

# undertaking tomorrow

registration document 2014



Crédit Mutuel ARKEA 



## CONTENTS

<b>1. Presentation of Crédit Mutuel Arkéa</b>	<b>04</b>	<b>4. Risk factors</b>	<b>114</b>	<b>9. Statutory auditors' report on the 2014 consolidated financial statements</b>	<b>174</b>
1.1 Group profile	06	4.1 Credit risk	118		
1.2 Crédit Mutuel Arkéa's history	07	4.2 Market risks	127		
1.3 Crédit Mutuel Arkéa business lines	08	4.3 Structural interest rate and liquidity risks	131	<b>10. Statutory auditors' report on the Chairman's report</b>	<b>176</b>
1.4 Crédit Mutuel Arkéa's strategy	12	4.4 Foreign exchange risk	134		
1.5 Highlights 2014	13	4.5 Equity and other variable income securities risk	134		
1.6 Solidarity relations	16	4.6 Operational risk	135		
		4.7 Legal risk	138		
<b>2. Corporate governance</b>	<b>18</b>	4.8 Non-compliance risk, including money-laundering risk	139	<b>11. Special report of the statutory auditors on related party agreements and commitments</b>	<b>178</b>
2.1 Board of Directors of Crédit Mutuel Arkéa	20	4.9 Risks specific to the insurance business	140		
2.2 Other officers and directors	25				
2.3 Chairman's report on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures	27	<b>5. Corporate social responsibility</b>	<b>142</b>	<b>12. Report of the independent, third-party entity on the review of CSR information published in the Management Report</b>	<b>180</b>
2.4 Executive Management bodies and their work	36	5.1 Cooperative development	144		
2.5 Conflicts of interest of officers and directors	37	5.2 A responsible and sustainable human resources policy	149		
2.6 Compensation of officers	38	5.3 Local and regional development	154		
		5.4 Environmentally aware development	158	<b>Cross-reference table</b>	<b>182</b>
<b>3. Financial information</b>	<b>40</b>	5.5 CSR indicators	162		
3.1 Activities	42				
3.2 Financial results	45	<b>6. General information</b>	<b>168</b>		
3.3 Capital and regulatory ratios	46				
3.4 Outlook	49	<b>7. Person responsible</b>	<b>170</b>		
3.5 Consolidated financial statements for year ended december 31, 2014	50				
3.6 Aggregate financial statements for year ended december 31, 2014	110	<b>8. Statutory auditors</b>	<b>172</b>		



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

This Registration Document also constitutes the Annual Management Report of the Board of Directors of Crédit Mutuel Arkéa to be presented to the Shareholders' General Meeting held to approve the financial statements for the year ending December 31, 2014.



This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on April 13, 2014 in accordance with Article 212-13 of its General Regulations. It may be used in support of a financial transaction if it is accompanied by a transaction memorandum certified by the AMF. This document was prepared by the issuer and is binding on its signatories.

# 1. Presentation of Crédit Mutuel Arkéa

- 1.1 Group profile
- 1.2 Crédit Mutuel Arkéa's history
- 1.3 Crédit Mutuel Arkéa business lines
- 1.4 Crédit Mutuel Arkéa's strategy
- 1.5 2014 highlights
- 1.6 Solidarity relations



05

# 1.1 Group profile

**A cooperative banking and insurance company,** Crédit Mutuel Arkéa Group comprises the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations as well as approximately 20 specialized subsidiaries, which cover all of the business lines in the financial arena.

**As a producer and distributor,** Crédit Mutuel Arkéa can offer its clients – including individuals and entities in the economic, social and institutional areas – a comprehensive line of banking, financial, asset management and insurance products and services, among others. The Group also stands apart through its development of private label banking services on behalf of other financial institutions and payments providers.

**A cooperative and mutual banking institution,** Crédit Mutuel Arkéa is not listed on the stock exchange. It is owned by its customer shareholders, who are both shareholders and customers. The Group, which combines a strong financial position and long-term growth strategy, thereby puts its performance to work on behalf of the real economy and the projects of its 3.6 million customers.

**As a regional bank,** Crédit Mutuel Arkéa is committed to keeping its decision-making centers and employment catchment areas at the regional level. This approach based on regional strongholds enables the Group to extend its reach throughout France and to other countries:

■ A network of **480 local savings banks and points of sale** in Brittany, Southwestern France and the Massif Central region;

■ **19 regional business centers** for Arkéa Banque Entreprises et Institutionnels;

■ **9 regional branches** for Leasecom;

■ **15 branches** for Financo;

■ **A presence in Belgium** with Fortuneo Banque and ProCapital Securities Services;

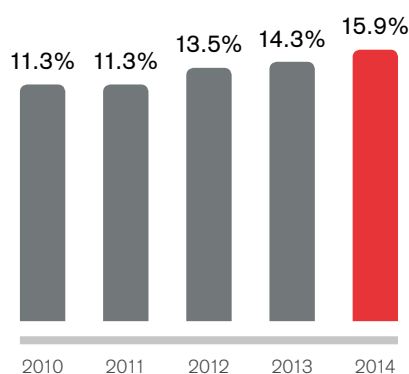
■ Monext also provides services in **26 European countries**.

## Key figures

(€ millions)

	2010	2011	2012	2013	2014
Net banking and insurance income	1,574	1,705	1,668	1,620	1,724
Gross operating income	485	514	406	481	531
Net income attributable to equity holders of the parent	273	290	168	213	269
Total assets	78,747	83,979	90,900	93,969	103,204
Shareholders' equity attributable to equity holders of the parent	3,604	4,016	4,720	5,010	5,463

## Tier 1 ratio, of which Core Tier 1 ratio



## Financial ratings

As of 12/31/2014	Short-term ratings
Standard & Poor's	A-1
Moody's	P-1
	Long-term ratings
Standard & Poor's	A
Moody's	Aa3
	Outlook
Standard & Poor's	Negative
Moody's	Negative



# 1.2 Crédit Mutuel Arkéa's history

Crédit Mutuel Arkéa's history goes back more than 100 years in Brittany and continues today across all of France and elsewhere in Europe. With an entrepreneurial and open approach, Crédit Mutuel Arkéa has adopted successful strategic orientations at key points in its development.

**T**he first Crédit Mutuel Agricole rural savings banks were inspired by the local German cooperatives created by Frédéric-Guillaume Raiffeisen and established in Brittany, Southwestern France and the Rhône-Alpes region beginning in 1884. In western France, after several years of uneven growth and development that often varied from one city to the next, **the local savings banks in Brittany formed a union in the 1970s and in 1979 created a federation – Crédit Mutuel de Bretagne – covering the entire region.**

In the 1980s, the range of banking and insurance needs of individuals, sole proprietorships and companies became more diverse. Crédit Mutuel de Bretagne provided a competitive solution by becoming both a producer and distributor of its products and services. **Between 1984 and 2000, it therefore created its first specialized subsidiaries: Suravenir** (life insurance and protection), **Suravenir Assurances** and **Novélia** (non-life insurance), **Federal Finance** (asset

management), **Arkéa Banque Entreprises et Institutionnels** (commercial banking) and **Financo** (consumer credit).

**In 2002, a solid and diversified Group was formed around the three federations: Crédit Mutuel de Bretagne (CMB), Crédit Mutuel du Sud-Ouest (CMSO), and Crédit Mutuel Massif Central (CMMC) and some 20 subsidiaries. This step constituted the creation of Crédit Mutuel Arkéa.**

**2008 marked another key moment, as Crédit Mutuel Arkéa adopted the Horizons 2015 strategic business plan.** With this plan, the Group intends to confirm its prominent role as a locally based banking and insurance company while developing its online activities and services. It also plans to strengthen its position in the companies and institutions market through a dedicated division. Finally, it is looking to provide its expertise – notably in creating banking services and products – to new partners: mass market retail chains, banks, payment institutions, etc.

**These major strategic orientations have since led to the following developments:**

- the successful launch of online banking: **Fortuneo Banque** in 2009;
- the creation of new subsidiaries such as **Arkéa Banking Services** (private label banking services), **Arkéa Capital Partenaire** (private equity), **Arkéa Assistance** (remote assistance);
- the acquisitions of **Leasecom** (lease financing), **Monext** (electronic payments), **CFCAL Banque** (credit restructuring), **Schelcher Prince Gestion** (asset management) and the equity investment in **Primonial Group** (wealth management). These new areas of expertise all complement and round out the Group's other products and services.

# 1.3 Crédit Mutuel Arkéa business lines

Crédit Mutuel Arkéa has chosen to both produce and distribute its products and services. Supported by the expertise of its specialized subsidiaries, Crédit Mutuel Arkéa offers a comprehensive and competitive line of products and services and distinguishes itself as an essential partner for all its clients.

In a constantly changing environment, Crédit Mutuel Arkéa remains particularly attentive to changing consumer preferences as well as the emergence of new business lines and activities.

## The banking business lines

### Retail banking for individuals and sole proprietorships

As the historical business line of Crédit Mutuel Arkéa, retail banking for individuals and sole proprietorships (farmers, skilled tradesmen, merchants, and independent professionals) revolves primarily around the **Crédit Mutuel de Bretagne (CMB)**, **Crédit Mutuel du Sud-Ouest (CMSO)** and **Crédit Mutuel du Massif Central (CMMC)** networks. These three federations, which have more than 4,050 employees, embody Crédit Mutuel Arkéa's local

and regional roots. With their dense point of sale network, these federations continue to be the direct and natural link with the 2.3 million customer shareholders and clients.

Since late 2013, the Group has experimented with a new local savings bank format in Brittany, Southwestern France and the Massif Central region, thereby clearly demonstrating its commitment to stronger local banking ties with clients. These new bank branches underpin the essential role of the branch as a place for clients to meet and exchange information with their usual branch advisor while introducing the latest in technology such as self-service touch-screen tablets, video-conferencing, etc.

A pioneer in multi-channel banking, Crédit Mutuel Arkéa uses the Internet and mobile banking as the main drivers of its market penetration strategy alongside its traditional

banking channels. Examples include the Bemix e-banking service aimed at young people through a partnership with Fun Radio, the creation of a dedicated Internet platform also aimed at young working people (Tips n' Tricks) and the imminent launch of the Paylib payment service. The success of **Fortuneo Banque** is yet another example, as it ranks among the leaders in its market in both France and Belgium and already has more than 310,000 clients.

The Group has solid expertise in both point-of-sale consumer credit (**Financo**) and credit restructuring and mortgage-backed debt consolidation (**CFCAL**: Crédit Foncier et Communal d'Alsace et de Lorraine).

### Retail bank for individuals and sole proprietorships

- 3 Crédit Mutuel retail networks: **CMB**, **CMSO** and **CMMC**. These networks provide special support for the agricultural and wine-producing sectors.
- 1 online bank: **Fortuneo Banque**
- 2 specialized subsidiaries: **Financo** (consumer credit), **CFCAL** (credit restructuring)



## Retail banking for companies and institutions

Already a leader in retail banking for individuals, Crédit Mutuel Arkéa also provides support to all of the market participants that drive local and regional economic development: companies, local authorities, healthcare organizations, real estate developers, public housing and social welfare agencies, etc. This focus is also a key component of its Horizons 2015 business plan.

Crédit Mutuel Arkéa relies on a division built around a commercial bank (**Arkéa Banque Entreprises et Institutionnels**), which combines all of the expertise dedicated to this clientele. For companies and local authorities, the Group offers a broad range of services: financing, cash management and development, leasing with **Arkéa Crédit Bail**, financial engineering and leasing with **Leasecom**, insurance, payments processing, factoring under the Arkéa Factoring label, wealth management for business owners, etc.

**Arkéa Capital Partenaire** is a private equity firm founded in 2011 to provide long-term equity financing to large, unlisted companies. It embodies the strength and

conviction of Crédit Mutuel Arkéa's long-term commitment, even in an economic environment still marked by uncertainty. Crédit Mutuel Arkéa thereby directly contributes to the maintenance of economic decision-making centers in the regions as well as job creation in promising industrial sectors in its home markets.

With €400 million in investment capacity, Arkéa Capital Partenaire supports the owners of promising medium-sized companies with their development projects and succession plans. The subsidiary has already carried out four major transactions on behalf of Le Graët (agribusiness), Paprec (materials recycling), Armor (ink chemistry and printing technologies) and Sermeta (manufacture of heat exchangers).

Meanwhile, **Arkéa Capital Investissement**, a complementary business, invests in growth capital and buyout capital transactions involving family-owned and independent companies, with investment amounts ranging from €1 million to €10 million. In 2014, Arkéa Capital Investissement participated in the fund-raising for the Oceania Hôtels Group, a leading independent French hotel operator, in order to double its room capacity and finalize upgrades to its existing facilities.

More than ever, Crédit Mutuel Arkéa is a partner that supports the public-sector in a challenging economic environment. For example, through its subsidiary Arkéa Banque Entreprises et Institutionnels, the Group in 2014 helped the General Council of the Puy-de-Dôme department with a bond issue designed to finance the investment projects of local authorities. Similarly, the Group signed an agreement with the City of Angoulême to finance the construction and upgrade of public-sector facilities. Crédit Mutuel Arkéa also entered into a financing agreement with the European Investment Bank (EIB) as part of the Very High Speed Broadband Project for France. The line of credit will enable the Group to finance public-sector projects in the key digital infrastructure sector through its Arkéa Banque Entreprises et Institutionnels subsidiary.

### Retail bank for companies and institutions

- 1 commercial bank: **Arkéa Banque Entreprises et Institutionnels**
- 2 specialized subsidiaries: **Arkéa Crédit Bail** (equipment and real estate leasing) and **Leasecom** (lease financing)
- 2 private equity subsidiaries: **Arkéa Capital Partenaire** and **Arkéa Capital Investissement**



### Specialized subsidiaries in the Business-to-Business (B-to-B) market

Crédit Mutuel Arkéa also forges commercial, technical and even joint venture partnerships with other financial institutions, mass market retailers, etc.

Despite its short history, this business-to-business activity has grown exponentially within the Group, which does not hesitate to position itself as a "partner serving the growth of its competitors," notably by offering Business Process Outsourcing (BPO) services. For the client company, the outsourcing of business processes deemed non-strategic not only helps to significantly lower that company's costs but also serves to enhance its competitiveness by allowing it to focus on its core business. These partnerships enable Crédit Mutuel Arkéa to optimize the use of its know-how and support its development both in France and the rest of Europe.

**Arkéa Banking Services**, the subsidiary that specializes in private label banking services, contributes toward this goal. The success of the Zesto and Distingo unregulated savings accounts, developed for RCI Banque and PSA Banque, respectively, as well as the successful partnerships with Allianz Banque, La Banque Postale and Adyen are good examples. Since 2014, Arkéa Banking Services has also managed the Brink's France payment institution.

The **ProCapital Securities Services** and **Monext** subsidiaries also use a partnership-based approach. ProCapital Securities Services provides securities services to financial institutions and asset management firms looking for a scalable product line, statutory account-keeping, customer order execution and even the creation of transactional web sites. A leader in its market, Monext specializes in electronic transactions combining technology and payment services. Its Payline payment solution is one of the most widely used by e-merchants in France.

Since 2011, Crédit Mutuel Arkéa has also teamed up with Banque Accord to manage an electronic money platform under the **Armoney** brand.

### Insurance and asset management business lines

The creation of insurance and asset management subsidiaries in the 1980s enabled the Group to accelerate its development. In their respective business areas, Suravenir, Suravenir Assurances, Federal Finance, Novélia, and Arkéa Capital Gestion allow the Crédit Mutuel Arkéa distribution networks to offer comprehensive, high-quality services. These services are also marketed through non-Group networks and online.

### Life insurance and protection insurance

**Suravenir** is among the leading French providers of life insurance and protection insurance, with more than €28 billion in life insurance assets under management. Suravenir specializes in the design, production and management of life insurance policies (individual and group life insurance), protection insurance (borrower's insurance, temporary death benefits) and company retirement savings.

### Non-life insurance

**Suravenir Assurances** covers all the non-life insurance needs of individuals: home and accidental death and disability, auto, motorcycle, healthcare, home care, etc. The company has more than 590,000 customers. A wholesale insurance broker, **Novélia** provides business risk coverage and designs insurance products for mass market and major business accounts. Its products are distributed by more than 1,300 insurance brokers and general agents throughout France.

### Asset management

**Federal Finance** is Crédit Mutuel Arkéa's asset management company. This subsidiary offers investment funds, discretionary

### Specialized subsidiaries for the B-to-B market

- 1 private label banking services subsidiary: **Arkéa Banking Services**
- 1 securities services provider: **ProCapital Securities Services**
- 1 electronic payments specialist: **Monext**
- 1 electronic money EIG with Banque Accord: **Armoney**



management services, company savings plans and tax planning solutions for individuals, companies and institutions in the form of FCPI (innovation) and FIP (local investment) mutual funds. It is backed by two management companies: **Federal Finance Gestion** and **Schelcher Prince Gestion**, the latter specializing in convertible and high-yield bonds. Federal Finance also offers a wealth management service under the Arkéa Banque Privée name for clients located in the Brittany, Southwestern France and Massif Central regions. In all, these companies have more than €42 billion in assets under management.

**Arkéa Capital Gestion** rounds out the asset management activities. Working with Arkéa Capital Investissement, it manages FCPR funds, i.e. mutual funds at least 50%-invested in unlisted shares.

## Non-banking activities

Crédit Mutuel Arkéa also provides services in non-banking areas through its subsidiary **Arkéa Assistance**, which specializes in providing remote assistance to individuals. This innovative company was the first in France to launch a remote assistance app for digital users in late 2014. The service is marketed nationwide.

**Arkéa Immobilier Conseil** selects new and renovated real estate products and programs throughout France that qualify for the main preferential tax treatment programs.

In an entirely different field, **Armorique Habitat**, a public housing company, manages an inventory of more than 5,000 units that it owns in Brittany.

## Non-banking activities

- 1 remote assistance subsidiary:  
**Arkéa Assistance**
- 1 public housing company:  
**Armorique Habitat**
- and **Arkéa Immobilier Conseil** (real estate investment advisory).



## Insurance and asset management subsidiaries

- 1 life insurance and protection insurance subsidiary: **Suravenir**
- 1 non-life insurance subsidiary: **Suravenir Assurances**
- 1 insurance solutions product development and brokerage subsidiary: **Novélia**
- 1 asset management subsidiary: **Federal Finance**. Two affiliated fund management companies: **Federal Finance Gestion** and **Schelcher Prince Gestion**
- 1 portfolio management company: **Arkéa Capital Gestion**



# 1.4 Crédit Mutuel Arkéa's strategy

Since 2008, Crédit Mutuel Arkéa has been implementing its strategic business plan named Horizons 2015. This plan, which is being managed and supported in the field by the Group's 3,650 directors and 9,000 employees, has enabled the Group to accelerate its development while consolidating its economic and financial position. Horizons 2015 consists of four priorities.

In 2013, the Group launched a major cross-functional project known as "The Bank of Tomorrow" in order to address major societal transformations and new customer expectations. Backed by a multi-disciplinary diagnosis, Crédit Mutuel Arkéa intends to reinvent a retail banking model that puts the client at the heart of the relationship based on a long-term and profitable development approach. This project, which has already

led to various experiments – most notably the implementation of a new local branch concept in the networks of the three federations (Brittany, Southwestern France and the Massif Central region) – will be further refined in 2015.

## FOUR PRIORITY DEVELOPMENT AREAS

**Make the bank branch the center for value added and position it at the core of a multi-channel banking relationship**

1

**Become an online banking leader in France and Belgium through Fortuneo Banque**

2

3

**Forge commercial, technical and even joint venture partnerships that are compatible with the Group's development**

4

**Strengthen the Group's positions in the corporates and institutions market, working in support of local and regional development**

### Crédit Mutuel Arkéa's profile in 2015

1. A Group within Crédit Mutuel that embodies an original development path based on open partnerships;
2. A Group with deep roots in its home regions that takes advantage of its relationships with customer shareholders;
3. An integrated Group that ensures the autonomy of its staff;
4. A Group that knows how to promote the talents of its employees and directors and attract new ones;
5. A Group with extensive products and services as well as skills on behalf of individuals;
6. A Group recognized as an essential partner for companies and as a leading local development player;
7. A Group that invests in new areas, markets and business lines.

# 1.5 2014 highlights

## JANUARY

- **Solidarity.** Suravenir Assurances, the non-life insurance subsidiary of Crédit Mutuel Arkéa, joined the "Optique Solidaire" network, which assists people who lack the financial means to get corrective eye care. The system has enabled more than 500 of the Group's clients to be seen by an ophthalmologist and purchase high-quality glasses at a reduced price from participating opticians.

## FEBRUARY

- **Innovation.** Crédit Mutuel Arkéa launched a banking app for Google Glass™. This app is a first in France and further attests to the Group's innovative culture. The Group was already the first institution to offer banking services through the Minitel and later the iPhone as well as the first to offer online banking. The Google Glass™ app enables users to view their accounts, find the nearest branch or ATM or even get contact information for their bank advisor.
- **E-commerce.** Monext set a new record: more than one-fourth of all online purchases in France were made during the month through Payline, its electronic payment solution dedicated to e-merchants. The subsidiary also won new reference customers such as E. Leclerc Drive and La Française des Jeux.
- **Floods.** Crédit Mutuel de Bretagne (CMB) mobilized to support sole proprietorship customers (merchants, skilled craftsmen, etc.) who suffered damage in the severe flooding in the region. CMB implemented emergency financial assistance that covers the rescheduling of outstanding loans, preferred-rate financing to pay for recovery work and costs not covered under insurance policies and an advance on insurance benefits.

- **Cards and transportation.** Crédit Mutuel de Bretagne developed a new service that enables public transportation users from several Brittany metropolitan areas to reload credits on their transportation cards directly using Crédit Mutuel de Bretagne ATMs, a service that is also open to non-CMB customers.

- **Adie.** Partners since 1994, Crédit Mutuel Arkéa and the Association pour le Droit à l'Initiative Economique (Adie), entered into a three-year framework agreement. The agreement includes in particular the opening of lines of credit on behalf of the association and the granting of interest-free loans to the funds. This support, which represents approximately 400 loans for a total amount of €1 million, will benefit business creators in Brittany, Southwestern France and the Massif Central region.

## MARCH

- **Award.** Each year, the "European Funds Trophy" recognizes the best funds and asset management firms in Europe. Of the 136 European firms, Schelcher Prince Gestion won first prize for its overall line, with between four and seven funds rated for the 2009-2013 period.
- **PEA-PME.** Vie Plus, the Suravenir network dedicated to independent wealth management advisors, expanded its line of products and services with the launch of "PEA PME Vie Plus," a guaranteed investment contract (*contrat de capitalisation*) that is exclusively unit-linked. This share savings plan makes it possible to invest through the newly created "PEA PME" investment vehicle.

## APRIL

- **Private equity.** Following the investments in Le Graët (food production) in 2011 and

Paprec (recycling) in 2012, Arkéa Capital Partenaire invested €30 million in Armor, a global specialist in the manufacture and distribution of printing consumables. This investment enabled the company's Chairman, Hubert de Boisredon, and his management team to regain control of the company.

## MAY

- **Local authority.** Together with its subsidiary Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel Arkéa was retained by the General Council of the Seine-et-Marne department to help with the issue of a five-year, €10 million bond designed to finance the local authority's investment projects.

## JUNE

- **Private equity.** Arkéa Capital Partenaire completed its largest transaction by investing €70 million in Sermeta, based in Morlaix, which supplies the largest boiler manufacturers in Europe, the United States and Asia. The transaction enabled the managing director, Joseph Le Mer, to regain control of the company that he founded in 1993.
- **Digital.** Crédit Mutuel Arkéa renewed its support for the France Digitale association. Given its position as a leading financing institution serving digital economy firms, Crédit Mutuel Arkéa intends to strengthen its ties to business owners and investors in order to promote the rise of tomorrow's digital economy champions.
- **B-to-B.** Arkéa Banking Services, the subsidiary that offers private label banking services, set up and manages the Brink's France's payment institution. The French market leader for security, protection



and cash handling, Brink's France has expanded its range of services. This partnership with Arkéa Banking Services enables it to pool the collection and redistribution of cash to bank ATMs, centralize Banque de France orders and optimize the recycling of bank notes.

■ **Disability.** Crédit Mutuel Arkéa continued its partnership with the Handisup association, which supports disabled students and recent graduates. This partnership, initiated in 2011, was established as part of the company-wide agreement on employment and professional insertion for disabled workers. During the past two years, 15 students with disabilities were able to complete internships at the company.

■ **Sustainable mobility.** Novélia, the Rennes-based insurance brokerage subsidiary, participated in the novel experiment conducted by some 20 participating companies (with a total of 10,000 employees) to establish a mileage benefit for employees who commute to work by bicycle. Novélia employees who cycle to work receive financial compensation. This system is part of the National Action Plan for the development of physically active means of transportation.

## JULY-AUGUST

■ **Acquisitions.** Crédit Mutuel Arkéa acquired a stake in Primonial, a French market leader in independent wealth management. Created in 1989, Primonial offers investment solutions to wealth management advisors and their clients in real estate, life insurance and guaranteed investment contracts, wealth management engineering and asset management. The Group and Primonial were already working together through a commercial partnership with Suravenir.

■ **Paylib.** Crédit Mutuel Arkéa joined the Paylib consortium alongside BNP Paribas, La Banque Postale and Société Générale. The Group will offer the online secure payment service to all its clients in June 2015. Paylib makes it possible to settle online payments using all types of payment channels, notably smartphones, without having to enter bank account information. In practice, clients activate the service with their bank for one or more cards and can then make payments at participating e-merchants using a single ID and password.

■ **Music.** Crédit Mutuel de Bretagne extended its partnership with the Vieilles Charrues Festival in Carhaix for three years. This music festival draws the highest attendance in France, with festival-goers attracted by the eclectic line-up of performers and the festive and fun atmosphere. This partnership enables the Group to reaffirm its local and regional roots through an event that has a national reach.

■ **AIFM authorization.** Federal Finance Gestion and Schelcher Prince Gestion received AIFM authorization from the French Financial Markets Authority. The European Directive for Alternative Investment Fund Managers (AIFM) (2011/61/EU) seeks to create a harmonized framework for alternative fund managers in Europe while strengthening protection for investors and savers. In essence, it constitutes an additional quality label for asset management.

■ **Private equity.** Arkéa Capital Investissement participated in fund-raising on behalf of Oceania Hôtels, a leading independent hotel operator in the French market. This €80 million investment will help to double capacity over five years from 2,000 to 4,000 rooms while finalizing the upgrades to existing facilities.

■ **Data analysis.** Monext, the electronic transactions and payments specialist of Crédit Mutuel Arkéa, offered a new solution – DBI – aimed at banks and merchants to give them analytical capabilities for transaction data. The product allows users to extract and centrally consolidate all data from payment transactions (regardless of whether they were processed by Monext). The data are then structured, organized and modeled so as to enable merchants to analyze all transaction-generated data in accordance with their own preferences.

## SEPTEMBER

■ **SRI.** Novethic, the responsible investment certification organization, awarded its Socially Responsible Investment (SRI) label to 11 FCP funds presented by Federal Finance Gestion. The label is awarded to funds that systematically take into account so-called environment, societal and governance (ESG) criteria. To receive this certification, the funds must satisfy specific criteria in the area of SRI analysis, transparency with respect to the methods applied and dedicated monthly reporting.

■ **Women entrepreneurs.** By becoming the principal partner of "Femmes de Bretagne," Crédit Mutuel Arkéa strives to encourage women to make the leap to entrepreneurship. "Femmes de Bretagne" is a novel social network that brings female project creators and managers together and offers a path to facilitate and secure their efforts. It should be noted that only 30% of companies are run by women, and that figure drops to only 7% for companies with more than 10 employees.

■ **Young workers.** Crédit Mutuel Arkéa launched "Tips n' Tricks," a community web site dedicated to young workers. The site is a forum for sharing ideas and reflects the Group's commitment to maintaining close ties with clients. It seeks to serve as a local source of expertise provided by advisors in the local branches.

## OCTOBER

■ **iBeacon.** Crédit Mutuel Arkéa won 3rd place in the EFMA international innovation awards in "Most Promising Ideas" category. It won the award for the first geolocation app in the French banking world thanks to the iBeacon technology. This technology provides an interface between the client's mobile device and the bank point of sale. The advisor receives real-time notification on a tablet that the client has arrived along with the purpose of the visit. This instant display strengthens the local ties between clients and advisors.

■ **Business start-ups.** Crédit Mutuel Arkéa sponsored "Entreprendre C Grandir," a TV program on M6 that focuses on entrepreneurs in the digital economy: Frédéric Mazella of Blablacar, Marion Excoffon of Tiwal or Alexandre Malsch of Melty. The idea behind the show is to instill in as many people as possible the desire to start a business by touting the contributions of the digital world. It is an opportunity for the Group to reaffirm its commitment to start-ups, as it shares with them a strong technology culture along with the values of boldness and agility.

■ **Local authority.** Crédit Mutuel Arkéa entered into an agreement with the city of Angoulême enabling it to continue with the construction and renovation of facilities and infrastructure in the educational, sports, cultural and public amenities areas. The agreement includes in particular a €5 million treasury facility.



■ **Insurance and prevention.** Unusual meteorological phenomena can cause considerable damage. It is therefore essential to strengthen information and prevention systems. That is the ultimate purpose of the new, free "Alerte météo" weather alert system launched by Suravenir Assurances. Based on information gathered by Météo France, the company sends out an e-mail, when necessary, to policyholders located in a geographic area susceptible of experiencing significant bad weather events (windstorms, thunder and lightning, etc.). The e-mail comes with warning reminders and practical information to protect loved ones and property.

## NOVEMBER

■ **Distinction.** Schelcher Prince Gestion received the Grand Prize for Asset Management in the "High Yield Bond" category for its Schelcher Prince Haut Rendement I fund. This award, which is given out by *L'Agefi*, is highly regarded in the industry. The ranking is determined with help from Europerformance.

■ **International development.** Crédit Mutuel Arkéa and Bpifrance teamed up to strengthen their international support on behalf of French companies looking to enter new markets or develop existing ones. This agreement – which targets companies ranging from very small companies (TPE) to medium-sized businesses (PME and ETI) and large corporations – seeks to make available Bpifrance products distributed under the "Bpifrance Export" label (export loans, receivables financing, cash flows, etc.) and to provide support for companies seeking technical and financial solutions on everything from upstream market research to local customer support.

■ **Smart watch.** Arkéa Assistance demonstrated its support for mobility by launching a smart watch equipped with a remote assistance app designed for elderly and isolated individuals. It represents a technological first in France intended to promote an active lifestyle and autonomy for seniors. In the event of a fall, illness or accident, the help request is triggered simply by pressing a button. The smart watch user is connected to the remote support call center, which also receives the geolocation coordinates.

■ **E-claim form.** To satisfy expectations of policyholders who rely increasingly on

mobile technologies in their daily lives, French insurance companies, including Suravenir Assurances, now offer the automotive insurance e-claim app. This free downloadable app enables policyholders to report auto accidents with material damage directly to their insurance companies using a smartphone. The app resembles the paper claim form.

## DECEMBER

■ **Very highspeed broadband.** Crédit Mutuel Arkéa and the European Investment Bank signed a €50 million financing agreement as part of the Very High Speed Broadband Project for France. The credit line will enable the Group, through its Arkéa Banque Entreprises et Institutionnels subsidiary, to promote the roll-out of very high speed broadband access in the regions.

■ **Online service.** Fortuneo Banque continues to expand its service offerings. The online bank now offers clients the possibility to customize their payment and online withdrawal limits freely from their mobile device or tablet. The idea is to enable them to cover such non-recurring needs as a trip or a major purchase.

■ **Award.** Competing against 66 other institutions, Crédit Mutuel Massif Central took home first prize in the Innovative Cards Awards in the "Customer Loyalty" category. The Crédit Mutuel du Massif Central federation was recognized for its "FAN" line, which includes six thematic bank cards. In addition to having its own look, each card offers special benefits.

■ **Life insurance.** Suravenir and its partner LinXea enhanced the LinXea Avenir policy by offering guided management known as "Freedom," in partnership with Morningstar. Clients turn over the management of their policies to the insurer Suravenir, which receives advice from Morningstar to select the best funds and decide on the final weightings among the 400 investment vehicles included in LinXea Avenir. Morningstar's independence with respect to the fund managers enables clients to benefit from an allocation that matches up perfectly with their needs without the risk of conflict of interest.

■ **Group health.** Suravenir Assurances plans to take advantage of the French National Interprofessional Agreement to strengthen its position in the insurance

market for sole proprietorships as well as very small, small and medium-sized businesses (TPE/PME). The Crédit Mutuel Arkéa subsidiary gave Owlance Mutua responsibility for managing its healthcare policies (individual and group). This company will manage the relationship with insured clients and companies as well as the management of healthcare policies (new membership and services).

# 1.6 Solidarity relations

Crédit Mutuel Arkéa's solidarity mechanism is interfederal, in accordance with Article R.511-3 of the French Monetary and Financial Code. This article stipulates that the French Prudential Supervisory and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* - ACPR) may, with respect to mutual and cooperative companies, issue a collective license to a savings bank for it and all affiliated savings banks when the liquidity and solvency of the local savings banks are guaranteed through this affiliation.

Crédit Mutuel Arkéa has received a collective license for itself and all member local savings banks since the ACPR felt that the liquidity and solvency of the local savings banks were guaranteed through this affiliation.

The solidarity mechanism is set up through the financial by-laws contained in each of the general operating by-laws of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, and Crédit Mutuel Massif Central federations. It only binds the member local savings banks, the federation and Crédit Mutuel Arkéa. Moreover, it does not create third-party obligations for the local savings banks. In other words, the members of Crédit Mutuel Arkéa are not liable to third parties. Creditors of a local savings bank can only assert their claims to that specific local savings bank, and not indiscriminately to another savings bank or Crédit Mutuel Arkéa.

As part of this solidarity mechanism, a federal fund is set up for each federation, which ensures compensatory earnings transfers among the member local savings banks pursuant to general resolution No. 2-1982 of the Confédération Nationale du Crédit Mutuel.

This federal fund receives allocations and subsidies from the local savings bank and is made up of the federal solidarity fund and the federal reserve fund.

**1 – The federal solidarity fund** performs compensatory earnings transfers among member local savings banks through contributions and subsidies. All local savings banks that have recorded net losses for three consecutive years are subjected to a special audit. A turnaround plan is drawn up by the corresponding federation and Crédit Mutuel Arkéa. If the loss has not been eliminated at the end of the turnaround period set in the plan, the corresponding federation in conjunction with Crédit Mutuel Arkéa will decide on the local savings bank's future.

**2 – The federal reserve fund** may provide financial support to local savings banks whose net financial position is negative or which show a loss, as well as those that have experienced an extraordinary loss.

Each year, the federation determines the level of contributions to this fund. The federal reserve fund is administered by

the federation. The requests it receives for financial support are reviewed by a committee consisting of directors. In addition to this federal fund, Crédit Mutuel Arkéa may also provide advances, subsidies and loans to local savings banks experiencing financial difficulties.

Crédit Mutuel is subject to the French Monetary and Financial Code, and in particular to Articles L.511-30 to L.511-32 on central bodies and L.512-55 to L.512-59 on Crédit Mutuel. The membership of the regional groups (second level of the organization) in the Confédération and Caisse Centrale du Crédit Mutuel (third level) ensures national cohesiveness and solidarity.

As the central body, the Confédération Nationale du Crédit Mutuel represents member credit institutions on matters involving the Banque de France and the Prudential Control and Resolution Authority (ACPR). It also ensures compliance with laws and regulations that govern its institutions. Finally, it performs administrative, technical and financial control over the organization and the management of member institutions.



# 2. Corporate governance

2.1 Board of Directors of Crédit Mutuel Arkéa

2.2 Other officers and directors

2.3 Chairman's report on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures

2.4 Executive Management bodies and their work

2.5 Conflicts of interest of officers and directors

2.6 Compensation of officers



19

# 2.1 Board of Directors of Crédit Mutuel Arkéa

*Crédit Mutuel Arkéa adheres to the AFEP-MEDEF Code and the governance guidelines for cooperative and mutual companies.*

The directors of Crédit Mutuel Arkéa are elected by the Shareholders' General Meeting by and from among the 3,650 directors of the local savings banks of Crédit Mutuel Arkéa's member federations. These directors are in turn elected by the shareholder customers of their local savings bank at the shareholders' general meetings of the local savings banks according to the cooperative principle of one-person, one-vote. There is no procedure to grant multiple voting rights.

This electoral system, with an electoral body consisting of all of our customer shareholders, ensures that clients are truly represented on all Crédit Mutuel Arkéa governance bodies and that the boards of

directors are administered independently from the company's management.

However, the Board of Directors does not include any independent directors as defined by the AFEP-MEDEF code. Pursuant to the cooperative by-laws, Crédit Mutuel Arkéa directors are all, in effect, directors of their local savings bank. Many of them are also members of the governance bodies of one or more Crédit Mutuel Arkéa subsidiaries.

The 2014 Shareholders' General Meeting held to elect Crédit Mutuel Arkéa's directors, approve its financial statements and review the compensation of officers, directors and material risk takers had an 87% attendance rate.

The business address of the corporate officers and directors of Crédit Mutuel Arkéa is 1 Rue Louis Lichou, 29480 Le Relecq-Kerhuon, France.

As of December 31, 2014, the Board of Directors comprised the following members.

**Jean-Pierre Denis,**

**Chairman of Crédit Mutuel Arkéa, 54** (Initial appointment: September 12, 2008 – term expires: 2015)

**Other positions held at Crédit Mutuel Arkéa**

- Chairman of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse de Crédit Mutuel de Cap Sizun

**of which, positions at subsidiaries**

- Chairman of SAS Château Calon Ségur

**Other positions held outside of Crédit Mutuel Arkéa**

- Director of Altrad Investment Authority
- Director of Paprec holding

- Director of Soprol until December 10, 2014
- Director of Avril Gestion since December 10, 2014
- Director and treasurer of the French Professional Soccer League

**of which, position at listed company**

- Director of Kering

**Jean-François Devaux,**

**Vice Chairman of Crédit Mutuel Arkéa, 67** (Initial appointment: June 11, 2004 – term expires: 2017)

**Other positions held at Crédit Mutuel Arkéa**

- Chairman of Fédération du Crédit Mutuel Massif Central
- Director of Caisse Régionale du Crédit Mutuel Massif Central
- Director of Caisse de Crédit Mutuel de Clermont-Galaxie

**of which, positions at subsidiaries**

- Chairman of Arkéa Banque Entreprises et Institutionnels

- Representative of Crédit Mutuel Arkéa on the Board of Directors of Suravenir Assurances

**Other position held outside of Crédit Mutuel Arkéa**

- Director of Association de Prévoyance Collective et d'Assurance Santé

**Christian Touzalin,**

**Vice Chairman of Crédit Mutuel Arkéa, 64** (Initial appointment: July 5, 1996 – term expires: 2015)

**Other positions held at Crédit Mutuel Arkéa**

- Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Director of Caisse de Crédit Mutuel d'Angoulême Ma Campagne

**of which, positions at subsidiaries**

- Chairman of Suravenir Assurances
- Chairman of Monext
- Director of Arkéa Capital Partenaire

**Other positions held outside of Crédit Mutuel Arkéa**

- Chairman of SMAM IARD
- Director of SLEC (Société Locale d'Exploitation du Câble du Grand Angoulême)
- Director of AGIR (Association pour la Gestion Indépendante des Réseaux)
- Chief Executive Officer of SAEMTGA (Société de Transport du Grand Angoulême) until June 30, 2014

**François Chatel,**

**Non-voting member of Crédit Mutuel Arkéa, 63** (Initial appointment: April 25, 2013 – term expires: 2016)

**Other position held at Crédit Mutuel Arkéa**

- Vice Chairman of Caisse de Crédit Mutuel de Rennes Maurepas

**of which, positions at subsidiaries**

- Director of Arkéa Capital Partenaire
- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of ProCapital Securities Services

**Other position held outside of Crédit Mutuel Arkéa**

- Chairman of ESC Rennes (Association)
- Chairman of the Oscars of Ille-et-Vilaine (Association)
- Director of Novincie (Association)

**Jean-Luc Cueff,**

**Director representing employees of Crédit Mutuel Arkéa, 48** (Appointed by Central Works Council: October 2, 2014 – term expires: 2017)

- Employee of Caisse de Crédit Mutuel de Douarnenez – Tréboul

**Christian David,****Director of Crédit Mutuel Arkéa, 65** (Initial appointment: October 16, 2009 – term expires: 2016)**Other positions held at Crédit Mutuel Arkéa**

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Guidel

**of which, positions at subsidiaries**

- Director of Suravenir Assurances
- Director of Arkéa Capital Investissement

**Lionel Dunet,****Director of Crédit Mutuel Arkéa, 61** (Initial appointment: June 25, 2010 – term expires: 2015)**Other position held at Crédit Mutuel Arkéa**

- Director of Caisse de Crédit Mutuel de Saint-Brieuc Centre Ville

**of which, positions at subsidiaries**

- Vice Chairman of Arkéa Banking Services

**Other positions held outside of Crédit Mutuel Arkéa**

- Member of Conseil National de l'Ordre des Architectes
- Vice Chairman of Conseil des Architectes Européens (AEC /CAE)
- Managing Partner of SARL Architecture Dunet et Associés

**Jean-Louis Dussouchaud,****Director of Crédit Mutuel Arkéa, 69** (Initial appointment: May 22, 1996 – term expires: 2017)**Other positions held at Crédit Mutuel Arkéa**

- Vice Chairman of Fédération du Crédit Mutuel du Sud-Ouest
- Vice-Chairman of Caisse Régionale du Crédit Mutuel du Sud-Ouest
- Director of Caisse de Crédit Mutuel de Pessac Centre

**of which, positions at subsidiaries**

- Chairman of Novélia

- Chairman of Supervisory Board of Arkéa SCD
- Chairman of Leasecom Group
- Member of Supervisory Board of Arkéa Crédit Bail

**Other position held outside of Crédit Mutuel Arkéa**

- Director of Confédération Nationale du Crédit Mutuel

**Jacques Enjalbert,****Director of Crédit Mutuel Arkéa, 68** (Initial appointment: September 12, 2008 – term expires: 2017)**Other positions held at Crédit Mutuel Arkéa**

- Chairman of Caisse de Crédit Mutuel de Morlaix

**of which, positions at subsidiaries**

- Chairman of ProCapital Securities Services
- Chairman of Arkéa Banking Services
- Chairman of Arkéa Bourse Retail since December 19, 2014
- Vice Chairman of Arkéa Capital Investissement
- Vice Chairman of Leasecom Group
- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

- Member of Supervisory Board of Arkéa Crédit Bail
- Member of Supervisory Board of Monext
- Director of Arkéa Capital Partenaire
- Director of Arkéa SCD

**Other positions held outside of Crédit Mutuel Arkéa**

- Director of Confédération Nationale du Crédit Mutuel
- Permanent representative of Arkéa Capital Partenaire on the Board of Directors of Le Graët

**Jean-Yves Eozenou,****Director of Crédit Mutuel Arkéa, 64** (Initial appointment: April 25, 2013 – term expires: 2016)**Other positions held at Crédit Mutuel Arkéa**

- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Plabennec Bourg-Blanc

**of which, positions at subsidiaries**

- Chairman of Arkéa Assistance



**Daniel Gicquel,****Director of Crédit Mutuel Arkéa, 64** (Initial appointment: May 23, 2008 – term expires: 2017)**Other positions held at Crédit Mutuel Arkéa**

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de Redon

**of which, positions at subsidiaries**

- Director of Arkéa Capital Investissement
- Director of Arkéa SCD

**Other positions held outside of Crédit Mutuel Arkéa**

- Director of BGE Ille-et-Vilaine

**Michel Gourtay,****Director of Crédit Mutuel Arkéa, 63** (Initial appointment: September 12, 2008 – term expires: 2016)**Other position held at Crédit Mutuel Arkéa**

- Director of Caisse de Crédit Mutuel de Le Relecq-Kerhuon

**of which, positions at subsidiaries**

- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

**Other positions held outside of Crédit Mutuel Arkéa**

- Vice Chairman of Brest Métropole
- Associate Chairman of Amitiés d'Armor (Association)

**Marie-Thérèse Groussard,****Director of Crédit Mutuel Arkéa, 57** (Initial appointment: September 12, 2008 – term expires: 2017)**Other position held at Crédit Mutuel Arkéa**

- Vice Chairman of Caisse de Crédit Mutuel de Fougères

**of which, positions at subsidiaries**

- Chairman of Suravenir
- Director of Arkéa Capital Partenaire

**Auguste Jacq,****Director of Crédit Mutuel Arkéa, 67** (Initial appointment: May 12, 2006 – term expires: 2015)**Other positions held at Crédit Mutuel Arkéa**

- Vice-Président de la fédération du Crédit Mutuel de Bretagne
- Administrateur de la caisse de Crédit Mutuel de Loctudy

**of which, positions at subsidiaries**

- Director of Arkéa Home Loans SFH
- Chairman of Ark'ensol Créavenir association
- Chairman of Créavenir Bretagne association
- Director of Ark'ensol association

**Albert Le Guyader,****Director of Crédit Mutuel Arkéa, 70** (Initial appointment: September 12, 2008 – term expires: 2015)**Other position held at Crédit Mutuel Arkéa**

- Director of Caisse de Crédit Mutuel de Lorient-Porte des Indes

**of which, positions at subsidiaries**

- Chairman of Arkéa Crédit Bail
- Chairman of Supervisory Board of Arkéa Foncière
- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Leasecom Group

**Other position held outside of Crédit Mutuel Arkéa**

- Director of Association pour la Gestion de la Formation des Salariés des PME en Bretagne (AGEFOS)

**Nadine Le Marre,****Director representing employees of Crédit Mutuel Arkéa, 47** (Appointment by Central Works Council: October 2, 2014 - term expires: 2017)

- Employee of Direction Départementale du Crédit Mutuel de Bretagne – Ille et Vilaine

**Hugues Leroy,****Director of Crédit Mutuel Arkéa, 67** (Initial appointment: May 17, 2002 – term expires: 2017)

## Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel de Bretagne
- Director of Caisse de Crédit Mutuel de Pacé-Vezin

## of which, positions at subsidiaries

- Chairman of Fortuneo Banque
- Vice Chairman of Arkéa Bourse Retail since December 19, 2014
- Vice Chairman of ProCapital Securities Services

**Claudette Letoux,****Director of Crédit Mutuel Arkéa, 68** (Initial appointment: May 11, 2001 – term expires: 2015)

## Other positions held at Crédit Mutuel Arkéa

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Matignon

## of which, positions at subsidiaries

- Director of Financo
- Vice Chairman of Créavenir Bretagne association
- Director of Ark'ensol Créavenir association

**Christian Peron,****Director of Crédit Mutuel Arkéa, 64** (Initial appointment: September 12, 2008 – term expires: 2016)

## Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel de Bretagne
- Chairman of Caisse de Crédit Mutuel de Bannalec
- Chairman of Caisse de Bretagne de Crédit Mutuel Agricole (CBCMA)

## of which, positions at subsidiaries

- Permanent representative of Caisse de Bretagne de Crédit Mutuel Agricole on the Supervisory Board of Suravenir

## Other position held outside of Crédit Mutuel Arkéa

- Director of Crédit Mutuel Agricole et Rural (CMAR)
- Vice Chairman of Paysan Breton (SAS)

**Raymond Viandon,****Director of Crédit Mutuel Arkéa, 65** (Initial appointment: April 21, 2011 – term expires: 2017)

## Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel du Sud-Ouest
- Director of Caisse régionale du Crédit Mutuel du Sud-Ouest
- Chairman of Caisse de Crédit Mutuel de Castillon la Bataille

## of which, positions at subsidiaries

- Director of Financo

**Director who resigned during the year 2014:****Alain Gillouard,****Director of Crédit Mutuel Arkéa, 56** (Initial appointment: May 11, 2001 – Resignation as of August 31, 2014)

## Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel de Bretagne until September 1, 2014
- Chairman of Caisse de Crédit Mutuel de Rennes Sainte-Anne Saint-Martin until September 1, 2014

## of which, positions at subsidiaries

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of CEOI-BIE until September 1, 2014

## 2.2 Other officers and directors



**Ronan Le Moal,**  
Chief Executive Officer  
of Crédit Mutuel Arkéa,  
42

### Other positions held at Crédit Mutuel Arkéa

- Chief Executive Officer of Arkéa SCD and permanent representative of Crédit Mutuel Arkéa
- Member of Supervisory Board of GIE Armoney

### Other positions held outside of Crédit Mutuel Arkéa

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Crédit Mutuel Cartes de Paiements
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Ophiliam Développement Conseil
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Tikehau Capital Advisors
- Director of Leetchi
- Director of Kepler Financial Partners

- Independent director of BuyWay (Belgium)
- Director of SmartAngels

A graduate of HEC, Ronan Le Moal joined Crédit Mutuel de Bretagne in 1995 in the General Organization, before moving to the Management Control department, which he headed up starting in 2000. In 2001 he was appointed Chief Technical and Financial Officer of Suravenir, the life insurance subsidiary of Crédit Mutuel Arkéa. In 2005 he became the Chief Executive Officer of Symphonis, which in 2007 merged with the online brokerage company Fortuneo. Before his appointment to the position of Chief Executive Officer of Crédit Mutuel Arkéa in 2008, Ronan Le Moal was Chairman of the Executive Boards at Fortuneo and at ProCapital Securities Services, the subsidiary offering securities services to financial institutions.



**Dominique Andro,**  
Associate Executive Officer  
of Crédit Mutuel Arkéa,  
55

### Other positions held at Crédit Mutuel Arkéa

- Chairman of Arkéa Home Loans SFH
- Chairman of Arkéa Public Sector SCF
- Chairman of Crédit Foncier et Communal d'Alsace et de Lorraine – Banque
- Chairman of Crédit Foncier et Communal d'Alsace et de Lorraine – SCF
- Member of Supervisory Board of GIE Armoney
- Chairman of Executive Board of Arkéa Bourse Retail since December 19, 2014

### Other position held outside of Crédit Mutuel Arkéa

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Linxo

Dominique Andro is a graduate of Ecole des Hautes Etudes d'Ingénieur de Lille (HEI). After three years at Crédit Lyonnais, Dominique Andro joined the Crédit Mutuel de Bretagne IT research department in 1987 and was subsequently appointed

Chief Administrative and Financial Officer of Crédit Mutuel du Sud-Ouest in 1994. After returning to Brittany in 1998, he held a series of management positions, including retail client marketing, managing the unit covering the French department of Finistère and managing banking products and services. In 2003, he was appointed, successively, Head of Human Resources and Associate Executive Officer. Since November 2008, he has managed Crédit Mutuel Arkéa's "Specialized Networks" division, which comprises in particular the online banking (Fortuneo Banque), consumer credit (Financo) and credit consolidation (Crédit Foncier et Communal d'Alsace Lorraine Banque) activities. In November 2012, he also headed up the Group's B-to-B activities with the Arkéa Banking Services (private label banking), ProCapital Securities Services (securities services), Monext & Armoney (electronic money) and Arkéa Assistance (personal assistance) subsidiaries, which were combined within an expanded entity that has become the "Specialized Networks and Services" division.



**Humbert de Fresnoye,**  
Associate Executive Officer  
of Crédit Mutuel Arkéa,  
61

**Other positions held  
at Crédit Mutuel Arkéa**

- Chairman of Schelcher Prince Gestion
- Director of SAS Château Calon Ségur
- Chairman of SASP

**Other positions held outside  
of Crédit Mutuel Arkéa**

- Member of Supervisory Board of Ophiliam Développement Conseil
- Permanent representative of Suravenir on the Supervisory Board of Patrimoine et Commerce

Humbert de Fresnoye is a graduate of Institut des Actuaire with a statistics degree from the University of Paris. After working as an actuary at CNP's Assurances Individuelles from 1979 to 1981, he joined

Mutuelles du Mans in 1981 as Division Manager. In 1986, he headed up Suravenir, the life insurance subsidiary of Crédit Mutuel Arkéa. He was an Associate Executive Officer of Crédit Mutuel de Bretagne from 1992 to 2001, then Chief Executive Officer of Crédit Mutuel de Bretagne from 2001 to 2006 and, finally, Chief Executive Officer of Compagnie Financière du Crédit Mutuel from 2006 to 2008. Since 2008, in his capacity as the Head of the "Products" Division at Crédit Mutuel Arkéa, he has been responsible for all of the Group's insurance (Suravenir, Suravenir Assurances and Novélia), asset management (Federal Finance, Schelcher Prince Gestion), real estate (Arkéa Immobilier Conseil) and private wealth management (Arkéa Banque Privée, Primonia) activities.



**Gérard Bayol,**  
Associate Executive Officer  
of Crédit Mutuel Arkéa,  
61

**Other positions held  
at Crédit Mutuel Arkéa**

- Chairman of Executive Board of Arkéa Banque Entreprises et Institutionnels
- Member of Supervisory Board of Leasecom Group until April 9, 2014
- Permanent representative of Arkéa Banque Entreprises et Institutionnels on the Board of Directors of Arkéa Public Sector SCF
- Permanent representative of CEOI-BIE on the Supervisory Board of Arkéa Crédit Bail until March 14, 2014

**Other positions held outside  
of Crédit Mutuel Arkéa**

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Polylogis SAS
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Tikehau Investment Management
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of SEM d'Animation Économique au Service des Territoires since December 4, 2014
- Non-voting member, representative of Crédit Mutuel Arkéa, on the Board of Directors of SA HLM Coopérer pour Habiter since August 28, 2014

Gérard Bayol is a graduate of HEC and began his career as a commercial attaché in the French embassy in Venezuela. He later joined Crédit Commercial de France, where he was responsible for the branches in, successively, Caracas, Rio de Janeiro, Madrid and London. In 1993, he joined Crédit Local de France, first as the General Manager of the Spanish subsidiary, then in France as a member of the Executive Board of Dexia Project & Public Finance and as a member of the Executive Committee of Dexia Crédit Local. From 2001 to 2005, he was Managing Director of Dexia Crediop Spa in Italy. From 2006 to 2008, he was Chief Executive Officer of Dexia Crédit Local France. Since 2009, he has been an Associate Executive Officer of Crédit Mutuel Arkéa responsible for the "Companies and Institutions" division.

