



## reasons for being **unique**

Registration document 2013

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*This is a free translation into English of the Resgistration 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, 2013.

This Registration Document was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF) on april 09, 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 a look back at 2013
- 1.6 solidarity relations

# 1.1 group profile

Crédit Mutuel Arkéa is a cooperative banking and insurance company. It 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.

Crédit Mutuel Arkéa is structured as a universal bank open to all. As both a producer and distributor, it 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, among others.

As a regional bank intent on keeping its decision-making centers at the regional

level, the Group is developing its business throughout France and the rest of Europe:

■ A network of **480 points of sale**, including 337 local savings banks 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 regional branches** for Financo;

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

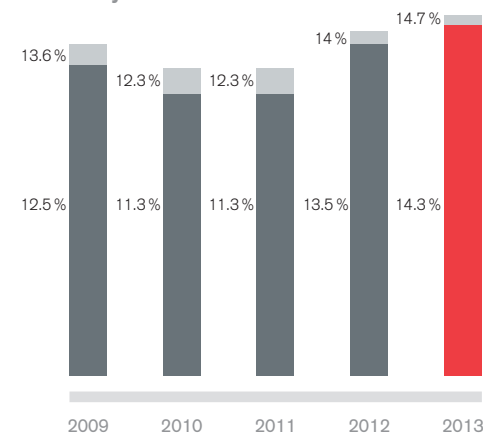
■ Monext, with offices in Paris and Aix-en-Provence, provides services in **26 countries**.

## Key figures

(€ millions)

	2009	2010	2011	2012	2013
Net banking and insurance income	1,347	1,574	1,705	1,668	1,620
Gross operating income	376	485	514	406	481
Net income attributable to equity holders of the parent	154	273	290	168	213
Total assets	72,362	78,747	83,979	90,900	93,969
Shareholders' equity attributable to equity holders of the parent	3,307	3,604	4,016	4,720	5,010

## Solvency



Tier 1 ratio

of which,  
Core Tier 1 ratio

## Financial rating

As of 12/31/2013	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	Stable
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 as well as in Europe.

The first Crédit Mutuel Agricole rural savings banks were inspired by the local German co-operatives 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 for 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. 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 (point-of-sale 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 constituted the creation of Crédit Mutuel Arkéa.

In 2008, Crédit Mutuel Arkéa adopted the Horizons 2015 strategic business plan. The Group intends to confirm its prominent role as a provider of locally based banking and insurance products and services while developing its online activities. It also plans to strengthen its position in the companies and institutions market through a dedicated divi-

sion with the requisite talent. Finally, it is looking to provide its expertise to new partners.

**Following the adoption of this plan, the Group has implemented the following measures:**

- the 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 acquisition of Leasecom (lease financing), Monext (electronic payments), CFCAL Banque (credit restructuring), Schelcher Prince Gestion (asset management), whose competencies round out the Group's other products and services.

# 1.3 Crédit Mutuel Arkéa business lines

**C**rédit Mutuel Arkéa made a choice to both produce and distribute its products and services.

It has grown to its current size and continues to grow on the basis of a simple and unique model of a regional bank, with regional economic development as one of its priorities. In an environment marked by profound changes, Crédit Mutuel Arkéa pays close attention to changing consumption patterns and the emergence of new activities.

## Retail banking for individuals and sole proprietorships

As the historical business line, retail banking for individuals and sole proprietor-

ships (farmers, skilled tradesmen, merchants, and other 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 4,600 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. All clients – whatever their age, profile or goals – are sure to find high-quality services, first-rate expertise and state-of-the-art technologies. And thanks to remote banking, they can be anywhere and still enjoy permanent access to their accounts.

A pioneer in multi-channel banking, Crédit Mutuel Arkéa puts the Internet and mobile banking at the heart of its market penetration strategy alongside its traditional banking channels. The launch of the Bemix e-banking service aimed at young people through a partnership with Fun Radio is one such accomplishment. The success of Fortuneo Banque is another. This bank has grown quickly to become one of the leaders in its market, both in France and Belgium, and already has more than 260,000 clients.

Finally, the Group uses the expertise of Financo for point-of-sale consumer credit and CFCAL (Crédit Foncier et Communal d'Alsace et de Lorraine) in the areas of credit restructuring and mortgage-backed debt consolidation.

### Retail banking for individuals and sole proprietorships

- 3 Crédit Mutuel retail networks: **CMB, CMSO and CMMC**
- 1 online bank: **Fortuneo Banque**
- 2 specialized subsidiaries: **Financo** (consumer credit) and **CFCAL** (credit restructuring)
- The backing of **specialized entities** for the agricultural and wine-producing sectors



## Retail banking for companies and institutions

Already a leader in retail banking for individuals, Crédit Mutuel Arkéa also provides long-term support to the market participants that drive local and regional economic development: companies, institutions, healthcare organizations, real estate developers, public housing, social welfare agencies, etc.

To that end, it relies on a division combining all of the expertise dedicated to this clientele, with the commercial bank Arkéa Banque Entreprises et Institutionnels serving as the anchor. For companies and local authorities, the Group offers a broad range of services: financing, cash management and valuation, leasing, financial engineering and leasing, insurance, payments processing, factoring, wealth management for business owners, etc. These solutions have already won over more than 4,000 clients.

Several initiatives among many reflect the strength and conviction of Crédit Mutuel Arkéa's commitment to this market, notwithstanding an economic environment still replete with uncertainty.

The first was the creation in 2011 of Arkéa Capital Partenaire, a private equity firm specializing in minority investments, which provides long-term equity capital to large unlisted companies. With €400 million in investment capacity, it works with business owners in support of their development projects or to help them plan their succession. Arkéa Capital Partenaire has already carried out two major transactions, one with the food producer Le Graët and the other with Paprec, a leading French waste management and recycling company.

Arkéa Capital Investissement 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 2013, it acquired major equity positions in Chantiers Piriou and ACIEO Group.

In another area, i.e. support for public institutions, which are currently hard-pressed to find sources of financing, Crédit Mutuel Arkéa helped the General Council (*Conseil Général*) of the Puy-de-Dôme department issue a €10 million bond in December 2013. As a locally based bank, the Group, which has highly regarded financial expertise, provides integrated solutions to its clients to support their activity and thereby contribute to the economic vitality of the local regions. Since 2012, Arkéa Banque Entreprises et Institutionnels has teamed up with Suravenir to offer the "Collectivités" securitization fund (*fonds commun de titrisation - FCT*). Through this fund, regional and general councils and municipalities with more than 10,000 residents can obtain financing on favorable terms.

### Retail banking for companies and institutions

- 1 commercial bank: **Arkéa Banque Entreprises et Institutionnels**
- 3 private equity subsidiaries: **Arkéa Capital Investissement, Arkéa Capital Gestion and Arkéa Capital Partenaire**
- 2 specialized subsidiaries: **Arkéa Crédit Bail** (equipment and real estate leasing), **Leasecom** (lease financing)
- 1 factoring line under the **Arkéa Factoring brand**





### Banking and insurance services production subsidiaries

The creation and development of production subsidiaries are the result of a strategic choice made in the 1980s. In their respective areas, Suravenir, Suravenir Assurances, Federal Finance, Novélia and Arkéa Immobilier Conseil enable Crédit Mutuel Arkéa's distribution networks to offer comprehensive, high-quality services. These services are also distributed through non-Group networks as well as online.

Suravenir develops and manages life insurance and protection insurance policies as well as company retirement savings plans. It has more than 1.3 million

policies under management. Suravenir Assurances covers all the non-life insurance needs of individuals: home, healthcare, auto, motorcycle, accidental death and disability. The company has more than 1 million policies in its portfolio. 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.

Federal Finance is Crédit Mutuel Arkéa's asset management company. This subsidiary offers investment funds, discretionary management services, company savings plans and tax planning solutions

for individuals, companies and institutions. It is backed by two management companies: Federal Finance Gestion and Schelcher Prince Gestion, the latter specializing in convertible and high-yield bonds. In all, these companies have nearly €40 billion in assets under management. 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.

Working on behalf of the Crédit Mutuel Arkéa networks, Arkéa Immobilier Conseil selects new and renovated real estate products and programs throughout France that are eligible for the main preferential tax treatment programs.

### Banking and insurance services production subsidiaries

- 1 subsidiary life insurance and protection: **Suravenir**
- 1 subsidiary non-life insurance: **Suravenir Assurances**
- 1 subsidiary development and brokerage of insurance solutions: **Novélia**
- 1 subsidiary asset management: **Federal Finance**
- 1 subsidiary real estate investment advisory: **Arkéa Immobilier Conseil**



### Subsidiaries providing non-banking services

Crédit Mutuel Arkéa also provides services in non-banking areas. It created a subsidiary, Arkéa Assistance, which specializes in providing remote assistance to individuals. The service is marketed nationwide.

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.

### Subsidiaries providing non-banking services

- 1 remote assistance subsidiary: **Arkéa Assistance**
- 1 public housing company: **Armorique Habitat**



### Subsidiaries specializing in the business-to-business (BtoB) market

Crédit Mutuel Arkéa also looks to forge commercial, technical and even joint partnerships with other financial institutions, retailers, telephony operators, etc. This business-to-business activity has grown rapidly within the Group, which does not hesitate to step up as a "partner on behalf of the development of its competitors," notably by offering Business Process Outsourcing (BPO) services. These partnerships enable the Group to enhance its image, demonstrate its know-how and lay the foundation for its development on a national and pan-European scale.

Arkéa Banking Services, which specializes in private label banking products, is one of the entities working in this area. The creations of Zesto, a non-regulated savings account developed on behalf of RCI Banque, and the Distingo savings account for PSA Banque as well as the successful partnerships with Allianz Banque and La Banque Postale are good examples. Armoney, the electronic money platform created with Banque Accord is another.

### Subsidiaries specializing in the business-to-business (BtoB) 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**



# 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 3,700 directors and 8,600 employees, has enabled the Group to accelerate its development while consolidating its economic and financial position.

## Credit 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.

## 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 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**

# 1.5 a look back at 2013

## Highlights of the year

### January

- Arkéa Assistance, the Group's remote assistance subsidiary, strengthened its local and regional position and diversified its distribution channels by entering into a partnership with the cooperative organization for independent pharmacists (*Groupe-ment indépendant de pharmaciens indépendants – GIPHAR*). This service is also supported by 1,300 independent pharmacies located throughout France.
- CMB inaugurated the new offices of its Companies and Professionals branch in Saint-Malo. This branch, which serves companies with revenues of less than €10 million, bolsters the Group's reputation for expertise while taking advantage of its local presence and relationships.
- Fortuneo Banque is the only bank in France to offer a free, online personal finance management app that can handle multiple accounts and works on computers, tablets and mobile phones. Fortuneo Budget provides a single interface that allows users to view all of their bank accounts, including those held with other banks, categorize transactions, set alerts and monitor changes in the accounts.

### February

- Following in the footsteps of CMMC and CMSO, CMB began providing its customer shareholders and online clients with a new version of its cmb.fr transactional website. Among the

new features: new interactive tools for day-to-day management and more user-friendly interaction with the advisor. Nearly 700,000 clients log onto the website of the federations, with a total of 7.6 million connections per month.

- The "Espace Renan" opened its doors in Clermont-Ferrand. This commercial center provides a glimpse of the Group's bank branches of the future: colorful, welcoming and technological. The Espace, which includes four essential facets (societal, event-based, partner-based and economic), aims to reinvent the banking relationship and represents a showcase for CMMC and its partners.
- Suravenir became the leading lender to the General Council (*Conseil Général*) of the Gironde department. Suravenir thereby intends to participate actively in local and regional economic development while diversifying its assets in order to ensure the favorable performance of its life insurance policies.

### March

- After Zesto was created for RCI Banque (Renault), Arkéa Banking Services designed Distingo, the savings account launched by Banque PSA Finance, the banking arm of auto manufacturer Peugeot. This partnership again illustrates Arkéa Banking Services' ability to offer full-fledged private label operational services.

### April

- Arkéa Banque Entreprises et Institutionnels and Bpifrance signed a partnership agreement that enables companies to receive a cash advance on the new French tax credit for competitiveness and employment (CICE).
- The Group won the 2013 Innovation Award for its Domirama technology at the national Big Data conference. Domirama allows CMB, CMSO, CMMC and Fortuneo Banque clients to search for transactions using multiple criteria and a historical basis that is unmatched by any other market participant. Clients can, for example, track their expenditures with a merchant or all of their income over a given period.
- Adyen, the Dutch leader in international payment solutions, chose Arkéa Banking Services for its electronic money customer development service focused on payment institutions. This subsidiary helped Adyen join the French "Cartes Bancaires" bank card consortium. This partnership demonstrates the know-how and experience of Arkéa Banking Services on behalf of payments and electronic money institutions.
- The Group finalized the disposal of its subsidiary Banque Privée Européenne (BPE) to La Banque Postale (LBP). The private banking activity in the home market regions is now managed by Federal Finance under the Arkéa Banque Privée brand. Crédit Mutuel Arkéa became a service provider to LBP Group by handling BPE's support functions.



■ Europim changed its name to Arkéa Immobilier Conseil (AIC). This new brand name better reflects its business line, i.e. real estate advisory services. The subsidiary offers Crédit Mutuel Arkéa investors, savers, customer shareholders and clients a selection of new and renovated real estate investment programs as well as SCPI (*Société civiles de placements immobiliers*) vehicles.

