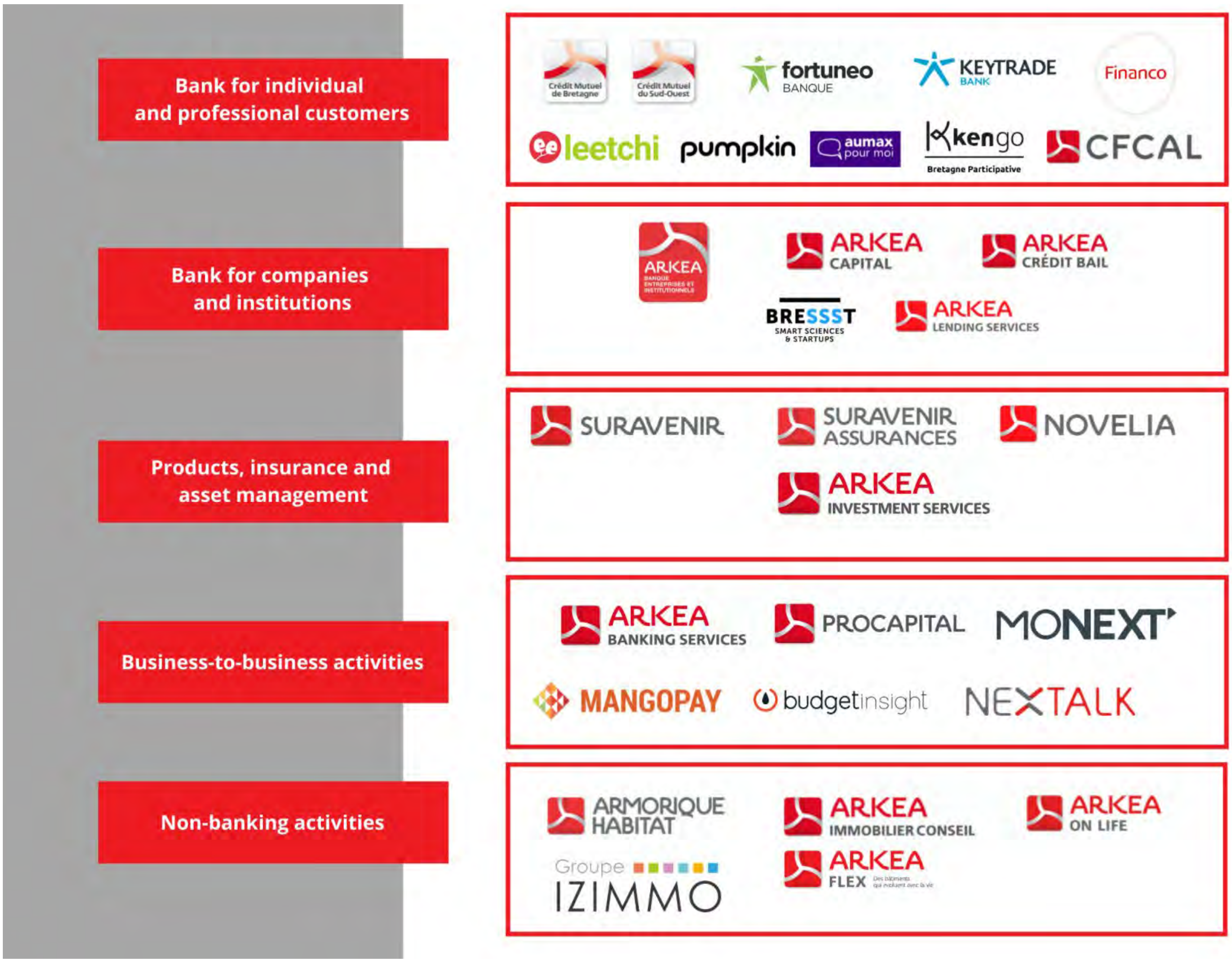
1. Presentation of Crédit Mutuel Arkéa

1.1. The group's profile

A cooperative group, Crédit Mutuel Arkéa is made up of the Crédit Mutuel federations of Bretagne and Sud-Ouest and their member local banks, as well as some forty specialised subsidiaries. Balanced and diversified, Crédit Mutuel Arkéa covers all banking and insurance activities. It combines financial strength, sustainable growth and responsible commitment. The group aims to be a banking partner for a world that is conceived in the long term, by putting its overall performance at the service of the real economy, the regions and their players, and the life projects of its 5 million members and customers, in order to help everyone achieve their full potential.

As a leading player in all its markets - from retail banking to real estate and white-label services for major financial and retail accounts - Crédit Mutuel Arkéa aims to develop a cooperative and collaborative banking model that provides the best response to people's aspirations and lifestyles. Crédit Mutuel Arkéa has chosen open innovation, sharing and pooling its expertise with that of its ecosystem - companies, financial and insurance start-ups, etc. - to offer solutions that create value for all. Crédit Mutuel Arkéa is convinced that this collaborative approach is, today and tomorrow, the main source of progress and the best response to societal, technological and environmental challenges.

Crédit Mutuel Arkéa's diversified range of products and services is supported by the expertise developed by its specialised subsidiaries and central departments. In a constantly changing environment, driven in particular by digital transformation, changing consumer habits and growing environmental concerns, Crédit Mutuel Arkéa remains particularly attentive to the emergence of new businesses and activities, notably by focusing on open partnerships.



1.2. The Transitions 2024 strategic plan

In January 2021, Crédit Mutuel Arkéa launched its new medium-term strategic plan (PMT), called Transitions 2024. This plan is a clear continuation of the previous plan - Arkéa 2020 - which initiated a transformation of the group's businesses and which positioned the group on a path of continuous growth. It is also fully in line with the “Liberté” project, which aims to achieve independence from the Crédit Mutuel group. It is action-oriented and aims to translate the group's Raison d'être (Purpose) into its business lines.
In an unprecedented societal context, where the health crisis has revealed the urgency of environmental, social and territorial transitions, Transitions 2024 has been built around the following priorities:

- the operational implementation of the five commitments of the Raison d'être;
- the group's development challenges;
- developments in the banking and insurance businesses;
- the reality of territories and customers;
- and finally, the expectations of citizens towards companies, so that they participate in the economic, ecological and solidarity revolution.

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

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

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

Transitions 2024 aims to demonstrate the Group's commitment to supporting environmental and societal transitions through its offerings, its businesses, its practices, and its relationships with its clients, directors and employees. It is structured in four strategic areas that are priorities for action to guide its business model.

1.3. Highlights of the first half of the year 2021

January

Arkéa Banque Entreprises et Institutionnels, together with Caisse d'Epargne CEPAC, Bpifrance and Crédit du Nord, is providing nearly €120 million in financing for the Zéphyr programme of NEOEN, France's leading independent producer of exclusively renewable energy, with a view to building several wind farms and solar power plants in France.

Crédit Mutuel Arkéa is contributing €20 million (out of a total of €50 million) to the Breizh Rebond fund, launched at the initiative of the Brittany Region to help regional SMEs cope with the economic consequences of the Covid-19 health crisis and to support them in the necessary environmental and technological transitions that they need to undertake or continue. Breizh Rebond, which is aimed at companies with between 50 and 500 employees and a turnover of more than €5 million, can provide debt financing via mezzanine bonds, quasi-equity financing via convertible bonds or bonds redeemable in shares, and equity financing via minority or majority equity investments.

Crédit Mutuel Arkéa reveals its new medium-term strategic plan "Transitions 2024". It aims to give concrete expression to its Raison d'être in its business lines and to make the group the agile financial partner of the transitions of the future, at the service of the territories and their stakeholders, in a balanced approach between financial performance and positive impact (see point 1.2 above).

February

Arkéa Banque Privée and the Izimmo group, the group's real estate subsidiary, are launching a new service dedicated to professional athletes: F1RST Business Coach. The aim is to build banking and asset management solutions that respond to the different periods of a sportsman's career with a view to building up assets for the post-career period.

Arkéa Capital completes its national network and opens its 7th office in Lyon. The subsidiary dedicated to private equity activities already supports around ten companies in the South-East of France, with nearly €75 million in assets.

Arkéa Investment Services (AIS) is stepping up the development of its real estate division by becoming a 75% majority shareholder in Catella Asset Management. This company, which is now called Arkéa Real Estate, is a specialist in real estate investment, asset and property management activities on behalf of third parties and has over €1.5 billion in real estate assets under management.

AS2D, the joint venture created by Arkéa Sécurité and Delta Dore, is marketing a new range of connected services for builders and other professionals in the housing market: Homeus. It includes comprehensive home insurance and remote monitoring of the property using connected equipment.
Bordeaux Métropole and the City of Bordeaux have subscribed to a €50 million "Pact" impact loan from Arkéa Banque Entreprises et Institutionnels. The "Pact" scheme is based on subsidised financing and strategic support for the environmental and social transformation of the borrower.

Crédit Mutuel Arkéa and Pythéas Capital Advisors are deploying a collaborative invoice management platform, TRESO2. This platform combines a financial solution for reverse factoring (Advance Payment of Accounts Receivable) that allows suppliers of small and medium-sized companies and large customers to easily transfer their receivables and a technological solution that promotes constructive dialogue between customers and suppliers.

March

Antoine Michaud has been appointed Chief Executive Officer of the Crédit Mutuel du Sud-Ouest federation (CMSO). He succeeds Jean-Marc Jay who is retiring. Antoine Michaud was previously Chairman of the Management Board of Financo, the group's consumer credit subsidiary. Present in the Gironde, Dordogne and Charente departments, the CMSO has 87 sales outlets, including 80 local banks, and serves more than 430,000 members and customers. Marc Paradis succeeds Antoine Michaud as Chairman of Financo's Management Board. Marc Paradis was, since 2014, Deputy Managing Director of Financo, then member of the Management Board.

After Bordeaux Métropole and the City of Bordeaux, Toulouse Métropole has also committed to a sustainable financing scheme with Arkéa Banque E&I by taking out a "Pact" loan.

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

Novaxia R is now available for sale in Suravenir contracts. This SRI-labelled fund gives savers the opportunity to invest through their life insurance policy in a responsible residential property fund that aims to address the housing shortage. With the first investment operation, Novaxia R will invest in and transform obsolete office buildings that have become vacant. This innovative positioning allows savings to be channelled into housing while also having a positive impact on the environment: the transformation of an existing asset saves 50% of the carbon footprint compared to new construction. The Novaxia R fund aims to produce 4,000 housing units, i.e. €1.3 billion of investment from the conversion of 180,000 m^2 of obsolete or vacant offices.

Hugues Mercier becomes CEO of the Fintech Aumax pour moi, launched in 2017 by Crédit Mutuel Arkéa. He was previously head of the group's Offer and Back-Office department. He succeeds Didier Ardouin, who is retiring.

April

The FCPR (Fonds Commun de Placement à Risque) Breizh Ma Bro, created by Arkéa Capital and La Financière d'Orion and labelled France Relance, is now open for subscription by individuals. Breizh Ma Bro aims to contribute to the development, support and revival of the economy, mainly in Brittany and Loire-Atlantique. It intervenes as a minority shareholder, in equity and quasi-equity alongside entrepreneurs to contribute to the performance generated by their innovation, development and/or transfer projects.

Crédit Mutuel Arkéa has formalised its commitment to transforming its financing and investment practices, for all its activities, in light of the urgency of the climate issue. While this climate strategy is a long-term one, it sets initial medium-term objectives in line with the group's new strategic plan, Transitions 2024. To this end, the group has announced, in particular, its withdrawal from the thermal coal sector by the end of 2027. The group also aims to integrate climate into the performance and risk assessment of its activities. Tools to assess and control these climate risks will be progressively put in place as part of a continuous improvement process. The group also plans to reduce its own greenhouse gas emissions by 16% between 2019 and 2024, in terms of the direct carbon footprint of its operations. The progress of this climate strategy will be assessed through indicators associated with each objective and will be published annually.

Arkéa Banque Entreprises et Institutionnels opens a business unit in Bayonne. With this 21st location in France, the bank is strengthening its presence among its customers in the Basque Country, Béarn and Landes. In these regions, the bank already supports many private and public economic players in its various markets: institutional, real estate and corporate.

Arkéa Capital is taking a minority stake in Coaxis, a company based in Fauguerolles in the Nouvelle-Aquitaine region of France, which specialises in outsourcing information systems for very small businesses, SMEs and mid-size companies. Coaxis has a turnover of €13 million and employs 86 people throughout France.

May

Crédit Mutuel Arkéa and its various entities are mobilising as part of the France Relance plan. Its local networks (Arkéa Banque E&I, Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest) are distributing the Prêts Participatifs Relance (PPR) to eligible business customers in the regions. Suravenir is contributing €250m to the investment fund dedicated to the implementation of the PPRs.

In the face of an unprecedented health crisis and its lasting economic consequences, Crédit Mutuel Arkéa has renewed the exceptional €4.18 million already allocated in 2020 to the Solidarités scheme to provide lasting support to 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 customers, individuals, professionals and associations, received a financial boost.

Maria Carolina Griseri has been appointed Chairman of the Executive Board of Arkéa Banking Services. She was previously Director of Steering, Purchasing and Customer Relations within the group's Innovation and Operations division. Arkéa Banking Services provides white label banking services for financial institutions and retailers.

Arkéa Banque Entreprises et Institutionnels arranges €86.5 million of financing for the acquisition by the Arche Group of the Century 21 network from Nexity. With this transaction, Arkéa Banque E&I once again demonstrates its expertise and its unique position as a banking player involved in the financing of the entire real estate chain.

Crédit Mutuel Arkéa, in partnership with Onepoint, is officially presenting its new IT site in the heart of the digital city of Bordeaux Métropole. These premises will accommodate 150 new employees between now and 2022: designers, data/artificial intelligence engineers, business experts, web and mobile developers, and cloud architects to design and develop innovative solutions that will meet the challenges of transforming financial services. This site illustrates 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 has unanimously appointed Julien Carmona as Chairman of the group. He was elected to the board 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 is a graduate of the Ecole normale supérieure and the Ecole nationale d'administration. He is also an “agrégé” in history. In 1997, he joined the Finance Inspectorate, then joined BNP Paribas in 2001, before being appointed economic advisor to the President of the Republic in 2004. In 2007, Julien Carmona became a member of the Management Board and Chief Financial Officer of groupe Caisse d'Épargne (now BPCE). In 2009, he became Deputy Managing Director and *Chief Operating Officer* of SCOR SE. He then joined Nexity in January 2014, first as Deputy Chief Executive Officer in charge of finance, strategy and digital, then as Deputy Chief Executive Officer from 2017, and as a corporate officer since 2018. He succeeds Jean-Pierre Denis, who had been Chairman of Crédit Mutuel Arkéa since 2008.

Patrick Le Provost, President of Côtes-d'Armor, was elected President of the Crédit Mutuel de Bretagne federation. He succeeds Jean-Pierre Denis, who stepped down at the federation's general meeting in May. Patrick Le Provost will exercise his mandate with a view to enabling Julien Carmona, newly elected chairman of the Crédit Mutuel Arkéa, to take over the presidency of the federation at the appropriate time.
Arkéa Banque E&I arranges the financing for the acquisition of the NomoTech group by a duo of entrepreneurs. Nomotech (100 employees) is a telecom operator created in 2003, active in infrastructure and networks, which operates throughout France.

Crédit Mutuel Arkéa announces a strategic partnership project with My Money Group. This would entrust the group with the IT activities of HBCE's retail bank in France, which My Money Group is considering acquiring. This project remains, at this stage, subject to the approval of the regulatory and competition authorities, and to the opinion of the employee representative bodies. If successful, My Money Group would use Crédit Mutuel Arkéa's IT infrastructure and the white-label services offered by Arkéa Banking Services (banking services) and ProCapital (securities services).

Crédit Mutuel de Bretagne is setting up a new organisation dedicated to the companies in its area, with a view to ensuring proximity and synergy of expertise. This new organisation is structured around 4 business centres in 6 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's Commercial Department.

We Positive Invest, Crédit Mutuel Arkéa's social innovation fund, has just completed its 10th investment. It is participating in the €5m fundraising of Edflex. Edflex offers a digital training solution for companies. Its Saas solution allows each user to train at his or her own pace, independently and via content that meets his or her instantaneous training needs (acculturation, acquisition or updating of a skill). It already has over 500,000 users.

AS2D, the *joint venture* created by Arkéa Sécurité and Delta Dore, a major player in the connected home market, has entered into exclusive negotiations with Creative Specific Software (C2S) with a view to acquiring 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, this solution enables the detection and analysis of falls, loss of consciousness, night-time awakenings, in all living environments: at home or in specialised institutions (senior residences, etc.).

Crédit Mutuel Arkéa is launching Arkéa Flex, a new real estate subsidiary based on Flex, a patented design technic that creates flexible, scalable buildings while reducing the ecological footprint of real estate projects. The technology is based on a system of cells that can be combined horizontally or vertically to create flats, from studios to T5s or even more, depending on the wishes of the private or institutional buyer at the time of purchase. Thus, by freely associating contiguous cells, each person can create a dwelling tailored to his or her needs and budget. Arkéa Flex is chaired by Sébastien Le Goascoz, who is also Chairman of the Izimmo group. Florent Lemaire, who until now has accompanied the deployment of the group's strategy, has been appointed Executive Manager.

1.4. Solidarity relations

1.4.1. Solidarity 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 Monetary and Financial Code (the "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 authorisation to a regional or federal fund for itself and for all the funds affiliated to it "when the liquidity and solvency of the local banks are guaranteed as a result of this affiliation".

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

The solidarity mechanism is organised by the financial regulations set out in each of the general operating regulations of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations, and the internal regulations of Crédit Mutuel Arkéa. It is only binding on the member local banks, these federations and Crédit Mutuel Arkéa. Furthermore, it does not create any obligations for the member local banks with regard to third parties. In other words, there is no passive solidarity between the members of Crédit Mutuel Arkéa with regard to third parties, and the creditors of a member local bank can only turn to this bank and not to another or to Crédit Mutuel Arkéa.
This solidarity mechanism is essentially reflected in the constitution, at the level of each federation, of the federal fund which ensures the equalisation of the results of the member local banks, in accordance with the general decision n° 1-2020 of the Confédération nationale du Crédit Mutuel (the "CNCM").

The federal fund is financed by allocations from the local banks and comprises the federal solidarity fund and the federal reserve fund.

1 - The federal solidarity fund ensures the equalization of the results of the member local banks by means of allocations and subsidies. Any local bank that has had a deficit for a period of three (3) consecutive years is subject to a special review. A recovery plan is set up with the services 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 member local banks whose net situation is negative or whose result is negative, as well as in favour of those which have been victims of an exceptional disaster.

The federation shall decide each year on the level of allocation to this fund. The federal reserve fund is managed by the federation. Requests for assistance submitted to it are examined by a committee of directors.

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

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

1.4.2. Solidarity links within Crédit Mutuel

1.4.2.1. 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 relating to central bodies and Articles L. 512-55 to L. 512-59 relating to Crédit Mutuel. The membership of regional groups (second level of organisation) in the CNCM and the Caisse Centrale de Crédit Mutuel (third level) completes the organisation of Crédit Mutuel.

As a central body, the CNCM represents the credit institutions affiliated with it before the Banque de France, the ACPR and the ECB. It ensures that the legislative and regulatory provisions specific to these institutions are applied. It exercises administrative, technical and financial control over the organisation and management of the affiliated Crédit Mutuel banks.

National solidarity is set out in CNCM general decision n° 1-2020. In addition, general decision n°2-2020 provides for the implementation of measures in the event of proven financial difficulty or resolution within the Crédit Mutuel group.

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

It is also specified that, in the context of the application of general decision n° 2-2020, Crédit Mutuel Arkéa may be obliged to participate in mechanisms for preventing and managing banking crises within the Crédit Mutuel group.

On 17 January 2018, the Board of Directors of Crédit Mutuel Arkéa mandated its executive officers to take all necessary steps to enable 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 territorial roots, its culture of innovation and its agility.

On 18 April 2018, the Boards of Directors of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest federations made official the results of the votes of the 307 local banks that expressed their opinion. 94.5% of local banks voted in favour of independence for Crédit Mutuel Arkéa.

Crédit Mutuel Arkéa has begun the operational implementation of its disaffiliation. The Board of Directors of Crédit Mutuel Arkéa, on 29 June 2018, approved the target organisation scheme of the future independent group and called on the local banks to vote on the implementation of this scheme. Work to define the detailed technical details of the project has been underway for several months and discussions are underway with the supervisory authorities.

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

Following this disaffiliation, Arkéa (currently Crédit Mutuel Arkéa) would still be authorised as a cooperative bank and supervised directly 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 cooperative companies with variable capital and forming a union of cooperatives, Arkéa, pursuant to Article 5 of Law 47-1775 of 10 September 1947 on the status of cooperation.

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

In the context of the DCG n° 1-2019, relating to the disaffiliation of Crédit Mutuel banks at their request, the operational implementation of the disaffiliation of Crédit Mutuel Arkéa remains subject to the approval and vote of the Boards of Directors of the local banks.

The local banks that vote against the disaffiliation of Crédit Mutuel as a whole, or that do not wish to participate in the vote, may not be part of this new organisation.

Although 94.5% of the local banks that voted in 2018 did so in favour of independence, these results do not prejudge the outcome of the future vote by the local banks on the operational implementation of this disaffiliation from Crédit Mutuel as a whole.

Each local bank will be asked to vote on the implementation phase of the disaffiliation from Crédit Mutuel Arkéa in order to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a request for disaffiliation by the Federation concerned, in accordance with the DCG.
Those local banks that choose to vote against disaffiliation will be able to join another federal or inter-federal union in order to benefit from a new collective agreement.

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

At this stage, there is no certainty as to how this dispute with the CNCM might evolve and/or when it might be resolved, or what impact it might have if Crédit Mutuel Arkéa were to remain part of the Crédit Mutuel group or become a fully autonomous banking group.

1.4.2.2. Solidarity scheme in force

Crédit Mutuel's solidarity system aims to ensure the liquidity and solvency of all the institutions affiliated to the 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 and confederal level.

As a reminder, solidarity between CNCM members is unlimited.

(i) Provisions applicable at regional group level
The solidarity mechanism provided for within the regional Federation concerned is a mechanism based on Article R. 511-3 of the Monetary and Financial Code, independently of the provisions of the Articles of Association relating to the joint and several liability of the member-policyholders within the limit of the nominal value of the shares subscribed by the member.

Each federation must set up a solidarity mechanism between the local banks in its territory.

This system is designed to prevent a local bank from running a long-term deficit and/or to ensure the recovery of a deteriorated situation. It ensures that the results of the member banks are equalised by means of a federal fund, through contributions in the form of fees or subsidies. The obligation to contribute is imposed on all funds (including the federal or inter-federal fund), or only on those funds with positive results, according to the regulations of the federal fund in force. The contributions, which ensure equalisation, as well as the subsidies must make it possible to cover the losses recorded during the financial year and any tax deficits carried forward. The equalisation grants must include the sums required to pay the compensation of the shares. Grants from the federal fund are normally repayable.

Implementation of recovery measures at the "regional group" level within the meaning of the "DCG".
An annually reviewed and updated system allows the regional group to monitor a certain number of key indicators, included in the risk appetite framework adopted by the CNCM Board of Directors, and to implement the corrective measures provided for in the recovery plan if the indicators are breached.