# 2.3 Chairman's report

on the conditions for preparing and organizing the work of the Board of Directors and on internal control procedures



**Jean-Pierre Denis,**  
Chairman of Crédit Mutuel Arkéa

This report has been prepared in accordance with the provisions of article L.225-37 of the French Commercial Code, which specify that for companies whose securities are listed for trading on a regulated market, the Chairman of the Board of Directors must provide a separate report appended to the annual report on the composition of the Board and the application of the principle of balanced representation of men and women, the conditions for preparing and organizing the work of the Board as well as the internal control and risk management procedures implemented by the company. In particular, the appended report must list the procedures used to prepare and process the accounting and financial information for the parent company financial statements and, where applicable, the consolidated financial statements. The provisions of article L.225-56 of the French Commercial Code notwithstanding, this report also describes any limitations placed by the Board of Directors on the powers of the Chief Executive Officer.

The preparation of the report is coordinated by the Crédit Mutuel Arkéa Corporate Secretariat and Institutional Communications

department, which, in addition to its function of providing continuous support for the work and tasks of the Board, also performs the corporate secretarial functions for the Strategy and Development Committee of the Crédit Mutuel Arkéa Board of Directors. To prepare this report, the Corporate Secretariat and Institutional Communications department also receives contributions from:

- the Group Internal Audit and Periodic Control department responsible for the corporate secretary function of the Board of Directors' Audit Committee;
- the Accounting department responsible for the corporate secretary function for the Financial Statements Committee;
- the Human Resources and Training Department responsible for the corporate secretary function of the Compensation Committee.

The Chairman's Report integrated in Crédit Mutuel Arkéa's 2014 Registration Document was verified by the statutory auditors and reviewed by the Board of Directors. It will be presented to the May 6, 2015 Shareholders' General Meeting for a vote of approval by shareholders (local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations).

## 2.3.1 Organization and preparation of the work of the Board of Directors

At the Shareholders' General Meeting held on April 24, 2014, the by-laws of Crédit Mutuel Arkéa were amended in order to allow for employee representation on the Board of Directors, in accordance with the new provisions of Article L 225-27-1 of the French Commercial Code based on the Law to Secure Employment. Starting on October 10, 2014, two directors representing employees of Crédit Mutuel Arkéa have had seats on the Board of Directors, each with a deliberative voice.

The Board of Directors comprises 20 directors:

- 18 directors (2 women and 16 men) representing customer shareholders, elected by the member savings banks and shareholders as part of the Shareholders' General Meeting;
- 2 directors (1 woman and 1 man) representing employees, appointed by the Central Works Council;

and a non-voting member elected under the same terms as directors representing their member savings banks.

In 2014, following the resignation for personal reasons of Alain Gillouard – effective August 31 – the Board of Directors choose not to designate a replacement for him immediately and therefore worked and deliberated with only 19 members during the last four months of the year.

The Board's directors and non-voting member are of French nationality and come from the home regions of Crédit Mutuel Arkéa's activities:

- 14 members and the non-voting member representing the local savings banks affiliated with Fédération du Crédit Mutuel de Bretagne,
- 3 members representing the local savings banks affiliated with Fédération du Crédit Mutuel du Sud-Ouest,
- 1 member representing the local savings banks affiliated with Fédération du Crédit Mutuel Massif Central.

On May 15, 2009, the members of the Board of Directors elected Jean-Pierre Denis as Chairman of the Board. He was reelected Chairman of the Board of Directors of Crédit Mutuel Arkéa on May 3, 2012.

Currently an Inspector of Finance, Jean-Pierre Denis is a graduate of HEC, the Institut d'Etudes Politiques de Paris and the Ecole Nationale d'Administration. He also holds a master's degree in law and a master's degree in economics (University of Paris II). After exercising prominent responsibilities in the highest echelons of France's civil service (Deputy General Secretary to the President of the French Republic) and corporate world (Chairman and Chief Executive Officer of Dalkia and later Oséo), he joined Crédit Mutuel Arkéa in October 2007 as Executive Vice Chairman. Since 2008, he has served as the Chairman of Crédit Mutuel Arkéa and of Fédération du Crédit Mutuel de Bretagne.

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

The Chairman alone is authorized to act in the name of the Board of Directors and speak on its behalf. Working closely with the Chief Executive Officer, he may represent Crédit Mutuel Arkéa in its high-level relations, notably with leading clients, partners and the governmental authorities at the regional, national and international levels. The Chairman presides over Crédit

Mutuel Arkéa's partnership policy and, in that capacity, chairs the Acquisitions and Partnerships Committee created by Executive Management.

The Board of Directors also has two Vice Chairmen – Jean-François Devaux, the Chairman of Fédération du Crédit Mutuel Massif Central, and Christian Touzalin, the Chairman of Fédération du Crédit Mutuel du Sud-Ouest – who may represent Crédit Mutuel Arkéa if so authorized by the Chairman.

The Board does not have a Senior Independent Director.

A representative of the Central Works Council also participates, with a deliberative voice, in the meetings of the Board of Directors.

A set of by-laws adopted by the Shareholders' General Meeting defines the duties of the directors both at the local level (Crédit Mutuel local savings banks) and regional level (federations). These by-laws set forth the commitments undertaken by each Group director:

- regular attendance at meetings,
- training in the proper exercise of functions,
- independent thinking and absence of any conflicts of interest,

- execution of most savings and credit transactions through the Group,

- maintenance of confidentiality regarding the deliberations.

The Board of Directors of Crédit Mutuel Arkéa has adopted a Corporate Governance Charter. This Charter reflects the Group's singular nature, which is based on the cooperative and mutual banking model. It contains guidelines for both the directors who are the driving force behind the business model and the employees who make it work on a daily basis. This Charter:

- frames the catalyst role assigned to the federations within the cooperative movement;

- specifies the Chairman's role with respect to organizing the work of the Board of Directors at Crédit Mutuel Arkéa, the highest-ranking governance body of the movement;

- is binding on each director as an invested contributor;

- affirms and structures the linkage between the Board of Directors and Executive Management.

The age limit for directors is set by the by-laws at 65 for a first-time election and 70 for a renewal. Board terms are for three years, renewable.

Jean-Pierre Denis chaired the nine Board of Directors' meetings. The meetings were attended by directors as follows:

Directors	Date of Board of Directors' meetings in 2014									Attendance rate	
	Jan. 8	Jan. 31	Feb. 28	Mar. 28	May 16	June 20	Aug. 26	Oct. 10	Dec. 4	2014	2013
François Chatel (non-voting)	P	P	P	P	P	Ab	P	P	P	89%	100%
Jean-Luc Cuffe (*)								P	P	100%	N/A
Christian David	Ab	P	P	P	P	P	P	P	P	89%	100%
Jean-Pierre Denis	P	P	P	P	P	P	P	P		100%	100%
Jean-François Devaux	P	Ab	Ab	P	P	Ab	Ab	P	P	56%	63%
Lionel Dunet	P	P	P	P	Ab	P	P	Ab	P	78%	75%
Jean-Louis Dussouchaud	P	P	P	P	P	P	P	P	P	100%	100%
Jacques Enjalbert	P	P	P	P	P	P	P	P	P	100%	100%
Jean-Yves Eozenou	P	P	P	P	P	P	P	P	P	100%	80%
Daniel Gicquel	P	P	P	P	P	Ab	P	P	P	89%	100%
Alain Gillouard (**)	P	P	P	P	P	Ab	P			86%	88%
Michel Gourtay	Ab	Ab	P	P	Ab	P	Ab	P	P	56%	75%
Marie-Thérèse Groussard	Ab	P	P	P	P	P	P	P	P	89%	88%
Auguste Jacq	P	P	P	P	P	P	P	P	P	100%	100%
Albert Le Guyader	P	P	P	P	Ab	P	P	P	P	89%	100%
Nadine Le Marre (*)								P	P	100%	N/A
Hugues Leroy	P	P	P	P	P	P	P	P	P	100%	100%
Claudette Letoux	P	P	P	P	P	P	P	P	P	100%	100%
Christian Peron	P	P	P	P	P	P	P	P	P	100%	88%
Christian Touzalin	P	P	P	Ab	P	P	P	P	P	89%	75%
Raymond Viandon	P	P	P	P	P	P	P	P	P	100%	100%

P = present

Ab = absent

\* Board member since Oct. 10, 2014

\*\* Board member until Aug. 31, 2014



## Preparation and organization of the work

The Board of Directors met nine times in 2014 (compared with eight times in 2013). The directors had a meeting attendance rate of 91% (compared with 92% in 2013).

The Board of Directors uses the resources of Crédit Mutuel Arkéa's Corporate Secretariat and Institutional Communications department in order to prepare and organize its meetings. The meeting agenda is determined by the Chairman after consulting with the Chief Executive Officer. One week prior to a meeting, each director receives a file with all the items to be reviewed and discussed by the Board. The Chairman also provides all other Board members with the information, including sensitive information, regarding the Group's activity.

The Board of Directors' meetings focused primarily on:

- Monitoring global economic, banking and financial news and internal events directly affecting the Group;
- Monitoring the various business activities, results, risks and prudential ratios of the Group and its main entities using a report presented at each meeting;
- Setting the Group's general orientations for the year;
- Approving the Group's parent company and consolidated financial statements;
- Reviewing the progress made on the "Horizons 2015" strategic business plan.
- Making decisions with respect to mergers and acquisitions, equity investments and divestments. The Board of Directors was informed of the various partnerships concluded and planned transactions that were not finalized despite the outlay of resources;
- Adapting the prudential framework and applicable limits for the Group and all its entities.
- Reviewing the Annual Report on Internal Control of the Company and the Group.
- Adopting regulatory changes leading to stronger internal controls (permanent control, periodic control and compliance).
- Being notified of French Prudential Supervisory and Resolution Authority recommendations on the control and work related to developments and results of the fight against money laundering and terrorism financing.
- Making the appointments that are the responsibility of the Board.

This work and these deliberations made it possible to steer business and to perform the necessary controls and audits.

In 2014, three dedicated training sessions were offered to Crédit Mutuel Arkéa directors. Each session lasted half a day. They covered a variety of topics pertaining to asset quality reviews, risks, ratings and refinancing mechanisms, thereby enabling Board members to further improve their knowledge and skills.

In December, the Board of Directors also met in a two-day seminar in order to discuss the following matters:

- Organization and operation of the Board of Directors. The key issues of Board expertise and diversity (gender and other) were carefully reviewed by the directors to enable the creation of a Crédit Mutuel Arkéa Board of Directors that fully satisfies regulatory requirements, especially female representation, by 2017;
- The strategic business plan. The end of the 2015 fiscal year will mark the conclusion of the "Horizons 2015" business plan launched in 2008. The Board discussed the initial organizational steps taken on the next strategic plan, which are structured around two deliberative groups, one consisting of employees and the other made up of elected representatives from the cooperative movement.
- The CSR plan. The components of the Bank of Tomorrow plan having already been deployed at the company for more than a year, the guiding principles of the CSR plan will drive the future strategic business plan. The goal is to make CSR a mechanism of innovation and development on behalf of the strategic vision, which will position Crédit Mutuel Arkéa as a market participant committed to the economy of tomorrow and the future of our home region.

**Five specialized committees (four until May 16, 2014)** also help to perform the Board's work and provide it with additional recommendations. Each committee has its own Operating Charter, which determines the body's missions and organizational methods.

**The Strategy and Development Committee** is charged with leading Crédit Mutuel Arkéa's strategic deliberations and providing support to the Board of Directors for its work. This Committee's role consists of:

- monitoring the progress of the Group's strategic plan;
- analyzing the advantages of and/or progress made on major Group projects;
- identifying actual result and impact indicators and measuring any differences relative to the project's initial schedule and trajectory;

- providing permanent strategic oversight of the Group's activities and emerging activities.

In 2014, this Committee met six times (five meetings in 2013).

The members' overall attendance rate at meetings in 2014 was 97%.

As it does each year, the Committee monitored the Horizons 2015 strategic business plan. In particular, the Committee looked at the progress made by the subsidiaries of the Companies and Institutions division and of Fortuneo.

It continued to monitor the projects of its Crédit Mutuel federations, such as the new local savings bank branch concept, the evaluation test of the network's organization as well as the launch of the new web site and apps aimed at sole proprietorships.

The Committee also reviewed the planned acquisition of an equity interest in Primonial.

**The Appointments and Compensation Committee** (until May 16, 2014). Subsequently, in accordance with the provisions of article L 511-89 of the French Monetary and Financial Code, the Board of Directors established a separate Appointments Committee and a Compensation Committee.

**The Compensation Committee** is responsible for ensuring the overall consistency of compensation policies and practices within Crédit Mutuel Arkéa and its regulated subsidiaries.

**The Appointments Committee** is responsible for supporting Crédit Mutuel Arkéa's Board of Directors by issuing:

- proposals for the appointment of directors at the subsidiaries and permanent representatives to the governance bodies of companies in which Crédit Mutuel Arkéa has equity interests;
- informed opinions on the Chairman's proposals for the appointment of the Chief Executive Officer and Associate Executive Officers prior to their approval by the Board of Directors.

Prior to May 16, 2014, the Appointments and Compensation committee met four times. During the remainder of the year, the Compensation Committee met twice and the Appointments Committee met three times. (In 2013, the Appointments and Compensation Committee met six times)

The overall meeting attendance rate by Committee members was 100% in 2014.

**The topics discussed by the Compensation and Appointments committees included:**

- Variable compensation and compensation for officers and directors
- Candidates for positions to be filled on the Boards of Directors and Supervisory Boards of subsidiaries and appointments of representatives to non-Group companies in which the Group holds a participating interest
- Changes to the Committee (creation of separate Appointments/Compensation committees)
- Extension of the Committee's authority to the scope of the subsidiaries
- Review of operating charters for the two new committees
- Reimbursement of Directors' expenses
- Group bonuses.

**The Financial Statements Committee** is charged with helping the Board of Directors assess financial information and control its reliability. Its role consists of:

- understanding the accounting principles and their changes;

- assessing the quality of accounting procedures;

- reviewing the financial statements of Crédit Mutuel Arkéa prior to their review by the Board of Directors;

- monitoring the statutory auditors' work plan and reviewing the findings of their work.

In 2014, the Committee met four times (also four meetings in 2013).

In 2014, the overall attendance rate at Committee meetings was 85%.

The Committee's work focused on:

- Reviewing and approving the financial statements as of December 31, 2013 and the 2014 budget
- The accounting policies applicable to the interim financial statements, internal control and the audit approach of the statutory auditors
- Reviewing and approving the consolidated interim financial statements and the opinion of the statutory auditors on the interim closing
- The accounting principles applicable to the closing and the proposed renewed

appointment of the statutory auditors' for 2015.

During the year, Committee members also received two training sessions focused on deferred taxes and net banking and insurance income.

**The Audit Committee** is responsible for providing support to the Board of Directors in its duty to control Crédit Mutuel Arkéa's risks.

The Committee met 10 times in 2014 (11 in 2013). In 2014, the overall attendance rate of Committee members at meetings was 83%. As stipulated in its charter, the Audit Committee conducted the following reviews during the past year:

- Follow-up of six-month recommendations
- Work on the interim and annual financial statements closings
- 2013 Internal Control annual report
- Annual summary of periodic control tasks in the networks
- Monitoring of periodic control plans for the business lines and networks
- Risk reporting

**Composition of Board of Directors' subcommittees as of December 31, 2014**

Directors	Strategy & Development	Compensation	Appointments	Financial Statements	Audit & Risk
Jean-Pierre Denis					
Jean-François Devaux					
Christian Touzalin					
François Chatel					✓(C)
Jean-Luc Cueff			✓		
Christian David		✓		✓	
Lionel Dunet				✓	
Jean-Louis Dussouchaud		✓(C)	✓		
Jacques Enjalbert	✓(C)		✓		
Jean-Yves Eozenou		✓			
Daniel Gicquel		✓		✓	
Michel Gourtay					✓
Marie-Thérèse Groussard				✓(C)	
Auguste Jacq	✓		✓(C)		
Albert Le Guyader	✓				✓
Nadine Le Marre					
Hugues Leroy	✓				
Claudette Letoux				✓	
Christian Peron					
Raymond Viandon				✓	



- Permanent control/compliance reporting
- The 2015 limits system
- The proposed 2014 periodic control plan
- The work of the various oversight authorities or supervisory bodies (French Prudential Supervisory and Resolution Authority, Inspection Générale of the Banque de France, French Financial Markets Authority, National Bank of Belgium, Belgian Financial Services and Markets Authority, Belgian Inspection Générale des Finances, CNCM General Inspection, etc.).

In response to specific requests, the Committee also received presentations on the following matters:

### 2.3.2 Limits on the authority of the Chief Executive Officer

The Chief Executive Officer has the broadest authority to act in all circumstances on behalf of the company and to represent it

in its relations with third parties. He exercises his powers within the limits of the company's corporate purpose and subject to the limits expressly granted by law to Shareholders' Meetings and the Board of Directors.

### 2.3.3 Internal control procedures

The governance of the internal control function is carried out in accordance with the principles of Crédit Mutuel Arkéa's Corporate Governance Charter adopted by the Board of Directors on September 12, 2008.

The internal control organization is described in the Group's Internal Control Charter. Updates to this charter were approved by the Group's Permanent Control Committee on May 13, 2013 and by the Audit Committee on August 26, 2013.

The Group's effective managers (*dirigeants effectifs*) are responsible for determining the actual business orientations (French

Monetary and Financial Code Article 511-13). In particular, they implement the internal control support systems while ensuring that they are suited to the various risks to which the Group is exposed. They notify the Group's supervisory body of progress made in the implementation and status of the systems as well as the degree of risk management they enable.

The Group's supervisory body periodically reviews the quality of the systems deployed and the degree of control over the risks to which the Group is exposed, based on information provided to it by the Chairman of the Audit and Risk Committee and the Head of Group Internal Audit and Periodic Control (in particular information required as part of the annual report on internal control, in accordance with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority).

#### Attendance fees paid to individual members of the Board of Directors for 2014

Directors	Attendance fees due to Crédit Mutuel Arkéa functions (Board of Directors and specialized committees)	Attendance fees due to other functions within the Group	2014 attendance fees net amount
Jean-Pierre Denis *			
Jean-François Devaux		18,300	18,300
Christian Touzalin **	1,600	5,230	6,830
François Chatel	3,600	1,403	5,003
Christian David	2,600	6,608	9,208
Lionel Dunet	1,800	450	2,250
Jean-Louis Dussouchaud	3,600	31,563	35,163
Jacques Enjalbert	4,400	5,905	10,305
Jean-Yves Eozenou	2,200	2,516	4,716
Daniel Gicquel	3,200	5,049	8,249
Alain Gillouard	2,800	791	3,591
Michel Gourtay	2,400	556	2,956
Marie-Thérèse Groussard	2,400	1,412	3,812
Auguste Jacq	4,501	8,166	12,667
Albert Le Guyader	5,200	2,718	7,918
Hugues Leroy	3,400	3,379	6,779
Claudette Letoux	3,424	6,820	10,244
Christian Peron		24,803	24,803
Raymond Viandon	2,000	3,560	5,560
<b>Totaux</b>	<b>49,125</b>	<b>129,229</b>	<b>178,354</b>

\* In his capacity as an officer and director with overall management responsibility, Jean-Pierre Denis receives compensation whose components are described in section 2.6 of the Registration Document.

\*\* Net amount of compensation paid to Jean-François Devaux, Christian Touzalin and Christian Peron in connection with all of their functions exercised at Crédit Mutuel Arkéa Group.

The Group's supervisory body is informed by Crédit Mutuel Arkéa's Risk Management Department of the assessment and monitoring of risks to which the Group is exposed (in particular information required as part of the annual report on risk assessment and monitoring, in accordance with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority).

The Audit and Risk Committee assists the supervisory body with its risk management duties in accordance with the provisions of the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority.

Regarding the accounting recognition of transactions, the Financial Statements Committee analyzes and controls the aggregate and consolidated financial statements before their presentation to the deliberative body.

The supervisory bodies of Crédit Mutuel Arkéa's subsidiaries approve the application of the Charter's principles as well as their suitability to their respective entities and assign their implementation to the effective managers concerned.

### Permanent control

The organization of the "permanent control of compliance, security and approval of completed transactions and compliance with other due diligence related to the tasks of the risk management function" (see administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority) is based on the provisions of the Group's Internal Control Charter, which establishes the following two permanent control levels within Crédit Mutuel Arkéa:

**First-level operational control:** operational controls implemented during the processes themselves, prior to their completion. These controls correspond to the risk management system.

**Second-level permanent control:** permanent controls implemented after processes have been completed. This second level is itself divided into two types of control, depending on the independence of the person performing the controls:

- second-level permanent controls by the business lines: second-level permanent control performed by a person who is not a member of the "permanent control" function;
- second-level permanent control by the heads of permanent control: control performed by the head of the permanent control department reporting directly to the head of the entity and supported by personnel or working alone.

In that context, permanent control within Crédit Mutuel Arkéa is based on the following principles:

- the permanent control organization covers all risks for all Group business lines, regardless of the legal organization of the activities generating these risks;
- final responsibility for compliance with regulatory requirements in the area of permanent control falls on the effective managers of each entity and of Crédit Mutuel Arkéa for the Group as a whole;
- each unit (local savings bank network, central departments, subsidiaries) organizes its own permanent control and compliance function and reports directly to Crédit Mutuel Arkéa;
- the persons responsible for the second-level permanent control of a process do not participate in the execution of this process in order to ensure the strict separation between first- and second-level permanent controls;
- the quality of permanent control is factored into the assessment of the governance or management of an activity.

This organization is fully consistent with the Group's pyramid structure, since the entire permanent control system is placed under Crédit Mutuel Arkéa's governance.

It is designed to enable the entities of Crédit Mutuel Arkéa to steer their risk-taking while managing the potential impacts with reasonable assurance.

The Permanent Control and Compliance department (PCCD) of Crédit Mutuel Arkéa, which reports to the Legal, Permanent Control and Compliance department, is responsible for managing the heads of permanent control and compliance at the Group's entities and for presiding over the permanent control and compliance system at the Group level.

Two departments are responsible for permanent control and the fight against money-laundering and terrorism financing. Special units handle the compliance of investment services and matters governed

by the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority.

### Group Permanent Control Committee

This Committee is chaired by the Chief Executive Officer of Crédit Mutuel Arkéa. It includes: the Chief Executive Officer of Crédit Mutuel de Bretagne, the Head of the Products division and the Head of the Development Support division. It also includes four other members: the Deputy Head of the Development Support Division, the Legal Advisor for the Permanent Control and Compliance Department, the Head of Permanent Control and Compliance (secretary) and the Head of Internal Audit and Periodic Control invited to participate in the meetings.

It ensures compliance with the rules governing risk-taking and verifying that the permanent control systems, including those with respect to compliance, are appropriate to the Group's activities and risks.

To that end, the committee reviews all major changes in the permanent control system, including those with respect to compliance control and especially the anti-money-laundering and anti-terrorism financing systems, and takes stock of the risks borne by the Group on the basis of the work of the Permanent Control and Compliance Department. It met four times in 2014.

In order to improve the segregation between permanent control and risk management activities, a Risk Committee has been set up, which enables the Permanent Control Committee members to focus all of their efforts on permanent control and the Group's compliance control.

### The compliance control system

In order to ensure consistent practices throughout the Group, the Permanent Control and Compliance department, which reports to the Legal, Permanent Control and Compliance department, steers and manages the implementation of the Group's control and compliance systems, including the fight against money-laundering and terrorism financing.

The Permanent Control and Compliance department relies on the Group's Compliance Charter, whose revision was validated by the Group Permanent Control Committee on July 1, 2014. This charter complements the Internal Control Charter by defining the measures implemented within the Group to prevent and control non-compliance risks.

The scope of its activities includes:

- Monitoring changes in the regulatory framework established by the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority, the AMF General Regulations and anti-money-laundering and terrorism financing regulations.
- The definition and steering of the Group's system to combat money-laundering and terrorism financing, including requirements analysis for Group software. In 2014, this system was strengthened in accordance with the requirements of the E.U. 3rd Directive and French law. Efforts were made in the areas of transaction monitoring applications as well as due diligence during the new client relationship start-up process and throughout their duration.
- The definition and management of the Group's investment services compliance system (based on the AMF General Regulations), which is designed to manage and coordinate the Group's compliance systems subject to AMF supervision.
- Managing the ongoing efforts to collect high-quality data on customers as part of the fight against money-laundering and terrorism financing as well as efforts to combat tax fraud, notably in connection with the U.S. FATCA regulations.
- The definition and management of the Group's systems designed to ensure compliance with customer protection regulations, notably with respect to the right to a bank account, the ability to change banks, complaint handling and intermediation in banking and payment services transactions. In 2014, the first-ever Community of Complaints Handling Practices was held. This annual meeting aims in particular to harmonize and share best practices within the Group.
- The definition and management of the systems governed by Chapter II of the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority, notably:
  - The preliminary compliance approval procedures:
    - A preliminary compliance approval procedure for new products, projects, activities, services and signi-

ficant transformations applicable to all Group entities aims to ensure compliance for the aforementioned operations. It was reviewed and enhanced in 2014, notably through the creation of a survey making it possible to formalize the analysis of compliance risks.

- A procedure for managing long-term investments by Crédit Mutuel Arkéa.
- The procedure involving questions on compliance-related problem areas is available to Group employees. It was not used in 2014.
- The Group system for managing essential or important outsourced operations, as defined by the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority. The list of essential activities was revised by the Risk Management Department in 2014.

Each of the Group's master procedures is subject to a specific control.

To ensure the proper replication of the master systems by the entities, the Permanent Control and Compliance department approves the operational procedures of the entities.

Any revision to the compliance control systems must first be approved by the Group's Permanent Control Committee and presented to the Audit and Risk Committee.

- Control of the operational launch of the master systems. In 2014, the Permanent Control and Compliance Department initiated a control procedure for the operational launch of master systems by the Group's entities aimed at harmonizing and optimizing the entities' practices within the Group.

### Periodic control

The Internal Audit and Periodic Control Department (French acronym: DIGCP) performs periodic controls. It conducts its activities at all Group units in accordance with a master periodic control system adopted and implemented within the Group. With respect to subsidiaries, the DIGCP performs its duties in accordance with duly concluded periodic control delegation agreements. The DIGCP therefore performs its controls for the entire scope of Crédit Mutuel Arkéa in accordance with the terms, conditions and methods stipulated in the administrative order of November 3, 2014 relating to the internal control of companies

in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority.

The DIGCP's mission is to provide independent and objective assurance on the Group's compliance in the exercise of its activities and to offer advisory services and suggestions aimed at creating added value and improving the level of control over Group transactions. Using a systematic and methodical approach, the department helps the Group achieve its objectives by assessing risk management, control and corporate governance processes in order to determine whether they are appropriate and function in such a manner as to ensure that:

- activities are exercised in a compliant manner;
- risks are identified and managed adequately;
- the various corporate governance participants interact as often as necessary;
- all material financial, management and operational information is accurate, reliable and delivered in a timely fashion to the Board of Directors and senior management;
- employees' actions are consistent with all applicable regulations, standards and procedures;
- resources are acquired in a cost-effective manner, used efficiently and protected adequately;
- programs, plans and objectives are completed;
- the quality and continuous improvement of the organization's internal control processes are supported;
- significant legislative and regulatory matters that affect the organization are identified and addressed in an appropriate manner.

In order to perform its missions, the DIGCP has developed a body of procedures in particular for the periodic control of the business lines and networks. In 2014, these procedures were updated, mainly in the areas of monitoring recommendations, the means for distributing audit reports, the mapping and scheduling of activities and guidelines for control audits of the subsidiaries' branches and the local savings banks.

In order to successfully complete its missions, the DIGCP has developed a proprietary risk map; this risk map is one of the main sources for defining an annual

periodic control plan, whose specific points are also determined on the basis of the following items in particular:

- key points identified by the French Prudential Supervisory and Resolution Authority during its reviews and in its annual report.
- requests from the Audit and Risk Committee.
- requests from the members of the Group's Executive Committee.
- use of "feedback" from previous audits conducted by the Business Line Risk Periodic Control Department.
- requests from Confédération Nationale de Crédit Mutuel concerning the performance of periodic controls.

The principle of completing a post-acquisition review starting in the sixth month following the integration of any major acquisition into the Group is also implemented as part of the annual periodic control plan.

This periodic control plan distinguishes between the specific control program applied to the local savings bank networks and branches of the subsidiaries and the program covering the Group's companies and subsidiaries. The combination of these specific programs makes up the DIGCP's annual periodic control plan; this plan is itself part of a multi-year plan that makes it possible to cover the main risk areas identified in the DIGCP's proprietary risk map as well as the main development areas for Crédit Mutuel Arkéa.

The periodic control plan thus drawn up is approved by the deliberative body's Audit and Risk Committee and confirmed by Crédit Mutuel Arkéa's supervisory body. It systematically includes annual reviews of major risks involving credit, capital markets, accounting processes, information technology and operations. The audits performed in the past three years are cross-referenced with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority. This cross-referencing makes it possible to assess the coverage level for each of these risks and to schedule audits to ensure the compliance of the activities exercised.

When the 2015 periodic control plan was drawn up, this cross-referencing was completed in order to assess the coverage of major risks.

Moreover, consistent with the decision taken by the Prudential Supervisory and Resolution Authority regarding the certification of the annual financial statements of Crédit Mutuel savings banks, each year the DIGCP audits the financial statements of the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud Ouest and Crédit Mutuel du Massif Central federations prior to their presentation to the shareholders' general meetings. These audits are carried out in accordance with professional auditing standards.

Moreover, with respect to the control function, the DIGCP is specifically in charge of detecting and resolving internal fraud issues. As part of this goal, the DIGCP must deploy a remote, sample-based control system and, more generally, contribute to internal and external fraud prevention and detection through appropriate means. In this area, the DIGCP is specifically responsible for verifying the accounts of employees and the proper exercise by directors of their duties in accordance with applicable regulations as well as with the by-laws, standards and principles adopted by Crédit Mutuel.

#### Periodic Control Committee

Chaired by Crédit Mutuel Arkéa's Chief Executive Officer, this Committee assesses the quality of periodic control, in particular with respect to the consistency of the risk assessment, monitoring and control systems applied at the consolidated level, and recommends additional actions whenever necessary. It participates in drawing up the annual periodic control plan. It takes stock of the findings of control and audit reports, approves the recommendations contained in these reports and monitors their implementation.

Committee members include:

- the Chief Executive Officer (Chairman);
- two senior managers, for the 2013-2014 period: the Head of the Companies and Institutions division and Head of the Networks and Specialized Services division;
- one of the three Crédit Mutuel Arkéa local savings bank network department

heads; for the 2013-2014 period this was the Chief Executive Officer of the Crédit Mutuel du Sud-Ouest federation;

- the Head of Group Internal Audit and Periodic Control;
- the Head of the Innovation and Operations division.

The Committee invites the following people to participate:

- the Head of the Development Support division or, if he is not available, his deputy;
- the Head of the Business Line Risk Periodic Control department (secretary).

The meetings are held at least three times annually. In 2014, the Periodic Control Committee met nine times.

#### Audit and Risk Committee

The Audit and Risk Committee helps the Board of Directors perform its duties with respect to controlling Crédit Mutuel Arkéa's risks in accordance with the provisions of the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority. Its mission also satisfies the requirements of Article L 823-19 of the French Commercial Code, which specifies that this specialized committee is responsible for monitoring the effectiveness of the company's internal control and risk management systems.

In this respect, its role consists mainly of assessing the quality of internal control, in particular the consistency of risk assessment, monitoring, and control, and suggests additional actions whenever necessary. Its missions, goals, composition, and operating rules are contained in a dedicated Charter that is updated by the Group Internal Audit and Periodic Control department and approved by the supervisory body.

To carry out its assignments, the Audit and Risk Committee receives from Crédit Mutuel Arkéa's Executive Management all useful information and reports on:

- risk trends;
- the quality and scope of controls;
- major changes in the company's risk exposure.

Regarding the work performed more specifically by the Audit and Risk Committee, it should be noted that this committee:

- approves the annual periodic control plan;
- receives the findings of the reports prepared by the Group Internal Audit and Periodic Control department and approves them;
- reviews the annual internal control report;
- takes stock of the findings of reports prepared by the regulatory authorities, the CNCM Internal Audit department and the statutory auditors;
- submits reports on its work to Crédit Mutuel Arkéa's Board of Directors.

The Audit Committee remains in direct contact with the Head of Group Internal Audit and Periodic Control in order to ensure a satisfactory level of independence and communication. For that purpose, the committee may at any time freely contact the Head of Group Internal Audit and Periodic Control if it is deemed necessary.

The Audit and Risk Committee comprises:

- a Chairman;
- three to four members of the Crédit Mutuel Arkéa Board of Directors.

The following people are invited to participate in the meetings:

- the Group's Chairman,
- the Group's Chief Executive Officer,
- the Head of Group Internal Audit and Periodic Control,
- the Head of the Business Line Risk Periodic Control department (secretary)
- the managers involved depending on the meeting agenda.

At least six meetings are held each year and it should be noted that it met 10 times in 2014.

In accordance with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and

Resolution Authority, which applies to specialized committees as of January 1, 2015, the organization of the Audit and Risk Committee will be adapted as needed to satisfy the new requirements.

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

The Development Support division is responsible for preparing the Group's accounting and financial information.

The accounting of transactions is organized on the basis of two activities: account-keeping and the Group's consolidation. The account-keeping (preparation of company financial statements and related consolidation packages) as well as the production and dissemination of the regulatory disclosures of Group entities are performed directly by the finance departments of the companies themselves or by the Crédit Mutuel Arkéa Accounting department, as part of a formalized assignment.

Key activities are centralized, making it possible to ensure the quality of the accounting information across the entire scope of the Group's activities. To that end the Development Support division defines accounting rules and methods, designs and maintains the charts of accounts (the approval of measures specific to the insurance and leasing activities is delegated to dedicated business line staff), and implements the account reconciliation process in connection with the Group's management units as well as the control and analysis procedures needed to prepare and process accounting information for both Crédit Mutuel Arkéa and all subsidiaries delegating their accounting work.

It coordinates the management control aimed at securing accounting and financial data, notably through the budgetary control and results analysis functions.

These processes, which are performed in accordance with the Development Support division's own procedures, are then audited independently by the statutory auditors.

A Financial Statements Committee further enhances the control system. This committee helps Crédit Mutuel Arkéa's Board of Directors assess financial information and verify its accuracy. It reviews the financial statements of the Group and its constituent entities prior to their presentation to the Board. This committee met four times in 2014.

02/27/2015

Jean-Pierre Denis,  
Chairman of the Board of Directors



# 2.4 Executive Management bodies and their work

The principal purpose of Crédit Mutuel Arkéa's Executive Committee is to support the Group's Chief Executive Officer in the Group's strategic governance and the development of its performance. This committee's role consists of:

- making recommendations with respect to the Group's strategy to Crédit Mutuel Arkéa's Board of Directors;
- directing the implementation of the strategy set by the Board of Directors and allocating the necessary resources for its establishment;
- determining the objectives for the Group's entities and monitoring their realization;
- reviewing issues involving the Group's organization and matters of general interest.

Crédit Mutuel Arkéa's General Management Committee performs the following tasks:

- ensures the coordination of projects and initiatives of the Group's various entities;
- weighs the relative merits of and renders final decisions with respect to issues involving Group-level activities.

The Head of Group Internal Audit and Periodic Control is always invited to participate in the meetings of the General Management Committee.

The Executive Committee meets weekly. As of December 31, 2014, it was comprised of the following members:

<b>Ronan Le Moal</b>	Chief Executive Officer of Crédit Mutuel Arkéa
<b>Dominique Andro</b>	Associate Executive Officer responsible for the Specialized Networks and Services division
<b>Gérard Bayol</b>	Associate Executive Officer responsible for the Companies and Institutions division
<b>Humbert De Fresnoye</b>	Associate Executive Officer responsible for the Products division
<b>Hervé Crosnier</b>	Associate Executive Officer responsible for the Development Support division
<b>Jean-Pierre Le Tennier</b>	Chief Executive Officer of the Fédération du Crédit Mutuel de Bretagne

The General Management Committee meets once a month and, in addition to the Executive Committee, includes the following members:

<b>Jean-Marc Jay</b>	Chief Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest
<b>Didier Ardouin</b>	Chief Executive Officer of Fédération du Crédit Mutuel Massif Central
<b>Frédéric Laurent</b>	Deputy Head of the Innovation and Operations division
<b>Anne Le Goff</b>	Head of the Corporate Secretariat and Institutional Communications department
<b>Marc Gosselin</b>	Head of Human Resources and Training
<b>Jean-Luc Le Pache</b>	Assistant to the Deputy Head of the Development Support division

As part of its powers and authorizations and in order to ensure the relevance and quality of its decisions, Crédit Mutuel Arkéa's Executive Management structures its organization with cross-functional committees that include one or more members of the General Management Committee.

These committees include:

- Periodic Control Committee;
- Permanent Control and Compliance Committee;
- ALM Committee;
- Credit Committee;
- Loan Committee;
- Risk Committee;
- Counterparties Committee;
- Purchasing Committee;
- Networks Marketing Committee;
- Real Estate Committee;
- Acquisitions and Partnerships Committee
- Innovation Committee (created in 2014);
- Anti-Money-Laundering and Terrorism Financing Committee (created in 2014).

## 2.5 Conflicts of interest

### of officers and directors

As of the filing date for this Registration Document, there were no conflicts of interest between Crédit Mutuel Arkéa and the

members of its Board of Directors and Executive Management Committee. In any event, if any members of the Board of Directors of Crédit Mutuel Arkéa were to

find themselves in a situation of actual or potential conflict of interest, they would be required to abstain from participating in the vote on that particular issue.

# 2.6 Compensation of officers

As of the issuance date of this document, Crédit Mutuel Arkéa's shares are not listed on a regulated market.

However, Crédit Mutuel Arkéa publishes information relative to the compensation of its officers on a voluntary basis, in accordance with the recommendations published by AFEP/MEDEF.

The compensation policy for the managers (hereafter "the Managers"), i.e. the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa as well as the Associate Executive Officers, satisfies the provisions of articles L. 511-71 to L. 511-88 of the French Monetary and Financial Code.

The Managers receive fixed and variable compensation. In the latter case, the calculation and deferred payment methods are defined annually following a recommendation by the Compensation Committee.

Complementing the fixed compensation, the variable compensation reflects the quantitative and/or qualitative achievements measured on the basis of actual performances and individual assessments relative to set targets. This compensation consists of a component linked to the Group's earnings and another component linked to the individual performance of the manager or activity for which he is responsible. It is subject to the achievement of the targets measuring the Group's performance.

For 2014, the criteria linked to the Group's results are operating income, cost-to-income ratio and the loan-to-deposit ratio.

The condition involving the achievement of Group indicators is satisfied when all of the following have been met:

- All of the Group criteria (operating income, cost-to-income ratio and loan-to-deposit ratio) have been met. In other words, for each indicator the actual results exceed the targeted increase or decrease;

- The average level of the three indicators is 100%.

The definition of the individual indicators and their level is the responsibility of the Compensation Committee for the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa. In turn, the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa set the individual criteria for the Associate Executive Officers.

For 2014, the variable compensation of the Chairman and of the Chief Executive Officer of Crédit Mutuel Arkéa was capped at 100% of their fixed compensation. That of the Associate Executive Officers was capped at 70% of fixed compensation.

The payment of the Managers' variable compensation is spread over three years, with one-third paid out each year. The two deferred portions are paid only if the financial performance conditions set by Board of Directors of Crédit Mutuel Arkéa are satisfied.

In addition, discretionary bonuses may be granted to Managers as consideration for a significant performance or individual effort. These bonuses must be approved by the Board of Directors acting on the recommendation of the Compensation Committee.

Finally, a long-term profit-sharing plan was adopted by Crédit Mutuel Arkéa's Board of Directors at its July 5, 2013 meeting. This plan benefits officers and directors and the members of the Group's General Management Committee. This sliding three-year profit-sharing plan provides for the payment to each Manager of an amount that matches the annual variable compensation, provided that certain criteria and performance indicators, which are set each year, are achieved. The plan, first implemented as of January 1, 2013, would result in the initial profit-sharing payment in 2016 assuming all targets set for the first three years are achieved.

Managers do not receive grants of options on shares or debt securities or grants of

performance shares, and the Crédit Mutuel Arkéa by-laws do not allow for the existence of such grants.

Except in the case of the Chairman and of the Chief Executive Officer of Crédit Mutuel Arkéa, the employment contracts of the Managers are not suspended while they are serving their terms of office.

For the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa, the employment contracts are suspended from the time of their appointment and for the duration of their respective terms of office, after which they are automatically reinstated. The employment contract suspension period is taken into account when calculating their rights, by law, under the collective bargaining agreement and employment contract.

In the event that their employment contract is interrupted, the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa may be entitled to receive interruption benefits, in addition to statutory or collective bargaining provisions in an amount of up to two years of compensation, in accordance with AFEP-MEDEF recommendations.

If they have at least five years seniority at the time their retirement begins, Managers receive a termination benefit equal to seven-twelfths of annual compensation, to which is added the compensation they would have received under the collective bargaining agreement in force at the Group company that employed them prior to their appointment. They receive an end-of-service vacation benefit equivalent to 23 days per year of service in these functions.

Moreover, no employee working in financial markets performs an activity that could have a significant impact on Crédit Mutuel Arkéa's risk exposure.

The compensation received by Crédit Mutuel Arkéa's Managers is presented in the table hereafter:



<b>Jean-Pierre Denis</b> Chairman of the Board of Directors <i>Gross compensation</i>	2013 owed for the year	2013 paid for the year	2014 owed for the year	2014 paid for the year
Fixed compensation	450,273	450,273	450,273	450,273
Variable compensation*	450,273	156,758	630,382	442,700
In-kind benefits	9,568	9,568	9,576	9,576
<b>Total</b>	<b>910,114</b>	<b>616,599</b>	<b>1,090,231</b>	<b>902,549</b>

\* of which, €44,258 in cash payments instead of time bank hours in 2013

<b>Ronan Le Moal</b> Chief Executive Officer of the Group <i>Gross compensation</i>	2013 owed for the year	2013 paid for the year	2014 owed for the year	2014 paid for the year
Fixed compensation	360,242	360,242	360,242	360,242
Variable compensation*	360,243	125,408	504,339	389,586
In-kind benefits	9,334	9,334	9,334	9,334
<b>Total</b>	<b>729,819</b>	<b>494,984</b>	<b>873,915</b>	<b>759,162</b>

\* of which, €35,408 in cash payments instead of time bank hours in 2013 and 2014

<b>Dominique Andro</b> Associate Executive Officer <i>Gross compensation</i>	2013 owed for the year	2013 paid for the year	2014 owed for the year	2014 paid for the year
Fixed compensation	292,100	292,100	286,877	286,877
Variable compensation	218,139	65,360	333,659	246,302
In-kind benefits	10,833	10,833	9,177	9,177
<b>Total</b>	<b>521,072</b>	<b>368,293</b>	<b>629,713</b>	<b>542,356</b>

<b>Humbert de Fresnoye</b> Associate Executive Officer <i>Gross compensation</i>	2013 owed for the year	2013 paid for the year	2014 owed for the year	2014 paid for the year
Fixed compensation	255,177	255,177	256,877	256,877
Variable compensation*	197,139	86,298	208,091	151,916
In-kind benefits	9,620	9,620	8,348	8,348
<b>Total</b>	<b>461,936</b>	<b>351,095</b>	<b>473,316</b>	<b>417,141</b>

\* of which, €29,444 in cash payments instead of time bank hours in 2013 and €35,191 for a length-of-service benefit in 2014

<b>Gérard Bayol</b> Associate Executive Officer <i>Gross compensation</i>	2013 owed for the year	2013 paid for the year	2014 owed for the year	2014 paid for the year
Fixed compensation	350,211	350,211	346,459	346,459
Variable compensation	263,664	83,480	404,006	305,610
In-kind benefits	9,575	9,575	9,575	9,575
<b>Total</b>	<b>623,450</b>	<b>443,266</b>	<b>760,040</b>	<b>661,644</b>

# 3. Financial information

3.1 Activities

3.2 Financial results

3.3 Capital and regulatory ratios

3.4 Outlook

3.5 Consolidated financial statements  
as of December 31, 2014

3.6 Aggregate financial statements  
as of December 31, 2014



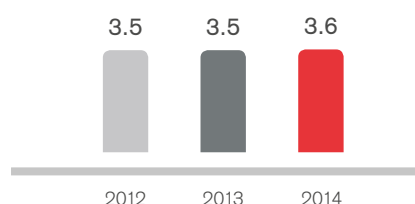
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# 3.1 Activities<sup>(1)</sup>

## Customers<sup>(2)</sup>

In 2014, the customer portfolio increased by 2%, or nearly 66,800 customers (doubling of net new customer development relative to 2013) thanks to the significant increase in gross new customer development by Suravenir Assurances (+24%) and the Crédit Mutuel networks (+5%).

### Customer portfolio (in millions)



## Savings

In 2014, total savings rose by 7% to €78.8 billion.

After an exceptional year in 2013, net savings intake totaled €4.3 billion in 2014, down 26%.

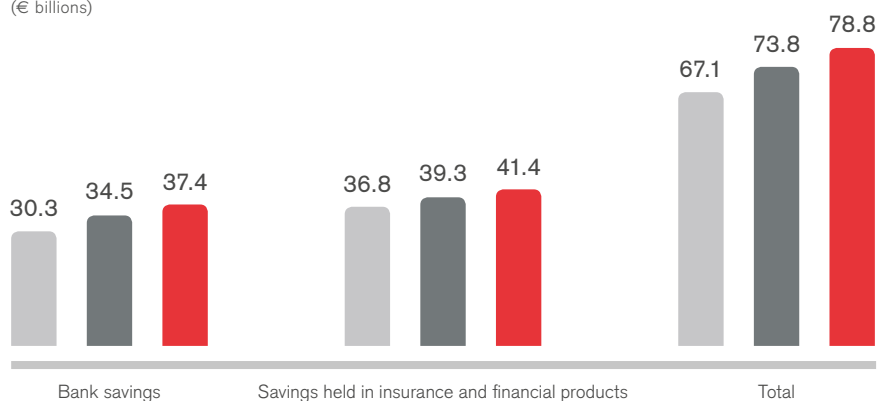
This net savings intake was marked by:

- a 16% decline in the net intake on interest-bearing savings to €2.7 billion,
- very satisfactory performance for insurance savings products, with the net intake rising by 71% to €1.7 billion. This 2014 performance followed up the previous year's very favorable result, when the net intake rose by €1 billion. Meanwhile, financial savings recorded a net outflow of €0.1 billion.

## Shares

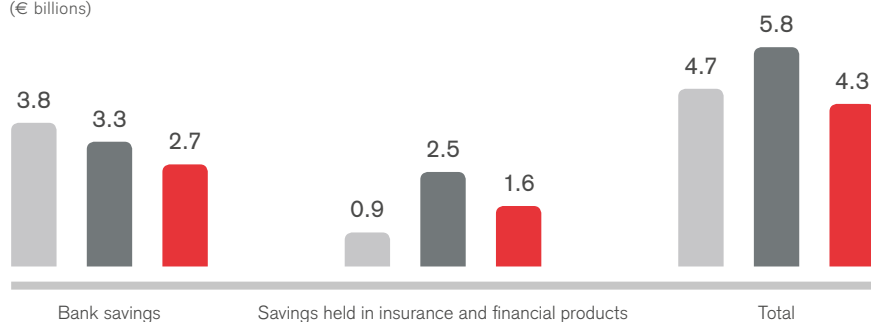
Shareholders' equity increased by €79 million, thereby strengthening the Group's equity position to €2.2 billion.

## Savings (€ billions)



Including reinvested interest on bank deposits and revaluation of insurance and financial savings

## Net savings intake (€ billions)



(1) Comparison figures adjusted to reflect the disposal of Banque Privée Européenne in 2013

(2) Inclusion in the 2012 and 2013 portfolios of Suravenir non-Group customers (292,233)

## Lending

Gross loans outstanding net of provisions increased by 3.6% to €41.1 billion. Outstanding loans net of provisions totaled €40.7 billion.

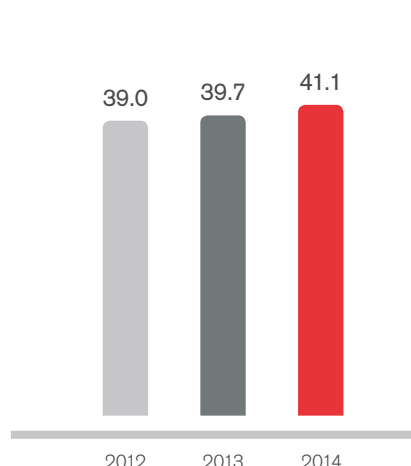
New lending in 2014 totaled €8.4 billion, up 9.6%.

The increase in new lending was driven mainly by loans to businesses and companies (+33.7% to €3.2 billion) and was originated by Arkéa Banque Entreprises et Institutionnels.

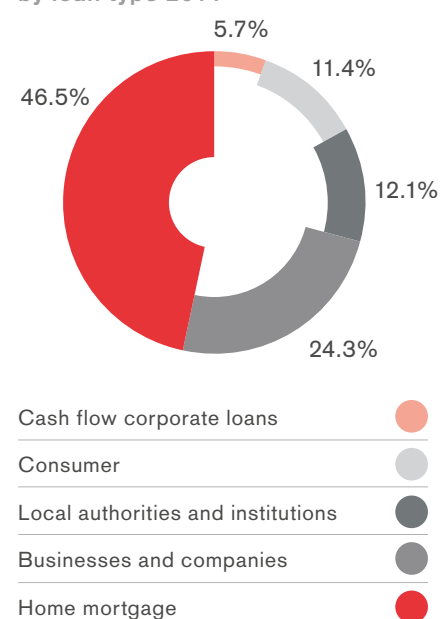
New consumer loans and lending to local authorities were stable at €1.6 billion and €0.6 billion, respectively, in 2014.

New home mortgage lending contracted slightly by 3% to €3.0 billion.

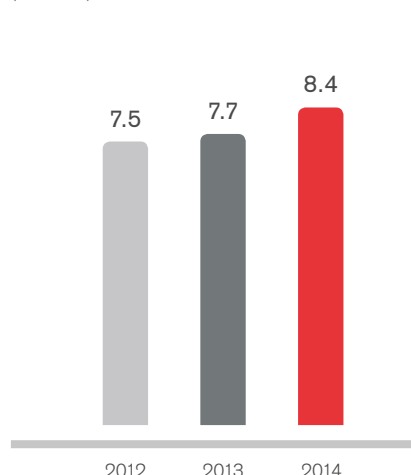
**Total gross loans outstanding**  
(€ billions)



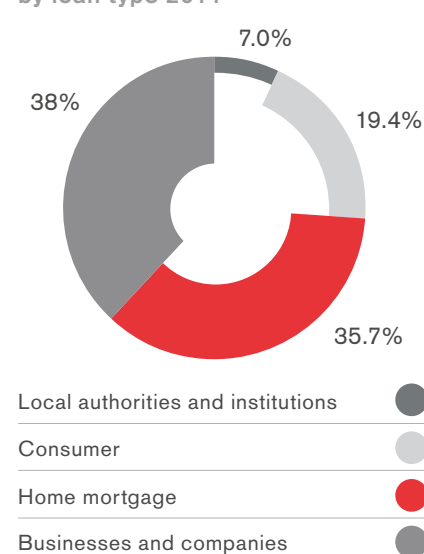
**Gross loans outstanding by loan type 2014**



**New lending**  
(€ billions)



**Loan production by loan type 2014**



## Business to business (BtoB) services

The portfolio of BtoB customers continued to grow by more than 18% during the year to 999.

In 2014, Arkéa Banking Services, the private label banking services subsidiary, acquired two new customers: PSA Bank Belgium and Système U Group.

Thanks to the favorable performance of the capital markets activity, ProCapital Securities Services increased its market order processing volume by nearly 60% while also recording substantial gains in securities held in custody.

	2012	2013	2014
Volume of payment transactions processed (millions)	776	785	840
Securities held in custody (€ millions)	21,119	22,877	25,331
Volume of market orders transacted (millions)	2,6	3,0	4,8
Number of BtoB customers	750	857	999

## Non-life insurance

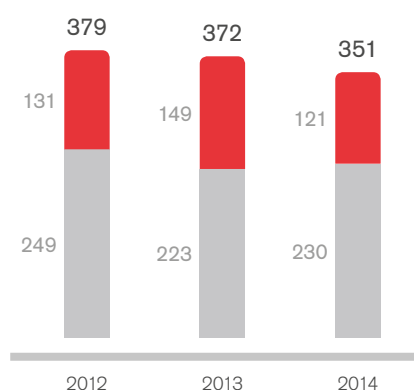
Non-life insurance policies are developed by the three specialized subsidiaries, Suravenir, Suravenir Assurances and Novelia (wholesale broker). They distribute their products through both the Group's networks as well as external networks, helping to expand Crédit Mutuel Arkéa's areas of influence. In 2014, the portfolio continued to post gains by rising 5% to 1.9 million policies.

New business contracted by 6% to 351,000 policies in 2014. While new business in the property segment continued to post gains, with 7,600 new policies, it failed to advance in the casualty segment (19% decline in new business) after an outstanding year in 2013.

Customers acquired through external networks accounted for 30% of new business.

### New insurance business Non-life insurance

(thousands of policies)

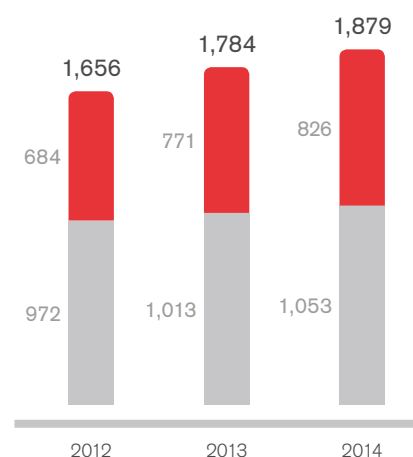


Property

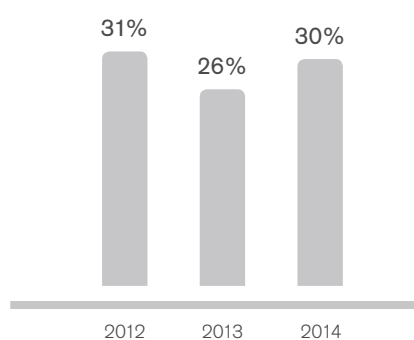
Casualty

### Non-life insurance portfolio

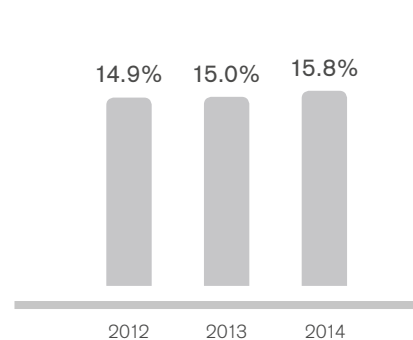
(thousands of policies)



### Share of new business contributed by external networks



### Share of portfolio contributed by external networks



# 3.2 Financial results

(€ millions)

In 2014, Crédit Mutuel Arkéa recorded net income attributable to equity holders of the parent company of €269 million, up 27% relative to 2013 (€213 million).