## May

■ Arkéa Capital Investissement acquired a 10% equity interest in shipbuilder Piriou. This French industry standard-bearer is present in Europe, Africa and Asia and has nearly 1,000 employees. Arkéa Capital Investissement is backing the company's expansion plan as it seeks to double in size by 2017.

■ Arkéa Banque Entreprises et Institutionnels launched Kerea, its first solidarity-based savings line. This product targets companies that would like to diversify their cash investments but in a meaningful way, one based on an ethical, responsible and transparent approach. Kerea targets mainly regionally based companies concerned about their social and environmental impact and attentive to the fight against poverty or looking to support a humanitarian cause.

■ In November 2012, the Group together with Natural Security launched a full-scale biometric payment test among CMSO clients and directors. Six months later, the findings appear conclusive, as 96% of users said they were convinced as to the merits of the technology, which combines security and practicality.

## June

■ Armorique Habitat, the public housing company, laid the cornerstone of an apartment building equipped with a natural gas micro-generation system. The goal is to reduce energy costs for the common areas, which are incurred by the tenants. It is the first of its kind in France!

■ The Group signed an agreement with Brest Métropole Océane (BMO). It calls for making financial products and services available to the urban community and thereby helps it complete its fundamental urban development projects. At a time when local authorities are struggling to finance their projects, Crédit Mutuel Arkéa is upholding its role as a local and regional banker.

## July-August

■ The Group launched a new website: mesfluxdepaiement.fr. Its objective is to help licensed professionals, companies and institutions optimize their cash management, secure their financial transactions and facilitate the migration toward the Single European Payments Area (SEPA) in euros.

## September

■ Bemix, which combines basic and comprehensive banking services along with an attractive non-banking program (VIP invitations, discount coupons...), is celebrating its second anniversary. The product line has already won over 129,000 clients between the ages of 12 and 25.

■ Crédit Mutuel Arkéa entered into two agreements with Initiative Bretagne, which supports companies at two stages, i.e. start-up and buyout, in the latter case through its management of the BRIT (Bretagne Reprise Initiative Transmission) fund. The bank provides entrepreneurs with interest-free loans. Having become the leading banker serving its beneficiaries, Crédit Mutuel Arkéa will contribute these interest-free loans alongside the investment funds for three years.

■ Arkéa Capital Investissement acquired an equity stake in ACIEO, a leading steel construction company in western France that has 345 employees and revenues of €75 million. The transaction helps provide company management with the resources needed to finance its expansion plan.

## October

■ Arkéa Banque Entreprises et Institutionnels, Suravenir and Arkéa Banque Privée are now sponsoring the Hélène et Edouard Leclerc cultural center. Since its June 2012 opening in Landerneau, this center has already welcomed more than 200,000 visitors. The sponsorship promotes the Group's commitment to local and regional sustainable development while supporting the contemporary arts.

■ CMB first applied its new bank branch concept in Chateaubourg (Ille-et-Vilaine department). This new branch serves commercial relations by focusing on the bank's connection to the client, thereby demonstrating CMB's positioning: "Building the bank that goes with life each day." Along with dynamic screens, the branch provides

a display wall with all the latest news of technologies aimed at serving the client relationship.

■ Suravenir Assurances first provided its CMB, CMSO and CMMC clients with an online platform to report their auto insurance claims. This secure, dedicated platform is open 24/7 and provides a comprehensive, intuitive and user-friendly means for policyholders to report a claim following an accident as well as arrange for emergency roadside assistance, repairs, a loaner vehicle...

■ Financo's new main office was inaugurated in Guipavas. The event symbolizes the Group's desire to keep all of its decision-making centers based in France's regions, a distinctive feature that is part of the Group's DNA.

■ Arkéa Banque Privée, the private banking arm of Federal Finance, teamed up with Suravenir, the Group's life insurance and protection subsidiary, to offer Excelcius Vie, a life insurance product with multiple investment options dedicated to private banking clients. This comprehensive life insurance and savings product uses an open architecture, with a choice of more than 130 unit-linked accounts and 46 management companies.

■ Ark'ensol Créavenir announced its results: 1,850 jobs supported and €4 million invested in the past three years. Ark'ensol Créavenir thereby contributed to the "reinvention of a unique co-operative and regional banking model."

## November

■ Monext, a subsidiary of the Group and a major player in electronic payments,

presented its latest development: Paystore. This mobile Point Of Sales (mPOS) device replaces the traditional device with a small touch-screen tablet known as "Companion," which is lighter and less expensive. This new device targets both independent and mobile professions as well as the largest retail stores.

■ The Group is a founding partner of a worldwide first, namely the official launch of the "Epargne CO<sub>2</sub>" account initiated by the start-up company 450. It works by having the account-holder report actions taken to lower CO<sub>2</sub> emissions (insulation work, car-pooling, etc.), in return for which he receives "CO<sub>2</sub> kilograms" that can be used to "buy" a wide range of products and services, which are themselves energy efficient in terms of CO<sub>2</sub> emissions.

■ Crédit Mutuel Arkéa, a shareholder of Prêt d'Union since its launch in 2011, renewed its commitment to this leading provider of person-to-person credit in France by reinvesting in the company's equity during the latest financing round. The Group will help the start-up with its development, the launch of technological innovations and the finalization of new products and services for clients.

■ Suravenir continued its diversification and entered into a partnership with Patriméa, the independent wealth management advisory firm. The partnership involves the launch of a retirement savings instrument (*Plan d'Epargne de Retrait Populaire – PERP*) distributed online.

■ Fortuneo is the leading bank to offer free push warnings. This feature enables users of the Fortuneo app to fol-

lowing changes in their accounts and stock prices.

## December

■ CMMC began offering its customer shareholder clients a totally new smartphone app. The main changes include more user-friendly ergonomics and graphics, more intuitive navigation and continuous upgrades to features. CMB and CMSO will roll out their versions in early 2014.

■ Now it is possible to reload your public transportation fare card through an ATM. The Group participated in the roll-out of KorriGo, a chip-based card that makes it possible to load public transportation fare plans for the greater Brest region. The product will then be expanded regionally to all of Brittany, with the possibility of offering it in other regions.

■ Crédit Mutuel Arkéa and the European Investment Bank made a €300 million financial commitment to support company investments. This new investment budget will enable the Group to contribute to the development of new business activities in its home regions, consistent with its positioning as a local and regional bank.

■ Crédit Mutuel Arkéa expanded its line of financing products aimed at local authorities and supported the General Council (*Conseil Général*) of the Puy-de-Dôme department with a €10 million bond offering.

# 1.6 solidarity relations

## Solidarity relations within Crédit Mutuel Arkéa

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 Control 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.

## Solidarity at the national level

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 solidarity.

As the central body, the Confédération Nationale du Crédit Mutuel ensures the solidarity and proper operation of Crédit Mutuel and guarantees the liquidity and solvency of each member institution and of the entire network. In addition, it 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.

Caisse Centrale du Crédit Mutuel, a national financial body, helps to ensure the liquidity of the regional groups and coordinates the financial solidarity of Crédit Mutuel. Its capital is owned by all of the federal savings banks.

# 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

# 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' Meeting by and from among the 3,700 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' 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 2013 Shareholders' General Meeting held to elect Crédit Mutuel Arkéa's Directors and approve its financial statements had an 85% 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, 2013, the Board of Directors comprised the following members :

## JEAN-PIERRE DENIS,

**Chairman, 53** (initial appointment: September 12, 2008 – term expires: 2015)

### Positions held at Crédit Mutuel Arkéa

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

### of which, positions at subsidiaries

- Chairman of the Board of Directors of Arkéa Capital Partenaire until March 29, 2013
- Chairman of SAS Château Calon Ségur

### Positions held outside of Crédit Mutuel Arkéa

- Director of Kering
- Director of Altrad Investment Authority
- Director of Soprol
- Director of Paprec
- Director of Glon Sanders Holding until August 1, 2013
- Director and treasurer of the French Professional Soccer League

## JEAN-FRANÇOIS DEVAUX,

**Vice-Chairman, 66** (initial appointment: June 11, 2004 – term expires: 2014)

### 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 the Board of Directors of Banque Privée Européenne (BPE) until April 1, 2013
- Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels since June 25, 2013

- Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels from April 3, 2013 to June 25, 2013
- Member of the Supervisory Board of Infolis
- Representative of Crédit Mutuel Arkéa on the Board of Directors of Suravenir Assurances

### Positions held outside of Crédit Mutuel Arkéa

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

## CHRISTIAN TOUZALIN,

**Vice-Chairman, 63** (initial appointment: July 5, 1996 – term expires: 2015)

### 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 the Supervisory Board of Infolis
- Chairman of the Supervisory Board of Monext

- Director of Arkéa Capital Partenaire

### Positions held outside of Crédit Mutuel Arkéa

- Chairman of the Supervisory Board 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 STGA (Société de Transport du Grand Angoulême)

## FRANÇOIS CHATEL,

**Non-voting member, 62** (initial appointment: April 25, 2013 – term expires: 2016)

### Positions 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 the Supervisory Board of Arkéa Banque Entreprises et Institutionnels
- Member of the Supervisory Board of ProCapital Securities Services

### Positions held outside of Crédit Mutuel Arkéa

- Chairman of the Board of Directors of ESC Rennes (Association)

## JEAN-PIERRE CORLAY,

**Director, 71** (initial appointment: December 19, 2008 – term expired on April 25, 2013)

### Positions held at Crédit Mutuel Arkéa

- Vice-Chairman of Caisse de Crédit Mutuel de Quimper Centre

### of which, positions at subsidiaries

- Chairman of the Supervisory Board of Suravenir until April 4, 2013

- Director of Arkéa SCD until March 29, 2013
- Representative of Crédit Mutuel Arkéa on the Supervisory Board of Fortuneo Banque until March 11, 2013

- Permanent representative of Suravenir on the Board of Directors of Novélia until April 4, 2013



**CHRISTIAN DAVID,**  
**Director, 64** (initial appointment: October 16, 2009 – term expires: 2016)

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, 60** (initial appointment: June 25, 2010 – term expires: 2015)

Positions held at Crédit Mutuel Arkéa

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

of which, positions at subsidiaries

■ Vice-Chairman of the Supervisory Board of Arkéa Banking Services

**JEAN-LOUIS DUSSOCHAUD,**  
**Director, 68** (initial appointment: May 22, 1996 – term expires: 2014)

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 Arkéa SCD

■ Chairman of the Supervisory Board of Leasecom Group

■ Member of the Supervisory Board of Arkéa Crédit Bail

■ Director of Ark’ensol Entraide until April 16, 2013

Positions held outside of Crédit Mutuel Arkéa

■ Director of Confédération Nationale du Crédit Mutuel

**JACQUES ENJALBERT,**  
**Director, 68** (initial appointment: September 12, 2008 – term expires: 2014)

Positions held at Crédit Mutuel Arkéa

■ Chairman of Caisse de Crédit Mutuel de Morlaix

of which, positions at subsidiaries

■ Chairman of the Supervisory Board of ProCapital Securities Services

■ Chairman of the Supervisory Board of Arkéa Banking Services

■ Vice-Chairman of the Board of Directors of Arkéa Capital Investissement

■ Vice-Chairman of the Supervisory Board of Leasecom Group

■ Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels

■ Member of the Supervisory Board of Arkéa Crédit Bail

■ Director of Arkéa Capital Partenaire

■ Director of Monext

■ Director of Arkéa SCD

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 Group

**JEAN-YVES EOZENOU,**  
**Director, 63** (initial appointment: April 25, 2013 – term expires: 2016)

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

■ Director of Suravenir Assurances until April 4, 2013

**DANIEL GICQUEL,**  
**Director, 63** (initial appointment: May 23, 2008 – term expires: 2014)

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 Banque Privée Européenne (BPE) until April 1, 2013

■ Director of Arkéa SCD

**ALAIN GILLOUARD,**  
**Director, 55** (initial appointment: May 11, 2001 – term expires: 2016)

Positions held at Crédit Mutuel Arkéa

■ Director of Fédération du Crédit Mutuel de Bretagne

■ Chairman of Caisse de Crédit Mutuel de Rennes Sainte-Anne Saint-Martin

of which, positions at subsidiaries

■ Director of CEOI-BIE

■ Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Banque Privée Européenne (BPE) until April 1, 2013

**MICHEL GOURTAY,**  
**Director, 62** (initial appointment: September 12, 2008 – term expires: 2016)

Positions held at Crédit Mutuel Arkéa

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

of which, positions at subsidiaries

■ Member of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels

**MARIE-THÉRÈSE GROUSSARD,**  
**Director, 56** (initial appointment: September 12, 2008 – term expires: 2014)

Positions held at Crédit Mutuel Arkéa

■ Vice-Chairman of Caisse de Crédit Mutuel de Fougères

of which, positions at subsidiaries

■ Chairman of the Supervisory Board of Suravenir since April 4, 2013

**AUGUSTE JACQ,**  
**Director, 66** (initial appointment: May 12, 2006 – term expires: 2015)

Positions held at Crédit Mutuel Arkéa

■ Vice-Chairman of Fédération du Crédit Mutuel de Bretagne

■ Director of Caisse de Crédit Mutuel de Loctudy

of which, positions at subsidiaries

■ Director of Crédit Mutuel Arkéa Home Loans SFH

■ Chairman of Ark’ensol Créavenir

■ Chairman of Créavenir Bretagne

■ Director of Ark’ensol association

**ALBERT LE GUYADER,**  
**Director, 69** (initial appointment: September 12, 2008 – term expires: 2015)

Positions held at Crédit Mutuel Arkéa

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

of which, positions at subsidiaries

■ Vice-Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels

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

Positions held outside of Crédit Mutuel Arkéa

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

■ Chairman of the Supervisory Board of Arkéa Crédit Bail

■ Chairman of the Supervisory Board of Foncière Investissement

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**HUGUES LEROY,**  
Director, 66 (initial appointment: May 17, 2002 – term expires: 2014)

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 the Supervisory Board of Fortuneo Banque

■ Vice-Chairman of the Supervisory Board of ProCapital Securities Services

**CLAUDETTE LETOUX,**  
Director, 67 (initial appointment: May 11, 2001 – term expires: 2015)

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

■ Director of Ark'ensol Créavenir

**CHRISTIAN PERON,**  
Director, 63 (initial appointment: September 12, 2008 – term expires: 2016)

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

Positions held outside of Crédit Mutuel Arkéa

■ Director of Crédit Mutuel Agricole et Rural (CMAR)

**RAYMOND VIANDON,**  
Director, 64 (initial appointment: April 21, 2011 – term expires: 2014)

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 since April 10, 2013

# 2.2 Other Officers and Directors

**RONAN LE MOAL,**  
Chief Executive Officer,  
41

Positions held at Crédit Mutuel Arkéa

- Chief Executive Officer of Arkéa SCD and permanent representative of Crédit Mutuel Arkéa
- Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Public Sector SCF until December 13, 2013
- Director of Arkéa Capital Partenaire until March 29, 2013
- Member of the Supervisory Board of GIE Armoney.