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

If no regional solidarity solution has been put in place or if it has not been possible to restore compliance with the key indicators within the timeframe set out in the recovery plan, or if objective elements lead to the anticipated conclusion that the implementation of these solutions is insufficient, the national solidarity mechanism is implemented.

(ii) Provisions adopted at national level

The Confédération Nationale du Crédit Mutuel is responsible for ensuring the cohesion of its network and the proper functioning of the institutions affiliated to it. 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 (art. L. 511-31 of the Monetary and Financial Code).

According to the modalities set out in the DCG, the necessary interventions may be decided by the CNCM Board of Directors if it appears that the existing mechanisms at the level of the regional groups are insufficient to address the possible difficulties that a group may be facing.

2. Corporate governance

2.1. The Board of Directors of Crédit Mutuel Arkéa

1/ Operation of the supervisory bodies

In the context of the COVID-19 epidemic, Crédit Mutuel Arkéa's Board of Directors met during 2021 on 14 January, 28 January, 29 January, 25 February, 15 March, 29 March, 2 April, 9 April, 11 May, 4 June and 14 June by telecommunications. It was thus able to function normally during the first half of the year, and at each meeting it received information on the management of the health crisis for the Group.

On 11 May 2021, the General Meeting of Crédit Mutuel Arkéa, convened by the Chairman of the Board of Directors on 23 April 2021, was held in camera, in accordance with the provisions of Article 4 of Ordinance no. 2020-321 of 25 March 2020. In accordance with the applicable provisions, shareholders were invited to vote by mail in a dematerialised manner between 23 April and 10 May 2021.

The turnout was 86.67%.

2/ Composition of the supervisory body

At the General Meeting on 11 May 2021:

- The term of office of Mr Jean-Pierre DENIS as director expired and was not renewed;
- The terms of office of Mrs. Colette SENE and those of Messrs. François CHATEL, Luc MOAL and Yves MAINGUET were renewed;
- Mr Julien CARMONA was appointed as a director for a period of three years.
- Mr Pascal FAUGERE was appointed as censor for a period of three years.

On 4 June 2021, the Board of Directors unanimously elected Mr Julien CARMONA as Chairman of the Board of Directors.

The Board of Directors is now composed of 19 directors. The Board of Directors is also assisted by a censor.

The proportion of women in the workforce was 47% at June 30, 2021.

3/ Organisation of the Board Committees

In view of the changes that have taken place, the Board of Directors has decided to reorganise the composition of the Strategy and Corporate Responsibility Committee.

Strategy and Corporate Responsibility Committee :
Chairman: CARMONA Julien
Members: BARLOIS-LEROUX Valérie, CHATEL François, CHUPIN Philippe, LE PROVOST Patrick, MOREAU Valérie

The composition of the other specialised committees remains unchanged.

In addition to the specialised committees of the Board of Directors, the Board of Directors validated on 15 December 2020 the creation of the Credit Review Commission, an advisory commission in charge of examining credit applications that exceed the unit credit limits approved annually by Crédit Mutuel Arkéa's Board of Directors, when the financing decision to be taken cannot wait for the next Board of Directors meeting. The composition of this commission is as follows

Chairwoman: HUET Monique
Members: LE BAIL Anne-Gaëlle, LE PROVOST Patrick, CHUPIN Philippe

2.2. The bodies and work of the executive management

The Board of Directors of Crédit Mutuel Arkéa, meeting on 29 January 2021, appointed Mr Bertrand BLANPAIN as Associate Chief Executive Officer of Crédit Mutuel Arkéa.

As Associate Chief Executive Officer, he is vested with the powers necessary to effectively manage the activities of the Crédit Mutuel Arkéa and, more specifically, to act, in all circumstances, within the framework of the Group's activities, notably in relation to the functions and missions entrusted to the Corporate and Institutional division.

It has powers of representation both internally and with regard to third parties.

The Board of Directors of Crédit Mutuel Arkéa, meeting on January 29, 2021, appointed Mr Frédéric LAURENT as Associate Chief Executive Officer of Crédit Mutuel Arkéa.

As Associate Chief Executive Officer, he is vested with the powers necessary to effectively manage the activities of the Crédit Mutuel Arkéa and, more specifically, to act, in all circumstances, within the framework of the Group's activities, notably in relation to the functions and missions entrusted to the Retail Customers division.

It has powers of representation both internally and with regard to third parties.

The Executive Committee is composed of the following members as of 30 June 2021

Hélène BERNICOT	Chief Executive Officer of Crédit Mutuel Arkéa
Anne LE GOFF	Associate Executive Officer, Head of the Development Support Division
Frédéric LAURENT	Associate Executive Officer, Head of Retail Clients Division
Bertrand BLANPAIN	Associate Executive Officer, Head of the Corporate and Institutional Division
Laurent JURRIUS	Head of Innovation and Operations Division
Frédéric DIVERREZ	Head of the B2B and Specialised Services Division
Véronique CROUZIER	Head of Human Resources
Bernard LE BRAS	Head of the Products Division

The proportion of women on the Executive Committee was 37.5% as of 30 June, 2021.

In addition to the members of the Executive Committee, the General Coordination Committee includes

Philippe ROUXEL	Chief Executive Officer of the Crédit Mutuel de Bretagne Federation
Antoine MICHAUD	Chief Executive Officer of the Crédit Mutuel du Sud-Ouest Federation
Jean-Marie ALFONSI	Financial Executive Manager
Antoine LEFEBVRE	Head of Compliance and Permanent Control
Alain TAROUILLY	Head of General Inspection and Periodic Control
Elisabeth QUELLEC	Risk Manager
Cédric MALENGREAU	Head of the General Secretariat and Institutional Communication
Sébastien BONFILS	Legal Executive Manager
Anne-Laure NAVEOS	Head of External Growth, Partnerships and Digital

Mr Antoine MICHAUD replaced Mr Jean-Marc JAY as CEO of the Crédit Mutuel du Sud-Ouest federation on March 1, 2021
Mr Didier ARDOUIN has retired.
Mr Jean-Luc LE PACHE has retired.

In addition, on 21 June 2021, the Executive Committee decided to create a new Management Committee: the Sustainable Finance Committee

2.3. Compensation of corporate officers

This section updates pages 52 to 59 of the Crédit Mutuel Arkéa's 2020 Universal registration document.

2.3.1. Compensation policies for executive officers for the year 2021

2.3.1.1. General principles

The compensation policy for corporate officers, i.e. the Chairman of the Board of Directors, the Chief Executive Officer, the Associate 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.

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 N° 47-1775 of September 10, 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 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 's Raison d'être (Purpose) 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;
    - by integrating both financial and non-financial assessment factors, so that the compensation policy in place strives to maintain consistency between the overall compensation of executive officers, the performance of the Crédit Mutuel Arkéa and the individual performance of the officers;
    - taking into account the CSR (Corporate Social Responsibility) dimension in determining compensation;
- the need for the Crédit Mutuel Arkéa 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'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.

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

- fixed compensation, which makes it possible to retain and motivate managers and which values the experience and responsibilities exercised. It represents a significant part of the total compensation and is used as a basis for determining the ceilings of the variable compensation;
- annual variable compensation (AVC), which depends on the financial and non-financial performance of the year and the contributions of the executive managers to the success of the Crédit Mutuel Arkéa'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 Associate Chief Executive Officers, 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 Associate Executive Officers benefit from an employee savings scheme.

The Crédit Mutuel Arkéa 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 and its entities are subject, the taking into account of sustainability risks within the appropriate processes.

It should be noted that Jean-Pierre Denis' term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa ended on May 11, 2021 and that on June 4, 2021 the Board of Directors appointed Julien Carmona as Chairman of the Board of Directors. Consequently, the compensation policy described below applies to Julien Carmona from June 4, 2021 until December 31, 2021.

2.3.1.2. Fixed compensation

The Chairman of the Board of Directors, the CEO and the Associate CEOs 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 sustained over time without excessive risk-taking;

- responsibilities for supervision, monitoring and control, including risk management, related to this function;

- the key role of the Chairman in initiating the Board's 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 member local banks and federations making up the Crédit Mutuel Arkéa;
- ensuring the balance of the Board of Directors, in addition to its proper functioning.
- market practices and compensations observed for similar functions in companies of the same sector.

For Julien Carmona, Chairman of the Board of Directors, the fixed annual compensation amounts to €700,000, prorated according to the duration of the mandate.

It should be noted that Jean-Pierre Denis' term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa ended at the General Meeting of May 11, 2021. His fixed annual compensation for 2021 amounts to €530,000, prorated according to the length of his term of office.

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 CEO 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 2021 amounts to €425,000.

Associate Chief Executive Officer of Crédit Mutuel Arkéa

The Associate 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 Associate Managing Director 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, Associate Chief Executive Officer of Crédit Mutuel Arkéa, the annual fixed compensation for 2021 amounts to €400,000.

Associate Chief Executive Officers - employees

The Associate 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 Associate CEOs 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, Associate Chief Executive Officer of Crédit Mutuel Arkéa, in charge of the Corporate and Institutional division, the annual fixed compensation for the year 2021 amounts to €325,000.

For Frédéric Laurent, Associate Chief Executive Officer of Crédit Mutuel Arkéa, in charge of the Retail customer division, the annual fixed compensation for the year 2021 amounts to €305,000.

2.3.1.3. Annual variable compensation (AVC)

The CEO and the Associate CEOs 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 CEO and the Associate CEO, the variable compensation may 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, in compliance with the provisions of the Monetary and Financial Code and following the authorisation granted by the General Meeting on May 11, 2021.

For the Associate CEOs 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's risk appetite framework, which seeks to set them at a level that is compatible with its overall performance objectives while ensuring that it is always able to control them through its expertise. The levels of risk and risk control are criteria that are subject to great attention and are particularly selective in the direction of the group's development.

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

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

Executive 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, or one of its entities, to abnormal and significant risk, in particular because of the responsibility of the managers 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 components 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.

2.3.1.4. Benefits in kind

Julien Carmona, Chairman of the Board of Directors, is provided with company accommodation and a company car as benefits in kind.

It should be noted that Jean-Pierre Denis' term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa ended at the General Meeting of May, 11 2021. The benefits in kind for Jean-Pierre Denis consist of the provision of a company car.

The benefits in kind for the CEO and the Associate CEOs consist of the provision of a company car.

2.3.1.5. Financial instruments

As Crédit Mutuel Arkéa's share capital is not listed on a regulated market, the entire deferred component of the variable compensation is paid in cash instruments linked to shares, i.e. the amount of which reflects and evolves according to the credit quality of the institution. These cash instruments will thus be indexed to a composite indicator calculated on the basis of group consolidated criteria.

2.3.1.6. Employment contract and corporate mandate

Chairman of the Board of Directors of Crédit Mutuel Arkéa
Jean-Pierre Denis' term of office as Chairman of the Board of Directors of Crédit Mutuel Arkéa expired at the General Meeting of May 11, 2021 and his employment contract, which had been suspended, automatically resumed upon termination of this term of office.

Julien Carmona, 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 Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa, has been suspended since her appointment *as* Chief Executive Officer 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.

Associate Chief Executive Officer of Crédit Mutuel Arkéa
The employment contract of Anne Le Goff, Associate Chief Executive Officer of Crédit Mutuel Arkéa, has been suspended since February 13, 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.

Associate Chief Executive Officers of Crédit Mutuel Arkéa - employees
The Associate CEOs have an employment contract.
The real nature of the contract is reflected in the subordination to the Director General and, in addition, the Associate Chief Executive Officers are Executive officers of the divisions and as such have full technical functions.

2.3.1.7. Severance pay

Chairman of the Board of Directors of Crédit Mutuel Arkéa
As regards Jean-Pierre Denis, in the event of termination of his employment contract for any reason whatsoever (excluding dismissal for serious or gross misconduct), he is likely to receive a termination indemnity, in addition to the legal or conventional provisions, in an amount equal to two years' compensation (calculated on the basis of the gross reference salary at the date of termination, including benefits in kind, plus the last annual variable compensation actually received, including exceptional bonuses and the LTI).
He will also be entitled to receive this severance payment in the event of a conventional termination of his employment contract.
It is specified that any severance payment would be calculated in the context of the employment contract, with regard to the duties and responsibilities carried out in this capacity.

As regards Julien Carmona, in the event of involuntary termination of his 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, excluding revocation for management misconduct, he is liable to receive compensation equivalent to two years' gross remuneration (calculated on the basis of the gross fixed remuneration received on the date of termination of the term of office, including benefits in kind).

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), Hélène Bernicot 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 Hélène Bernicot over the three years preceding the date of termination, including variable compensation, exceptional bonuses and the LTI).

Hélène Bernicot will also be entitled to receive this severance payment if her employment contract is terminated by agreement.
It is specified that any termination indemnity would be calculated within the framework of Hélène Bernicot's employment contract, with regard to the duties and responsibilities performed in this capacity.

Associate 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), Anne Le Goff 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 Anne Le Goff over the three years preceding the date of termination, including variable compensation, exceptional bonuses and the LTI).
Anne Le Goff will also be entitled to receive this severance payment if her employment contract is terminated by mutual agreement.
It is specified that any severance pay would be calculated in the context of Anne Le Goff's employment contract, with regard to the duties and responsibilities performed in this capacity.

2.3.1.8. Retirement

Chairman of the Board of Directors of Crédit Mutuel Arkéa
The Chairman of the Board has a defined contribution pension plan.
Jean-Pierre Denis is also entitled to end-of-career leave calculated on the basis of twenty-three days for each year spent as a senior executive of the Crédit Mutuel Arkéa.

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 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.
As of January 1, 2020, the CEO only benefits from a defined contribution pension scheme.

Associate CEO of Crédit Mutuel Arkéa
At the time of her retirement, and if she has been with the group for at least five years, the Associate Chief Executive Officer of Crédit Mutuel Arkéa receives a termination benefit equal to seven twelfths of her annual compensation. The Associate 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.
As of January 1, 2020, the Associate CEO has only a defined contribution pension plan.

Associate CEO of Crédit Mutuel Arkéa- employees
On retirement, and provided they have been with the group for at least five years, Crédit Mutuel Arkéa's Associate Chief Executive Officers receive a termination payment equal to seven twelfths of their annual compensation. Associate Chief Executive Officers also receive end-of-career leave calculated at 23 days for each year spent as a senior executive of the Crédit Mutuel Arkéa.
As of January 1, 2020, the Associate CEOs only benefit from a defined contribution pension scheme.

2.3.1.9. Loans, advances and guarantees granted to executive officers

Crédit Mutuel Arkéa's executive officers may be granted loans.
These loans, which constitute current operations, are granted under normal market conditions.

2.3.2. 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 Chairman of Crédit Mutuel Arkéa	2019 paid in the year	2019 due for the year	2020 paid in the year	2020 due for the year
fixed compensation	530,000	530,000	530,000	530,000
variable compensation	1,060,000	0	0	0
benefits in kind	11,342	11,342	11,289	11,289
TOTAL	**1,601,342**	**541,342**	**541,289**	**541,289**

Hélène Bernicot CEO	2019 paid in the year	2019 due for the year	2020 paid in the year (1)	2020 due for the year (1)
fixed compensation	0	0	373,641	373,641
variable compensation	0	0	0	0
benefits in kind	0	0	6,412	6,412
TOTAL	**0**	**0**	**380,053**	**380,053**

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

Anne Le Goff Associate CEO	2019 paid in the year	2019 due for the year	2020 paid in the year	2020 due for the year
fixed compensation	270,000	270,000	384,196	384,196
variable compensation	362,756	399,262	462,219	2,417
benefits in kind	8,007	8,007	8,537	8,537
TOTAL	**640,763**	**677,269**	**854,952**	**395,150**

Ronan Le Moal CEO	2019 paid in the year	2019 due for the year	2020 paid in the year	2020 due for the year
fixed compensation	425,000	425,000	177,084	177,084
variable compensation	850,000	850,000	852,998	3,000
benefits in kind	11,199	11,199	4,630	4,630
TOTAL	**1,286,199**	**1,286,199**	**1,034,712**	**184,714**

Subsequent to the end of his term of office as Chief Executive Officer, in application of the contractual provisions concluded between Ronan Le Moal and Crédit Mutuel Arkéa as mentioned in the corporate governance report, Ronan Le Moal received indemnities due in respect of the termination of his employment contract amounting to €3,251,626, as well as indemnities in respect of his holiday savings amounting to €713,510.

2.3.3. Table of compensation of the members of the Board of Directors

Details of compensation (in €)	2020 fees: On behalf of the Board of Directors	For the committees	Details of other functions within the group	Total attendance fees paid in 2020	Total attendance fees paid in 2019
Jean-Pierre DENIS * Chairman of the Board of Directors					
Sophie VIOLLEAU Vice Chairwoman	18,590	10,015	68,808	97,413	37,260
Valérie BARLOIS-LEROUX Director not issued from the cooperative movement	14,300	2,145	0	16,445	NA
Valérie BLANCHET-LECOQ Director	7,150	3,575	1,515	12,240	NA
Thierry BOUGEARD Director	15,015	18,595	21,350	54,960	50,245
François CHATEL Director	13,585	17,165	14,440	45,190	46,240
Philippe CHUPIN Director	7,150	5,005	6,825	18,980	NA
Marta CRENN Director	15,015	7,150	3,060	25,225	28,420
Guillaume GLORIA Employee director	0	0	0	0	0
Michel GOURTAY Director	15,015	7,150	2,160	24,325	25,035
Monique HUET Director not issued from the cooperative movement	39,325	7,865	0	47,190	52,910
Anne-Gaëlle LE BAIL Director	13,585	2,860	41,160	57,605	48,075
Patrick LE PROVOST Director	14,300	22,170	37,465	73,935	70,196
Yves MAINGUET Director	15,015	2,145	3,605	20,765	22,715
Luc MOAL Director	15,015	12,155	18,455	45,625	37,180
Valérie MOREAU Director	14,300	5,720	10,600	30,620	17,765
Colette SENE Director	15,015	2,860	10,875	28,750	24,690
Dominique TRUBERT Director	5,720	0	8,025	13,745	NA
Marie VIGNAL-RENAULT Employee director	0	0	0	0	NA
TOTAL	**238,095**	**126 575**	**248,343**	**613,013**	**750,737 ****
Christian TOUZALIN Vice-Chairman of the Board of Directors until 05/14/2020	11,440	0	85,543	96,983	124,370
Christian DAVID Director until 05/14/2020	7,865	7,865	9,990	25,720	47,710
Isabelle DARDE Employee Director	0	0	0	0	0
Anne-Sophie GRAVE Director not issued from the cooperative movement until 05/14/2020	14,300	2,145	0	16,445	32,890
Marie-Thérèse GROUSSARD Director until 05/14/2020	6,435	4,650	14,761	25,846	35,506
Christian PERON Director until 05/14/2020	7,865	0	13,710	21,575	33,790
Lionel DUNET Censor until 05/14/2020	7,150	715	1,800	9,665	15,740
TOTAL	**55,055**	**15,375**	**125,804**	**196,234**	**290,006**

*Mr Jean-Pierre Denis, in his capacity as a corporate officer, receives compensation, the elements of which are detailed, for the 2020 financial year, in section 2.8.2.1 of the 2020 URD.

**The 2019 total includes the amounts paid to directors whose term of office ended at the General Meeting.

3. Activity report

3.1. Summary elements

In an unfavourable economic context (continuing health crisis, persistent low interest rate), Crédit Mutuel Arkéa showed its resilience and confirmed the recovery of its activity in the first half of 2021 by posting a net income of €277 million, up by €28 million compared to the first half of 2020

In terms of activity (compared to 31 December 2020):

- A customer portfolio up by 1.8% to 5.0 million, i.e. almost 85,000 additional customers;
- Gross loans outstanding increased by 3.6% to €70.1 billion;
- Outstanding savings increased by 7.0% €147.3 billion;
- Gross loan to deposit ratio down 0.5 points to 98.5%;
- Earned premiums in property and personal insurance increased by 2.8% to €224 million.

In terms of results (compared to 30 June 2020):

- A record half-year net profit of €277 million, +11.1% compared to the first half of 2020:
- Revenues of €1.2 billion (+11.6%)
- A 20.9% increase in management costs to €807 million
- Cost of risk down 37.6% to €53 million

In terms of solvency:

- Prudential equity amounted to €8.9 billion, up €0.3 billion:
    - Common Equity Tier 1 (CET 1) capital is €7.1 billion and represents about 80% of total prudential capital. They increased by €0.3 billion in the first half of 2021, which mainly corresponds to the integration of the undistributed result of the first half of 2021 and the net inflow of shares.
    - Tier 2 capital remains stable over the first half of 2021 as there is no issue in the first six months of 2021.

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

- The solvency ratios[1] are positioned higher than the regulatory requirements:

    - The CET 1 ratio was 17.1% at 30 June 2021 (16.8% at the end of December 2020)
    - The overall solvency ratio was 21.6% at 30 June 2021 (21.6% at the end of December 2020)
    - The leverage ratio was 7% at 30 June 2021 (6.8% at end December 2020)[2]

[1] Ratios as at June 30, 2021 integrating the interim result

[2] Under CRR2, banks may exclude certain Central Bank exposures from the total leverage ratio exposure when justified by exceptional macroeconomic circumstances. When applying this exemption, institutions must meet an adjusted leverage ratio requirement of more than 3%. On 18 June 2021, the European Central Bank declared that credit institutions under its supervision may apply this exclusion in view of the existence of exceptional circumstances since 31 December 2019; this measure is applicable until 31 March 2022. Crédit Mutuel Arkéa applies this provision and must therefore comply with a leverage ratio requirement of 3.11% during this period.

Evolution of the prudential equity

(in € millions)	30.06.2021	31.12.2020	Var. 30.06.2021 / 31.12.2020	
			abs.	%
Common Equity Tier 1	**7,074**	**6,744**	**329**	**4,9%**
Tier 1 capital	**7,085**	**6,767**	**318**	**4,7%**
Additional capital (Tier 2) net of deductions and surcharges	**1,834**	**1,877**	**- 42**	**-2,2%**
Total regulatory capital	**8,919**	**8,643**	**276**	**3%**

Changes in capital requirements

(in € millions)	30.06.2021	31.12.2020
Credit risk	**38,743**	**37,561**
Standardized approach	**7,624**	**7,197**
Central and public administrations	1,337	1,285
Credit institutions	24	45
Corporates	204	264
Retail customers	5,099	4,789
Shares, securizations and other non-credit obligation assets	960	815
Internal ratings-based approach	**31,119**	**30,365**
Credit institutions	1,041	1,029
Corporates	13,083	12,787
Retail customers	3,408	3,296
Equities	13,078	12,697
Securitization	0	0
Other non-credit obligation	509	556
Market risk and CVA (standardized approach)	**86**	**76**
Operational risk (almost exclusively advanced approach)	**2,482**	**2,403**
Total capital adequacy requirements	**41,311**	**40,040**

Evolution of prudential ratios

	30.06.2021	31.12.2020
Common Equity Tier 1 ratio	**17.1%**	**16.8%**
Overall Ratio	**21.6%**	**21.6%**
Leverage ratio	**7.0%**	**6.8%**

In terms of liquidity :

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

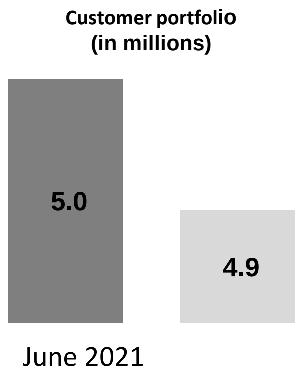
- LCR at 160% at the end of June 2021 for a regulatory requirement of 100%.