## Net banking and insurance income

Net banking and insurance income increased by 6.4% (€105 million) to €1.7 billion.

The analysis of net banking and insurance income is based on the segment breakdown used in the financial statements.

### The banking segment

The banking segment includes retail banking for individuals (local savings banks of Crédit Mutuel, Fortuneo, Financo and CFCAL), retail banking for companies (Arkéa Banque Entreprises et Institutionnelles, Arkéa Crédit Bail, Leasecom, Arkéa Capital Investissement and Arkéa Capital Partenaire) and the specialized BtoB subsidiaries (Monext, Arkéa Banking Services and ProCapital Services).

Net banking income increased by 4.7% to €1.3 billion:

- net interest income rose by €57 million to €600 million, largely due to lower funding costs
- commission income was stable at €540 million
- net other operating income and expense increased by €8 million (+6.7%) to €125 million. This increase resulted primarily from gains on the disposal of a building (€19 million).

	2014	2013	% change
Net banking and insurance income	1,724	1,620	6.4%
Operating expenses	(1,193)	(1,139)	4.7%
Gross operating income	531	481	10.4%
Cost of risk	(116)	(150)	(22.3%)
Pre-tax income	418	333	25.4%
Corporate tax	(147)	(119)	23.2%
Net income attributable to equity holders of the parent company	269	213	26.6%
Cost-to-income ratio	69.2%	70.3%	

### The insurance and asset management segment

The insurance and asset management segment includes the life insurance (Suravenir) and non-life-insurance (Suravenir Assurances) companies and the brokerage (Novélia) and asset management (Federal Finance and Schelcher Prince Gestion and Arkéa Capital Gestion) companies.

Net banking and insurance income in the insurance and asset management segment increased by 11.7% to €438 million.

Net banking and insurance income in the life insurance and personal protection segment rose by 14.7% to €275 million, with this increase driven by insurance product savings growth.

Net banking and insurance income for non-life insurance remained stable at €76 million.

The contribution from the asset management activity increased by 13.5% to €87 million, driven in particular by growth in commission income at Schelcher Prince Gestion.

### Operating expenses

Operating expenses totaled €1.2 billion, up 4.7%.

Personnel expenses rose by 6.5%.

Other expenses increased by 4.4%, mainly due to higher taxes and duties.

The cost-to-income ratio therefore improved in 2014 by 1.1 percentage points to 69.2%.

### Cost of risk

After reaching a high in 2013, the cost of risk fell by 22% to €116 million.

### Return on assets

The return on assets (as defined by article R 511-16-1 of the French Monetary and Financial Code) corresponds to reported net income relative to total reported consolidated assets. In 2014 it was 0.26%, compared with 0.23% the previous year.

# 3.3 Capital and regulatory ratios

## 3.3.1 Internal capital adequacy assessment process

Crédit Mutuel Arkéa is subject to European capital adequacy requirements governing credit institutions and financial conglomerates:

- regulations applicable to credit institutions changed in 2014 with the entry into force of the Capital Requirements Regulation (CRR) and transposition into French law of the Capital Requirements Directive 4 (CRD IV); these regulations represent the application of the so-called Basel III provisions,
- the French regulations applicable to financial conglomerates correspond to the transposition of the Financial Conglomerates Directive.

Crédit Mutuel Arkéa's accounting department calculates the banking and financial conglomerate solvency ratios (aggregate ratio for the banking and insurance activities) on the reporting date in accordance with applicable standards, notably on the basis of capital adequacy calculations performed by the Group's Risk department.

The insurance activity's solvency ratio is calculated and monitored by the Group's insurance companies.

The Group's Assets and Liabilities Management (ALM) department monitors and manages the consolidated solvency ratio for the banking activity as well as the financial conglomerates ratio.

Based on regulatory statements, growth forecasts for the Group's activity and appropriate projections of capital adequacy requirements, the Group ALM department determines the ratio projections for the upcoming years in order to anticipate capital needs or to propose optimization measures.

## 3.3.2 Solvency ratios

### Regulatory capital

Common Equity Tier 1 (CET 1) totaled €4.4 billion and represented 97% of total regulatory capital.

Including Tier 2 capital, regulatory capital was €4.5 billion.

(€ millions)

	12/31/2014 CRD IV / CRR standard	12/31/2013 CRD III standard
Tier 1 capital, net of deductions	4,375	3,534
of which, Common Equity Tier 1 (formerly Core Tier 1)	4,375	3,439
Tier 2 capital, net of deductions	145	106
<b>Total capital used to calculate the solvency ratio</b>	<b>4,520</b>	<b>3,640</b>



## Capital requirements

(€ millions)

		12/31/2014 CRD IV / CRR standard	12/31/2013 CRD III standard
<b>Credit risk</b>		<b>2,047</b>	<b>1,780</b>
<b>Standardized method</b>		<b>314</b>	<b>337</b>
	Central governments and public sector	81	52
	Credit institutions	7	22
	Companies	46	58
	Retail customers	164	194
	Shares and other assets that are not corporate bonds	16	11
<b>Internal ratings-based approach</b>		<b>1,733</b>	<b>1,443</b>
	Credit institutions	152	83
	Companies	657	691
	Retail customers	189	195
	Equities	671	394
	Securitization positions	9	18
	Other assets that are not corporate bonds	55	62
<b>Market risk and CVA (standardized method)</b>		<b>9</b>	<b>10</b>
<b>Operational risk (advanced approach almost exclusively)</b>		<b>150</b>	<b>132</b>
<b>Total capital requirements</b>		<b>2,206</b>	<b>1,922</b>

## Solvency ratios

	12/31/2014 CRD IV / CRR standard	12/31/2013 CRD III standard
CET 1 ratio	15.9%	14.3%
Tier 1 ratio	15.9%	14.7%
Overall ratio	16.4%	15.2%

The Common Equity Tier 1 ratio rose sharply from 14.3% to 15.9% in 2014. This favorable trend was mainly due to the inclusion of net income for the year as well as the impact of new regulations (notably the "Danish compromise" allowing insurance investments to be valued as risk-weighted

assets). The "fully loaded" Common Equity Tier 1 ratio, i.e. without transitional provisions, is estimated at 15.9%.

Crédit Mutuel Arkéa also provided input for its scope as part of the ECB's efforts to implement a single supervisory mecha-

nism. As was the case for the Crédit Mutuel scope, the efforts showed the Crédit Mutuel Arkéa's strong resilience with regard to the various scenarios proposed, in particular the stress scenario.

### 3.3.3 Changes being considered under Basel 3

The Basel 3 regulations have defined a new ratio aimed at capping leverage. The simple calculation consists of measuring total assets relative to Tier 1 capital, with a minimum set at 3%.

At end-2014, the European Commission drafted a Delegated Regulation in order to outline the calculation methods. A restrictive standard is expected to be implemented at the European level as of 2018.

Crédit Mutuel Arkéa's leverage ratio is estimated at 7.1% based on the Delegated Regulation, which reflects the significant leeway relative to the 3% minimum threshold.

### 3.3.4 Changes being considered under "Solvency 2"

Suravenir, the life insurance subsidiary, monitors solvency ratios for its own business segment.

The Solvency 2 / Omnibus 2 Directives enacted by the European Parliament seek to improve the current solvency system by overhauling the requirements applicable to insurance organizations to make these requirements better reflect the companies' actual risk exposure.

The Solvency 2 execution measures, commonly known as level 2, were published on January 17, 2015 in the *Official Journal* of the European Union. This publication constitutes an essential step toward the implementation of Solvency 2 as of January 1, 2016. It covers the three pillars of Solvency 2 by clarifying asset and liability valuation rules, capital requirement calculation rules, the eligibility of capital admitted to satisfy these requirements and the governance and information disclosure rules that apply to insurance companies.

The insurance organizations now have a definitive version of one of the basic regulations. The delegated acts constitute a level-2 regulation that takes immediate effect, i.e. it does not require transposition into French law. It gives insurance organiza-

tions a regulatory foundation on which to finalize the preparations for their compliance efforts.

In 2014, the Group's insurance companies continued their preparations for the implementation of the three pillars of Solvency 2:

- Completion of regulatory calculations requested by the French Prudential Supervisory and Resolution Authority (ACPR) as part of the 2014 preparatory exercise
- Construction of the first report on the internal assessment of risks and solvency (ORSA report)
- Filing of regulatory reports on the dedicated ACPR site.

With the Directive's transposition into French law by administrative order scheduled to be published in late March 2015, the Group's insurance companies will be able to use this regulation to continue their ongoing efforts to comply with the three pillars.

# 3.4 Outlook

## Economy

The global economic environment in 2015 should largely resemble that of the previous year. In late 2014, the European Commission came out in favor of efforts to promote investment and growth while remaining committed to budgetary discipline.

The ECB took new measures as of January 22 consisting of buying sovereign debt in order to rekindle credit growth and push inflation toward a target of near 2%.

The economic and financial environment could drive long-term rates up in the United States. Meanwhile, European rates, which reached historic lows in early 2015, could follow the U.S. trend and begin to climb in the second half of the year, although economic conditions and the ECB's policy should mitigate any tensions.

Economic indicators may benefit from steadily rising confidence thanks to a decline in the euro and lower oil prices

while monetary conditions remain very accommodating. In the euro zone, however, continued high unemployment, excessively low inflation and the shortage of concerted projects to stimulate investment and growth could hamper the economic recovery.

## Crédit Mutuel Arkéa: a banking and insurance entrepreneur

The sales growth recorded in 2014 along with the steady progress in business performance have positioned Crédit Mutuel Arkéa well for the future, with satisfactory balance sheet ratios, limited dependence on financial markets and sound solvency indicators.

The 2015 roadmap for all Group companies will center on three main areas:

- maintaining the customer focus
- making the "Banking and insurance entrepreneur" vision a reality
- identifying new growth avenues.

2015 will also mark the conclusion of the "Horizons 2015" medium-term business plan, initiated in 2008, and the laying of groundwork for the Group's next strategic plan. These efforts will be organized through a collaborative approach involving all participants and will definitely include a corporate social responsibility aspect.

## Company outlook since the publication of its most recent verified financial statements

No significant deterioration has affected the company since the closing date of its most recent financial statements, which were verified on December 31, 2014 and published on February 27, 2015.

# 3.5 Consolidated financial statements at December 31, 2014

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report also includes information relating to the specific verification of information given in the management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

## Balance sheet

(in thousands of euros)

	Notes	12/31/2014	12/31/2013
Assets		IFRS	IFRS
Cash, due from central banks	1	1,340,308	2,300,737
Financial assets at fair value through profit or loss	2	11,638,488	9,508,229
Derivatives used for hedging purposes	3	903,809	619,446
Available-for-sale financial assets	4	36,334,417	29,111,025
Loans and receivables due from banks	1	7,363,901	8,936,354
Loans and receivables due from customers	5	40,749,303	39,243,820
Remeasurement adjustment on interest-rate risk hedged portfolios		400,659	214,915
Held-to-maturity financial assets	7	210,154	227,771
Current tax assets	9	129,724	150,103
Deferred tax assets	10	119,289	169,054
Accruals, prepayments and sundry assets	11	2,302,106	1,818,093
Non-current assets held for sale		0	0
Deferred profit-sharing		0	0
Equity method investments	12	205,027	112,390
Investment property	13	534,764	568,464
Property, plant and equipment	14	238,183	254,741
Intangible assets	15	310,577	310,542
Goodwill	16	422,951	422,951
<b>Total assets</b>		<b>103,203,660</b>	<b>93,968,635</b>

(in thousands of euros)

	Notes	12/31/2014	12/31/2013
Liabilities		IFRS	IFRS
Due to central banks	17	0	0
Financial liabilities at fair value through profit or loss	18	779,509	423,492
Derivatives used for hedging purposes	3	622,537	374,104
Due to banks	17	5,056,126	3,525,619
Customer accounts	19	37,610,603	34,549,507
Debt securities	20	15,193,800	17,076,833
Remeasurement adjustment on interest-rate risk hedged portfolios		4,391	5,306
Current tax liabilities	9	116,565	100,292
Deferred tax liabilities	10	124,027	60,944
Accruals, deferred income and sundry liabilities	21	3,678,398	1,832,222
Liabilities associated with non-current assets held for sale		0	0
Insurance companies' technical reserves	22	33,806,036	30,283,496
Provisions	23	361,191	324,660
Subordinated debt	24	382,141	397,286
<b>Total equity</b>		<b>5,468,336</b>	<b>5,014,874</b>
Shareholders' equity, Group share		5,462,602	5,010,383
Share capital and reserves	25	2,216,911	2,137,771
Consolidated reserves	25	2,752,664	2,591,658
Gains and losses recognised directly in equity	26	223,558	68,175
Net income		269,469	212,779
Minority interests		5,734	4,491
<b>Total liabilities and shareholders' equity</b>		<b>103,203,660</b>	<b>93,968,635</b>

## Income statement

(in thousands of euros)

	Notes	12/31/2014	12/31/2013
		IFRS	IFRS
Interest and similar income	30	2,066,678	2,218,148
Interest and similar expense	30	(1,435,471)	(1,629,611)
Fee and commission income	31	553,154	555,532
Fee and commission expense	31	(149,087)	(144,825)
Net gain (loss) on financial instruments at fair value through profit or loss	32	(3,925)	16,839
Net gain (loss) on available-for-sale financial instruments	33	21,887	10,858
Income from other activities	34	5,726,404	5,312,186
Expense from other activities	34	(5,055,976)	(4,719,588)
<b>Net banking income</b>		<b>1,723,664</b>	<b>1,619,539</b>
General operating expenses	35	(1,098,059)	(1,038,372)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	36	(94,457)	(100,243)
<b>Gross operating income</b>		<b>531,148</b>	<b>480 924</b>
Cost of risk	37	(116,431)	(149,838)
<b>Operating income</b>		<b>414,717</b>	<b>331 086</b>
Share of earnings of companies carried under equity method	12	5,423	3,360
Net income on other assets	38	(1,886)	(947)
Goodwill variations		0	0
<b>Pre-tax income</b>		<b>418,254</b>	<b>333,499</b>
Income tax	39	(147,109)	(119,388)
After-tax income from discontinued or held-for-sale operations		0	0
<b>Net income</b>		<b>271,145</b>	<b>214,111</b>
O/w Minority interests		1,676	1,331
<b>Net income - Group share</b>		<b>269,469</b>	<b>212,779</b>

## Statement of net income and gains and losses recognised directly in equity

(in thousands of euros)

	Notes	12/31/2014	12/31/2013
		IFRS	IFRS
<b>Net income</b>		<b>271,145</b>	<b>214,111</b>
Actuarial gains and losses on defined-benefit plans		(11,961)	8,730
Gains and losses non recognised directly in equity for companies accounted for by the equity method		(1)	11
<b>Items not to be recycled to profit and loss</b>		<b>(11,962)</b>	<b>8,741</b>
Revaluation of available-for-sale financial assets		158,426	7,781
Revaluation of derivative hedging instruments		7,859	18,725
Gains and losses recognised directly in equity for companies accounted for by the equity method		1,556	1,995
<b>Items to be recycled in profit and loss</b>		<b>167,841</b>	<b>28,501</b>
<b>Total gains and losses recognised directly in equity</b>	<b>40</b>	<b>155,879</b>	<b>37,242</b>
<b>Net income and gains and losses recognised directly in equity</b>		<b>427,024</b>	<b>251,353</b>
of which, Group share		425,347	250,021
of which, minority interests		1,677	1,332



## Change in shareholders' equity

	Share Capital	Reserves	
<b>Position at January 1, 2013</b>	<b>2,018,906</b>	<b>2,502,736</b>	
Capital increase	113,959		
Elimination of own shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is share-based			
Allocation of the previous year income		168,108	
Dividend paid in 2013 in respect of 2012		(49,833)	
Change in equity interests in subsidiaries with no loss of control		(15,742)	
<b>Subtotal of movements related to relations with shareholders</b>	<b>2,132,865</b>	<b>2,605,269</b>	
Changes in gains and losses recognised directly in equity			
2013 net income			
<b>Subtotal</b>	<b>2,132,865</b>	<b>2,605,269</b>	
Impact of acquisitions and disposals on minority interests			
Share of changes in shareholders' equity of equity method associates and joint ventures		(3)	
Change of accounting methods		(9,639)	
Other changes		937	
<b>Position at December 31, 2013</b>	<b>2,132,865</b>	<b>2,596,564</b>	
Capital increase	78,608		
Elimination of own shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is share-based			
Allocation of the previous year income		212,779	
Dividend paid in 2014 in respect of 2013		(50,089)	
Change in equity interests in subsidiaries with no loss of control		(203)	
<b>Subtotal of movements related to relations with shareholders</b>	<b>2,211,473</b>	<b>2,759,051</b>	
Changes in gains and losses recognised directly in equity			
2014 net income			
<b>Subtotal</b>	<b>2,211,473</b>	<b>2,759,051</b>	
Impact of acquisitions and disposals on minority interests			
Share of changes in shareholders' equity of equity method associates and joint ventures		(520)	
Change of accounting method			
Other changes		(429)	
<b>Position at December 31, 2014</b>	<b>2,211,473</b>	<b>2,758,102</b>	

(in thousands of euros)

	Total gains and losses recognized directly in equity	Net income, Group share	Total equity, Group share	Minority interest in equity	Total equity
	30,935	168,108	4,720,685	4,301	4,724,986
			113,959		113,959
			0		0
			0		0
			0		0
			0		0
		(168,108)	0		0
			(49,833)	(254)	(50,087)
			(15,742)	(905)	(16,647)
	<b>30,935</b>	<b>0</b>	<b>4,769,069</b>	<b>3,142</b>	<b>4,772,211</b>
	37,240		37,240	0	37,240
		212,779	212,779	1,331	214,111
	<b>68,175</b>	<b>212,779</b>	<b>5,019,088</b>	<b>4,473</b>	<b>5,023,561</b>
			0		0
			(3)		(3)
			(9,639)	(2)	(9,641)
			937	20	957
	<b>68,175</b>	<b>212,779</b>	<b>5,010,383</b>	<b>4,491</b>	<b>5,014,874</b>
			78,608		78,608
			0		0
			0		0
			0		0
			0		0
		(212,779)	0		0
			(50,089)	(1,245)	(51,334)
			(203)	187	(16)
	<b>68,175</b>	<b>0</b>	<b>5,038,699</b>	<b>3,433</b>	<b>5,042,132</b>
	155,878		155,878	1	155,879
		269,469	269,469	1,676	271,145
	<b>224,053</b>	<b>269,469</b>	<b>5,464,046</b>	<b>5,110</b>	<b>5,469,156</b>
			0	627	627
			(520)		(520)
			0		0
	(495)		(924)	(3)	(927)
	<b>223,558</b>	<b>269,469</b>	<b>5,462,602</b>	<b>5,734</b>	<b>5,468,336</b>

**Cash flow statement****Cash flows from operating activities**

(in thousands of euros)

	12/31/2014	12/31/2013
Net income	271,145	214,111
Income tax	147,109	119,388
<b>Pre-tax income</b>	<b>418,254</b>	<b>333,499</b>
Amortisation and depreciation of property, plant and equipment and intangible assets	94,065	97,191
Depreciation and impairment of goodwill and other fixed assets	(681)	844
Net additions to depreciations	3,600,574	2,115,992
Share of earnings of companies carried under equity method	(5,423)	(3,360)
Net loss/(gain) from investing activities	(20,333)	(4,406)
Net loss/(gain) from financing activities	0	-
Other movements without cash flows	(153,148)	181,059
<b>Total non-cash items included in net income and other adjustments</b>	<b>3,515,054</b>	<b>2,387,320</b>
Interbank and money market items	2,620,361	653,348
Customer items	1,776,608	3,585,856
Other financial items	(11,018,891)	(9,201,767)
Other non-financial items	1,364,779	(262,015)
Dividends received from companies carried under equity method	4,461	747
Taxes paid	(66,638)	27,632
<b>Increase/(decrease) in operating assets liabilities</b>	<b>(5,319,320)</b>	<b>(5,196,199)</b>
<b>Cash flows from operating activities</b>	<b>(1,386,012)</b>	<b>(2,475,380)</b>

**Cash flows from investing activities**

	12/31/2014	12/31/2013
Financial investments	(6,991)	164,078
Investment property	34,622	(87,793)
Property, plant and equipment and intangible assets	(89,552)	(90,791)
Other	-	-
<b>Cash flows from investing activities</b>	<b>(61,921)</b>	<b>(14,506)</b>

## Cash flows from financing activities

	12/31/2014	12/31/2013
Cash flows from/to the shareholders	134,952	61,030
Other cash flows from financing activities	(15,000)	(96,892)
<b>Cash flows from financing activities</b>	<b>119,952</b>	<b>(35,862)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,327,981)</b>	<b>(2,525,748)</b>
Cash flows from operating activities	(1,386,012)	(2,475,380)
Cash flows from investing activities	(61,921)	(14,506)
Cash flows from financing activities	119,952	(35,862)
<b>Cash and cash equivalents, beginning of the year</b>	<b>2,600,454</b>	<b>5,126,202</b>
Cash, due from/to central banks (assets & liabilities) (Notes 1 and 17)	2,300,737	5,215,486
Loans and receivables due from/to banks (Assets and liabilities) (Notes 1 and 17)	299,717	(89,284)
<b>Cash and cash equivalents, end of the year</b>	<b>1,272,473</b>	<b>2,600,454</b>
Cash, due from/to central banks (assets & liabilities) (Notes 1 and 17)	1,340,308	2,300,737
Loans and receivables due from/to banks (Assets and liabilities) (Notes 1 and 17)	(67,835)	299,717
<b>Change in net cash</b>	<b>(1,327,981)</b>	<b>(2,525,748)</b>

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 from operations record the cash flow generated by the group's line businesses, including such flows arising from negotiable debt securities.

Changes in cash from financing activities include changes related to shareholders' equity, subordinated debt and bonds.

# Notes to the consolidated financial statements at December 31, 2014

## MAJOR EVENTS

### Economic and financial environment

In a constrained economic environment, Crédit Mutuel Arkéa maintained its profitable growth trend in the second half: solid revenues, general operating expenses under control and a lower cost of risk.

In 2014, the Group recorded net income of €269 million (Group share), up 26.6% from the previous year. Net banking income rose significantly through the combined effects of increased revenues and the funding costs trend. The cost of risk declined sharply, especially in the corporate market.

Crédit Mutuel Arkéa presents solid fundamentals in terms of its balance sheet structure and ratios.

A cooperative and regional bank, Crédit Mutuel Arkéa stands out as a major player in regional economic development and is continuing to pursue its development objectives.

The Group thereby supported the reconfiguration of Primonial's share capital in 2014. The Primonial Group joined the consolidation scope as of October 1, 2014.

Pursuant to the new International Financial Reporting Standards (IFRS) 10-11-12, the securitization fund (Fonds Commun de Titrisation – FCT) Arkéa Collectivités is fully consolidated starting in 2014.

Lastly, the Group dissolved the company Infolis on March 7, 2014.

## ACCOUNTING STANDARDS APPLIED

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its interim consolidated financial statements for the period ending December 31, 2014 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date. These statements are presented in accordance with recommendation 2013-04 of the French Accounting Standards Authority.

As of December 31, 2014, the group is subject to new standards, applicable at January 1, 2014, which are presented in the following table

IAS / IFRS Standards	Topic	Application date	Impact of application
IFRS 10/11/12 IAS 28 revised	Standards relating to consolidation and financial disclosures of unconsolidated entities	1/1/2014	These standards redefine the notion of control exercised on an entity and specify the disclosures to be made in the notes to the financial statements. An in-depth presentation of their impact is provided in the section on changes in method.
IAS 27 revised	Separate financial statements	1/1/2014	Limited
IAS 32 Amendment	Offsetting financial assets and financial liabilities	1/1/2014	Limited
IAS 36 Amendment	Recoverable amount disclosures for non-financial assets	1/1/2014	Limited
IAS 39 Amendment	Novation of derivatives and continuation of hedge accounting	1/1/2014	This amendment makes it possible to continue hedge accounting where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, without changing the terms of the hedging instrument. This amendment will limit the impact of the establishment of EMIR in the European Union.

In addition, the group decided not to apply optional new standards and interpretations adopted by the European Union when application is only optional in 2014.

IAS / IFRS Standards	Topic	Application date	Impact of application
IFRIC 21	Levies by public-sector authorities on entities active in a market	1/1/2015	Ends the progressive recognition of certain levies in the interim financial statements

The Group will apply the IFRIC 21 interpretation "Levies" in the consolidated financial statements as of January 1, 2015. Had it been applied as of December 31, 2014, the impact would have been immaterial (a €0.6 million decrease in consolidated net income).

The standards adopted by the European Union may be viewed on the European Commission's web site:  
[http://ec.europa.eu/internal\\_market/accounting/ias/index\\_fr.htm](http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm)

## CHANGES IN ACCOUNTING METHODS

### Impacts of application of IFRS 10, 11 and 12 and of IAS 28R

IFRS 10 "Consolidated financial statements" introduces changes and clarifications with respect to the definition of control. In particular, management will have to exercise more judgment. The new definition of control is based on several factors: the power exercised over the entity, the exposure or rights to variable returns of the entity and the ability to affect those returns through power over productivity.

The analysis has led Crédit Mutuel Arkéa Group to reconsider its relationship with certain entities and to consolidate them. For UCITS that are more than 20%-owned,

the Group now analyzes control based on the following criteria:

- Ties between the management company and the Group,
- Revocable nature of the fund's management company,
- Exposure to the return.

Crédit Mutuel Arkéa Group determines whether control and exposure to returns exist by including mutual fund shares held by the Group's insurance companies in the general account and unit-linked contracts.

Moreover, in light of the new definition of control, the "Collectivités" securitization fund is also included in the consolidation scope.

IFRS 11 "Joint Arrangements" was not applicable in the Group.

The impacts of IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" are limited.

**Financial statements pro forma (application of IFRS 10/11/12 and IAS 28R)****Balance sheet**

(in thousands of euros)

	12/31/2013	12/31/2013
	Pro forma IFRS	IFRS
<b>Assets</b>		
Financial assets at fair value through profit and loss	11,125,127	9,508,229
Available-for-sale financial assets	29,007,721	29,111,025
Loans and receivables due from banks	8,942,957	8,936,354
Loans and receivables due from customers	39,404,449	39,243,820
<b>Total assets</b>	<b>95,649,461</b>	<b>93,968,635</b>

	12/31/2013	12/31/2013
	Pro forma IFRS	IFRS
<b>Liabilities</b>		
Debt securities	17,139,789	17,076,833
Accruals, deferred income and sundry liabilities	3,449,427	1,832,222
<b>Total equity</b>	<b>5,015,539</b>	<b>5,014,874</b>
Shareholders' equity, Group share	5,010,421	5,010,383
Consolidated reserves	2,591,591	2,591,658
Net income	212,885	212,779
Minority interests	5,118	4,491
<b>Total of liabilities</b>	<b>95,649,461</b>	<b>93,968,635</b>

**Income statement**

(in thousands of euros)

	12/31/2013	12/31/2013
	Pro forma IFRS	IFRS
Interest and similar income	2,223,048	2,218,148
Interest and similar expense	(1,631,386)	(1,629,611)
Income from other activities	5,309,541	5,312,186
General operating expenses	(1,038,682)	(1,038,372)
<b>Net income</b>	<b>214,281</b>	<b>214,111</b>
of which, minority interests	1,396	1,331
<b>Net income (Group share)</b>	<b>212,885</b>	<b>212,779</b>

**Statement of net income and gains and losses recognised directly in equity**

(in thousands of euros)

	12/31/2013	12/31/2013
	Pro forma IFRS	IFRS
<b>Net income and gains and losses recognised directly in equity</b>	<b>251,523</b>	<b>251,353</b>
of which, Group share	250,127	250,021
of which, minority interests	1,396	1,332



## ACCOUNTING PRINCIPLES AND EVALUATION METHODS

### Use of judgments and estimates in the preparation of financial statements

Preparation of the group's financial statements requires that we make assumptions and estimates whose future realisation involves certain risks and uncertainties. Accounting estimates requiring the use of assumptions are used primarily for measuring the following:

- fair value of financial instruments not quoted on an active market and measured at fair value,
- permanent impairment of financial assets classified as "available-for-sale,"
- impairment of loans and receivables,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

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

### Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value 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 or liabilities measured and managed at fair value,
- substantial elimination or reduction of an accounting treatment inconsistency.

The Crédit Mutuel Arkéa group uses this option to record 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 the accounting treatment with the related insurance liabilities,
- shares of UCITS in which the management company is in the Group,
- certain structured or restructured products (CDOs, convertible bonds),
- issues of liabilities originated and structured on behalf of clients whose risks and any hedging thereof are managed as part of the same whole.

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

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 master agreements for each derivative transaction.

However, these derivatives are not netted on the balance sheet.

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). Moreover, the change in valuation techniques, which in particular takes into account the clarifications provided by this standard, led the Group to adjust the methods for measuring 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 credit valuation adjustment (CVA) calculation consists of multiplying the Group's expected positive exposure with regard to the counterparty, estimated using the so-called swaptions method, by the probability of default (PD) of the counterparty and the loss given default (LGD) rate. The debt valuation adjustment (DVA) calculation consists of multiplying the Group's expected negative exposure with regard to the counterparty, estimated using the so-called swaptions method, by the Group's probability of default (PD) and loss given default (LGD) rate.

The calculation methodology uses on market data, notably CDS curves for the PD estimate.

The funding valuation adjustment (FVA) is intended to materialize the cost to finance positions on derivative instruments that do not involve any posting of collateral. The FVA calculation consists of multiplying the Group's expected exposure with regard to the counterparty by the estimated market financing cost.

The amount recognized on the balance sheet with respect to valuation adjustments was negative €16.4 million as of December 31, 2014.

Financial assets representative of unit-linked insurance contracts include bonds issued by group entities that have not been eliminated through consolidation, in order to maintain the matching of technical provisions on unit-linked contracts with the fair value of the identified assets, which are themselves recognized at fair value. Not eliminated fixed-income securities totaled €422 million as of December 31, 2014 compared with €436 million as of December 31, 2013. Their elimination would have had a negative after-tax impact on net income of €2.9 million for the year ended December 31, 2014.

Initially, financial assets or liabilities at fair value through profit or loss are recognised at their fair value excluding acquisition costs and including accrued coupons. At the balance sheet date, they are measured at fair value and changes in fair value are recorded in the income statement for the period under the heading "Net gain (loss) on financial instruments at fair value through profit or loss."

Dividends from variable-income securities and the gains or losses realised on such securities are also recorded under the income statement heading "Net gain (loss) on financial instruments at fair value through profit or loss."

Accrued or earned income from fixed-income securities belonging to this category is recorded in the profit and loss account under the heading "Net gain (loss) on financial instruments at fair value through profit or loss". No impairment is recognised 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.

Realised and unrealised gains and losses are recognised on the income statement under "Net gain (loss) on financial instruments at fair value through profit or loss".

#### **Derivative financial hedging instruments – assets and liabilities**

To classify a financial instrument as a hedging derivative, the Group prepares formalised 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%,
- 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.

#### **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 under the heading "Net gain (loss) on financial instruments at fair value through profit or loss" in symmetry with the revaluation of the hedged transaction. The only impact on the income statement is the potential ineffectiveness of the hedge.

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. Retrospectively, hedges must be discontinued when the underlyings to which they are linked become insufficient.

#### **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 recognised 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 if it becomes ineffective, 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.

#### **Available-for-sale financial assets**

IAS 39 defines available-for-sale financial assets (AFS) as a 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. On the balance sheet date, such securities are measured at their fair value through equity "Gains and losses recognised directly in equity".

Such unrealised gains or losses recognised in equity are only recognised in the income statement if the securities are disposed or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognised 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 available-for-sale."

#### **Impairment of securities**

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

In the case of variable-income 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 leads to an increase in impairment charged against net 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," and may be written back through profit when the market value of the security has increased due to some objective event that has taken place since the the last time it was written down.

#### **Held-to-maturity financial assets**

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the group intends and is able to hold to maturity.

Initially, they are recognised 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.

#### Exposure to sovereign debt risk

##### Net direct exposure to Greek and Irish sovereign debt risk:

Since December 31, 2012, the Group has no longer held any Greek securities.

Net direct exposure to Irish sovereign debt risk is presented in the table below:

#### Exposure to sovereign debt risk

(€ millions)

	Ireland
Assets at fair value through profit or loss	0.00
Available-for-sale assets	308.33
Held-to-maturity assets	0.00
<b>Total</b>	<b>308.33</b>
Gains and losses recognised directly in equity	4.43

Net exposure corresponds to the value of the securities on the balance sheet, net of the amortization of any premiums and discounts and any write-down of the securities, and including the impact of any hedges. The net exposure of the insurance business is presented for information purposes only, as it is the product of a theoretical calculation that takes account of the deferred profit-sharing mechanisms specific to life insurance.

#### Loans and receivables due from credit institutions and customers

"Loans and receivables" are financial assets with fixed or determinable payments that are not quoted on an active market. All loans and receivables owed to Crédit Mutuel Arkéa group by credit institutions and customers that are not intended for sale when extended are recognised in the "Loans and receivables" category.

Initially, they are recognized at market value which is usually the net amount initially paid out including the transaction costs directly attributable to the transaction and fees analysed as an adjustment to the effective yield of the loan. On the balance sheet date, loans and receivables are valued at amortised cost. Interest, transaction costs, and fees included in the initial value of the loans are amortised over the life of the loan in proportion to the outstanding principal balance. In this manner they contribute to the formation of income over the life of the loan.

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 following the debtor's financial difficulties results in the novation of the loan agreement. Based on the definition of this concept by the European Banking Authority (EBA) in

its draft standards, published in late October 2013, the Group identified loan restructuring (Forbearance) on those loans held as of December 31, 2013. The accounting impact of the loan restructuring was integrated into the financial statements of 2014.

#### Impairment of loans and receivables

##### Receivables written-down on an individual basis

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

- there have been one or more delinquent payments lasting at least three months (six months for loans to homebuyers and takers of property leases, nine months for loans to local governments, owing to the specific characteristics of these credits);
- the position of a counterparty presents characteristics such that even if there has been no delinquency, we can conclude that there is an established risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganisation/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy, liquidation of property, including assignments in an international court.

The classification of the outstandings of any given counterparty as impaired leads by

contagion to an identical classification of all those counterparty's assets and liabilities, and this irrespective of the existence of guarantees or collateral. This contagion extends to all of the other members of the same household (except minors) as well as all counterparties belonging to the same risk group.

The loss due to impairment is 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 amounts estimated conservatively. As a result, only the impairment on disputed receivables has been discounted. In the income statement, impairment loss movements 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."

##### Receivables written-down on a collective basis

Loans not individually impaired are grouped together based on their level of credit risk in order to form homogenous groups. The method for calculating group impairment is based primarily on the standards for measuring risks implemented as part of the Basel II reform.

This method entails recording impairment for the classes of risk corresponding to the highest probabilities of default. It takes into account the recalibration of the algorithms requested by the Autorité de Contrôle Prudentiel et de Résolution as part of the Basel II certification.

Furthermore, Crédit Mutuel Arkéa may be led to establish an additional collective reserve to cover the credit risk of a given economic sector or geographic region that is not covered by any individual impairment provisions.

#### Customer finance leases

Leasing operations are classified as finance leases when they transfer to the lessee substantially all the risks and rewards incidental to the ownership of the leased property. When this is not the case, leasing operations are classified as operating leases.

Finance leases are recognized on the balance sheet at the amount corresponding to the value of the minimum payments

receivable from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the rental payments is recorded on the income statement under the heading "Interest and similar income."

#### Property, plant and equipment, intangible assets and investment property

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

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

Pursuant to IAS 40, the Group's property is classified as "investment property" when it is held primarily to earn rentals or for 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 is determined on a specific expert evaluation.

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

- all software-related expenditures that do not satisfy the conditions for capitalisation (notably preliminary research and functional analysis expenses) are recognised as expenses;
- all software expenditures incurred after the start of the production process (detailed analysis, development, validation, documentation) are capitalised.

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	Amortisation period
Land	Not amortised
Structural works	Head offices and investment property: 50 years; Agencies 25 years
Non-structural works	25 years
Plant and equipment	20 years
Fixtures and fittings	3 to 10 years

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

	Amortisation period
Furniture	10 years
Computer equipment	3 to 5 years
Self-produced and acquired software	2 to 5 years
Portfolio of customer contracts acquired	6 to 13 years

In cases where the software is used in connection with a commercial contract the amortisation period may exceed five years, and is defined in terms of the contract period.

Amortisation is calculated using the straight-line method. For tangible and intangible non-current assets, amortisation is recorded on the income statement under the heading "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets". For investment property, they are recorded under the heading "expense from other activities."

Indefinite-life assets are not depreciated but are the subject of impairment tests at least once a year.

Insofar as concerns goodwill, if the recoverable amount of the related cash-generating unit is less than its carrying amount, an irreversible provision for impairment loss of goodwill is recognised. The impairment loss 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 cash-generating unit.

The valuation calculations are largely based on the discounted cash flow (DCF) method, which relies on assumptions regarding future revenue and expense trends based on medium-term plans, extrapolated to infinity on the basis of discounted growth rates.

The cash flows used are determined on the basis of the business plans of each cash generating unit (CGU) over a defined horizon of between three and five years. The discount rates used correspond to the cost of capital calculated using the capital asset pricing model. This method is based on a risk-free interest rate to which a risk premium is applied that depends on the underlying activity of the corresponding cash generating unit. The discount rates used in 2014 range between 7.63% and 10.46% while the growth rates to infinity range between 2.0% and 2.5%.

In addition, sensitivity tests are performed to measure the impact on the recoverable amount of changes in certain assumptions such as the discount rate or the growth rate to infinity. These measures led to the following results:

- a 25 basis point increase in the discount rate would result in a 3.2% overall reduction in the recoverable amounts without engendering any impairment of a CGU;

- a 25 basis point decrease in the growth rate to infinity would result in a 2.04% overall reduction in the recoverable amounts without engendering any impairment of a CGU.

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

#### **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."

#### **Amounts owed to institutions and customers**

At inception, amounts owed to financial institutions and customers are recognised at fair value, which normally is the net amount received initially minus transaction costs that can be directly assigned to the transaction when they are significant. On the balance sheet date, such amounts are valued at their amortised cost according to the effective interest rate method.

By nature, regulated savings products earn interest at the market rate. Housing savings plans and housing savings accounts are the subject to a provision when necessary.

Accrued interest or interest due on amounts due to financial institutions and customers are recorded on the income statement under the heading "Interest and similar expense."

#### **Debt securities**

Liabilities in the form of securities issued are broken down by type of security (certificates of deposit, interbank market securities and negotiable debt securities, bond issues and similar) except for subordinated debt securities which are classified as subordinated debt.

Initially, they are recognised at fair value i.e. at their issue price less any transaction costs that can be directly related to the transaction when they are significant. On the balance sheet date, said amounts are valued at amortised cost according to the effective interest rate method. Accrued interest or interest due on debt securities represented by a certificate are recorded in the income statement under the "Interest and similar expense."

#### **Provisions**

The group's obligations for which it is probable that an outflow of resources will become necessary to settle them and whose amount or due date are uncertain but which may be estimated reliably are the subject of provisions. In particular, such provisions cover labor-related commitments, home savings product risks, disputes and liability guarantees.

#### **Pension commitments**

Pension schemes can be 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 recognised as an expense, recorded in « personnel expenses ». Only defined benefit schemes give rise to an obligation for the group. This obligation must be measured and recognised as a liability by means of a provision. These pension commitments are fully provisioned in the balance sheet under "Provisions". Retirement benefits, time savings accounts and long-term service awards are recorded in this same account.

The group's obligation is calculated with the projected unit credit method, using demographic, workforce turnover, salary increase, discount and inflation rates. Specifically, the calculations use a discount rate of 1.95% in December 2014 (this rate is determined by reference to the iBoxx corporate AA 10+ euro zone index based on corporate bonds). The calculations also include an employee turnover rate of between 0.56% and 4.35% and a salary increase rate of between 1.48% and 2.50%. Commitments are calculated using



the TH00-02 and TF00-02 life expectancy tables for the phase during which the commitment is being constituted and the TGH05 and TGF05 life expectancy tables for the phase during which pensions are paid out.

Actuarial gains and losses represent the differences arising from changes in assumptions or differences between earlier assumptions and actual results.

For others long-term benefits, differences are recognised immediately in the income statement for the year.

As for post-employment benefits, actuarial differences are recognised under "Gains and losses recognised directly in equity".

### Provisions for home savings accounts and plans

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

- the commitment to extend home loans to account holders and subscribers of home savings plans at a mandated interest rate that could 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 write-backs are recognised in the profit and loss account under "Interest and similar income" and "Interest and similar expense".

### Subordinated debt

Subordinated debt are definite or indefinite term debt that may or may not be represented by a certificate and which differ from receivables or bonds because repayment will take place only in the event of the liquidation of the debtor and after all the secured creditors have been paid. They are valued according to the amortised cost method. The accrued interest or interest due on subordinated debt is recorded on the income statement under the heading "Interest and similar expense."

### 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

The fair value of assets and liabilities is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability during an arm's length transaction between market participants as of 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 at the 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
- Available-for-sale financial assets
- Derivatives used for hedging purposes.

Other financial assets and liabilities are initially recognized at fair value. They are subsequently recognized at their amortised 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 due from banks and customers;
- Held-to-maturity financial assets;
- Liabilities to credit institutions and customers;
- Debt securities and subordinated debt.

Assets and liabilities are furthermore broken down into three hierarchy levels, corresponding to the degree of observability of inputs used in the valuation techniques to determine their 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 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 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 for swaps or the Black & Scholes model for options.

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 like swaps and options products,
- Structured products.

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

Two methods are used to measure banks loans and receivables deposits:

- 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, maturing in over one year is measured using the Black & Scholes model.

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

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

Signature cost of the group is included in the rate curve held for the valuation of debt securities and subordinated debt.

The nominal value of short-term receivables and debt (under one year) is equivalent to their fair value.

**Level 3:** Assets and liabilities whose fair value is calculated using data on assets or liabilities that are 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.
- private equity funds
- certain specialized financings
- securities held by private equity companies.

Equity investments that are not listed on an official market are measured internally. In most cases, these holdings are measured on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

The valuation methods used by private equity companies generally include:

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

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

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

The day-one profit, i.e. the difference between the transaction price and the valuation of the instrument using valuation techniques, is considered as null. The transaction prices carried out by the group for its own account are recognised at fair value. Transactions carried out on behalf of customers generate a premium, which is recognized as revenue at inception.

### Accounting principles for the insurance business

The specific accounting policies and

valuation methods applied to assets and liabilities arising from the issuance of insurance policies are established in accordance with IFRS 4. The latter is also applicable to reinsurance contracts entered into and financial contracts that include a discretionary profit-sharing provision.

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.

### Assets

The accounting methods applied to financial assets, investment properties and other fixed assets are described elsewhere.

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

### Liabilities

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 unrealized 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).

### Income statement

Income and expenses arising on insurance contracts written by the Group are recognized under "Income from other activities" and "Expense from other activities".

Income and expenses relating to the insurance entities' proprietary activities are recognized under the appropriate line items.

## CONSOLIDATION PRINCIPLES AND METHODS

### Scope of consolidation and criteria Consolidating entity

The consolidation scope includes all significant entities over which the consolidating entity exercises control or influence over management.

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

- the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations,
- the Crédit Mutuel savings banks that are members of said federations
- Crédit Mutuel Arkéa.
- The consolidation scope includes entities over which the Group exercises exclusive or joint control or significant influence and whose financial statements are significant relative to the Group's consolidated financial statements, notably with respect



to the balance sheet and contribution to net income.

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 rights to variable returns from its involvement with the entity, and (iii) has the ability to exercise its power over the entity in such a way as to affect the returns it obtains.

The integration of a subsidiary into the Group's consolidated financial statements occurs on the date when the Group obtains control and ceases on the day the Group loses control of 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 a company 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 results, assets and liabilities of associates or joint ventures are recognized in the Group's consolidated financial statements under the equity method.

Under the equity 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 income 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. When an investment in an associate or joint venture is made, any difference between the cost of the investment and the Group's share of the fair value of the entity's identifiable assets and liabilities is recognized as goodwill. If the net fair value of the entity's identifiable assets and liabilities exceeds the cost of the investment, the difference is shown through profit.

#### Investment in joint operations

A joint operation is a partnership in which the parties exercising joint control over the entity have direct claims over the assets as well as obligations with respect to the liabilities related to this operation.

#### Main changes in scope of consolidation

The initial application of IFRS 10 resulted in the consolidation of 45 UCITS and the "Collectivités" securitization fund.

In March 2014, Infolis was dissolved through the merger of assets and liabilities with its sole partner Crédit Mutuel Arkéa.

On October 1, 2014, Crédit Mutuel Arkéa acquired joint control of Primonial, which specializes in asset management (note 46).

The consolidated entities of Crédit Mutuel Arkéa are presented in note 45.

## CONSOLIDATION PRINCIPLES

#### Balance sheet date

The balance sheet date for nearly all the consolidated companies is December 31.

#### Inter-company transactions

Reciprocal receivables, payables, and commitments and significant reciprocal expenses and income are eliminated for companies that are fully consolidated. For companies consolidated proportionally, the percentage consolidated of the company controlled jointly is eliminated.

#### 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 shown immediately through profit under "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 would benefit from the acquisition. Any goodwill impairment is determined based on the recoverable amount of the cash generating unit to which it was allocated. Cash generating units are defined based on the Group's organizational and management methods and take into account the independent nature of these units.

When the Group increases its ownership interest in a company that is already controlled, the difference between the

purchase price of the shares and the additional share of the consolidated shareholders' equity that these securities represent on the acquisition date is recognized in shareholders' equity.

In the event of a reduction in the equity interest without any loss of control, the impact of the change in equity interest is also recognized directly in equity.

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

Rental, leases with a buy-out clause and financial leases are re-processed 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. The difference on share capital, reserves and profit carried forward is recorded in shareholders' equity 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.

#### **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 when it is probable that the company will have sufficient future taxable income against which the temporary differences can be used. Deferred taxes are recognized as income or expense except for those related to unrealized or deferred gains or losses for which deferred tax is allocated directly against this heading in equity. 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 calculation of deferred taxes takes into account the extraordinary contribution of 10.7% of the amount of corporate income tax applicable until December 30, 2016.

The "contribution économique territoriale" (CET) is treated as an operating expense and does not entail the recognition of deferred taxes in the consolidated financial statements.

## Notes on the balance sheet (in thousands of euros)

## Note 1. Cash, due from central banks

## Loans and receivables due from banks

	12/31/2014	12/31/2013
<b>Cash, due from central banks</b>		
Due from central banks	1,197,068	2,175,740
Cash	143,240	124,997
<b>Total</b>	<b>1,340,308</b>	<b>2,300,737</b>
<b>Loans and receivables due from banks</b>		
Crédit Mutuel network accounts	513,851	541,065
Other regular accounts	384,177	239,457
Loans	6,126,057	8,035,054
Securities not listed on an active market	10,000	10,000
Repurchase agreements	249,978	0
Receivables written down on an individual basis	0	0
Receivables related to all accounts	79,838	110,778
Depreciation	0	0
<b>Total</b>	<b>7,363,901</b>	<b>8,936,354</b>
Of which, demand loans and deposits with banks	399,409	628,446

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

	12/31/2014	12/31/2013
Assets classified at fair value option	11,098,755	9,228,483
Assets held for trading purposes	539,733	279,746
<b>Total</b>	<b>11,638,488</b>	<b>9,508,229</b>

**Note 2a. Assets classified at fair value option**

	12/31/2014	12/31/2013
<b>Securities</b>	<b>11,080,494</b>	<b>9,198,768</b>
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	2,436,538	2,163,233
Listed	2,365,777	2,103,829
Unlisted	70,761	59,404
■ Stocks and other variable-income securities	8,643,956	7,035,535
Listed	5,754,806	5,609,851
Unlisted	2,889,150	1,425,684
<b>Other financial assets <sup>(1)</sup></b>	<b>18,261</b>	<b>29,715</b>
Of which securities loaned under purchased agreements	0	0
<b>Total</b>	<b>11,098,755</b>	<b>9,228,483</b>

(1) Customers and interbank loans and receivables

The maximum non-recovery risk for loans recognized at fair value through profit or loss totaled €17,922 thousand. This amount is not hedged by credit derivatives.

**Note 2b. Assets held for trading purposes**

	12/31/2014	12/31/2013
<b>Securities</b>	<b>3,725</b>	<b>11,398</b>
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	3,725	11,398
Listed	3,711	11,342
Unlisted	14	56
■ Stocks and other variable-income securities	0	0
Listed	0	0
Unlisted	0	0
<b>Derivatives held for trading purposes</b>	<b>536,008</b>	<b>268,348</b>
<b>Other financial assets</b>	<b>0</b>	<b>0</b>
Of which securities loaned under purchased agreements	0	0
<b>Total</b>	<b>539,733</b>	<b>279,746</b>

**Note 3. Derivatives used for hedging purposes**

	<b>12/31/2014</b>		<b>12/31/2013</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Cash flow hedges	1,806	41,263	3,713	52,056
Fair value hedges	902,003	581,274	615,733	322,048
<b>Total</b>	<b>903,809</b>	<b>622,537</b>	<b>619,446</b>	<b>374,104</b>

The value of changes in cash flows recycled through profit or loss was equal to €4,467 thousand.

**Note 4. Available-for-sale financial assets**

	<b>12/31/14</b>	<b>12/31/13</b>
<b>Treasury bills, notes and government bonds</b>	<b>4,637,033</b>	<b>742,636</b>
<b>Bonds and other fixed-income securities</b>	<b>29,023,650</b>	<b>26,059,433</b>
Listed	27,136,748	23,463,103
Unlisted	1,886,902	2,596,330
<b>Stocks and other variable-income securities</b>	<b>1,669,888</b>	<b>1,393,643</b>
Listed	998,842	966,199
Unlisted	671,046	427,444
<b>Investment securities</b>	<b>404,905</b>	<b>355,365</b>
Long-term investments	268,608	230,335
Other long-term investments	49,738	43,874
Shares in associates	86,559	81,156
Translation adjustments	0	0
Loaned securities	0	0
<b>Related receivables</b>	<b>598,941</b>	<b>559,948</b>
<b>Total</b>	<b>36,334,417</b>	<b>29,111,025</b>
Of which, unrealised capital gains/losses recognised directly in equity	392,777	163,422
Of which, securities sold under repurchase agreements	0	0
Of which, impaired securities	0	0
Of which impaired bonds	45,238	69,992
Of which depreciation for impairment recorded in profit or loss	(63,244)	(76,631)
Of which, listed long-term investments	0	0

**Note 5. Loans and receivables due from customers**

	<b>12/31/14</b>	<b>12/31/13</b>
Performing receivables	38,631,152	37,381,515
■ Commercial receivables	112,189	58,100
■ Other loans to customers	38,384,086	37,189,485
Housing loans	20,368,466	19,809,168
Other loans and various receivables, including repurchase agreements	18,015,620	17,380,317
■ Related receivables	134,877	133,930
■ Securities not listed on an active market	0	0
Insurance and reinsurance receivables	125,886	121,408
Receivables written down on an individual basis	1,512,375	1,410,848
<b>Gross receivables</b>	<b>40,269,413</b>	<b>38,913,771</b>
Specific depreciations	(874,718)	(828,247)
Collective depreciations	(88,879)	(87,322)
<b>Subtotal I</b>	<b>39,305,816</b>	<b>37,998,202</b>
Finance leases (net investment)	1,467,146	1,264,571
Movable goods	721,312	594,650
Real estate property	692,124	625,401
Receivables written down on an individual basis	53,710	44,520
Depreciation	(23,659)	(18,953)
<b>Subtotal II</b>	<b>1,443,487</b>	<b>1,245,618</b>
<b>Total</b>	<b>40,749,303</b>	<b>39,243,820</b>
Of which, equity loans with no voting rights	0	0
Of which, subordinated loans debt	0	0

**Note 6a. Information on impaired assets and the payment arrears**

	Payment arrears				Guarantees on payment arrears
	less than 3 months	3 to 6 months	6 months to 1 year	more than 1 year	
<b>Equity instruments</b>					<b>0</b>
<b>Debt instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Central banks	0	0	0	0	0
Banking institutions	0	0	0	0	0
Other financial corporations	0	0	0	0	0
Non-financial corporations	0	0	0	0	0
Retail customers	0	0	0	0	0
<b>Loans and receivables</b>	<b>313,437</b>	<b>6,564</b>	<b>1,080</b>	<b>0</b>	<b>213,440</b>
Central banks	121	0	0	0	0
Banking institutions	32	0	0	0	0
Other financial corporations	0	0	0	0	0
Non-financial corporations	85,396	0	0	0	51,430
Retail customers	227,888	6,564	1,080	0	162,010
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>313,437</b>	<b>6,564</b>	<b>1,080</b>	<b>0</b>	<b>213,440</b>
<b>Unallocated guarantees</b>					<b>0</b>

This table includes all outstandings not considered impaired within the meaning of French Accounting Regulations Committee (CRC) Standard 2002-03 but on which one or more delinquent payments have been observed. The total value of the commitment on which a delinquent payment has been observed is declared, rather than merely the value of the delinquent payment. The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

**Note 6b. Restructured loans by type**

Restructured loans by type as of 12/31/2014	Renegotiation of contract	Total or partial refinancing of debt instrument	Total
<b>Performing loans</b>	<b>18,751</b>	<b>75,214</b>	<b>93,965</b>
Gross doubtful loans	118,116	139,888	258,004
Restructured doubtful loans - impairment losses	(51,791)	(83,450)	(135,241)
<b>Net doubtful loans</b>	<b>66,325</b>	<b>56,438</b>	<b>122,763</b>

**Note 7. Held-to-maturity financial assets**

	<b>12/31/14</b>	<b>12/31/13</b>
Securities	205,764	222,842
■ Treasury bills, notes and government bonds	69,361	63,987
■ Bonds and other fixed-income securities	136,403	158,855
Listed	97,877	120,329
Unlisted	38,526	38,526
Related receivables	4,390	4,929
<b>Gross total</b>	<b>210,154</b>	<b>227,771</b>
Depreciation	0	0
<b>Net total</b>	<b>210,154</b>	<b>227,771</b>

**Note 8. Depreciations**

	<b>12/31/13</b>	<b>Allocations</b>	<b>Write-backs</b>	<b>Other</b>	<b>12/31/14</b>
Loans and receivables – financial institutions	0	0	0	0	0
Loans and receivables due from customers	(934,522)	(398,362)	351,649	(6,021)	<b>(987,256)</b>
Available-for-sale securities	(76,631)	(2,017)	13,385	2,019	<b>(63,244)</b>
Held-to-maturity securities	0	0	0	0	<b>0</b>
<b>Total</b>	<b>(1,011,153)</b>	<b>(400,379)</b>	<b>365,034</b>	<b>(4,002)</b>	<b>(1,050,500)</b>

**Note 9. Current tax**

	<b>12/31/14</b>	<b>12/31/13</b>
Assets (through profit or loss)	129,724	150,103
Liabilities (through profit or loss)	116,565	100,292

**Note 10. Deferred tax**

	<b>12/31/14</b>	<b>12/31/13</b>
Assets (through profit or loss)	99,461	141,198
Assets (through equity)	19,828	27,856
Liabilities (through profit or loss)	18,610	16,285
Liabilities (through equity)	105,417	44,659

**Breakdown of deferred taxes by major category**

	<b>12/31/14</b>	<b>12/31/13</b>
Loss carryforwards	12,718	54,709
Temporary differences on:		
Deferred gains or losses on available-for-sale assets	(119,387)	(48,450)
Unrealised gains and losses on cash flow hedging	12,130	16,252
Unrealised gains and losses on actuarial differences	21,669	15,395
Provisions for risks and losses nondeductible	57,557	51,585
Unrealised reserves of finance leases	(24,606)	(15,528)
Other temporary differences	35,181	34,147
<b>Total deferred tax assets and liabilities</b>	<b>(4,738)</b>	<b>108,110</b>

Deferred tax are netted on the balance sheet by tax entity.