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.

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 and protection 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.

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**DOMINIQUE ANDRO,**  
Associate Executive Officer,  
54

#### Positions held at Crédit Mutuel Arkéa

- Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Home Loans SFH until December 13, 2013
- Chairman of Crédit Mutuel Arkéa Home Loans SFH since December 13, 2013
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Crédit Mutuel Public Sector SCF until December 13, 2013
- Chairman of Crédit Mutuel Arkéa Public Sector SCF since December 13, 2013
- Chairman of the Executive Board of Arkéa Banking Services until July 5, 2013
- Chairman of the Board of Directors of Crédit Foncier et Communal d'Alsace et de Lorraine - Banque

- Chairman of the Board of Directors of Crédit Foncier et Communal d'Alsace et de Lorraine – SCF
- Member of the Supervisory Board of GIE Armoney.

#### Positions 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 École des Hautes Études 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 on-line 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 B-to-B and electronic money activities through the Arkéa Banking Services, ProCapital Securities Services, Monext, Armoney and Arkéa Assistance subsidiaries, which were combined within an expanded entity that has become the "Specialized Networks and Services" division.



**GÉRARD BAYOL,**  
Associate Executive Officer,  
60

#### Positions held at Crédit Mutuel Arkéa

- Chairman of the Executive Board of Arkéa Banque Entreprises et Institutionnels
- Member of the Supervisory Board of Leasecom Group
- Director of Arkéa Capital Partenaire until March 29, 2013
- Permanent representative of Arkéa Banque Entreprises et Institutionnels on the Board of Directors of Crédit Mutuel Arkéa Public Sector SCF
- Permanent representative of CEOI-BIE on the Supervisory Board of Arkéa Crédit Bail.

#### 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

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 re-

sponsible 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 Creditop 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.



**HUMBERT de FRESNOYE,**  
Associate Executive Officer,  
60

#### Positions held at Crédit Mutuel Arkéa

- Chairman of the Executive Board of Federal Finance until January 14, 2013
- Chairman of the Executive Board of Federal Finance Gestion until January 14, 2013
- Chairman of Schelcher Prince Gestion
- Chairman of SASP since January 20, 2013
- Member of the Supervisory Board of Infolis
- Director of the Château Calon Ségur simplified stock company (SAS).

#### Positions held outside of Crédit Mutuel Arkéa

- Member of the Supervisory Board of Ophiliam Développement Conseil

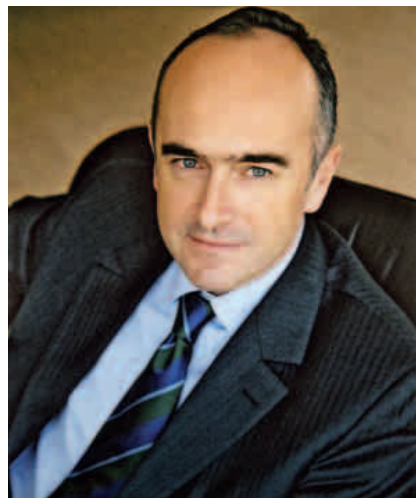
- Member of the Supervisory Board of Tikehau Investment Management until May 29, 2013
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of La Française Real Estate Management until August 27, 2013
- Permanent representative of Suravenir on the Supervisory Board of Patrimoine et Commerce

Humbert de Fresnoye is a graduate of Institut des Actuaires 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 sub-

diary 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) and real estate (Arkéa Immobilier Conseil) activities.

# 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.

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

The Board of Directors consists of 18 directors (two women and 16 men) and one non-voting member elected by the member savings banks and customer shareholders at the Shareholders' Annual General Meeting. 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'Études Politiques de Paris and the École 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.

The Chairman is solely 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. Meanwhile, the 2013 Shareholders' General Meeting appointed François Chatel to a three-year term as a non-voting member of the Board of Directors.

Two representatives from the Central Works Council attend 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
- independence and lack 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 Credit 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.

In accordance with the French law on the New Economic Regulations, the duties of the Chairman of the Board of Directors and the Chief Executive Officer have been separated, since this approach is most consistent with the company's cooperative and mutualist nature.

Preparation and organization of the work

The Board of Directors met eight times in 2013. The directors had a meeting attendance rate of 92%. Jean-Pierre Denis chaired the eight Board of Directors' meetings.

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 company 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 submitted to the Prudential Control and Resolution Authority (ACPR), the Confédération Nationale and the statutory auditors.

- Adopting regulatory changes leading

to stronger internal controls (permanent control, periodic control and compliance).

- Being notified of ACPR recommendations on the control and work related to developments and results of the fight against money laundering and terrorism financing.

- Amending the by-laws and internal regulations to be submitted to the 2014 Shareholders' General Meeting for approval;

- Making 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.

**Four specialized committees** 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;

The meetings were attended by directors as follows:

Directors	Date of Board of Directors' meetings								Attendance
	Feb. 1	Mar. 1	Mar. 29	May 24	Jul. 5	Aug. 27	Oct. 11	Nov. 28	
Jean-Pierre Corlay*	P	P	P						100%
Christian David	P	P	P	P	P	P	P	P	100%
Jean-Pierre Denis	P	P	P	P	P	P	P	P	100%
Jean-François Devaux	P	Ab	Ab	P	P	P	Ab	P	63%
Lionel Dunet	P	Ab	P	P	Ab	P	P	P	75%
Jean-Louis Dussouchaud	P	P	P	P	P	P	P	P	100%
Jacques Enjalbert	P	P	P	P	P	P	P	P	100%
Jean-Yves Eozenou**				Ab	P	P	P	P	80%
Daniel Gicquel	P	P	P	P	P	P	P	P	100%
Alain Gillouard	P	P	P	P	P	P	Ab	P	88%
Michel Gourtay	P	P	P	P	Ab	P	Ab	P	75%
Marie-Thérèse Groussard	P	P	Ab	P	P	P	P	P	88%
Auguste Jacq	P	P	P	P	P	P	P	P	100%
Albert Le Guyader	P	P	P	P	P	P	P	P	100%
Hugues Leroy	P	P	P	P	P	P	P	P	100%
Claudette Letoux	P	P	P	P	P	P	P	P	100%
Christian Peron	P	Ab	P	P	P	P	P	P	88%
Christian Touzalin	P	P	Ab	P	P	Ab	P	P	75%
Raymond Viandon	P	P	P	P	P	P	P	P	100%
François Chatel (non-voting member)**				P	P	P	P	P	100%

P = present

Ab = absent

\* Board member until April 25, 2013

\*\* Board member since April 25, 2013

Directors	Composition of Board of Directors subcommittees as of December 31, 2013			
	Audit	Financial Statements	Strategy and Growth	Appointments and Compensation
Jean-Pierre Denis				
Jean-François Devaux				
Christian Touzalin				
François Chatel	X			
Christian David		X		
Lionel Dunet				
Jean-Louis Dussouchaud				X
Jacques Enjalbert			X	X
Jean-Yves Eozenou				
Daniel Gicquel		X		X
Alain Gillouard			X	
Michel Gourtay	X			
Marie-Thérèse Groussard		X		
Auguste Jacq			X	
Albert Le Guyader	X		X	
Hugues Leroy			X	
Claudette Letoux		X		
Christian Peron				
Raymond Viandon				



- 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 2013, this Committee met five times.

The Committee is responsible in particular for monitoring the Horizons 2015 strategic business plan. In 2013 it held general deliberations on its role with respect to the organization of the Group's strategy. More specifically, it reviewed the proposed changes to the Group's external communications strategy as well as those relating to the strategy of the Foncière Investissement subsidiary, which is dedicated to the Group's real estate investments.

The Committee conducted a status update on the development of the Monext, Schelcher Prince Gestion and technical services subsidiaries. The results of the marketing as well as the deployment of new customer websites for the Bretagne, Massif Central and Sud-Ouest federations were submitted to the Committee. It also analyzed the proposed approach to designing the "bank of tomorrow" and is regularly reviewing the progress for the implementation of the first test measures in the early months of 2014.

**The Appointments and Compensation Committee** is responsible for supporting Crédit Mutuel Arkéa's Board of Directors by issuing proposals or recommendations with respect to appointments and compensation for the Group's principal officers. Its role consists of:

- issuing proposals to the Crédit Mutuel Arkéa's Board of Directors 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;

- issuing 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;
- ensuring the overall consistency of the compensation policy for executives, officers and directors.

In 2013, the Committee met six times.

**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 2013, the Committee met four times.

**The Audit Committee** (more information on p.39 of the Registration Document) is responsible for providing support to the Board of Directors in the fulfillment of its duty to control Crédit Mutuel Arkéa's risks, in accordance with French Banking and Financial Regulations Committee (CRBF) Regulation 97-02 published on February 21, 1997, as amended. The

Committee's mission is consistent with the implementation of the E.U. 8th Company Law Directive on statutory controls of financial statements, which specifies that the Audit Committee is responsible for monitoring the effectiveness of the company's internal control, internal audit and risk management systems. Its role consists of "providing an assessment of the quality of internal control, notably as regards the consistency of the risk measurement, monitoring and management systems and proposing, as needed, complementary actions in that regard."

This Committee met 11 times in 2013.

#### Assessment of the Board of Directors

The formal assessment of the Board's operations was performed in 2012 and will be renewed in 2015. At its February 1, 2013 meeting, the Board of Directors was informed of the assessment summary, in particular:

- the overall effectiveness of the organization of the governance structure: the Board and Committees;
- the quality of the information and documentation submitted for decision-making;
- the genuine nature of frank discussions and meaningful sharing of opinions on the Chairman's initiative;
- balanced and trust-based relations with Executive Management.

In a deliberative session held at the end of the year, the Board asserted that the number of female Board members needed to be increased as quickly as possible, including for the Boards of the Group subsidiaries. To that end it assigned the Appointments and Com-

pensation Committee with the task of immediately establishing a policy for reviewing Board term renewals to be proposed to the 2014 Shareholders' Meetings, which should focus on:

- seeking greater gender parity on Boards of Directors and Supervisory Boards;
- maintaining a high level of expertise and involvement by members.

#### 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 15, 2013 and by the Audit Committee on August 26, 2013.

The Group's executive body is responsible for determining the actual business orientations (French Monetary and Fi-

nancial Code Article 511-13). It therefore implements the internal control support systems while ensuring that they are suited to the various risks to which the Group is exposed. It notifies the Group's deliberative 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 deliberative 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 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 article 42 of CRBF Regulation 97-02 as amended).

The Group's deliberative 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 Article 43 of CRBF Regulation 97-02 as amended).

The Audit Committee assists the deliberative body with its risk management duties in accordance with the provisions of CRBF Regulation 97-02 as amended.

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 deliberative 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 executive bodies 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 function" (see Article 6a of CRBF Regulation 97-02 as amended) 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 with-



in 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 executive body 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 should enable the entities of Crédit Mutuel Arkéa to steer 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 separate departments are responsible for permanent control and the fight against money-laundering and terrorism financing. Special units handle compliance of investment services and matters related to CRBF Regulation 97-02 as amended.

#### Group Permanent Control Committee

This Committee is chaired by the Chief Executive Officer of Crédit Mutuel Arkéa. It includes three Executive Committee members: 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 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 with respect to compliance control and especially the anti-money-laundering and anti-terrorism financing system, and takes stock of risks borne by the Group on the basis of the work of the Permanent Control

and Compliance Department. It met five times in 2013.

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

The Permanent Control and Compliance department, which reports to the Legal, Permanent Control and Compliance department, steers the compliance activity, including the fight against money-laundering and terrorism financing.

The scope of its activities includes:

- The definition and steering of the Group's system to combat money-laundering and terrorism financing, including requirements analysis for Group software. In 2013, 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. Crédit Mutuel Arkéa's commitment with respect to the fight against money-laundering and terrorism financing is appended to this report.
- Managing the ongoing efforts to collect high-quality data on our 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.

- Managing the Group control and framework systems aimed at ensuring compliance with rules to protect customers such as access to banking services, banking mobility, claims handling, etc.