- NSFR of 114% at the end of June 2021 for a regulatory requirement of 100%.

3.2. Activity

3.2.1. Customers

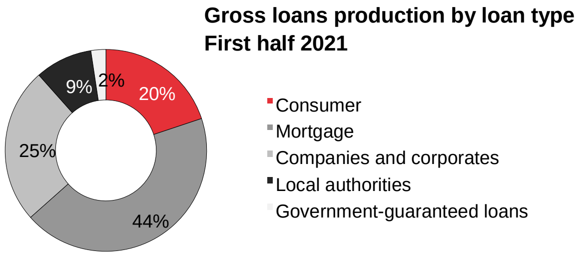
The customer portfolio grew by 1.8% in the first half of 2021, with almost 85,000 additional customers coming from online banking (+42,000 customers), insurance (+19,000 customers), Aumax pour moi personal assistant (+12,000 customers) and retail banking (+11,000 customers).

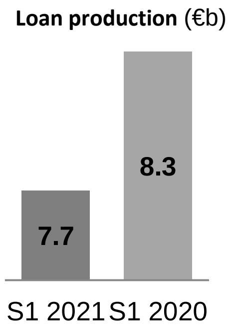


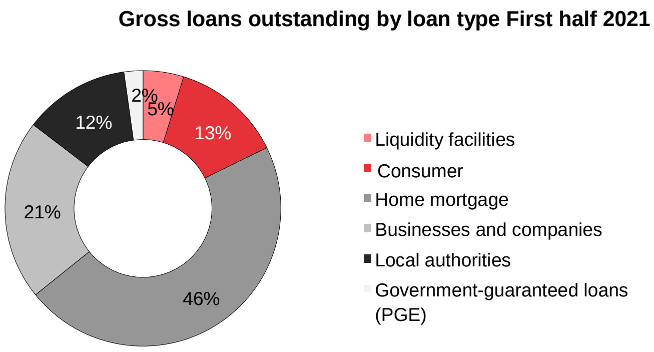
3.2.2. Lending

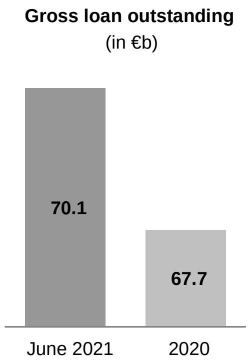
Gross outstandings before provisions increased by 3.6% compared to the end of 2020 to reach €70.1 billion. Outstanding net provisions (including interest) amounted to €69.6 billion.
Loan production in the first half of 2021 reached €7.7 billion, down 6.3% compared to the first half of 2020. The drop in production is explained by the granting of government guaranteed loans in 2020 with production of €1.3 billion against €0.2 billion at the end of June of this year.

Adjusted for government-guaranteed loans, production rose by 8.6% to €7.5 billion for all types of loans: housing loans (+6.1% to €3.4 billion), consumer loans (+16.8% to €1.5 billion) and loans to corporates and local authorities (+7.6% to €2.6 billion).







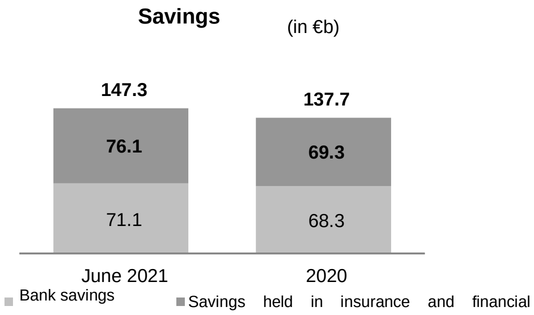


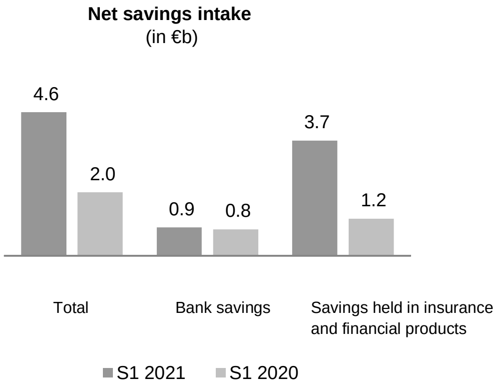
3.2.3. Savings

Total outstanding savings reached €147.3 billion, up 7.0% compared to the end of 2020.
Net savings inflows reached €4.6 billion, i.e. a 2.3-fold increase compared to the first half of 2020.

This is marked by :

- Net inflows of interest-bearing bank savings at €0.9 billion, up by €0.1 billion.
- Net insurance savings inflows of €0.8 billion, up €0.5 billion.
- Net inflows of financial savings increased by €2.0 billion to €2.8 billion.



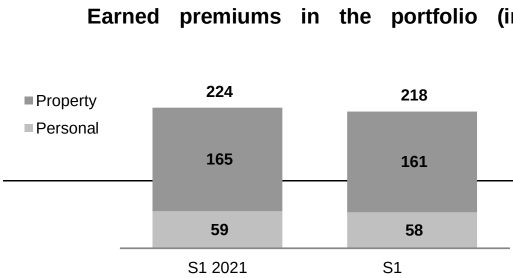


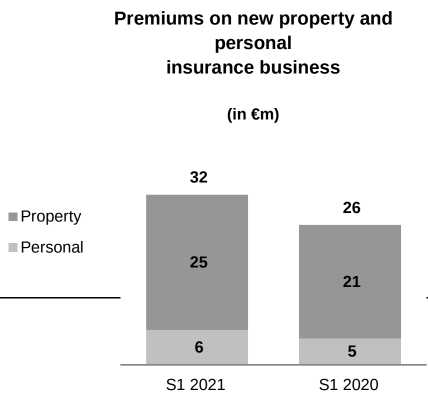
3.2.4. Non-life insurance

Property and personal insurance policies are distributed through the group's networks and through networks outside the Crédit Mutuel Arkéa.

Earned premiums in the portfolio increased by 2.8% to €224 million at the end of June 2021.

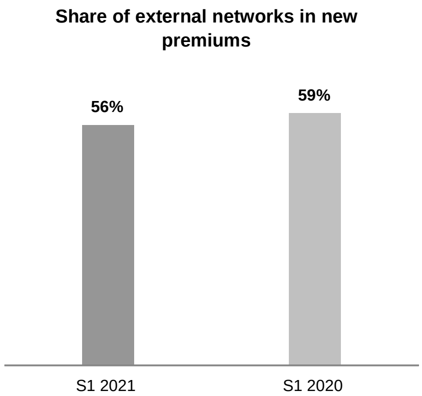
New business premiums for the first half of the year increased by 22.6% to €32 million.

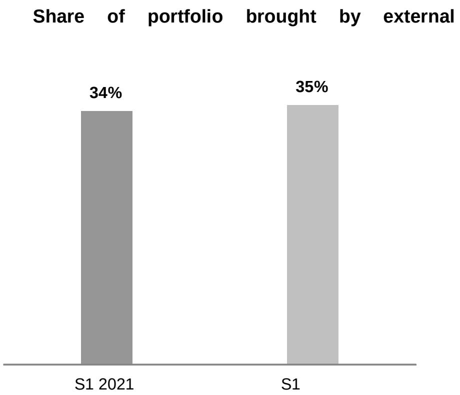




Earned premiums in the portfolio contributed by external networks represent 34% of total earned premiums in property and casualty insurance at the end of June 2021.

New business premiums contributed by external networks represent 56% of total new business premiums, down 3 points compared to the first half of 2020.





3.3. Balance sheet

In the first half of 2021, Crédit Mutuel Arkéa's balance sheet increased by €5.5 billion as a result of the development of banking activities (€2.9 billion growth in deposits, €2.4 billion increase in loans) and insurance activities (+€1.9 billion).

ASSETS (in €billion)

June 2021		Variations	December 2020	
Loans to customers	**69.6**	**2,4**	**Loans to customers**	**67.3**
of which provisions B1	-0,2		of which provisions B1	-0,1
of which B2 provisions	-0,2		of which B2 provisions	-0,2
of which provisions B3	-0,8		of which provisions B3	-0,8
Repayments	**8.7**	**0.7**	**Repayments**	**8.1**
Cash flow	**18.1**	**1.5**	**Cash flow**	**16.5**
Financial assets	**16.3**	**-0,8**	**Financial assets**	**17.1**
Fixed assets	**1.5**	**0,0**	**Fixed assets**	**1.5**
Other assets (including minority interests in UCITS)	**5.2**	**-0,1**	**Other assets (including minority interests in UCITS)**	**5.3**
Insurance assets	**55.4**	**1.9**	**Insurance assets**	**53.5**
Non-current assets held for sale	**0.0**	**-0.1**	**Non-current assets held for sale**	**0.1**
TOTAL	**174.9**	**5.5**		**169.4**

LIABILITIES (in billions of euros)

June 2021		Variations	December 2020	
Customer deposits	71.2	2,9	Customer deposits	68.4
Market resources	33.6	0.3	Market resources	33.3
Subordinated debts	2.5	-0.1	Subordinated debts	2.5
Other liabilities (including minority interests in UCITS)	6.8	0.4	Other liabilities (including minority interests in UCITS)	6.4
Insurance liabilities	52.8	1.8	Insurance liabilities	51.0
Shareholders’ equity	8.1	0,3	Shareholders’ equity	7.7
Non-current liabilities held for sale	0.0	-0,1	Non-current liabilities held for sale	0.1
TOTAL	174.9	5.5		169.4

3.4. Consolidated results

In the first half of 2021, Crédit Mutuel Arkéa achieved a net income group share of €277 million, up €28 million compared to the first half of 2020 (+11.1%).
The cost/income ratio[3] increased by 5 points to 65.9%.

	First half 2021	First half 2020	Var. 1st H 2021 / 1 st H 2020	
			abs.	%
Revenues	**1,224**	**1,096**	**128**	**11.6%**
Operating expenses	**-807**	**-667**	**-139**	**20.9%**
Gross operating income	**417**	**429**	**-12**	**-2.7%**
Cost of risk	**-53**	**-84**	**32**	**-37,6%**
Pre-tax income	**368**	**344**	**24**	**7,0%**
Income tax	**-91**	**-95**	**3**	**-3.7%**
Net income, group share	**277**	**249**	**28**	**11.1%**
Operating ratio	**65,90%**	**60,9%**	**5 pts**	

3.4.1. Revenues [4]

In the first half of 2021, Crédit Mutuel Arkéa achieved a revenue increase of 11.6% to €1,224 million (+€128 million), compared to the same period in 2020.

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

The banking sector

The banking sector includes retail banking for individuals (local Crédit Mutuel banks, Arkéa Direct Bank [including Fortuneo and Keytrade], Financo, CFCAL, Nouvelle Vague et Pumpkin), retail banking for businesses and corporates (Arkéa Banque Entreprises et Institutionnels, Arkéa Crédit Bail, Arkéa Capital Investissement, Partenaire et Manager) and the subsidiaries involved in Business Process Outsourcing (Monext, Nextalk, Arkéa Banking Services, ProCapital Securities Services, Leetchi, Izimmo).

Banking revenues were up 9.7% compared to the first half of 2020 at €917 million.

On a comparable basis[5], revenues were up 22.3% to €914 million (+€167 million):

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

[4] Revenues corresponds to Net Banking Income (NBI) including gains or losses on disposal - dilution of companies accounted for by the equity method

[5] Excluding changes in the scope of consolidation in 2021 (Strateo) and excluding significant transactions in 2020 (Younited and Linxo)

- The financial margin increased by 44.1% (+€142 million) to €463 million. This increase is mainly due to the recovery of economic activity, which has a positive impact on the valuations of private equity holdings;
- Net commissions received increased by 5.5% (+€17 million) to €331 million, driven by the dynamism of the credit business and white label banking services;
- Other operating income and expenses increased by 6.7% (€7 million) to €119 million due to a sustained level of activity in the BPO business line.

The 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 (Federal Finance, Schelcher Prince Gestion, Arkéa Capital Gestion and Arkéa Real Estate).

Insurance and asset management revenues were up 17.8% compared to the first half of 2020 to €307 million.

On a comparable basis[6], revenues were up 16.5% to €304 million (+€43 million) driven by the good performance of the life insurance market and the financial markets.

3.4.2. Operating expenses

Operating expenses amounted to €807 million, up 20.9% (+€139 million). On a like-for-like basis[7], operating expenses increased by €67 million to €802 million:

- Personnel costs increased by €30 to €417 million;
- Other expenses increased by €33 million to €314 million;
- Depreciation, amortisation and provisions increased by €4 million to €71 million.

3.4.3. Cost of risk

The cost of risk fell by €32 million to €53 million. On a like-for-like basis[8], the cost of risk decreased by €32 million to €53 million:

- Provisions for performing loans decreased by €15 million to €21 million in the first half.
- The cost of risk on doubtful and disputed customer loans decreased by €16 million to €32 million

At mid-year 2021, the cost of risk represents 0.08% of the outstanding balance sheet commitments to customers, i.e. 0.15% annually on this level.

<u>Credit risk quality of the portfolio</u>
The amount of doubtful and disputed receivables, including interest, rose by 1.6% to €1,461 million euros at June 30 2021.

The rate of doubtful and disputed loans (including interest) on the total outstanding amount was stable in the first half of 2021 at 2.1%.

<u>Provisioning</u>
Crédit Mutuel Arkéa notes the resilience of its customer loan portfolio in the first half of 2021, with a 2.5 point drop in the provision rate for doubtful and disputed loans (capital and interest) to 51.9%.

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[6] Excluding changes in the scope of consolidation 2021 (Arkéa Real Estate)

[7] Excluding changes in the scope of consolidation in 2021 (Strateo and Arkéa Real Estate), excluding notable transactions in 2020 (Younited and Linxo) and excluding the crystallisation of the supplementary pension plan following the implementation of the Pacte law in 2020

[8] Excluding changes in the scope of consolidation 2021 (Strateo)

3.5. Ratings

At 30/06/2021	Short-term ratings
Moody's	P-1
Fitch	F1
	Long-term ratings
Moody's	Aa3
Fitch	A-
	Outlook
Moody's	Stable
Fitch	Stable

4. Consolidated financial statements at 30 June 2021

Balance sheet (in € thousands)

Assets	Notes	06.30.2021	12.31.2020
Cash, due from central banks	1	14,230,347	12,901,851
Financial assets at fair value through profit or loss	2	1,441,240	1,476,283
Derivatives used for hedging purposes	3	907,950	1,128,825
Financial assets at fair value through equity	4	10,467,884	11,922,563
Securities at amortized cost	5	636,896	640,787
Loans and receivables - credit institutions, at amortized cost	1	16,374,646	14,791,362
Loans and receivables - customers, at amortized cost	6	69,616,738	67,250,857
Remeasurement adjustement on interest-rate risk hedged portfolios		709,069	933,849
Placement of insurance activities	7	57,430,393	55,304,242
Current tax assets		135,695	174,300
Deferred tax assets		131,089	145,059
Accruals, prepayments and sundry assets		1,121,278	951,587
Non-current assets held for sale		0	94,958
Deferred profit-sharing		0	0
Investments in associates		176,422	167,698
Investment property		125,183	127,487
Property, plant and equipment		343,925	336,643
Intangible assets		496,605	477,403
Goodwill	8	569,944	550,017
TOTAL ASSETS		**174,915,304**	**169,375,771**

Liabilities	Notes	06.30.2021	12.31.2020
Due to central banks	9	0	0
Financial liabilities at fair value through profit or loss	10	1,331,645	1,362,942
Derivatives used for hedging purposes	3	976,892	1,208,376
Debt securities	12	17,169,265	19,348,474
Due to banks	9	15,040,388	12,579,835
Liabilities to customers	13	71,231,408	68,361,123
Remeasurement adjustment on interest-rate risk hedged portfolios		313,703	228,384
Current tax liabilities		121,042	135,727
Deferred tax liabilities		156,403	169,681
Accruals, deferred income and sundry liabilities		2,772,483	2,393,952
Liabilities associated with non-current assets held for sale		0	94,028
Insurance companies' technical reserves	14	54,780,808	52,736,780
Provisions	15	467,454	479,730
Subordinated debt		2,477,519	2,547,739
Total equity		**8,076,295**	**7,729,000**
Shareholders' equity, group share		8,072,099	7,725,770
Share capital and additional paid-in capital		2,484,033	2,378,428
Consolidated reserves		5,134,160	4,793,564
Gains and losses recognized directly in equity		176,849	197,537
Net income for the year		277,058	356,241
Non-controlling interests		4,195	3,230
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**174,915,304**	**169,375,771**

Income statement (in € thousands)

Income statement	Notes	06.30.2021	06.30.2020
Interest and similar income (1)	18	906,165	864,997
Interest and similar expense (1)	18	(562,992)	(531,549)
Commission income	19	345,915	311,583
Commission expense	19	(84,659)	(74,302)
Net gain (loss) on financial instruments at fair value through profit or loss	20	108,554	(20,047)
Net gain (loss) on financial instruments at fair value through equity	21	15,864	11,487
Net gain (loss) on derecognition of financial instruments at amortized cost	22	4,373	320
Net income from insurance activities	23	369,249	334,477
Income from other activities	24	157,578	143,742
Expense from other activities	24	(35,983)	(31,420)
NET BANKING INCOME		**1,224,064**	**1,009,288**
Gains (losses) on disposal - dilution in investments in associates	25	0	87,139
NET BANKING INCOME including gains (losses) on disposal - dilution in investments in associates		**1,224,064**	**1,096,427**
General operating expenses	26	(734,897)	(600,300)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		(71,703)	(67,002)
GROSS OPERATING INCOME		**417,464**	**429,125**
Cost of credit risk	27	(52,589)	(84,220)
OPERATING INCOME		**364,875**	**344,905**
Share in net income of equity-accounted associates and joint ventures		2,644	1,165
Gains (losses) on other assets	28	541	(2,022)
Changes in goodwill		0	0
PRE-TAX INCOME		**368,060**	**344,048**
Income tax	29	(91,109)	(94,595)
Net income (loss) from discontinued operations		0	0
NET INCOME		**276,951**	**249,453**
O/w non-controlling interests		(107)	(7)
NET INCOME - GROUP SHARE		**277,058**	**249,460**

(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 18.

Statement of net income and gains and losses recognized directly in equity	Notes	06.30.2021	06.30.2020
Net income		**276,951**	**249,453**
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		(10,829)	8,377
Revaluation of available-for-sale financial assets (net of taxes)		(17,773)	(44,216)
Revaluation of derivatives used to hedge recyclable items (net of taxes)		549	530
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		(228)	(125)
Items to be recycled to profit or loss		**(28,281)**	**(35,434)**
Actuarial gains (losses) on defined benefit plans (net of taxes)		2,294	6,613
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		3,570	(1,423)
Revaluation of equity instruments at fair value through equity (net of taxes) (1)		(1,962)	(14,177)
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		3,681	(20,879)
Items not to be recycled to profit or loss		**7,583**	**(29,866)**
Total gains and losses recognized directly in equity		**(20,698)**	**(65,300)**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY		**256,253**	**184,153**
of which group share		256,370	184,161
of which non-controlling interests		(117)	(8)

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

Changes in shareholders' equity
(in € thousands)

	Share capital and reserves	Consolidated reserves	Total gains and losses recognized directly in equity	Net income attributable to equity holders of the parent	Shareholders' equity, group share	Non-controlling interests in equity	Total equity
Position at January 1, 2020	**2,353,416**	**4,294,471**	**189,810**	**510,737**	**7,348,433**	**3,246**	**7,351,679**
Capital increase/reduction	50,197				50,197		50,197
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		(510,737)			
Dividend paid in 2020 in respect of 2019						(6)	(6)
Change in equity interests in subsidiaries with no loss of control		(1,278)			(1,278)	(21)	(1,299)
Subtotal of changes involving transactions with shareholders	**2,403,613**	**4,803,930**	**189,810**		**7,397,352**	**3,219**	**7,400,571**
Changes in gains and losses recognized directly in equity			(68,170)		(68,170)	(1)	(68,171)
2020 net income				249,460	249,460	(7)	249,453
Subtotal	**2,403,613**	**4,803,930**	**121,640**	**249,460**	**7,578,642**	**3,211**	**7,581,853**
Impact of acquisitions and disposals on non-controlling interests	(100,930)	12,866	2,871		(85,193)		(85,193)
Share of changes in shareholders' equity from investments in associates and joint ventures							
Change in accounting methods							
Other changes		(1,458)			(1,458)	8	(1,450)
Position at June 30, 2020	**2,302,683**	**4,815,338**	**124,511**	**249,460**	**7,491,991**	**3,219**	**7,495,210**
Capital increase	75,745				75,745		75,745
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							
Dividend paid in 2020 in respect of 2019		(37,010)			(37,010)	1	(37,009)
Change in equity interests in subsidiaries with no loss of control		1,278			1,278	21	1,299
Subtotal of changes involving transactions with shareholders	**2,378,428**	**4,779,606**	**124,511**	**249,460**	**7,532,005**	**3,241**	**7,535,245**
Changes in gains and losses recognized directly in equity		21,935	73,026		94,961	(42)	94,919
2020 second half net income				106,781	106,781	33	106,814
Subtotal	**2,378,428**	**4,801,541**	**197,537**	**356,241**	**7,733,747**	**3,232**	**7,736,978**
Impact of acquisitions and disposals on non-controlling interests		(3,339)			(3,339)		(3,339)
Share of changes in shareholders' equity from investments in associates and joint ventures		(1,703)			(1,703)		(1,703)
Change in accounting methods							
Other changes		(2,935)			(2,935)	(2)	(2,936)
Position at December 31, 2020	**2,378,428**	**4,793,564**	**197,537**	**356,241**	**7,725,770**	**3,230**	**7,729,000**
Capital increase	105,605				105,605		105,605
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		(356,241)			
Dividend paid in 2021 in respect of 2020		(36,512)			(36,512)	(7)	(36,519)
Change in equity interests in subsidiaries with no loss of control							
Subtotal of changes involving transactions with shareholders	**2,484,033**	**5,113,293**	**197,537**	**0**	**7,794,863**	**3,223**	**7,798,086**
Changes in gains and losses recognized directly in equity		30,248	(20,688)		9,560	(10)	9,550
06.30.2021 net income				277,058	277,058	(107)	276,951
Subtotal	**2,484,033**	**5,143,541**	**176,849**	**277,058**	**8,081,481**	**3,106**	**8,084,587**
Impact of acquisitions and disposals on non-controlling interests		501			501	1,089	1,590
Share of changes in shareholders' equity from investments in associates and joint ventures		(87)			(87)		(87)
Change in accounting methods							
Other changes		(9,795)			(9,795)		(9,795)
Position at June 30, 2021	**2,484,033**	**5,134,160**	**176,849**	**277,058**	**8,072,099**	**4,195**	**8,076,295**

Net cash flow statement
(in € thousands)

	06.30.2021	06.30.2020
Cash flows from operating activities		
Net income	276,951	249,453
Tax	91,109	94,595
Pre-tax income	**368,060**	**344,048**
Depreciation and amortization of property, plant and equipment and intangible assets	71,268	66,246
Impairment of goodwill and other non-current assets	9,984	0
Net additions to depreciations	1,663	61,232
Share of income (loss) from investments in associates	(2,644)	(1,761)
Net loss (gain) from investing activities	(1,572)	(110,822)
(Income)/expense from financing activities	0	0
Other changes	1,639,816	(1,387,700)
Total non-cash items included in net income and other adjustments	**1,718,515**	**(1,372,805)**
Interbank transactions	582,422	4,211,353
Transactions with customers	428,757	1,400,100
Transactions involving other financial assets/liabilities	(505,541)	2,248,455
Transactions involving other non-financial assets/liabilities	642,784	(3,619,603)
Dividends from investments in associates	1,919	2,028
Taxes paid	(58,565)	23,466
Net decrease/(increase) in operating assets and liabilities	**1,091,776**	**4,265,799**
NET CASH FLOW FROM OPERATING ACTIVITIES	**3,178,351**	**3,237,042**
Cash flows from investing activities		
Financial assets and investments	43,808	60,076
Investment property	(7,239)	33,362
Property, plant and equipment and intangible assets	(86,493)	(54,051)
Other	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**(49,924)**	**39,387**
Cash flows from financing activities		
Cash flows from/to shareholders	74,015	53,187
Other cash flows from financing activities	(2,072,554)	1,745,000
CASH FLOWS FROM FINANCING ACTIVITIES	**(1,998,539)**	**1,798,187**
Net increase/(decrease) in cash and cash equivalents	**1,129,888**	**5,074,616**
Cash flows from operating activities	3,178,351	3,237,042
Cash flows from investing activities	(49,924)	39,387
Cash flows from financing activities	(1,998,539)	1,798,187
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	**14,341,821**	**14,269,990**
Cash, central banks (assets & liabilities) (Notes 1 and 9)	14,230,347	14,511,523
Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 9 and 14b)	111,474	(241,533)
CHANGE IN NET CASH AND CASH EQUIVALENTS	**1,129,888**	**5,074,616**

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.