**Note 11. Accruals, prepayments and sundry assets**

	12/31/14	12/31/13
<b>Accruals – assets</b>		
Receivables collection	420,467	404,463
Foreign currency adjustment accounts	19,454	7,844
Income receivable	72,986	93,836
Miscellaneous accrual accounts	175,401	227,094
<b>Subtotal</b>	<b>688,308</b>	<b>733,237</b>
<b>Other assets</b>		
Settlement accounts for security transactions	150,043	169,730
Various debtors	520,623	361,747
Versed deposits	859,797	466,701
Inventories and similar	6,064	5,930
Other miscellaneous applications of funds	2	27
<b>Subtotal</b>	<b>1,536,529</b>	<b>1,004,135</b>
<b>Other insurance assets</b>		
Technical provisions - Reinsurers' share	52,801	56,826
Other	24,468	23,895
<b>Subtotal</b>	<b>77,269</b>	<b>80,721</b>
<b>Total</b>	<b>2,302,106</b>	<b>1,818,093</b>

**Note 12. Equity method investments**

## Share of earnings of companies carried under equity method

	12/31/14			12/31/13		
	Investment	Share of earnings	Dividends	Investment	Share of earnings	Dividends
Caisse Centrale du Crédit Mutuel	115,919	3,037	678	111,160	3,361	747
Crédit Mutuel Cartes de Paiement	(838)	2,153	3,783	1,230	(1)	0
Primonial Holding	89,946	234	0	0	0	0
<b>Gross total</b>	<b>205,027</b>	<b>5,423</b>	<b>4,461</b>	<b>112,390</b>	<b>3,360</b>	<b>747</b>

## Additional data regarding the main equity-accounted entities (under IFRS)

	Total Balance sheet	NBI	Gross operating income	Net income	OCI	Equity
Caisse Centrale du Crédit Mutuel	4,999,190	25,904	20,889	15,143	73,963	547,142
Crédit Mutuel Cartes de Paiement	3,425	8,748	8,732	8,464	0	3,141
Primonial Holding	222,803	26,908	2,084	1,992 <sup>(1)</sup>	0	97,079

(1) Earnings include three months of activity since the first-time consolidation.

**Note 13. Investment property**

	12/31/13	Increase	Decrease	Other	12/31/14
Historical cost	743,173	40,114	(56,044)	0	727,243
Amortisation and depreciation	(174,709)	(26,728)	8,958	0	(192,479)
<b>Net amount</b>	<b>568,464</b>	<b>13,386</b>	<b>(47,086)</b>	<b>0</b>	<b>534,764</b>

The fair value of investment real estate recognised at cost amounted to €817 million in 2014 compared to €840 million in 2013.

**Note 14. Property, plant and equipment**

	12/31/13	Increase	Decrease	Other	12/31/14
<b>Historical cost</b>					
Land	22,655	0	(425)	0	22,230
Plant	508,278	12,334	(5,351)	0	515,261
Other property, plant and equipment	178,984	15,854	(9,406)	0	185,432
<b>Total</b>	<b>709,917</b>	<b>28,188</b>	<b>(15,182)</b>	<b>0</b>	<b>722,923</b>
<b>Depreciation and amortisation</b>					
Land	0	0	0	0	0
Plant	(311,186)	(23,102)	2,286	0	(332,002)
Other property, plant and equipment	(143,990)	(13,982)	5,234	0	(152,738)
<b>Total</b>	<b>(455,176)</b>	<b>(37,084)</b>	<b>7,520</b>	<b>0</b>	<b>(484,740)</b>
<b>Net amount</b>	<b>254,741</b>	<b>(8,896)</b>	<b>(7,662)</b>	<b>0</b>	<b>238,183</b>

**Note 15. Intangible assets**

	12/31/13	Increase	Decrease	Other	12/31/14
<b>Historical cost</b>					
Self-produced assets	223,991	40,818	(3,297)	600	262,112
Acquired assets	563,681	48,965	(60,555)	(1,357)	550,734
Software	302,157	13,537	(5,461)	(786)	309,447
Other	261,524	35,428	(55,094)	(571)	241,287
<b>Total</b>	<b>787,672</b>	<b>89,783</b>	<b>(63,852)</b>	<b>(757)</b>	<b>812,846</b>
<b>Depreciation and amortisation</b>					
Self-produced assets	(128,463)	(35,243)	1,792	0	(161,914)
Acquired assets	(348,667)	(26,634)	35,131	(185)	(340,355)
Software	(266,853)	(14,474)	4,316	786	(276,225)
Other	(81,814)	(12,160)	30,815	(971)	(64,130)
<b>Total</b>	<b>(477,130)</b>	<b>(61,877)</b>	<b>36,923</b>	<b>(185)</b>	<b>(502,269)</b>
<b>Net amount</b>	<b>310,542</b>	<b>27,906</b>	<b>(26,929)</b>	<b>(942)</b>	<b>310,577</b>

Self-produced assets correspond mainly to software.

Aside from software, intangible assets include mainly assets acquired through business combinations resulting from contract law (indefinite useful life brands, customer relations).

**Note 16. Goodwill**

	<b>12/31/13</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Other</b>	<b>12/31/14</b>
Gross goodwill	422,951	0	0	0	422,951
Depreciation	0	0	0	0	0
<b>Net goodwill</b>	<b>422,951</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>422,951</b>

**Allocation by cash generating unit (CGU)**

	<b>Concerned companies</b>	<b>12/31/14</b>	<b>12/31/13</b>
Investor services and online savings	Fortuneo Procapital	229,144	229,144
Provider of banking services	Monext	100,250	100,250
Restructuring of loans and associated funding	CFCAL Banque CFCAL SCF	38,216	38,216
Equipment lease financing	Leasecom Group Leasecom Financial Assets Leasecom Car Leasecom	32,723	32,723
Asset management	Schelcher Prince Gestion	11,649	11,649
Non-life insurance	Suravenir Assurances	10,969	10,969
<b>Net goodwill</b>		<b>422,951</b>	<b>422,951</b>

**Note 17. Due to central banks – Due to banks**

	<b>12/31/14</b>	<b>12/31/13</b>
<b>Central banks</b>	<b>0</b>	<b>0</b>
<b>Banks</b>	<b>5,056,126</b>	<b>3,525,619</b>
Crédit Mutuel network accounts	62,902	15,314
Other current accounts	375,539	214,402
Loans	2,480,902	1,527,000
Other liabilities	20,248	27,812
Repurchase agreements	2,102,512	1,723,018
Related liabilities	14,023	18,073
<b>Total</b>	<b>5,056,126</b>	<b>3,525,619</b>
of which, loans and deposits with banks	467,244	328,729

**Note 18. Financial liabilities at fair value through profit or loss**

	12/31/14	12/31/13
<b>Financial liabilities held for trading</b>	<b>663,762</b>	<b>301,855</b>
Derivative	663,762	301,855
<b>Fair value option financial liabilities through profit or loss</b>	<b>115,747</b>	<b>121,637</b>
Due to banks	552	231
Customer accounts	61,391	60,437
Debt securities	53,804	60,969
Subordinated debt	0	0
<b>Total</b>	<b>779,509</b>	<b>423,492</b>

The redemption value of liabilities measured at fair value amounted to €779,114 thousand at December 31, 2014, against €422,295 thousand at December 31, 2013. The change in fair value attributable to the change in the issuer risk of the Crédit Mutuel Arkéa Group in light of the Group's terms of issue was a €1 thousand decrease as of December 31, 2014, compared with a €22 thousand decrease as of December 31, 2013.

**Note 18a. Financial liabilities at fair value option through profit or loss**

	12/31/14			12/31/13		
	Carrying amount	Amount due at maturity	Gap	Carrying amount	Amount due at maturity	Gap
Due to banks	552	540	12	231	232	(1)
Customer accounts	61,391	61,088	303	60,437	59,430	1,007
Debt securities	53,804	53,724	80	60,969	60,778	191
Subordinated debt	0	0	0	0	0	0
<b>Total</b>	<b>115,747</b>	<b>115,352</b>	<b>395</b>	<b>121,637</b>	<b>120,440</b>	<b>1,197</b>

**Note 18b.** Financial assets and liabilities subject to netting, an enforceable master netting agreement or a similar agreement

12/31/14							
	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	
<b>Assets</b>							
Derivatives	1,439,817	0	1,439,817	(418,937)	0	(521,227)	499,653
Reverse repurchase agreements of securities, securities borrowing or similar agreements	249,978	0	249,978	0	(249,978)	0	0
Other financial assets	0		0	0	0	0	0
<b>Total assets</b>	<b>1,689,795</b>	<b>0</b>	<b>1,689,795</b>	<b>(418,937)</b>	<b>(249,978)</b>	<b>(521,227)</b>	<b>499,653</b>
<b>Liabilities</b>							
Derivatives	1,286,299	0	1,286,299	(418,937)	0	(794,041)	73,321
Repurchase agreements of securities, securities lending or similar agreements	2,102,613	0	2,102,613	0	(2,082,544)	0	20,069
Other financial assets	0		0	0	0	0	0
<b>Total liabilities</b>	<b>3,388,912</b>	<b>0</b>	<b>3,388,912</b>	<b>(418,937)</b>	<b>(2,082,544)</b>	<b>(794,041)</b>	<b>93,390</b>

**12/31/13**

	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	
<b>Assets</b>							
Derivatives	887,794	0	887,794	(268,639)	0	(435,521)	183,634
Reverse repurchase agreements of securities, securities borrowing or similar agreements	0	0	0	0	0	0	0
Other financial assets	0		0	0	0	0	0
<b>Total assets</b>	<b>887,794</b>	<b>0</b>	<b>887,794</b>	<b>(268,639)</b>	<b>0</b>	<b>(435,521)</b>	<b>183,634</b>
<b>Liabilities</b>							
Derivatives	675,959	0	675,959	(268,639)	0	(377,932)	29,388
Repurchase agreements of securities, securities lending or similar agreements	1,723,148	0	1,723,148	0	(1,682,488)	(22,603)	18,057
Other financial assets	0		0	0	0	0	0
<b>Total liabilities</b>	<b>2,399,107</b>	<b>0</b>	<b>2,399,107</b>	<b>(268,639)</b>	<b>(1,682,488)</b>	<b>(400,535)</b>	<b>47,445</b>

**Note 19. Customer accounts**

	<b>12/31/14</b>	<b>12/31/13</b>
Savings accounts governed by special regulations	20,439,896	19,967,573
Demand accounts	16,086,276	15,838,643
Term accounts	4,353,620	4,128,930
Debt related to savings accounts	11,353	10,900
<b>Subtotal</b>	<b>20,451,249</b>	<b>19,978,473</b>
Current accounts	10,742,969	9,356,842
Term accounts and term loans	6,329,982	5,119,479
Repurchase agreements	0	0
Insurance and reinsurance liabilities	35,497	42,997
Related liabilities	50,906	51,716
<b>Subtotal</b>	<b>17,159,354</b>	<b>14,571,034</b>
<b>Total</b>	<b>37,610,603</b>	<b>34,549,507</b>

**Note 20. Debt securities**

	<b>12/31/14</b>	<b>12/31/13</b>
Certificates of deposit	25,690	26,384
Interbank market securities and negotiable debt securities	3,763,014	3,359,921
Bond issues	11,126,655	13,383,260
Related liabilities	278,441	307,268
<b>Total</b>	<b>15,193,800</b>	<b>17,076,833</b>

**Note 21. Accruals, deferred income and sundry liabilities**

	<b>12/31/14</b>	<b>12/31/13</b>
<b>Accruals – liabilities</b>		
Blocked accounts for collection operations	425,897	296,098
Foreign currency adjustment accounts	26,614	8,555
Expenses payable	147,148	163,088
Prepaid income	296,571	323,396
Miscellaneous accrual accounts	114,404	101,323
<b>Subtotal</b>	<b>1,010,634</b>	<b>892,460</b>
<b>Other liabilities</b>		
Settlement accounts for securities transactions	265,509	184,501
Outstanding payments on securities	3,042	2,781
Miscellaneous creditors	2,380,742	737,620
<b>Subtotal</b>	<b>2,649,293</b>	<b>924,902</b>
<b>Other insurance liabilities</b>		
Security deposits and guarantees received	18,471	14,860
Other	0	0
<b>Subtotal</b>	<b>18,471</b>	<b>14,860</b>
<b>Total</b>	<b>3,678,398</b>	<b>1,832,222</b>

**Note 22. Insurance companies' technical reserves**

	<b>12/31/14</b>	<b>12/31/13</b>
Life	27,280,029	24,468,632
Of which, profit-sharing	2,625,668	1,575,779
Non-life	389,517	371,444
Unit-linked contracts	6,005,865	5,316,478
Other	130,625	126,942
<b>Total</b>	<b>33,806,036</b>	<b>30,283,496</b>
Active deferred profit-sharing	0	0
Reinsurers' share	(52,801)	(56,826)
<b>Net technical provisions</b>	<b>33,753,235</b>	<b>30,226,670</b>

**Note 23. Provisions**

	<b>12/31/13</b>	<b>Allocations</b>	<b>Write-backs (used)</b>	<b>Write-backs (not used)</b>	<b>Other</b>	<b>12/31/14</b>
Provisions for pension costs	205,671	48,676	(11,826)	(90)	(173)	242,258
Provisions for home savings accounts and plans	25,264	4,304	0	0	0	29,568
Provisions for execution of guarantee commitments	21,432	10,967	(6,245)	(3,843)	0	22,311
Provisions for taxes	414	3,907	(1,158)	0	0	3,163
Provisions for legal proceedings	23,666	2,163	(3,634)	(1,379)	65	20,881
Provisions for risks	5,117	9,476	(1,344)	(241)	2,746	15,754
Other	43,096	9,651	(11,676)	(5,724)	(8 091)	27,256
<b>Total</b>	<b>324,660</b>	<b>89,144</b>	<b>(35,883)</b>	<b>(11,277)</b>	<b>(5 453)</b>	<b>361,191</b>



**Note 23a. Provisions for pension costs and similar benefits**

## Defined benefit retirement obligations excluding pension funds

	12/31/13	Allocations	Write-backs	Other	12/31/14
Retirement benefits	43,686	9,977	(2,448)	(262)	50,953
Defined-benefit plans	81,051	20,049	(6,846)	0	94,254
Long-term service awards	34,838	6,097	(1,493)	14	39,456
Time savings account	46,096	12,553	(1,129)	75	57,595
<b>Total</b>	<b>205,671</b>	<b>48,676</b>	<b>(11,916)</b>	<b>(173)</b>	<b>242,258</b>

**Note 23b. Provisions for regulated savings product risks**

## Deposits collected under home purchase savings schemes during the savings period - Provisions

	12/31/14		12/31/13	
	Deposits	Provisions	Deposits	Provisions
<b>Home purchase savings plans</b>	<b>3,915,724</b>	<b>26,525</b>	<b>3,657,147</b>	<b>19,989</b>
Under 4 years old	1,838,251	2,500	1,721,025	380
Between 4 and 10 years old	999,183	3,290	677,030	1,003
Over 10 years old	1,078,290	20,735	1,259,092	18,606
<b>Home purchase savings accounts</b>	<b>730,719</b>	<b>618</b>	<b>803,076</b>	<b>1,651</b>
<b>Total</b>	<b>4,646,443</b>	<b>27,143</b>	<b>4,460,223</b>	<b>21,640</b>

## Loans granted under home purchase savings schemes – Provisions

	12/31/14		12/31/13	
	Loans	Provisions	Loans	Provisions
Home purchase savings plans	21,141	109	29,205	166
Home purchase savings accounts	182,254	2,316	238,553	3,458
<b>Total</b>	<b>203,395</b>	<b>2,425</b>	<b>267,758</b>	<b>3,624</b>

**Note 24. Subordinated debt**

	12/31/14	12/31/13
Subordinated debt	274,625	274,430
Equity instruments with no voting rights	2,693	17,693
Undated subordinated debt	97,223	97,229
Other liabilities	0	0
Related liabilities	7,600	7,934
<b>Total</b>	<b>382,141</b>	<b>397,286</b>

**Subordinated debt representing at least 10% of total subordinated debt at December 31, 2014**

Issuers	Issue date	Amount	Currency	Rate	Due
Crédit Mutuel Arkéa	05/07/2004	97,314	Euro	CMS 10 years + 0.10	Undated
Crédit Mutuel Arkéa	18/09/2008	300,000	Euro	6.75%	18/09/2018
<b>Total</b>		<b>397,314</b>			

**Note 25. Share capital and reserves**  
**Consolidated reserves**

	12/31/14	12/31/13
Share capital	2,211,473	2,132,865
Share capital related reserves	5,438	4,906
Consolidated reserves	2,752,664	2,591,658
Statutory reserves	353,964	320,125
Reserves provided for in the articles of incorporation and contractual reserves	1,499,713	1,366,718
Regulated reserves	0	0
Translation reserves	0	0
Other reserves	828,705	832,713
Retained earnings	70,282	72,102
<b>Total</b>	<b>4,969,575</b>	<b>4,729,429</b>

The group's share capital consists of the shares held by the depositors/shareholders of the banking institution. The group's regulatory capital amounted to €4,520 million at December 31, 2014 compared to €3,640 million at December 31, 2013. The primary regulatory ratios are discussed in the group management report. The group's capital adequacy ratio is compliant with the regulatory requirement.

**Note 26. Gains and losses recognised directly in equity**

	12/31/14	12/31/13
Available-for-sale assets	287,910	128,422
Cash flow hedge derivatives	(23,098)	(30,957)
Real estate property	0	0
Other	(41,255)	(29,290)
<b>Total</b>	<b>223,558</b>	<b>68,175</b>

**Note 27. Breakdown of financial liabilities according to maturity**

	Residual maturity					Total
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Not determined	
Financial liabilities at fair value through profit or loss	19,687	107,489	120,253	532,080	0	779,509
Derivatives used for hedging purposes					622,537	622,537
Due to banks	338,773	2,346,061	745,384	1,625,695	0	5,055,913
Customer accounts	28,757,504	1,757,137	4,877,288	2,218,373	0	37,610,302
Debt securities	1,228,916	3,090,527	4,671,754	6,202,603		15,193,800
Subordinated debt	184	64	280,904	3,766	97,223	382,141

**Note 28a. Ranking of fair value**

<b>12/31/14</b>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Available-for-sale financial assets</b>	<b>30,159,324</b>	<b>3,303,520</b>	<b>2,871,573</b>	<b>36,334,417</b>
Treasury bills and similar securities <sup>(1)</sup>	3,573,136	1,075,086	0	4,648,222
Bonds and other fixed-income securities	25,569,731	2,228,434	1,812,563	29,610,728
Stocks and other variable-income securities	1,016,457	0	654,105	1,670,562
Equity investments and other long-term investments <sup>(2)</sup>	0	0	318,346	318,346
Shares in associates	0	0	86,559	86,559
<b>Financial assets at fair value through profit or loss</b>	<b>8,632,090</b>	<b>1,864,002</b>	<b>1,142,396</b>	<b>11,638,488</b>
Bonds and other fixed-income securities - Held for trading	667	3,058	0	3,725
Bonds and other fixed-income securities - FVO	1,112,127	1,306,675	17,736	2,436,538
Stocks and other variable-income securities - Held for trading	0	0	0	0
Stocks and other variable-income securities - FVO	7,519,296	0	1,124,660	8,643,956
Due from banks - FVO	0	1,806	0	1,806
Customer loans - FVO	0	16,455	0	16,455
Derivatives and other financial assets - Held for trading	0	536,008	0	536,008
<b>Derivatives used for hedging purposes</b>	<b>0</b>	<b>903,809</b>	<b>0</b>	<b>903,809</b>
<b>Total</b>	<b>38,791,414</b>	<b>6,071,331</b>	<b>4,013,969</b>	<b>48,876,714</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>	<b>0</b>	<b>779,509</b>	<b>0</b>	<b>779,509</b>
Due to banks - FVO	0	552	0	552
Customer deposits - FVO	0	61,391	0	61,391
Debt securities - FVO	0	53,804	0	53,804
Derivatives and other financial liabilities - Held for trading	0	663,762	0	663,762
<b>Derivatives used for hedging purposes</b>	<b>0</b>	<b>622,537</b>	<b>0</b>	<b>622,537</b>
<b>Total</b>	<b>0</b>	<b>1,402,046</b>	<b>0</b>	<b>1,402,046</b>

(1) €15 million have been removed from level 1 to level 2. These consist mainly of bonds whose characteristics correspond to the criteria defined for level 2.

(2) €170 million have been removed from level 1 to level 3. These consist mainly of equity securities not listed on an active market.

**12/31/13**

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
<b>Available-for-sale financial assets</b>	<b>25,834,927</b>	<b>2,421,404</b>	<b>854,694</b>	<b>29,111,025</b>
Treasury bills and similar securities	742,892	0	0	742,892
Bonds and other fixed-income securities <sup>(1)</sup>	24,105,517	2,421,250	92,358	26,619,125
Stocks and other variable-income securities <sup>(2)</sup>	806,175	0	587,468	1,393,643
Equity investments and other long-term investments	180,343	0	93,866	274,209
Shares in associates	0	154	81,002	81,156
<b>Financial assets at fair value through profit or loss</b>	<b>7,294,189</b>	<b>1,444,752</b>	<b>769,288</b>	<b>9,508,229</b>
Bonds and other fixed-income securities - Held for trading	648	10,750	0	11,398
Bonds and other fixed-income securities - FVO	1,017,770	1,136,052	9,411	2,163,233
Stocks and other variable-income securities - Held for trading	0	0	0	0
Stocks and other variable-income securities - FVO <sup>(3)</sup>	6,275,771	0	759,764	7,035,535
Due from banks - FVO	0	11,763	0	11,763
Customer loans - FVO	0	17,952	0	17,952
Derivatives and other financial assets - Held for trading	0	268,235	113	268,348
<b>Derivatives used for hedging purposes</b>	<b>0</b>	<b>619,446</b>	<b>0</b>	<b>619,446</b>
<b>Total</b>	<b>33,129,116</b>	<b>4,485,602</b>	<b>1,623,982</b>	<b>39,238,700</b>
<b>Financial liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>	<b>0</b>	<b>423,492</b>	<b>0</b>	<b>423,492</b>
Due to banks - FVO	0	231	0	231
Customer deposits - FVO	0	60,437	0	60,437
Debt securities - FVO	0	60,969	0	60,969
Derivatives and other financial liabilities - Held for trading	0	301,855	0	301,855
<b>Derivatives used for hedging purposes</b>	<b>0</b>	<b>374,104</b>	<b>0</b>	<b>374,104</b>
<b>Total</b>	<b>0</b>	<b>797,596</b>	<b>0</b>	<b>797,596</b>

(1) €79 million have been removed from level 1 to level 3.

(2) €394 million have been removed from level 1 to level 3.

(3) €215 million have been removed from level 1 to level 3.

**Note 28b. Ranking of fair value - Details of level 3**

	12/31/13	Purchases	Issues	Sales	Refundings	Transfers
<b>Available-for-sale financial assets</b>	<b>854,694</b>	<b>2,149,815</b>	<b>81,215</b>	<b>(30,428)</b>	<b>(6,883)</b>	<b>170,062</b>
Bonds and other fixed-income securities	92,358	1,911,285	8,333	(11,016)	(3,810)	0
Stocks and other variable-income securities	587,468	213,077	64,718	(15,261)	(3,069)	0
Equity investments and other long-term investments	93,866	25,443	8,164	(4,103)	(4)	170,062
Shares in associates	81,002	10	0	(48)	0	0
<b>Financial liabilities at fair value through profit or loss</b>	<b>769,288</b>	<b>371,231</b>	<b>3,007</b>	<b>(7,500)</b>	<b>(1,174)</b>	<b>0</b>
Bonds and other fixed-income securities - FVO	9,411	7,658	0	0	0	0
Stocks and other variable-income securities - FVO	759,764	363,573	3,007	(7,500)	(1,174)	0
Derivatives and other financial assets - Held for trading	113	0	0	0	0	0
<b>Total</b>	<b>1,623,982</b>	<b>2,521,046</b>	<b>84,222</b>	<b>(37,928)</b>	<b>(8,057)</b>	<b>170,062</b>

	Gains and losses through profit or loss	Gains and losses in equity	Other movements	12/31/14	Transfers N1, N2 => N3	Transfers N3 => N1, N2
<b>Available-for-sale financial assets</b>	<b>918</b>	<b>32,265</b>	<b>(380,085)</b>	<b>2,871,573</b>	<b>170,062</b>	<b>0</b>
Bonds and other fixed-income securities	0	523	(185,110)	1,812,563	0	0
Stocks and other variable-income securities	1,015	10,400	(204,243)	654,105	0	0
Equity investments and other long-term investments	(56)	15,700	9,274	318,346	170,062	0
Shares in associates	(41)	5,642	(6)	86,559	0	0
<b>Financial assets at fair value through profit or loss</b>	<b>6,710</b>	<b>0</b>	<b>834</b>	<b>1,142,396</b>	<b>0</b>	<b>0</b>
Bonds and other fixed-income securities - FVO	(60)	0	727	17,736	0	0
Stocks and other variable-income securities - FVO	6,770	0	220	1,124,660	0	0
Derivatives and other financial assets - Held for trading	0	0	(113)	0	0	0
<b>Total</b>	<b>7,628</b>	<b>32,265</b>	<b>(379,251)</b>	<b>4,013,969</b>	<b>170,062</b>	<b>0</b>

**Note 29.** Fair value of financial assets and liabilities recognized at amortised cost

<b>12/31/14</b>						
	Market value	Balance sheet value	Unrealised gains and losses	Level 1	Level 2	Level 3
<b>Assets</b>	<b>49,393,077</b>	<b>48,323,358</b>	<b>1,069,719</b>	<b>67,865</b>	<b>7,300,106</b>	<b>42,025,106</b>
Loans and receivables due from banks	7,153,148	7,363,901	(210,753)		7,153,148	0
Loans and receivables due from customers	42,025,106	40,749,303	1,275,803		0	42,025,106
Held-to-maturity financial assets <sup>(1)</sup>	214,823	210,154	4,669	67,865	146,958	0
<b>Liabilities</b>	<b>60,665,115</b>	<b>58,242,670</b>	<b>2,422,445</b>	<b>0</b>	<b>23,040,379</b>	<b>37,624,736</b>
Due to banks	5,921,350	5,056,126	865,224		5,921,350	0
Customer accounts	37,624,736	37,610,603	14,133		0	37,624,736
Debt securities	16,708,771	15,193,800	1,514,971		16,708,771	0
Subordinated debt	410,258	382,141	28,117		410,258	0

(1) Level 1 to level 2 transfers were carried out for a total amount of €109 million. They involve mainly bonds whose characteristics correspond to the criteria defined for level 2.

<b>12/31/13</b>						
	Market value	Balance sheet value	Unrealised gains and losses	Level 1	Level 2	Level 3
<b>Assets</b>	<b>48,778,081</b>	<b>48,407,945</b>	<b>370,136</b>	<b>206,300</b>	<b>8,692,810</b>	<b>39,878,971</b>
Loans and receivables due from banks	8,662,810	8,936,354	(273,544)		8,662,810	0
Loans and receivables due from customers	39,878,971	39,243,820	635,151		0	39,878,971
Held-to-maturity financial assets	236,300	227,771	8,529	206,300	30,000	0
<b>Liabilities</b>	<b>56,729,533</b>	<b>55,549,245</b>	<b>1,180,288</b>	<b>0</b>	<b>22,141,840</b>	<b>34,587,693</b>
Due to banks	3,563,360	3,525,619	37,741		3,563,360	0
Customer accounts	34,587,693	34,549,507	38,186		0	34,587,693
Debt securities	18,152,005	17,076,833	1,075,172		18,152,005	0
Subordinated debt	426,475	397,286	29,189		426,475	0

## Notes on the income statement (in thousands of euros)

## Note 30. Interest and similar income/expense

	12/31/14		12/31/13	
	Income	Expense	Income	Expense
Banks and central banks	125,529	(68,727)	152,810	(107,905)
Customers	1,538,934	(613,149)	1,631,446	(702,354)
Derivative hedge instruments	271,224	(268,759)	319,987	(276,435)
Available-for-sale financial assets	125,626	0	105,635	0
Held-to-maturity financial assets	5,365	0	8,270	0
Debt securities	0	(482,941)	0	(540,964)
Subordinated debt	0	(1,895)	0	(1,953)
<b>Total</b>	<b>2,066,678</b>	<b>(1,435,471)</b>	<b>2,218,148</b>	<b>(1,629,611)</b>

## Note 31. Fee and commission income/expense

	12/31/14		12/31/13	
	Income	Expense	Income	Expense
Financial institutions	3,669	(2,758)	3,576	(2,272)
Customers	114,692	(1,984)	130,814	(34,306)
Derivatives	7,399	(313)	4,144	(176)
Foreign currency	1,971	(58)	1,913	(757)
Financing and guarantee commitments	666	(828)	873	(869)
Securities and services	424,757	(143,146)	414,212	(106,445)
<b>Total</b>	<b>553,154</b>	<b>(149,087)</b>	<b>555,532</b>	<b>(144,825)</b>

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

	12/31/14	12/31/13
Instruments held for trading	(14,527)	(626)
Fair value option instruments	10,221	12,535
Hedging ineffectiveness	217	4,385
cash flow hedges	45	78
fair value hedges	172	4,307
■ change in fair value of hedged items	(356,916)	222,588
■ change in fair value of hedges	357,088	(218,281)
Foreign exchange gains (losses)	164	545
<b>Total of changes in fair value</b>	<b>(3,925)</b>	<b>16,839</b>

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

	<b>12/31/14</b>				<b>12/31/13</b>			
	Dividends	Realised gains/losses	Impairment	Total	Dividends	Realised gains/losses	Impairment	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	6,841	0	<b>6,841</b>	0	(8,780)	0	<b>(8,780)</b>
Stocks and other variable-income securities	1,746	9,658	(1,248)	<b>10,156</b>	4,151	609	11,850	<b>16,610</b>
Investment securities	4,754	(1,198)	1,334	<b>4,890</b>	4,157	147	(1,276)	<b>3,028</b>
Other	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Total</b>	<b>6,500</b>	<b>15,301</b>	<b>86</b>	<b>21,887</b>	<b>8,308</b>	<b>(8,024)</b>	<b>10,574</b>	<b>10,858</b>

**Note 34. Income/expense from other activities**

	<b>12/31/14</b>		<b>12/31/13</b>	
	Income	Expense	Income	Expense
Insurance business	5,470,006	(4,932,097)	5,103,073	(4,609,758)
Investment property	39,949	(42,859)	5,557	(23,881)
Other income	216,449	(81,020)	203,556	(85,949)
<b>Total</b>	<b>5,726,404</b>	<b>(5,055,976)</b>	<b>5,312,186</b>	<b>(4,719,588)</b>

**Note 34a. Gross margin on insurance activities**

	<b>12/31/14</b>	<b>12/31/13</b>
Premiums earned	3,972,623	3,402,755
Cost of claims and benefits	(172,483)	(169,178)
Change in provisions	(25,096)	(17,308)
Other technical and non-technical income and expenses	(4 097,548)	(3,672,895)
Net investment income	860,413	949,941
<b>Total</b>	<b>537,909</b>	<b>493,315</b>



**Note 35. General operating expenses**

	12/31/14	12/31/13
Personnel expenses	(691,598)	(649,145)
Other expense	(406,461)	(389,227)
<b>Total</b>	<b>(1,098,059)</b>	<b>(1,038,372)</b>

**Note 35a. Personnel expenses**

	12/31/14	12/31/13
Salaries, wages and compensation	(399,133)	(368,113)
Payroll taxes	(193,691)	(191,618)
Mandatory and optional employee profit-sharing	(44,099)	(36,099)
Taxes, levies and similar payments on compensation	(54,675)	(53,315)
Other	0	0
<b>Total</b>	<b>(691,598)</b>	<b>(649,145)</b>

The group's employees have accumulated 871,063 training hours corresponding to vested rights under the French Employee Access to Training law.

The French tax credit for competitiveness and employment (CICE) was recognized as a deduction from personnel expenses in the amount of €10,779 thousand.

**Note 35b. Average staff**

	12/31/14	12/31/13
Employees	3,701	3,844
Executives and experts	4,752	4,683
<b>Total</b>	<b>8,453</b>	<b>8,527</b>

**Note 35c. Post-employment benefits, defined-benefit plans****Defined contribution post-employment benefit plans**

Defined contribution plans are those for which the group's commitment is limited to the payment of a contribution but do not include any commitment by the group with respect to the level of services provided.

The main defined contribution post-employment benefit plans include mandatory social security and the Agirc

and Arrco retirement plans, as well as the supplementary retirement plans established by some entities and for which they are only required to make contributions.

In 2014, expenses related to these plans totaled €67,484 thousand, compared to €67,433 thousand in 2013.

**Information on plan assets**

These defined benefit plans expose the Group to certain risks such as interest rate risk and market risk.

These benefits are based on the final

salary for end-of-service awards and on the average salary over the past 10 years for the supplementary retirement benefit. When the annuity for the additional voluntary pension contribution is liquidated, the risk is transferred to Suravenir in the form of an insurance contract.

## Change in actuarial liability

	Post-employment		Other long-term benefits <sup>(1)</sup>	Total	Total
	Defined-benefit plans	Retirement benefits		12/31/2014	12/31/2013
<b>Gross actuarial liability at December 31, 2013</b>	<b>81,051</b>	<b>43,685</b>	<b>80,935</b>	<b>205,671</b>	<b>213,496</b>
Cost of services rendered during the period	4,303	2,792	2,493	9,587	9,692
Financial cost	2,405	1,336	2,466	6,207	4,659
Modification/ Reduction/ Liquidation of the plan				0	(149)
Acquisition, disposal (change in consolidated scope)		10	89	99	(1,940)
Benefits paid (mandatory)	(6,846)	(2,448)	(2,623)	(11,917)	(13,178)
Actuarial gains/losses	13,342	5,578	13,691	32,610	(6,909)
of which, actuarial gains/losses related to changes in demographic assumptions	(4,433)	(2,975)	(2,066)	(9,474)	(1,759)
of which, gains/losses related to changes in financial assumptions	15,006	7,461	12,445	34,912	(5,150)
of which, actuarial gains/losses related to experience adjustments	2,769	1,092	3,311	7,172	
<b>Gross actuarial liability at December 31, 2014</b>	<b>94,254</b>	<b>50,953</b>	<b>97,051</b>	<b>242,258</b>	<b>205,671</b>

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

## Analysis of charge to the income statement

	Post-employment		Other long-term benefits	Total	Total
	Defined-benefit plans	Retirement benefits		12/31/2014	12/31/2013
Cost of services rendered during the year	(4,296)	(2,792)	(2,493)	(9,581)	(9,692)
Financial cost	(348)	(205)	(1,856)	(2,409)	(1,183)
Impact of any reduction or liquidation of the plan				0	149
Actuarial gains/losses			(13,771)	(13,771)	(5,769)
of which, actuarial gains/losses related to changes in demographic assumptions recognized on the income statement			2,065	2,065	(2,485)
of which, actuarial gains/losses related to changes in financial assumptions recognised on the income statement			(12,525)	(12,525)	(3,284)
of which, actuarial gains/losses related to experience adjustments			(3,311)	(3,311)	
<b>Charge to the income statement</b>	<b>(4,644)</b>	<b>(2,997)</b>	<b>(18,120)</b>	<b>(25,761)</b>	<b>(16,495)</b>

## Change in fair value of plan assets and reimbursement rights

	Post-employment		Other long-term benefits	Total 12/31/2014	Total 12/31/2013
	Defined-benefit plans	Retirement benefits			
<b>Fair value of assets at December 31, 2013</b>	<b>70,888</b>	<b>39,003</b>	<b>20,316</b>	<b>130,207</b>	<b>132,070</b>
Financial cost	2,057	1,132	609	3,798	3,219
Employer contributions	17,722	6,902		24,624	4,630
Acquisition, disposal (change in consolidated scope)				0	(1,677)
Benefits paid	(6,846)	(2,373)		(9,219)	(8,505)
Actuarial gains/losses	866	(223)	(80)	563	470
of which, actuarial gains/losses on plan assets related to changes in demographic assumptions				0	0
of which, actuarial gains/losses on plan assets related to changes in financial assumptions	866	(223)	(80)	563	470
of which, actuarial gains/losses related to experience adjustments				0	
<b>Fair value of assets at December 31, 2014</b>	<b>84,687</b>	<b>44,441</b>	<b>20,845</b>	<b>149,973</b>	<b>130,207</b>

## Net position

	Defined-benefit plans	Retirement benefits	Other long-term benefits	Total 12/31/2014	Total 12/31/2013
<b>Gross actuarial liability at end of period</b>	<b>94,254</b>	<b>50,953</b>	<b>97,051</b>	<b>242,258</b>	<b>205,671</b>
Fair value of assets	(84,687)	(44,441)	(20,845)	(149,973)	(130,207)
<b>Net position</b>	<b>9,567</b>	<b>6,512</b>	<b>76,206</b>	<b>92,285</b>	<b>75,464</b>

## Items recognised immediately in equity and shown through profit and loss

	31/12/2014	31/12/2013
Actuarial gains and losses on defined benefit plans	(18,252)	13,339
Asset cap adjustments		
<b>Total items recognized immediately during the year</b>	<b>(18,252)</b>	<b>13,339</b>
<b>Total accumulated actuarial gains and losses at year-end</b>	<b>(62,918)</b>	<b>(44,666)</b>

### Information on plan assets

The amounts included in the fair value of plan assets concern financial instruments issued by the group and the properties occupied by the group are not material.

The hedging assets are held by Suravenir.

As of December 31, 2014, the weighted average term of defined benefit obligations was 13.6 years (17.7 years in 2013).

The employer contributions to be paid for 2015 in respect of defined benefit post-employment benefits are estimated at €7,939 thousand.

### Composition of hedging assets

12/31/14				
Fair value of plan assets	Debt securities	Equity instruments	Real estate property	Other
Assets listed on an active market	109,406	5,700	0	0
Assets not listed on an active market	7,982	537	5,504	0
<b>Total</b>	<b>117,388</b>	<b>6,236</b>	<b>5,504</b>	<b>0</b>

12/31/13				
Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	93,565	5,325	0	0
Assets not listed on an active market	6,481	506	4,004	10
<b>Total</b>	<b>100,046</b>	<b>5,831</b>	<b>4,004</b>	<b>10</b>

### Analysis of commitments' sensitivity to changes in main assumptions

12/31/14				
(As a % of the item measured)	Defined-benefit plans	Retirement benefits	Long-term service awards	Time savings account
<b>+0.5% change in the discount rate</b> Impact on present value of commitments as of December 31	(6%)	(6%)	(5%)	(5%)
<b>+0.5% change in the net salary</b> Impact on present value of commitments as of December 31	7%	7%	6%	6%

The sensitivities shown are weighted averages of observed changes relative to the present value of the commitments.

**Note 35d. Other expenses**

	12/31/14	12/31/13
Taxes other than on income or payroll-related	(63,750)	(61,529)
External services	(342,562)	(327,601)
Other expenses	(149)	(97)
<b>Total</b>	<b>(406,461)</b>	<b>(389,227)</b>

The independent auditor's fee recognised on the income statement for the year totaled €5,171 thousand. The invoiced fees pertaining to the legal audit of individual and consolidated financial statements totaled €4,492 thousand, while those pertaining to other services totaled €679 thousand

**Note 36. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets**

	12/31/14	12/31/13
Amortisation:	(96,115)	(99,431)
tangible assets	(34,425)	(37,492)
intangible assets	(61,690)	(61,939)
Depreciation:	1,658	(812)
tangible assets	93	553
intangible assets	1,565	(1,365)
<b>Total</b>	<b>(94,457)</b>	<b>(100,243)</b>

**Note 37. Cost of risk**

	Allocations	Write-backs	Irrecoverable loans and receivables covered	Irrecoverable loans and receivables not covered	Collection of receivables written off	12/31/14
Financial institutions	0	0	0	0	0	0
Customers	(371,870)	319,097	(65,157)	(10,530)	9,156	(119,304)
Finance leases	(11,590)	9,067	(2,067)	(1,011)	0	(5,601)
Loans to customers	(339,836)	298,357	(63,090)	(9,519)	9,156	(104,932)
Financing and guarantee commitments	(20,444)	11,673	0	0	0	(8,771)
Available-for-sale assets	0	6,613	(3,602)	(300)	0	2,711
Held-to-maturity assets	0	0	0	0	0	0
Other	(2,633)	2,863	(62)	(6)	0	162
<b>Total</b>	<b>(374,503)</b>	<b>328,573</b>	<b>(68,821)</b>	<b>(10,836)</b>	<b>9,156</b>	<b>(116,431)</b>

**Note 38. Net income on other assets**

	12/31/14	12/31/13
Tangible and intangible assets	(1,886)	624
losses on disposals	(2,705)	(1,465)
gains on disposals	819	2,089
Expenses related to business combinations	0	(1,571)
<b>Total</b>	<b>(1,886)</b>	<b>(947)</b>

**Note 39. Income tax****Breakdown of the income tax**

	12/31/14	12/31/13
Current income tax expense	(98,086)	(75,760)
Net deferred income tax expense	(49,023)	(43,628)
<b>Net income tax expense</b>	<b>(147,109)</b>	<b>(119,388)</b>
Income before taxes and income of companies accounted for under the equity method	412,831	330,139
<b>Effective tax rate</b>	<b>35.63%</b>	<b>36.16%</b>

**Analysis of effective tax rate**

	12/31/14	12/31/13
Normal tax rate	38.00%	38.00%
Permanent differences	(0.40%)	5.24%
Impact of tax rate on long-term capital gains and tax relief	(2.56%)	(6.55%)
Impact of fiscal losses	(0.05%)	(1.40%)
Credit Tax	(0.79%)	(1.44%)
Exceptional items	1.26%	1.12%
Other	0.18%	1.19%
<b>Effective tax rate</b>	<b>35.63%</b>	<b>36.16%</b>

## Notes on gains and losses recognized directly in equity (in thousands of euros)

## Note 40a. Information on the recycling in income of gains and losses recognised directly in equity

	Movements during 2014	Movements during 2013
Actuarial gains and losses on defined-benefit plans	(11,961)	8,730
■ Reclassification to income	0	0
■ Other movements	(11,961)	8,730
Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity	(1)	11
<b>Items not to be recycled in profit and loss</b>	<b>(11,962)</b>	<b>8,741</b>
Revaluation of available-for-sale financial assets	158,426	7,781
■ Reclassification to income	5,960	4,969
■ Other movements	152,466	2,812
Revaluation of hedging derivatives	7,859	18,725
■ Reclassification to income	2,929	2,929
■ Other movements	4,930	15,796
Share of recyclable gains and losses of equity-accounted entities recognised directly in equity	1,556	1,995
<b>Items to be recycled in profit and loss</b>	<b>167,841</b>	<b>28,501</b>
<b>Total</b>	<b>155,879</b>	<b>37,242</b>

## Note 40b. Tax on each component of gains or losses recognized directly in equity

	12/31/14			12/31/13		
	Gross	Tax	Net	Gross	Tax	Net
Actuarial gains and losses on defined benefit plans	(18,239)	6,278	(11,961)	13,311	(4,581)	8,730
Share of unrealised or deferred gains or losses in equity method companies	(2)	1	(1)	16	(5)	11
<b>Items not to be recycled in profit and loss</b>	<b>(18,241)</b>	<b>6,279</b>	<b>(11,962)</b>	<b>13,327</b>	<b>(4,586)</b>	<b>8,741</b>
Revaluation of available-for-sale financial assets	229,369	(70,943)	158,426	13,399	(5,618)	7,781
Revaluation of hedging derivatives	11,981	(4,122)	7,859	28,561	(9,836)	18,725
Share of unrealised or deferred gains or losses in equity method companies	1,714	(158)	1,556	2,049	(54)	1,995
<b>Items not to be recycled in profit and loss</b>	<b>243,064</b>	<b>(75,223)</b>	<b>167,841</b>	<b>44,009</b>	<b>(15,508)</b>	<b>28,501</b>
<b>Total changes of gains or losses recognized directly in equity</b>	<b>224,823</b>	<b>(68,944)</b>	<b>155,879</b>	<b>57,336</b>	<b>(20,094)</b>	<b>37,242</b>

## Other notes (in thousands of euros)

### Note 41a. Commitments given and received

	12/31/14	12/31/13
<b>Commitments given</b>	<b>9,194,067</b>	<b>9,289,124</b>
Financing commitments given	6,520,712	6,330,222
to banks and financial institutions	68,200	79,000
to customers	6,452,512	6,251,222
Guarantees given	2,437,551	2,574,935
to banks and financial institutions	48,095	53,649
to customers	2,389,456	2,521,286
Commitments on securities	235,804	383,967
repurchase agreements	0	0
other commitments given	235,804	383,967
<b>Commitments received</b>	<b>30,853,285</b>	<b>25,640,074</b>
Financing commitments received	7,755,577	3,257,099
from banks and financial institutions	7,747,577	3,257,099
from customers	8,000	0
Guarantees received	22,540,505	21,753,334
from banks and financial institutions	43,636	56,529
from customers	22,496,869	(*) 21,696,805
Commitments on securities	557,203	629,641
reverse repurchase agreements	0	0
other commitments received	557,203	629,641

(\*) pro forma 2013

Financing commitments given include the €68,200 thousand cash advance made to CRH to fund it.

### Note 41b. Assets pledged as security for liabilities

	12/31/14	12/31/13
<b>Receivables pledged as collateral</b>	<b>11,784,329</b>	<b>6,912,821</b>
Banque de France	8,455,088	3,231,594
European Investment Bank	478,328	421,168
Caisse de Refinancement de l'Habitat	1,896,490	2,075,656
Caisse des Dépôts et Consignations	954,403	921,290
Société de Financement de l'Economie Française	20	263,113
<b>Securities lent</b>	<b>0</b>	<b>0</b>
<b>Deposits on market transactions</b>	<b>859,797</b>	<b>466,701</b>
<b>Securities sold under repurchase agreements</b>	<b>2,102,512</b>	<b>1,723,018</b>

For its refinancing activity, the group entered into repurchase agreements of debt and/or equity securities. These agreements involve the transfer of ownership of the securities, which the beneficiary may in turn lend out, with interest or dividends going to the borrower. These transactions are subject to margin calls and the group is exposed to the risk that the borrower may not return the securities.

As of December 31, 2014, the fair value of assets provided in repurchase agreements totaled €2,134 million.



**Note 42. Segment reporting**

	Retail banking		Insurance and asset management		Group	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Internal income <sup>(1)</sup>	195,120	183,750	(195,120)	(183,750)	0	0
External income <sup>(2)</sup>	1,089,964	1,043,603	633,700	575,936	1,723,664	1,619,539
<b>Net banking income</b>	<b>1,285,084</b>	<b>1,227,353</b>	<b>438,580</b>	<b>392,186</b>	<b>1,723,664</b>	<b>1,619,539</b>
Operating expenses and allocations to amortisation	(1,050,495)	(1,004,101)	(142,021)	(134,514)	(1,192,516)	(1,138,615)
<b>Gross operating income</b>	<b>234,589</b>	<b>223,252</b>	<b>296,559</b>	<b>257,672</b>	<b>531,148</b>	<b>480,924</b>
Cost of risk	(116,901)	(150,181)	470	343	(116,431)	(149,838)
<b>Operating income</b>	<b>117,688</b>	<b>73,071</b>	<b>297,029</b>	<b>258,015</b>	<b>414,717</b>	<b>331,086</b>
Share of earnings of companies carried under equity method	5,189	3,360	234	0	5,423	3,360
Other	(1,644)	(1,445)	(242)	498	(1,886)	(947)
<b>Pre-tax income</b>	<b>121,233</b>	<b>74,986</b>	<b>297,020</b>	<b>258,513</b>	<b>418,254</b>	<b>333,499</b>
Income tax	(37,507)	(22,906)	(109,602)	(96,482)	(147,109)	(119,388)
<b>Net income</b>	<b>83,726</b>	<b>52,080</b>	<b>187,418</b>	<b>162,031</b>	<b>271,145</b>	<b>214,111</b>
Minority interests	81	31	1,595	1,300	1,676	1,331
<b>Net income, Group share</b>	<b>83,645</b>	<b>52,048</b>	<b>185,823</b>	<b>160,731</b>	<b>269,469</b>	<b>212,779</b>

	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Business line assets	63,776,114	60,101,481	39,427,546	33,867,154	103,203,660	93,968,635

(1) Sectoral income arising on transactions with other sectors.

(2) Sectoral income arising on sales to external customers.

Segment reporting is based on two business lines:

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

An analysis by geographical region is not relevant for the group as nearly all of its business is carried out in France.

**Note 43. Information on related parties**

The related parties of Crédit Mutuel Arkéa group are the consolidated companies including those companies consolidated using the equity method. Transactions between the group and its related parties are conducted at arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is contained in note 45. The transactions carried out and the outstanding balances at the end of the fiscal year between fully consolidated companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated

in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the group exercises a significant influence (equity method of consolidation).

	12/31/14	12/31/13
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
<b>Assets</b>		
Loans and receivables due from banks	501,499	475,347
Loans and receivables due from customers		
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	48,888	-
Held-to-maturity financial assets	-	-
Derivatives used for hedging purposes	-	-
Other assets	17,885	-
<b>Liabilities</b>		
Due to banks	-	-
Derivatives used for hedging purposes	-	-
Financial liabilities at fair value through profit or loss	-	-
Customer accounts	3,641	-
Debt securities	-	-
Subordinated debt	-	-
Other liabilities	-	-

(1) Mainly Primonial and CCCM.

	12/31/14	12/31/13
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Interest and similar income	823	-
Interest and similar expense	-	-
Fee and commission income	49	-
Fee and commission expense	2,524	-
Net gain (loss) on financial instruments at fair value through profit or loss	-	-
Net gain (loss) on financial instruments available-for-sale	4,461	747
Income from other activities	1,359	-
Expense from other activities	-	-
<b>Net banking income</b>	<b>9,216</b>	<b>747</b>

(1) Mainly Primonial and CCCM.

	12/31/14	12/31/13
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
<b>Financing commitments</b>		
Financing commitments given		
Financing commitments received		
<b>Guarantees</b>		
Guarantees given	-	-
Guarantees received	-	-
<b>Commitments on securities</b>		
Other securities to receive	-	-
Other securities to deliver	-	-

(1) Mainly Primonial and CCCM.

#### Relations with the main corporate officers of Crédit Mutuel Arkéa Group

The Boards of Directors of Crédit Mutuel Arkéa is currently composed by twenty members, elected for 3 years:

- eighteen administrators representatives of the depositors, elected by the Regular Shareholders' Meeting ;

- two administrators representatives of the employees, designated by the Central Employee Works Committee.

One representative of the Central Employee Works Committee participates in the Board of Directors meetings as non-voting member.

Total remuneration allocated to members of the Board of Directors for 2014 is €952 thousand.

Details of the total compensation paid to key management personnel are provided in the table below.

	12/31/14	12/31/13
Short-term benefits	3,283	2,274
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Payment in shares		

Total provisions registered by the group at December 31, 2014 in application of IAS 19 for post-employment benefits, other long-term benefits and termination benefits amounted to €370 thousand.

**Note 44. Investments in unconsolidated special purpose entities**

<b>12/31/2014</b>	<b>Securitization vehicles</b>	<b>Asset management (UCITS/OPCI)</b>	<b>Other special purpose entities</b>
Total Balance sheet	0	321,984	0
Carrying amount of financial assets <sup>(1)</sup>	0	93,988	0
Carrying amount of financial liabilities <sup>(1)</sup>	0	0	0
Maximum exposure to loss risk	0	93,988	0

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa Group recognizes with respect to the structured entities.

Investments in unconsolidated special purpose entities consist mainly of mutual funds (UCITS) held in connection with unit-linked life insurance policies over which Crédit Mutuel Arkéa does not exercise control.

<b>12/31/2013</b>	<b>Securitization vehicles</b>	<b>Asset management (UCITS/OPCI)</b>	<b>Other special purpose entities</b>
Total Balance sheet	0	228,476	0
Carrying amount of financial assets <sup>(1)</sup>	0	71,437	0
Carrying amount of financial liabilities <sup>(1)</sup>	0	0	0
Maximum exposure to loss risk	0	71,437	0

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa Group recognizes with respect to special purpose entities.