- Defining and steering certain Group systems required by Article 11 of CRBF Regulation 97-02 as amended.

- Procedures for prior approval of new products and projects:

- A master procedure for the prior approval of new products has been applied since 2007, and in 2009 it was complemented by procedures specific to trading desk operations and third-party asset management operations. An update to the framework procedure led to the creation of two procedural components, one involving production and the other distribution in order to work more effectively within the constraints related to operating staff. Training sessions were conducted to inform participants, including managers, of the process in order to ensure a more effective roll-out of the system at their entities;

- The specific procedure for prior approval of transactions involving acquisitions;

- The procedure for prior approval of investments by Crédit Mutuel Arkéa was reviewed in 2013. The new operating method and processes were presented to and approved by the Executive Committee in December 2013. The new iteration of the procedure will be delivered in 2014.

These procedures are reviewed at least annually and validated by the Group

Permanent Control Committee and presented to the Audit Committee.

- The procedure involving questions on compliance-related problem areas, whose founding principles were approved by the Permanent Control Committee meeting of October 22, 2008, is available to all Group employees. It was not used in 2013

- The regulatory watch on changes in CRBF Regulation 97-02, the AMF's General Regulations and regulations related to the fight against money-laundering and terrorism financing.

- The Group system for controlling essential or important outsourced operations as defined by CRBF Regulation 97-02. In 2013, the list of essential activities was revised by the Risk Department.

The management of essential or important outsourced services is consistent with the Group's system for the "management of services and other operating functions." The related applications, the system and the control frameworks were revised and delivered in 2013. Awareness training for participants in the process, including managers, will be conducted in 2014 in order to ensure that the system is rolled out more effectively at each entity.

- The compliance system for Group investment services (with reference to the French Financial Markets Authority's General Regulations), which is responsible for managing the compliance systems for Group activities and subsidiaries regulated by the AMF.

#### 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 CRBF Regulation 97-02 of February 21, 1997, regarding the internal control of credit institutions and investment firms.

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's 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 for the periodic control of the business lines and networks. In 2013, these procedures were updated, mainly in the areas of monitoring recommendations, guidelines for control audits of the subsidiaries' branches and the local savings banks as well as the establishment of a periodic control plan.

In order to successfully complete its missions, the DIGCP 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 Control and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution - ACPR*) during its reviews and in its annual report.
- requests from the Audit 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.

As part of the Horizons 2015 strategic business plan, the Group adopted the principle of completing a post-acquisition review starting in the sixth month following the integration of any major acquisition into the Group. This review is implemented as part of the annual periodic control plan.

This periodic control plan distinguishes between the specific control plan applied to the local savings bank networks and branches of the subsidiaries and the plan covering the Group's companies and subsidiaries. The combination of these specific plans 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 Committee and confirmed by Crédit Mutuel Arkéa's Board of Directors. It systematically includes annual reviews of major risks involving credit, capital markets, accounting processes, information technology and operations. A cross-referencing of audits performed in the past three years and the types of risks defined by CRBF Regulation 97-02 has been completed, making it possible to assess the coverage level for each of these risks and to schedule audits to ensure the compliance of activities exercised.

When the 2014 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 Control 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 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 controlling 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: the Chief Executive Officer of the CMSO 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 2013, the Periodic Control Committee met 10 times.

#### Audit Committee

The Audit Committee helps the Board of Directors perform its duties with respect to controlling Crédit Mutuel Arkéa's risks in accordance with the provisions of CRBF Regulation 97-02 as amended.

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 an Audit Committee Charter that is updated by the Group Internal Audit and Periodic Control Department and approved by the deliberative body.

Its mission is part of the implementation of the E.U. 8th Company Law Directive on the auditing of financial statements, which stipulates that the Audit Committee is responsible for monitoring the effectiveness of the Company's internal control, internal audit, and risk management systems.

Crédit Mutuel Arkéa's Executive Management provides the Audit Committee with all relevant information and reports on:

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

The Audit Committee:

- approves the annual periodic control plan;
- receives the findings of 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 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 (secretary),
- 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.

#### 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 (excluding the insurance and leasing activities), 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 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 and approves the accounting policies applied at financial statements closings as well as the scope of consolidation. This committee met four times in 2013.

February 28, 2014

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 Executive Committee meets three times per month. As of December 31, 2013, 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 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>Marie-Antoinette Tanguy</b>	Head of Human Resources and Training
<b>Jean-Luc Le Pache</b>	Assistant to the Deputy Head of the Development Support division

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

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.

## 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

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 in accordance with (i) the rules of the French Commercial Code and Monetary and Financial Code as well as measures governing compensation included in CRBF Regulation 97-02 and professional standards and (ii) on a voluntary basis with the recommendations published by AFEP/MEDEF (new June 2013 version of the AFEP/MEDEF code) and by the AMF (in particular AMF Recommendation No. 2013-15 of October 10, 2013 and AMF Position 2013-24).

The compensation policy for officers and directors and associate executive officers (hereafter "the Managers") therefore satisfies the new rules defined by the European Capital Requirements Directive (CRD III) of November 24, 2010, which was transposed into French law by the Ministerial Decree of December 13, 2010 and is framed by AMF Position 2013-24.

This compensation consists of a component linked to the Group's earnings and another component linked to the individual performance of the officer or the activity for which he is responsible.

For the first component, the Group indicators used, which apply for all Managers, include the following: income from ordinary activities, cost-to-income ratio and loan-to-deposit ratio. These indicators are set annually by the Board of Direc-

tors of Crédit Mutuel Arkéa, acting on the recommendations of the Appointments and Compensation Committee. In order to attribute this component, at least two of the three indicators must be achieved and the average level attained must be at least 100%.

The second component of variable compensation, which is contingent upon the payment of the first, is based on clearly identified and measurable individual indicators. For officers and directors, namely the Chairman and Chief Executive Officer of Crédit Mutuel Arkéa, the definition and level of these indicators are determined by the Appointments and Compensation Committee. The Chief Executive Officer defines the individual criteria for the associate executive officers. This second component may be enhanced on a discretionary basis in the case of exceptional performance or results.

Acting on the advice of the Appointments and Compensation Committee, variable compensation for Managers must be approved by the Crédit Mutuel Arkéa Board of Directors, which has total latitude to set the level in accordance with the above-mentioned limits.

The payment of the managers' variable compensation is spread over three years. The two deferred portions are paid only if the financial performance conditions set by the Board of Directors of Crédit Mutuel Arkéa are satisfied.

In addition, 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 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.

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 below:

Jean-Pierre Denis Chairman of the Board of Directors of Crédit Mutuel Arkéa	2012 owed for the year	2012 paid for the year	2013 owed for the year	2013 paid for the year
Fixed compensation	450,273	450,273	450,273	450,273
Variable compensation	0	199,091	450,273	156,758*
In-kind benefits **	8,765	8,765	9,568	9,568
<b>Total</b>	<b>459,038</b>	<b>658,129</b>	<b>910,114</b>	<b>616,599</b>

\* of which, €44,258 in cash payments instead of time bank hours  
\*\* in-kind benefits involve the use of a company car

Ronan Le Moal Chief Executive Officer	2012 owed for the year	2012 paid for the year	2013 owed for the year	2013 paid for the year
Fixed compensation	360,242	360,242	360,242	360,242
Variable compensation	0	160,817	360,242	125,408*
Variable compensation**	9,334	9,334	9,334	9,334
<b>Total</b>	<b>369,576</b>	<b>530,393</b>	<b>729,818</b>	<b>494,984</b>

\* of which, €35,408 in cash payments instead of time bank hours  
\*\* in-kind benefits involve the use of a company car

Dominique Andro Associate Executive Officer	2012 owed for the year	2012 paid for the year	2013 owed for the year	2013 paid for the year
Fixed compensation	255,177	255,177	292,100	292,100
Variable compensation	18,186	97,167	218,140	65,360
In-kind benefits*	10,434	10,434	10,833	10,833
<b>Total</b>	<b>283,797</b>	<b>362,778</b>	<b>521,073</b>	<b>368,293</b>

\* in-kind benefits involve the use of a company car

Gérard Bayol Associate Executive Officer	2012 owed for the year	2012 paid for the year	2013 owed for the year	2013 paid for the year
Fixed compensation	350,211	350,211	350,211	350,211
Variable compensation	18,186	107,946	263,664	83,480
In-kind benefits*	8,879	8,879	9,575	9,575
<b>Total</b>	<b>377,276</b>	<b>467,036</b>	<b>623,450</b>	<b>443,266</b>

\* in-kind benefits involve the use of a company car

Humbert de Fresnoye Associate Executive Officer	2012 owed for the year	2012 paid for the year	2013 owed for the year	2013 paid for the year
Fixed compensation	255,177	255,177	255,177	255,177
Variable compensation	18,186	79,695	197,040	86,298*
In-kind benefits**	9,620	9,620	9,620	9,620
<b>Total</b>	<b>282,983</b>	<b>344,492</b>	<b>461,937</b>	<b>351,095</b>

\* of which €29,444 in cash payments instead of time bank hours  
\*\* in-kind benefits involve the use of a company car



# 3. financial information

3.1 activities

3.2 financial results

3.3 capital and regulatory ratios

3.4 outlook

3.5 consolidated financial statements  
at December 31, 2013

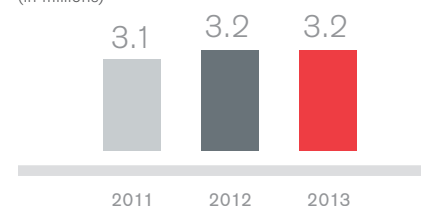
3.6 aggregate financial statements  
as of December 31, 2013

# 3.1 activities<sup>1</sup>

## Customers

The customer portfolio increased by 1% in 2013, or 33,110 additional customers, thanks to the substantial gains in gross new customer development achieved by Fortuneo and Suravenir Assurances.

### Customer portfolio (in millions)

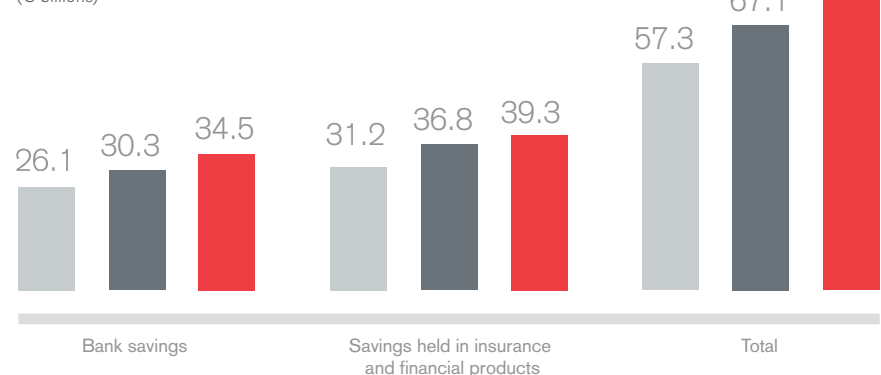


## Savings

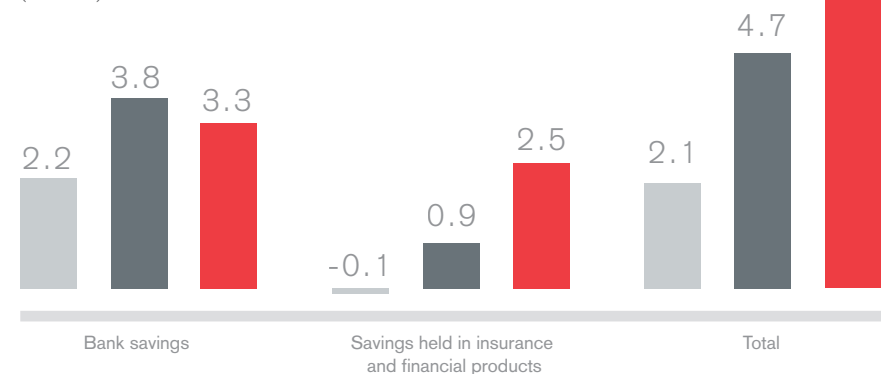
In 2013, overall savings increased by 10% to €73.8 billion.

The robust growth in net savings intake that began the previous year continued apace in 2013, rising by 23%, or €1.1 billion, to more than €5.8 billion.

### Savings (€ billions)



### Net savings intake (€ billions)



Following the successful launch in 2012 of new banking segment savings products aimed at business customers (€2.4 billion intake in 2012), two products recorded very strong results in 2013: term deposits for financial customers (€900 million intake from mutual funds in 2013) and savings accounts offered by Fortuneo Belgium (€300 million intake during the year). It should be noted that the lower interest rate offered on Livret A savings accounts (reduced from 1.75% to 1.25% on August 1, 2013) slowed the Crédit Mutuel network's net intake, which contracted by €300 million. Overall, net intake on interest-bearing bank savings recorded its second-best historical performance, rising by €3.3 billion following the record-setting results of 2012.

Savings on insurance and financial products performed very well in terms of net intake and returns, mainly as a result of the financial markets recovery and the renewed appeal of life insurance among French citizens. Net intake for savings linked to insurance products totaled €1 billion, a seven-fold increase relative to 2012, while the corresponding increase for financial savings was €1.5 billion, a two-fold increase (€900 million) relative to 2012.

## Shares

Shareholders' equity increased by €114 million, thereby strengthening the Group's equity position to €2.1 billion.

## Lending

Gross loans outstanding net of provisions increased by 1.8% to €39.7 billion. Outstanding loans net of provisions totaled €38.7 billion.