Appendix

Aggregate financial statements at 30 June 2021

Highlights of the year

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

The results for the first half of 2021 are solid, with net profit attributable to the group of €277 million, the highest ever half-yearly level.

Net banking income was €1.224 billion, an increase of €215 million compared with the first half of 2020, thanks to strong momentum across all of the group's business lines.

At €807 million, operating expenses were up €139 million compared with H1 2020, reflecting the growth in business, the major projects conducted by the group for the first year of implementation of its Transitions 2024 medium-term plan and a significant increase in certain taxes and contributions.

At €53 million, net additions to/reversals from provisions for loan losses were down by €32 million compared with the first half of 2020. Net additions to/reversals from provisions for loan losses on non-performing loans remained low at €31 million, reflecting the quality of the group's loan portfolio.

In the first half of 2021, the group completed the sale of the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank, and the acquisition of 75.8% of Catella Asset Management, renamed Arkéa Real Estate. Arkéa Real Estate is exclusively controlled by and fully consolidated within the group.

Covid-19 information

The information specific to Covid-19 health crisis is presented pages 38 and 39.

Accounting standards applied

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa prepared its summary consolidated financial statements for the period ending June 30, 2021 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date. The content of these financial statements has been determined in accordance with the provisions of IAS 34 relating to condensed interim financial reporting.

At June 30, 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 standards and interpretations adopted by the European Union whose application was optional in 2021.

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 financial statements for the first half of 2021.

COVID-19 health crisis

The Crédit Mutuel Arkéa 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 (PGEs) to help its business and corporate customers maintain their cash flow.

This financing is in the form of 12-month bullet loans that include a deferred repayment clause over a period of one to five years. At the end of the first 12 month period, the beneficiary of the government-backed loan may set a new time period to the government-backed loan (with a limit of 6 years in total) and its repayment periods. The loan is first offered at an interest rate of 0% plus the cost of the government guarantee (charged through a fee paid by the customer). For an extended loan, the contractual interest rate excluding the guarantee premium will vary. Similarly, the applicable guarantee premium increases as the state-guaranteed loan matures.
These loans, which are held to collect cash flows and meet the "basic loan" criterion, are recognized at amortized cost using the interest rate method. At the initial recognition date, they are recognized at their nominal value, which is representative of the fair value.

If an extension is granted, the change in estimated cash flows resulting from the adjustment in the contractual interest rate excluding the guarantee premium is viewed as a re-estimation of cash flows to reflect fluctuations in market interest rates.
Such adjustment requires a forward-looking revision of the effective interest rate (EIR). 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). The adjustment is recognized directly in profit or loss. For the period to June 30, 2021, the Crédit Mutuel Arkéa assessed the impact of the use of the catch-up method to be immaterial.

At 30 June 30, government-guaranteed loans distributed by the Crédit Mutuel Arkéa totaled €1.6 billion on the balance sheet, with guarantees totaling €1.4 billion.

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

The Crédit Mutuel Arkéa 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 30 June 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 €5.9 billion. For 96.1% of these outstandings, customers resumed payments in accordance with their repayment schedule. The schedules are still on hold for the remaining 3.9%.

2. **Calculation of expected credit losses**

In this context characterized by a novel degradation of the activity, provoked by the pandemic, combined to equally novel support measures, the Crédit Mutuel Arkéa has implementend the necessary adaptations to its credit risk detection and measurement system, in order to take into account the characteristics and potential effects of the crisis. The credit risk detection and measurement system has not been significantly modified during the 1st semester 2021.

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

With respect to provisions for loans, the Crédit Mutuel Arkéa took into account the unprecedented and brutal effect of the COVID-19 crisis on the macroeconomic environment. When confronting data from the financial sector (analysis by credit insurance companies, rating agencies and institutional investors) to the Crédit Mutuel Arkéa studies, the group anticipates a widespread financial crisis which a stronger impact for companies of certain economic sectors. In this context, the developments implemented in 2020 revolve around four key focuses:

- 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%. These weightings are unchanged at June 30, 2021. At June 30, 2020, the pessimistic scenario was weighted at 70% and the neutral scenario at 30%.

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

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

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

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

At 30 June 2021, the list of selected sectors is unchanged.

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

In keeping with the group's customary annual revision practices, credit conversion factor (CCF) and loss given default (LGD) parameters were updated, resulting in a €9.4 million decrease in the cost of risk.

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[9]:

- banks' borrowing capacity has been increased to 50% of eligible outstanding loans and then 55% from March 2021 (from 30% previously) and the period for exercising the repayment option on each operation has been shortened to 12 months,
- the first seven tranches of TLTRO III may be repaid early on a quarterly basis, one year after the launch of each operation, with the same option available for the last three tranches from June 2022,
- the more favorable interest rate conditions were extended if performance objectives were achieved over an additional period. The TLTRO III interest rate was thus reduced by 50bp (an "additional special interest rate") during the "special" interest rate period from June 2020 to June 2022 (versus June 2021 initially)[10].

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

The effective interest rate on these operations has been calculated based on the refinancing rate obtained by the Crédit Mutuel Arkéa 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.

In the second semester, the Crédit Mutuel Arkéa will follow the IFRS IC's decision on the accounting treatment of TLTRO III operations.

[9] 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)
10 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)

4. “Relance” participatory loan scheme

The Crédit Mutuel Arkéa 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 will transfer 90% of the PPRs to an institutional fund (known as the PPR fund) and retain 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 30 June 2021, the group had no outstanding PPRs.

The mechanism involving the transfer of 90% of the PPRs and the financial scheme are defined in accordance with IFRS 9 derecognition criteria.

Through its insurance entities, the Group has invested €4 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 is not affected by these provisions.

Main standards not yet adopted by the European Union

IFRS 17 Insurance contracts

Date and methods of first-time application

On 18 May 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.

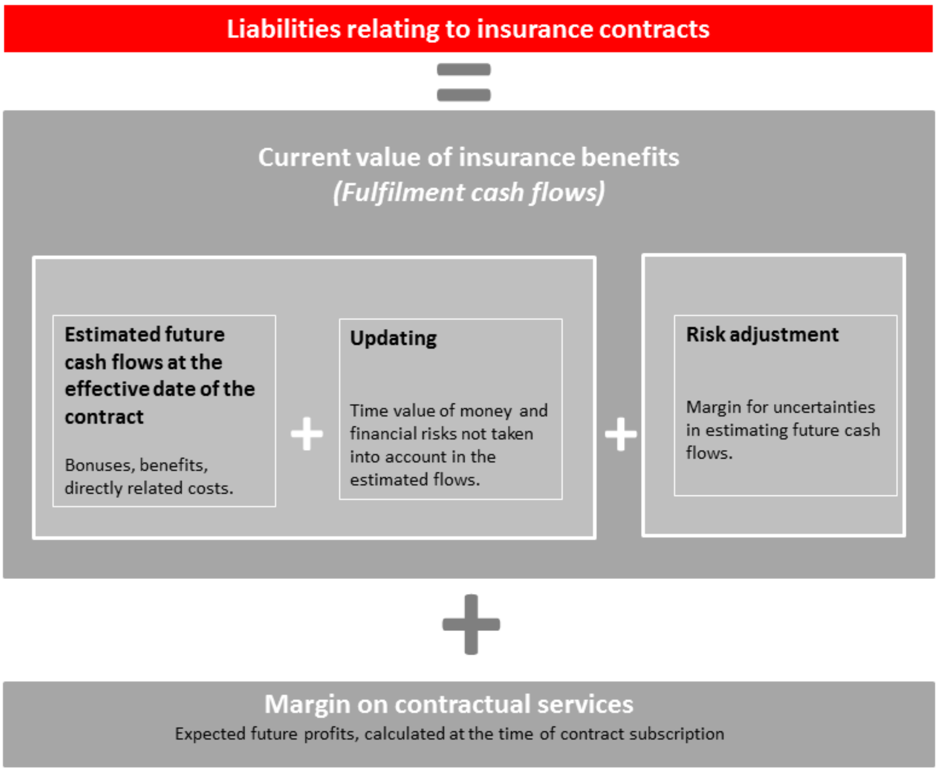
The IASB has examined some of the implementation issues raised by various stakeholders since the publication of IFRS 17 and will determine whether it is necessary to amend IFRS 17. In addition, on 26 June 2019 the IASB published an exposure draft containing a number of amendments to IFRS 17 "Insurance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

The IASB has published an amendment to IFRS 4 Insurance Contracts extending the temporary exemption for the application of IFRS 9 at 1 January 2021.

Accounting principles under IFRS 17

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

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



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

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

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

These valuation models for insurance liabilities will have to be applied to portfolios of similar insurance policies, the granularity of which will be determined by combining three areas:
aggregation of contracts exposed to similar risks and managed together,
a breakdown of policies by year of underwriting, and
upon initial recognition, a distinction is made between loss-making contracts, contracts for which there is no significant possibility of subsequently becoming loss-making, and other contracts.

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

IFRS 17 project

The CM Arkéa group's insurance entities have set up project structures to keep up with the changes resulting from the standard and continued their preparatory work through the first semester of 2021: assessment and documentation of choices related to standards, modeling, adaptation of systems and organizations, production of accounts and changeover strategy, financial communication and change management.

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

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

Accounting principles and valuation methods

Since 1 January 2018, the group has applied IFRS 9 “Financial Instruments” and the amendment to IFRS 9 "Prepayment clause providing for negative compensation" adopted by the European Union on 22 November 2016 and 22 March 2018 respectively for its banking activity.

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

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

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

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

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

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

Accounting principles for the banking business

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

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

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

- Business models

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

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

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

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

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

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

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

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

- Cash flow characteristics

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

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

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

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

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

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 has decided not to adopt the Hedging component of IFRS 9 and continues to apply all the provisions of IAS 39 with regard to hedging.
However, the additional disclosures on hedging required by amended IFRS 7 are presented since January 1, 2018.

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

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

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

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

The group calculates the CVA and DVA on derivative instruments for each counterparty to which it is exposed.
The CVA is calculated on the basis of the group’s expected positive exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the counterparty’s probability of default (PD) and by the loss given default (LGD) rate. DVA is calculated on the basis of the group’s expected negative exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the group’s probability of default (PD) and by the loss given default (LGD) rate.
The calculation methodology uses market data, particularly on the credit default swap (CDS) curves to estimate the PD.

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

An amount of €12.7 million was recognized on the balance sheet for valuation adjustments as at 30 June 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 its holds. It applies specifically to one or more assets and liabilities with regard to which the entity hedges the risk of a negative change in a given type of risk, using derivatives.

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

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

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

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

Fair value hedging:

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

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

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

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

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

Cash flow hedging:

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

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity “Gains and losses recognized directly in equity” while the ineffective portion is recognized in the income statement under the heading “Net gain (loss) on financial instruments at fair value through profit or loss.”
As long as the hedge is effective, the amounts recorded in equity are transferred to the income statement under “interest and similar income (expense)” synchronized with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or is no longer highly effective, hedge

accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under “interest and similar income (expense)” at the same time as the hedged transaction itself impacts the income statement, or when it has been determined that such transaction will not take place.

The group does not hedge net investments in foreign operations.

Benchmark rate reform

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

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

All indices must now comply with the BMR regulation. Existing indices that have been recognized as critical benchmarks by the European Commission may continue to be used until 31 December 2021. Eventually, the old benchmark indices (LIBOR, EONIA, EURIBOR, etc.) will cease to be used unless they comply with the new regulation or an exceptional extension is granted. It is important to note that the method used to calculate the EURIBOR index has already been modified.

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.

The group believes that there will continue to be uncertainties regarding the EONIA, EURIBOR and LIBOR rates until the European Commission has formally designated, based on the recommendations of the US ARRC for LIBOR or the RFR Group for EONIA and EURIBOR, replacement indices for contracts that do not have a robust fallback clause. This final position will be formalized by an implementing decision of the European Commission, which is expected by the end of 2021. It will establish the permanency of the reformed EURIBOR, the status of the €STR as the successor to the EONIA and the successor indices to the LIBOR. The banking associations have already given their opinion on the identification of alternative indices.

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 agreements by adhering to the ISDA protocol (which has been effective since January 25, 2021) or by updating clearing houses’ rules books for cleared derivatives. However, these clauses will only be activated in case of trigger events, notably the permanent cessation of publication of the indices or the conversion of transactions on non-compliant indices cleared through a clearing house from October 2021;
- starting in 2021, including a “technical amendment related to events on benchmark indices” in FBF agreements entered into with corporate clients or banking counterparties, thereby ensuring the compliance of unexpired interest rate transactions concluded before February 2020;
- starting in 2021, updating contracts through bilateral negotiations between parties or by updating commercial terms (i.e. change in the benchmark rate through an amendment). The transition to new replacement indices for existing contracts is already planned 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 on the new indices represent marginal exposures. The group has taken note of the joint public statement of the European Commission, the ECB, the EBA and the ESMA on June 24, 2021 on the definitive cessation of the LIBOR indices and intends to adapt its strategy accordingly.

At 30 June 2021, financial instruments concerned by the reform are the following:

(in € thousands)	Financial assets (excluding derivatives) – Carrying amount	Financial liabilities (excluding derivatives) – Carrying amount	Derivatives - Notional amount	of which accounting hedge derivatives
Eonia	205,057	2,095,179	929,960	749,900
Euribor	7,871,440	634,768	64,733,123	49,910,084
GBP-Libor	-	-	20,255	-
USD-Libor	44,344	-	2,566	-
Ester	140,000	-	9,524,000	9,504,000

Financial assets at fair value through equity

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

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

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

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

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

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

Financial assets at amortized cost

Financial assets at amortized cost meet the following criteria:

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

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

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

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

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

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

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

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

Customer finance leases

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

Impairment of financial assets and commitments given

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

The financial assets in question include:

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

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

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

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

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

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

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

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

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

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

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

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

- Significant increase of credit risk

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans to assess any significant increase in credit risk:
- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing,
- high default portfolios (HDP), for which historical data is used to develop a statistical rating model: mass corporate, retail.

A significant increase in credit risk, which entails transferring a loan out of bucket 1 into bucket 2, is assessed by:
- taking into account all reasonable and justifiable information, and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

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

For the group, this entails measuring risk at the borrower level. All the group's counterparties are rated by the rating system. This system is based on:
- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- manual rating grids developed by experts (LDP).

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

The expected credit loss approach under IFRS 9 is symmetrical, i.e. if lifetime expected credit losses were recognized in a previous period, and if, for the financial instrument and the current period, there is no longer a significant increase in the credit risk since its initial recognition, the provision is again calculated on the basis of an expected credit loss over 12 months.
It should be noted that the group applies the symmetry principle provided for by the standard. As such, the criteria for transfers in and out of bucket 2 are identical.

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

- Quantitative criteria

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

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

- Qualitative criteria

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

Buckets 1 and 2 – calculation of expected credit losses.

In terms of calculation, the provisioning model takes into account:
- probability of the debtor's default
- loss given the debtor's default, i.e. the ratio of the loss on an exposure in the event of a counterparty default to the amount of exposure at the time of default

The Crédit Mutuel Arkéa'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 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 2023, 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 hierarchal levels corresponding to the level of judgment used in valuation techniques to determine fair value.

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

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

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

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

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

This category includes notably the following financial instruments:

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

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

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

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

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

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

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

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

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

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

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

Similarly, the valuation methods used by private equity companies generally include:
- the transaction price for recent acquisitions
- the historical multiples method for mature companies
- adjusted net asset value for portfolio companies (holding companies) and investment firms (funds).

In the context of the health crisis, the securities held in the group’s venture capital portfolio were valued in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The following principles were applied:
- the group relied on information known at the measurement date and on what it considered to be reliable forecasts,
- a medium-term approach was followed in ordernot to focus solely on the fiscal year impacted by COVID-19 and to observe averages over several fiscal years in order to obtain the fairest possible measurement.
- The group adopted an “investment-by-investment” approach and adapted its method to four different situations:
- investment materially impacted by the crisis,
- investment positively impacted by the crisis,
- investment minimally impacted,
- investment very heavily impacted and for the medium term.

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

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

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

Use of judgments and estimates in the preparation of financial statements

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

Accounting estimates requiring the use of assumptions are used primarily for measuring the following:
- fair value of financial instruments not quoted on an active market and measured at fair value,
- impairment of financial assets and guarantee and financing commitments subject to impairment,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **<u>Fixed assets leased by the Group</u>**

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.

At present, the group is analyzing the impacts of the December 2019 IFRIC decision on the current assumptions used for 3/6/9 commercial leases and for leases with automatic renewal. This decision could result in a revision of the enforceable period of the above-mentioned leases and therefore a change in the amount of the lease liability and the associated right-of-use asset. At this stage, various assumptions are being examined, as these analyses are not conclusive and no data has been provided.

- Rent discount rate

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

- Rent amount

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

- Recognizing a right of use by lessees

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

- Income tax

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

Non-current assets held for sale

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

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

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

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

Provisions

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

Provisions for pension obligations

Pension plans include defined contribution plans and defined benefit plans. Defined contribution plans do not give rise to an obligation for the group and consequently do not require a provision. The amount of employer's contributions payable during the period is recognized as an expense and recognized under "Personnel expenses." Defined benefit plans are those for which the group has agreed to provide a benefit amount or level. This commitment constitutes a medium- or long-term risk. Obligations related to plans that are not defined contribution plans are fully provisioned under "Provisions." End-of-service benefits, supplementary retirement plans, time savings accounts and length-of-service benefits are recorded in this item.
The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. Specifically, the June 2021 calculations used a discount rate of 0.80% for the retirement benefits and other long-terme benefits and of 0.63% for the supplementary plan. These rates have been determined by reference to the iBoxx corporate AA 10+ euro zone index for corporate bonds. The calculations also include an employee turnover rate of between 0.06% and 8.13% and a salary increase rate of between 2.62% and 4.30% [11]. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the obligation accrual phase and the TGH05 and TGF05 life expectancy tables for the pay-out phase.

Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results.
For the category of other long-term benefits, differences are recognized immediately through profit or loss.
As for post-employment benefits, actuarial differences are recognized under "Gains and losses recognized directly in equity".

Provisions for home savings accounts and plans

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

The purpose of the home savings provision is to cover the risks related to:

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

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

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

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

[11] Rates of UES Arkade and Arkéa SCD, representing 96% of the obligation.

Consolidation principles and methods

Consolidation scope and method

Consolidating entity

The consolidating entity of the Crédit Mutuel Arkéa 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 the first half of 2021, the group 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.
Arkéa was also added to the consolidation scope as of June 30, 2021 as part of the implementation of the General Decision (Décision à caractère général) adopted by the CNCM in February 2021.
Lastly, the customer portfolio of Stratéo, the Swiss branch of Arkéa Direct Bank, was sold in April 2021.

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

Consolidation rules

Closing date

The closing date for all consolidated companies is 31 December.

Inter-company transactions

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

Accounting for acquisitions and goodwill

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

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

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

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

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

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

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

The group witnessed a very positive trend in market parameters and financial results, which were significantly above expectations in Q1 and consistent with the medium-term business plans. In this context, there are no indications of impairment in the first half of 2021 for the various CGUs. Therefore, the Group did not carry out any impairment tests for the closing of the financial statements for the period ended June 30, 2021.

When the group increases its ownership interest in a company that is already controlled, the difference between the purchase price of the shares and the additional share of the consolidated shareholders’ equity that these securities represent on the acquisition date is recognized in shareholders’ equity.

If the group reduces its ownership interest without giving up control, the impact of the change in ownership interest is also recognized in shareholders' equity.

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

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

Translation of foreign currency denominated financial statements

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

Taxes

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

Deferred taxes

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

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

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

Deferred taxes are not discounted.

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

Uncertainty over income tax treatments

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

NOTES TO THE BALANCE SHEET (in thousands of euros)

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

	06.30.2021	12.31.2020
Cash, due from central banks		
Due from central banks	14,104,377	12,761,596
Cash	125,970	140,255
Accrued interest	0	0
TOTAL	**14,230,347**	**12,901,851**
Loans and receivables - credit institutions		
Current accounts	9,170,831	8,468,498
Loans	15,916	11,082
Other receivables	3,880,760	3,856,134
Guarantee deposits paid	551,364	645,160
Repurchase agreements	2,734,458	1,769,663
Individually impaired receivables (B3)	0	0
Accrued interest	23,872	43,243
Impairment on performing loans (B1/B2)	(2,555)	(2,418)
Other impairment (B3)	0	0
TOTAL	**16,374,646**	**14,791,362**
of which deposits and demand loans with credit institutions	460,632	625,166

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

	06.30.2021	12.31.2020
Assets held for trading purposes	490,047	628,691
Assets classified at fair value option	7,680	9,296
Other assets classified at fair value	943,513	838,296
TOTAL	**1,441,240**	**1,476,283**

Note 2a. Financial assets held for trading purposes

	06.30.2021	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	490,047	628,691
Loans and receivables	0	0
of which repurchase agreements	0	0
TOTAL	**490,047**	**628,691**

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

Note 2b. Assets classified at fair value option

	06.30.2021	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	7,680	9,296
of which guarantee deposits paid	0	0
of which repurchase agreements	0	0
TOTAL	**7,680**	**9,296**

The maximum non-recoverable amount of loans classified at fair value through profit or loss by option is €7,400,000. This amount was not hedged through the use of credit derivatives.