**Note 45. Scope of consolidation**

Company name	Country	Sector / Activity	Controlling %		Interest % Group	
			12/31/14	12/31/13	12/31/14	12/31/13
Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central	France	Banking / Mutual banking	Consolidating entity			
Fully consolidated companies						
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS	France	Banking / Corporate banking	100.0	100.0	100.0	100.0
ARKEA BANKING SERVICES	France	Banking / Banking services	100.0	100.0	100.0	100.0
ARKEA CAPITAL GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL 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 FONCIERE	France	Banking / Real estate	100.0	100.0	100.0	100.0
ARKEA HOME LOANS SFH	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA PUBLIC SECTOR SCF	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA SCD	France	Banking / Banking services	100.0	100.0	100.0	100.0
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	92.9	92.8	92.9	92.8
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES	France	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
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE SCF	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
FCT COLLECTIVITES	France	Banking / Securitization fund	57.8	0.0	57.8	0.0
FEDERAL EQUIPEMENTS	France	Banking / Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	France	Insurance and asset management / Private banking and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	France	Banking / Services	97.3	97.0	97.2	97.0
FINANCO	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
FORTUNEO	France/Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
GICM	France	Banking / Services	100.0	100.0	97.2	97.0
INFOLIS <sup>(1)</sup>	France	Insurance and asset management / Services	0.0	100.0	0.0	100.0

(1) Merger of assets and liabilities

Company name	Country	Sector / Activity	Controlling %		Interest % Group	
			12/31/14	12/31/13	12/31/14	12/31/13
LEASECOM GROUP	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
LEASECOM	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
LEASECOM CAR	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
LEASECOM FINANCIAL ASSETS	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
MONEXT	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
SCHELCHER PRINCE GESTION	France	Insurance and asset management / Asset management	84.1	84.1	84.1	84.1
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Banking / Real estate	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
<b>Companies consolidated using the equity method</b>						
ALTAROCCA AM AS <sup>(2)</sup>	France	Insurance and asset management / mutual funds	91.9	0.0	63.5	0.0
CAISSE CENTRALE DU CREDIT MUTUEL	France	Banking / Mutual banking	21.5	21.4	21.5	21.4
CREDIT MUTUEL CARTES DE PAIEMENTS	France	Banking / Mutual banking	25.0	25.0	26.7	26.7
PARISII GESTION PRIVEE <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PATRIMMOFI <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PRIMONIAL <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PRIMONIAL ASSET MANAGEMENT <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PRIMONIAL COURTAGE <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PRIMONIAL HOLDING <sup>(2)</sup>	France	Insurance and asset management / mutual funds	69.1	0.0	69.1	0.0
PRIMONIAL INVESTMENT MANAGERS <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0

(2) Companies first-time consolidated in 2014

Company name	Country	Sector / Activity	Controlling %		Interest % Group	
			12/31/14	12/31/13	12/31/14	12/31/13
Companies consolidated using the equity method						
PRIMONIAL Luxembourg <sup>(2)</sup>	Luxembourg	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
PRIMONIAL REIM <sup>(2)</sup>	France	Insurance and asset management / mutual funds	64.5	0.0	44.6	0.0
PRIMONIAL TI <sup>(2)</sup>	Canada	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
ROCHE BRUNE AM SAS <sup>(2)</sup>	France	Insurance and asset management / mutual funds	67.8	0.0	46.8	0.0
SEFAL PROPERTY <sup>(2)</sup>	France	Insurance and asset management / mutual funds	67.0	0.0	46.3	0.0
SPORTINVEST <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
VOLTAIRE CAPITAL <sup>(2)</sup>	France	Insurance and asset management / mutual funds	100.0	0.0	69.1	0.0
Companies consolidated using the short-cut method <sup>(2)</sup>						
ARKEA CAPITAL 1	France	Banking / mutual funds	100.0	0.0	100.0	0.0
AUTOFOCUS 2/4/6	France	Insurance and asset management / mutual funds	83.1	0.0	83.1	0.0
AUTOFOCUS 6	France	Insurance and asset management / mutual funds	85.5	0.0	85.5	0.0
AUTOFOCUS 7	France	Insurance and asset management / mutual funds	84.3	0.0	84.3	0.0
BPE CAP 2/4/6	France	Insurance and asset management / mutual funds	73.3	0.0	73.3	0.0
BPE RENDEMENT 2018	France	Insurance and asset management / mutual funds	45.1	0.0	45.1	0.0
DIGITEO 2	France	Insurance and asset management / mutual funds	92.7	0.0	92.7	0.0
FEDERAL ACTIONS ETHIQUES	France	Insurance and asset management / mutual funds	56.2	0.0	56.2	0.0
FEDERAL ACTIONS RENDEMENT	France	Insurance and asset management / mutual funds	92.8	0.0	92.8	0.0
FEDERAL APAL	France	Insurance and asset management / mutual funds	58.3	0.0	58.3	0.0
FEDERAL CAPITAL INVESTISSEMENT EUROPE	France	Insurance and asset management / mutual funds	100.0	0.0	100.0	0.0
FEDERAL CONVICTION ISR EURO	France	Insurance and asset management / mutual funds	61.4	0.0	61.4	0.0
FEDERAL CROISSANCE	France	Insurance and asset management / mutual funds	87.9	0.0	87.9	0.0

(2) Companies first-time consolidated in 2014

Company name	Country	Sector / Activity	Controlling %		Interest % Group	
			12/31/14	12/31/13	12/31/14	12/31/13
Companies consolidated using the short-cut method <sup>(2)</sup>						
FEDERAL ESSOR INTERNATIONAL	France	Insurance and asset management / mutual funds	53.0	0.0	53.0	0.0
FEDERAL INDICIEL JAPON	France	Insurance and asset management / mutual funds	66.6	0.0	66.6	0.0
FEDERAL INDICIEL US	France	Insurance and asset management / mutual funds	53.8	0.0	53.8	0.0
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management / mutual funds	72.4	0.0	72.4	0.0
FEDERAL MULTI OR ET MATIERES 1ERES	France	Insurance and asset management / mutual funds	87.7	0.0	87.7	0.0
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management / mutual funds	91.8	0.0	91.8	0.0
FEDERAL MULTI PME	France	Insurance and asset management / mutual funds	86.8	0.0	86.8	0.0
FEDERAL OBLIGATION COURT TERME	France	Banking / mutual funds	62.5	0.0	62.5	0.0
FEDERAL OPPORTUNITE EQUILIBRE	France	Insurance and asset management / mutual funds	99.7	0.0	99.7	0.0
FEDERAL OPPORTUNITE MODERE	France	Insurance and asset management / mutual funds	98.5	0.0	98.5	0.0
FEDERAL OPPORTUNITE TONIQUE	France	Insurance and asset management / mutual funds	98.0	0.0	98.0	0.0
FEDERAL OPTIMAL	France	Insurance and asset management / mutual funds	54.9	0.0	54.9	0.0
FEDERAL PERSPECTIVES 2015	France	Insurance and asset management / mutual funds	87.8	0.0	87.8	0.0
FEDERAL SUPPORT COURT TERME	France	Insurance and asset management / mutual funds	33.3	0.0	33.3	0.0
FORMUL' ACTION 2015	France	Insurance and asset management / mutual funds	97.7	0.0	97.7	0.0
FORMUL'ACTION 2017	France	Insurance and asset management / mutual funds	94.8	0.0	94.8	0.0
FORMUL ACTION 2017 FP	France	Insurance and asset management / mutual funds	83.1	0.0	83.1	0.0
FORMUL'ACTION SECURITE	France	Insurance and asset management / mutual funds	93.0	0.0	93.0	0.0
KALEIDOSCOPE	France	Insurance and asset management / mutual funds	98.8	0.0	98.8	0.0
OPCI PREIMS EUROS	France	Insurance and asset management / mutual funds	100.0	0.0	100.0	0.0

(2) Companies first-time consolidated in 2014



Company name	Country	Sector / Activity	Controlling %		Interest % Group	
			12/31/14	12/31/13	12/31/14	12/31/13
Sociétés consolidées par la méthode simplifiée <sup>(2)</sup>						
SCHELCHER EURO RENDEMENT	France	Insurance and asset management / mutual funds	25.3	0.0	25.3	0.0
SCPI PATRIMMO CROISSANCE	France	Insurance and asset management / mutual funds	68.6	0.0	68.6	0.0
SP CONVERTIBLES ISR EUROPE	France	Banking / mutual funds	34.6	0.0	34.6	0.0
STEREO 3	France	Insurance and asset management / mutual funds	97.1	0.0	97.1	0.0
STEREO 3/6	France	Insurance and asset management / mutual funds	99.1	0.0	99.1	0.0
STEREO 4	France	Insurance and asset management / mutual funds	99.2	0.0	99.2	0.0
STEREO 4/8	France	Insurance and asset management / mutual funds	97.9	0.0	97.9	0.0
SURAVENIR INITIATIVE ACTIONS	France	Insurance and asset management / mutual funds	100.0	0.0	100.0	0.0
SURAVENIR REFERENCE ACTIONS	France	Insurance and asset management / mutual funds	100.0	0.0	100.0	0.0
SYNERGIE FINANCE INVESTISSEMENT	France	Banking / mutual funds	100.0	0.0	100.0	0.0
YUCATAN 3	France	Insurance and asset management / mutual funds	95.4	0.0	95.4	0.0
YUCATAN 4	France	Insurance and asset management / mutual funds	93.4	0.0	93.4	0.0

(1) Merger of assets and liabilities

(2) Company consolidated for the first time in 2014

Recognition using the short-cut method is based on the use of the fair value option for all assets held through UCITS to be consolidated. The short-cut method consists of:

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

**Note 46. Business combinations**

Crédit Mutuel Arkéa acquired joint control of Primonial, a Group that specializes in financial asset management, with an equity interest of 69.10%. The Group comprises 15 companies.

The Primonial Group will be consolidated under the equity method in the Crédit Mutuel Arkéa financial statements. Control is effectively shared in light of a contractual agreement requiring unanimity for all decisions that affect the relevant activities (i.e. those that significantly affect the entity's returns). Crédit Mutuel Arkéa therefore exercises joint control over the activity.

The transaction results in the recognition of a goodwill of €96,308 thousand on the balance sheet. Primonial's contribution to the Group's 2014 income amounted €234 thousand.

The initial recognition of the combination is only provisional.

If additional information regarding the facts and circumstances existing at the acquisition date becomes known, the Group has a period of twelve months to:

- identify the assets acquired and liabilities assumed from the acquired company that had not been recognised on the initial recognition of the business combination;
- retrospectively change the values initially assigned

**Note 47. Remuneration of partnership shares**

The consolidating entity plans to pay €40,908 thousand in dividends to non-Crédit Mutuel Arkéa group shareholders.

**Note 48. Events after the reporting period**

No material events occurred subsequent to the December 31, 2014 close.

# 3.6 Aggregate financial statements at December 31, 2014

The aggregate financial statements correspond to the parent company financial statements of the Crédit Mutuel Arkéa banking institution (i.e. the consolidating entity for the Group). They include the financial statements of the Crédit Mutuel Arkéa legal entity strictly speaking as well as those of the local savings banks and Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations. The aggregate financial statements are prepared in accordance with French GAAP.

## Balance sheet

As of December 31, 2014, total assets for the aggregate scope rose by 6.2% from €57.5 billion to €61.0 billion.

On the assets side, cash and amounts due from central banks fell by €1.0 billion, mainly due to the policy to reinvest surplus cash. The €3.9 billion increase in treasury bills and similar notes therefore corresponds to the creation of an asset portfolio as part of the LCR management. Receivables due from credit institutions contracted by €0.4 billion. Loans to customers increased by €0.4 billion, mainly as a result of new housing loans and lending to businesses.

On the liabilities side, amounts due to credit institutions increased by €3.6 billion as a result of the increase in outstandings reinvested by the branches following the favorable commercial performance with respect to savings intake. The €1.6 billion increase in liabilities to customers was due in part to the intake on regulated savings accounts combined with a drop in the rate of centralization with Caisse des Dépôts et Consignations. Debt securities contracted by €2.1 billion as a result of the reduced use of external financing.

Shareholders' equity totaled €4.6 billion, and included share capital, additional paid-in capital, reserves as well as reserves for general banking risks (FRBG).

Share capital increased by 3.7% to €2.2 billion. It consisted almost entirely of shares subscribed at the local savings banks.

Reserves for general banking risks (FRBG) totaled €228.4 million, compared with €236.9 million in 2013. In addition to amounts allocated to cover general risks, this item included the federal fund created by the local savings bank networks to provide support through financial solidarity mechanisms.

## Balance sheet

(in thousands of euros)

	12/31/2014	12/31/2013
<b>Assets</b>		
Cash, due from central banks	1,319,384	2,281,398
Treasury bills and similar notes	4,729,572	805,948
Due from credit institutions	18,683,698	19,034,136
Customer loans	26,195,909	25,777,904
Bonds and other fixed-income securities	4,480,371	4,136,686
Equities and other variable-income securities	126,366	148,851
Investments, equity securities held for long-term investment	96,019	74,579
Other participating interests	3,082,391	3,014,361
Intangible assets	326,157	321,789
Property, plant and equipment	198,195	218,707
Other assets	990,852	763,243
Accrued income	798,170	872,848
<b>Total assets</b>	<b>61,027,082</b>	<b>57,450,451</b>

(in thousands of euros)

	12/31/2014	12/31/2013
<b>Liabilities and shareholders' equity</b>		
Central banks		
Liabilities to credit institutions	19,211,458	15,609,390
Liabilities to customers	26,181,348	24,551,121
Debt securities	8,710,000	10,794,564
Other liabilities	897,998	775,793
Accrued expenses	1,018,021	894,381
Provisions	53,551	55,560
Subordinated debt	403,845	404,055
Provisions for general banking risks (FRBG)	228,385	236,878
Shareholders' equity excluding FRBG	4,322,476	4,128,709
Share capital	2,211,473	2,132,865
Additional paid-in capital	5,438	4,906
Reserves	1,912,717	1,745,881
Revaluation adjustments	0	0
Regulated provisions and investment subsidies	4,525	4,525
Profit carried forward	23,609	25,429
Net income for the year	164,713	215,103
<b>Total liabilities and shareholders' equity</b>	<b>61,027,082</b>	<b>57,450,451</b>

## Income statement

### Net banking income

Net banking income for the aggregate scope totaled €857.4 million, down €28.3 million.

Net interest income fell by 3.8% to €475.5 million. This decline was due to a lower revaluation of available-for-sale securities and a drop in the net interest margin on customer loans.

It was partially offset by the continued decline in the cost of funding, net of income from investments of surplus cash.

Dividends received in 2014 totaled €138.8 million, down €18.3 million from the previous year.

Net commission income fell by 4.2% to €369.2 million, mainly due to the decline in overdraft fees following the cap implemented as of January 1, 2014 and the drop in commission income related to early repayments and refinancings.

Other net operating income and expense increased by €6.6 million to €12.7 million. The increase was due to gains on the disposal of a building, partially offset by an allocation to the housing savings provision made necessary by the drop in interest rates.

### Operating expense

Operating expense increased by 9.1%, or €57.7 million, to €691.1 million in 2014.

This change resulted mainly from increased personnel costs, marked by a significant

€20 million increase in allocations to provisions for employee benefits following the drop in interest rates. Other tax increases also contributed to the rise in operating expense.

### Cost of risk

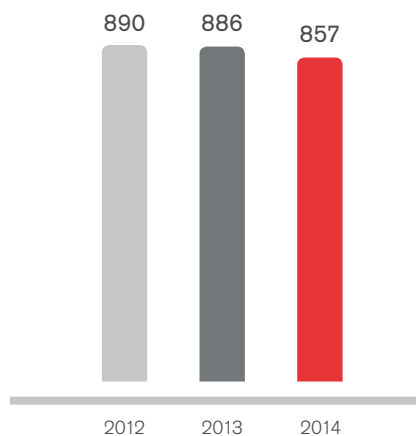
The cost of risk totaled €40.6 million, down €11.9 million. This decrease was mainly due to the improved credit risk at the local savings banks.

### Net income

Net income for the aggregate scope totaled €164.7 million in 2014, down €50.4 million relative to the previous year.

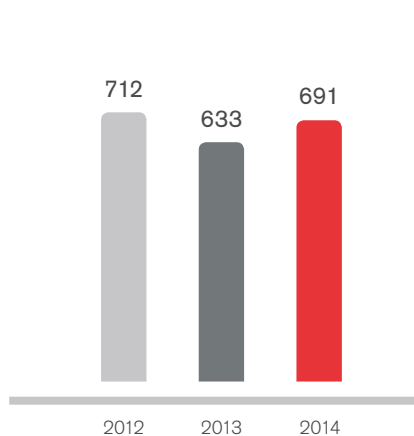
### Net banking income

(in million of euros)



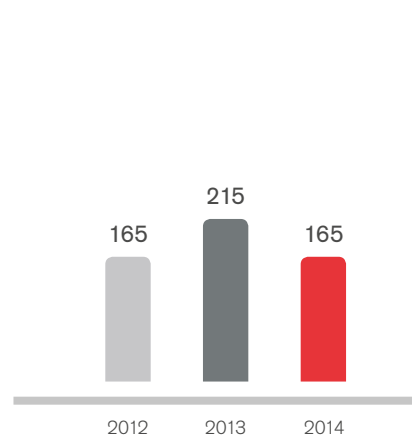
### Operating expense

(in million of euros)



### Net income

(in million of euros)



## Income statement

(In thousands of euros)

	12/31/2014	12/31/2013
Interest and similar income	1,791,738	1,875,872
Interest and similar expense	(1,479,713)	(1,587,362)
Income on variable-income securities	138,842	157,299
Commission income	421,494	435,764
Commission expense	(52,277)	(50,295)
Net gains (losses) on trading account securities	1,771	1,507
Net gains (losses) on investment portfolio and similar securities	22,908	46,894
Other operating income from banking activities	32,842	10,343
Other operating expense from banking activities	(20,181)	(4,272)
<b>Net banking income</b>	<b>857,424</b>	<b>885,750</b>
Operating expense	(675,483)	(616,730)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(15,666)	(16,651)
<b>Gross operating income</b>	<b>166,275</b>	<b>252,369</b>
Cost of risk	(40,607)	(52,457)
<b>Operating income</b>	<b>125,668</b>	<b>199,911</b>
Gains or losses on non-current assets	(16,398)	(18,630)
<b>Recurring income before tax</b>	<b>109,270</b>	<b>181,281</b>
Net non-recurring income	95	0
Income tax	46,806	57,465
Allocations to / reversals from the reserve for general banking risks (FRBG) and regulated provisions	8,542	(23,644)
<b>Net income</b>	<b>164,713</b>	<b>215,103</b>

## Five-year summary results table

	2010	2011	2012	2013	2014
<b>Shareholders' equity at the end of the year (thousands of euros)</b>					
Share capital	1,283,044	1,551,710	2,018,906	2,132,865	2,211,473
Number of ordinary shares outstanding	1,282,791,191	1,550,755,060	2,017,896,344	2,131,845,134	2,192,127,760
Number of preferred shares (non-voting) outstanding					
Maximum number of shares to be created					
- through exercise of convertible bonds					
- through exercise of subscription rights					
<b>Operations and results for the year (thousands of euros)</b>					
Revenues (net of taxes)	2,194,414	2,383,066	2,634,588	2,479,278	2,384,916
Income before tax, employee profit sharing and allocations to depreciation, amortization and provisions	167,923	197,520	91,598	165,187	158,735
Income tax (*)	(34,101)	(8,241)	(75,770)	(57,465)	(46,806)
Employee profit-sharing due for the year (*)	6,277	4,761	13,780	1,496	523
Income after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	180,282	127,026	164,909	215,103	164,713
Dividends	32,110	37,242	49,833	49,778	40,913
<b>Earnings per share (in euros)</b>					
Earnings after tax and employee profit-sharing but before allocations to depreciation, amortization and provisions	0.15	0.13	0.08	0.10	0.09
Earnings after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	0.14	0.08	0.08	0.10	0.08
Dividend per share	0.03	0.02	0.02	0.02	0.02
<b>Employees (thousands of euros)</b>					
Average number of employees during the year	5,598	5,588	5,684	5,624	5,538
Total payroll for the year	241,024	236,758	246,172	226,751	237,676
Employee benefits (social security, community service projects)	130,385	114,893	159,395	112,066	132,570

(\*) Positive amounts = expense; negative amounts = income

# 4. Risk factors

4.1 Credit risk

4.2 Market risks

4.3 Structural interest rate and liquidity risks

4.4 Foreign exchange risk

4.5 Equity risk and risk on other variable income securities and investment securities

4.6 Operational risk

4.7 Legal risk

4.8 Compliance risk, including money-laundering risk

4.9 Risks specific to the insurance business



115



# Crédit Mutuel Arkéa's risk management function

In accordance with regulatory requirements, the general purpose of the risk management function is to ensure the implementation of Crédit Mutuel Arkéa Group's risk measurement and oversight systems.

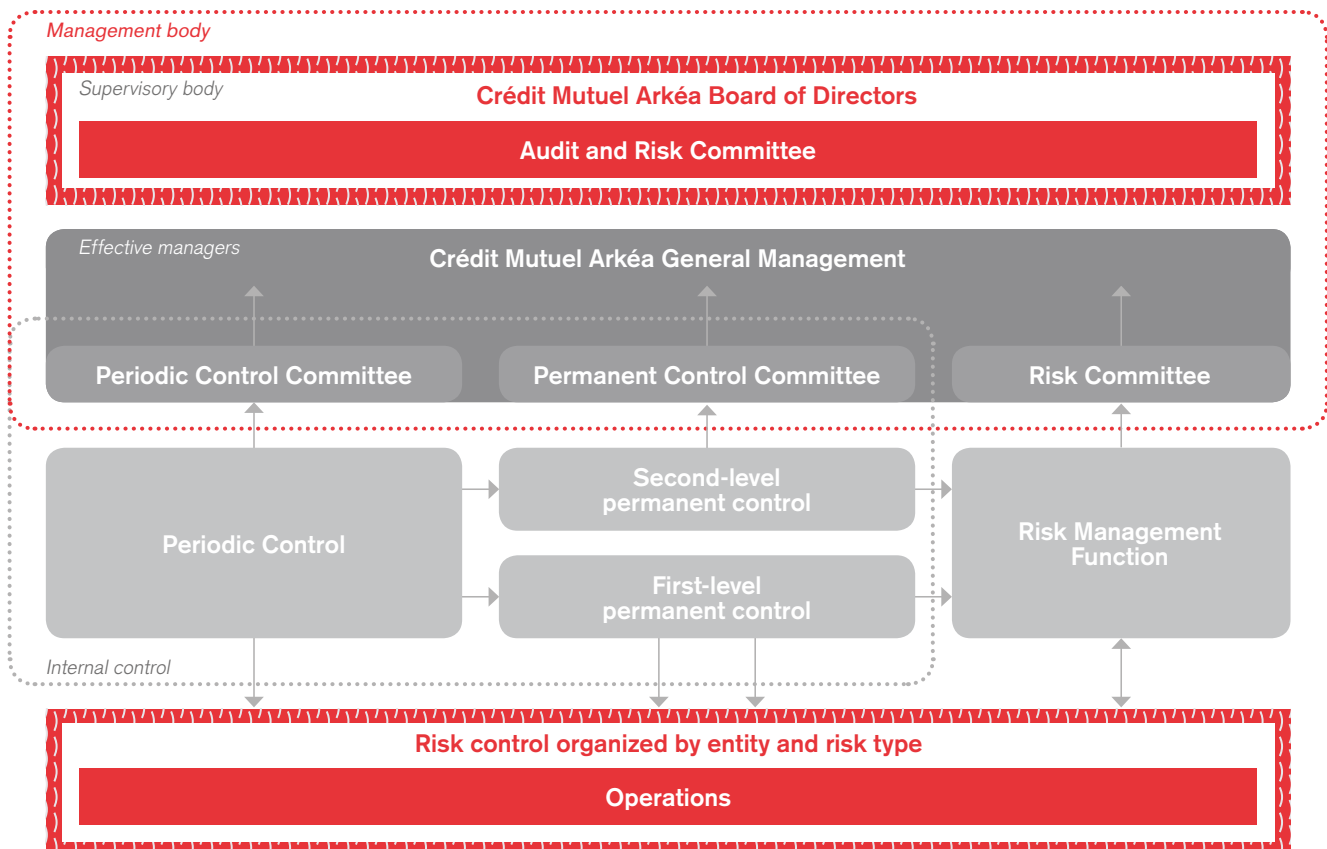
The organization for this risk management function, which was established in mid-2010 following regulatory changes in this area, covers all risks for all Group entities. It assesses the overall risks, on a consolidated basis, related to the Group's banking and non-banking activities using a cross-functional and forward-looking approach.

The new European regulatory requirements, which entered into force in France in November 2014 and replaced the corresponding 2010 regulations, have not brought about any significant changes to the previously established organization or systems at Crédit Mutuel Arkéa, since the issues have not changed.

The risk management function's mission is to ensure that risk exposure levels are compatible with the guidance set by the Crédit Mutuel Arkéa's supervisory body, which has established the following priority objectives in this area:

- exercise its activities within limits compatible with its development strategy, financial capabilities and the corresponding regulatory requirements with respect to risk;
- provide high-quality, relevant and verified information to the Group's supervisory body and so-called effective managers (*dirigeants effectifs*) as well as to the supervisory authorities, with each Group entity responsible for managing its own risks.

The risk management function fits into the overall risk management and internal control system, which is depicted below:



Responsibility for Crédit Mutuel Arkéa Group's risk function is assigned to the Head of Risk Management of Crédit Mutuel Arkéa. He is not affiliated with the business lines and reports directly to the Head of the Development Support division, who in turn reports to the Group's Chief Executive Officer. The effective managers of each entity bear ultimate responsibility for risk management at the operating level, regardless of whether this entity's activities have been outsourced.

The Group Head of Risk Management is responsible for ensuring that the risk management function operates properly and that the Group's effective managers and supervisory body are well informed and oversee and/or participate in the application of Group procedures for the risk management function.

Acting both upstream and downstream from the operational risk management by the entities, the Head of the Group's risk function monitors consolidated risks at the Group level. Through appropriate means and at timely intervals, results are submitted to the Group Risk Committee, the Group's General Management, the Audit and Risk

Committee and the Board of Directors of Crédit Mutuel Arkéa. The Head of the risk management function is supported in these endeavors by the network of correspondents in the risk management function appointed at each Group entity (see below) and by a consolidated information system.

The risk management function is organized along functional lines that complement direct management reporting lines. Each Group entity, including both banking and non-banking entities, appoints a head of the risk management function for its scope, and a person responsible for each type of risk is also appointed.

Functional ties therefore exist at three levels:

- between the head of the Group's risk management function and the head of the risk management function at each entity;
- between the head of the risk management function of each entity and the heads designated for each "risk type" within this entity;
- between the head of the Group's risk function and the heads of risk by type of "Group" risk.

A consistent governance approach to the risk management function, replicated using the same model regardless of the Group entity or risk, as well as common methods, procedures and tools enabling both local management by entity and Group-level consolidation, represent the available resources facilitating Crédit Mutuel Arkéa's consolidated vision of risk.

The organization of the risk management function and available resources help ensure that Crédit Mutuel Arkéa's risk exposure is consistent with the risk management policy defined by its supervisory body. In that regard, all of the documents that make up the "Risk management system" constitute the rules for the Group's system of limits. First validated by the Risk Committee and subsequently by the Group's Executive Committee, these rules are then presented to the Audit and Risk Committee and submitted to the Crédit Mutuel Arkéa Board of Directors for adoption.

# 4.1 Credit risk

Credit risk involves the risk of non-repayment in the event of a default by a borrower or borrowers considered a single beneficiary in the regulatory sense of the term.

## 4.1.1 Customer credit risk

### 4.1.1.1 Selection, limits and monitoring procedures

#### Risk selection system

Loans are granted using the loan granting procedures specific to each lending entity within the Group. These procedures are based on the master procedures set for the entire Group. The Group's Credit Committee has the last word on financing requests that exceed the specific limits of each network, while at the same time complying with the limits set by the Board of Directors of Crédit Mutuel Arkéa.

The various loan approval procedures for the Group's entities use internal ratings as their fundamental parameter by adjusting lending authorizations or even ruling out any possibility of financing. Crédit Mutuel Arkéa has designed and maintains an internal rating system that applies to all of Crédit Mutuel and serves as the basis for granting loans to customers.

The procedures are based on detailed analyses of the borrowers' creditworthiness and ability to repay the loans requested. Due diligence is systematically performed for loans to individuals: registration with the French National Database on Household Credit Repayment Incidents (FICP), verifications of suspended banking privileges, payment incidents and overdue payments.

Regarding financing for independent professionals and companies, the customary procedure involves additional due diligence using external elements such as: Banque de France ratings, Banque de France risk

centralization, Banque de France overdue payments, existence of bankruptcy proceedings and any court rulings regarding officers and directors.

#### Monitoring of customer loans

Various software applications are provided to the operators to secure the granting of loans and risk monitoring on customer loans:

##### Granting of loans and monitoring of lending decisions

When a loan request is made, the requisite level of authorization is automatically indicated and archived, which enables ex post control of compliance with authorizations.

##### Collateral requirements

Crédit Mutuel Arkéa's collateral policy includes several categories of collateral, thereby reflecting the Group's commitment in this area above and beyond regulatory requirements. The IT system integrates these internal rules and thereby complements the system for securing the loan issuance process by orienting and facilitating the taking of collateral and by automatically generating the contracts and related correspondence.

##### Monitoring of doubtful loans

This application automatically forces managers of loans and advances identified as sensitive to provide an explanation of any situations involving doubtful or overdue status. This information is then automatically routed to the various management levels, which provide any additional comments. These explanations are reviewed in detail by the risk management units and are stored for later retrieval.

##### Internal ratings downgrades

When ratings downgrades of more than three notches occur, they are notified to the portfolio managers in the networks.

##### Inter-federal notification on defaults

The internal notification within Crédit Mutuel of payment defaults by common business customers is in effect. A payment default results automatically in the assignment of an E+ rating and the classification in doubtful loans (E-) after at most one month, barring any favorable information.

#### Reporting

A customer credit risk dashboard is established monthly and sent to the members of Crédit Mutuel Arkéa's Executive Management Committee. The main indicators are calculated by market and Group entity.

The Group's Commitments Committee meets once every quarter to review the main sensitive, doubtful or disputed loans, which are also systematically reviewed by the appropriate units in each Group entity.

A summary of customer credit risk exposure is provided at each Crédit Mutuel Arkéa Board of Directors meeting, as well as an update on compliance with credit limits.

Lastly, the Group's credit risk system is also presented to the Group Risk Committee, which meets quarterly.

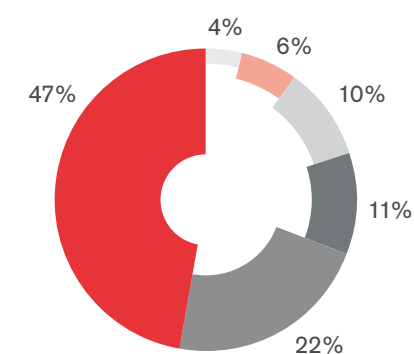
#### 4.1.1.2 Breakdown of loans







##### Outstanding customer loans

As of December 31, 2014, Crédit Mutuel Arkéa had €50.1 billion in outstanding loans to customers, both on- and off-balance sheet. Loans recognized on the balance sheet – including principal and related interest – totaled €42 billion, up 3.9%.

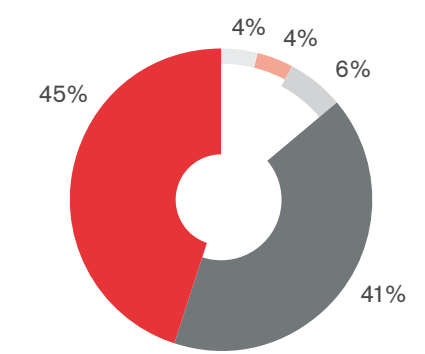
These loans have been granted primarily to moderate-risk customer segments, generally in limited amounts per loan. Home mortgage loans account for nearly half of total outstandings. The density of the bank's regional networks also favors close ties and a good understanding of the borrowers.






Outstanding loans on the balance sheet



Farm	
Cash flow and corporate	
Local authorities and institutions	
Consumer	
Businesses/companies	
Home mortgage	

Home mortgage and similar loans by type of collateral



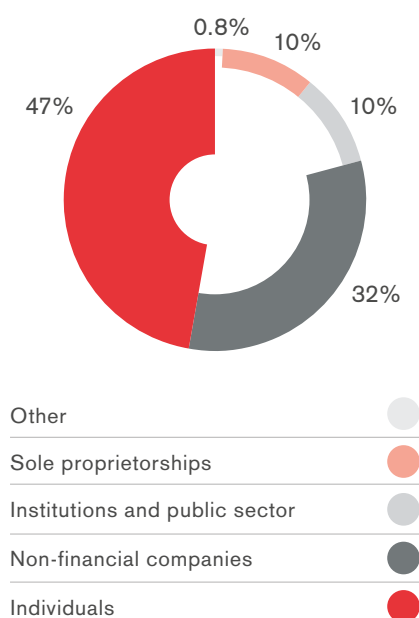
Without collateral	
Pledged securities or "Prévi" contracts	
Other	
Guarantee institutions	
Traditional and "PPD" type mortgages	

### Diversification of outstanding customer loans

The diversification of the customer loan portfolio is satisfactory from a risk perspective, whether measured by:

- type of counterparty;
- business sector.

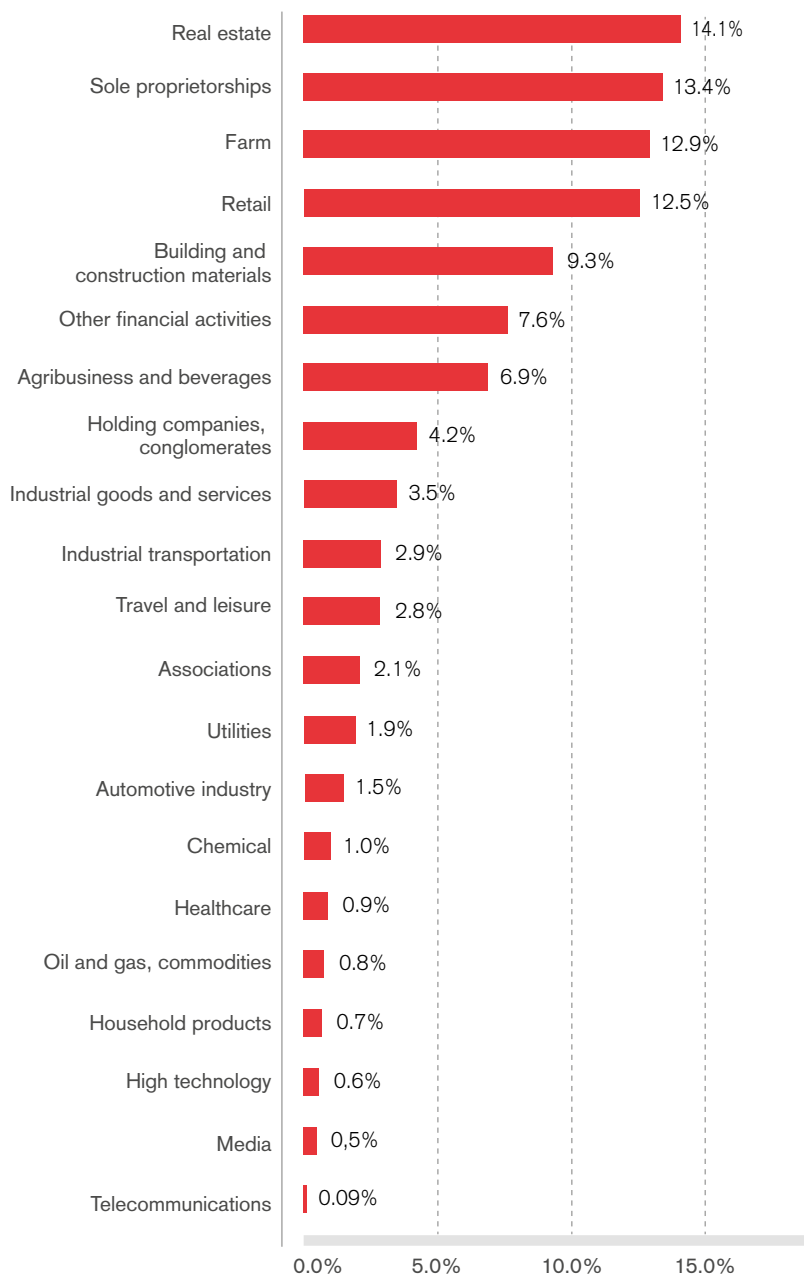
### Total loans outstanding on the balance sheet by type of counterparty as of end-2014



Outstandings to individuals account for nearly half of the outstandings on the balance sheet.

The gross exposure (on- and off-balance sheet outstandings) of businesses and companies totaled €18.3 billion (or 36.5% of customer commitments). The most highly represented sectors included real estate, farms and retail.

### Gross exposure (on- and off-balance sheet outstandings) of businesses and companies by sector

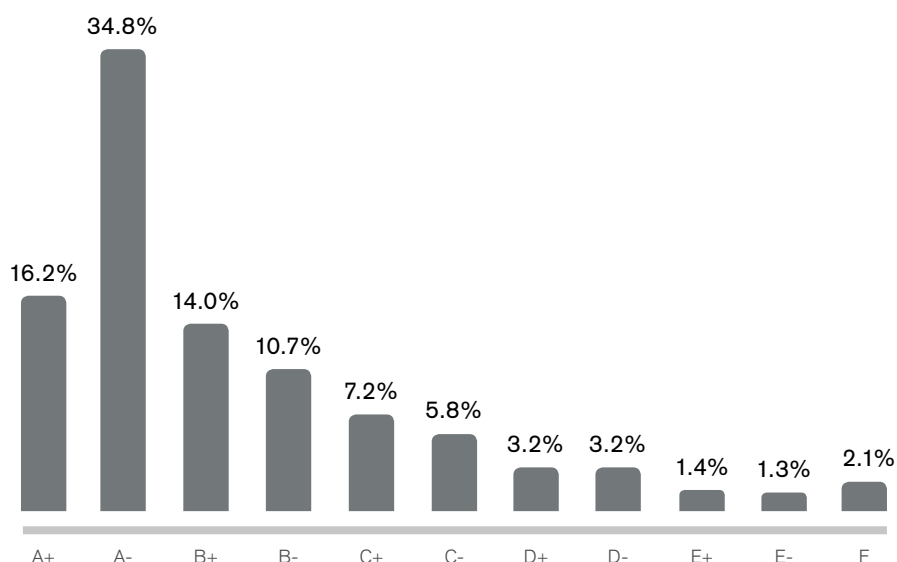


### Portfolio's credit risk quality

The credit risk quality of the customer loan portfolio is determined using an internal rating for customers.

The internal rating of a customer at a given point in time corresponds to an assessment of the risk that this customer might not satisfy his repayment commitments during the next 12 months. Updated daily to take into account potential risk events, this ratings system comprises 11 ratings, from the highest of A+ (lowest risk) to the lowest of F (highest risk). The internal ratings E- and F correspond to doubtful and disputed loans, while the nine other ratings comprise performing loans.

### Balance sheet outstandings (principal) by ratings level as of end-2014



Performing loans accounted for 96.6% of total outstandings. Doubtful and disputed loans (E- and F ratings) accounted for 3.4% (loan outstandings in principal only).

### Presentation of doubtful and disputed loans

Markets	12/31/2013		12/31/2014	
	Amount (€ m)	%	Amount (€ m)	%
Individuals	594	41%	636	41%
Non-financial companies	676	46%	733	47%
Sole proprietorships	186	13%	197	12%
<b>Total</b>	<b>1,455</b>	<b>100%</b>	<b>1,566</b>	<b>100%</b>

The amount of doubtful and disputed loans (including interest) totaled €1,566 million as of December 31, 2014, up from €1,455 million the previous year. Doubtful and disputed loans rose by 7.6% in 2014.

The ratio of doubtful and disputed loans (including interest) to total outstandings rose from 3.5% to 3.7%.

### Outstanding restructured loans

In accordance with the European regulations of October 21, 2013, restructured loans are contracts that have been the subject of "concessions toward debtors who have or will have difficulties honoring their debts." These concessions may be modifications in the contract's residual term or a refinancing of the debt, excluding commercial renegotiations.

The conditions for downgrading restructured loans to default status are stricter, since such downgrades occur automatically whenever a payment is late by more than 30 days or the loans are restructured again. For debtors already in default at the time the restructuring occurs, the restructured loans continue to be classified as doubtful for at least one year, regardless of whether loan payments are in arrears.

Based on these definitions, restructured loans totaled €368 million, or 0.9% of total outstandings. Of that total, €265 million were downgraded to doubtful or disputed loans, while €103 million were performing.

### 4.1.1.3 Provisioning and cost of risk

#### Provisioning

Provisioning of risk on customer loans includes doubtful and disputed loans (internal ratings of E- or F) and loans rated E+, as well as certain special provisions on business segments (pork production, construction and civil engineering and real estate) and on restructured performing loans (pursuant to European regulation of October 21, 2013).

The first case involves allocated provisions. Their assessment is based initially on rules applied automatically to doubtful and disputed loans in the Crédit Mutuel networks. A case-by-case assessment then becomes the rule, particularly when loans transition to disputed status. Financo is unique in that it uses a statistical provisioning system for all its doubtful and disputed loans to individuals. For all of the Group's other doubtful and disputed loans, provisioning is based on a case-by-case evaluation of the chances for collection.

For loans rated E+, the estimate of the so-called collective provision is based on a statistical observation of default rates and losses incurred in the event of a default.

Given a relatively unfavorable economic outlook, Crédit Mutuel Arkéa maintained a conservative approach to customer credit risk in 2014. The provisioning rate for doubtful and disputed loans (principal and interest) was 57.4% at end-December 2014, compared with 58.3% the previous year. The respective rates were 62.6% for companies, 55.6% for sole proprietorships and 52.3% for individuals.

The provisioning rate for loans rated E+ rose from 12.6% at end-2013 to 13% at end-2014. It should be noted that the review conducted in 2014 by the French Prudential Supervisory and Resolution Authority in connection with the transition to

European prudential supervision confirmed the favorable assessment of asset values recognized on CM Arkéa's balance sheet, in terms of both downgrading rules and provisioning levels applied.

#### Cost of risk

The cost of risk on customer loans corresponds to net provision allocations and losses not covered by provisions. The total cost of risk, including the collective provision, was €119.1 million in 2014, down from €148.3 million in 2013. The total cost in 2014 corresponded to a cost of risk on downgraded loans of €111.5 million and a €1.6 million net allocation to the collective provision (provision for loans rated E+ plus the €6 million associated supplementary provision for performing restructured loans), along with a €6 million allocation for a provision on business segments).

The cost of risk on doubtful and disputed loans decreased for all markets. As a percentage of customer outstandings, total cost of risk in 2014 was 0.29%, compared with 0.37% the previous year.

#### Recognition of cost of risk in rate setting

The cost of risk for lending is factored into the financial terms offered to customers using a two-part approach based on Basel III standards:

- the average or "expected" cost of risk is added to the cost of the loan;
- the exceptional or "unexpected" cost of risk is added to the estimate of the economic capital used for each credit transaction under Basel III standards.

### 4.1.2 Market counterparty credit risk

#### 4.1.2.1 Group-wide limits

Crédit Mutuel Arkéa Group has a system of separate limits by type of counterparty (or group of "related clients" pursuant to

article 4-1-39 of the CRR Regulation), which applies independently to proprietary investments and third-party activities (assets representing euro-denominated funds of the life insurance business).

The separate limits by counterparty type are reviewed at least once per month by Crédit Mutuel Arkéa's Board of Directors. They are determined on the basis of the internal ratings of the counterparties, which are ranked in four categories:

- sovereigns (states), public sector, supra-nationals and secured debt;
- state-owned enterprises;
- banks, insurance companies and securitizations (senior and subordinated debt);
- companies.

With respect to proprietary capital markets trading activities, individual limits are set, both with respect to amount and time period, by referring mainly to Crédit Mutuel Arkéa's own shareholders' equity and the counterparty's "fundamentals" (shareholders' equity, debt and ratings).

Limit requests for a specific counterparty are reviewed by Crédit Mutuel Arkéa's Group Counterparty Committee, which bases its decisions on the informed opinions of the Risk Management Department's head of second-level risk analysis, monitoring and control. The first-level control is performed by the entities carrying the outstandings on the counterparty.

All financial market transactions giving rise to credit risk must specify an issuer or security referenced by the Group Counterparty Committee.

In the event of a request for a waiver between revisions, the decision shall be made by Crédit Mutuel Arkéa's Board of Directors.

#### 4.1.2.2 Reporting

The credit risk position related to market transactions is reviewed on a regular basis by the Group's Counterparty Committee.

A quarterly risk report is established and submitted to the members of Crédit Mutuel Arkéa's General Management Committee. It includes an update on compliance with credit risk limits for capital markets counterparties.

The Crédit Mutuel Arkéa Board of Directors reviews credit limit compliance at every meeting.

#### 4.1.2.3 Analysis of credit risk on capital markets counterparties

##### For the entire consolidation scope

The Group's fixed income investment portfolio totaled €34.4 billion (unless otherwise stated, the amounts below are expressed at repayment value) as of December 31, 2014, broken down into the following categories:

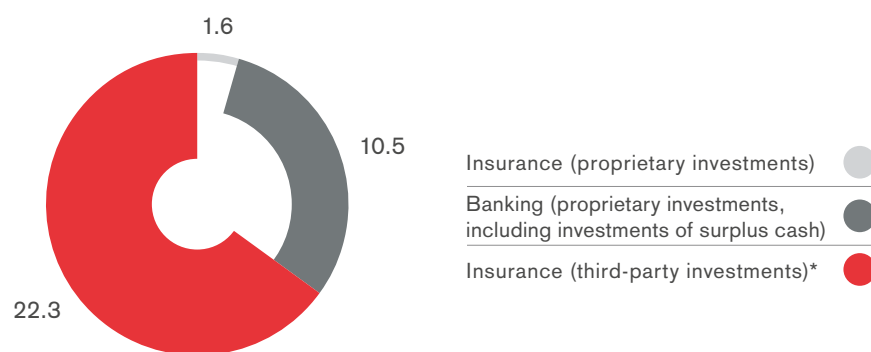
The Group's direct credit risk exposure is limited to the proprietary portfolios of the insurance (€1.6 billion) and banking (€10.5 billion) activities. In the latter case, the credit risk exposure results mainly from the reinvestment of surplus cash and guarantee commitments for funds managed by the asset management subsidiary, Federal Finance Gestion. Outstandings from the proprietary investment activity, which is being wound down, have become marginal.

Meanwhile, the credit risk on the €22.3 billion in investments corresponding to the third-party investment portfolio of the Suravenir insurance company is borne mainly by policyholders through the returns they earn on euro-denominated funds.

As part of its counterparty risk assessment, Crédit Mutuel Arkéa relies on its own internal rating system as well as that of the rating agencies.

The breakdown of credit risk by external ratings, geographic areas and issuer category is presented below for the scopes making up the entire investment portfolio: proprietary investment portfolios (insurance and banking) and third-party insurance investment portfolio (insurance).

Breakdown by entity (€ billions)



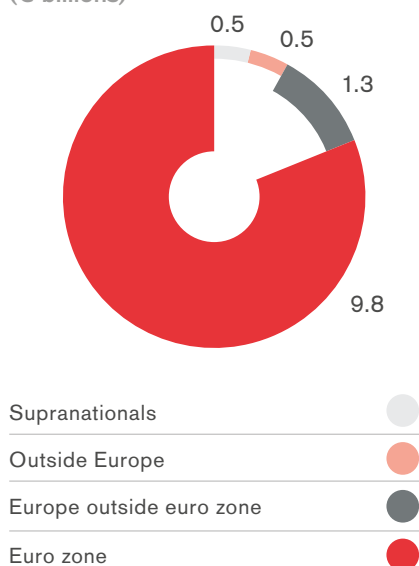
\*Insurance (Third-party): assets representing euro-denominated funds



### For the proprietary portfolio scope (insurance and banking)

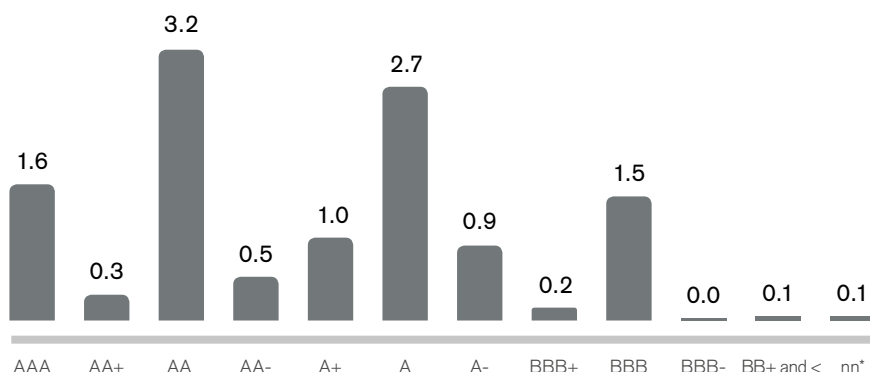
The €12.1 billion in proprietary portfolio investments for the insurance and banking activities mainly involve issuers with the highest external credit ratings: 85% have external ratings between AAA and A.

### Breakdown by geographic area – Proprietary investment portfolio (€ billions)



52% of the investments are with bank counterparties.

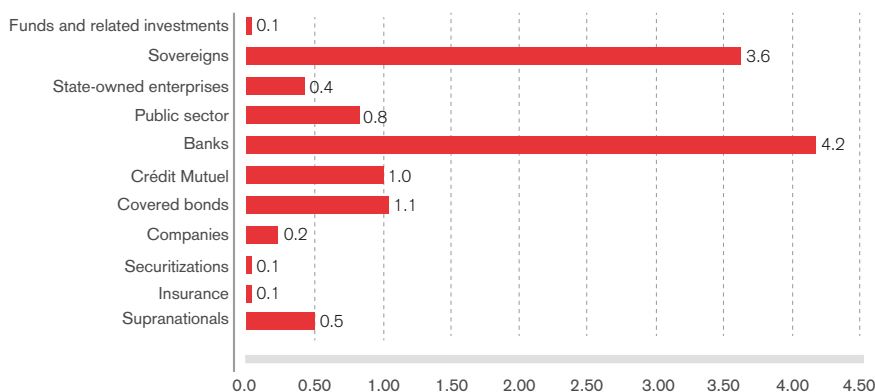
### Breakdown by external rating – Proprietary investment portfolio (€ billions)



\*NR: issuers not rated by one or more of the three leading rating agencies (S&P, Moody's and Fitch)

Of the investments in this scope, 92% are with European issuers and 53% are with French issuers.

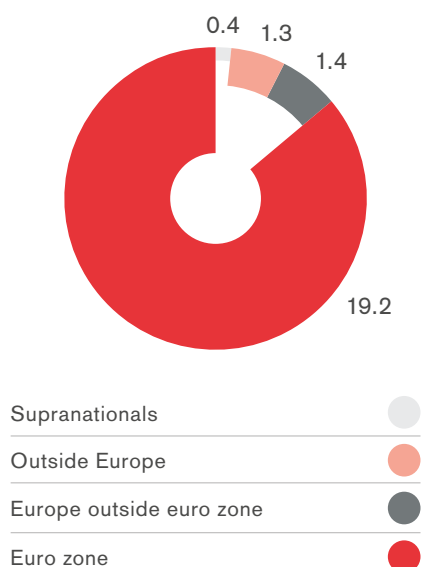
### Breakdown by issuer category – Proprietary investment portfolio (€ billions)



### For the insurance third-party portfolio scope (Suravenir)

The Suravenir insurance company's third-party investments mainly involve issuers with the highest possible external credit ratings, as 83% of them are rated between AAA and A.

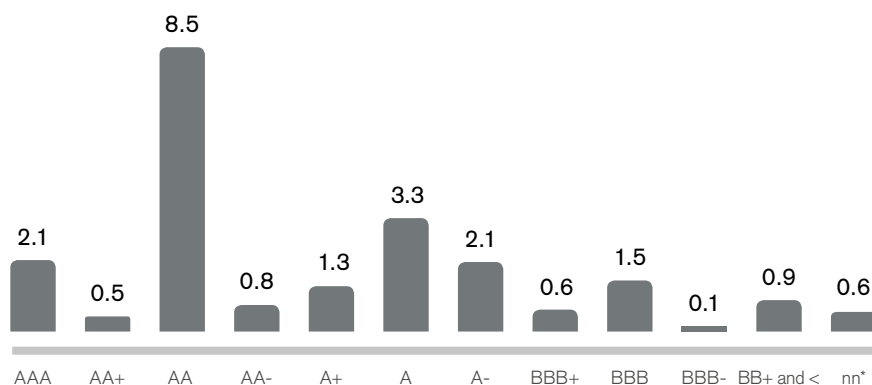
### Breakdown by geographic area – Third-party investment portfolio (€ billions)



From a sector standpoint, Suravenir is present with two main types of issuers:

- the banking sector (banks and covered bonds);
- sovereigns, supranationals, state-owned companies and the public sector for 49%.

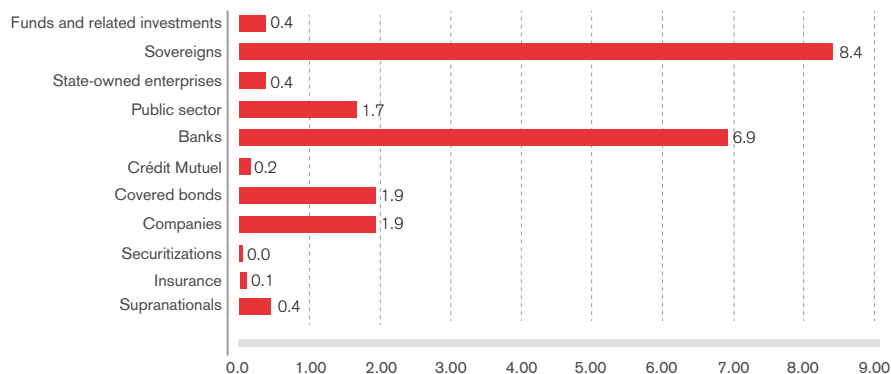
### Breakdown by external rating – Third-party investment portfolio (€ billions)



\*nn : émetteurs non suivis par l'une ou plusieurs des trois agences de notation de référence (S&P, Moody's et Fitch).

From a geographic standpoint, the third-party investment portfolio is mainly invested in European issuers (92%).

### Breakdown by issuer category – Third-party investment portfolio (€ billions)



#### 4.1.2.4 Focus on sovereign risk exposure to countries covered by European Union financial assistance programs

Over the course of 2014, financial market concerns eased with respect to the ability of certain euro zone countries to honor future debt payments.

In May, Portugal exited the financial assistance program established by the European Union and the International Monetary Fund to ensure its refinancing, following Ireland's exit in December 2013. As for Greece, it returned to the markets in April 2014 after a four-year absence.

The Group has no more Greek sovereign debt exposure. The only exposures that remain on Portugal and Ireland are presented in the table below.