New lending in 2013 totaled €7.7 billion, up 3%.

The increase in new lending was largely driven by home mortgages, which rose by 16.8% to €3.1 billion, with this growth achieved through the Crédit Mutuel networks. New lending to companies and businesses was stable at €2.4 billion. Lending to local authorities and consumer credit contracted by 19% (to €584 million) and 4.2% (to €1.6 billion), respectively.

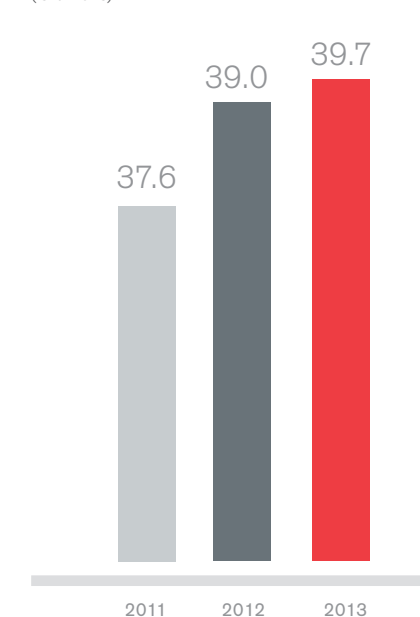
## Business-to-business (BtoB) services

The portfolio of BtoB customers continued to grow rapidly, with a more than 14% gain to 857 customers in 2013.

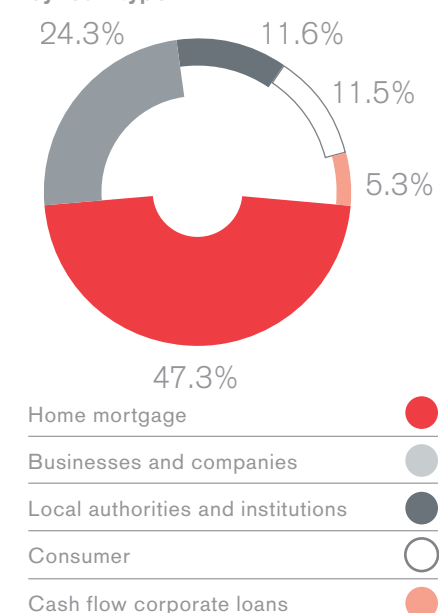
Arkéa Banking Services (ABS), the subsidiary marketing private label banking services, acquired five new customers in 2013, notably La Banque Postale (whose new subsidiary Banque Privée Européenne will continue to receive services from Crédit Mutuel Arkéa) and PSA Banque, which now offers savings accounts managed by ABS and Adyen, the Dutch leader in international payment solutions.

The financial market recovery enabled ProCapital Securities Services to increase its market order processing volume by 16% while also lifting its securities custody volume.

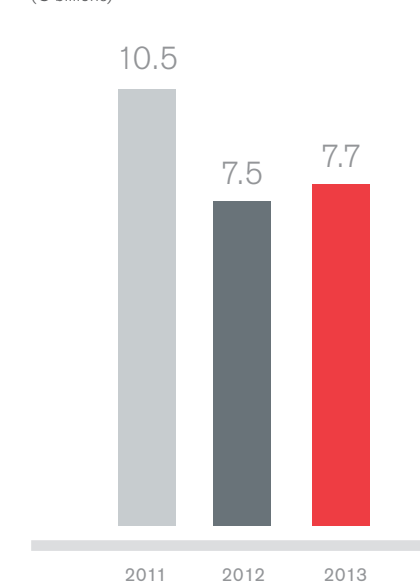
### Total gross loans outstanding (€ billions)



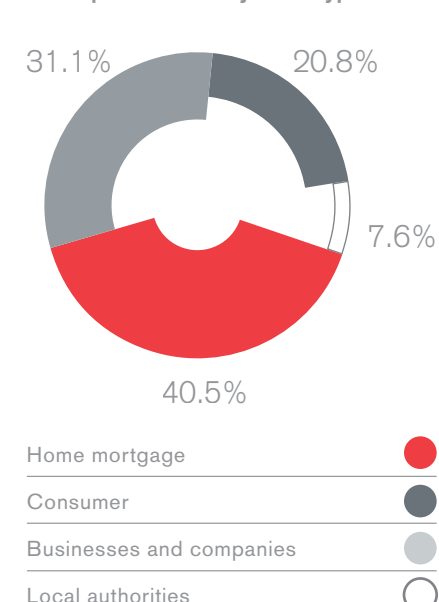
### Gross loans outstanding by loan type



### New lending (€ billions)



### Loan production by loan type



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

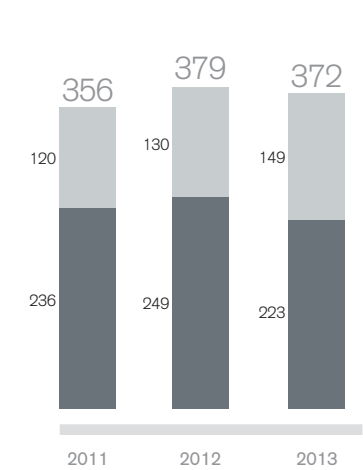
	2011	2012	2013
Volume of payment transactions processed (millions)	696	776	785
Securities held in custody (€ millions)	19,096	21,119	22,877
Volume of market orders transacted (millions)	4.0	2.6	3.0
Number of BtoB customers	527	750	857

# 3.2 financial results

### Non-life insurance

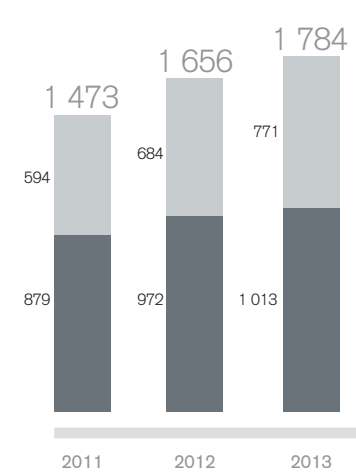
The non-life insurance policies are developed by the three specialized subsidiaries, Suravenir, Suravenir Assurances and Novelia. They distribute their products through both the Group's networks as well as external networks, helping to expand Crédit Mutuel Arkéa's areas of influence. In 2013, the portfolio increased by 8% to 1.8 million policies, with 372,000 new policies, close to the level of new business in 2012. Non-Group clients accounted for 26% of new insurance business in 2013. The casualty insurance portfolio grew satisfactorily, with 87,000 new policies, mainly through the dynamic sales efforts of the local banking works in this area.

New insurance business  
Non-life insurance  
(thousands of policies)

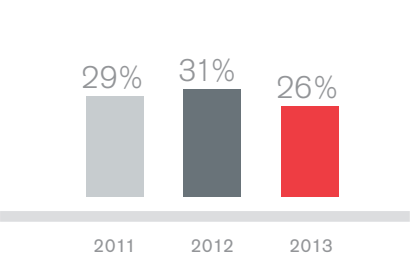


Property  
Casualty

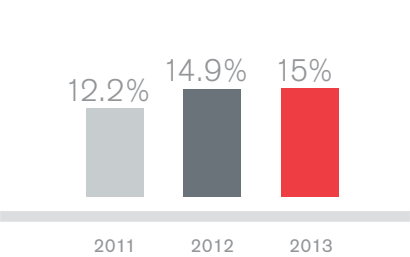
Non-life insurance portfolio  
(thousands of policies)



Share of new business contributed  
by external networks



Portfolio contributed by external  
networks



In 2013, Crédit Mutuel Arkéa recorded net income attributable to equity holders of the parent company of €213 million, up 27% from the previous year (€168 million).

Given the 2013 disposal of the Banque Privée Européenne (BPE) subsidiary, the 2012 and 2013 income statements were restated in order to present an overview at constant scope that serves as the basis for the comments.

### Net banking and insurance income

Net banking and insurance income was essentially unchanged relative to 2012, contracting by 0.6% to €1.6 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 sector includes retail banking for individuals (local savings banks of Crédit Mutuel, Fortuneo, Financo and CFCAL), retail banking for companies (Arkéa Banque Entreprises et Institutionnels, 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 2.6% to €1.2 billion:

- net interest income was stable at €550 million
- commission income rose by 9.6% to €546 million, mainly due to the high commission levels on loans recorded by the Crédit Mutuel networks.

(€ millions)

	2013	2012	Change
Net banking and insurance income	1,597	1,606	(0.6%)
Operating expenses	(1,121)	(1,217)	(7.9%)
Gross operating income	476	389	22.3%
Cost of risk	(149)	(114)	31.2%
Operating income	327	275	18.6%
Corporate tax	(116)	(119)	(2.9%)
Net income attributable to equity holders of the parent company	212	159	33.8%
Cost-to-income ratio	70.2%	75.8%	(5.6 points)

### 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) companies.

Net banking and insurance income in the insurance and asset management segment contracted by 9.3% to €384 million.

Net banking and insurance income in the life insurance and personal protection segment fell by 16.3%, mainly due to non-recurring income recorded in 2012 in connection with the disposal of a portfolio of insurance contracts. Net banking and insurance income in the non-life insurance segment rose by 5.1%, reflecting the favorable trend of the loss ratio net of reinsurance, which rose by 1.6 percentage points to 67.8%.

The contribution from the asset management activity increased by 6.7% to €69 million, driven mainly by the growth

in the commission income received by Schelcher Prince Gestion in connection with its favorable performance.

### Operating expenses

Operating expenses fell by 7.9% to €1.1 billion.

Personnel expenses were down 2.5%, mainly as a result of the Group's control over payroll expense.

Other expenses fell by a substantial 13% as a result of the cost-savings program launched by the Group in 2012.

Overall, the cost-to-income ratio improved significantly, falling by 5.6 percentage points to 70.2% in 2013.

### Cost of risk

The cost of risk increased by 31.2% to €149 million, with the increase largely due to the increased provision allocations on business customers reflecting a conservative provisioning policy.

# 3.3 Capital and regulatory ratios

## 3.3.1 Internal capital adequacy assessment process

Crédit Mutuel Arkéa is subject to French capital adequacy regulations transposing the European directives "Capital adequacy of investment firms and credit institutions" and "Financial conglomerates." The risk assessment methods applied are consistent with the regulatory standards and definitions used at the Crédit Mutuel Group level.

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

### Prudential capital

The Tier 1 capital of the solvency ratio stood at €3.5 billion (of which 97% in Core Tier 1, i.e. excluding perpetual subordinated debt securities).

After adding in Tier 2 capital, prudential capital totaled €3.6 billion.

(€ millions)

	12/31/13	12/31/12
Tier 1 capital, net of deductions	3,534	3,471
of which, core Tier 1	3,439	3,359
Tier 2 capital, net of deductions and tertiary capital	106	297
<b>Total capital used to calculate the solvency ratio</b>	<b>3,640</b>	<b>3,768</b>

## Basel II capital requirements

(€ millions)

	12/31/13	12/31/12
<b>Credit risk</b>	<b>1,780</b>	<b>1,852</b>
<b>Standardized method</b>	<b>337</b>	<b>310</b>
Credit institutions	74	62
Companies	58	50
Retail customers	194	188
Shares and other assets that are not corporate bonds	11	10
<b>Internal ratings based approach</b>	<b>1,443</b>	<b>1,543</b>
Credit institutions	83	61
Companies	691	646
Retail customers	195	221
Equities	394	541
Securitization positions	18	15
Other assets that are not corporate bonds	62	59
<b>Market risks (standardized method)</b>	<b>10</b>	<b>4</b>
Interest rate risk	7	4
Risk of change on ownership securities	3	0
<b>Operational risk (advanced approach almost exclusively)</b>	<b>132</b>	<b>127</b>
<b>Total capital requirements</b>	<b>1,922</b>	<b>1,984</b>

	12/31/13	12/31/12
Core Tier 1 ratio	14.3%	13.5%
Tier 1 ratio	14.7%	14.0%
Overall ratio	15.2%	15.2%

### Solvency ratios

The Core Tier 1 ratio rose substantially in 2013, advancing from 13.5% to 14.3%. This favorable trend was largely due to the net income contribution in 2013.

### 3.3.3 Potential changes under “Basel III”

The Group’s ALM department is responsible for the prudential watch. In that respect, it oversees the analyses and impact estimates of new prudential standards.

The “Basel III” regulations were transposed into European regulations in 2013 through the CRD IV Directive and CRR1 Regulation. This regulation enters into force as of 2014, although transitional arrangements will remain in effect until 2024.

Presentations were made to General Management on the principal differences between the new regulations and current standards as well as impact assessments.

### 3.3.4 Potential changes under “Solvency II”

Suravenir, the life insurance subsidiary, performs the regulatory watch for the solvency standards governing its activity.

The Solvency II directive enacted by the

European Parliament in 2009 aims to improve the current solvency system by fundamentally overhauling the requirements applicable to insurance companies so that these requirements more accurately reflect companies’ actual risk exposure. At their November 13, 2013 meeting, the European Union’s three governing bodies (Parliament, Commission and Council) reached a compromise agreement on the Omnibus 2 Directive. This Directive was then adopted by the European Parliament in March 2014. The entry into force date for Solvency II is currently set at January 1, 2016, with the transposition into national law to occur no later than March 31, 2015.

The tri-partite agreement ratified the long-term measures aimed at reducing the market-related volatility on solvency ratios and to facilitate the change of standard.