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

	06.30.2021	12.31.2020
Securities	942,321	835,242
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	441,267	390,036
. Listed	16,861	16,434
. Unlisted	409,206	359,025
Accrued interest	15,200	14,577
Including UCI	196,265	161,989
- Stocks and other variable-income securities	501,054	445,206
. Listed	2,246	1,687
. Unlisted	498,808	443,519
Loans and receivables	1,192	3,054
of which repurchase agreements	0	0
Guarantee deposits paid	0	0
TOTAL	**943,513**	**838,296**

Note 3. Information relating to hedging

Derivatives used for hedging purposes

06.30.2021

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives	0	0	0	0
Hedging derivatives - assets	907,947	37,467,087	3	0
Hedging derivatives - liabilities	976,038	25,997,014	854	60,000
Change in the fair value of the hedging instrument	(254,488)		788	
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

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

	06.30.2021	12.31.2020
Treasury bills, notes and government bonds	**2,883,294**	**3,914,626**
Bonds and other fixed-income securities	**7,019,757**	**7,425,427**
- Listed	5,929,424	6,106,291
- Unlisted	1,071,324	1,286,512
Accrued interest	19,009	32,624
Subtotal gross value of debt instruments	**9,903,051**	**11,340,053**
Of which impaired debt instruments (B3)	0	0
Impairment on performing loans (B1/B2)	(8,502)	(8,561)
Other impairment (B3)	0	0
Subtotal net value of debt instruments	**9,894,549**	**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	**109,631**	**82,343**
- Listed	89,050	67,423
- Unlisted	20,581	14,920
Accrued interest	0	0
Equity securities held for long-term investment	**463,704**	**508,728**
- Long-term investments	395,396	427,151
- Other long-term investments	68,215	81,394
- Shares in associates	93	183
- Translation adjustments	0	0
- Loaned securities	0	0
Accrued interest	0	0
Subtotal equity instruments	**573,335**	**591,071**
TOTAL	**10,467,884**	**11,922,563**
Of which unrealized capital gains/losses recognized in equity	146,067	159,184
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	137,397	133,049

Equity instruments at fair value through equity mainly include investments in associates and the group's other long-term investments.
The accumulated gain at the time of disposal is €26,480,000.

Note 5. Securities at amortized cost

	06.30.2021	12.31.2020
Treasury bills, notes and government bonds	**395,930**	**398,412**
Bonds and other fixed-income securities	**247,150**	**248,590**
- Listed	217,136	220,146
- Unlisted	27,542	27,503
Accrued interest	2,472	941
GROSS TOTAL	**643,080**	**647,002**
of which impaired assets (B3)	5,656	5,556
Impairment on performing loans (B1/B2)	(717)	(748)
Other impairment (B3)	(5,467)	(5,467)
NET TOTAL	**636,896**	**640,787**

Note 6. Loans and receivables due from customers

	06.30.2021	12.31.2020
Performing receivables (B1/B2)	67,328,996	65,023,235
. Commercial receivables	96,565	128,032
. Other loans to customers	67,111,478	64,772,459
- Housing loans	36,844,121	35,337,606
- Other loans and various receivables, including repurchase agreements	30,189,014	29,336,711
- Guarantee deposits paid	78,343	98,142
. Accrued interest	120,953	122,744
Individually impaired receivables (B3)	1,384,077	1,364,847
Gross receivables	**68,713,073**	**66,388,082**
Impairment on performing loans (B1/B2)	(342,618)	(323,566)
Other impairment (B3)	(731,640)	(754,922)
Subtotal I	**67,638,815**	**65,309,594**
Finance leases (net investment)	1,952,548	1,920,121
. Movable goods	1,121,947	1,076,545
. Real property	830,601	843,576
Individually impaired receivables (B3)	76,752	73,673
Gross receivables	**2,029,300**	**1,993,794**
Impairment on performing loans (B1/B2)	(25,426)	(25,298)
Other impairment (B3)	(25,951)	(27,233)
Subtotal II	**1,977,923**	**1,941,263**
TOTAL	**69,616,738**	**67,250,857**
Of which equity loans with no voting rights	9,606	9,606
Of which subordinated loans	0	0

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

	06.30.2021	12.31.2020
Financial assets at fair value through profit or loss	31,270,241	27,890,440
Available-for-sale financial assets	24,826,657	26,077,885
Loans and receivables - credit institutions	951	5,559
Loans and receivables linked to insurance activities	472,086	508,491
Held-to-maturity financial assets	0	0
Investment property	346,773	357,026
Share of reinsurers in technical provisions and other insurance assets	513,685	464,841
TOTAL	**57,430,393**	**55,304,242**

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

	06.30.2021	12.31.2020
Financial assets held for trading purposes	**0**	**13**
Derivatives held for trading purposes	0	13
Subtotal I	**0**	**13**
Assets classified at fair value option	**31,270,241**	**27,890,427**
Securities	31,270,241	27,890,427
- Bonds and other fixed-income securities	8,081,712	7,969,194
. Listed	6,623,633	6,667,072
. Unlisted	1,393,703	1,244,588
. Accrued interest	64,376	57,534
- Stocks and other variable-income securities	23,188,529	19,921,233
. Listed	15,870,797	13,185,543
. Unlisted	7,283,780	6,718,851
. Accrued interest	33,952	16,839
Subtotal II	**31,270,241**	**27,890,427**
TOTAL	**31,270,241**	**27,890,440**

Note 7b. Available-for-sale financial assets

	06.30.2021	12.31.2020
Treasury bills, notes and government bonds	**7,291,973**	**7,695,446**
Bonds and other fixed-income securities	**15,978,449**	**16,482,563**
- Listed	13,275,044	13,849,300
- Unlisted	2,581,968	2,479,686
Accrued interest	121,437	153,577
Subtotal gross value of debt instruments	**23,270,422**	**24,178,009**
Impairment	(2,102)	(1,376)
Subtotal net value of debt instruments	**23,268,320**	**24,176,633**
Shares and other variable-income securities	**830,209**	**1,210,756**
- Listed	297,608	728,352
- Unlisted	527,782	478,477
Accrued interest	4,819	3,927
Equity securities held for long-term investment	**734,146**	**696,156**
- Long-term investments	419,093	392,958
- Other long-term investments	315,053	303,198
- Shares in associates	0	0
Subtotal gross value of equity instruments	**1,564,355**	**1,906,912**
Impairment	(6,018)	(5,660)
Subtotal net value of equity instruments	**1,558,337**	**1,901,252**
TOTAL	**24,826,657**	**26,077,885**
Of which unrealized capital gains/losses recognized in equity	257,675	283,040
Of which listed long-term investments	73,948	71,178

Note 7c. Securities at amortized cost

	06.30.2021	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	0	0
Impairment	0	0
NET TOTAL	**0**	**0**

Note 7d. Loans and receivables - credit institutions

Loans and receivables - credit institutions	06.30.2021	12.31.2020
Other regular accounts	174	5,281
Loans	0	15
Guarantee deposits paid	0	0
Repurchase agreements	0	0
Accrued interest	777	263
TOTAL	**951**	**5,559**
of which deposits and demand loans with credit institutions	174	5,296

Note 7e. Loans and receivables linked to insurance activities

	06.30.2021	12.31.2020
Performing receivables	**472,086**	**508,491**
Loans to customers	469,593	504,622
- Housing loans	0	0
- Other loans and various receivables, including repurchase agreements	469,593	504,622
Accrued interest	2,493	3,869
Individually impaired receivables	0	3
Gross receivables	**472,086**	**508,494**
Impairment	0	(3)
TOTAL	**472,086**	**508,491**

Note 7f. Investment property

	12.31.2020	Increase	Decrease	Other	06.30.2021
Historical cost	572,244	4,731	0	0	576,975
Amortization and impairment	(215,218)	(14,984)	0	0	(230,202)
NET AMOUNT	**357,026**	**(10,253)**	**0**	**0**	**346,773**

The fair value of investment real estate recognized at cost amounted to €787 million at June 30, 2021 compared with €783 million at December 31, 2020.

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

	06.30.2021	12.31.2020
Technical provisions - Reinsurers' share	143,984	141,639
Other insurance assets	369,701	323,202
TOTAL	**513,685**	**464,841**

Note 8. Goodwill

	12.31.2020	Increase	Decrease	Other	06.30.2021
Gross goodwill	560,991	19,927	0	0	580,918
Impairment	(10,974)	0	0	0	(10,974)
Net goodwill	**550,017**	**19,927**	**0**	**0**	**569,944**

At January 29, 2021, Crédit Mutuel Arkéa purchased Arkéa Real Estate.
The definitive purchase price allocation will be performed during the 2nd semester.

Allocation by Division

Division	Entity	06.30.2021	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
B2B and Specialized Services - Fintech	Pumpkin	-	0
Products	Izimmo	17,964	17,964
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Products	Arkéa Real Estate	19,927	0
Net goodwill		**569,944**	**550,017**

Note 9. Central banks - Due to credit institutions

	06.30.2021	12.31.2020
Due from central banks	**0**	**0**
Liabilities to credit institutions	**15,040,388**	**12,579,835**
Current accounts	297,993	278,384
Loans	1,646,512	1,694,979
Guarantee deposits received	172,268	163,977
Other liabilities	49,768	42,277
Repurchase agreements	12,952,824	10,439,712
Accrued interest	(78,977)	(39,494)
TOTAL	**15,040,388**	**12,579,835**
of which deposits and demand loans with credit institutions	347,524	320,380

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

	06.30.2021	12.31.2020
Financial liabilities held for trading purposes	**476,771**	**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	476,771	656,313
.Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	**854,874**	**706,629**
Liabilities to credit institutions	261	255
Liabilities to customers	16,393	4,698
Debt securities	838,220	701,676
Subordinated debt	0	0
TOTAL	**1,331,645**	**1,362,942**

The settlement value of financial liabilities at fair value through profit or loss was €1,311 million at June 30, 2021 versus €1,352 million at December 31, 2020.

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

06.30.2021

	Gross amount of financial assets / liabilities recognized	Gross amount of financial assets / liabilities recognized and netted on the balance sheet	Net amount of financial assets / liabilities shown on the balance sheet	Related amounts not netted on the balance sheet			Net amount
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	
Assets							
Derivatives	1,397,997	0	1,397,997	(886,067)	0	(181,850)	330,080
Reverse repurchase agreements of securities, securities	2,857,651	0	2,857,651	0	(2,730,792)	0	126,859
Other financial instruments	0	0	0	0	0	0	0
Total assets	**4,255,648**	**0**	**4,255,648**	**(886,067)**	**(2,730,792)**	**(181,850)**	**456,939**
Liabilities							
Derivatives	1,548,418	0	1,548,418	(886,067)	0	(580,632)	81,719
Repurchase agreements of securities, securities	13,363,901	0	13,363,901	0	(13,344,601)	(18,738)	562
Other financial instruments	0	0	0	0	0	0	0
Total liabilities	**14,912,319**	**0**	**14,912,319**	**(886,067)**	**(13,344,601)**	**(599,370)**	**82,281**

	12.31.2020						
	Gross amount of financial assets / liabilities recognized	Gross amount of financial assets / liabilities recognized and netted on the balance sheet	Net amount of financial assets / liabilities shown on the balance sheet	Related amounts not netted on the balance sheet			Net amount
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	
Assets							
Derivatives	1 757 529	0	1 757 529	(1 168 437)	0	(159 287)	429 805
Reverse repurchase agreements of securities, securities	1 878 405	0	1 878 405	0	(1 767 909)	0	110 496
Other financial instruments	0	0	0	0	0	0	0
Total assets	**3 635 934**	**0**	**3 635 934**	**(1 168 437)**	**(1 767 909)**	**(159 287)**	**540 301**
Liabilities							
Derivatives	1 970 392	0	1 970 392	(1 168 437)	0	(692 865)	109 090
Repurchase agreements of securities, securities	10 931 850	0	10 931 850	0	(10 930 933)	0	917
Other financial instruments	0		0	0	0	0	0
Total liabilities	**12 902 242**	**0**	**12 902 242**	**(1 168 437)**	**(10 930 933)**	**(692 865)**	**110 007**

Note 12. Debt securities

	06.30.2021	12.31.2020
Certificates of deposit	13,841	13,340
Interbank market securities and negotiable debt securities	3,144,584	3,420,449
Bond issues	11,617,165	13,921,218
Non-preferred senior debt	2,310,185	1,845,624
Accrued interest	83,490	147,843
TOTAL	**17,169,265**	**19,348,474**

Note 13. Liabilities to customers

	06.30.2021	12.31.2020
Savings accounts governed by special regulations	32,053,840	30,413,679
Sight accounts	26,414,018	24,901,521
Term accounts	5,639,822	5,512,158
Accrued interest on savings accounts	113,527	182,292
Subtotal	**32,167,367**	**30,595,971**
Current accounts	31,990,065	30,259,334
Term accounts and term loans	6,995,988	7,404,677
Repurchase agreements	18,256	57,243
Accrued interest	33,652	42,027
Guarantee deposits received	26,080	1,871
Subtotal	**39,064,041**	**37,765,152**
TOTAL	**71,231,408**	**68,361,123**

Note 14. Liabilities - insurance activity

	06.30.2021	12.31.2020
Financial liabilities at fair value through profit or loss	94,755	105,703
Liabilities to credit institutions	480,808	479,000
Debt securities	0	0
Insurance companies' technical reserves	52,099,344	50,272,294
Other insurance liabilities	2,105,901	1,879,376
Subordinated debt	0	407
TOTAL	**54,780,808**	**52,736,780**

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

	06.30.2021	12.31.2020
Financial liabilities held for trading purposes	**94,755**	**105,703**
Derivatives	94,755	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	**94,755**	**105,703**

Note 14b. Liabilities to credit institutions

	06.30.2021	12.31.2020
Liabilities to credit institutions		
Current accounts	1,808	0
Loans	0	0
Guarantee deposits received from credit institutions	0	0
Other liabilities	0	0
Repurchase agreements	479,000	479,000
Accrued interest	0	0
TOTAL	**480,808**	**479,000**
of which deposits and demand loans with credit institutions	1,808	0

Note 14c. Insurance companies' technical reserves

	06.30.2021	12.31.2020
Life insurance, excluding unit-linked contracts	34,061,866	34,216,642
of which profit-sharing	3,195,104	3,211,083
Non-life insurance	550,119	550,719
Unit-linked contracts	17,290,485	15,335,140
Other	196,874	169,793
TOTAL	**52,099,344**	**50,272,294**
Active deferred profit-sharing	0	0
Reinsurers' share	(143,984)	(141,639)
Net technical provisions	**51,955,360**	**50,130,655**

Note 14d. Other insurance liabilities

	06.30.2021	12.31.2020
Security deposits and guarantees received	31,716	30,032
Insurance and reinsurance liabilities	66,419	75,316
Other	2,007,766	1,774,028
TOTAL	**2,105,901**	**1,879,376**

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

Note 15. Provisions

	12.31.2020	Allocations	Write-backs (used)	Write-backs (unused)	Other	06.30.2021
Provisions for pension obligations	322,973	5,550	(17,286)	0	0	311,237
Provisions for home savings accounts and plans	60,841	5	0	(2,763)	0	58,083
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	46,992	21,959	0	(15,953)	14	53,012
Provisions for execution of guarantee commitments	2,775	0	0	(2,577)	0	198
Provisions for taxes	1,121	289	(645)	(534)	(6)	225
Provisions for lawsuits	14,264	1,338	(1,229)	(332)	(10)	14,031
Provisions for contingencies	2,241	208	(121)	0	0	2,328
Other	28,523	4,091	(482)	(3,818)	26	28,340
TOTAL	**479,730**	**33,440**	**(19,763)**	**(25,977)**	**24**	**467,454**

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

	12.31.2020	Allocations	Write-backs	Other	06.30.2021
Commitments given					
12-month expected losses	14,030	6,941	(5,782)	6	15,195
Lifetime expected losses for non-impaired assets	5,921	4,414	(3,688)	8	6,655
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	27,041	10,604	(6,483)	0	31,162
TOTAL	46,992	21,959	(15,953)	14	53,012

Note 16a. Fair value ranking – banking activity

06.30.2021

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	**8,727,415**	**1,393,593**	**346,876**	**10,467,884**
- Treasury bills and similar securities - FVOCI (1) (2)	2,838,781	41,993	0	2,880,774
- Bonds and other fixed-income securities - FVOCI (3)	5,662,187	1,351,588	0	7,013,775
- Stocks and other variable-income securities - FVOCI	89,050	12	20,569	109,631
- Equity investments and other long-term investments - FVOCI	137,397	0	326,214	463,611
- 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	**19,147**	**634,681**	**787,412**	**1,441,240**
- 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	16,901	135,762	288,604	441,267
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	2,246	0	498,808	501,054
- Loans and receivables due from credit institutions - Fair value option	0	261	0	261
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	7,419	0	7,419
- Loans and receivables due from customers - Other FVTPL	0	1,192	0	1,192
- Derivatives and other financial assets - Trading	0	490,047	0	490,047
Derivatives used for hedging purposes	**0**	**907,950**	**0**	**907,950**
Total	8,746,562	2,936,224	1,134,289	12,817,075
Financial liabilities				
Trading/FVO	**0**	**1,331,645**	**0**	**1,331,645**
- Amounts due to credit institutions - Fair value option	0	261	0	261
- Amounts due to customers - Fair value option	0	16,393	0	16,393
- Debt securities - Fair value option	0	838,220	0	838,220
- Derivatives and other financial liabilities - Trading	0	476,771	0	476,771
Derivatives used for hedging purposes	**0**	**976,892**	**0**	**976,892**
Total	0	2,308,537	0	2,308,537

(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 €31 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

12.31.2020

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

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

Note 16b. Fair value ranking – insurance activity

06.30.2021

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	**19,964,528**	**1,995,448**	**2,866,681**	**24,826,657**
- Treasury bills and similar securities - AFS	7,202,630	89,343	0	7,291,973
- Bonds and other fixed-income securities -AFS (1) (2)	12,459,340	1,387,706	2,129,301	15,976,347
- Stocks and other variable-income securities - AFS	228,610	518,399	77,182	824,191
- Equity investments and other long-term investments - AFS	73,948	0	660,198	734,146
- Shares in associates - AFS	0	0	0	0
Trading/FVO	**15,922,164**	**10,588,430**	**4,759,647**	**31,270,241**
- 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 (3)	51,368	6,628,956	1,401,388	8,081,712
- Stocks and other variable-income securities - Fair value option	15,870,796	3,959,474	3,358,259	23,188,529
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Trading	0	0	0	0
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**35,886,692**	**12,583,878**	**7,626,328**	**56,096,898**
Financial liabilities				
Trading/FVO	**0**	**94,755**	**0**	**94,755**
- 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	94,755	0	94,755
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**0**	**94,755**	**0**	**94,755**

(1) Transfers from level 1 to level 2 were made in the amount of €59 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 €148 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 €2 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.

12.31.2020

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

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

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

Note 17a. Fair value ranking of financial assets and liabilities recognized at amortized cost - banking activity

06.30.2021

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**94,083,272**	**86,628,280**	**7,454,992**	**590,665**	**16,453,124**	**77,039,483**
Financial assets at amortized cost	0	0	0	0	0	0
Loans and receivables due from credit institutions	16,376,391	16,374,646	1,745	0	16,376,391	0
Loans and receivables due from customers	77,024,609	69,616,738	7,407,871	0	0	77,024,609
Securities	682,272	636,896	45,376	590,665	76,733	14,874
Liabilities	**106,912,540**	**105,918,580**	**993,960**	**0**	**35,676,179**	**71,236,361**
Liabilities to credit institutions	15,059,320	15,040,388	18,932	0	15,059,320	0
Liabilities to customers	71,236,361	71,231,408	4,953	0	0	71,236,361
Debt securities	17,781,167	17,169,265	611,902	0	17,781,167	0
Subordinated debt	2,835,692	2,477,519	358,173	0	2,835,692	0

12.31.2020

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

Note 17b. Fair value ranking of financial assets and liabilities recognized at amortized cost - insurance activity

06.30.2021

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**473,037**	**473,037**	**0**	**0**	**951**	**472,086**
Loans and receivables due from credit institutions	951	951	0	0	951	0
Other loans and receivables linked to insurance	472,086	472,086	0	0	0	472,086
Held-to-maturity financial assets	0	0	0	0	0	0
Liabilities	**480,808**	**480,808**	**0**	**0**	**480,808**	**0**
Liabilities to credit institutions	480,808	480,808	0	0	480,808	0
Debt securities	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0

12.31.2020

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

Notes to the income statement (in thousands of euros)

Note 18. Interest and similar income/expense

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Credit institutions and central banks	80,387	(54,094)	46,982	(77,376)
Customers	644,767	(210,468)	631,183	(187,404)
- of which leasing	97,132	(67,359)	81,897	(54,544)
- of which rental debts	0	(110)	0	(239)
Securities at amortized cost	1,411	0	1,534	0
Financial assets at fair value through profit or loss	8,946	(112)	7,561	(221)
Derivatives used for hedging purposes	166,706	(158,235)	174,133	(148,910)
Financial assets at fair value through equity	3,948	0	3,604	0
Debt securities	0	(140,083)	0	(117,638)
TOTAL	**906,165**	**(562,992)**	**864,997**	**(531,549)**

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

Note 19. Fee and commission income/expense

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Credit institutions	2,944	(13,503)	6,084	(9,245)
Customers	59,804	(109)	45,627	(92)
Derivatives	9,849	(302)	8,040	(352)
Foreign exchange	4,583	(532)	4,725	(85)
Financing and guarantee commitments	365	(1,615)	325	(1,768)
Securities and services	268,370	(68,598)	246,782	(62,760)
TOTAL	**345,915**	**(84,659)**	**311,583**	**(74,302)**

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

	06.30.2021	06.30.2020
Instruments held for trading	45,193	(35,458)
Fair value option instruments	(31,595)	32,816
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	97,798	(17,250)
Including UCI	18,155	13,704
Hedging ineffectiveness	(1,261)	1,114
cash flow hedges	0	0
fair value hedges	(1,261)	1,114
. change in fair value of hedged items	246,730	(149,996)
. change in fair value of hedges	(247,991)	151,110
Foreign exchange gains (losses)	(1,581)	(1,269)
TOTAL OF CHANGES IN FAIR VALUE	**108,554**	**(20,047)**

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

06.30.2021

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

06.30.2020

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		(537)	(537)
Bonds and other fixed-income securities		1,218	1,218
Loans - Credit institutions		0	0
Customer loans		0	0
Stocks and other variable-income securities	3,851		3,851
Equity securities held for long-term investment	6,955		6,955
TOTAL	**10,806**	**681**	**11,487**