They consist of:

- for Ireland, medium- and long-term investments carried by the insurance companies in the third-party portfolio,
- for Portugal, proprietary commitments by Crédit Mutuel Arkéa in connection with guarantees of funds managed by its asset management subsidiary Federal Finance Gestion.

Sovereign debt exposure <sup>(1)</sup> in € millions as of December 31 in nominal terms	< 1 year	1 to 2 years	2 to 5 years	5 to 10 years	>10 years	Total	Share of these two sovereigns in total investments
<b>Portugal</b>	11	6	-	-	-	17	
Proprietary investments (banks) <sup>(2)</sup>	11	6	-	-	-	17	0.2%
<b>Ireland</b>	-	5	176	108	20	309	
Insurance company investments (third-party)	-	5	176	108	20	309	1.4%
<b>Total</b>	<b>11</b>	<b>11</b>	<b>176</b>	<b>108</b>	<b>20</b>	<b>326</b>	<b>1.0%</b>

(1) Sovereign debt (excluding securities with state guarantees).

(2) Exposures limited to off-balance sheet commitments of Crédit Mutuel Arkéa related to the guarantee provided by the Group to Federal Finance guaranteed funds.

The nominal exposures listed in the above table resulted in the following net exposures (carrying amount after adjusting for impairment related to counterparty risk and

the recognition of capital gains and losses, net of hedges and after the recognition of policyholder participation rights for the insurance portion) in the Crédit Mutuel

Arkéa consolidated financial statements (excluding recognition of exposures to off-balance-sheet commitments):

in € millions	< 1 year	1 to 2 years	2 to 5 years	5 to 10 years	> 10 years	Total
<b>Portugal</b>	-	-	-	-	-	-
<b>Ireland</b>	-	5	176	107	20	308

#### 4.1.2.5 Focus on exposure to structured assets held in the proprietary investment portfolio for the banking scope

The exposure to structured assets is being steadily reduced, as the portfolio is being wound down. No new investments have been made since 2008.

The volume of outstandings on these assets therefore fell by €39 million to €102 million in 2014.

- The volume of guaranteed CDO outstandings (the only non-guaranteed CDO still held in the amount of €2.3 million having been fully provisioned since 2009) was stable in 2014 at €39.3 million.

- Securitization outstandings (CMBS, RMBS, CLO and ABS) fell from €102 million to €63 million at end-2014. The average credit quality of the securitization portfolio remained satisfactory, since 78% of the outstandings had an external credit rating of BBB- or higher.

## 4.2 Market risks

Market risk, or price risk, stems from unfavorable changes in market parameters that affect the value of financial instruments recognized on the balance sheet.

**C**rédit Mutuel Arkéa is exposed primarily to significant spread, interest rate, exchange rate and equity risks. Its options risk is limited to interest rates and remains low.

From a management standpoint and with respect to the banking scope covered in this section, the main sources of market risk are managed by Crédit Mutuel Arkéa's Financial Markets department.

The portfolio of highly liquid assets – in accordance with LCR regulations – exposed to market risk totaled €5.3 billion at end-2014. It consisted of €4.5 billion in level 1 assets and €0.9 billion in level 2 assets. At end-2014, with one-fourth of the investments having a residual maturity of more than one year, the portfolio was mainly exposed to spread risk. Meanwhile, the portfolio's interest rate risk was relatively insignificant.

The portfolio of securities held in connection with the origination activity is exposed to spread risk as a result of its residual maturity (average of 9.6 years). Interest rate risk is hedged systematically. The low exposure levels (€50 million at end-2014) nevertheless render the portfolio relatively low risk.

The surplus cash investment portfolio recorded at fair value on the balance sheet has limited market risk exposure given its short-term maturity. It totaled €3.2 billion as of December 31, 2014.

The proprietary investment portfolio being wound down saw its outstandings reduced further. At end-2014, total outstandings were reduced by €147 million – of which €146 million through repayments – to only €0.4 billion, compared with €7.2 billion at end-2007.

The other activities of the banking scope involving financial markets have more marginal market risk exposure. Derivative instruments negotiated with clients of the branch networks (€7.6 billion as of December 31, 2014) were almost entirely hedged, which neutralized the interest rate and currency risk. These transactions are therefore exposed only to the CVA, DVA and FVA risks described in point 4.2.2. Moreover, the market risk exposure related to treasury investments by the Group's banking subsidiaries has become insignificant (€46 million in investments as of December 31, 2014 compared with €511 million one year earlier). This decline follows the September 2014 decision by the Group's Asset and Liability Committee to centralize the treasury operations of these subsidiaries at Crédit Mutuel Arkéa.

From a regulatory standpoint, Crédit Mutuel Arkéa's market risk is limited to the interest rate risk on the trading portfolio<sup>(1)</sup> and overall currency risk. Following the entry into force of Regulation (EU) 575/2013 on January 1, 2014, the trading portfolio is not significant since it is limited to market-making transactions for the Group's secondary debt. As for the currency risk, it

should be noted that Crédit Mutuel Arkéa is not subject to the capital requirement calculation, as mentioned in point 4.4.

All of the aforementioned points relate to notes 2, 3, 4, 7 and 18 of the Crédit Mutuel Arkéa consolidated financial statements.

### 4.2.1 Risk organization and monitoring

#### Organization

Crédit Mutuel Arkéa executes market transactions by way of a trading floor that reports to the Financial Markets Department. This trading floor is organized around three activities: (treasury<sup>(2)</sup> and refinancing, structuring, and corporate and institutional sales). The Back Office department is responsible for account-keeping and transaction settlement. The Risk Department is responsible for the valuation of positions, the assessment of the management result and market risks and the calculation of capital requirements. Each step in processing transactions is subject to permanent controls in accordance with regulations.

#### Monitoring

Crédit Mutuel Arkéa's Board of Directors, acting on the recommendation of the Chief Executive Officer and following a meeting of the Group Risk Committee, sets the overall framework for the level of involvement in capital markets activities each year. The detailed limits system is then determined by the effective managers after a review

(1) The trading portfolio consists of positions held with the intention of their being sold in the short term.

(2) Including the monitoring of the proprietary trading portfolio being wound down.

by the Group Risk Committee. The system is based on position, sensitivity, loss and capital adequacy requirement limits. In 2014, the limits related to the proprietary trading portfolio being wound down were again adjusted downward in keeping with the management policy for this portfolio adopted by Crédit Mutuel Arkéa's Board of Directors in 2007. Limits related to the other portfolios were adjusted in line with the activity.

The limits system is rounded out by a procedure to approve new products, which gives rise to a list of instruments authorized for trading.

A committee to monitor proprietary investment trading consisting of representatives from the Financial Markets, Back Office, Financial Steering and Risk Management departments met twice in 2014 to review changes in the results and risk profile of the proprietary trading portfolio.

Meanwhile, the LCR Committee proposes management strategies to acquire high-quality liquid assets and to monitor the subsequent results and inherent risks of these portfolios. The Committee comprises representatives from the Financial Markets, Financial Steering and Risk departments; it is chaired by the Deputy Head of the Development Support division. It also met twice in 2014.

#### Reporting to the effective managers

The Risk department provides the operating departments with daily reports on the consumption of limits for market activities. In the event the limits are exceeded, a notification procedure for the effective managers is activated. The Risk department also regularly prepares consolidated risk positions for the effective managers.

#### Reporting to the supervisory body

A report on risks related to capital markets activities is established for each meeting of Crédit Mutuel Arkéa's Board of Directors.

It includes a presentation of exposures, results, risk indicators and an update on compliance with the limits set by the Board of Directors.

The consolidated risk situation, which includes market risk, is also presented semi-annually to the Audit and Risk Committee of Crédit Mutuel Arkéa.

#### 4.2.2 Sensitivity analysis

The valuations used as references in sensitivity analyses are obtained using various methods ranked by order of importance. If the asset is listed on an active market, fair value is determined using the listed price. If no such listing is available, the price is obtained using market valuation techniques based on the most frequently observed market data. In certain specific cases, specialized appraisers are brought in to complement the internal valuation. The valuations derived from models may be adjusted in order to take liquidity risk into account.

Also, in accordance with IFRS 13, the valuation of derivative instruments gave rise to two adjustments in 2014. The first aimed to integrate the market value of the counterparty risk. The adjustment took into account the bilateral nature of this risk, i.e. counterparty risk (Credit Valuation Adjustment - CVA) on the one hand, and Crédit Mutuel Arkéa's own credit risk (Debit Valuation Adjustment - DVA) on the other. The second adjustment, which was first applied as of December 31, 2014, seeks to recognize the financing cost of uncollateralized derivative instruments (Funding Value Adjustment - FVA). Overall, a net expense of €7.9 million was charged against net banking income in 2014<sup>(3)</sup>.

#### Potential loss

Changes in the value of Crédit Mutuel Arkéa's trading portfolios (fair value changes shown through profit and loss)

and available-for-sale (AfS) portfolios are controlled by sensitivity limits. These daily measurements of sensitivity to modest standardized fluctuations in spreads and interest rates are accompanied by a monthly calculation of the potential loss. The goal is to assess the impact on net income and shareholders' equity of tensions that might arise in markets under reasonably possible scenarios, with the impact determined on the basis of a complete revaluation of positions. The scenarios applied correspond to relative or absolute changes for a one-month period, with a 99% probability over three-year sliding periods. The choice of risk factors results from a detailed analysis of the portfolio composition, since a financial instrument can be potentially sensitive to several factors. Compared with 2013, the interest rate risk measurement was fine-tuned on the short portion of the yield curve, where the majority of the exposures are found.

The model implemented to calculate the potential loss offers two main simplifications:

- the scenarios applied to the positions are based exclusively on historical observations (stationarity assumption),
- given the difficulties in obtaining individualized historical data, the portfolio's volatility is determined based on benchmark indices, although these indices are as granular as possible.

In order to assess the model's relevance periodically, the results obtained are subject to an ex-post control.

The potential loss calculation performed on December 31, 2014 showed that adverse market changes mainly affected shareholders' equity (94% of total losses) and that the portfolio was primarily exposed to spread risk (86% of the total). This latter risk was concentrated on the bond and securitization portfolios.

(3) CVA: +€10.7 million, DVA: -€6.6 million, FVA: -€12 million.

### Value at Risk

The market risk of the trading portfolio is subjected to a VaR measurement. The method applied uses a full revaluation of positions based on a history of 250 business days. The model is calibrated with a 99% confidence interval and a timeline of 10 business days. It was neither audited by the statutory auditors

nor certified by the French Prudential Supervisory and Resolution Authority for the capital adequacy calculations. The amount obtained is reported for information purposes. As of January 1, 2014, the application of Regulation (EU) 575/2013 led Crédit Mutuel Arkéa to exclude from its trading portfolio derivative instruments recognized at fair value through profit or loss

and used for hedging purposes. In 2014, The VaR calculation scope was therefore limited solely to the securities portfolio purchased for market-making operations involving the Group's debt. The VaR amount, which was already low in 2013, became negligible in 2014 (maximum VaR: €10,048 in December).

(in million of euros)

99% Potential loss as of 12/31/2014 (1 month horizon)					
Risk	Scenario	Exposure	Potential loss	of which, impact on net income	of which, impact on equity
Interest rate	15% - 90% increase, depending on the maturities	8,624	(4.6)	(0.1)	(4.5)
Equity	18% decrease <sup>(1)</sup>	15	(1.6)	(0.9)	(0.6)
Currency	5% increase or decrease <sup>(1)</sup>	1.8	(0.1)	(0.1)	0.0
Spread	<b>Total</b>	<b>8,728</b>	<b>(40.3)</b>	<b>(1.8)</b>	<b>(38.5)</b>
	10 bp increase in supranationals	412	0.0	0.0	0.0
	20 bp increase in French sovereigns	2,266	(8.2)	0.0	(8.2)
	15 bp increase in German sovereigns	527	0.0	0.0	0.0
	20 bp increase on Dutch sovereigns	41	0.0	0.0	0.0
	15 bp increase in Austrian sovereigns	17	0.0	0.0	0.0
	20 bp increase in Belgian sovereigns	100	0.0	0.0	0.0
	85 bp increase in Spanish sovereigns	599	(3.4)	0.0	(3.4)
	65 bp increase in Italian sovereigns	599	(2.9)	0.0	(2.9)
	15 bp increase in covered bonds	930	(3.8)	0.0	(3.8)
	55 bp increase on European financial institutions	2,835	(12.0)	(0.2)	(11.8)
	95 bp increase for redeemable subordinated debt for European financial institutions	78	(6.5)	0.0	(6.5)
	30 bp increase in U.S. financial institutions	251	(1.0)	(0.2)	(0.8)
	50 bp increase in corporates	18	0.0	0.0	0.0
	130 bp increase in securitizations	57	(2.4)	(1.4)	(0.9)
<b>Total</b>			<b>(46.6)</b>	<b>(2.9)</b>	<b>(43.6)</b>

(1) In relative value.

**Stress tests**

In 2014, the stress test calculation scope was aligned with the potential loss. It now includes all Crédit Mutuel Arkéa investments recognized at fair value. For each risk factor used, the shocks applied corresponded to

the most severe changes recorded over a one-year period using a historical baseline ranging from 10 to 29 years depending on available data. The scenarios involving spread risk were complemented in 2014 by an assumption applicable to short-term

debt instruments. It should be noted that the simplifications mentioned with respect to the potential loss also apply to crisis scenarios. The results obtained are also subject to ex-post control.

(in million of euros)

CRISIS SCENARIOS AS OF 12/31/2014 (1 year horizon)					
Risk	Scenario	Exposure	Stress test	of which, impact on net income	of which, impact on equity
Interest rate	120% increase in 2-year rates <sup>(1)</sup>	8,624	(10.2)	(0.1)	(10.1)
	75% increase in 5-year rates <sup>(1)</sup>				
	40% increase in 10-year rates <sup>(1)</sup>				
Equity	50% decrease <sup>(1)</sup>	15	(7.8)	(4.6)	(3.2)
Currency	20% increase/decrease <sup>(1)</sup>	1.8	(0.4)	(0.4)	0.0
Spread	<b>Total</b>	<b>8,728</b>	<b>(156.6)</b>	<b>(10.3)</b>	<b>(146.3)</b>
	<i>Medium- and long-term</i>	2,653	(128.2)	(10.3)	(117.9)
	70 bp increase in supranationals				
	130 bp increase in French sovereigns	748	(43.6)	0.0	(43.6)
	70 bp increase in covered bonds	767	(16.3)	0.0	(16.3)
	190 bp increase in European financial institutions	823	(22.4)	(0.8)	(21.6)
	365 bp increase for redeemable subordinated debt for European financial institutions	78	(19.4)	0.0	(19.4)
	545 bp increase in U.S. financial institutions	181	(15.6)	(2.9)	(12.7)
	725 bp increase in securitizations	57	(11.1)	(6.6)	(4.4)
	<i>Short-term</i>	6,075	(28.4)	0.0	(28.4)
	125 bp increase in short-term securities	6,075	(28.4)	0.0	(28.4)
<b>TOTAL</b>			<b>(175.0)</b>	<b>(15.4)</b>	<b>(159.6)</b>

(1) In relative value.

# 4.3 Structural interest rate and liquidity risks

## 4.3.1 Organization

The ALM function strives to manage the Group's key balance sheet ratios over a medium- to long-term horizon. In addition to allocating capital, its duties consist of measuring, monitoring and making recommendations to optimize liquidity and interest rate risk (the currency risk being marginal).

The ALM function is exercised by a dedicated and centralized unit – the Crédit Mutuel Arkéa ALM department, which reports to the Financial Steering department, which in turn acts on behalf of the Crédit Mutuel Arkéa Group and the parent company – and by the subsidiaries' financial departments, which carry out their activities within the limits set by the Group.

The main indicators for the banking sector are generated by the Crédit Mutuel Arkéa ALM department. Insurance risks are monitored at the level of the insurance companies, under the control of the Group's ALM Committee.

ALM steering is performed at three levels:

- Group-wide ALM limits are set annually by the Board of Directors of Crédit Mutuel Arkéa, acting on the recommendations of the Group's ALM Committee. The subsidiaries' limits are adopted by their respective supervisory bodies in accordance with the framework defined at the Group level,
- The Group's ALM Committee executes the strategic orientation and controls the exposure of the Group and its components. Chaired by the Group's Chief Executive Officer, it meets at least twice a year,
- The Operational ALM committees of the Group and the subsidiaries are responsible for the daily ALM of the corresponding credit institution, by delegation of authority and based on guidelines defined by the Group ALM Committee. The Operational ALM Committee meets monthly.

The quarterly reporting information related to the principle ALM indicators is integrated into the dashboards provided to members of Crédit Mutuel Arkéa's Board of Directors and General Management. Any breach of a Group limit must be notified to the Crédit Mutuel Arkéa Board of Directors and General Management as well as brought into compliance immediately (barring a specific decision to the contrary).

The decisions to hedge liquidity and interest rate risks, within the limits set by the Group, are up to each banking entity, but their transactions are undertaken exclusively through Crédit Mutuel Arkéa.

Financial market transactions are carried solely by Crédit Mutuel Arkéa, which enables it to control and optimize the Group's risk management, and notably its liquidity risk.

## 4.3.2 Interest rate risk on the banking and insurance portfolio

Interest rate risk, which is caused by a difference in rates or of benchmark indices between the sources and applications of funds, involves the risk of changes in interest rates affecting present and future results.

The purpose of interest rate risk management is therefore to secure and optimize the interest margin.

### Banking portfolio

Interest rate risk is assessed, monitored and managed for the consolidated banking scope and for each entity within that scope. All balance sheet and off-balance sheet positions, notably financial instruments (swaps, etc.) and forward-start facilities, are integrated into the risk assessment.

Three main indicators, calculated at least once every quarter, enable the Group to measure interest rate risk on a static basis:

- Net present value (NPV) sensitivity is an indicator derived from Basel II regulations. Expressed as a percentage of capital, it measures the change in the net present value of the balance sheet for a 200 basis point increase or decrease in interest rates. The regulations set a 20% threshold for interest rate exposure.

As of December 31, 2014, a 200 bp decrease (with a floor of 0%) results in an increase in the value of the bank. A 200 bp increase has a negative impact of less than 1% of shareholders' equity.

- Interest rate gaps consist of projecting outstandings with a known interest rate based on their contractual characteristics (maturity date and type of amortization) or modeling their maturity flows.

A modeling of maturity flows is necessary when the amortization profile is not known (products with no contractual maturity such as current accounts, savings accounts and shareholders' equity) or when embedded options are included in the customer products (early loan repayments, extensions on home savings plans). With the exception of reserves, whose maturity flow is standardized, the modeling is based essentially on an analysis of past customer behavior. In the case of early repayments, it may take into account a correlation between market interest rates and early repayment rates. The maturity flows of home purchase savings plans are mapped in accordance with models used to calculate the home purchase savings provision.

- Interest margin sensitivity reflects the gain or cost on the Group's net interest margin resulting from a change in interest rates. It may be expressed as a percentage of net banking income (NBI) using different changes in interest rates. It is constructed using preset interest rate gaps and the impact of options risks (measuring the effect of the activation of caps and floors on the net interest margin).



As of December 31, 2014, interest margin sensitivity remained under control; the maximum negative annual impact for a 100 basis point increase in interest rates was €5 million over the first five years, or less than 0.5% of 2013 NBI. This level is consistent with the Group's policy.

The interest rate sensitivity indicator and interest rate gaps are systematically presented to the Operational ALM committees and thereby serve as the basis for key decisions.

When the natural matching of credits and deposits – the main source of the Group's interest rate risk – does not satisfy the limits or management objectives, hedging transactions are initiated between the various banking entities and Crédit Mutuel Arkéa, which in turn redirects them to the financial markets.

When the risk arises from a difference in the type of interest rate (e.g. between assets with fixed rates and liabilities with adjustable rates), the hedge is performed mainly through macro-hedge swaps. If the risk is optional in nature, the hedge must be in the form of an option; hedging credits with capped variable rates is therefore ensured using interest rate caps.

Macro-hedge transactions are generally justified as fair value hedges under IFRS on the basis of credit and deposit portfolios. Accounting documentation and effectiveness tests are generated as soon as the hedge is established and updated regularly in order to ensure the quality of the hedge and limit the impact on the Group's IFRS results.

In the current low interest rate environment, the Group continues to adopt a conservative policy, with assets and liabilities well matched up in terms of interest rates. It therefore has low interest rate exposure in order to protect its margins, which is corroborated by the interest margin sensitivity level.

#### Insurance portfolio

A change in interest rates directly affects the bond portfolio's valuation and returns, for both the proprietary and euro-denominated funds. Fixed-rate bonds

expose Suravenir to the risk of a change in asset values; variable-rate bonds create the risk of income fluctuations.

#### The risk of a decrease in interest rates is not significant for Suravenir.

The euro-denominated life insurance policies create a commitment for the company to offer a minimum guaranteed rate. When market interest rates fall, the portfolio's return may be insufficient to satisfy this commitment. In that case, French regulations require insurance companies to make a special provision allocation (the so-called financial risks provision). Suravenir did not need to make any such allocation in 2014. As of December 31, 2014, the risk going forward pertained to a 0.65% minimum gross guaranteed return to be paid in 2015.

A persistent low interest rate environment could nevertheless put downward pressure on the net margin generated by Suravenir.

#### Suravenir's main risk exposure is that of rising interest rates for the management of the euro-denominated funds.

Higher interest rates have several consequences on assets, starting with lower valuations on fixed-rate bonds held in the portfolio. Depending on which IFRS accounting classification is used for these securities, this loss in value affects shareholders' equity or earnings for the insurance company and its policyholders. Thus at end-2014, a 100 basis point increase would cause Suravenir's net income to rise by €0.4 million and shareholders' equity would decline by €130 million.

The second risk related to a significant and sustained increase in interest rates is a growing number of redemptions by policyholders on the euro-denominated funds, as the returns on these policies become less competitive relative to other investments. In that case, in order to make the necessary adjustments to managed assets, the company may need to sell assets. If it sells fixed-rate assets, it could incur capital losses. To avoid this risk, Suravenir maintains a considerable

amount of variable-rate bonds and options (cap, spread cap and duration-adjusted cap) in its portfolio. These financial instruments also enable the returns on Suravenir's euro-denominated funds to converge more quickly toward the returns offered by other savings products, thereby limiting redemptions. As of December 31, 2014, some 31.93% of the bond portfolio in general assets was hedged against an increase in interest rates.

#### 4.3.3 Liquidity risk

##### Banking portfolio

Liquidity risk arises from maturity differences between the sources and applications of funds. It may create additional expense in the event of widening liquidity spreads; in the most extreme case, it may result in the company being unable to honor its commitments.

The Group has historically been vigilant and conservative in managing this risk.

In order to protect against it, Crédit Mutuel Arkéa, which serves as the Group's central refinancing entity, has developed a diversification policy for its refinancing channels and has several funding mechanisms:

- short-term refinancing program (€1.7 billion in negotiable certificates of deposit (CDN),
- unsecured medium- and long-term refinancing programs (€4 billion in EMTN and €0.4 billion in BMTN outstandings),
- secured refinancing programs through two funding vehicles: a home finance company (*Société de Financement de l'Habitat* – SFH, with €4.8 billion in outstandings issued and guaranteed by mortgage loans), and a mortgage-backed lending company (*Société de Crédit Foncier* – SCF, with €0.9 billion in outstandings issued and backed by exposures on public-sector authorities),
- interbank loans either unsecured or secured through the assignment of loans to Caisse de Refinancement de l'Habitat (€1.4 billion), the European Investment Bank (€0.5 billion), and Caisse des Dépôts et Consignations (€0.9 billion).

The terms of the debt securities issues are carefully considered. In addition to the usual clauses, these agreements may include an early repayment option at the Group's discretion. They do not, however, include an early repayment clause at the discretion of the counterparties.

The Group therefore controls the maturity schedule of these agreements and can, in the case of certain securities, repay them in advance in order to take advantage of a favorable market environment.

Meanwhile, the Group continued its efforts to reduce its dependency on financial markets. The increase in bank deposits – with individuals, companies, institutions and financial customers – thus reached €3 billion in 2014.

For a detailed analysis of financial liability maturities, see Note [27] of the consolidated financial statements appearing on page [86] of this Registration Document.

### Assessment

The Group assesses, monitors and manages liquidity for the consolidated banking scope and each entity within that scope.

Liquidity risk assessment is based mainly on three elements:

- liquidity gaps;
- refinancing amount limits (notably short term);
- liquidity ratios (regulatory and non-regulatory).

The liquidity gaps, which are calculated at least once every quarter, include all balance sheet items (all financial and non-financial assets and liabilities) and off-balance sheet items that affect the Group's liquidity. They are established on the basis of static scenarios (no assumption of new production), and complemented by dynamic scenarios in order to estimate the refinancing needs at different maturities.

The static gaps are produced using both a standard and a stress scenario. The latter assumes the depletion of commercial deposits, draw-downs under certain off-balance sheet liquidity agreements or liquidity levels that vary from financial

securities held based on their type. These assumptions are consistent with the principles and rules adopted by the European Union for the Liquidity Coverage Ratio (LCR).

Based on the stress scenario, the Group has established a goal of matching credits for maturities of up to five years, at a level between 100% and 80% depending on the maturity. This objective was satisfied throughout 2014.

Short-term refinancing amount limits have also been set. The goal is to minimize the impact of a non-renewal of these lines in the event of market tensions. A limit on the use of funding lines with the Central Bank is also monitored in order to maintain a significant liquidity buffer in the event of a crisis. These limits were satisfied throughout 2014.

Four liquidity ratios were closely monitored:

- The one-month liquidity ratio is a French regulatory requirement. It measures available liquidity for the month relative to liabilities with the same maturity. The minimum regulatory ratio is 100%. Nevertheless, because the Group manages liquidity risk conservatively, it set an internal level that was even more stringent than the regulatory requirement.
- The LCR is a liquidity ratio created by the CRD IV and CRR regulations that measures the ratio between liquid assets and net cash outflows over 30 days in a stress scenario. The minimum coverage ratio is set at 60% as of October 2015 and 100% in 2018;
- The five-year coverage ratio aims to ensure that long-term assets are appropriately matched with long-term liabilities.
- The loan-to-deposit ratio measures the portion of loans financed by bank deposits and thereby the dependency on financial markets.

The Group's ratios satisfied both its internal and the regulatory standards at end-2014:

- Crédit Mutuel Arkéa's one-month liquidity ratio was 151%; this ratio remained well above the minimum required levels throughout 2014.

- The consolidated LCR was 122% at end-December 2014, thereby demonstrating the Group's resiliency in the event of a stress scenario.

- The loan-to-deposit ratio fell from 113% (end-2013) to 107% (end-2014). The ratio of gross loans to deposits was 110% at end-2014, compared with 115% one year earlier.

The Group also adopted several complementary indicators that enable it to ensure its ability to withstand a sharp increase in liquidity spreads and high-stress situations involving financial markets and clients. The qualitative assessment of these indicators reveals a low and controlled risk thanks to a high degree of coverage and substantial liquidity reserves.

### Insurance portfolio

Liquidity risk arises when the company is forced to sell its assets following a massive wave of redemptions. This risk is assessed by studying the liquidity gaps between asset flows (dividends/redemptions, etc.) and liability payments, in both the central scenario and the stress scenario (three-fold increase in redemptions / deterioration in asset valuations).

In the event of a liquidity squeeze, Suravenir has the ability to deposit securities with the ECB at their market value less a haircut in order to obtain additional liquidity. As of December 31, 2014, the analyses performed show that in the stress scenario, Suravenir could overcome a three-fold increase in redemptions without experiencing any liquidity problems.

## 4.4 Foreign exchange risk

Currency risk can be defined as the risk of a change in the exchange rate between two currencies, which in the lack of adequate hedging could result in a loss.

The Group's currency exposure is very limited and immaterial, with a total combined exposure set at €4 million equivalent. In fact, as it never represents more than 2% of the Group's capital, it is not subject to a regulatory capital requirement as stipulated in article 351 of Regulation (EU) 575/2013.

## 4.5 Equity risk

and risk on other variable income securities and investment securities

Equity risk arises in the event of adverse equity market trends, which result in a drop in the portfolio valuation.

Also, some unlisted variable-income securities are exposed to real estate risk, which arises in the event of an adverse change in the valuation of the underlying real estate assets.

The fair value of the equities and other variable income securities portfolio recognized in the IFRS-compliant financial statements totaled €10.3 billion as of December 31, 2014. For the purpose of analyzing the risk related to this portfolio, it is necessary to distinguish three parts:

- the first part, whose total fair value is €8.1 billion, includes €5.3 billion in equities and other variable income securities recognized by Suravenir with respect to unit-linked insurance policies

and for which the risk is borne entirely by policyholders, along with €2.8 billion in investments in assets representing Suravenir's euro-denominated funds for which the risk is borne by policyholders and the insurance company.

- the second, whose total fair value of €0.7 billion, consists mainly of proprietary investments by Suravenir and Crédit Mutuel Arkéa totaling €0.3 billion and €0.1 billion, respectively, as well as investments by Arkéa Capital Investissements totaling €0.1 billion.

- the third, whose total fair value is €1.4 billion, corresponds to the consolidation of shares held by non-controlling interests of mutual funds (OPCVM) controlled by the Group, and resulted from the application of IFRS 10.

The Group also holds a portfolio of investment securities whose fair value was €404 million as of December 31, 2014. These securities are held for the medium or long term in order to generate a capital gain or to facilitate the development of long-term economic relations with the issuing companies or to exercise influence over them.

# 4.6 Operational risk

The concept of operational risk adopted by Crédit Mutuel Arkéa Group covers all risks included in the definition of the Basel III regulations and the administrative order of November 3, 2014.

The administrative order of November 3, 2014 defines operational risk as “the risk of loss arising from inadequacies or failures of processes, personnel or internal systems or external events, including legal risk; operational risk includes in particular risks related to events with a low probability of occurrence but a high impact, internal and external fraud risks (...) and model-related risks.”

Given this regulatory context and internal provisions, Crédit Mutuel Arkéa deployed a dedicated system for controlling operational risk and permanent control across its entire scope and covering all activities. This system enables the Group to oversee and control all its risk areas.

## 4.6.1 The operational risk function

### Organization

Crédit Mutuel Arkéa decided to apply its operational risk control system to all its components, even those not directly subject to Basel III regulations (life and non-life insurance subsidiaries, etc.).

The overall framework for controlling operational risk is based on functional management provided by the Operational Risk department, which is part of Crédit Mutuel Arkéa's Risk department.

This department consolidates results and oversees changes in operational risk for the entire Group. In order to perform this task and in its capacity as the functional head of the operational risk function, the department uses operational risk correspondents who report directly to each central department

of Crédit Mutuel Arkéa, the Crédit Mutuel federation or the head of the subsidiary. The Operational Risk Correspondent is the conduit for operational risk control policy within each unit.

Controlling operational risk is guided by formalized procedures with respect to:

- updating the operational risk maps by incorporating their self-assessments;
- collecting information on losses;
- modeling operational risk as part of the capital requirements calculation;
- implementing business continuity plans;
- IT systems security.

### Reporting

Quarterly reports are established by the Risk Department and submitted primarily to the following recipients:

- Group Risk Committee,
- Group Executive Management,
- Crédit Mutuel Arkéa Audit and Risk Committee
- Crédit Mutuel Arkéa Board of Directors.

These reports cover four main topics:

- losses observed,
- results of Business Continuity Plan (BCP) tests,
- the self-assessment of risks shown on operational risk maps,
- the activity and functional management of operational risk correspondents.

## 4.6.2 Operational risk assessment

### Risk assessment system

The assessment of Crédit Mutuel Arkéa's operational risk is based primarily on a dual system:

- a risk self-assessment, performed by the Operational Risk Correspondents working at the Group's various entities and backed by the expertise of operating staff in these units;
- disclosures by operating staff of all incidents following the occurrence of a demonstrated operational risk.

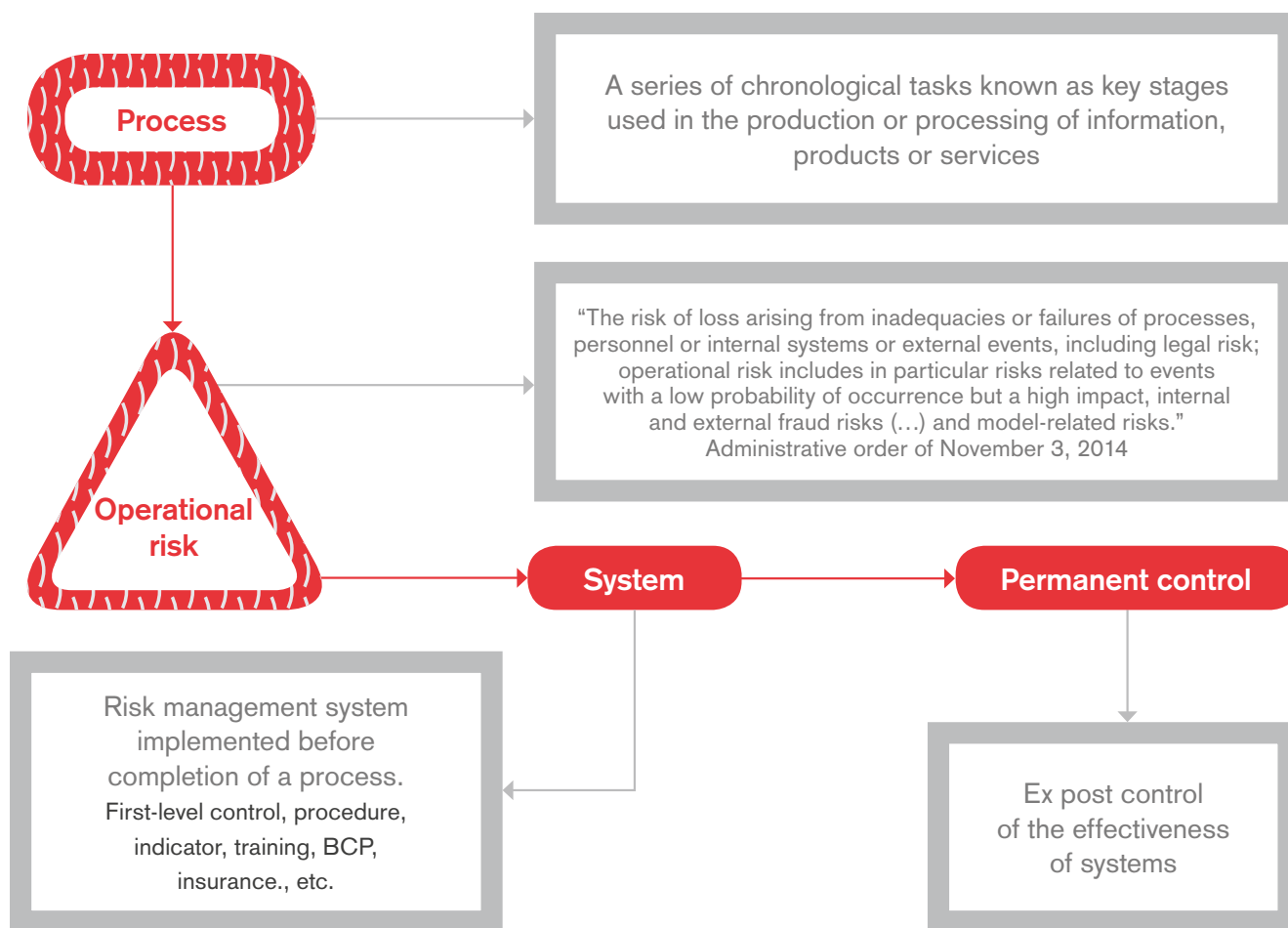
### Operational risk self-assessment

The operational risk self-assessment is based on an internal process known under the French acronym PRDC, which describes the four components: process, risk, risk management system and second-level permanent control. This process enables the construction of the PRDC guidelines, whose goals at each step are:

- Process: definition and description of the processes in the form of a flow chart;
- Risks: identification, assessment and ranking of operational risks;
- Systems: identification and assessment of risk management systems (resources used to mitigate risks or their impacts) classified by type (procedures, first-level operational control, tools, training, alerts, insurance, business continuity plans);
- Second-level permanent controls: verification and assessment of the relevance and effectiveness of risk management systems attached to the processes;

The construction of these guidelines is based on:

- an internal catalogue of processes;
- a catalogue of risks, replicating the Basel III risk map;
- mapping of Crédit Mutuel Arkéa's entities (organization chart);
- mapping Crédit Mutuel Arkéa's IT applications.



After assessing each individual risk using the processes and risk instructions and taking into account the impact of the applicable risk management system, a self-assessment is performed for the individual risk. This self-assessment is based on a scale with seven levels of frequency and nine levels of severity.

The method covers all of Crédit Mutuel Arkéa's activities. The processes and related risks of the support activities have also been modeled. Given the high degree of process computerization, the effectiveness of the risk management systems pertaining to the IT system is closely examined.

#### Disclosure of incidents that have occurred

Crédit Mutuel Arkéa collects information on its incidents in a dedicated internal application. This application is based on the above-mentioned risk processes.

The total volume of reported incidents in 2014 fell relative to the previous year. Reported incidents in 2014 represented a total amount (known losses and provisions) of €15 million, compared with €17.4 million in reported incidents in 2013. This decrease was partly due to the occurrence of major incidents in 2013.

The reference to the CNCM standard in terms of processes instructions and operational risks enables Crédit Mutuel Arkéa to submit all incidents that occur across its entire scope of operations to CNCM in order ultimately to input:

- the chronological series of losses recorded with respect to operational risks by Crédit Mutuel Group, which are used in the calculation of weighted risks on so-called "frequent" operational risks for Crédit Mutuel Arkéa;
- Basel III reporting requirements with respect to operational risk.

#### 4.6.3 Operational risk modeling

##### Organization

Since 2010, the overall Crédit Mutuel network has been authorized to use its advanced measurement approach to calculate regulatory capital requirements with respect to operational risk and since 2012 to apply the insurance deduction.

Crédit Mutuel Arkéa actively participates in projects initiated by the overall Crédit Mutuel network at the national level. In that regard, dedicated resources are allocated to the annual review of risk maps and expert opinion models as well as to the statistical modeling and calculation of capital requirements. This allows the Group to retain the requisite expertise and responsiveness for modeling operational risks and quantifying their capital requirements.

Crédit Mutuel Arkéa also inputs the risk indicators for so-called severe risks and

loss distribution for so-called frequent risks into the capital requirements calculation performed at the level of the overall Crédit Mutuel network.

### Quantification

In order to quantify operational risk, two modeling approaches have been chosen:

- for so-called frequent risks, which have been identified in loss histories and whose projected severity by experts is not likely to result in a major unexpected loss, the loss distribution approach (LDA) technique is used.
- for other so-called severe risks, the analysis performed by the Group's experts consists of implementing scenarios that call for the input of risk indicators. These indicators underpin the conditional probability models based on each scenario.

The approach is rounded out by the recognition of correlations between the various risks in order to arrive at the capital requirements.

The overall capital requirements are then allocated among the various entities of the overall Crédit Mutuel network. For Crédit Mutuel Arkéa, regulatory capital requirements related to operational risk totaled €150 million at end-2014.

### Insurance

The overall Crédit Mutuel network has been authorized by the French Prudential Control and Resolution Authority to use insurance deductions for hedging operational risks.

Insurance is therefore fully integrated into the risk management approach:

- the assessment of operational risks leads to the production of scenarios of severe risks,
- asymmetries between insurance coverage and the scenarios produced are analyzed,
- insurance programs can then be better adapted to the risk profile identified (covered scope, coverage amount).

Insurance coverage currently used in the deduction process includes coverage related to:

- damage to buildings and equipment (multi-risk),
- fraud ("blanket banking" insurance),
- professional civil liability.

Crédit Mutuel Arkéa's insurance programs comply with the Basel III eligibility criteria (rating, initial term, residual term, advance cancellation notice, etc.).

### 4.6.4 Crisis management and business continuity

The Business Continuity Plan (BCP) aims to provide rapid solutions in the event of a crisis in order to minimize the impact of a major incident on the activities of Crédit Mutuel Arkéa or its clients. Targeted activities include essential or important services and operations as defined under applicable regulations.

This system is triggered when a major crisis occurs. Each BCP is designed to be implemented whenever an incident results in the disruption of an essential activity and whose foreseeable or certain duration exceeds the maximum allowable time for this activity's disruption.

The Group Business Continuity Plan is based on the following two plans:

- the Crisis Management Plan,
- the Activities Continuity Plan for business lines and support functions.

The Crisis Management Plan addresses organizational aspects in the event of an incident by defining the roles and responsibilities of the participants in the various crisis management units:

- crisis decision-making unit (person in charge: Chief Executive Officer of Crédit Mutuel Arkéa),
- operational crisis unit (person in charge: Head of Risk Management at Crédit Mutuel Arkéa),
- crisis exit unit (person in charge: Manager responsible for the restoration of the failed resource).

Each Activities Continuity Plan for the business lines and support functions is placed under the responsibility of a Manager of the corresponding entity or activity. This person appoints a BCP manager, who takes responsibility for the implementation and operational maintenance of the entity's BCP.

The overall consistency of all BCPs is ensured by a management function assigned to the Operational Risk Department, which

is itself part of Crédit Mutuel Arkéa's Group Risk Department. In that regard, the Head of the Group BCP is the person responsible for the Operational Risk Department.

A business line continuity plan is developed to respond to five crisis scenarios:

- **scenario 1:** unavailability of offices.  
Offices destroyed, unusable or inaccessible,
- **scenario 2:** unavailability of IT systems.  
Incident involving the central system or a server, network or application,
- **scenario 3:** unavailability of employees.  
Personnel incapable of working (anywhere, including at home),
- **scenario 4:** unavailability of power and telecommunications.  
Power or telecommunications outage,
- **scenario 5:** unavailability of key suppliers.  
External or internal suppliers who are indispensable for essential activities.

Each scenario includes three phases:

- 1 – Emergency measures,
- 2 – Workaround solutions,
- 3 – Return to normal.

The BCP begins once operations are assigned to the operational crisis unit by a decision of the crisis decision-making unit. It ends once a return to normal has been observed by this same crisis decision-making unit.



# 4.7 Legal risk

Legal risks are included in operational risk and relate, among other things, to exposure to fines, penalties, and damages for a tort attributable to the company in connection with its operations.

The Group's Legal Department is a unit of the Development Support division, which is the responsibility of the Associate Executive Officer who is also a member of the Executive Committee.

Crédit Mutuel Arkéa group is subject to all regulations applicable to companies in the banking, insurance and financial services sectors. In an environment marked by significant regulatory tightening, which places additional constraints on business activities and therefore heightens the legal risks, the legal function has an overall view and the ability to intervene over a wide-ranging area.

To that end, the Head of the Group Legal Department relies on a centralized team of more than 40 legal experts in addition to the legal advisors working at the subsidiaries. To promote efficiency, the litigation activity of the networks was centralized in order to ensure more optimized case management.

Meanwhile, the Group Legal Department added to its staffing through numerous new hires and continued to fine-tune its management policy for outside legal counsel. Expanded training opportunities for all of the Group's legal advisors were also renewed using new multimedia applications (MOOC).

The Group set aside provisions for pending legal risks as of December 31, 2014 that could negatively affect the Group's net assets. These provisions reflect General Management's best estimate based on available information.

Only seven cases involved amounts greater than €1 million and the total amount was €23.3 million, with €14.5 million in corresponding provisions. A €12.6 million provision was set aside for the largest risk, which was €14.9 million.

Based on these factors, no litigation is likely to affect Crédit Mutuel Arkéa's financial situation significantly.

## Banking capital requirements

Crédit Mutuel Arkéa uses the following methods to calculate its capital requirements under the Basel III, Pillar 1 regulations:

- for credit risk:
  - the advanced method for the retail customer portfolio (since June 30, 2008) and the banking and corporates portfolios (since December 31, 2012) following the authorizations given by the French Prudential Supervisory and Resolution Authority (ACPR) to use its internal ratings-based approach. In the case of the corporates portfolio, an additional capital requirement regulation based on the standardized method still applies on a provisional basis;
  - the standardized method, on a long-term basis, for the central governments and public sector portfolio;
- for market risk, the standardized method;
- for CVA risk, the standardized method for derivative portfolio exposure to volatility in the market value of financial counterparty default risk;
- for operational risk, the advanced method for most Group entities, with the basic method or standardized method applied to a few entities of marginal importance.

The regulatory capital requirement arises mainly from credit risk. The results by category and method appear in the section "capital and capital adequacy ratios<sup>(1)</sup>".

For the first time, two deductions were made to regulatory capital. The first involved Additional Valuation Adjustments (AVA) on debt and equity securities recognized as assets "available for sale" or "recognized at fair value through profit or loss" as well as on certain derivative instruments. The second deduction was implemented to neutralize its own credit risk arising from the DVA. These adjustments were made in accordance with the new regulatory requirements under the CRR and technical standards published by the European Banking Authority, respectively, in March and June 2014.

In addition, Pillar 2 of the Basel agreements requires banks to conduct their own assessment of economic capital and to use stress tests to assess their capital requirements in the event of an economic downturn. This pillar serves as the basis for discussions between the bank and the French Prudential Supervisory and Resolution Authority on the appropriate capital adequacy level used by the institution.

Crédit Mutuel Arkéa participated in the efforts carried out within the overall Crédit Mutuel network to comply with the Pillar 2 requirements. This work included steps to improve the risk assessment and monitoring system. In 2008, Crédit Mutuel launched its version of the Internal Capital Adequacy Assessment Process (ICAAP). The methods for assessing economic capital requirements have been pursued in conjunction with the drafting of management and control procedures also aimed at creating a risk management framework. Meanwhile, various stress scenarios have been conceived and further enrich the economic capital assessment process within the Crédit Mutuel Arkéa Group.

This assessment process is conducted for the scope of credit risk, sector concentration, concentration of individual exposures, market risks, CVA risk, operational risks, reputational risks as well as risks involving the insurance business.

Currently, the economic capital requirement is only marginally greater than the regulatory capital requirement, which is slightly higher because of the additional capital requirement on the corporates portfolio. The security level in terms of solvency, measured by surplus capital relative to regulatory capital requirements (CET1 ratio) and economic capital requirements, therefore remains very high given the Crédit Mutuel Arkéa Group's modest risk profile and ample capital.

(1) Regulation (EU) 575/2013, i.e. Capital Requirement Regulation (CRR)

## 4.8 Compliance risk, including money-laundering risk

The administrative order of November 3, 2014 – relative to the internal control of companies in the banking, payment services and investment services sector and subject to the supervision of the French Prudential Supervisory and Resolution Authority – defines compliance risk as the risk of a court-ordered, administrative or disciplinary penalty or of significant financial loss or injury to reputation resulting from non-compliance with: i) directly applicable national or European legislative or regulatory provisions governing banking and financial activities; ii) professional and ethical standards; iii) instructions from the effective managers taken pursuant to the orientations set by the supervisory body.

In order to strengthen compliance governance and ensure that compliance risk is managed within the Group, the Permanent Control and Compliance department has developed a compliance risk map on a consolidated basis and identified cross-functional control frameworks. These frameworks are notified to all Group entities for inclusion in their PRDC (process, risk, risk management system and second-level permanent control).

Quarterly compliance reports submitted by each Group entity constitute an essential source of information for managing and consolidating compliance data at the Group level.

In accordance with the principles in effect within Crédit Mutuel Arkéa, training for compliance control systems is carried out at two levels:

- the Group;
- each Group entity and subsidiary.

Crédit Mutuel Arkéa has assigned the task of defining, organizing and managing the legal and regulatory monitoring system to the Legal department. This system covers the full range of issues pertaining to banking law and various legal areas that could potentially affect the banking activity.

In order to strengthen the recognition of compliance risk in light of the French data protection law enacted on January 6, 1978, and amended in 2004, the Group's data protection activity was organized in 2011 through the creation of a central team of data protection correspondents (French acronym: E.C.C.C.), which is part of the Group's Legal department.

The central staff of the E.C.C.C. created a network of local data protection correspondents.

No organizational changes occurred in that respect in 2014.

The risk of penalty, financial loss or injury to reputation following the execution of a money-laundering transaction that was not detected by the prevention systems therefore qualifies as a compliance risk.

Compliance risks, including money-laundering risks, are addressed through specially adapted framework systems and dedicated staff at the Group's various entities in order to keep them under control.

In accordance with the principles of the European Third Directive, the Group's money-laundering risks are covered in a special risk classification.

In 2014, the efforts were focused mainly in the following areas:

- updates to the anti-money-laundering and terrorism financing risk classification, and more specifically the assessment of the inherent risk level related to client profiles,
- adjustments to the oversight system for transactions to reflect the risk classification,
- organizational changes in the anti-money-laundering and terrorism financing network within the Group,
- corresponding adjustments to the Group's framework procedures,
- the quality of the know-your-customer files and steering of actions to bring these files into compliance.

Overall, staffing levels in the anti-money-laundering and terrorism financing activity were increased and reorganized within the Permanent Control and Compliance department in order to ensure better coverage of the steering and control of the framework agreement, the processing of alerts related to banking transaction oversight and applications upgrades.

As is the case each year, procedural rules were updated in line with regulatory and internal organization changes, and staff members received training in these areas.



# 4.9 Risks specific to the insurance business

## 4.9.1 Underwriting risks of life insurance

Suravenir is exposed mainly to the following risks in connection with its life insurance business:

### Redemption risk

Redemption risk arises mainly from guarantees and financial options of life insurance policies that may be exercised by policyholders. A financial risk therefore exists for Suravenir linked to the actual behavior of policyholders in the event the volume of redemptions exceeds the amount projected in ALM models, which could lead to the recognition of capital losses on asset disposals. Suravenir seeks to minimize this financial risk through a proactive ALM policy: matching of asset and liability maturities, partial hedging of interest rate changes through derivatives, etc.

Moreover, pursuant to IFRS 4, Suravenir performed a Liabilities Adequacy Test (LAT) as of December 31, 2014, which clearly showed that total insurance liabilities measured in accordance with French generally accepted accounting practices exceeded their fair value taking into account the redemption option embedded in the policies.

### Longevity risk

Longevity risk arises from an increase in the life expectancy of annuity beneficiaries in the insured portfolio relative to the estimates prepared using statistical tables.

A significant increase in the life expectancy of the beneficiaries (and/or reversionary beneficiaries) may result in a longer annuities payment period and an insufficient amount of regulatory provisions established to cover potential future benefits payments.

Monitoring this risk is designed to detect this increase and enable suitable provisioning. This monitoring involves an analysis of the underwriting income generated by the annuity-holders' portfolio and the related mathematical provisions. The underwriting income recorded clearly shows the company's limited longevity risk.

## 4.9.2 Underwriting risks of protection and borrower's insurance

With respect to protection insurance, the activity is exposed to several risk factors: mortality risk associated with the death of the policyholder, which leads to death benefit payments, and the risk of disability associated with the policyholder's medical leave, which leads to disability benefit payments.

To manage and control these risks, several indicators are calculated and analyzed to ensure the suitability of estimates used to price products relative to the actual observed risk.

The initial rate-setting is based on regulatory tables (based on national statistical data and referenced in the Insurance Code)

or experience (prepared on the basis of statistical data from the company's own insurance portfolios). Statistical tables are used to assess probabilities of occurrence (death or disability) and probabilities of continued incapacity/disability. The actuarial tables prepared by the insurance company have been certified by an independent actuary, certified by the French Institute of Actuaries (and recognized by the ACPR) to ensure the relevance of these tables with respect to the company's risk exposure.

Regarding the provisions established in connection with these risks, the allocation of the various underwriting provisions stipulated in the French Insurance Code depending on the nature of the products and therefore the Group's commitments is presented in note [22] of the consolidated financial statements as of December 31, 2014 (page 83 of the Registration Document).

### Mortality risk

The mortality risk assessment is designed to detect any increase in the mortality of the insured population. This increase may lead to substantially higher benefit payments for expected deaths and insufficient regulatory provisions established to cover potential future benefits payments.

Several indicators have been implemented to measure mortality risk:

- the loss ratio makes it possible to uncover unsuitable rate-setting and know whether

the volume of premiums is sufficient to cover the volume of losses;

- the monitoring of at-risk capital, which is the maximum potential amount the insurer would need to pay out if all policyholders were to die simultaneously. As of December 31, 2014, at-risk capital in connection with protection insurance policies represented approximately €33 billion;
- the ratio for monitoring increases in expected deaths makes it possible to detect a high level of mortality. It corresponds to the ratio of benefits paid out (smoothed out within the limits set by the reinsurance program) relative to at-risk capital (net of deductibles and reinsurance). This ratio makes it possible to estimate the level of mortality risk relative to the company's overall exposure.

### Disability risk

The disability risk assessment is designed to detect any increase in medical leaves, whether they involve a temporary disability, total or partial disability or professional incapacity. This increase may result in significantly higher medical leave benefits payments as well as an inadequacy in the amount of regulatory provisions set aside to cover potential future benefits payments.

Several indicators have been established to assess the disability risk associated with work stoppage coverage:

- the loss ratio makes it possible to uncover unsuitable rate-setting.
- the net new medical leave cases indicator is calculated by measuring the difference between the number of new reported claims and the number of closed cases (no more benefits paid on claims). The indicator makes it possible to measure both the level of medical leave cases (new policyholder claims) and the level of continuing medical leaves (policyholders continuing to receive benefits) on a monthly basis. The goal is to determine a medical leave occurrence and essential maintenance level in order to respond in the event of excessive claims and cover the related benefits payments.

- three additional indicators (monitoring of the number of outstanding claims, monitoring ratio for increased claims, monitoring ratio for continued medical leave) provide a more detailed view of the outstanding policies at risk for disability as well as changes in medical leave occurrences and continuations.

These indicators as well as the actuarial tables used by the company make it possible to monitor this specific risk closely.

### 4.9.3 Underwriting risks of non-life insurance

Two categories of technical risks arise in the context of non-life insurance:

#### Frequency risk and rate-setting risk

These risks may be the result of poor risk selection (types of guarantees granted, level of benefits paid out) and management. In order to manage and control these risks, the portfolio and changes in its characteristics are monitored on a regular basis. In particular, this monitoring involves an analysis of:

- monthly subscriptions and subscriptions aggregated by product and distributor,
- the segmentation of the portfolio by product and its changes,
- changes in the loss ratio (claims/premiums) by product and by distributor,
- the average premium, average costs and frequency of claims per coverage.

The monitoring and analysis of these data make it possible to define and implement appropriate policies:

- modification of the subscription policy with respect to rate-setting, selection, adjustments to products and coverage provided,
- targeting of initiatives by geographic area and by distributor.

#### Exceptional claims risk

Exceptional claims risk consists of the financial impact resulting from the occurrence of major events (natural disasters, etc.).

They are essentially covered by the use of reinsurance.