The European supervisor published its guidelines designed to prepare the insurance industry for Solvency II, with these guidelines slated to apply from January 1, 2014 until the entry into force of Solvency II. These interim measures cover four areas: govern-

ance, own risk and solvency assessment, reporting and internal model approvals. These orientations satisfy two main objectives: facilitating the transition to the new regime and harmonizing preparatory measures at the European level.

In 2013, the Group’s insurance companies continued their preparations for the implementation of the three pillars of Solvency II, and in 2014 the companies must satisfy the interim measure requirements that will be implemented by the national control authority:

- completion of the regulatory calculations using the standardized approach, adjusted with Solvency II’s counter-cyclical measures.
- implementation of regulatory reporting applications.
- regulatory solvency ratio projection consistent with the business plan and commercial strategy (own risk and solvency assessment).

The Group’s insurance companies are complying with the Directive based on the schedule resulting from the publication of interim measures.

## 3.4 outlook

### Economy

2014 could see an acceleration in global economic growth, even if it is likely to fall short of the 5.0% average annual growth recorded during the 1998-2007 period. According to international economic forecasters, the rebalancing of growth in favor of the developed economies is likely to continue, in line with the trend observed in 2013. After two years of economic contraction and budgetary austerity, the euro zone’s growth is expected to improve, although it will remain at a low level. It will continue to be supported by the ECB’s ongoing commitment to a relaxed monetary policy in 2014, given the absence of inflationary tensions.

In France, growth forecasts remain mixed. While the country’s favorable demographic profile and diversified economy are considered strengths, the impact of announced reforms (responsibility pact, decline in public-sector spending) warrants caution. The labor market remains depressed and the

potential for high unemployment remains.

The consensus with respect to short-term interest rates calls for them to remain low. Meanwhile, long-term rates are expected to increase steadily as the United States continues to cut back on its quantitative easing program and as European growth picks up.

### Crédit Mutuel Arkéa: banking and insurance entrepreneur

In 2013, the sales activity was sustained on the savings end, whether in banking, finance or insurance. Balance sheet ratios were strengthened: the loan-to-deposit ratio improved significantly, and the Core Tier 1 ratio, which was already high, recorded further gains.

Also in 2013, major efforts were made in the area of operating efficiency. They resulted in substantial improvements to the cost-to-income ratio and significantly higher earnings.

In 2014, Crédit Mutuel Arkéa Group will strive to consolidate these fundamentals by focusing on two main areas:

- Continuing the operational efficiency measures over the long term, whether they involve the cost reduction plan that already began to show results in 2013 or adjusting the organization of the business line functions;
- Refocusing on the customer, notably by adapting to new consumption trends and practices.

### 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, 2013 and published on February 28, 2014.



# 3.5 Consolidated financial statements at December 31, 2013

## Balance sheet

(In thousands of euros)

	Notes	12/31/13	12/31/12
Assets		IFRS	IFRS
Cash, due from central banks	1	2,300,737	5,215,486
Financial assets at fair value through profit or loss	2	9,508,229	8,531,619
Derivatives used for hedging purposes	3	619,446	878,920
Available-for-sale financial assets	4	29,111,025	23,454,898
Loans and receivables due from banks	1	8,936,354	7,026,514
Loans and receivables due from customers	5	39,243,820	38,570,498
Remeasurement adjustment on interest-rate risk hedged portfolios		214,915	339,145
Held-to-maturity financial assets	7	227,771	321,767
Current tax assets	9	150,103	246,147
Deferred tax assets	10	169,054	248,072
Accruals, prepayments and sundry assets	11	1,818,093	1,714,717
Non-current assets held for sale		0	2,755,578
Deferred profit-sharing		0	0
Equity method investments	12	112,390	107,028
Investment property	13	568,464	473,888
Property, plant and equipment	14	254,741	272,702
Intangible assets	15	310,542	319,578
Goodwill	16	422,951	422,951
<b>Total assets</b>		<b>93,968,635</b>	<b>90,899,508</b>

(In thousands of euros)

	Notes	12/31/13	12/31/12
Liabilities		IFRS	IFRS
Due to central banks	17	0	0
Financial liabilities at fair value through profit or loss	18	423,492	735,622
Derivatives used for hedging purposes	3	374,104	527,940
Due to banks	17	3,525,619	1,339,737
Customer accounts	19	34,549,507	30,215,322
Debt securities	20	17,076,833	19,531,952
Remeasurement adjustment on interest-rate risk hedged portfolios		5,306	(1,262)
Current tax liabilities	9	100,292	92,499
Deferred tax liabilities	10	60,944	84,390
Accruals, deferred income and sundry liabilities	21	1,832,222	2,101,169
Liabilities associated with non-current assets held for sale		0	2,642,865
Insurance companies' technical reserves	22	30,283,496	28,200,722
Provisions	23	324,660	285,988
Subordinated debt	24	397,286	417,578
<b>Total equity</b>		<b>5,014,874</b>	<b>4,724,986</b>
Shareholders' equity, group share		5,010,383	4,720,685
Share capital and reserves	25	2,137,771	2,023,812
Consolidated reserves	25	2,591,658	2,497,830
Gains and losses recognised directly in equity	26	68,175	30,935
Net income		212,779	168,108
Minority interests		4,491	4,301
<b>Total liabilities</b>		<b>93,968,635</b>	<b>90,899,508</b>

## Income statement

(In thousands of euros)

	Notes	12/31/13	12/31/12
		IFRS	IFRS
Interest and similar income	30	2,218,148	2,355,034
Interest and similar expense	30	(1,629,611)	(1,751,112)
Fee and commission income	31	555,532	500,209
Fee and commission expense	31	(144,825)	(105,260)
Net gain (loss) on financial instruments at fair value through profit or loss	32	16,839	27,152
Net gain (loss) on financial instruments available-for-sale	33	10,858	22,131
Income from other activities	34	5,312,186	4,571,509
Expense from other activities	34	(4,719,588)	(3,952,196)
<b>Net banking income</b>		<b>1,619,539</b>	<b>1,667,467</b>
General operating expenses	35	(1,038,372)	(1,137,960)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	36	(100,243)	(123,553)
<b>Gross operating income</b>		<b>480,924</b>	<b>405,954</b>
Cost of risk	37	(149,838)	(115,843)
<b>Operating income</b>		<b>331,086</b>	<b>290,111</b>
Share of earnings of companies carried under equity method	12	3,360	3,358
Net income on other assets	38	(947)	(397)
Goodwill variations		0	0
<b>Pre-tax income</b>		<b>333,499</b>	<b>293,072</b>
Income tax	39	(119,388)	(124,235)
After-tax income from discontinued or held-for-sale operations		0	0
<b>Net income</b>		<b>214,111</b>	<b>168,837</b>
O/w Minority interests		1,331	729
<b>Net income - group share</b>		<b>212,779</b>	<b>168,108</b>

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

(In thousands of euros)

	Notes	12/31/13	12/31/12
		IFRS	IFRS
<b>Net income</b>		<b>214,111</b>	<b>168,837</b>
Actuarial gains and losses on defined-benefit plans		8,730	(33,668)
Gains and losses non recognised directly in equity for companies accounted for by the equity method	11		(3)
<b>Items not to be recycled in profit and loss</b>		<b>8,741</b>	<b>(33,671)</b>
Revaluation of available-for-sale financial assets		7,781	191,514
Revaluation of derivative hedging instruments		18,725	(2,583)
Gains and losses recognised directly in equity for companies accounted for by the equity method		1,995	(3,181)
<b>Items to be recycled in profit and loss</b>		<b>28,501</b>	<b>185,750</b>
<b>Total gains and losses recognised directly in equity</b>	<b>40</b>	<b>37,242</b>	<b>152,079</b>
<b>Net income and gains and losses recognised directly in equity</b>		<b>251,353</b>	<b>320,916</b>
O/w group share		250,021	319,696
O/w minority interests		1,332	1,220

## Change in shareholders' equity

(In thousands of euros)

	Share Capital	Reserves		Total gains and losses recognised directly in equity	Net income, group share	Net income, group share	Minority interest in equity	Minority interest in equity
<b>POSITION AT 1 JANUARY 2012</b>	<b>1,551,710</b>	<b>2,290,306</b>		<b>(116,276)</b>	<b>290,159</b>	<b>4,015,899</b>	<b>29,997</b>	<b>4,045,896</b>
Capital increase	467,196					467,196		467,196
Elimination of own shares						0		0
Issuance of preferred shares						0		0
Equity components of hybrid instruments						0		0
Equity components whose payment is share-based						0		0
Allocation of the previous year income		290,159			(290,159)	0		0
Dividend paid in 2012 in respect of 2011		(37,242)				(37,242)	(2,913)	(40,155)
Change in equity interests in subsidiaries with no loss of control		(7,172)				(7,172)	(23,897)	(31,069)
<b>Subtotal of movements related to relations with shareholders</b>	<b>2,018,906</b>	<b>2,536,051</b>		<b>(116,276)</b>	<b>0</b>	<b>4,438,681</b>	<b>3,187</b>	<b>4,441,868</b>
Changes in gains and losses recognised directly in equity				151,588		151,588	501	152,089
2012 net income					168,108	168,108	729	168,837
<b>Subtotal</b>	<b>2,018,906</b>	<b>2,536,051</b>		<b>35,312</b>	<b>168,108</b>	<b>4,758,377</b>	<b>4,417</b>	<b>4,762,794</b>
Impact of acquisitions and disposals on minority interests						0		0
Share of changes in shareholders' equity of equity method associates and joint ventures		652				652		652
Change of accounting methods		(5,232)		(4,377)		(9,609)	(10)	(9,619)
Other changes		(28,735)				(28,735)	(106)	(28,841)
<b>Position at 31 December 2012</b>	<b>2,018,906</b>	<b>2,502,736</b>		<b>30,935</b>	<b>168,108</b>	<b>4,720,685</b>	<b>4,301</b>	<b>4,724,986</b>
Capital increase	113,959					113,959		113,959
Elimination of own shares						0		0
Issuance of preferred shares						0		0
Equity components of hybrid instruments						0		0
Equity components whose payment is share-based						0		0
Allocation of the previous year income		168,108			(168,108)	0		0
Dividend paid in 2013 in respect of 2012		(49,833)				(49,833)	(254)	(50,087)
Change in equity interests in subsidiaries with no loss of control		(15,742)				(15,742)	(905)	(16,647)
<b>Subtotal of movements related to relations with shareholders</b>	<b>2,132,865</b>	<b>2,605,269</b>		<b>30,935</b>	<b>0</b>	<b>4,769,069</b>	<b>3,142</b>	<b>4,772,211</b>
Changes in gains and losses recognised directly in equity				37,240		37,240		37,240
2013 net income					212,779	212,779	1,331	214,111
<b>Subtotal</b>	<b>2,132,865</b>	<b>2,605,269</b>		<b>68,175</b>	<b>212,779</b>	<b>5,019,088</b>	<b>4,473</b>	<b>5,023,561</b>
Impact of acquisitions and disposals on minority interests						0		0
Share of changes in shareholders' equity of equity method associates and joint ventures		(3)				(3)		(3)
Change of accounting methods		(9,639)				(9,639)	(2)	(9,641)
Other changes		937				937	20	957
<b>Position at 31 December 2013</b>	<b>2,132,865</b>	<b>2,596,564</b>		<b>68,175</b>	<b>212,779</b>	<b>5,010,383</b>	<b>4,491</b>	<b>5,014,874</b>

Cash flows from operating activities

(In thousands of euros)

	12/31/13	12/31/12
Net income	214,111	168,837
Income Tax	119,388	124,235
<b>Pre-tax income</b>	<b>333,499</b>	<b>293,072</b>
Amortisation and depreciation of property, plant and equipment and intangible assets	97,191	119,039
Depreciation and impairment of goodwill and other fixed assets	844	1,548
Net additions to depreciations	2,115,992	2,754,550
Share of earnings of companies carried under equity method	(3,360)	(3,358)
Net loss/(gain) from investing activities	(4,406)	(1,815)
Net loss/(gain) from financing activities	0	0
Other movements without cash flows	181,806	326,577
<b>Total non-cash items included in net income and other adjustments</b>	<b>2,388,067</b>	<b>3,196,541</b>
Interbank and money market items	653,348	2,717,980
Customer items	3,585,856	2,861,490
Other financial items	(9,201,767)	(5,220,280)
Other non-financial items	(262,015)	(99,179)
Taxes paid	27,632	(139,091)
<b>Increase/(decrease) in operating assets/liabilities</b>	<b>(5,196,946)</b>	<b>120,920</b>
<b>Cash flows from operating activities</b>	<b>(2,475,380)</b>	<b>3,610,533</b>

Cash flows from investing activities

	12/31/13	12/31/12
Financial investments	164,078	(159,928)
Investment property	(87,793)	(11,739)
Plant, equipment and intangible assets	(90,791)	(125,821)
<b>Cash flows from investing activities</b>	<b>(14,506)</b>	<b>(297,488)</b>

Cash flows from financing activities

	12/31/13	12/31/12
<b>Cash flows from financing activities</b>		
Cash flows from/(to) the shareholders	61,030	448,395
Other cash flows from financing activities	(96,892)	(435,387)
<b>Cash flows from financing activities</b>	<b>(35,862)</b>	<b>13,008</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,525,748)</b>	<b>3,326,053</b>
Cash flows from operating activities	(2,475,380)	3,610,533
Cash flows from investing activities	(14,506)	(297,488)
Cash flows from financing activities	(35,862)	13,008
<b>Cash and cash equivalents, beginning of the year</b>	<b>5,126,202</b>	<b>1,800,149</b>
<b>Cash and cash equivalents, end of the year</b>	<b>2,600,454</b>	<b>5,126,202</b>
<b>Change in net cash and cash equivalents</b>	<b>(2,525,748)</b>	<b>3,326,053</b>

Cash Flow statement

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

lines 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, 2013

## Major events

In 2013, the financial sector environment continues to be marked by anemic economic growth and constraints arising from regulatory and tax changes.