Note 22. Net gain (loss) on financial instruments at amortized cost

Financial assets	Profit or loss recognized on the derecognition of assets as at June 30, 2021	Profit or loss recognized on the derecognition of assets as at June 30, 2020
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	320
Loans - Credit institutions	0	0
Customer loans	4,373	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 23. Net income from insurance activities

	06.30.2021	06.30.2020
Interest and similar income/expense	21,616	22,336
Fee and commission income/expense	(55,960)	(50,620)
Net gain (loss) on financial instruments at fair value through profit or loss	1,943	386
Net gain (loss) on available-for-sale financial instruments	2,079	2,105
Net gain (loss) on financial assets/liabilities at amortized cost	0	0
Other income/expense from insurance activities	399,571	360,270
TOTAL	**369,249**	**334,477**

Note 23a. Interest and similar income/expense

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,213	(415)	1,969	(350)
Customers	1,042	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	19,776	0	20,717	0
Debt securities	0	0	0	0
Subordinated debt	0	0	0	0
TOTAL	**22,031**	**(415)**	**22,686**	**(350)**

Note 23b. Fee and commission income/expense

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Credit institutions	0	(12)	0	(16)
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	47,452	(103,400)	35,332	(85,936)
TOTAL	**47,452**	**(103,412)**	**35,332**	**(85,952)**

Note 23c. Net gain (loss) on financial instruments at fair value through profit or loss

	06.30.2021	06.30.2020
Instruments held for trading	78	(85)
Fair value option instruments	1,637	444
Other instruments at fair value through profit or loss	0	0
Foreign exchange gains (losses)	228	27
TOTAL OF CHANGES IN FAIR VALUE	**1,943**	**386**

Note 23d. Net gain (loss) on available-for-sale financial instruments

	06.30.2021			06.30.2020		
	Dividends	Realized gains/losses	Total	Dividends	Realized gains/losses	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	(119)	**(119)**	0	(93)	**(93)**
Stocks and other variable-income securities	813	0	**813**	813	0	**813**
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	**2,198**	**(119)**	**2,079**	**2,198**	**(93)**	**2,105**

Note 23e. Other income/expense from insurance activities

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Insurance business	4,338,701	(3,936,147)	3,315,892	(2,942,092)
Investment property	0	(8,168)	1,865	(8,443)
Other income and expense	5,397	(212)	5,026	(11,978)
TOTAL	**4,344,098**	**(3,944,527)**	**3,322,783**	**(2,962,513)**

Note 23f. Gross margin on insurance activities

	06.30.2021	06.30.2020
Premiums earned	2,647,235	2,121,988
Cost of claims and benefits	(117,066)	(102,966)
Change in provisions	8,765	16,518
Other technical and non-technical income and expenses	(2,687,564)	(1,768,939)
Net investment income	551,184	107,199
TOTAL	**402,554**	**373,800**

Note 24. Income/expense from other activities

	06.30.2021		06.30.2020	
	Income	Expense	Income	Expense
Investment property	458	(5,513)	21,067	(2,511)
Other income and expense	157,120	(30,470)	122,675	(28,909)
TOTAL	**157,578**	**(35,983)**	**143,742**	**(31,420)**

Note 25. Gains (losses) on disposal - dilution in investments in associates

	06.30.2021	06.30.2020
Gains or losses on disposal/dilution on joint ventures	0	0
Gains or losses on disposal/dilution on associates	0	87,139
TOTAL	**0**	**87,139**

Note 26. Operating expense

	06.30.2021	06.30.2020
Personnel expenses	(419,292)	(319,388)
Other expense	(315,605)	(280,912)
TOTAL	**(734,897)**	**(600,300)**

Note 26a. Personnel expenses

	06.30.2021	06.30.2020
Salaries and wages	(260,436)	(238,211)
Payroll taxes	(114,093)	(104,808)
Mandatory and optional employee profit-sharing	(13,020)	(24,010)
Taxes, levies and similar payments on compensation	(31,743)	(34,642)
Other*	0	82,283
TOTAL	**(419,292)**	**(319,388)**

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

Note 26b. Other expenses

	06.30.2021	06.30.2020
Taxes other than on income	(69,823)	(70,908)
Rentals	(32,786)	(28,881)
- short term rentals of assets or low / substantial values	(31,461)	(26,963)
- other rentals	(1,325)	(1,918)
External services	(212,892)	(181,117)
Other miscellaneous expenses	(104)	(6)
TOTAL	**(315,605)**	**(280,912)**

Note 27. Cost of risk

Note 27a. Cost of risk - banking activity

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

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2020
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	**(68,982)**	**49,220**				**(19,762)**
- Loans and receivables due from credit institutions	(554)	436				(118)
- Loans and receivables due from customers	(54,276)	37,415				(16,861)
- of which finance leases	(3,430)	1,042				(2,388)
- Financial assets at amortized cost - Fixed income securities	(437)	893				456
- Financial assets at FVOCI - Fixed income securities	(5,597)	3,247				(2,350)
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(8,118)	7,229				(889)
- Other assets	0	0				0
Lifetime expected loss	**(76,661)**	**59,815**				**(16,846)**
- Loans and receivables due from credit institutions	0	0				0
- Loans and receivables due from customers	(74,443)	56,217				(18,226)
- of which finance leases	(5,593)	811				(4,782)
- Financial assets at amortized cost - Fixed income securities	(312)	538				226
- Financial assets at FVOCI - Fixed income securities	(45)	30				(15)
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(1,861)	3,030				1,169
- Other assets	0	0				0
Impaired assets	**(108,591)**	**79,589**	**(16,611)**	**(3,077)**	**1,078**	**(47,612)**
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(105,100)	75,231	(16,602)	(3,077)	1,078	(48,470)
- of which finance leases	(5,116)	2,916	(552)	0	19	(2,733)
- Financial assets at amortized cost - Fixed income securities	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	0	0	0	0	0	0
- Off-balance sheet	(3,071)	4,029	0	0	0	958
- Other assets	(420)	329	(9)	0	0	(100)
Total	**(254,234)**	**188,624**	**(16,611)**	**(3,077)**	**1,078**	**(84,220)**

Note 27b. Cost of risk - insurance activity

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

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	06.30.2020
			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**

Note 27c. Banking activities - Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk

	12.31.2020	Acquisition /production	Sale/repayment	Transfers between buckets	Other	06.30.2021
Financial assets at amortized costs - loans and receivables due from credit institutions	**14,793,780**	**2,259,124**	**(680,443)**	**0**	**4,740**	**16,377,201**
- 12-month expected losses	14,793,780	2,259,124	(680,443)	-	4,740	16,377,201
- 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**	**11,042,742**	**(8,684,642)**	**-**	**2,397**	**70,742,373**
- 12-month expected losses	62,620,880	10,442,792	(7,559,272)	(398,615)	1,474	65,107,259
- Lifetime expected losses - non-impaired assets	4,322,476	457,746	(837,504)	231,593	(26)	4,174,285
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	1,227,479	88,357	(237,414)	167,022	949	1,246,393
Lifetime expected losses - assets impaired as from acquisition/creation	211,041	53,847	(50,452)	0	0	214,436
Financial assets at amortized cost - Securities	**647,002**	**2,331**	**(6,253)**	**0**	**0**	**643,080**
- 12-month expected losses	624,991	1,954	(6,253)	0	0	620,692
- Lifetime expected losses - non-impaired assets	16,455	277	0	0	0	16,732
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	5,556	100	0	0	0	5,656
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**	**4,488,706**	**(5,925,708)**	**0**	**0**	**9,903,051**
- 12-month expected losses	11,306,126	4,388,262	(5,911,486)	(3,663)	0	9,779,239
- Lifetime expected losses - non-impaired assets	33,927	100,444	(14,222)	3,663	0	123,812
- 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**	**17,792,903**	**(15,297,046)**	**-**	**7,137**	**97,665,705**

Note 27d. Banking activities - Information regarding changes in provisions for expected losses for credit risk

	12.31.2020	Allocations	Reversals	Transfers	Change of method	Other	06.30.2021
Financial assets at amortized costs - loans and receivables due from credit institutions	**(2,418)**	**(712)**	**628**	**0**	**0**	**(53)**	**(2,555)**
- 12-month expected losses	(2,418)	(712)	628	0	0	(53)	(2,555)
- 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)**	**(263,057)**	**269,424**	**0**	**0**	**(983)**	**(1,125,635)**
- 12-month expected losses	(143,723)	(50,315)	57,389	(16,500)	0	(2)	(153,151)
- Lifetime expected losses - non-impaired assets	(205,141)	(92,864)	69,881	13,232	0	(1)	(214,893)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(676,681)	(111,930)	134,187	3,268	0	(980)	(652,137)
Lifetime expected losses - assets impaired as from acquisition/creation	(105,473)	(7,948)	7,967	0	0	0	(105,454)
Financial assets at amortized cost - Securities	**(6,215)**	**(18)**	**49**	**0**	**0**	**0**	**(6,184)**
- 12-month expected losses	(501)	0	0	0	0	0	(501)
- Lifetime expected losses - non-impaired assets	(247)	(18)	49	0	0	0	(216)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(5,467)	0	0	0	0	0	(5,467)
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	**(8,561)**	**(4,030)**	**4,089**	**0**	**0**	**0**	**(8,502)**
- 12-month expected losses	(7,842)	(3,897)	3,920	0	0	0	(7,819)
- Lifetime expected losses - non-impaired assets	(719)	(133)	169	0	0	0	(683)
- 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)**	**(20,876)**	**14,856**	**0**	**0**	**0**	**(53,012)**
- 12-month expected losses	(14,030)	(6,948)	5,783	0	0	0	(15,195)
- Lifetime expected losses - non-impaired assets	(5,921)	(4,135)	3,401	0	0	0	(6,655)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(27,041)	(9,793)	5,672	0	0	0	(31,162)
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)**	**(288,693)**	**289,046**	**0**	**0**	**(1,036)**	**(1,195,888)**

Note 28. Gains (losses) on other assets

	06.30.2021	06.30.2020
Property, plant and equipment and intangible assets	**1,122**	**751**
Capital losses on disposals	(1,097)	(2,152)
Capital gains on disposals	2,219	2,903
Expenses related to business combinations	**(581)**	**(373)**
More or less transfer values on consolidated securities	**0**	**(2,400)**
TOTAL	**541**	**(2,022)**

Note 29. Income tax

	06.30.2021	06.30.2020
BREAKDOWN OF TAX EXPENSE		
Current tax expense	(81,479)	(81,333)
Net deferred tax expense or revenue	(9,630)	(13,262)
NET INCOME TAX EXPENSE	**(91,109)**	**(94,595)**
Income before taxes, badwill and income contribution from associates	365,416	342,287
EFFECTIVE TAX RATE	**24.93%**	**27.64%**

ANALYSIS OF EFFECTIVE TAX RATE	06.30.2021	06.30.2020
Statutory tax rate	28.41%	32.02%
Permanent differences	2.24%	2.53%
Income taxed at a reduced rate or exempt	(6.12%)	(6.58%)
Impact of fiscal losses	1.00%	2.06%
Tax credits	0.00%	(0.06%)
Special	0.43%	0.00%
Other	(1.03%)	(2.33%)
EFFECTIVE TAX RATE	**24.93%**	**27.64%**

Régulation n° 2019-759, published on July 24, 2019, as well as the 2020 finance act, provide modifications in the gradual reduction of the corporate taxe rate initially planned by the 2018 finance act. The tax rate for the fiscal year 2021 is therefore 28.41%; this rate will decrease gradually to 25.83% by 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.

OTHER NOTES (in thousands of euros)

Note 30a. Commitments given and received - banking activity

	06.30.2021	12.31.2020
Commitments given	**15,352,135**	**14,796,083**
Financing commitments	**10,707,449**	**10,066,332**
to credit and similar institutions	13,350	13,350
to customers	10,694,099	10,052,982
Guarantee commitments	**4,313,433**	**4,453,443**
to credit and similar institutions	1,259	620
to customers	4,312,174	4,452,823
Securities commitments	**331,253**	**276,308**
repurchase agreements	0	0
other commitments given	331,253	276,308
Commitments received	**58,268,313**	**55,668,263**
Financing commitments	**13,996,361**	**13,245,011**
from credit and similar institutions	13,987,629	13,238,492
from customers	8,732	6,519
Guarantee commitments	**43,800,360**	**41,952,780**
from credit and similar institutions	264,871	235,480
from customers	43,535,489	41,717,300
Securities commitments	**471,592**	**470,472**
Reverse repurchase agreements	0	0
Other commitments received	471,592	470,472

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

	06.30.2021	12.31.2020
Receivables pledged as collateral	**16,430,541**	**15,664,445**
Banque de France	14,670,675	13,870,027
European Investment Bank	612,136	615,743
Caisse de Refinancement de l'Habitat	364,044	372,412
Caisse des Dépôts et Consignations	781,686	804,263
Other	2,000	2,000
Loaned securities	**0**	**0**
Deposits on market transactions	**569,939**	**689,034**
Securities sold under repurchase agreements	**12,952,824**	**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 30b. Commitments given and received - insurance activity

	06.30.2021	12.31.2020
Commitments given	**1,349**	**-**
Commitments received	**1,537,277**	**1,638,280**

Note 31. Segment information

	Banking		Insurance and asset management		Group	
	06.30.2021	06.30.2020	06.30.2021	06.30.2020	06.30.2021	06.30.2020
Internal income (1)	133,530	128,858	(133,530)	(128,858)	0	0
External income (2)	783,484	619,725	440,580	389,563	1,224,064	1,009,288
Net banking income	**917,014**	**748,583**	**307,050**	**260,705**	**1,224,064**	**1,009,288**
Gains (losses) on disposal - dilution	0	87,139	0	0	0	87,139
Net banking income including gains (losses) on disposal - dilution	**917,014**	**835,722**	**307,050**	**260,705**	**1,224,064**	**1,096,427**
General operating expenses and depreciation and amortization	(702,013)	(565,405)	(104,587)	(101,897)	(806,600)	(667,302)
Gross operating income	**215,001**	**270,317**	**202,463**	**158,808**	**417,464**	**429,125**
Cost of risk	(49,352)	(83,921)	(3,237)	(299)	(52,589)	(84,220)
Operating income	**165,649**	**186,396**	**199,226**	**158,509**	**364,875**	**344,905**
Share of income of companies carried under equity method	2,568	1,578	76	(413)	2,644	1,165
Other	540	(2,022)	1	0	541	(2,022)
Recurring income before tax	**168,757**	**185,952**	**199,303**	**158,096**	**368,060**	**344,048**
Income tax	(34,994)	(49,657)	(56,115)	(44,938)	(91,109)	(94,595)
Net income	**133,763**	**136,295**	**143,188**	**113,158**	**276,951**	**249,453**
O/w non-controlling interests	(124)	(10)	17	3	(107)	(7)
Net income, group share	**133,887**	**136,305**	**143,171**	**113,155**	**277,058**	**249,460**

	06.30.2021	12.31.2020	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Segment Assets and Liabilities	**115,454,670**	**112,189,472**	**59,460,634**	**57,186,299**	**174,915,304**	**169,375,771**

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

Segment reporting is based on two business lines:

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

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

Note 32. Scope of consolidation

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2021	12.31.2020	06.30.2021	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						
ARKEA (1)	France	Banking/Banking services	85.8	/	85.8	/
ARKEA BANKING SERVICES	France	Banking / Banking services	100.0	100.0	100.0	100.0
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS	France	Banking / Corporate banking	100.0	100.0	100.0	100.0
ARKEA BOURSE RETAIL	France	Banking / Holding	100.0	100.0	100.0	100.0
ARKEA CAPITAL	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL MANAGERS HOLDING SLP	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL PARTENAIRE	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CREDIT BAIL	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
ARKEA DIRECT BANK	France	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
ARKEA FONCIERE	France	Banking / Real estate	100.0	100.0	100.0	100.0
ARKEA HOME LOANS SFH	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA PUBLIC SECTOR SCF	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA REAL ESTATE (1)	France	Banking/Banking services	75.8	/	75.8	/
ARKEA SCD	France	Banking / Services	100.0	100.0	100.0	100.0
BUDGET INSIGHT	France	Banking / Banking services	100.0	100.0	100.0	100.0
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	94.8	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	99.4	97.9	99.4	97.8
FINANCO	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
GICM	France	Banking / Services	100.0	100.0	99.4	97.8
IZIMMO	France	Banking / Real estate	100.0	100.0	100.0	100.0
IZIMMO HOLDING	France	Banking / Holding	100.0	100.0	100.0	100.0
KEYTRADE BANK (succursale)	Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
KEYTRADE BANK Luxembourg SA	Luxembourg	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
LEETCHI SA	France	Banking / Services	100.0	100.0	100.0	100.0
MANGOPAY SA	Luxembourg / France	Banking / Services	100.0	100.0	100.0	100.0
MONEXT	France	Banking / Services	100.0	100.0	100.0	100.0
NEXTALK	France	Banking / Services	100.0	100.0	100.0	100.0
NOUVELLE VAGUE	France	Banking / Services	100.0	100.0	100.0	100.0
NOVELIA	France	Insurance and asset management / Insurance brokerage	100.0	100.0	100.0	100.0
PROCAPITAL	France / Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
PUMPKIN	France	Banking / Services	100.0	100.0	100.0	100.0
SCHELCHER PRINCE GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Banking / Real estate	100.0	100.0	100.0	100.0
SMSPG	France	Insurance and asset management / Holding	100.0	100.0	100.0	100.0
STRATEO (succursale)	Swiss	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
SURAVENIR	France	Insurance and asset management / Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	France	Insurance and asset management / Non-life insurance	100.0	100.0	100.0	100.0

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2021	12.31.2020	06.30.2021	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	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	
			06.30.2021	12.31.2020	06.30.2021	12.31.2020
Companies consolidated using the shortcut method						
AIS MANDARINE ACTIVE	France	Insurance and asset management/mutual funds	80.1	79.4	80.1	79.4
AIS MANDARINE ENTREPRENEURS	France	Insurance and asset management/mutual funds	81.9	80.7	81.9	80.7
AIS MANDARINE MULTI-ASSETS	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
ARKEA CAPITAL 1	France	Banking/mutual funds	100.0	100.0	100.0	100.0
ARKEA CAPITAL 2	France	Banking/mutual funds	41.0	46.0	41.0	46.0
AUTOFOCUS CROISSANCE DECEMBRE 2019	France	Insurance and asset management/mutual funds	95.1	95.2	95.1	95.2
AUTOFOCUS CROISSANCE JUILLET 2019	France	Insurance and asset management/mutual funds	99.2	99.2	99.2	99.2
AUTOFOCUS CROISSANCE JUIN 2015	France	Insurance and asset management/mutual funds	93.8	93.9	93.8	93.9
AUTOFOCUS CROISSANCE MAI 2017	France	Insurance and asset management/mutual funds	97.1	97.2	97.1	97.2
AUTOFOCUS CROISSANCE MARS 2015 (3)	France	Insurance and asset management/mutual funds	/	85.0	/	85.0
AUTOFOCUS CROISSANCE NOVEMBRE 2018 (3)	France	Insurance and asset management/mutual funds	/	80.3	/	80.3
AUTOFOCUS ESG JUILLET 2020 (1)	France	Insurance and asset management/mutual funds	98.9	/	98.9	/
AUTOFOCUS RENDEMENT AVRIL 2020 (1)	France	Insurance and asset management/mutual funds	99.7	/	99.7	/
AUTOFOCUS RENDEMENT FEVRIER 2020 (1)	France	Insurance and asset management/mutual funds	98.2	/	98.2	/
AUTOFOCUS RENDEMENT JANVIER 2018 (3)	France	Insurance and asset management/mutual funds	/	99.3	/	99.3
AUTOFOCUS RENDEMENT JANVIER 2019 (3)	France	Insurance and asset management/mutual funds	/	99.4	/	99.4
AUTOFOCUS RENDEMENT JUIN 2018	France	Insurance and asset management/mutual funds	98.4	98.4	98.4	98.4
AUTOFOCUS RENDEMENT DECEMBRE 2014 (3)	France	Insurance and asset management/mutual funds	/	93.5	/	93.5
AUTOFOCUS RENDEMENT MARS 2015 (3)	France	Insurance and asset management/mutual funds	/	93.9	/	93.9
AUTOFOCUS RENDEMENT MARS 2017 (3)	France	Banking/mutual funds	/	97.2	/	97.2
AUTOFOCUS RENDEMENT MARS 2019	France	Insurance and asset management/mutual funds	99.1	99.0	99.1	99.0
BREHAT	France	Insurance and asset management/mutual funds	35.9	75.1	35.9	75.1
BREIZH ARMOR CAPITAL	France	Insurance and asset management/mutual funds	50.0	50.0	50.0	50.0
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management/mutual funds	97.6	97.6	97.6	97.6
FCPR BREIZH MA BRO (1)	France	Insurance and asset management/mutual funds	82.1	/	82.1	/
FCT ARDIAN SURAVENIR PRIVATE DEBT	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT MERIUS SURAVENIR	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT OBLIGATION BAUX AC 2019	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT PYTHEAS (2)	France	Insurance and asset management/mutual funds	/	100.0	/	100.0
FCT PYTHEAS 50 (1)	France	Insurance and asset management/mutual funds	78.3	/	78.3	/
FCT PYTHEAS BAUX REG 2018	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT SCOR SURAVENIR EURO LOANS	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT SP EUROCREANCES	France	Insurance and asset management/mutual funds	43.4	43.4	43.4	43.4
FCT SPG DETTE PRIVEE	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT SURAVENIR CONSO FUND	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT SURAVENIR PRIVATE DEBT I	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT SURAVENIR PRIVATE DEBT II	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FCT TIKEHAU SPD III	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FEDERAL AMBITION CLIMAT	France	Insurance and asset management/mutual funds	99.3	99.3	99.3	99.3
FEDERAL CAPITAL INVESTISSEMENT	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FEDERAL CONVICTION GRANDE ASIE	France	Insurance and asset management/mutual funds	99.8	99.9	99.8	99.9
FEDERAL GLOBAL GREEN BONDS	France	Insurance and asset management/mutual funds	44.3	40.1	44.3	40.1
FEDERAL TRANSITION TERRITOIRES (EX FEDERAL IMPACT TERRITOIRES)	France	Insurance and asset management/mutual funds	44.4	56.2	44.4	56.2
FEDERAL INDICIEL APAL (EX FEDERAL APAL)	France	Insurance and asset management/mutual funds	69.0	75.0	69.0	75.0
FEDERAL INDICIEL JAPON	France	Insurance and asset management/mutual funds	70.9	67.0	70.9	67.0
FEDERAL INDICIEL US	France	Insurance and asset management/mutual funds	57.7	58.3	57.7	58.3
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management/mutual funds	75.1	75.8	75.1	75.8
FEDERAL MULTI L/S	France	Insurance and asset management/mutual funds	75.7	67.2	75.7	67.2
FEDERAL MULTI OR ET MATIERES 1ERES	France	Insurance and asset management/mutual funds	90.2	90.1	90.2	90.1