In accordance with the risk appetite defined by the Board of Directors of Suravenir Assurances, the exceptional claims risk for 2015 is configured as follows. If an exceptional weather event – i.e. one with a statistical probability of occurring once every 200 years – occurs (a storm whose claims payments to policyholders is €101 million), the reinsurance program is structured such that the residual expense for Suravenir Assurances is limited to €5 million.

### 4.9.4 Reinsurance risk

The use of reinsurance makes it possible to limit the insurer's risk exposure by transferring a portion of it to one or more reinsurers.

The reinsurance policy is designed to control the two main reinsurance risks:

- the insufficiency of the reinsurance program relative to the Group's risk strategy. Deterministic and stochastic actuarial analyses are performed along with stress tests in order to structure reinsurance programs optimally.
- the default of a reinsurer, which could then not cover its share of claims. The mitigation of this risk is achieved through:
  - a diversification of reinsurers,
  - the selection of reinsurers based on financial strength criteria,
  - the requirement of pledged securities to cover ceded provisions,
  - the establishment of limits on the maximum amount that may be ceded to a single reinsurer.

# 5. Corporate social responsibility

5.1 Cooperative development

5.2 A responsible and sustainable human resources policy

5.3 Local and regional development

5.4 Environmentally aware development

5.5 CSR indicators



143

# 5.1 Cooperative development

## 5.1.1 Group governance

Cooperative development forms Crédit Mutuel Arkéa's historical foundation. The "Horizons 2015" strategic business plan, rolled out in 2008, reaffirms the relevance and timeliness of the cooperative model in serving sustainable local and regional development.

### The cooperative movement

The cooperative values of responsibility, equity, reciprocity, and solidarity guide Crédit Mutuel Arkéa's development. Its organization is based on local corporate governance, participatory democracy and the application of the principle of subsidiarity.

### The customer shareholder, a stakeholder in the organization

As a company of people rather than capital, Crédit Mutuel Arkéa is not listed on the stock exchange.

In the cooperative movement, the customer shareholder is at the heart of corporate governance following the immutable principle of "one person, one vote." As the owner of a membership share, the customer shareholder is both a shareholder and a customer, its beneficiary and its consumer.

Elected by and from among the customer shareholders, the directors participate in the development of the company within the framework of local and regional committees. Thus, at Crédit Mutuel de Bretagne, the Cooperative Living and Mutualist Difference, Director Training, Corporate Social Responsibility and Customer Shareholder Satisfaction and Crédit Mutuel de Bretagne Image committees formulate opinions and suggestions that nourish and guide the work of the federation's Board of Directors.

Control of operating decisions and structures by elected directors enables the company to formulate its actions for the long term. This control focuses on responsible management to ensure the longevity of economic, social and environmental investments. The group is freed from the

short-term profit requirements of shareholders, and gives priority to reinvesting profits into the company and its development in the interests of the customer shareholders. The inalienable nature of its reserves sustainably consolidates the company's wealth and enables it to post one of the best solvency ratios in the market. In addition, directors' involvement in local life cultivates and strengthens Crédit Mutuel Arkéa's local and regional attachments.

### Crédit Mutuel Arkéa governance

Crédit Mutuel Arkéa is a variable capital limited liability credit cooperative with a Board of Directors, and, in accordance with its by-laws, is 99.99% owned by the 336 local and regional Crédit Mutuel banks, entities affiliated with the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations.

Crédit Mutuel Arkéa, as a banking and insurance group, producer and distributor, has its own subsidiaries in areas as diverse as online banking, life insurance, private equity and asset management.

In 2014, 1,436,045 customer shareholders were invited to the shareholders' meetings of the local savings banks. The participation rate was 3.6%. There were 192 newly elected local bank directors, including 77 women. There were 11 newly elected federation directors, five of whom were women. Women now account for 37% of all directors, and 83 women manage local savings banks.

The Board of Directors consists of 20 directors:

- 18 directors (two women and 16 men) who represent the customer shareholders, elected by the member savings banks and shareholders at the Annual Shareholders' Meeting;
- two directors (one woman and one man) who represent the employees, designated by the Central Works Council;

and one non-voting member elected under the same conditions as the directors representing the member savings banks.

In 2014, following the resignation of one director for personal reasons, effective August 31, the Board of Directors chose not to replace the director via co-option immediately, and therefore worked and deliberated for the last four months of the year in a body of 19 members.

The Board's directors and the non-voting member are of French nationality and come from the home regions of the three Crédit Mutuel Arkéa federations.

The Board of Directors met nine times in 2014, with an attendance rate of 91%.

The Board has adopted a Corporate Governance Charter reflecting the Group's singular nature, which is based on the cooperative and mutual banking model. It contains guidelines for both the directors who are the driving force behind the business model and the employees who implement it on a daily basis.

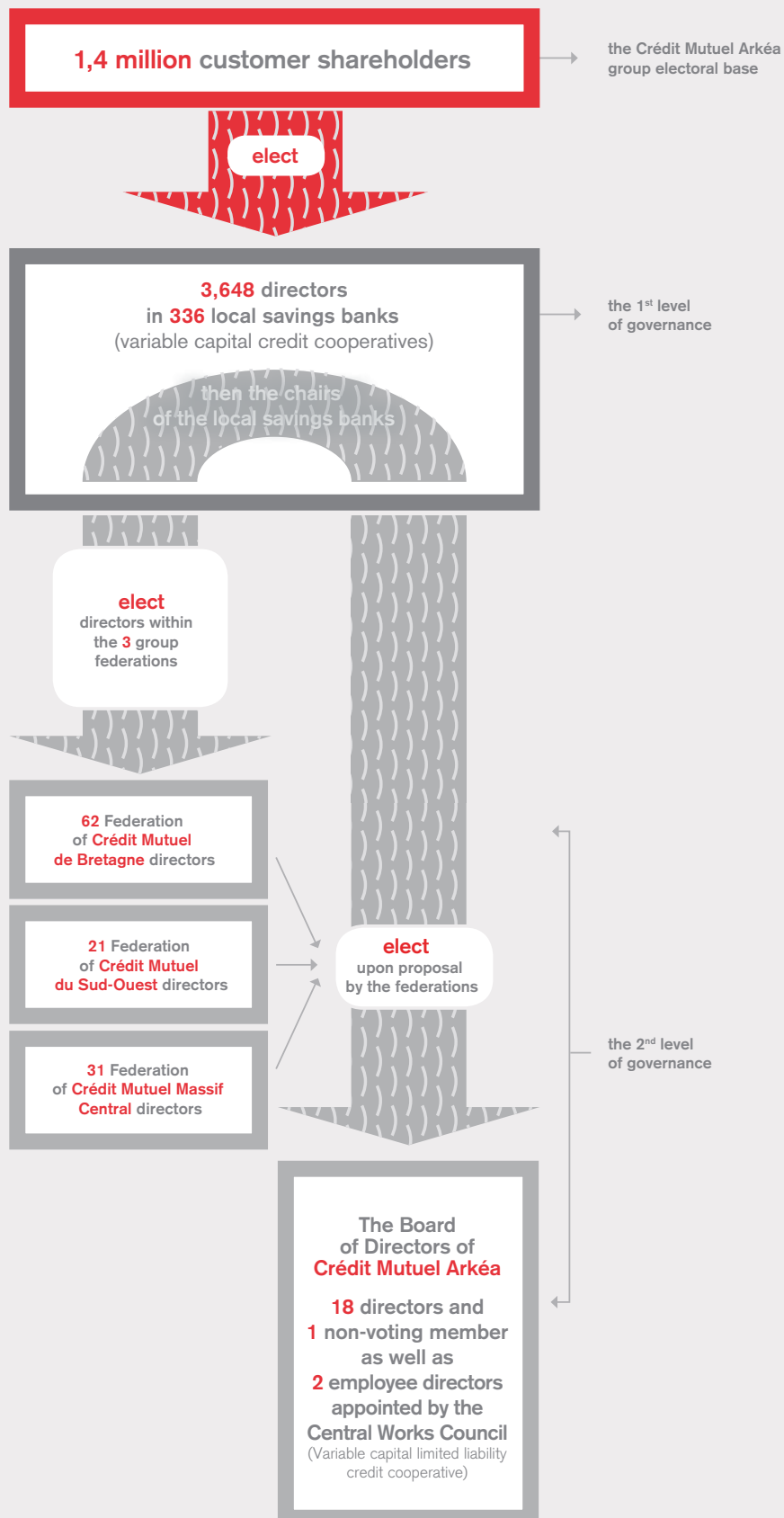
### Corporate social responsibility (CSR) governance

Crédit Mutuel Arkéa's Corporate Secretariat and Institutional Communication department is in charge of steering CSR within the Group. It relies on a team of eight departmental employees and manages a network of 20 CSR advisors who are employees of the group's operational entities.

A working group was formed in 2014 to define a new CSR strategy for Crédit Mutuel Arkéa. The goal was to make CSR a lever for development and innovation that is embedded in the group's strategy and serves to position it as a player committed to tomorrow's economy and the future of its home regions.

This project group is composed of employees from Purchasing, Human Resources, Socially Responsible Investment, IT and Innovation, the Ark'ensol association and the Bank of Tomorrow project. It is piloted by the Crédit Mutuel Arkéa CSR team.

The new CSR strategy will be approved by a Steering Committee meeting chaired by the Group's Chairman during first quarter 2015,



and will be integrated into the next strategic plan. This approach seeks to be resolutely innovative and open to all stakeholders.

### 5.1.2 Stakeholder relations

Crédit Mutuel Arkéa's stakeholders, including, externally, individual customers, independent professionals, businesses, local and regional government bodies, suppliers and subcontractors, and, internally, employees, directors, personnel representative bodies and employee and director CSR advisors, have been closely associated with the development of its CSR strategy. The group applied an innovative approach to better understand the expectations of its stakeholders. Individual interviews and round table discussions were held to provide input for deliberations, and work was carried out in parallel with experts on the key topics of energy transition and the circular economy. This approach further added to and enhanced the relationships that the Group maintains with its stakeholders throughout the year.

#### Director relations

The local savings bank annual shareholders' meeting, the first level of governance, is the venue for the democratic expression of customer shareholders' rights. Volunteer directors are elected by and from among the customer shareholders. This system ensures true representation for customer shareholders on the boards of directors of each of the local savings banks as well as on the boards of the regional federations and the Crédit Mutuel Arkéa Board of Directors, independent of corporate executive management. On these boards at each level of the institution, the elected directors represent the local and regional stakeholders.

#### Director training

*Director training covers three major topics: mutualism, banking and insurance and general expertise and skills. Fifty percent of directors have taken at least one training course, representing almost 14,252 hours provided within the group.*

#### The "Corporate social responsibility and sustainable development" committee at Crédit Mutuel de Bretagne

The "Corporate social responsibility" committee at Crédit Mutuel de Bretagne is derived from this cooperative governance in which the stakeholders participate in the company's decisions.

In 2014, the CSR committee met quarterly and primarily worked on:

- the 2013 CSR report,
- presenting the work on the CSR Strategy project,
- a participatory workshop which was a component of the CSR strategy project review,
- implementing CSR actions at the local savings banks,
- communicating on CSR initiatives implemented in the regional networks,
- managing the CSR advisors by sector,
- the best practices guide for directors,
- monitoring work on the headquarters' Corporate Mobility Plan.

#### The "Corporate social responsibility and sustainable development" committee at Crédit Mutuel du Sud-Ouest

The purpose of this committee is to broaden reflection, formulate opinions and propose solutions with regard to the sustainable development strategy and its impact on Crédit Mutuel du Sud-Ouest and to identify and assess initiatives to be taken and resources to be applied (awareness, communication, etc.). It is composed of six directors and three employees. The federation real estate manager and communication manager are invited to participate. The committee meets at least twice a year and may rely on outside expertise in order to carry out its work. The head of the Bordeaux Urban Community Mobility Committee, for example, gave a lecture on mobility management in the region.

#### Employee relations

In addition to works councils and health, safety and working conditions committees, the Group's executive management introduced the "Spring Rencontres" and "Fall Rencontres" meetings in 2013 to inform all staff of Crédit Mutuel Arkéa's performance and prospects. In-house media, including a collaborative intranet, and regular conferences on various cross-company topics rounded out this internal communication offer.

#### Relations with customer shareholders and customers

The first line of contact for customers and customer shareholders is their customer advisor. They can also contact the Customer Relations departments of the different entities within the three federations, CFCAL, Fortuneo Banque and Federal Finance.

Their requests concerned:

- customers' thoughts on fees, in particular for people made less secure because of economic difficulties;
- media positioning and regular statements by consumer associations condemning banking practices;
- enhanced information for customers, in particular via the Internet and social networks;
- the economic and financial situation.

More specifically concerning the area of mediation, 490 requests were registered.

Systems have been introduced to help customer shareholders in difficulty. Ark'ensolEntraide (see section 5.3.2) seeks to help people experiencing temporary difficulties through three types of approach: borrowers' assistance, personal microcredit, and the "sensitive accounts" system (reversal of processing fees). A specific product, Facil'Accès, is offered to individuals experiencing financial insecurity, limiting fees in the case of payment issues.

In addition, the Marketing departments of the three federations of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central regularly conduct surveys, round table discussions and individual interviews with customers, customer shareholders and the networks to better understand their expectations of the products and services offered.

#### Supplier and subcontractor relations

The Purchasing department considers the regional dimension when choosing suppliers, consistent with the group's positioning.

Environmental issues are taken into account in advance of calls for tenders, whose specifications include environmental requirements (e.g. products or materials used, environmentally friendly processes and certifications). This policy favors the more virtuous suppliers and subcontractors (see 5.4.2).



The choice of suppliers also integrates employment and social criteria. Thus, certain suppliers and subcontractors may be preferred on the basis of criteria such as wage policy or training programs implemented in support of employee development or risk prevention.

#### **Relations with investors and rating agencies**

Crédit Mutuel Arkéa has developed a program to present its annual and half-yearly results to the financial community, in particular financial analysts and credit analysts, mutual fund managers and financial managers. These presentations take place in France and several European countries, and are an opportunity for discussion of Crédit Mutuel Arkéa's economic and financial performance, strategy and development prospects. This information is also sent to the Standard & Poor's and Moody's rating agencies, which regularly interact with the group's executives.

#### **Relations with institutions, companies and associations**

Crédit Mutuel Arkéa and its various components are leading partners for local and regional public authorities, businesses and associations.

For example:

- Crédit Mutuel Arkéa is a founding member of Produit en Bretagne (Made in Brittany) and works together with industry, distributors and service companies towards the shared goal of economic development and job creation in Brittany. Support for the Bretagne brand serves the same purpose.
- Crédit Mutuel Arkéa has long taken part in the jury for the Brittany Sustainable Development Trophies, alongside the French government, ADEME, the Region of Brittany and their other partners, rewarding initiatives that make a long-term contribution to sustainable development. This year, the group hosted the ninth edition of the event at its premises.
- It also participates in the Crislide Trophies together with the Créativ European Enterprise and Innovation Center, and in the Finistère Sustainable Development Club. These partnerships are opportunities for meetings and discussions with all sustainable development players.
- Arkéa Assistance, the remote assistance subsidiary, has regular contacts with personal assistance associations, pensioners' associations, social services and more generally any private or public

organization that works to help ill or aging individuals to stay in their homes.

### **5.1.3 Fair trade practices**

#### **Ethics and best practices**

Two ethics and best practice awareness guides for the central departments and the networks were updated and distributed in August 2014. In addition to the company by-laws, a code of ethics exists for the economic and social unit (UES) concerning financial instrument transactions, which was last updated and published in December 2012.

Crédit Mutuel du Sud-Ouest's charter on values, ethics and best practices targets both employees and directors. Crédit Mutuel du Massif Central also informs its employees of its values and commitments. Crédit Mutuel de Bretagne added a set of director guidelines to its directors' charter in September 2013.

#### **Data protection**

To strengthen best practices for the protection of personal data and ensure a consistent approach in this area, the group has appointed a data protection correspondent, as provided for in French law, to cover its entire scope.

A framework document defines the group's operating principles and modalities with regard to the French data protection act of January 6, 1978. A network of local contacts has been activated from various fields of expertise (human resources, legal, security and IT systems, training and promoting awareness, risks, control and compliance, cross-functional organization and projects).

With this system (coordinated by the Group Legal department) and its implementation requirements (defined by France's data protection agency CNIL), the group pays specific and sustained attention to the personal data contained in or transiting through its information systems.

Human Resources provides the UES with an information section and rules for the secure use of the Internet, IT tools, files and company data on the group's intranet. The aim is to inform all employees of the legal provisions and in-house rules for the secure use of these tools and data. It details and updates the texts that apply within the company, and in particular the internal regulations and ethics agreement concerning the use of data from technical and IT applications by the UES.

#### **Combating money laundering and terrorism financing**

The system to combat money laundering and terrorism financing applies to the entities subject to this regulation. It is integrated into the internal control system defined in accordance with the provisions of regulation No. 97-02 as amended.

The applicable IT tools rely on an automated monitoring system that detects transactions that exhibit predefined characteristics, and filters transactions with respect to lists of individuals whose assets have been frozen. The system generates alerts that are processed by customer managers or anti-money laundering and terrorism financing analysts according to a risk rating system.

Each company implements a training program adapted to its activities. New employees participate in an integration program in which training on the fight against money laundering and terrorism financing is a key element. In addition, training taking account in particular of legislative and regulatory changes is regularly provided to employees.

The results of the application of the anti-money laundering and terrorism financing system are regularly presented to the Group's Permanent Control Committee, Audit Committee and Board of Directors. In 2014, Crédit Mutuel Arkéa transmitted 436 declarations of suspicion to Tracfin, compared with 275 in 2013.

The Group is not present in any tax havens as defined by the OECD.



## 5.1.4 Key governance figures

3 Federations: Crédit Mutuel Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central	2012	2013	2014
Number of customers	2,272,888	2,300,661	2,324,518
of whom individuals	2,070,912	2,090,705	2,109,593
Number of local savings banks	337	337	336
<b>1<sup>st</sup> level</b>			
Number of customer shareholders	1,421,212	1,428,020	1,436,045
Rate of customer shareholding (among individual customers)	68.63%	68.30 %	68.07%
Rate of participation at shareholders' meetings	3.7%	3.6 %	3.6%
Number of 1 <sup>st</sup> level directors	3,689	3,691	3,648
% of female directors	35 %	32 %	37%
Number of new directors elected during the year	205	168	192
% of women among the new directors	47 %	68%	41%
Rate of participation in local savings bank board of directors meetings	88% (*)	78%	84%
Number of new local savings bank chairs	16	18	23
% of women among new bank chairs	6%	33 %	48%
<b>2<sup>nd</sup> level</b>			
Number of federation directors	115	116	114
% of women federation directors	21%	22%	25%
Number of new federation directors	3	4	11
% of women among the new federation directors	100%	75%	45 %
<b>Training</b>			
Number of directors who took at least one training course during the year	1,047 (*)	1,361	1,815
Total number of training hours dispensed	15,881	15,515	14,252
% of directors trained	28% (*)	37%	50%
Duration of training per director trained (in hours)	15 (*)	14	8

(\*) 2012 estimate.

# 5.2 A responsible and sustainable human resources policy

**C**rédit Mutuel Arkéa works in a constantly evolving economic, competitive and regulatory environment. It deploys a strategy that enables it to adapt to these changes so as to remain a key player in its market and in the regions where it does business. Its values of commitment, openness and audacity, along with its cooperative model, are among the elements that drive its human resources development. This policy responds to a social imperative by applying systems that help align the company's needs with employees' skills and career plans.

Labor and management express their desire to support employees in these changes in the form of company agreements. Every change requires both personal and professional investment and ongoing adaptation efforts on the part of employees. The company seeks to do all it can to ensure that employees develop their employability.

The Human Resources and Training department pursues the following goals in support of the corporate strategy:

- Anticipating probable changes to staffing based on economic, demographic, technological and organizational changes within the company;
- Developing a social policy for long-term employment;

- Aligning the needs of the company with employees' skills and career projects;
- Making available to all employees the tools they need to be agents for their own careers and to adapt to changes in their jobs, with the support of their management.

## 5.2.1 Geographic breakdown of the workforce

Crédit Mutuel Arkéa is primarily present in France, with less than 1% of its workforce abroad. Eighty percent of the workforce is located in the home regions of the three federations, in Brittany, the South-West and Massif Central. Subsidiaries operate throughout France and in Belgium.

Crédit Mutuel Arkéa, a member of Crédit Mutuel, adheres to the UN Global Compact and Transparency International. The group is dedicated to complying with the fundamental principles of the International Labor Organization.

## 5.2.2 Workforce changes

The total number of employees under permanent contract was 8,494 at the end of 2014, down from the previous year due to the selective replacement of positions following retirement departures in the central departments and networks.

## 5.2.3 Integration of new hires

Crédit Mutuel Arkéa recruited 369 new employees under permanent contracts in 2014.

The Human Resources functions of the various Crédit Mutuel Arkéa entities organize specific integration and training paths for new employees: welcome and contact points, information on administrative matters and procedures, introduction to the business lines and the monitoring of the trial period. The goal is to provide optimal job performance conditions for each new hire and to verify that his or her aptitudes match the company's expectations. This approach also seeks to create a social connection between the employee and the company, and between the new hire and other employees.

For this purpose, Crédit Mutuel Arkéa also organizes an annual "Carrefour for new recruits" conference, where new hires can meet the Chairman and CEO and learn about the group's organization, strategy, major projects, operating methods and diversity, and understand its scope of activities and development prospects.

All Crédit Mutuel Arkéa entities adopt harmonized procedures with respect to recruitment and integration to ensure employees' future job mobility.

### 5.2.4 Efficient job and skills management planning

Given changes in the banking and insurance market, and in its strategic goals, age pyramid and regional positioning, Crédit Mutuel Arkéa views professional mobility as a crucial component of its development.

Internal mobility, both geographic and functional, is significant. In 2014, more than 10% of the workforce changed function and/or unit.

Crédit Mutuel Arkéa provides a full range of tools for the UES (which comprises nearly three-quarters of employees) in the company agreement on Jobs and Skills Management that was renewed in October 2013. These tools enable employees to manage their careers proactively.

#### Dedicated information system for job and skills management planning

An information system dedicated to job and skills management is used by all Group companies.

It includes annual reviews, the highlighting of employee career paths (resume library), internal mobility (job market) and career advice.

Each year, an annual performance review gives employees the opportunity to discuss their career plans with their managers. An individualized development plan is drafted, resulting in training and other actions to help the employee acquire the skills required for the job or related to a career plan that is consistent with the company's needs.

Employees also have the possibility of benefiting from "career reviews" to explore in more depth the pathways mentioned during the performance review. The career review may lead to a joint skills assessment for evaluating a career plan.

The skills assessment is a tool to assist an outside service provider in guiding and managing the employee's career path. It aims to help define a career modification or change plan.

To encourage employees to be active agents in their own careers, the company posts open positions in a job exchange.

Each company presents its offers, and all employees can apply. The Human Resources department encourages employees to describe their professional experience properly prior to making an application. To identify employee skills, it draws from the experience described in annual performance reviews and entered into the IT system, and the information provided during career review meetings. It may use these elements within the framework of internal job offers to propose a meeting and present an open position to an employee.

Crédit Mutuel Arkéa organizes a Career Fair to exhibit and promote the great diversity of jobs available and the opportunities and tools made available to employees. The first edition was held in Brest in December 2013, and brought together almost 10% of the Group's employees. The Career Fair was held in Paris at the end of 2014, with 300 attendees taking part in several workshops, interviews and conference. A website dedicated to promoting this event, and more broadly to providing information about careers and mobility, is available on the company intranet.

### 5.2.5 Training

Crédit Mutuel Arkéa maintains a high level of commitment to training (4.2% of payroll costs in 2014). It is a key resource for developing skills and supporting employees in their careers and thus contributes to greater efficiency within the company.

The group defines a training plan that includes all initiatives financed by the company to:

- support the corporate strategy;
- facilitate job adaptation;
- foster career development;
- maintain employee motivation.

In addition to the training plan, it proposes the following resources: recognition of acquired skills and experience, individual right to training, individual training leave and a joint individual training leave management committee. Beyond its legal obligation, Crédit Mutuel Arkéa implements this approach in order to finance:

- projects for vocational retraining outside of Crédit Mutuel Arkéa;
- contributions to the associative sector;
- personal training needs.

### 5.2.6 Promoting diversity

Crédit Mutuel Arkéa views diversity as an invaluable resource. This commitment is expressed in particular in the areas described below:

#### Gender equality

A fourth three-year agreement on gender equality at work was signed in November 2014 for the scope of the UES.

It addresses in particular:

- **Career paths.** The Group is committed to guaranteeing access to the same career paths and opportunities for promotion to management positions, at equal skill levels.
- **Balance between work and family life.** The Group offers a system of support for maternity, adoption and parental leave, and expanded coverage of childcare costs in the event of travel for business or training purposes. These initiatives aim to further strengthen existing systems, and in particular the Parenting Charter signed in 2011.
- **Compensation.** The Group continues its efforts to monitor and correct progressively any wage gaps between men and women. The agreement also provides for monitoring the allocation of bonuses and promotions and equal treatment with regard to the evolution of compensation within the company for employees who take maternity or adoption leave.
- **Communication concerning the agreement** will be enhanced with the creation of new spaces for information and new awareness and training initiatives to ensure better knowledge of its provisions.

Within the company, gaps in compensation are less than 5% across all levels of employment, with a single exception (level 11) in which the population of women is not representative.

Reflecting its dedication to gender equality, Cr dit Mutuel Ark a participated in the Diversity Forum sponsored by the French Ministry of Social Affairs, Health and Women's Rights in December 2014. A working group comprising 13 women was formed to propose an action plan to improve gender diversity in upper management positions.

### Employees with disabilities

The company seeks to foster the integration of employees with disabilities, as well as to maintain and support employees with disabilities or dealing with a disability that occurs during their careers, by adapting workstations and finding solutions that enable them to keep their jobs.

The group's rate of employment of employees with disabilities was 3.1% in 2014.

In its commitment to a fourth three-year agreement for 2012-2014, the company rolled out its policy specifying two objectives:

- developing the employment of people with disabilities within and outside the company;
- maintaining employability and improving working conditions for employees with disabilities.

This agreement focuses on:

- vocational training;
- working together with establishments employing people with disabilities for specific missions;
- promoting actions that help maintain the employment of people with disabilities;
- concrete actions to ensure the accessibility of the company's tools.

Monitoring the employment of people with disabilities is centralized in the "Disabilities Mission" which has a staff of three. This unit is in charge of promoting, facilitating and monitoring initiatives that support the employment of individuals with disabilities. It is an additional contact point for company staff impacted by disability and for outside partners. Lastly, it provides ideas, advice and support to group companies.

It also contributes to the work of the Regional Chamber of the Social and Solidarity Economy in Brittany and to the AGEFIPH Project Leader Club.

Cr dit Mutuel Ark a develops partnerships with training centers for people with disabilities. Thus, in 2014, it accepted four apprentices pursuing a sales representative degree from the Kerlann Faculty of Trades, in Rennes.

The group also strengthened its partnership with the association Handisup in 2014 with the goal of supporting the ongoing studies and integration of students with disabilities.

In addition, an agreement was signed with the Functional Rehabilitation Center in Kerpape (Morbihan) to fund a remote training center to develop the qualifications of people with disabilities and support their employability.

The company also participated actively in the Week for the Employment of People with Disabilities.

The Purchasing department, in liaison with Human Resources, also supports the "adapted" sector defined under French law to assist people with disabilities. This involves:

- possible outsourcing of certain activities to employment assistance establishments (ESAT) and adapted enterprises (EA),
- mapping of all business sectors for which the use of service providers employing people with disabilities could be considered,
- completion of a listing of tenders to be carried out under a schedule aimed at expanding the Group's positioning over the next three years,
- improved awareness of internal purchasing advisors of the value of this approach.

This led to the award of several contracts in 2014 [e.g. confidential shredding of office papers was assigned to four Brittany ESATs: Alter Ego (56), ESAT des Mauriers (22), ESAT Bourgchevreuil (35) and ESAT de l'Iroise (29)]. More are expected to follow in 2015 (e.g. electronic document management).

### Generation contract

A company agreement for a generation contract was signed in late 2013. The goal is to foster the hiring and professional integration of young people, the continued employment and retraining of older employees, and interaction between these two groups.

During the first year of the agreement, the company met its commitment to recruit 40 young people below the age of 27 under permanent contracts. This objective will be reviewed each year for the duration of the agreement.

Concerning the employment of older workers until the end of their careers, the defined objective is to maintain more than 10% of employees aged 57 and older within the total UES workforce. The company is committed to taking every opportunity to recruit employees aged 55 and older in accordance with needs and abilities.

The agreement also provides for a series of actions for anticipating career changes and age management: an interview concerning the second half of their career at age 45, and a career planning interview at age 57. Conditions for the employee's retirement are also discussed at this time. A "career completion" review is organized three months before the date at which the employee is able to retire with full benefits. Within the framework of its commitment to equal access to career development, Cr dit Mutuel Ark a has committed to monitoring the share of promotions and bonuses attributed to employees aged 57 and older each year, compared with the overall population.

Each year, within the framework of the skills reviews, human resources managers identify with the managers of each structure the departures that will require a period of tutoring by the employee leaving a given position of the replacement person. The priority focus is on replacing key skills.

### 5.2.7 Quality of life at work and prevention of workplace risks, including mental health risks

The quality of the environment and of life at work is a constant concern and a major

focus for the company. In its commitment to well-being at work, the company has deployed various actions to enhance its occupational risk prevention approach, in particular via application of the three-year collective bargaining agreement signed in September 2012 concerning the prevention of mental health risks.

The intranet site for UES staff provides information about existing resources and support available in the workplace.

To support employees experiencing difficulties, the company implemented a partnership with a network of social workers, and manager awareness was raised concerning the prevention of mental health risks through specific training.

In 2014 the company also launched a program to monitor and prevent musculo-skeletal disorders.

An accounting of objective indicators concerning health at work, work organization, the labor climate and forward-looking job management is completed each year.

In 2014, 77 managers were trained in mental health risks, and 88 employees received face-to-face aggressiveness management training. Since 2011, almost 600 managers have taken this training on identifying at-risk employees, and nearly 900 employees have taken the aggressiveness management course.

In 2014, Crédit Mutuel du Sud-Ouest joined the Aquitaine Incivility Prevention Club. This club was founded in 2013 at the initiative of ten companies in the region, and carries out prevention initiatives via a shared commitments charter. During "Respect Week" they communicated a uniform message at their points of sale – "Respect, a value to share" – via posters and a video clip.

The federation's employees discussed this sensitive topic and proposed areas to be considered in drafting a respect charter. This charter will be posted in all local savings banks in 2015.

Several subsidiaries completed surveys of working conditions, including Monext, Fortuneo and Financo within its network of delegations. Round table discussions were organized by CFCAL to identify and inventory the "irritants" encountered repeatedly by employees, and an action plan was defined and presented to the Management Committee for deployment.

Finally, workplace accidents remain infrequent and of low severity, and they have greatly decreased in number: 70 in 2014 compared with 113 in 2013.

### 5.2.8 Active employee dialogue

Each group company has, based on the regulatory requirements of its own personnel representative institutions, employee representatives, union representatives, works councils and health, safety and working conditions committees. Each subsidiary's UES negotiates its own company agreements. There is also a body for economic, social and organizational information: the Group Committee, which meets twice a year. This body is informed of the situation and prospects of all entities.

In addition to the representative bodies of the different establishments, there is a central works council (CCE) and a central health, safety and working conditions committee (CCHSCT).

Along with the required committees (economy, jobs and training, retirement and welfare protection, and housing), the company has created optional committees for social and cultural activities, social life, new information and communication technologies, etc.

The establishments' employee representatives and works councils meet monthly, the health, safety and working conditions committees four times a year, the central works council between four and ten times a year depending on the number of current projects and items and their complexity, and the CCHSCT meets at least quarterly. The scope of this dialogue with

employees created the need to acknowledge the particular position of employee representatives, who benefit from a specific minimum career and compensation agreement. This system generates rich and innovative employee dialogue that leads in particular to the signing of company agreements.

### List of company agreements signed in 2014

For the UES, the following agreements were signed in 2014:

- agreement on the additional healthcare, welfare and retirement plan for service personnel;
- 2014-2016 agreement on the profit-sharing contract;
- 2014-2017 agreement on gender equality at work;
- 2014-2017 agreement on information and support to employees during business reorganization projects;
- framework agreement on the organization of collective bargaining for the renewal of the UES Arkade collective bargaining agreement.

The subsidiaries also signed various agreements and amendments in 2014 concerning:

- the profit-sharing contract (Suravenir, Fortuneo, Arkéa Banking Services, Novélia, etc.);
- workplace gender equality (Financo, Monext, CFCAL);
- the job and skills management information system (Suravenir);
- reduction of working hours (Financo, Suravenir-Assurances);
- welfare and healthcare costs (Monext).

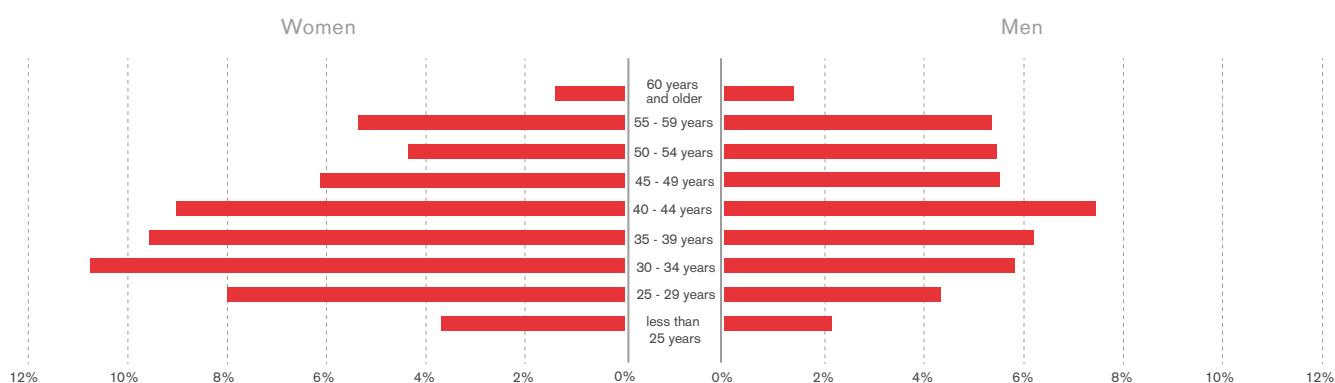
None of these agreements concerns health and safety at work, which were addressed in three-year agreements in the preceding years.

## 5.2.9 Human resources key figures

Crédit Mutuel Arkéa	2012	2013	2014
Total workforce (physical persons)	9,798	9,250	9,156
Permanent workers (physical persons under permanent contract)	8,982	8,589	8,494
Non-permanent workforce (physical persons)	816	661	662
Total workforce (full time equivalent - FTE)	ND	8,968	8,965
Permanent employees (permanent contract - FTE)	ND	8,360	8,379
Non-permanent workforce (FTE)	ND	608	587
Managers	4,916	4,921	4,895
% women among managers	40.8%	40.4%	42.3%
Non-managers	4,066	4,329	4,261
Average age (years)	41	40	40
Recruitment (permanent & temporary contracts)	1,197	1,448	1,480
Number of employees under permanent contract who left the company	436	745	465
of which dismissals	54	55	70
Average compensation per permanent employee (in €) (*)	42,448	41,004	41,912
% of payroll allocated to training	5.4%	5.0%	4.2%
Proportion of workers with disabilities	3.0%	2.9%	3.1%

(\*) Change of calculation method in 2013.

### Age pyramid (breakdown by age group, % of total workforce under permanent contract)





# 5.3 Local and regional development

For Crédit Mutuel Arkéa, a regional cooperative group, support for regional economic expansion and corporate responsibility initiatives is an integral part of its own development.

## 5.3.1 Support for regional economic expansion

### Support for innovation and entrepreneurship

Pursuant to its purpose of supporting entrepreneurs with their projects, Crédit Mutuel Arkéa partnered with the *Le Figaro* group in 2014 in the “Just start me up” contest for young innovative and talented individuals, which showcases the spirit of entrepreneurship and innovation in France. A special prize was awarded to Tiwal, a Breton start-up that designed the first inflatable dinghy that can be fully disassembled. Tiwal has been supported by Ark'ensol Créavenir from the beginning.

As partner to France Digitale, the association of digital ecosystem professionals, Crédit Mutuel Arkéa supported the first edition of the West Web Festival organized by incubator West Web Valley. This Breton initiative, which was held alongside the Vieilles Charrues festival in Carhaix, aims to connect the banking sector, investors and digital start-up companies.

Crédit Mutuel Arkéa also sponsored a new short program broadcast on M6 and titled *Entreprendre C Grandir* that aims to showcase entrepreneurs in the digital economy and motivate more people to take on the challenge of starting a business, with a particular focus on the value of digital technologies.

Finally, Crédit Mutuel Arkéa and Crédit Mutuel de Bretagne joined forces with the association Women of Brittany to develop the first collaborative social network for female entrepreneurs in Brittany.

### Financing for business creation

#### Ark'ensol Créavenir

Ark'ensol, Crédit Mutuel Arkéa's solidarity association, comprises two specialized associations, Ark'ensol Créavenir and Ark'ensol Entraide. Ark'ensol Créavenir seeks to foster and accelerate the economic and social development of the Crédit Mutuel de Bretagne, du Massif Central and du Sud-Ouest coverage regions. It provides financial aid to small, newly founded or acquired companies that invest and create jobs. Each financial aid package granted systematically includes a donation and a guarantee-free loan that can reach €5,000 per job created, up to a maximum of €15,000.

Ark'ensol Créavenir	2012	2013	2014
Donations (in € thousands)	466	613	609
Guarantee-free loans (in € thousands)	912	1,207	1,197
Number of jobs created	588	825	760

In 2014, this approach contributed to the creation and protection of 760 jobs. Donations totaled €609,000 and guarantee-free loans €1.2 million. Since its creation, Ark'ensol Créavenir has helped create more than 2,700 jobs.

### Crédit Mutuel de Bretagne business creation and acquisition financing

The creation and acquisition of companies is a key strategic focus for Crédit Mutuel de Bretagne.

Many partnerships have been formed that enable the group to be present at every stage of the process of business creation and acquisition:

- Close relations with representative business organizations (chambers of com-

merce and industry and chambers of trades and crafts), support structures (“management boutiques”, Initiative platforms, France Active and Entreprendre), professional agricultural organizations and inter-company works councils;

- Equity investment in Bretagne Capital Solidaire (BCS), a solidarity venture capital company;
- Founding partner of the Women of Brittany collaborative network;
- Financial contribution to several regional programs:
  - The “BRIT” regional recovery fund, formed by Réseau Initiative Bretagne, the Brittany Region and Caisse des Dépôts;

- The Réseau Initiative Bretagne “guarantee-free loan” fund;
- The “guarantee-free loan” fund for regional business growth (PHAR), formed by Réseau Entreprendre.

More than 40% of Crédit Mutuel de Bretagne's new business customers created or acquired a company in 2014. At end-2014 loan production for “Install Pro” loans was €32.6 million for a total outstanding of €90.7 million.

### Company financing

The group also pursues its policy in support of regional and local business growth, in particular via its subsidiaries, Arkéa Capital Investissement, Arkéa Capital Gestion and Arkéa Capital Partenaire.

In 2014, Arkéa Capital Investissement took part in raising capital for the Oceania Hôtels group, one of the major independent players in the French hospitality market. This total investment of €80 million will serve to double its reception capacity within five years, from 2,000 to 4,000 rooms, and to complete the modernization of its existing inventory.

After the Le Graët group (agri-food) in 2011 and Paprec (recycling) in 2012, Arkéa Capital Partenaire completed two new large-scale transactions in 2014. It invested €30 million in Armor group, a global specialist in the manufacture and sale of printing consumables. This investment enabled the company's Chairman Hubert de Boisredon and his management team to take control of the business. Arkéa Capital Partenaire also invested €70 million in the capital of Sermeta group, located in Morlaix, which serves the largest boiler manufacturers in Europe, the United States and Asia. This transaction enabled the primary executive, Joseph Le Mer, to take back control of the company he founded in 1993.

Private equity activity also takes other forms. Federal Finance, the Crédit Mutuel Arkéa asset management firm, has offered innovation investment funds (FCPI) and local investment funds (FIP) since 2008. Subscribing to an FCPI or an FIP allows individual investors to benefit from a tax savings while also supporting the development of innovative companies or local businesses. In 2014, Federal Finance launched two new funds, Pluriel Valeurs N°4 (FCPI) and Pluriel Atlantique (FIP), which contribute directly to developing the fabric of the economy by supporting innovative small and medium-sized businesses that drive growth and create jobs.

### Financing of local and regional government bodies

The Crédit Mutuel de Bretagne, du Massif Central and du Sud-Ouest federations as well as Arkéa Banque Entreprises et Institutionnels are preferred partners for local and regional government bodies. In Brittany, for example, Crédit Mutuel de Bretagne finances more than one-third of new loans granted each year to the local and regional government bodies in the region.

In the South-West, Crédit Mutuel Arkéa signed an agreement with the city of

Angoulême to enable it to continue to build and modernize educational, sports, cultural and public facilities and infrastructure. The agreement notably includes an overdraft facility in the amount of €5 million.

### Partner of associations

The group is a natural partner for community organizations. In Brittany, nearly 50,000 associations, or nearly two out of every three, are customers of Crédit Mutuel de Bretagne. Assets for the associative market, excluding guardianship and social welfare organizations, total almost €1 billion. All sectors are represented: education, culture, sport, family and social organizations, environment, recreation, tourism, etc.

Since 2013, Ark'ensol has made its obsolete computer equipment available to customer shareholder associations in Brittany, the South-West and Massif Central. At end-2014, almost 100 associations had received 200 computers and printers to help them in their work.

### 5.3.2 Corporate citizenship initiatives and offers

#### Regional corporate citizenship initiatives

##### Microcredit and financial inclusion

The association Ark'ensol Entraide, one of the group's solidarity branches, intervenes in particular in support of borrowers in difficulty. This aid consists of coverage for a maximum of one year of up to 75% of loan payments for customer shareholders who, for various reasons, are encountering temporary difficulties in reimbursing their loans. In 2014, 153 families received such assistance for a total of more than €400,000.

Ark'ensol Entraide also offers personal microloans of up to €3,000 via its 30 partners. These loans are destined for people for whom access to traditional credit is difficult. Accompanied by a support system, these microloans might help pay for a vehicle or household appliances, or assist with self-reliance, access to housing or family cohesion projects. In 2014, 394 personal microloans were granted for a total of more than €800,000.

### ADIE, a partner for 20 years

Crédit Mutuel Arkéa signed a new framework agreement with ADIE, the Association for the Right to Economic Initiative, in 2014. The partnership provides in particular for making available credit lines totaling €2.4 million annually for the next three years, as well as the funding for guarantee-free loans of up to €30,000 annually. This assistance will support business creators in Brittany, the South-West and Massif Central. ADIE may grant up to 600 loans each year in these regions. This agreement is an efficient complement to Ark'ensol Créavenir's solidarity programs and the action of local savings banks in favor of the local, social and solidarity economy.

The group is also a partner of the Second Chance Foundation and donated to this organization's business creation assistance fund.

### Arkéa Assistance: mutual assistance and solidarity between generations

Arkéa Assistance proposes a remote assistance service for people who are isolated, living with disabilities or elderly. This combines a local connection (installation in the home), innovation (mobile application) and simplicity (no commitment beyond the

Associations and solidarity	2012	2013	2014
Customer associations (non-profits)	61,408	63,900	66,803

(in € thousands)

Ark'ensol Entraide	2012	2013	2014
Borrower assistance	575	700	443
Microloans	615	680	845



current month). Five thousand people in France have already taken advantage of this offer. Arkéa Assistance expanded its services with the launch of a connected watch with a remote assistance application. The subsidiary is also partner to the association Auboutdufil, which helps reduce the isolation of elderly people.

### Initiatives in favor of low-income housing

Armorique Habitat, a subsidiary specialized in low-income housing in Brittany, works to promote access to housing and social diversity. It also continues its systematic efforts in favor of certified high energy performance buildings and supports innovative projects to promote energy savings and the reduction of expenses for renters. Armorique Habitat built in Finistère France's first multi-unit building with a cogeneration furnace. This project also includes a mineral garden which minimizes maintenance needs and the related costs.

Two other subsidiaries, Foncière Investissement and Arkéa Immobilier Conseil, pursue the same long-term collaborative social responsibility approach with sustainable building developers.

The banking offer of the three federations contributes to financing low-income housing via the savings collected from "Livret Bleu" and social housing incentive loans.

### Sponsorship

Enhancing the attractiveness of its home regions, their ability to achieve national and international influence and attract entrepreneurs, investors, workers, tourists, students, and others is a key priority for Crédit Mutuel Arkéa. The group therefore works together with organizations and associations that seek to:

- highlight and promote artistic, scientific and other talents,

- develop regional resources and skills,
- improve families' living conditions and well-being.

As an active and involved sponsor, the group organizes its work around flagship initiatives in Brittany, the South-West and Massif Central in three areas:

- Culture, by supporting cultural venues that are open and accessible to all (stages, entertainment halls, museums, etc.). The group supports in particular Le Quartz – Scène Nationale de Brest, Musée de Faouët, Sémaphore de Cézembre, the Association of Small Towns with Character in Brittany, etc. Arkéa Banque Entreprises et Institutionnels, Federal Finance and Suravenir are sponsors of the Hélène & Edouard Leclerc cultural fund.
- Healthcare, by financing in particular initiatives that aim to improve the daily lives of hospitalized patients and the comfort of elderly individuals. It supports, for example, the Association des Blouses Roses of Massif Central.
- Education, by providing financial aid to two benchmark university foundations in its regions, Rennes 1 and Bordeaux.
- Crédit Mutuel du Sud-Ouest also supports the association Our Neighborhoods Have Talents, which promotes professional integration for young graduates and equal opportunity. Five employees sponsored young people to provide support for their job searches.

### Sports partnerships

Investment in sports, from soccer to sailing, takes place via specific partnerships. For example, the group supports the Stade Rennais Football Club, Football Club de Lorient, En Avant Guingamp and the Girondins de Bordeaux, which are all first division soccer clubs, as well as Stade Brestois 29 and Clermont Foot Auvergne in the second division. Crédit Mutuel du

Sud-Ouest has renewed its partnership with the Bordeaux-Bègles rugby club which participates in the Top 14, the Boulazac (Périgueux) basketball club and the Soyaux women's soccer club. Crédit Mutuel de Bretagne has been involved in sailboat racing for many years, alongside the Region of Brittany, with initiatives aimed at supporting both up-and-coming and established skippers. This sponsorship led to the 2011 launch of the "Bretagne – Crédit Mutuel" offshore racing development program.

### Solidarity partnerships

Crédit Mutuel Arkéa pursues solidarity with its regions and supports many charitable organizations via local initiatives: Banque Alimentaire, Restos du Cœur, Caritas France, Secours Populaire, Ligue contre le Cancer, Téléthon, French Red Cross, Les Bouchons d'Amour, etc.

### Relations with educational institutions

Crédit Mutuel Arkéa and its subsidiaries receive many young people with apprenticeship or trainee contracts as well as many interns. The human resources and training departments participate in guidance forums throughout the year to present the banking and insurance businesses.

Crédit Mutuel Arkéa also contributes to a significant degree to financing Breton educational institutions. It is one of the seven founding members of Fondation Rennes 1 which works to promote and publicize university research, foster student access to employment and promote international development. Fondation Rennes 1 has created three university chairs: Innovation Economy, Environment and Innovation and Smart Living and Innovation.

Crédit Mutuel Arkéa has also taken part since 2012 in the steering group for the University of Bordeaux Foundation which aims to launch and develop innovative actions based on a seed fund model and finances the projects of professors, researchers and students.

Aside from these sponsorship activities, Crédit Mutuel Arkéa has developed many partnerships with institutions of higher education. Employees also teach university classes as guest lecturers.

### Solidarity and responsibility offer

The group's various components incorporate sustainable development into their offers of products and services.

(In € millions)

Low-income housing outstandings	2012	2013	2014
Livret Bleu	3,877	5,974	6,176
Social housing incentive loans (PLS and PLSA)	634	1,027	1,004

(In € millions)

Sponsorship	2012	2013	2014
Total sponsorship budget	3.42	3.65	3.42

Socially responsible investment offer	2012	2013	2014
SRI deposits under management (in € millions)	404	499	1,146
Number of shareholder meetings in which the company participated	100	97	99
Rate of approval of resolutions	72%	74%	75%

### Socially responsible investment

For Federal Finance, solidarity and respect for people and the environment are the keys to sustainable and responsible performance, a belief expressed in particular beginning in 2000 with the creation of Federal Actions Ethiques. Its philosophy is that companies that invest today according to sustainable development criteria will be ahead tomorrow in terms of regulations and their competitors and will ultimately create more value for their stakeholders.

Federal Finance Gestion has been a signatory of the Principles for Responsible Investment (PRI) since 2009. Its investment policy relies on three fundamental principles: responsibility, performance and transparency. Fund managers rely on an in-house research team of SRI financial analysts.

Federal Finance proposes a full range of 12 SRI equity, bond and money-market funds via its two specialized management companies, Federal Finance Gestion and Schelcher Prince Gestion. In 2014, Federal Finance Gestion's entire range of mutual funds and enterprise savings funds were granted Novetic certification.

Over the past ten years Federal Finance has also developed:

- expertise in "responsible investment" discretionary management to meet the needs of institutional investors;
- SRI employee savings programs which represent 31% of employee savings deposits under management.

At end-2014, SRI assets totaled more than €1 billion.

Voting in shareholder meetings is another way of defending the long-term interests of shareholders and subscribers. For this reason, exercising voting rights is a fully implemented feature of Federal Finance's management process, which is to encourage companies to comply with best environmental and governance practices.

Federal Finance Gestion is also involved in improving the practices of the companies in which it invests. Its status as shareholder provides for dialogue with the companies to encourage them to adopt policies that are consistent with its expectations as a responsible investor.

### Solidarity savings

#### Savings Account for Others

The Crédit Mutuel de Bretagne, du Massif Central and du Sud-Ouest federations propose a range of solidarity investments for individuals that combine savings and giving. The LEA ("savings account for others"), renamed Livret Solidaire (solidarity savings) at the start of 2015, allows for some or all of the interest earned each year to be donated to public interest associations. This contract has received Finansol's "solidarity finance" certification. Deposits in these savings accounts totaled €15.5 million and €136,000 was donated to associations.

#### KEREA: Solidarity savings for institutions and companies

Kerea Partage is an innovative solidarity investment designed by Arkéa Banque Entreprises & Institutionnels and the Crédit Mutuel Arkéa trading floor. It meets the group's desire to offer its business and institutional customers savings products able to impact the real economy by fostering responsible local solidarity initiatives. Kerea Partage enables subscribers to share the profits from their investments with agents in the social and solidarity economy. Concretely, the savings holder chooses to donate a portion (25% to 100%) of

the remuneration received directly to associations such as ATD Quart Monde, the French Red Cross or WWF France.

#### Employee solidarity savings fund

The solidarity share of Federal Finance's FEE Solidarité SRI employee mutual fund, which represents 5% to 10% of total assets (€4.6 million at end-2014) is invested in the capital of Société d'Investissement France Active (SIFA) which offers support and financing for entrepreneurs in the social and solidarity economy and to people facing challenges who want to start their own companies. In 2013, France Active contributed to creating or consolidating 36,191 jobs in 6,590 individual or solidarity businesses. Since 2013, investments made by FEE Solidarité SRI have been distributed across four regions: Brittany, Auvergne, Aquitaine and Provence-Alpes-Côte-d'Azur.

(in € millions)

Solidarity savings: deposits	2012	2013	2014
Employee solidarity savings	3.3	4	4.6
LEA	11	13	15.5
Kerea Partage	N/A	1.5	1.5
<b>Total</b>	<b>14.3</b>	<b>18.5</b>	<b>21.1</b>

# 5.4

## Environmentally aware development

Together with its customer shareholders, customers, directors and employees, Crédit Mutuel Arkéa is committed to responsible and sustainable regional development.

Such development requires a reduction of the environmental footprint, which means reducing consumption of energy and natural resources as well as decreasing greenhouse gas emissions. It also leads the group to influence its indirect environmental impact via solutions offered to its customers and partners.

### 5.4.1 Saving resources

#### Energy

The Group and its subsidiaries, in particular Financo et Armorique Habitat, successfully anticipated changing standards in new constructions, with high energy quality (HQE) guidelines and energy plus buildings for low-income housing.

Following a greenhouse gas emissions review, Crédit Mutuel du Sud-Ouest renovated the air conditioning at its headquarters and replaced the gas boilers at the local savings banks in 2014.

Group employees received awareness training in the use of heating, lighting and printers, aimed at saving energy. Memos and guides contribute to disseminating best practices for daily use with a view in particular to optimizing lighting in the workplace.

For example, the fluorescent lights at the Crédit Mutuel du Massif Central headquarters have been replaced by LED bulbs, cutting energy consumption in half. Finally, the local savings banks in the Crédit Mutuel Arkéa networks comply with the law to extinguish window lighting between 11 PM and 6 AM.

#### Paper

The central departments and federations are intensifying their efforts to reduce paper volumes by generalizing:

- two-sided printing as the default solution for printing systems;
- the use of remanufactured (second life) consumables.

The Group is also continuing to upgrade its printer inventory, eliminating individual printers, configuring for black and white printing by default, and raising employee awareness of environmentally friendly practices. Email communication is preferred both internally and with customers.

Finally, all the paper for photocopy stations comply with Forest Stewardship Council (FSC) and Program for the Endorsement of Forest Certification (PEFC) standards for sustainable forest management and product traceability.

#### Water

Crédit Mutuel Arkéa has no difficulties with water supply, as the Group's activities are located in France and Belgium.

#### Waste management

Waste management is a major environmental and economic concern. In June 2014, the Group reorganized its waste processing chain to maximize waste recovery, by:

- introducing designated paper baskets to increase the percentage of paper sent for recycling;
- rearranging bins and containers to foster waste sorting;
- refurbishing waste sorting bins;
- identifying local waste treatment facilities for electrical and electronic equipment;
- launching a study of compliance with the new bio-waste regulations: a call for tenders is planned in 2015 for the central company cafeteria.

Around 7,500 employees in all are involved in these measures.

A study is currently underway to roll out waste recovery solutions at Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central.

#### 5.4.2 Responsible purchasing policy

Environmental issues are taken into account in calls for tenders involving environmental constraints:

- Environmental expectations are specified in advance concerning the products and materials used, as well as technical processes.
- When assessing the bids, environmental criteria are included to favor the suppliers and subcontractors that apply the best practices. These criteria may be based on products, the techniques applied or certifications.