In this environment, Cr dit Mutuel Ark a has confirmed its sales momentum and recorded robust earnings and enjoyed a sound financial position.

The consolidation scope changed following the completion of the sale of Banque Priv e Europ enne to La Banque Postale on April 2, 2013. Prior to this transaction, a partial asset contribution to Federal Finance of wealth management offices in Brittany and Bordeaux was made on March 23, 2013, with retroactive effect to January 1, 2013.

## Accounting standards applied

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

As of December 31, 2013, the group is subject to new standards, applicable at that time, which are presented in the following table:

IAS / IFRS Standards	Topic	Application date	Impact of application
IAS 1 Amendment	Detailed presentation of OCI	01/01/13	Distinction in the income statement and in gains and losses recognized directly in equity of items to be recycled in profit and loss and items not recycled in profit and loss.
IFRS 7 Amendment	Offsetting of financial assets and liabilities	01/01/13	These amendments will lead to the addition of quantitative information by type of financial instrument in order to supplement the Notes.
IFRS 13	Fair-value measurement	01/01/13	Enhancement of accounting principles and supplementary information on fair value hierarchies. Recognition of the impact of the CVA/DVA in the net income.
IAS 19 updated	Employee benefit commitments	01/01/13	The amendment of this standard will have as its primary impacts: - immediate recognition of vested past service costs - the reclassification of certain short-term benefits as long-term benefits
IAS 12 Amendment	Deferred taxes: recovery of underlying assets	01/01/2013	Limited

The "Annual improvements – 2009-2011 cycle" adopted by the European Union on March 27, 2013 have only a limited impact on the group's consolidated financial statements.

In addition, the group decided not to apply optional new standards and interpretations adopted by the European Union when application is only optional in 2013. These standards and interpretations are presented in the following table:

IAS / IFRS Standards	Topic	Application date	Impact of application
IAS 32 Amendment	Offsetting of financial assets and liabilities	01/01/14	Limited
IFRIC 21	Withholdings conducted by public authorities on entities active in a market.	01/01/14	Certain taxes are no longer staggered in the interim financial statements.

IAS / IFRS Standards	Topic	Application date
IFRS 10/11/12	Standards related to the consolidation and financial information of unconsolidated entities	01/01/14
IAS 28 updated		

## Impact of application of IFRS 10/11/12

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 the investee.

The analysis has led Cr dit Mutuel Ark a Group to reconsider its relationship with certain entities. For mutual funds, once the fund management company is part of the Group and no longer revocable and the rate of exposure to the returns is equal to or greater than 20%, the fund is consolidated.

Cr dit Mutuel Ark a 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.

The main impact of the application of IFRS 10 will be to expand the consolidation scope. The application will result in a €2.6 billion increase in assets and liabilities on the opening balance sheet as of January 1, 2013 and a €3.4 billion increase on the balance sheet as of December 31, 2013. The impact on the income statement is not expected to be material.

The Group is not currently affected by IFRS 11 "Joint Arrangements" and the impact of IFRS 12 "Disclosure of Interests in Other Entities" will be limited.

Changes in accounting method and correction of error

Application of IAS 19 amended

Amended IAS 19 “Employee benefits” applies on a mandatory basis to fiscal years beginning on or after January 1, 2013. Its application is retrospective.

The principal changes resulting from this amendment are as follows:

■ the elimination of the option to use the corridor method for the recognition of actuarial differences related to defined benefit plans, which has no impact on the group's financial statements since the group already recognized these differences as directly offsetting gains and losses recognized directly in equity;

■ the modification of the method for calculating interest expense or income, with the elimination of the expected return on plan assets, which doesn't have a material impact on the group's financial statements;

■ the immediate recognition of past service costs not vested through profit and loss. This change has a positive impact of €616 thousand on pro forma net income as of December 31, 2012 and a €6,588 thousand negative impact on pro forma consolidated reserves as of December 31, 2012. The impact on shareholders' equity at the beginning of the period on January 1, 2013 was negative €5,972 thousand;

■ the redefinition of the short-term benefits and other long-term benefits

categories. The distinction between these two categories is now based on the date when these benefits are expected to be paid and no longer on the date when they are due. This redefinition has the effect of considering now time savings accounts as other long-term benefits. This change has a €4,986 thousand negative impact on pro forma net income as of December 31, 2012 and a €1,309 positive impact on pro forma consolidated reserves as of December 31, 2012. The impact on shareholders' equity at the beginning of the period on January 1, 2013 was negative €3,677 thousand.

Balance Sheet

(in thousands of euros)

	12/31/12	12/31/12
	Pro forma	
Assets		
Deferred tax assets	253,139	248,072
Total of assets	90,904,575	90,899,508

	12/31/12	12/31/12
	Pro forma	
Liabilities		
Accruals, deferred income and sundry liabilities	2,065,865	2,101,169
Provisions	336,009	285,988
Total equity	4,715,336	4,724,986
Shareholders' equity, group share	4,711,038	4,720,685
Consolidated reserves	2,492,552	2,497,830
Net income	163,739	168,108
Minority interests	4,298	4,301
Total of liabilities	90,904,575	90,899,508

Income statement

(in thousands of euros)

	12/31/12	12/31/12
	Pro forma	
General operating expenses	(1,144,624)	(1,137,960)
Income tax	(121,941)	(124,235)
Net income	164,467	168,837
O/w Minority interests	728	729
Net income - Group share	163,739	168,108

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

(in thousands of euros)

	12/31/12	12/31/12
	Pro forma	
Net income and gains and losses recognised directly in equity	316,546	320,916
O/w group share	315,327	319,696
O/w minority interests	1,219	1,220

### Correction of error on the provision calculation method for credit risk at Financo

The preparation of the 2012 consolidated financial statements reflects the correction of an error involving the provision calculation method for individual credit risk at Financo, specifically one of the variables used in the model, i.e. the length of the collection period for doubtful and litigious loans and receivables.

This led to the amount of provisions for credit risk being underestimated by €54 million in previous years.

This error correction was treated retrospectively in the 2012 consolidated financial statements, in accordance with the application of IAS 8.

### 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 accounting treatment with the related insurance liabilities,
- shares of mutual funds in which the group holds a total of over 20%,
- 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).

Since IFRS 13 applies prospectively for annual periods beginning on or after January 1, 2013, the effects of this new standard on the Group's consolidated financial statements were shown through profit or loss for the period (see Note 32: Net gain (loss) on financial instruments at fair value through profit or loss).

The Group calculates the CVA and DVA on derivative instruments for each counterparty to which it is exposed.

For the first-time application, Crédit Mutuel Arkéa Group applies a methodology based on a conservative assessment. CVA is calculated on the basis of the Group's expected positive exposure toward the counterparty, multiplied by the counterparty's probability of default (PD) contingent upon the absence of default by the corresponding entity and by the amount of loss given default (LGD). DVA is calculated on the basis of the Group's expected negative exposure toward the counterparty, multiplied by the Group's probability of default (PD) contingent upon the absence of the counterparty's default and by the amount of loss given default (LGD).

The valuation model is based on the same exposures as those used for regulatory calculation purposes. This model strives to use market-based data (CDS curves). In the event the market price information is lacking or unavailable, internal data are also integrated into the model. On these bases, the amount of CVA/DVA recognized as of December 31, 2013 was negative €8.5 million.

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 recognised at fair value. Not eliminated fixed-income securities totaled €436 million as of December 31, 2013 compared with €454 million as of December 31, 2012. Their elimination will have a pre-tax impact on net income of €20 million as of December 31, 2013.

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 in 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 instrument hedged (or the portion of the instrument), nature of the risk hedged, 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 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 in the profit and loss account under the heading "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 profit and loss 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 depreciations contained in IAS 39 adopted by the European Union (called 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 prospec-

tively 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 recognised in the profit and loss account 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 profit and loss account under "interest and similar income (expense)" synchronised 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 profit and loss account, 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, nor financial assets held to maturity, nor loans. Available-for-sale securities are recognised initially at their fair value i.e. the purchase price, including acquisition costs - if they are material – and accrued coupons. 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 of or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognised in the profit and loss account 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 payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognised 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 a decline in the value of securities exist. Objective signs of impairment 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 recognised 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 criteria mentioned above are assessed for impairment all the same when Management does not believe that the sum invested can be reasonably expected to be collected in the near future. The loss is recognised in the income statement

under "Net gain (loss) on financial instruments available-for-sale"  
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 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 coupons. On the balance sheet date, they are valued according to the amortised 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, Portuguese and Irish sovereign debt risk:**  
Since December 31, 2012, the group no longer holds any Greek securities.

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

Net exposure corresponds to the value of the securities on the balance sheet, net of the amortisation of any premiums/discounts and any write-downs of the securities and including the impact of any coverage. 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.

Exposure to sovereign debt risk (in millions of euros)

	Portugal	Ireland
Assets at fair value through profit or loss	0.00	0.00
Available-for-sale assets	0.00	305.64
Held-to-maturity assets	0.00	0.00
Total	0.00	305.64
Gains and losses recognised directly in equity	0.00	2.72



**Loans and receivables due from financial 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 financial institutions and customers that are not intended for sale when extended are recognised in the “loans and receivables” category.

Initially, they are recognised 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.

**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 over-indebtedness, 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 amortised 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 depreciations on disputed receivables have been discounted. In the income statement, impairment loss movements are recorded under the heading “cost of risk” except for the add-backs for the effects of the reversal of discounting, which are recorded under “Interest and similar income.”

Receivables written-down on a collective basis  
Loans that are not impaired on an individual basis 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, which entails recording depreciations 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**  
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 posted at the face of 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 recognised as an asset if:

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 “Property, plant and equipment” and “Investment property”.

The following components and amortisation 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 according to their own useful life:

	Amortisation period
Furnitures	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

- it is likely that the future economic rewards from this asset will belong 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 sale 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 initial recognition, property, plant and equipment and investment property

are valued at cost minus accumulated depreciation and amortisation and any impairment losses.

The fair value of the investment properties is determined on the basis of an appraisal.

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.

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.

Most valuations are performed using the discounted cash flow (DCF) method. This method employs assumptions about projected revenue streams and expenses on the basis of medium-term plans, extrapolated to infinity using discounted growth rates.

The cash flows used are determined on the basis of each cash generating unit's business plans made over a specific

horizon of between four and five years. The discount rates used correspond to the cost of capital determined using the capital asset pricing model. This method is based on risk-free interest rate to which a risk premium is added that depends on the underlying activity of the corresponding CGU. The discount rates used in 2013 range between 8.29% and 10.58% while the growth rates to infinity are between 2% 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 2.86% overall reduction in the recoverable amounts without precipitating any impairment of a cash generating unit;
- a 25 basis point decrease in the growth rate to infinity would result in a 3.03% overall reduction in the recoverable amounts without precipitating any impairment of a cash generating unit.

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 amortised.

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

Discontinued operations include operations which are held for sale or which 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 financial 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 work medals 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 3.00% in December 2013 (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 0.60% and 4.97% and a salary increase rate of between 1.30% and 2.00%. 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 the category of other 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 a 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 the IFRIC 2 interpretation and treated as such in the group's consolidated financial statements.

**Measurement of 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 as of 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 amortized cost and are subjected to valuations whose methods are disclosed in the notes to the financial statements. These other financial assets and liabilities include:

- Loans and receivables 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.

Complex products (structured interest rate and credit products, such as CDOs) are measured twice, using specific applications and the services of specialised independent appraisers.

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, or using a valuation provided by Confédération Nationale du Crédit Mutuel when companies are jointly held with other Crédit Mutuel group entities. 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 null: transactions carried out by the group for its own account are recognised at their fair value. Transactions carried out on behalf of customers generate a premium, which is recognised 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.

The 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, recognised and consolidated in accordance with French GAAP.

The 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 insured. The risks covered include primarily death, disability and inability to work (for credit 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 premium (portion of premium issued pertaining to later years), provisions for increasing risks (difference between the present value of the commitments undertaken respectively by the insurer and the insured) 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 unrealised capital gains and losses on assets attributable to the insured. 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 recognised in income for the period (and would be reversed, if necessary, at a subsequent date).

#### Income statement

Income and expenses arising on insurance contracts written by the group are recognised in the profit and loss account under "Income from other activities" and "Expense from other activities".

Income and expenses relating to the insurance entities' proprietary activities are recognised under the appropriate headings.

#### Consolidation principles and methods

##### Scope of consolidation and criteria Consolidating entity

The consolidation scope includes all the 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 Autorité de Contrôle Prudentiel et de Résolution. This credit institution consists of:

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

Companies whose consolidation would not be significant are excluded from the consolidation scope. The consolidation of an entity is regarded insignificant when balance sheet total does not exceed €200 million and contribution

to consolidated profit and loss account does not exceed €2 million.

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation.

IFRS define three types of control: exclusive control, joint control and significant influence. Analysis of control exercised by the consolidating entity is based not only on identification of the voting rights that it holds in subsidiaries but also on the economic and legal analysis of the relations between them.

#### Fully consolidated Companies

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 minority interests in equity and in the profit and loss account is recorded separately on the liabilities side of the consolidated balance sheet and in the consolidated income statement.