Last name	Country	Sector / Activity	% control		% equity interest	
			06.30.2021	12.31.2020	06.30.2021	12.31.2020
Companies consolidated using the shortcut method						
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management/mutual funds	99.4	99.5	99.4	99.5
FEDERAL OPTIMAL GESTION PRIVEE ESG (1)	France	Insurance and asset management/mutual funds	86.6	/	86.6	/
FEDERAL TRANSITION EQUILIBRE (EX FEDERAL OPPORTUNITE EQUILIBRE ESG)	France	Insurance and asset management/mutual funds	83.2	85.4	83.2	85.4
FEDERAL TRANSITION MODERE (EX FEDERAL OPPORTUNITE MODERE ESG)	France	Insurance and asset management/mutual funds	57.5	64.5	57.5	64.5
FEDERAL TRANSITION TONIQUE (EX FEDERAL OPPORTUNITE TONIQUE ESG)	France	Insurance and asset management/mutual funds	99.1	99.1	99.1	99.1
FEDERAL TRANSITION OXYGENE (EX FEDERAL OXYGENE)	France	Insurance and asset management/mutual funds	94.3	94.2	94.3	94.2
FEDERAL SUPPORT COURT TERME ESG	France	Insurance and asset management/mutual funds	35.2	37.2	35.2	37.2
FLEXPERTISE	France	Insurance and asset management/mutual funds	71.3	71.4	71.3	71.4
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS LOW VOL	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS MID CAPS	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS PROTECT	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR OVERLAY LOW VOL ACTIONS	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
FPS UBS ARCHMORE INFRASTRUCTURE DEBT PLATFORM II	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
MANDARINE EQUITY INCOME (1)	France	Insurance and asset management/mutual funds	78.6	/	78.6	/
OPCI CLUB FRANCE RETAIL	France	Insurance and asset management/mutual funds	46.3	46.3	46.3	46.3
OPCI PREIM DEFENSE 2	France	Insurance and asset management/mutual funds	37.5	37.5	37.5	37.5
OPCI PREIM EUROS	France	Insurance and asset management/mutual funds	100.0	98.1	100.0	98.1
OPCI PREIM EUROS 2	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
OPCI PREIMIUM	France	Insurance and asset management/mutual funds	68.9	73.0	68.9	73.0
OPCI TIKEHAU RET PRO	France	Insurance and asset management/mutual funds	39.3	39.3	39.3	39.3
OUESSANT	France	Insurance and asset management/mutual funds	37.2	38.7	37.2	38.7
PRIMO ELITE	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
S.C.I PROGRES PIERRE	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
S.C.I SURAVENIR PIERRE	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
SC NOVAXIA R (1)	France	Insurance and asset management/mutual funds	64.3	/	64.3	/
SC PYTHAGORE (1)	France	Insurance and asset management/mutual funds	38.6	/	38.6	/
SCHELCHER IVO GLOBAL YIELD 2024	France	Insurance and asset management/mutual funds	46.6	45.9	46.6	45.9
SCI CLOVERHOME	France	Insurance and asset management/mutual funds	50.0	50.0	50.0	50.0
SCI LE VINCI HOLDING	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
SCI PR2 PREIM RET 2	France	Insurance and asset management/mutual funds	38.0	38.0	38.0	38.0
SCI SILVER AVENIR	France	Insurance and asset management/mutual funds	96.1	100.0	96.1	100.0
SCI USUFRUIMMO	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
SCPI PRIMOFAMILY	France	Insurance and asset management/mutual funds	39.1	37.7	39.1	37.7
SP CONVERTIBLES	France	Insurance and asset management/mutual funds	21.2	20.4	21.2	20.4
SP CONVERTIBLES MID CAP ESG	France	Insurance and asset management/mutual funds	30.8	22.5	30.8	22.5
SP CROISSANCE	France	Insurance and asset management/mutual funds	91.2	91.6	91.2	91.6
SP HAUT RENDEMENT	France	Banking/mutual funds	40.2	43.2	40.2	43.2
SP OPPORTUNITES EUROPEENNES	France	Banking/mutual funds	30.6	30.5	30.6	30.5
SURAVENIR INITIATIVE ACTIONS	France	Banking/mutual funds	100.0	100.0	100.0	100.0
SYNERGIE FINANCE INVESTISSEMENT	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
WE POSITIVE INVEST	France	Insurance and asset management/mutual funds	100.0	100.0	100.0	100.0
YOMONI ALLOCATION	France	Insurance and asset management/mutual funds	41.3	42.5	41.3	42.5

(1) Companies first-time consolidated in 2021
(2) Property
(3) Liquidation

The simplified method of accounting (called shortcut method) is based on using the fair value option for all assets held under the mutual fund to be consolidated.
The shortcut method entails:
recognizing the fund shares in assets at fair value on the basis of 100%
establishing a corresponding liability (financial liability) for the amount of the share not held by the group (non-controlling interests).

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 33. Business combinations

At January 29, 2021, Crédit Mutuel Arkéa acquired sole control of Catella Asset Management. The company specializes in investment activities, asset, and property management on behalf of third parties. Future developments will be made through this company which has been renamed Arkéa Real Estate. The company 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**
Net assets (group's share)	**4,307**
Consolidation method	Full consolidated
Goodwill recognized on the balance sheet (partial goodwill)	**19,927**
Contribution to the group’s 2021 profit/loss	**180**

The initial recognition of this business combination is provisional, the definitive purchase price allocation will be performed during the 2nd semester.
In case of further information related to facts and circumstances existing on the date of acquisition, the group has 12 months
to:
identify the assets acquired and liabilities assumed from the acquired company not recognized at the time of the initial recognition of the business combination;
modify retrospectively the values initially assigned.

Note 34. Events after the reporting period

No significant events occurred after the June 30, 2021 closing date.

5. Statutory auditors' report on the interim financial information for 2021

Period from 1 January 2021 to 30 June 2021

To the members,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we have audited :

- the review of the attached condensed half-yearly aggregate financial statements of Crédit Mutuel Arkéa, for the period from 1st January 2021 to 30th June 2021;

- the verification of the information given in the interim management report

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited review of aggregate financial statements Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had multiple consequences for companies, particularly on their business and financing, as well as increased uncertainties about 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 the way in which our work is carried out.

These condensed half-yearly aggregate financial statements are the responsibility of the Board of Directors. Our responsibility is to express a conclusion on these financial statements based on our review.

I - Conclusion on the accounts

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

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

Based on our review, nothing has come to our attention that causes us to believe that the attached condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

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

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

Done at Neuilly-sur-Seine and Paris La Défense, 27 August 2021

The auditors

PricewaterhouseCoopers Audit	**Deloitte& Associés**	
PierreClavié	Anne-ElisabethPannier	Jean-MarcMickeler
Associate	Associate	Associate

6. Risk factors

The risk factors have not changed significantly compared to the situation described in the 2020 Universal Registration Document, apart from the risks outlined below.

Risks related to the bank's strategy

BUSINESS MODEL AND COMPETITION RISK

In 2020, the group's strategic trajectory was based on the dual process of finalising the Arkéa 2020 strategic plan and drawing up a new medium-term plan to describe the trajectory for the period 2021-2024. This path, designed in line with the group's Raison d'être (Purpose), aims to make Crédit Mutuel Arkéa the agile financial partner for future transitions, serving 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 stakeholders.

Crédit Mutuel Arkéa's business model has historically been based on mutual and cooperative retail banking in Brittany and the south-west. The group then strengthened its position by diversifying its activities, firstly in insurance, *via* its two life insurance subsidiaries (Suravenir), and non-life insurance (Suravenir Assurances), but also by developing new activities in online banking, asset management, corporate banking and white label banking services.

The diversification of the group's activities has historically allowed for a strong resilience of revenues, even in the context of major national or global crises. However, this diversification implies that the group is highly exposed to the insurance business, whose profitability could be affected by the persistence of a low interest rate environment. The group is also heavily exposed to real estate in most of its business lines, from financing to investment. In this respect, a deep and lasting deterioration in the outlook for the property market could have an impact on the group's overall profitability. Finally, the white-label banking activities are dependent on the economic climate, and a deterioration in the outlook for these activities could also affect their profitability, as most of them benefit from scale effects.

Furthermore, the emphasis placed on supporting future transitions, whether societal or environmental, constitutes both continuity with the group's historical business model, but also an inflection insofar as all of the group's activities will henceforth be steered in the perspective of a search for global performance in the service of its clients, its territories and, more generally, all its stakeholders. The search for this global performance may lead to investment or resource allocation choices that go beyond strict financial profitability, even if this is of course necessary for the group's long-term development.

Finally, as mentioned above, the health context and its economic consequences could have a negative impact on the ability of our customers to repay outstanding loans, or more generally could reduce our business opportunities with customers or prospects who find themselves in economic difficulty. Similarly, the Group's position in its various markets could be adversely affected by increased competitive pressure from players seeking to maintain business volume at the expense of profitability.

Crédit Mutuel Arkéa is subject to competition from established players in the banking and insurance sectors, given the mature and concentrated nature of the financial industry. The group is therefore likely to face competition from larger players on a national scale, but still has a significant market share, particularly in the traditional areas where it operates. The group is also subject to competition from new entrants, for whom the regulatory constraint may be less strong, and who are able to capture a targeted part of the value chain through the adapted use of innovative technologies. These new players pose a threat, but can also represent growth drivers for the group through the development of suitable partnerships.

Increased competitive pressure could thus affect the group either through a reduction in business volume caused by an aggressive strategy of conquest by competitors on its various markets, or through a reduction in margins caused by competitors' action on the pricing of their products, or through a combination of these two factors.

HUMAN RESOURCES MANAGEMENT RISK

The financial services sector relies heavily 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 the design of products, customer service and the defence of the banking licence. The risk related to human resources management could concern the level of attrition and the availability of resources to meet recruitment needs.

RISK RELATING TO THE DISAFFILIATION OF CRÉDIT MUTUEL ARKÉA FROM THE CRÉDIT MUTUEL

A cooperative banking group independent from the rest of Crédit Mutuel

The Board of Directors of Crédit Mutuel Arkéa, which met on January 17 2018, mandated its executive officers to take all necessary steps to enable Crédit Mutuel Arkéa to become a cooperative banking group independent from the Crédit Mutuel, in order to pursue its original development strategy based on three strengths: its territorial roots, its culture of innovation and its intermediate size.

The directors of the local banks and Federations of Bretagne, Sud-Ouest et Massif Central regions were invited to vote during the first half of 2018, as part of an orientation vote. Following the consultation process undertaken by Crédit Mutuel Arkéa's local banks and the meeting of the Federations' Boards of Directors, Crédit Mutuel Arkéa has made official the results of the votes of the 307 local banks that expressed their opinions. 94.5% of these voted in favour of Crédit Mutuel Arkéa's plan to become an independent cooperative group, independent from the Crédit Mutuel.

This vote confirms Crédit Mutuel Arkéa's desire to leave the Crédit Mutuel group and enables the project to be initiated to define the terms and conditions of its disaffiliation within the framework of the Décision de Caractère Général (DCG) n°1-2019, relating to the disaffiliation of Crédit Mutuel branches at their request.

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

The operational implementation of disaffiliation

Crédit Mutuel Arkéa has begun the operational implementation of its disaffiliation. The Board of Directors of Crédit Mutuel Arkéa, on 29 June 2018, approved the target organisation scheme of the future independent group and called on the local banks to vote on the implementation of this scheme. Work to define the detailed technical terms and conditions of the project has been initiated in conjunction with the supervisory authorities.

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

On 18 February 2019, the CNCM Board of Directors recognised the possibility of exiting from the Crédit Mutuel group by adopting DCG N° 1-2019, relating to the disaffiliation of Crédit Mutuel banks at their request. In this context, Crédit Mutuel Arkéa wishes to leave Crédit Mutuel.
In accordance with the DCG, the main steps in disaffiliation are as follows:

- the Boards of Directors of Crédit Mutuel Arkéa's local banks wishing to disaffiliate from Crédit Mutuel will have to adopt a notification file of the proposed disaffiliation. The consultation of the Boards of Directors of the local banks will take place at the end of the discussions underway with the ECB and the ACPR on the basis of a consultation file;
- each Federation will then have to notify the CNCM of the proposed disaffiliation of each local bank;

- Once authorised by the CNCM Board of Directors within two months of receiving the disaffiliation proposal, each Federation may organise a consultation of the members of each local bank at an Extraordinary General Meeting. The disaffiliation project 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 on the modalities of the separation were temporarily suspended due to the health crisis. This work has since been suspended.

Following the appointment of Julien Carmona as Chairman of Crédit Mutuel Arkéa, the Crédit Mutuel Arkéa has reaffirmed its commitment to independence in order to preserve its complete autonomy from the Crédit Mutuel group. Actions will be undertaken in the near future in order to determine as much as possible a reasonable implementation schedule, in a context of health crisis generating calendar uncertainties.

The Arkéa Group's target scheme

Under the proposed target scheme, the Arkéa group will be formed around Arkéa (currently Crédit Mutuel Arkéa), a cooperative public limited company with variable capital and a union of cooperatives, which will remain individually authorised as a cooperative bank.
Arkéa will be governed in particular by Act 47-1775 of September 10, 1947 on the status of cooperation (the "**1947 Act"**) 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 form the Arkéa cooperative union, in accordance with the 1947 Law. 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 therefore be responsible for supporting and promoting the membership within the framework of their territorial coverage.

To this end, all the regulated financial activities of the local banks will be transferred to Arkéa, which will open local branches within the LCs. In addition, under this new organisation, all banking operations and investment services will then be carried out by Arkéa's local branch, opened in the same premises as those of the LC.

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

In accordance with the 1947 Act, each member will continue to participate in the life of the company in accordance with the principle of "one person, one vote" and will be able to stand for election to the Board of Directors of his or her LC. 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 in its role as shareholder.

In addition, a cooperation pact between all the 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, i.e. to promote access for all to banking, financial and insurance services.

Regional federations will ensure the proper functioning and governance of LCs.

A scheme for issuing shares is currently being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities beforehand.

Risks relating to the complexity of the context and risks linked 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 the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group. They relate to events that may or may not occur. The probability of occurrence and the magnitude of the event are assessed by Crédit Mutuel Arkéa for each risk factor.

The disaffiliation project as envisaged by Crédit Mutuel Arkéa is unprecedented and complex to implement. Investors' attention is drawn to the complexity of the situation linked to the planned disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group and the uncertainties and risks associated with it. This complexity relates in particular, but not exclusively, to the accounting and prudential consolidation mechanisms that will have to be implemented and which are intended to determine the scope of supervision of Crédit Mutuel Arkéa by the supervisory authorities once it has left the Crédit Mutuel group.

Because of its novel and complex nature, the disaffiliation project presupposes that conditions are met for its implementation, particularly with regard to the various stages described in the paragraph on the operational implementation of disaffiliation.

Before making an investment decision, potential investors should conduct a thorough analysis of the disaffiliation project, the target organisation of Crédit Mutuel Arkéa as described above and the uncertainties and risks associated with it, as described below. In particular, investors should carefully consider all the information included in this document and in particular, when making their investment decision, the risk factors related to the change in the organisation of the main players in the shareholding and the risks related to the disaffiliation of Crédit Mutuel Arkéa 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 understand but which must be understood and analysed before making any investment decision. Because of its unprecedented nature, Crédit Mutuel Arkéa cannot guarantee that the project will be completed, that it will not be subject to major changes from what was initially planned or that new difficulties will not arise during its implementation.

Risks related to local banks

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

Crédit Mutuel Arkéa's analysis of the implementation of Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group 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 1947 Law and (ii) Regulation (EU) No. 575/2013 of June 26 2013 as amended in view of the equity quality of the shares. These texts do not include cases of early repayment relating to the loss of the banking authorisation of the Local banks or a 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 repayment relating to the loss of approval of the local banks.

There is therefore little risk that the shares issued by the local banks before Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group will be affected under the planned target scheme.

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

The disaffiliation of the local banks from the Crédit Mutuel group will entail the loss of the benefit of the collective banking authorisation granted under the conditions of Article R. 511-3 of the CMF, which will have an impact on their possibility of issuing B shares by public offering in the future.

These B shares are currently an essential source of financing for Crédit Mutuel Arkéa. A scheme for issuing shares is currently being discussed with the ACPR and the ECB. In this respect, it is specified that the work in progress favours a scheme in which Arkéa's shares would be issued by Arkéa itself. In any event, the proposed scheme will be submitted to the authorities beforehand.

It is therefore possible that Crédit Mutuel Arkéa will not obtain the agreement of the authorities, which could prevent the disaffiliation project from taking place according to the planned target scheme.

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

In the context of the 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 (Crédit Mutuel Arkéa's inter-federal fund) does not automatically entail the disaffiliation of the local banks that are its shareholders.

The local banks that vote against the disaffiliation fom Crédit Mutuel, or that do not wish to participate in the vote, may not be part of this new organisation.

Although 94.5% of thel banks that voted in 2018 did so in favour of independence, these results in no way prejudge the outcome of the future vote by the local banks on the operational implementation of this disaffiliation from the Crédit Mutuel group.

Each local bank will be asked to vote on the implementation phase of the disaffiliation of Crédit Mutuel Arkéa in order to approve the disaffiliation project, the terms and conditions of disaffiliation and the filing of a request for disaffiliation by the Federation concerned, in accordance with the DCG.

The local banks which choose to vote against the disaffiliation will be able to join another federal or inter-federal bank in order to benefit from a new collective agreement. This new affiliation will not constitute a case of early repayment of the A, B and C shares held by the members. These local banks will be reimbursed for the A shares they hold in the share capital of Crédit Mutuel Arkéa.

It is possible that some local banks will ultimately choose to vote against disaffiliation from Crédit Mutuel. 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 disaffiliation. Based on the April 2018 orientation vote, the impact of this exit on Crédit Mutuel Arkéa would be low.

Risks related to the final vote of the members

Local banks that vote to disaffiliate from the Crédit Mutuel group will have to convene their extraordinary general meeting to adopt the disaffiliation project in accordance with the DCG and to 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 authorisation granted by the CNCM to convene the extraordinary general meeting of the local banks, will concern the express approval of the disaffiliation project, the terms of disaffiliation contained in the notification file previously approved by the Boards of Directors of these local banks and its consequences, particularly financial, for these 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 sent to the members at least fifteen (15) days before each Extraordinary General Meeting. The members will thus be able to vote on the basis of clear, precise and exhaustive information on the proposed disaffiliation and its consequences for their local bank, its members, its customers, its creditors, its employees and the entire Crédit Mutuel group, in accordance with the DCG.

The Extraordinary General Assembly of each local bank concerned shall 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 concerned may not transmit a new application for disaffiliation of the local bank concerned for a period of three (3) years, in accordance with Article 2.3 of the DCG.

The results of the orientation vote on Crédit Mutuel Arkéa's proposed 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 certain local banks will not adopt the disaffiliation project and will not approve the related modification of their articles of association. 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 disaffiliation project and the modification of their statutes. On the basis of the April 2018 orientation vote, the impact of this exit on Crédit Mutuel Arkéa would be low.

Risks related to Crédit Mutuel Arkéa

Following Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group of which CNCM is the central body, Arkéa (now 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 n°1-2019, the CNCM, as central body, will have to notify the ACPR without delay of the decision relating to the disaffiliation of the Crédit Mutuel Arkéa local banks.

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

At this stage, detailed and documented work is underway with these authorities to obtain their agreement. No assurance can be given as to whether or not their agreement will be obtained, nor as to the timeframe and procedures for obtaining their agreement. The modification of the corporate name of Crédit Mutuel Arkéa will require the prior agreement of these authorities.

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

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

Furthermore, the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group could lead to changes in the internal model for calculating weighted risks, resulting in an increase in capital requirements, or even a switch to a standard model.

At 30 June 2021, credit risk is determined for €123 billion of net risk exposure, of which:

- €79 billion of risk exposure is assessed using an internal rating approach;
- €44 billion of risk exposures are already assessed using a standard approach.

As a result, the disaffiliation from Crédit Mutuel as a whole could lead to a review of the weighted risk assessment method for the €79 billion of credit risk exposure currently assessed using an internal rating approach, without threatening Crédit Mutuel Arkéa's financial solidity.

Risks related to the practical arrangements for disaffiliation set out by the DCG

The DCG stipulates that the notification file must mention *"the commitments proposed by the bank to compensate for all past and future costs incurred by Crédit Mutuel group entities as a result of the disaffiliation project"*. In addition, the application for disaffiliation that will be sent to the CNCM by the federations after the vote of the members of the affiliated local banks will have to include the draft memorandum of understanding setting out the commitments of these local banks and the practical arrangements for disaffiliation.

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

Finally, the DCG stipulates that the CNCM Board of Directors must determine the final conditions of the disaffiliation, *"relating in particular to the effective date of disaffiliation of the local bank concerned, the amount of compensation to be paid to Caisse Centrale de Crédit Mutuel and the memorandum of understanding setting out the commitments of the local bank and the practical arrangements for disaffiliation"*. The DCG does not specify either the methods for calculating this indemnity or its amount, which could *ultimately* be significant, which Crédit Mutuel Arkéa could then contest.

Furthermore, in accordance with Article 2.4 of the DCG, in the event of a change in the legal or factual circumstances between the authorisation given to the Federations to organise the vote of the members and the vote of approval of each Extraordinary General Meeting, or after this last vote, the Board of Directors of the CNCM may ask the local banks and Federations concerned for any additional information required in order to *"quickly assess 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 follow up on the request for disaffiliation"*.
It is therefore possible that Crédit Mutuel Arkéa does not agree with the CNCM on the practical details of the disaffiliation set by the DCG, which could prevent the disaffiliation project from going ahead.

Risks related to the commercial stakes of disaffiliation

Crédit Mutuel Arkéa's disaffiliation from the Crédit Mutuel group has a number of consequences, in particular the commercial issues related to the adoption by Crédit Mutuel Arkéa of a name and trademarks that do not include the words "Crédit Mutuel".

In addition, the possibility of opening a large number of Crédit Mutuel local banks in the Bretagne and Sud-Ouest federations could increase competition with Crédit Mutuel Arkéa in these two areas.

In any event, 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 being completed in order to launch a new commercial and industrial dynamic.

Furthermore, on 2 February 2021, the CNCM adopted a new general decision (DCG) 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, the Arkéa group must call itself "Crédit Mutuel Arkéa";
- regulates the names (or where appropriate the associated documentation) of certain banking or financial services and products distributed by affiliates by making them subject to an authorisation regime;
- makes certain operations (creation of subsidiaries and acquisition of holdings) subject to a prior authorisation regime.

On 14 January 2021, an exceptional meeting of the Board of Directors of Crédit Mutuel Arkéa was held and unanimously called for the immediate withdrawal of this draft general decision on strengthening the cohesion of the Crédit Mutuel group. It gave a mandate to the Executive Management to take all measures to protect the interests of Crédit Mutuel Arkéa.

This DCG came into force on 2 February 2021. An appeal for excess of power has been lodged with the Conseil d'Etat to challenge 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, the work in progress means that the consequences of this risk are low.

Risks related to the governance of Crédit Mutuel Arkéa

The CNCM has thus amended its Articles of Association by an extraordinary general meeting dated 16 May 2018 (the "**Articles of Association**").

A new Article 29 on the sanctions that may be imposed by the CNCM has been incorporated into the Statutes. This new Article 29 is accompanied by disciplinary regulations which would have the same legal value as the Articles of Association.