Concretely, this leads to the selection of Ecolabel products for cleaning services, and the management of green spaces that better addresses the protection of local plants and animals.

Bonuses have also been granted to suppliers and subcontractors who are implementing a self-owned fleet, or those who maximize recovery of waste generated.

#### 5.4.3 Proactive and innovative action for transportation

##### The company mobility plan

Building on the group transportation plan launched in 2010, a new company

mobility plan for the group headquarters (1,800 employees) was launched in March 2014. It includes:

- The introduction of shuttles between headquarters and public transportation services (TER, tram and bus);
- The creation of a parking area reserved for carpools in the parking lots at headquarters;
- The creation of a carpool club and a bicycle club;
- Locker storage for bicycle users, electrical outlets for e-bikes, etc.
- The installation of transportation information kiosks in the three entry halls;
- Improved outside signage;
- The creation of a dedicated space on the Intranet portal to promote local carpooling.

There were ongoing communication and awareness-raising initiatives on these topics in 2014.

For example, employees were invited to open a CO<sub>2</sub> savings account within the framework of the partnership with the company 450, which is developing this innovative tool. This CO<sub>2</sub> savings account enables all households and companies to increase their purchasing power by reducing their greenhouse gas emissions.

Finally, video conferencing continues to be largely preferred within the Group.

##### Training and awareness-raising in sustainable approaches

For European Mobility Week, in September 2014, staff from the central departments, Crédit Mutuel de Bretagne, Novélia, Suravenir Assurances, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central were invited to change their transportation habits and given the opportunity to try out bicycles, scooters and electric cars.

At Crédit Mutuel du Sud-Ouest and in Massif Central, employees were provided with information about ecodriving and carpooling. Joint transportation is also organized for training courses and meetings. At Arkéa Assistance, new hires take a driving course before starting work.

Crédit Mutuel du Sud-Ouest is testing a system for self-service electric car rentals from the Bordeaux Urban Community for its employees in the Bordeaux sector. Finally, the Group acquired two electric vehicles in 2014.

#### 5.4.4 Biodiversity

Armorique Habitat created a collective garden that is primarily mineral and has low maintenance needs. There is no need for watering or mowing, and little annual pruning. This initiative to support biodiversity aims to set an example.

Nesting boxes have been installed at Brest headquarters, as well as two bee hives. Some grassy areas have been maintained to foster biodiversity.

#### 5.4.5 Impacting the indirect environmental footprint

##### Energy renovation financing solutions

Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central propose a range of loans for energy renovation work, including regulated zero-interest ECO PTZ loans and Crédinergie loans.

In addition, all home loan advisors in the Crédit Mutuel de Bretagne network received training to support energy renovation work undertaken by customer shareholders and customers.

Crédit Mutuel Arkéa is a founding member of the Réseau Energie Habitat (REH) economic interest grouping along with ten construction materials, equipment, consulting and energy audit partners. This grouping aims to offer individuals, homeowners' associations and local and regional government bodies a complete energy renovation solution for their buildings. In 2014, 100 energy audits were completed by REH, of which 55 were initiated by Crédit Mutuel de Bretagne.

Within the framework of the goals of the Aquitaine Sustainable Building Plan, Crédit Mutuel du Sud-Ouest has joined forces with the Region of Aquitaine with its dedicated "Crédinergie Habitat" environmental credit offer. This project enables it to contribute to improving the living conditions of the region's residents.

##### Green energy financing

Several farm methanation plants have been financed in recent years, with total production of 4,560 kW, as well as an injection plant representing 6,000 kW. In terms of financing, €10.2 million were granted to currently operating installations, and €7.5 million to installations under construction, for a total of €17.7 million.

Photovoltaic systems are also regularly financed.

##### "Green" loans

Green loans have been created at Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central which let the owners (individuals and businesses) of clean vehicles benefit from particularly advantageous financing conditions.

##### Federal Finance a signatory of the Carbon Disclosure Project (CDP)

CDP is a non-profit organization whose purpose is to manage a single reporting system for companies to report to investors on their environmental impact and climate change adaptation strategy. Three environmental topics are addressed: climate change, water and forests. Federal Finance chose to join this initiative to enable SRI analysts to access an additional environmental database to complement their own analyses.

Loans to finance energy efficiency renovations	2012	2013	2014
Number of interest-free Eco loans granted in the year	1,490	1,200	1,157
Average amount of interest-free Eco loans granted (in €)	16,032	16,105	16,094
Total amount of interest-free Eco loans granted (in € millions)	23.89	19.33	18.62

#### 5.4.6 Environmental indicators

Crédit Mutuel Arkéa scope	2012 estimates	2013	2014
<b>Energy Consumption (GWh)</b>	<b>55</b>	<b>57.0</b>	<b>52.8</b>
■ of which electricity (GWh)	50	51.9	46.4
■ of which natural gas (GWh)	4	4.7	6.1
■ of which heating oil (GWh)	1	0.3	0.3
Steam heating - urban grid, invoiced per metric ton of water returned (in GCV)	NC	0	0
Cold water in the urban network, invoiced in kWh (in GCV)	NC	0	0
<b>Water consumption (thousands of m³)</b>	<b>60</b>	<b>59.2</b>	<b>54.3</b>
<b>Consumption of paper (metric tons)</b>	<b>1,475</b>	<b>1,656</b>	<b>1,606</b>
■ of which paper for internal use	NC	570	575
■ of which paper for external use	NC	1,086	1,031

The data collection scope was expanded in 2013 and again in 2014  
NC: not collected

Travel	2012 (*)	2013	2014
Business travel - Air (km)	8,869,259	8,130,369	8,518,810
Business travel - Rail (km)	2,517,905	2,409,390	3,823,225

(\*) Scope: Crédit Mutuel Arkéa employee and director travel, excluding Leasecom and Monext

Videoconferences	2012	2013	2014
Number of videoconferencing systems	72	72	74
Number of videoconferences	6.394	6.587	5.186

# 5.5 CSR indicators

## 5.5.1 Methodology note concerning CSR indicators

The CSR indicators listed in the tables of the CSR section of the Registration Document are part of a measurement and reporting methodology first developed in 2008 and updated annually.

This methodology organizes the rules for gathering, managing, calculating and consolidating indicators, their scope and the controls performed. It is designed for the advisors and collectors in the three federations of Crédit Mutuel Arkéa and its subsidiaries which contribute to current CSR reporting, using a new application developed for this purpose in 2013. It defines the audit trail for both internal and external verifications. The global scope of the group is taken into account for consolidating all these CSR indicators.

The approach used is based in particular on:

- article 225 of the Grenelle 2 law,
- the French New Economic Regulations law,

- the French Environment and Energy Management Agency (ADEME) method (V2) for preparing greenhouse gas emissions balance sheets,
- ongoing discussions with stakeholders,
- the cooperative principles of the International Cooperative Alliance (ICA),
- the Statement of Cooperative Identity,
- the Global Compact (member since 2004),
- the transparency code of the French Financial Management Association – Forum for Socially Responsible Investment (AFG-FIR),
- Inter-Union Employee Savings Committee (Comité intersyndical de l'épargne salariale - CIES) certification.

Given the group's business, noise pollution, pollution, soil impact and adapting to the consequences of climate change are not significant areas of impact. Analysis of these risks is thus not included in the current report. Crédit Mutuel Arkéa set aside no environmental provisions or guarantees in its accounting.

Concerning the social data:

- the workforce is the number of employees at December 31, excluding interns, temporary workers and outside service providers;
- the total number of calendar days of absence includes the following absences by employees under permanent contract, fixed term contract, or work-study programs: paid sick leave, unpaid sick leave, sick leave without a medical certificate, workplace and commuting accidents, special leave, leave for sick children, long-term leave without pay (lasting longer than one month), sabbatical leave, parental leave, and disability leave;
- absences not accounted for are paid vacation or contract-based leave (RWD, seniority, marriage, etc.) and maternity or paternity leave;
- the payroll expenditures invested in training include Fongecif subsidies and work-study training.

### 5.5.2 Summary tables of CSR indicators

Reference CSR indicator	CSR indicators	Data 2014
	<b>GOVERNANCE</b>	
	<b>Directors</b>	
G001	Number of members on the Board of Directors (or Supervisory Board if there is an Executive Board)	19
G002	of which women	2
G003	Number of local savings banks	336
G004	Number of directors - local savings banks	3,648
G029	of which women	1,344
G005	Number of directors - federations	114
G030	of which women	28
G006	Number of local savings bank boards	2,870
G031	Number of women chairpersons of local savings banks	83
G031-1	% of women chairpersons of local savings banks	25%
G007	Number of directors summoned to local savings bank Board meetings	36,586
G008	Number of directors present at local savings bank Board meetings	30,857
	<b>Renewal - Local savings banks</b>	
G014	Number of new directors - local savings banks	192
G015	of which women	77
G034	% of women among the new directors	41%
G018	Number of new chairpersons - local savings banks	23
G019	of which women	11
G035	% of women among the new chairpersons	48%
G034-F	Number of women among chairpersons - local savings banks	83
	<b>Renewal - Federations</b>	
G016	Number of new directors - federations	11
G017	of which women	5
G020	Number of new chairpersons - federations	1
G034-F	% of women among the new federation directors	45%
	<b>Training</b>	
G055	Number of directors or officers who received at least one training course during the year	1,815
G056	Total number of hours dispensed	14,252
G058	% of directors trained	50%
G059	Duration of training per director trained	8



Reference CSR indicator	CSR indicators	Data 2014
	<b>Customer shareholders - customers</b>	
GO61	Number of local savings bank customers	2,324,518
GO62	of which individuals	2,109,593
GO63	Number of customer shareholders	1,436,045
GO63-1	Number of customer shareholders N-1	1,428,020
GO65	% of customer shareholders among individual customers	68.07%
	<b>Participation in shareholder meetings (local)</b>	
GO68	Number of customer shareholders present and represented	51,769
GO70	% of participation in voting	3.6%
	<b>LABOR</b>	
	<b>Workforce</b>	
LA01	Total FTE workforce	8,965
LA01b	Physical person workforce	9,156
LA02	of which France	9,069
LA03	of which outside France	87
LA05	of which non-management	4,261
LA08	Permanent contract workforce	8,379
LA08b	of which women	4,600
LA08NC	Permanent contract workforce, non management	3,529
LA12	% of employees under permanent contract	93%
	<b>Recruitment</b>	
LA13	Total number of hires	1,480
LA15	of which women	946
LA16	of which permanent contracts	369
	<b>Dismissals and reasons</b>	
LA19	Number of employees under permanent contract who left the organization	465
LA20	of which dismissals	70
LA21	Turnover (%)	3.0%
	<b>ORGANIZATION, WORKING HOURS AND ABSENTEEISM</b>	
	<b>Organization of working hours</b>	
LA31	% of full-time employees	92%
LA32	% of part-time employees	8%
	<b>Absenteeism and reasons</b>	
LA38	Total calendar days of absence	137,277
LA39	of which due to illness	135,522
LA40	of which due to workplace accidents	1,755
LA43	Number of work-related illnesses	1

Reference CSR indicator	CSR indicators	Data 2014
	<b>Health and safety conditions</b>	
LA44	Number of declared workplace accidents with work absence	70
	<b>Training and employment integration</b>	
LA46	Personnel expenditures invested in training (in €)	15,401,849
LA47	% of personnel expenditures dedicated to training	4.2%
LA48	Number of employees receiving at least one training course	5,701
LA49	% of employees trained	62%
LA50	Total number of hours devoted to employee training	141,526
	<b>Gender equality at work</b>	
LA59	Number of female managers	2,071
LA60	% of women among managers	42%
LA61	Number of managers promoted during the year to a higher-level function	478
LA62	of which women	235
LA63	% of women among management promotions	49%
	<b>Employee dialogue</b>	
LA67	Number of condemnations for hindrance (in France)	0
LA78	Number of consultations with personnel representatives (works council, CHSCT, DP)	494
LA79	Number of information procedures with personnel representatives (works council, CHSCT, DP)	398
	<b>Employment and integration of workers with disabilities</b>	
LA68	Number of workers with disabilities	286
LA71	% of people with disabilities in the total workforce	3.1%
	<b>Compensation and its evolution</b>	
LA73	Gross personnel expenditures (in €)	369,412,292
LA74	Average gross annual compensation - all levels, permanent contracts	41,912
LA75	Average gross annual compensation - non-managers, permanent contracts	29,348
LA76	Average gross annual compensation - managers, permanent contracts	51,053
LA107	Total gross annual compensation (in €) permanent contracts	351,166,182
LA108	Total gross annual compensation (in €) - non-managers, permanent contracts	103,555,993
LA109	Total gross annual compensation (in €) – managers, permanent contracts	247,610,104
	<b>SOCIETY</b>	
SO01	Number of Crédit MutuelArkea Group points of sale in France and abroad	1,099
SO01A	Number of Crédit Mutuel points of sale	471
SO01-1	Number of Crédit MutuelArkea Group points of sale outside France	3
SO01C	Periodic points of sale	640

Reference CSR indicator	CSR indicators	Data 2014
	<b>Microcredit</b>	
	<b>Personal supported microcredit (partnerships)</b>	
SO10	Number of microloans granted in the year	394
SO11	Average amount of granted microloans (in €)	2,144
SO13	Amount of microloans financed in the year (in €)	844,715
	<b>Intermediated business microcredit</b>	
SO16	Number of intermediated business microloan applications	596
SO17	Available amount of credit lines (in €)	1,938,179
SO201	Number of supported business microloans granted during the year (in the framework of a partnership)	456
SO202	Amount of supported business microloans granted during the year (in the framework of a partnership)	1,197,410
	<b>SRI</b>	
SO28	SRI assets (in €)	1,146,963,534
SO28LNOV-ISR	SRI assets - with NovéthiC SRI certification	1,051,696,486
	<b>Voting policy</b>	
SO29	Rate of approval of resolutions	75%
SO30	Number of shareholder meetings in which the company participated	99
	<b>Solidarity savings</b>	
SO31	Overall solidarity savings assets (in €)	21,552,500
SO32	of which donated to associations	144,960
	<b>DAT solidarity savings (Kerea)</b>	
SO31-1	DAT solidarity savings assets (in €)	1,450,000
SO32-1	of which donated to associations	8,688
	<b>Savings Accounts for Others (LEA)</b>	
SO33	Deposits excluding capitalization (in €) in Savings Accounts for Others (LEA)	15,467,983
SO33LFinansol	Savings deposits for products with FINANSOL certification	15,467,983
SO32-2	of which donated to associations	136,272
	<b>Employee solidarity savings</b>	
SO37	Employee solidarity savings deposits (in €)	4,634,517
	<b>Associations market</b>	
SO40	Number of non-profit customers (associations, unions, works councils, etc.)	66,803
	<b>Corporate giving and sponsorship</b>	
SO52	Overall budget dedicated to corporate giving and sponsorship (in €)	3,420,796
	<b>Loans for renewable energies and energy efficiency</b>	
SO63	Number of PTZs granted in the year	1,157
SO64	Average amount of granted PTZs (in €)	16,094
SO65	Total amount of interest-free Eco loans granted (in €)	18,621,289
SO69	Number of projects financed (independent professionals and farmers)	37
	<b>Products and services with social purpose</b>	
SO71	Regulated social loans outstanding (PLS, PSLA) (in €)	1,004,033,677

Reference CSR indicator	CSR indicators	Data 2014
	<b>ENVIRONMENT</b>	
	<b>Water (m³)</b>	
EN04	Water consumption (m³)	54,305
	<b>Energy (kWh)</b>	
EN05	Total energy consumption (kWh)	52,835,271
EN05-1	Steam heating - urban grid, invoiced by metric ton of water returned (in GCV)	-
EN05-2	Cold water in the urban network, invoiced in kWh (in GCV)	-
EN06	of which electricity (kWh)	46,400,140
EN07	of which natural gas (kWh)	6,128,900
EN08	of which heating oil (kWh)	306,231
	<b>Paper (metric tons)</b>	
EN09	Consumption of paper (metric tons)	1,606
EN10	of which paper for internal use (metric tons)	575
EN11	of which paper for external use (outside services: printing, communication, customer statements, checkbooks, etc.) (metric tons)	1,031
EN13	Consumption of toner cartridges (number of cartridges purchased)	18,564
EN16	Of which number of toner cartridges recycled	15,846
EN14	% of purchased toner cartridges recycled (Purchasing/suppliers)	85.36
	<b>Travel (km)</b>	
EN18	Business travel - Air (km)	8,518,810
EN19	Business travel - Rail (km)	3,823,226
EN20	Business travel - Automobile fleets (km)	8,916,079
EN21	Number of liters of gasoline consumed by the company fleet	11,591
EN22	Number of liters of diesel fuel consumed by the company fleet	567,954
EN23	Business travel with private vehicles	9,576,718
EN29	Mail management: interbank and inter-business shuttles + currency transport	1,814,515
	<b>Direct emissions leaks</b>	
EN30	Refrigerant leaks from air conditioning installations (tertiary water and air conditioning)	131
EN34	Number of digitized documents and pages	52,383,000
	<b>SYSTEMS FOR REDUCING ENVIRONMENTAL IMPACT AND GREENHOUSE GAS EMISSIONS</b>	
	<b>Emissions prevented</b>	
EN31	Number of videoconferencing systems	74
EN32	Number of videoconferences	5,186

# 6. General information

## Information relative to sites and activities within the consolidation scope as of December 31, 2014

The main information with respect to sites as of December 31, 2014 and compiled at the Country and Territory levels is as follows:

Zone	Country	NBI <sup>(1)</sup> (€ thousands)	Employees <sup>(2)</sup>	Net income (loss) before tax (€ thousands <sup>(1)</sup> )	Corporate income tax (€ thousands <sup>(1)</sup> )	Subsidies <sup>(1)</sup>
France	France	1,693,501	8,369	410,562	(147,109)	0
Other EU countries	Belgium	30,163	84	7,638	0	0
	Luxembourg	0	0	0	0	0
North America	Canada	0	13	55	0	0
<b>General Total</b>		<b>1,723,664</b>	<b>8,466</b>	<b>418,254</b>	<b>(147,109)</b>	<b>0</b>

(1) the share of net income from associates is recorded directly in income before tax. Their contribution to NBI, corporate income tax and consolidated subsidies is therefore nil.

(2) Full-time-equivalent (FTE) employees as of 13/31/2014, including employees of associates.

### Information about the Company

**Registered company name and trade name:** Crédit Mutuel Arkéa

**Place of registration and registration number:**

Siren number: 775 577 018 Brest Corporate and Trade Register / APE Code: 651 D

**Creation date and incorporation period:**

The company was created on September 24, 1960 for a period of 99 years, i.e. its registration expires on September 23, 2059.

### Registered office:

1 rue Louis Lichou,  
29480 Le Relecq-Kerhuon  
Telephone: +33 (0)2 98 00 22 22  
Fax: +33 (0)2 98 28 46 32

### Legal form:

The company is a French-incorporated variable capital credit cooperative. It is also a union of cooperatives.

It is subject to the following laws:

■ Law of September 10, 1947 on cooperatives;

■ Articles L 231-1 to L 231-8 of the French Commercial Code on variable capital;

■ the provisions of the French Commercial Code on commercial companies;

■ the provisions of the French Monetary and Financial Code on the activity and control of credit institutions;

■ Articles L 512-55 to L 512-59 of the French Monetary and Financial Code and all laws related to Crédit Mutuel;

■ the provisions of its by-laws and internal regulations.

## Nature of control over the company

The Group's basic unit is the local savings bank ("Caisse local"). Each local savings bank has a restricted area of operations and its capital is owned by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is owned by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations. No agreement exists that is likely to result in a change of control in the company.

## Litigation and arbitration

As of the publication date of this Registration Document, neither the company nor any other member of the Crédit Mutuel Arkéa Group is or has been involved in any governmental, judicial or arbitration action (including any pending or imminent procedure about which the company has knowledge) that could have, or has had within the past 12 months, a material impact on the financial situation or profitability of the company and/or Crédit Mutuel Arkéa Group.

## Major agreements

No major agreements (other than agreements entered into as part of the company's ordinary business) have been entered into that could bestow on any member of the Crédit Mutuel Arkéa Group a right or obligation that would have a material effect on the company's ability to fulfill its obligations pursuant to the financial securities issued on behalf of their holders.

## Material changes in the company's financial situation

No material change in the company's financial situation has occurred since the end of the last fiscal year, and notably since the approval of the 2014 financial statements by the company's Board of Directors on February 27, 2015.

## Audit of annual historical financial information and sources of financial information appearing in this document

For the 2014 fiscal year:  
See statutory auditor's report for 2014.  
For the 2013 fiscal year:  
See statutory auditor's report for 2013.  
For the 2012 fiscal year:  
See statutory auditor's report for 2012.

This Registration Document does not include any other information audited by the statutory auditors, and all financial information appearing in this document is taken from the company's audited financial statements.

This Registration Document contains no information from third parties, statements of experts or statements of interest.

## Earnings forecasts or estimates

This Registration Document contains no earnings forecasts or estimates.

## Date of most recent audited financial information

The date of the most recent audited financial information is December 31, 2014. This information was certified by the Board of Directors on February 27, 2015 and will be submitted to the Shareholders' General Meeting for approval on May 6, 2015.

No quarterly or interim financial information has been published subsequent to the most recent audited financial statements.

## Documents available to the public and documents incorporated by reference

During the period in which the Registration Document is valid, a copy of the following documents may, where applicable, be viewed:

- the company's by-laws;
- all reports, correspondence and other documents, historical financial information, assessments and statements prepared by an appraiser at the request of the company included in this Registration Document;
- the financial information of the Crédit Mutuel Arkéa parent company and Group for the fiscal years ending December 31 of 2012, 2013 and 2014;
- this Registration Document;
- Registration Document number D.14-0317 of April 9, 2014 incorporated by reference and updated on August 29, 2014 under number D.14-0317-A01;
- Registration Document number D.13-0326 of April 10, 2013 incorporated by reference and updated on September 2, 2013 under number D.13-0326-A01;
- Registration Document number D.12-0327 of April 12, 2012 incorporated by reference

and updated on September 3, 2012 under number D.12-0327-A01;

The Issuer assumes responsibility for the information incorporated by reference.

Registration Document number D.14-0317 of April 9, 2014 incorporated by reference and updated on August 29, 2014 under no. D.14-0317-A01 as well as this Registration Document are also available on the web site of the French Financial Markets Authority: [www.amf-france.org](http://www.amf-france.org)

These documents may be viewed at the company's registered office during normal business hours. A copy of this Registration Document will be sent at no cost to any person requesting it. These documents may also be viewed on the company's web site ([www.arkea.com](http://www.arkea.com)).

## Incorporation by reference

In accordance with Article 28 of European Regulation No. 809/2004 of April 29, 2004, the reader is advised to consult the previous Registration Documents with respect to certain information, notably financial information regarding the company's net assets, financial situation and earnings:

1. For the 2013 fiscal year: pages 56 to 121 of Registration Document number D.14-0317 of April 9, 2014
2. For the 2012 fiscal year: pages 64 to 135 of Registration Document number D.13-0326 of April 10, 2013
3. For the 2011 fiscal year: pages 85 to 142 of Registration Document number D.12-0327 of April 12, 2012.

Other information included in those previous Registration Documents separate from the information cited above was, in some cases, replaced and/or updated with information included in this Registration Document.

# 7. Person responsible

## **Person responsible for the information contained in this document**

Ronan Le Moal, Chief Executive Officer of Crédit Mutuel Arkéa.

## **Statement of the person responsible for this document**

After having taken all reasonable measures, I hereby certify that to the best of my knowledge, the information contained in this Registration Document is accurate and factual and that there are no omissions that would alter its meaning.

I received from the statutory auditors of the financial statements a work completion letter, in which they state that they have audited the information pertaining to the

financial situation and financial statements presented in this Registration Document as well as to the overall presentation of the Registration Document.

The financial information presented in this Registration Document was reviewed in reports by the statutory auditors of the financial statements, with the observations contained in these reports appearing on page 174 of this Registration Document.

Historical financial information for the fiscal year ending December 31, 2013 appearing in Registration Document number D.14-0317 of April 9, 2014, incorporated by reference, was reviewed in a report of the statutory auditors of the financial statements, which contains observations. This report appears on page 188 of that Registration Document.

Historical financial information for the fiscal year ending December 31, 2012 appearing in Registration Document number D.13-0326 of April 10, 2013, incorporated by reference, was reviewed in a report of the statutory auditors of the financial statements, which contains.

Relecq Kerhuon, 04/10/ 2015

Ronan Le Moal, Chief Executive Officer of Crédit Mutuel Arkéa





# 8. Statutory auditors

## **The company's 2014 consolidated financial statements were audited by:**

### **Principal statutory auditors:**

MAZARS  
61, rue Henri Regnault  
Exaltis  
92075 La Défense Cedex – France

Represented by  
Charles de Boisriou  
Start of initial term: 1976  
Expiration of current term:  
December 31, 2014 (following the financial statements closing)

The decision to renew the term of Mazars represented by Charles de Boisriou beginning with the 2012 fiscal year was made on April 23, 2009 for a six-year period.

and

DELOITTE & ASSOCIÉS  
185, avenue Charles de Gaulle  
BP 136  
92524 Neuilly-sur-Seine Cedex – France

Represented by  
Jean-Vincent Coustel  
Start of initial term: 2007  
Expiration of current term:  
December 31, 2014 (following the financial statements closing)

The decision to renew the term of Deloitte & Associés represented by Jean-Vincent Coustel beginning with the 2014 fiscal year was made on April 23, 2009 for a six-year period.

### **Alternate statutory auditors:**

Madame Anne Veaute,  
61, rue Henri Regnault  
Exaltis  
92075 La Défense Cedex – France

Start of initial term: 2012  
Expiration of current term:  
December 31, 2014 (following the financial statements closing)

The decision to appoint Anne Veaute was made on May 3, 2012 for the remaining term of Charles de Boisriou, i.e. three years.

and

Société BEAS  
7-9, villa Houssay  
92524 Neuilly-sur-Seine Cedex – France

Represented by  
Pascal Pincemin  
Start of initial term: 2009  
Expiration of current term:  
December 31, 2014 (following the financial statements closing)

The decision to appoint Société BEAS was made on April 23, 2009 for a six-year period.

The company's 2013 consolidated financial statements were audited by:

### **Principal statutory auditors:**

MAZARS  
61, rue Henri Regnault – Exaltis  
92075 La Défense Cedex – France

Represented by  
Charles de Boisriou  
Start of initial term: 1976  
Expiration of current term:  
December 31, 2014

The decision to renew the term of Mazars represented by Charles de Boisriou beginning with the 2012 fiscal year was made on April 23, 2009 for a six-year period.

and

DELOITTE & ASSOCIÉS  
185, avenue Charles de Gaulle  
BP 136  
92524 Neuilly-sur-Seine Cedex – France

Represented by  
Jean-Marc Mickeler  
Start of initial term: 2007  
Expiration of current term:  
December 31, 2014

The decision to renew the term of Deloitte & Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.

**Alternate statutory auditors:**

Anne Veaute,  
61, rue Henri Regnault – Exaltis  
92075 La Défense Cedex – France  
Start of initial term: 2012  
Expiration of current term:  
December 31, 2014

The decision to appoint Anne Veaute was made on May 3, 2012 for the remaining term of Charles de Boisriou, i.e. three years.

and

Société BEAS  
7-9, villa Houssay  
92524 Neuilly-sur-Seine Cedex – France

Represented by  
Pascal Pincemin  
Start of initial term: 2009  
Expiration of current term:  
December 31, 2014

The decision to appoint Société BEAS was made on April 23, 2009 for a six-year period.

The company's 2012 consolidated financial statements were audited by:

**Principal statutory auditors:**

MAZARS  
61, rue Henri Regnault  
Exaltis  
92075 La Défense Cedex – France

Represented by  
Charles de Boisriou  
Start of initial term: 1976  
Expiration of current term:  
December 31, 2014

The decision to renew the term of Mazars represented by Charles de Boisriou beginning with the 2012 fiscal year was made on April 23, 2009 for a six-year period.

and

DELOITTE & ASSOCIÉS  
185, avenue Charles de Gaulle  
BP 136  
92524 Neuilly-sur-Seine Cedex – France

Represented by  
Jean-Marc Mickeler  
Start of initial term: 2007  
Expiration of current term:  
December 31, 2014

The decision to renew the term of Deloitte & Associés represented by Jean-Marc Mickeler was made on April 23, 2009 for a six-year period.

**Alternate statutory auditors:**

Anne Veaute,  
61, rue Henri Regnault – Exaltis  
92075 La Défense Cedex – France

Start of initial term: 2012  
Expiration of current term:  
December 31, 2014

The decision to appoint Anne Veaute was made on May 3, 2012 for the remaining term of Charles de Boisriou, i.e. three years.

and

Société BEAS  
7-9, villa Houssay  
92524 Neuilly-sur-Seine Cedex – France

Représentée par  
Pascal Pincemin  
Start of initial term: 2009  
Expiration of current term:  
December 31, 2014

The decision to appoint Société BEAS was made on April 23, 2009 for a six-year period.

# 9. Statutory auditors' report on the 2014 consolidated financial statements

## Year ended December 31, 2014

Sir, Madam,

In accordance with the assignment given to us by your annual Shareholders' General Meeting, we hereby present our report for the year ended December 31, 2014 on:

- the audit of the accompanying consolidated financial statements of Crédit Mutuel Arkéa;
- the justification of our assessments;
- the specific verifications required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of the accounting policies used and the

reasonableness of the accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in the note "Changes in accounting methods," which presents the impacts of the application of IFRS 10 "Consolidated financial statements," IFRS 11 "Joint Arrangements," IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 Revised "Investments in Associates."

## II – Justification of assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring the following matters to your attention:

### Changes in accounting methods

As mentioned in the first part of this report, the note "Changes in accounting methods" presents the changes that occurred during the year.

As part of our assessment relating to the accounting principles applied by your company, our work consisted in verifying the appropriateness of these changes and their presentation.

### Impairment provisions for credit and counterparty risk

Crédit Mutuel Arkéa records impairment provisions to cover the credit and counterparty risks inherent to its business (see "Accounting Policies - Loans and receivables due from financial institutions and customers" and notes 1, 5, 6, 8 and 37 of the consolidated financial statements). We reviewed the control procedures applicable to monitoring credit and counterparty risk, impairment testing methods and determining individual and portfolio-based impairment losses.

### Measurement of financial instruments

Crédit Mutuel Arkéa uses internal models and methodologies to measure its positions on financial instruments which are not traded on active markets (as described in "Accounting policies - Measurement of the fair value of financial instruments" and notes 2, 3, 4, 18, 18a, 28a, 28b, 32 and 33 of the consolidated financial statements). Our work consisted in examining the control procedures applicable to the models used to measure them; evaluating the appropriateness of the data and assumptions; and verifying that the risks and results related to these instruments were taken into account. We also reviewed the control procedures for the identification of financial instruments that can no longer be traded on an active market or whose valuation

parameters are no longer observable and the data used to measure them.

#### **Impairment of available-for-sale assets**

Crédit Mutuel Arkéa recognizes impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 4, 8, 33 and 37 of the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant items, and the estimates used, where applicable, to hedge against impairment losses.

#### **Goodwill impairment tests**

Crédit Mutuel Arkéa carried out impairment tests on goodwill which did not lead to the recording of impairment losses during the year ended December 31, 2014, as described in "Accounting policies - Property, plant and equipment, intangible assets and investment property" and note 16 of the consolidated financial statements. We examined the methods used to implement these tests and the main assumptions and inputs used as well as the estimates.

In connection with our assessment of the significant estimates used to prepare the financial statements, we reviewed the

determination and accounting treatment of valuation differences and goodwill.

#### **Deferred tax assets**

Crédit Mutuel Arkéa recognized deferred tax assets during the year, notably in respect of tax loss carry forwards, as described in note 10 of the consolidated financial statements. We examined the main estimates and assumptions used to record these deferred tax assets.

#### **Provisions for employee benefits**

Crédit Mutuel Arkéa establishes provisions to cover its employee benefit obligations, as described in "Accounting Policies - Provisions" and notes 23, 23a and 35c of the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

#### **Insurance**

Some technical items specific to the insurance companies of the Group, such as technical provisions, are estimated in the prescribed manner and using actuarial techniques. The methods of valuation and the amounts involved are described in "Accounting Policies - Accounting principles for the insurance business" and notes 22, 34 and 34a of the consolidated financial statements. We examined the consistency of all assumptions and

calculation models used as well as the compliance of the assessments obtained with the requirements of the regulatory and economic environment.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### **III – Specific verification**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, April 7, 2015

The statutory auditors

DELOITTE & ASSOCIÉS  
Jean-Vincent Coustel

MAZARS  
Charles de Boisriou

# 10. Statutory auditors' report

## on the report of the Chairman of the Board of Directors, prepared in accordance with Article L. 225-235 of the French Commercial Code

*This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L.225-235 of French company law on the report prepared by the Chairman of the Board of Directors [or the Supervisory Board] on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.*

*This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.*

### Year ended December 31, 2014

Sir, Madam,

In our capacity as the statutory auditors of Crédit Mutuel Arkéa and in accordance with Article L. 225-235 of the French Commercial Code, we hereby present our report dealing with the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ending December 31, 2014.

The Chairman is responsible for preparing and submitting for the approval of the Board of Directors a report describing the internal control and risk management procedures implemented by the company and disclosing other information as required by Article L. 225-37 of the French Commercial Code dealing in particular with corporate governance.

It is our responsibility to:

- notify you regarding any observations we may have as to the information contained in the Chairman's report and relating to

the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information; and

- attest that the report includes all other disclosures required by Article L. 225-37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair representation of those other disclosures.

We have performed our work in accordance with the professional standards applicable in France.

### Information concerning the company's internal control and risk management procedures in the area of the preparation and processing of financial and accounting information

Professional standards require the application of procedures designed to assess the fair representation of the information contained in the Chairman's report and relating to the company's internal control

and risk management procedures in the area of the preparation and processing of financial and accounting information. Those procedures involve in particular:

- taking note of the underlying internal control and risk management procedures in the area of the preparation and processing of the financial and accounting information presented in the Chairman's report and of the related documentation;
- taking note of the work performed as a basis for preparing that information and the existing documentation;
- determining if any major internal control weaknesses in the area of the preparation and processing of the financial and accounting information identified by us during the course of our engagement have been appropriately disclosed in the Chairman's report.

On the basis of the procedures performed, we have nothing to report on the information relating to the company's internal control and risk management procedures in the area of the preparation and processing of the financial and accounting information

contained in the report of the Chairman of the Board of Directors prepared in accordance with Article L. 225-37 of the French Commercial Code.

#### **Other disclosures**

We hereby attest that the report of the Chairman of the Board of Directors includes all other disclosures required by Article L. 225-37 of the French Commercial Code.

Courbevoie and Neuilly-sur-Seine, April 7, 2015  
The statutory auditors

DELOITTE & ASSOCIÉS  
Jean-Vincent Coustel

MAZARS  
Charles de Boisriou

# 11. Special report of the statutory auditors

## on regulated agreements and commitments

*This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.*

Sir, Madam,

As the statutory auditors of your company, we hereby submit our report on regulated agreements and commitments.

It is our responsibility to communicate to you, on the basis of information provided to us, the basic characteristics, terms and conditions of the agreements and commitments brought to our attention or discovered by us during our audit without expressing an opinion on their usefulness and merit or seeking to discover the existence of any other agreements or commitments. It is your responsibility under Article R. 225-31 of the French Commercial Code to determine whether these agreements and commitments are in the company's interest and should be approved.

It is also our responsibility, where applicable, to provide you with the disclosures required under Article R. 225-31 of the French Commercial Code relative to the implementation during the year ended of agreements and commitments already approved by the Shareholders' General Meeting.

We have taken the steps we felt were necessary to comply with the professional standards promulgated by the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) on this subject. These steps

consisted of verifying the consistency of the disclosures supplied to us with the underlying documents from which they were drawn.

### **AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE SHAREHOLDERS' GENERAL MEETING**

We inform you that we were not notified of any agreements authorized during the year ended to be submitted for the approval of the Shareholders' General Meeting in accordance with Article L. 225-38 of the French Commercial Code.

### **AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' GENERAL MEETING**

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments approved by the Shareholders' General Meeting in previous years continued to be executed in the year just ended.

#### **• Employment contract**

On September 12, 2008, the Board of Directors approved the provisions of the suspension amendment to the employment

contract of Jean-Pierre Denis, Chairman of the Board of Directors of Crédit Mutuel Arkéa. The employment contract suspension amendment stipulates the following:

- Date of the suspension of the employment contract
- Conditions for reappointment upon the expiration of the term of office,
- Inclusion of the term of office in the calculation of seniority and seniority-related benefits,
- Provision of private unemployment insurance with the employment contract is suspended,
- Compensation terms and conditions applicable if the contract is rescinded by Crédit Mutuel Arkéa, except in the case of termination for cause (*faute grave*) or gross negligence (*faute lourde*): specifically the amounts owed by law and in accordance with the collective bargaining agreement, as well as net supplementary severance compensation equal to 18 months gross salary.

### **AGREEMENTS AND COMMITMENTS RECLASSIFIED DURING THE YEAR**

In accordance with Article L. 225-39 of the French Commercial Code, on December 4, 2014 the Board of Directors decided to reclassify the following regulated agreements

as agreements relating to current operations and entered into under normal conditions.

• **Outsourcing and support agreement with Arkéa Capital Partenaire**

On May 20, 2011, the Board of Directors authorized the signing of an outsourcing and support agreement providing IT, accounting, legal and financial resources to Arkéa Capital Partenaire.

Since Arkéa Capital Partenaire is a wholly owned subsidiary of Crédit Mutuel Arkéa, the new provisions of Article L.225-39 of the French Commercial Code apply to this agreement.

• **Agreement with C.E.O.I. – B.I.E**

In order to enable C.E.O.I. - B.I.E. to comply with Banque de France conditions for the revocation of its license, on November 6,

1998, the Board of Directors of Crédit Mutuel Arkéa agreed that Crédit Mutuel Arkéa would guarantee all of C.E.O.I. – B.I.E.'s off-balance sheet commitments to third parties beginning on January 1, 1999.

Since C.E.O.I – B.I.E. is a wholly owned subsidiary of Crédit Mutuel Arkéa, the new provisions of Article L.225-39 of the French Commercial Code apply to this agreement.

• **Agreement with Financo**

The Board of Directors' meetings of December 5, 1997, July 12, 2002, December 5, 2003, December 3, 2004 and December 2, 2005 authorized Crédit Mutuel Arkéa to subscribe equity loans with no voting rights issued by Financo in the respective amounts of €2,642,551, €8,475,000, €13,940,217 and €20,000,000.

Since Financo is a wholly owned subsidiary of Crédit Mutuel Arkéa, the new provisions of Article L.225-39 of the French Commercial Code apply to this agreement.

In the absence of any mention of the reclassification of these agreements in the company's management report, we call your attention to this decision for which we share the assessment.

Neuilly-sur-Seine and Courbevoie, April 7, 2015

The statutory auditors

DELOITTE & ASSOCIÉS  
Jean-Vincent Coustel

MAZARS  
Charles de Boisriou



# 12. Report of the independent, third-party entity

## on the consolidated social, environmental and societal information

### Year ended December 31, 2014

For the attention of the Shareholders,

In our capacity as an independent third-party entity, a member of the Mazars network, the statutory auditors of Crédit Mutuel Arkéa, and accredited by the French National Accreditation Body (COFRAC) under number 3-1058,<sup>(1)</sup> we hereby present you with our report on the consolidated social, environmental and societal information (hereafter "CSR Information") presented in the management report prepared for the year ended December 31, 2014, pursuant to Article L.225-102-1 of the French Commercial Code.

### Responsibility of the company

The Board of Directors is responsible for preparing a Management Report containing the CSR Information required under Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the reporting criteria used by Crédit Mutuel Arkéa (the "Reporting Criteria"), a summary of which is presented in the Management Report and is available upon request from the Corporate Secretariat and Institutional Communications department.

### Independence and quality control

Our independence is defined by regulations and the profession's Code of Ethics as well as by the provisions set forth in Article L. 822-11 of the French Commercial

Code. Furthermore, we have set up a quality control system that includes the documented policies and procedures designed to ensure compliance with the rules of ethics, professional standards and applicable laws and regulations.

### Responsibility of Independent Third-Party Entity

Based on our work, our responsibility is:

- to attest that the required CSR Information is presented in the Management Report or, in the event of omission, is explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of completeness of the CSR Information)
- to express limited assurance on the fact that, taken as a whole, the CSR Information is presented fairly, in all material aspects, in accordance with the adopted Reporting Criteria (Informed opinion on the fairness of the CSR Information).

Our work was carried out by a five-person team over a three-week period in February.

We conducted the following procedures in accordance with professional standards applicable in France and the administrative order of May 13, 2013 determining the methodology according to which the independent third-party entity performs its assignment and, with regard to the fairness opinion, the international standard ISAE 3000.<sup>(2)</sup>

### 1. Attestation of completeness of the CSR Information

Based on interviews with managers from the respective departments, we took note of the Group's sustainable development strategy with regard to the social and environmental impacts of the company's business and its societal commitments and, where appropriate, any resulting actions or programs.

We compared the CSR Information presented in the Management Report with the list set forth in Article R. 225-105-1 of the French Commercial Code.

In the event of omission of certain consolidated information, we verified that explanations were provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code.

We verified that the CSR Information covered the consolidated scope, namely:

- the credit institution Crédit Mutuel Arkéa including the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations and the Crédit Mutuel savings banks belonging to these federations as well as Crédit Mutuel Arkéa;
- its subsidiaries as defined by article L.233-1 and the companies that it controls in accordance with article L.233-3 of the French Commercial Code, subject to the limits mentioned in the methodological note presented in section "5.5.1 Methodological Note on CSR indicators" in the Management Report.

(1) Its scope can be viewed at [www.cofrac.fr](http://www.cofrac.fr)

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information

Based on our work, and subject to the aforementioned limitations, we attest to the completeness of the required CSR Information in the Management Report.

## 2. Informed opinion on the fairness of the CSR Information

### Nature and scope of procedures

We held some 15 interviews with the persons responsible for preparing the CSR Information in the departments responsible for collecting CSR Information and, when appropriate, those who were responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the Reporting Criteria with respect to their relevance, completeness, reliability, impartiality and clarity, by taking into consideration, when relevant, the sector's best practices;
- verify the establishment of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency and take note of the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of our tests and controls based on the nature and significance of the CSR Information with regard to the company's characteristics, the social and environmental challenges of its activities, its sustainable development strategies and the sector's best practices.

Concerning the CSR Information that we considered to be most significant,<sup>(3)</sup> we undertook the following actions at the level of the Group's various departments<sup>(4)</sup>:

- consulted the documentary sources and held interviews to corroborate the qualitative information (organization, policies, actions); we implemented analytical procedures on the quantitative information and verified, using sampling techniques, the calculations as well as the data consolidation and we verified their consistency with the other information shown in the Management Report;
- held interviews to verify the proper application of the procedures and implemented substantive tests on a sampling basis, consisting of verifying the calculations performed and reconciling the data with supporting evidence.

The selected sample represented 100% of all employees and 100% of quantitative environmental information.

Regarding the other consolidated CSR Information, we assessed its consistency in relation to our knowledge of the Group.

Finally, we assessed the relevance of the explanations relating to, where applicable, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we used in exercising

our professional judgment enable us to express limited assurance; a higher level of assurance would have required more in-depth verifications. Due to the use of sampling techniques and the other limitations inherent to the operations of any information and internal control system, the risk that a material discrepancy be identified in the CSR Information cannot be totally eliminated.

## Conclusion

Based on our work, we did not identify any material discrepancy likely to call into question the fact that the CSR Information, taken as a whole, has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Paris La Défense, April 7, 2015

The independent third-party entity,

Mazars SAS

Charles de Boisriou  
Partner  
CSR & Sustainable Development

Emmanuelle Rigaudias  
Partner  
CSR & Sustainable Development

(3) **Social information:** total headcount, total number of staff recruited, number of employees with permanent contracts who have left the organization, including involuntary termination, total number of days absent (working days), percentage of payroll dedicated to training, total number of hours dedicated to employee training, percentage of female managers relative to the total, average gross annual salary (in euros) paid to employees with permanent contracts and broken down by managers and non-managers;

**Environmental information:** total energy consumption, overall paper consumption (internal and external);

**Societal information:** number of microloans made during the year, amount of microloans financed during the year (euros), the outstanding solidarity-based SRI (euros), outstanding solidarity-based employee savings (euros), number of non-profit company customers (associations, unions, works councils, etc.), total budget devoted to patronage and sponsorships (euros) and outstandings of regulated social loans (PLS, PSLA);

**Governance information:** the number of local branches, the percentage of women among new directors, total number of training hours offered to directors, the voting participation rate.

(4) The Human Resources and Training department, the Organization and Resources department (Real Estate and General Resource and Mail Operations departments), the Innovation and Operations Division (Banking Products department), Federal Finance Gestion, Corporate Secretariat and Institutional Communications department (Ark'ensol and External Communications departments), Corporate Secretariat – Crédit Mutuel de Bretagne, Cooperative Life department and Communications department – Crédit Mutuel du Sud-Ouest, Corporate Secretariat – Cooperative Life – Crédit Mutuel du Massif Central.

# Cross-reference table

- Cross-reference table of the Registration Document
- Cross-reference table of the 2014 Annual Management Report related to Crédit Mutuel Arkéa Group
- Employment, environmental and social data cross-reference table as required by article 225 of the Grenelle II Act



183

### Cross-reference table of the Registration Document

This Registration Document was drafted using the outline presented in Appendix XI of EC Regulation No. 809/2004 of the European Commission of April 29, 2004, whose section headings listed below refer to events presented in this Registration Document.

	Sections	Pages
<b>1. Persons responsible</b>		
1.1. Person responsible for the information contained in the Registration Document	7	170
1.2. Statement of the person responsible for the Registration Document	7	170
<b>2. Statutory auditors</b>		
2.1. Statutory auditors for the period covered by the historical financial information	8	172
2.2. Resignation or dismissal of statutory auditors during the period covered by the historical financial information	8	172
<b>3. Risk factors</b>	<b>4</b>	<b>114</b>
<b>4. Company information</b>		
4.1. Company history and development	1	7
4.1.1. Company's registered name and trade name	6	168
4.1.2. Place of registration and registration number	6	168
4.1.3. Company creation date and incorporation period	6	168
4.1.4. Company's registered office and legal form, laws governing its activities, company's country of origin, address and telephone number of its registered head office	6	168
4.1.5. Recent event specific to the company relating to the assessment of its solvency	1	6
<b>5. Overview of activities</b>		
5.1. Main activities	1	8
5.1.1. Company's main activities	1	8
5.1.2. New product and/or new activity	1	13
5.1.3. Main markets	1	8
5.1.4. Company's competitive position	NA	NA
<b>6. Organization chart</b>		
6.1. Description of the Group and the company's position within the Group	1	8
6.2. Company's dependency ties within the Group	NA	NA
<b>7. Trend information</b>		
7.1. Statement on the company's outlook after the date of its most recent audited and published financial statements	3	49
7.2. Trend or event susceptible of affecting the company's outlook for the current year	3	49

	Sections	Pages
<b>8. Earnings forecast or estimate</b>	<b>6</b>	<b>169</b>
<b>9. Administrative and management body</b>		
9.1. Names, addresses and functions within the company of members of the administrative and management bodies	2	20
9.2. Conflicts of interest at the level of the administrative and management bodies	2	37
<b>10. Main shareholders</b>		
10.1. Nature of control exercised over the company	6	169
10.2. Agreement susceptible of resulting in a change in control of the company	NA	NA
<b>11. Financial information with respect to the company's net assets, financial situation and earnings</b>		
11.1. Historical financial information	3	50, 110
a) Balance sheet	3	50, 111
b) Income statement	3	52, 113
c) Cash flow statement	3	56
d) Notes to the financial statements	3	70
11.2. Financial statements	3	50, 110
11.3. Audit of historical annual financial information	6	169
11.3.1. Statement that the historical financial information has been audited	6, 8	169, 172
11.3.2. Other information contained in the Registration Document audited by the statutory auditors	6	169
11.3.3. Source of financial information contained in the Registration Document not drawn from the company's audited financial statements	6	169
11.4. Date of most recent audited financial information	6	169
11.5. Interim and other financial information	NA	NA
11.5.1. Quarterly and semi-annual financial information after the date of the most recent audited financial statements and audit report	6	169
11.5.2. Interim financial information covering the first six months of the new fiscal year, accompanied by comparative financial statements and audit report	NA	NA
11.6. Litigation and arbitration proceedings	6	169
11.7. Material change in the company's financial situation	6	169
<b>12. Major agreements</b>	<b>6</b>	<b>169</b>
<b>13. Information from third parties, appraisals and statements of interest</b>	<b>6</b>	<b>169</b>
<b>14. Documents available to the public</b>	<b>6</b>	<b>169</b>

### Cross-reference table of the 2014 Annual Management Report related to Crédit Mutuel Arkéa Group

The information contained in the 2014 Annual Management Report, represented by the section headings presented in the table below, is reproduced in its entirety in this Registration Document.

	Sections	Pages
<b>1. Statutory auditors</b>		
1.1. Statutory auditors for the period covered by the historical financial information	8	172
1.2 Statutory auditors' report on the 2014 consolidated financial statements	9	174
<b>2. Risk factors</b>	<b>4</b>	<b>114</b>
<b>3. Overview of activities</b>		
3.1. Main activities	1	8
3.1.1. Company's main activities	1	8
3.1.2. New product and/or new activity	1	13
3.1.3. Main markets	1	8
3.1.4. Key figures	1	6
<b>4. Trend information</b>		
4.1. Statement on Crédit Mutuel Arkéa's outlook after the date of its most recent audited and published financial statements	3	49
4.2. Trend or event susceptible of affecting Crédit Mutuel Arkéa's outlook for the current year	3	49
<b>5. Earnings forecasts or estimates</b>	<b>6</b>	<b>169</b>
<b>6. Administrative and management body</b>		
6.1. Name, address and function within the company of members of the administrative and management bodies	2	20
6.2. Compensation policy for company officers	2	38
<b>7. Financial information with respect to the company's net assets, financial situation and earnings</b>		
7.1. Historical financial information	3	50, 110
a) Balance sheet	3	50, 111
b) Income statement	3	52, 113
c) Cash flow statement	3	56
d) Notes to the financial statements	3	70
7.2. Financial statements	3	50, 110
<b>8. Corporate social responsibility</b>	<b>5</b>	<b>142</b>

**Employment, environmental and social data cross-reference table as required by article 225 of the Grenelle II Act**

	Sections	Pages
<b>Employment data</b>		
<b>1. Employment</b>		
1.1. Total workforce and breakdown of employees by gender, age and geographic region	5	153
1.2. New hires and dismissals	5	153
1.3. Compensation and its evolution	5	153
<b>2. Work organization</b>		
2.1. Organization of working hours	5	164
2.2. Absenteeism	5	164
<b>3. Labor relations</b>		
3.1. Organization of social dialogue, in particular staff information and consultation procedures and negotiation with personnel	5	152
3.2. Review of collective bargaining agreements	5	152
<b>4. Health and safety</b>		
4.1. Health and safety conditions at work	5	151
4.2. Review of agreements signed with unions or personnel representatives in the area of health and safety at work	5	152
4.3. Workplace accidents, in particular their frequency and severity, as well as occupational illnesses	5	164
<b>5. Training</b>		
5.1. Policies implemented for training	5	150
5.2. Total hours of training	5	165
<b>6. Equal treatment</b>		
6.1. Actions taken to ensure gender equality	5	150
6.2. Actions taken in favor of the employment and integration of people with disabilities	5	151
6.3. Anti-discrimination policy	5	150
<b>7. Promotion of and compliance with the ILO's fundamental conventions concerning:</b>		
7.1. Freedom of association and the right to collective bargaining	5	152
7.2. Eliminating discrimination in employment and occupations	5	150
7.3. Abolition of forced and compulsory labor	5	146
7.4. Ban on child labor	5	146



	Sections	Pages
<b>Environmental data</b>		
<b>8. General environmental policy</b>		
8.1. Organizing the company to address environmental issues and, where applicable, environmental evaluation or certification processes	5	158
8.2. Employee training and information initiatives in environmental protection	5	158
8.3. Resources devoted to preventing environmental risks and pollution	5	160
8.4. The amount of provisions and guarantees for environmental risks, provided this information is not liable to cause serious harm to the company in current litigation	NA	NA
<b>9. Pollution and waste management</b>		
9.1. Actions to prevent, reduce or compensate for waste discharged into the air, water and soil that severely impacts the environment	5	158
9.2. Actions to prevent, recycle and eliminate waste	5	158
9.3. Tracking of noise pollution and all other forms of pollution specific to a given business	NA	NA
<b>10. Sustainable use of resources</b>		
10.1. Water consumption and water supply aligned with local circumstances	5	161
10.2. Consumption of raw materials and actions taken to improve their efficiency of use	5	158
10.3. Energy consumption, actions taken to improve energy efficiency and use of renewable energies	5	158
10.4. Soil use	NA	NA
<b>11. Climate change</b>		
11.1. Greenhouse gas emissions	5	158
11.2. Adapting to the consequences of climate change	NA	NA
<b>12. Protecting biodiversity</b>		
12.1. Actions taken to preserve or develop biodiversity	5	160
<b>Social commitments in favor of sustainable development</b>		
<b>13. Territorial, economic and social impact of the company's business</b>		
13.1. In the area of employment and regional development	5	154
13.2. On local or surrounding populations	5	154
<b>14. Relationships with people or organizations with an interest in the company's business, in particular associations for integration, educational institutions, environmental defense associations, consumer associations and associations of local populations</b>		
14.1. Conditions for dialogue with these people or organizations	5	146, 154
14.2. Partnership and corporate sponsorship initiatives	5	156

	Sections	Pages
<b>15. Subcontracting and suppliers</b>		
15.1. Inclusion of social and environmental issues in the purchasing policy	5	159
15.2. Scope of subcontracting and inclusion of social and environmental responsibility in supplier and subcontractor relations	5	159
<b>16. Fair trade practices</b>		
16.1. Actions taken to prevent fraud and corruption	5	147
16.2. Actions taken in support of consumer health and safety	5	155
<b>17. Additional actions in favor of human rights</b>		
17.1. Additional actions in favor of human rights	5	146

In a rapidly **changing** world,  
Crédit Mutuel Arkéa  
**undertakes** every day bank  
and insurance to support  
its clients' projects  
by reinventing with them  
a **simple** and **unique**  
model of a cooperative  
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