The regulatory measures mentioned 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 trust or approval as a regulatory measure", allowing the removal of regional group leaders without any sanction procedure.

It is possible that these provisions of the Articles of Association will be implemented by the CNCM, the potential negative impact on Crédit Mutuel Arkéa being assessed as significant.

Risks related to possible litigation

Following the implementation of the disaffiliation of Crédit Mutuel Arkéa from the Crédit Mutuel group, there is a risk of legal challenges to the disaffiliation of Crédit Mutuel Arkéa, particularly in the context of the application of the DCG.

Furthermore, the operational implementation of Crédit Mutuel Arkéa's disaffiliation could give rise to various appeals or disputes against Crédit Mutuel Arkéa on the part of members, customers or counterparties of the Crédit Mutuel group.
Any litigation or claims that might be brought could have a potentially significant negative impact on Crédit Mutuel Arkéa.

Risks related to the loss of inter-federal solidarity

From the effective date of disaffiliation, Crédit Mutuel Arkéa will no longer benefit from the national inter-federal solidarity mechanism in the event that Crédit Mutuel Arkéa becomes independent from the Crédit Mutuel group.

However, it is specified that Crédit Mutuel Arkéa has its own solidarity mechanism which would intervene in the first instance.

A cooperation pact between all the 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, i.e. to promote access for all to banking, financial and insurance services.

For more information on the solidarity mechanism, investors can refer to section 1 on solidarity relations of this report.

The withdrawal of Crédit Mutuel Arkéa from the national inter-federal solidarity mechanism could lead to the downgrading of some of its financial ratings. However, it should be noted that Fitch Ratings already rates Crédit Mutuel Arkéa independently from Crédit Mutuel, without taking into account the national inter-federal solidarity mechanism.

At this stage, there is no certainty as to how this situation might evolve and/or when it might end, or what impact it might have on the B Units.

Governance risks (related to the implementation of resolution measures)

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 the 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 bridge 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 dilution of regulatory capital instruments through the issuance of new equity securities, total or partial impairment or conversion into equity securities 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), suspension of the listing and admission to trading of financial instruments, removal of management or appointment of a special administrator.

Issuers affiliated to Crédit Mutuel Arkéa benefit from the coverage of 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 this financial solidarity mechanism being implemented.

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 elements lead 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 (i.e. when the European Central Bank alerts the Single Resolution Council of the risk of default (principle of "Failing Or Likely To Fail" or Universal Registration Document - June 2020 | 138 FOLTF), apprehended on a consolidated basis of the Crédit Mutuel group, or the Single Resolution Council 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, when 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 elements lead 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 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 other 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.

7. Non-financial performance statement

This section 6 updates pages 261 to 263 of the Crédit Mutuel Arkéa's 2020 Universal registration document.

Inclusion of vulnerable customers

Associated non-financial risks: compliance risk, non-compliance with customer protection rules

Crédit Mutuel Arkéa, an inclusive and supportive company, also pays particular attention to access to banking and insurance for all (financial products and services).

Support for financial vulnerability

The group supports its customers and members who are financially vulnerable by involving its employees and directors and by developing its offers and business lines.

In accordance with the charter on 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 Monetary and Financial Code, a system applicable to all the group's entities sets out the practical procedures for implementing the obligations according to the activity carried out (information, proposal of suitable products and services, customer support). For example, it is worth noting that financially fragile customers with a specific Budg'Equilibre offer can benefit from a second bank card in the case of a joint account. In addition, Crédit Mutuel Arkéa has formed partnerships with specialised third parties in order to facilitate customer referrals when financial difficulties cannot be dealt with by the bank alone. Crédit Mutuel Arkéa's budget coaching application Bud'jet is also available to customers who have taken out the Budg'Equilibre offer.

In order to provide effective support to customers in financial difficulty, the group's entities train employees in contact with customers on the systems and procedures for implementing the dedicated systems.

Crédit Mutuel Arkéa places the customer at the heart of its concerns and has taken a proactive approach to financially vulnerable customers through various initiatives:

- the creation in 2018 of the Banking Inclusion Coordination Committee (CCIB), a real governance body responsible for steering the banking inclusion system within the group. The committee meets every quarter to monitor the progress of the work decided by the committee, such as the revision of detection criteria to improve their relevance, the implementation of steering indicators to monitor the effectiveness of the assistance provided to vulnerable customers, etc.).

In accordance with Article R312-4-3 of the Monetary and Financial Code (CMF), the **detection of financially fragile persons** includes several mechanisms. Those in force since 1 June 2021 are the following:

A monthly detection under the "regulatory" criteria. These include:

- ✓ Clients who have filed an over-indebtedness application that has been accepted by the Banque de France for the entire duration of their registration in the Fichier des Incidents de remboursement des Crédits aux Particuliers (FICP), as well as those benefiting from measures to deal with their over-indebtedness situation, for the duration of their registration in the file
- ✓ Customers registered in the Fichier Central des Chèques (FCC) and who have been "banned from banking" for more than 3 months

A monthly detection under the so-called "flexible" criteria at the discretion of each institution. The detection process currently in force takes into account the situation of households with all the cheque accounts in the household:

- ✓ at least 5 incidents [12]of account operation in the last month,
- ✓ or at least 12 incidents of account operation in the last 3 months,
- ✓ or exceeded the authorised overdraft at least one day per month during the 3 months, and at least one incident* in the operation of the account each month during these 3 months.

Households whose monthly income paid into the accounts is less than :

- ✓ €1,500 for single adult households,
- ✓ €2,500 for households with two adults.

and whose outstanding interest-bearing savings held by adults in the household are less than :

- ✓ €5,000 for single adult households,
- ✓ €15,000 for households with two adults.

The group's system also detects customers with a new entry 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 meets the detection criteria, an observation period of 3 months is provided for. During this period, the customer continues to benefit from the cap on incident charges. The purpose of this observation period is to ensure that the situation is restored in the long term. In the event of a new incident during this period, the customer concerned will not experience a break in the cap on incident charges.

Early detection as part of the "prevention of over-indebtedness".

- ✓ This quarterly detection mechanism is based on an Artificial Intelligence model that identifies a series of events likely to lead, in the long term, to financial fragility leading to the filing of an overindebtedness file
- ✓ €200 in incident charges in any of the last three months, without having been identified as financially vulnerable,

After analysing each of these situations, the advisor can identify these clients as financially vulnerable for a renewable period of 12 months.

A "manual" detection at the initiative of each adviser allowing the identification, for a renewable period of 12 months, of a proven situation of fragility not detected by the above treatments.
Customers identified as vulnerable are offered the Budg'Equilibre Specific Offer.

People benefiting from one of the **solidarity schemes** (Budget Support, Assistance for borrowers in difficulty or Personal Micro-Credit) are also identified as financially vulnerable and thus benefit from a ceiling on incident charges for a renewable period of 12 months.

The strong mobilisation of the local bank networks to promote the specific offer dedicated to financially fragile customers.

By the end of 2020, the local bank networks of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest had 19,551 beneficiaries of the specific offer dedicated to vulnerable customers.

[12] The account operating incidents detected by these detection tools are incidents for which the charges incurred are those capped under article R312-1-2 CMF, for all the household's cheque accounts: Intervention fees, Fees for prior information letter for an uncovered cheque, Fees for information letter for an unauthorised debit account, Fixed fee per cheque rejected for lack of funds, Fees for direct debit rejection for lack of funds, Fees for non-execution of standing order for lack of funds, Fees following notification by the Banque de France of a ban on the customer issuing cheques, Fees for Banque de France declaration of a decision to withdraw a bank card, Fees for the bank to stop (block) the card.

Crédit Mutuel Arkéa, true to its DNA as a cooperative bank and its values of solidarity, has chosen to go further than the obligation set out in the regulatory framework. Since January 1, 2019, Crédit Mutuel Arkéa has eliminated all incident fees for its customers with the specific fragile customer offer, Budg'Equilibre, i.e. zero euros in incident fees, instead of the monthly 20 euros and annual 200 euros set by the legislator. The ceiling on incident charges for customers identified as being in a situation of financial fragility and not wishing to subscribe to the specific Budg'Equilibre offer is €25 per month, in accordance with the regulations.

These efforts are fully in line with Crédit Mutuel Arkéa's Raison d'être, which is to be a supportive, ethical and inclusive company.

Crédit Mutuel Arkéa is also developing specific solidarity schemes to help members in difficult situations.

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 local bank. They aim to help people in temporary difficulty by means of four levers of action: assistance to borrowers, personal micro-loans, the "sensitive accounts" scheme (reversal of charges) and, since 2015 as part of banking inclusion, budgetary support by specialised partners.

Support for borrowers in difficulty consists of a one-off payment of the loan instalments of member-policyholders (with a ceiling of 7,500 euros per year and per member-policyholder). In 2020, 198 new aids were granted for a total amount of 284,000 euros.

Within this framework, and through its partners, personal micro-loans of up to 3,000 euros can also be granted by the local banks. These loans are aimed at people who are excluded from "traditional" credit. Within the framework of social support, these micro-loans can finance the acquisition or maintenance of a vehicle or household equipment, promote autonomy, access to housing or family cohesion projects. In 2020, 260 personal micro-credits were granted for a total amount of 690,000 euros.

The monitoring of sensitive accounts allows the Boards of Directors of the local banks to reverse charges for members with significant charges in a given month. In 2020, more than 250,000 euros were not deducted or were reversed for the benefit of 2,000 members.

Crédit Mutuel Arkéa has been a partner of Adie since 1994. This partnership provides for the opening of lines of credit enabling Adie to grant micro-loans and the endowment of funds for loans of honour. These schemes benefit business creators in Brittany and in Nouvelle-Aquitaine. In 2020, 1.7 million euros of loans were allocated in the form of professional micro-loans to 436 project holders who were set up and supported.

In 2020, against the backdrop of the health, economic and social crisis, Crédit Mutuel de Bretagne's and Crédit Mutuel du Sud-Ouest's solidarity schemes have evolved to provide new responses to the needs of financially vulnerable customers. In addition to providing financial assistance to borrowers in difficulty, the local banks can now support customers in temporary difficulty, whether or not they are borrowers, up to a limit of €1,000 per beneficiary. The financial donations scheme for individuals has been used extensively. In 2020, nearly €970,000 in donations helped households to improve their financial situation.

Suravenir Assurances, Crédit Mutuel Arkéa's property and personal insurance company, has chosen to provide concrete support to its policyholders most affected by the coronavirus crisis by redistributing a portion of the premiums collected. In total, more than €3.5 million was paid out in 2020 to customers in its distribution networks affected by the Covid-19 crisis.

Accessibility of services

The websites of the group's federations have been designed to be user-friendly for all. They respect the web standards defined by the W3C and the WAI (Web Accessibility Initiative) guidelines. The mobile sites are accessible to people with disabilities using assistive technology. ATM withdrawals have also been made accessible to blind and visually impaired people through audio guidance that requires the use of headphones. Finally, the telephone numbers of the federations, as well as those of Suravenir Assurances and Suravenir for loan insurance, are accessible to deaf and hard of hearing people, via a connected transcription or real-time interpretation service.

Since 2018, the group has strengthened its resources in the area of accessibility by appointing a dedicated employee to take this issue into account from the design stage of projects, to raise awareness and to train people in the tools...

8. General information

Date of the last half-yearly financial information

The latest half-yearly financial information is dated 30 June 2021. It was approved by the Board of Directors on 26 August 2021. No quarterly financial information has been published since the date of the last half-yearly financial statements.

Documents available to the public

This document will be available for inspection at the Registered office of the Company during normal business hours. A copy of this Amendment to the Universal Registration Document will be sent free of charge to any person who requests it. This document is also available on the company's website (www.cm-arkea.com). The information on the website does not form part of this Document unless such information is incorporated by reference.

This document complements and incorporates the 2020 Universal Registration Document filed with the Autorité des Marchés Financiers on 19 April 2021 under number D.21-0324 and constitutes the Universal Registration Document introduced by EU Regulation 2017/1129. This document incorporates by reference the 2019 Universal Registration Document filed with the Autorité des Marchés Financiers on 14 April 2020 under number D.20-0288.

Legal Entity Identification

CREDIT MUTUEL ARKEA
1, rue Louis Lichou
29480 le Relecq-Kerhuon
France

96950041vj1qp0b69503

9. Statutory auditors

Statutory Auditors :

PricewaterhouseCoopers Audit - 63 rue de Villiers, 92208 Neuilly-sur-Seine cedex

Start of first term: 2021 - End of current term: 31 December 2026

The appointment of PricewaterhouseCoopers Audit was decided, after a tender process, on 11 May 2021 for a term of six financial years.

Deloitte & Associés - 6 Place de la Pyramide 92908 Paris-La Défense
Start of first term: 2007 - End of current term: 31 December 2026

The renewal of the mandate of Deloitte & Associés was decided on 11 May 2021 for a period of six financial years.

10. Declaration of the responsible person

Person responsible for the information contained in this document

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa

Declaration of the responsible person

I certify that the information contained in this Amendment to the 2020 Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements for the past six months have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and all the companies included in the consolidation, and that the interim management report on pages 30-40 presents a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year

Done at Le Relecq Kerhuon, 27 August 2021

Hélène Bernicot, Chief Executive Officer of Crédit Mutuel Arkéa

11. Cross-reference tables and alternative performance measures

11.1. Amendment to the Universal Registration Document Cross Reference Table

This cross-reference table sets out the headings set out in Appendix 1 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and refers to the sections and pages of the Universal Registration Document filed with the Autorité des Marchés Financiers on 19 April 2021 under number D.21-0324 and those of this Amendment to the Universal Registration Document where the information relating to each of these headings is set out.

Headings of Appendix I of the Delegated Regulation (EU) n°2019/980		Sections in the URD 2020	Pages in the URD 2020	Sections in the URD 2020 Amendment	Pages in the URD 2020 Amendment
1.	**RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTIES, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY**				
1.1	Name and function of the responsible person	6	290	10	121
1.2	Declaration of the responsible person	6	290	10	121
1.3	Statement or report attributed to a person acting as an expert	6	289		
1.4	Certification on information from third parties	6	289		
1.5	Declaration by the issuer		1		3
2.	**STATUTORY AUDITORS**	6		9	
2.1	Name and address of the statutory auditors	6	291	9	120
2.2	Resignation, dismissal or non-renewal of statutory auditors	NA		9	120
3.	**RISK FACTORS**				
3.1	Risk factors	4.1	194	6	105
4.	**INFORMATION ABOUT THE ISSUER**	6		8	
4.1	Corporate and business name of the issuer	6	288	8	119
4.2	Place and registration number and the legal entity identifier (LEI) of the issuer	6	289	8	119
4.3	Date of incorporation and lifetime of the issuer	6	288		
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	288		
5.	**BUSINESS OVERVIEW**				
5.1	Main activities	1.4 ; 1.5 ; 3.2 ; 3.5	12 ; 16 ; 65 ; 155	1.1 ; 3.2 . 4	4 ; 25 . 33
5.2	Main markets	6	288		
5.3	Important events in the development of the business	1.6	17	1.3	6

5.4	Strategy and objectives	1.5	16	1.2	4
5.5	Degree of dependence of the issuer on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	NA		NA	
5.6	Basis for any statement by the issuer regarding its competitive position	1.4	12	1.1	4
5.7	Investments	1.3 ; 1.6	9 ; 17	1.3	6
6.	**ORGANISATIONAL SET-UP**				
6.1	Description	1.2	6	1.1	4
6.2	List of significant subsidiaries	1.4 ; 3.5 ; 3.6	12 ; 159 ; 178	1.1 ; 4	4 ; 100
7.	**REVIEW OF THE FINANCIAL POSITION AND RESULTS**				
7.1	Financial position	3.2 ; 3.5 ; 3.6	65 ; 73 ; 165	3.4 ; 4	30 ; 33
7.1.1	Development and outcome of the issuer's activities and its situation in relation to the volume and complexity of its activities	3.1 ; 3.2	62 ; 65	3.2 ; 3.4	25 ; 30
7.1.2	Probable future development of the issuer's research and development activities	NA		NA	
7.2	Operating results	3.2 ; 3.5 ; 3.6	65 ; 74 ; 167	3.4 . 4	30 ; 34
8.	**CASH AND CAPITAL RESOURCES**				
8.1	Information on the issuer's capital	3.5	76-77	4	35
8.2	Source and amount of the issuer's cash flow	3.5	78	4	36
8.3	Information on the issuer's funding requirements and funding structure	3.3 ; 3.5 ; 4.5	67 ; 121 ; 227	3.1	23
8.4	Information regarding any restrictions on the use of capital that have materially affected or may materially affect the issuer's business	NA		NA	
8.5	Information on the expected sources of funding that will be needed to meet the commitments referred to in 5.7.	NA		NA	
9.	**REGULATORY ENVIRONMENT**	4.1	197		
10.	**TREND INFORMATION**				
10.1	Main recent trends affecting production, sales and inventories, costs and selling prices since the end of the last financial year Any significant changes in the financial performance of the group or provide an appropriate negative statement	3.4 ; 4.1	70 ; 194	4	102
10.2	A trend, uncertainty, constraint, commitment or event that is reasonably likely to have a material effect on the issuer's prospects, at least for the current financial year	3.4 ; 4.1	70 ; 194		
11.	**PROFIT FORECASTS OR ESTIMATES**	6	289		
12.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND EXECUTIVE MANAGEMENT**				
12.1	Board of Directors and Executive Board	2.2 ; 2.3 ; 2.4	26 ; 42 ; 43	2.1 ; 2.2	13 ; 14
12.2	Conflicts of interest at the level of the administrative, management and supervisory bodies and the Executive Board	2.6	45		

13.	**COMPENSATION AND BENEFITS**				
13.1	Amount of compensation paid and benefits in kind	2.8 ; 3.5	52 ; 157	2.3	15
13.2	Total amount set aside or accrued for the payment of pensions, retirement or other benefits	2.8 ; 3.5	52 ; 157	2.3	15
14.	**FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES**				
14.1	Expiry date of current mandates	2.2	26		
14.2	Information about service contracts between members of the administrative bodies and the issuer or any of its subsidiaries that provide for benefits under such contracts	2.5	44		
14.3	Information on the issuer's Audit Committee and Compensation Committee	2.2	39-40		
14.4	Statement as to whether or not the issuer complies with the corporate governance regime	2.1	25		
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	139 ; 273 ; 282		
15.2	Shareholding and stock options for corporate officers	NA		NA	
	Agreement providing for employee participation in the capital of the issuer	NA		NA	
16.	**MAIN SHAREHOLDERS**				
16.1	Shareholders holding more than 5% of the share capital or voting rights	5.4	248		
16.2.	Existence of different voting rights	2.2	26		
16.3	Control of the transmitter	2.2 ; 5.4	26 ; 248		
16.4	An agreement known to the issuer, the implementation of which could, at a later date, result in a change in its control	NA		NA	
17.	**RELATED PARTY TRANSACTIONS**	3.5	156		
18.	**FINANCIAL INFORMATION CONCERNING THE ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS OF THE ISSUER**				
18.1	Historical financial information, including financial statements	1.2 ;3.5 ; 3.6	73 ; ; 165	4	33
18.2.	Interim and other financial information	6	289		
18.3	Audit of historical annual financial information	7	293	5	103
18.4	Pro forma financial information	NA		NA	
18.5	Dividend distribution policy	NA		NA	
18.6	Legal and arbitration proceedings	4.4 ; 6	220 ; 288		
18.7	Significant change in the issuer's financial position	6	289		
19.	**ADDITIONAL INFORMATION**				
19.1	Share capital	3.5 ; 3.6	122 ; 185		

19.2	Memorandum and articles of association	2 ; 6	25 ; 288		
20.	**MAJOR CONTRACTS**	6	289		
21.	**AVAILABLE MATERIAL**	6	289		

11.2. Cross-reference table of the Annual Financial Report 2020

The following cross-reference allows to identify :

- on the one hand, in the Universal Registration Document filed with the Autorité des Marchés Financiers on April 19, 2021 under number D.21-0324, the information that constitutes the company's annual management report (including the report on corporate governance) and the consolidated management report
- on the other hand in this Amendment to the Universal Registration Document the information that constitutes the company's interim report.

Cross reference table of the Annual Financial Report 2020	Section of the 2020 URD	2020 URD pages	Sections of the 2020 URD Amendment	Pages of the 2020 URD Amendment
Aggregate financial statements	3.6	164		
Consolidated financial statements	3.5	73	4	33
Management report (see cross-reference table of the Management report)		314		125
Certificate of the person responsible	6	290	10	121
Auditors' reports	7	293	5	103

Cross-reference table for the 2020 Management Report	Section of the 2020 URD	2020 URD pages	Sections of the 2020 URD Amendment	Pages of the 2020 URD Amendment
1. OVERVIEW OF ACTIVITIES	1 ; 3 ; 5			
1.1 Key financial and non-financial performance indicators	1.2 ; 5.6	8 ; 280		
1.2 Main activities of the CM Arkéa Group	1.4 ; 1.5 ; 3.2 ; 3.5	12 ; 16 ; 65 ; 155	1.1 ; 3.2 ; 4	4 ; 25
1.3 Information on the group's locations and activities	6	288		
1.4 Significant events between the end of the financial year and the date of the Management Report	3.5 ; 3.6	163 ; 192		
2. RISK FACTORS	4.1	194	6	105
2.1 Description of the main risks and uncertainties facing the group	4 .1	194	6	105
2.2 Main features of the internal control and risk management procedures in place	2.7 ; 4.3-4.7	46 ; 211-235		
3. TREND INFORMATION				
3.1 Statement on the outlook for the Arkéa group since the date of its last published audited financial statements	3.4	72		
3.2 Trends or events likely to affect the outlook for the Arkéa group for the current financial year	3.4 ; 4.1	72 ; 194		
4. PROFIT FORECASTS OR ESTIMATES	6	289		
5. REPORT ON CORPORATE	2	23	2	13

GOVERNANCE				
5.1 Compensation and benefits of any kind paid to each corporate officer	2.8	52	2.3	15
5.2 Mandates and functions exercised by each of these corporate officers	2 .2 ; 2.3	26 ; 42	2.1 ; 2.2	13 ; 14
6. SOCIAL, ENVIRONMENTAL AND CORPORATE RESPONSIBILITY	5	237	7	115
7. TABLE OF RESULTS FOR THE LAST FIVE YEARS	1.2 ; 3.6	8 ; 169		
8. INFORMATION ON PAYMENT TERMS FOR SUPPLIERS AND CUSTOMERS	3.6	168		
9. GENERAL INFORMATION CONCERNING CREDIT MUTUEL ARKEA	6	288	8	119

11.3. 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 accounts	Measures income excluding financial margin and commissions from Crédit Mutuel Arkéa accounts
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 amortization charges for property, plant and equipment and intangible assets	Measures the level of group general operating expenses
Group financial margin	Sum of the following items: - Net gains/losses on financial instruments at fair value through profit or loss + at fair value through equity + at fair value through options + at amortized cost - 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 accounts
Asset returns	Ratio of the net profit or loss to the balance sheet total on a consolidated basis at the end of the fiscal year	Measures the rate of return of total balance sheet assets
Overall coverage ratio of non-performing loans (interest + capital)	Ratio of provisions recognized 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

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