An entity exercises exclusive control over another entity if:

- it holds the majority of the voting rights in a subsidiary either directly or indirectly,
- it has the power to direct the financial and operational policy of an entity under an agreement or a regulation,
- it has the power to appoint or remove from office the majority of the members of the administrative or management bodies or to gather together the

majority of the voting rights at the meetings of said bodies.

There is a presumption that the group exercises exclusive control if it holds, either directly or indirectly, at least 40% of the voting rights of an enterprise and that no other partner or shareholder holds, either directly or indirectly, a higher percentage. This rule applies to financial companies and to companies whose business is an extension of the group's banking and financial businesses, such as insurance companies and property development companies.

#### Companies consolidated using proportionate consolidation

Companies over which the group exercises joint control with a limited number of other shareholders are consolidated using proportionate consolidation. Proportionate consolidation consists of replacing the book value of the securities in the financial statements of the consolidating enterprise with the percentage representing its interest in the balance sheet and the income statement of the consolidated company. No company is consolidated using this method.

#### Companies consolidated using the equity method

Companies over which the group exercises significant influence and those under exclusive or joint control but whose business is not an extension of the group's banking and financial businesses are consolidated using the equity method.

An entity exercises significant influence over another one when it has the

power to take part in the financial and operational policies of an enterprise without exercising control over it. There is a presumption of significant influence when the consolidating entity holds 20% of the voting rights of an entity either directly or indirectly.

The equity method consists in replacing the book value of the securities with the group's share of the equity and the profit and loss account of the entities involved.

#### Main changes in scope of consolidation

On April 2, 2013, the group sold its entire ownership interest in Banque Privée Européenne, i.e. 100% of the equity, to La Banque Postale. This transaction was preceded on March 23, 2013 by a partial asset contribution involving BPE's wealth management business to Federal Finance with retroactive effect to January 1, 2013. The pre-tax loss on this disposal totaling €(6.1) million was recognized under net income on other assets in the income statement. As part of the sale of shares of the BPE, a guarantee agreement was granted by Crédit Mutuel Arkéa at La Banque Postale.

In early July 2013, Crédit Mutuel Arkéa acquired 5% of Leasecom Group shares from non-controlling interests, thereby bringing its equity interest to 100%. The Group's equity interest in the Leasecom Group, Leasecom, Leasecom Car and Leasecom Financial Assets entities was therefore increased to 100% as of that date.



In November 2013, Monext Holding was dissolved through a merger of assets and liabilities with its sole shareholder Crédit Mutuel Arkéa.

The consolidated entities of Crédit Mutuel Arkéa are presented in note 44.

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 Revised IFRS 3 for business combinations. The acquisition cost is the sum of the fair values, at the business combination date, of the assets given, liabilities incurred or assumed, and equity instruments issued by the acquiree.

Revised IFRS 3 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 (so-called full 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 recognised immediately in the income statement, through "Goodwill variations".

Goodwill is subject to an impairment test at least once per year and when there is evidence of an impairment loss. Each goodwill item is allocated to a cash generating unit that stands to benefit from the acquisition. Any goodwill impairment is determined based on the recoverable amount of the cash generating unit to which it was allocated. Cash generating units are defined based on the group's organisational and management method and take into account the independent nature of these units.

When the group increases its percentage stake in a company that is already controlled, the difference between the purchase price of the stock and the additional share of the consolidated shareholders' equity that these securities represent on the acquisition date is recognised in shareholders' 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 accounts are kept in a foreign currency are translated on the basis of the official foreign translation rate on the balance sheet date. The difference on share capital, reserves and retained earnings is recorded in shareholders' equity in the "Translation Reserves" account. The income statement is translated on the basis of the average translation rate

during the fiscal year. Translation differences are recorded directly in the "Translation Reserves" account. This difference is added back to the profit and loss account in the event of the disposal or total or partial liquidation of the equity investment in the foreign entity.

Deferred taxes

Deferred taxes are recognised 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 recognised only when it is probable that the enterprise will have sufficient future taxable profit against which the temporary differences can be used. Deferred taxes are recognised as income or expense except for those related to unrealised 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, 2015.

The « contribution économique territoriale » (CET) is treated as an operating expense, it 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

	12/31/13	12/31/12
Cash, due from central banks		
Due from central banks	2,175,740	5,098,043
Cash	124,997	117,443
Total	2,300,737	5,215,486
Loans and receivables due from banks		
Crédit Mutuel network accounts	541,065	591,407
Other regular accounts	239,457	72,121
Loans	8,035,054	6,230,462
Securities not listed on an active market	10,000	0
Repurchase agreements	0	0
Receivables written down on an individual basis	0	0
Receivables related to all accounts	110,778	132,524
Depreciation	0	0
Total	8,936,354	7,026,514

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

	12/31/13	12/31/12
Assets classified at fair value option	9,228,483	8,113,597
Assets held for trading purposes	279,746	418,022
Total	9,508,229	8,531,619

Mutual funds in which the group owns more than a 20% interest as of December 31, 2013 were reclassified from “available-for-sale assets” to “assets at fair value” in the amount of €136,084 thousand.

Note 2a. Assets classified at fair value option

	12/31/13	12/31/12
Securities	9,198,768	8,075,667
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	2,163,233	1,903,512
Listed	2,103,829	1,855,001
Unlisted	59,404	48,511
■ Stocks and other variable-income securities	7,035,535	6,172,155
Listed	5,609,851	5,585,148
Unlisted	1,425,684	587,007
Other financial assets <sup>(1)</sup>	29,715	37,930
Of which securities loaned under purchased agreements	0	0
Total	9,228,483	8,113,597

(1) Customers and interbank loans and receivables.

The maximum exposure to credit risk on loans classified at fair value through profit or loss on option amounted to €29,333 thousand. This sum is not hedged by credit derivatives.

Note 2b. Assets held for trading purposes

	12/31/13	12/31/12
Securities	11,398	55,097
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	11,398	31,060
Listed	11,342	31,004
Unlisted	56	56
■ Stocks and other variable-income securities	0	24,037
Listed	0	0
Unlisted	0	24,037
Derivatives held for trading purposes	268,348	362,925
Other financial assets	0	0
Of which securities loaned under purchased agreements	0	0
Total	279,746	418,022

Note 3. Derivatives used for hedging purposes

	12/31/13		12/31/12	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	3,713	52,056	5,827	80,283
Fair value hedges	615,733	322,048	873,093	447,657
Total	619,446	374,104	878,920	527,940

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

	12/31/13	12/31/12
Treasury bills, notes and government bonds	742,636	6,540
Bonds and other fixed-income securities	26,059,433	21 240,138
Listed	23,463,103	20,677,104
Unlisted	2,596,330	563,034
Stocks and other variable-income securities	1,393,643	1,327,334
Listed	966,199	818,613
Unlisted	427,444	508,721
Investment securities	355,365	363,566
Long-term investments	230,335	207,956
Other long-term investments	43,874	86,488
Shares in associates	81,156	69,122
Translation adjustments	0	0
Loaned securities	0	0
Related receivables	559,948	517,320
Total	29,111,025	23,454,898
Of which unrealised gains/losses recognised directly in equity	163,422	162,118
Of which securities sold under repurchase agreements	0	0
Of which impaired securities	0	0
Of which impaired bonds	69,992	34,389
Of which depreciation for impairment recorded in profit or loss	(76,631)	(91,455)
Of which listed long-term investment	0	0

Note 5. Loans and receivables due from customers

	12/31/13	12/31/12
Performing receivables	37,381,515	36,903,375
■ Commercial receivables	58,100	60,497
■ Other loans to customers	37,189,485	36,703,973
Housing loans	19,809,168	19,280,636
Other loans and various receivables, including repurchase agreements	17,380,317	17,423,337
■ Related receivables	133,930	138,905
■ Securities not listed on an active market	0	0
Insurance and reinsurance receivables	121,408	116,866
Receivables written down on an individual basis	1,410,848	1,375,186
Gross receivables	38,913,771	38,395,427
Specific depreciations	(828,247)	(806,254)
Collective depreciations	(87,322)	(70,147)
Subtotal I	37,998,202	37,519,026
Finance leases (net investment)	1,264,571	1,068,691
Movable goods	594,650	447,730
Real property	625,401	585,440
Receivables written down on an individual basis	44,520	35,521
Depreciation	(18,953)	(17,219)
Subtotal II	1,245,618	1,051,472
Total	39,243,820	38,570,498
Of which Equity loans with no voting rights	0	0
Of which subordinated loans	0	0

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

	Payment arrears				Guarantees on impaired assets and payment arrears
	Less than 3 months	Over 3 months - 6 months	Over 6 months - 1 year	Over 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
Non-banking institutions	0	0	0	0	0
Large corporates	0	0	0	0	0
Retail customers	0	0	0	0	0
<b>Loans and receivables</b>	<b>187,925</b>	<b>10,238</b>	<b>1,037</b>	<b>46</b>	<b>523,625</b>
Central banks	0	0	0	0	0
Banking institutions	0	0	0	0	0
Non-banking institutions	0	0	0	0	0
Large corporates	28,200	202	0	38	113,322
Retail customers	159,725	10,036	1,037	8	410,303
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>187,925</b>	<b>10,238</b>	<b>1,037</b>	<b>46</b>	<b>523,625</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 7. Held-to-maturity financial assets**

	<b>12/31/13</b>	<b>12/31/12</b>
Securities	222,842	314,032
■ Treasury bills, notes and government bonds	63,987	10,135
■ Bonds and other fixed-income securities	158,855	303,897
Listed	120,329	194,626
Unlisted	38,526	109,271
Related receivables	4,929	7,735
<b>Gross total</b>	<b>227,771</b>	<b>321,767</b>
Depreciation	0	0
<b>Net total</b>	<b>227,771</b>	<b>321,767</b>

**Note 8. Depreciations**

	<b>12/31/12</b>	<b>Allocations</b>	<b>Write-backs</b>	<b>Other</b>	<b>12/31/13</b>
Loans and receivables – financial institutions	0	0	0	0	0
Loans and receivables due from customers	(893,620)	(384,771)	343,238	631	<b>(934,522)</b>
Available-for-sale securities	(91,455)	(18,879)	33,554	149	<b>(76,631)</b>
Held-to-maturity securities	0	0	0	0	<b>0</b>
<b>Total</b>	<b>(985,075)</b>	<b>(403,650)</b>	<b>376,792</b>	<b>780</b>	<b>(1,011,153)</b>

**Note 9. Current tax assets**

	<b>12/31/13</b>	<b>12/31/12</b>
Assets (through profit or loss)	150,103	246,147
Liabilities (through profit or loss)	100,292	92,499

**Note 10. Deferred tax assets**

	<b>12/31/13</b>	<b>12/31/12</b>
Assets (through profit or loss)	141,198	190,148
Assets (through equity)	27,856	57,924
Liabilities (through profit or loss)	16,285	29,632
Liabilities (through equity)	44,659	54,758

**Breakdown of deferred taxes by major category**

	<b>12/31/13</b>	
	<b>Assets</b>	<b>Liabilities</b>
Loss carryforwards	54,709	0
Temporary differences on:		
Unrealised or deferred gains or losses on available-for-sale assets	9,244	57,694
Other unrealised or deferred gains and losses	31,647	0
Provisions	57,106	22,172
Unrealised reserves of finance leases	0	3,108
Insurance business	28,084	11,433
Other	238,327	216,600
Offset:		
Shareholders' equity	(13,035)	(13,035)
Income	(237,028)	(237,028)
<b>Total deferred tax assets and liabilities</b>	<b>169,054</b>	<b>60,944</b>

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

	12/31/13	12/31/12
<b>Accruals – assets</b>		
Receivables collection	404,463	308,198
Foreign currency adjustment accounts	7,844	3,795
Income receivable	93,836	73,461
Miscellaneous accrual accounts	227,094	212,109
<b>Subtotal</b>	<b>733,237</b>	<b>597,563</b>
<b>Other assets</b>		
Settlement accounts for security transactions	169,730	153,787
Various debtors	361,747	284,605
Versed deposits	466,701	603,070
Inventories and similar	5,930	6,281
Other miscellaneous applications of funds	27	27
<b>Subtotal</b>	<b>1,004,135</b>	<b>1,047,770</b>
<b>Other insurance assets</b>		
Technical provisions - Reinsurers' share	56,826	46,389
Other	23,895	22,995
<b>Subtotal</b>	<b>80,721</b>	<b>69,384</b>
<b>Total</b>	<b>1,818,093</b>	<b>1,714,717</b>

**Note 12. Equity method investments**

	12/31/13		12/31/12	
	Investment	Share in net profit	Investment	Share in net profit
Caisse Centrale du Crédit Mutuel	111,160	3,361	105,791	3,359
Crédit Mutuel Cartes de Paiement	1,230	(1)	1,237	(1)
Total	112,390	3,360	107,028	3,358

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

	Total Balance sheet	Net banking income	Net income
Caisse Centrale du Crédit Mutuel	5,420,644	25,350	16,221
Crédit Mutuel Cartes de Paiement	11,152	1	(8)

**Note 13. Investment property**

	12/31/12	Increase	Decrease	Other	12/31/13
Historical cost	606,231	105,439	(15,412)	46,915	743,173
Amortisation and depreciation	(132,343)	(21,960)	1,401	(21,807)	(174,709)
<b>Net amount</b>	<b>473,888</b>	<b>83,479</b>	<b>-14,011</b>	<b>25,108</b>	<b>568,464</b>

The fair value of investment real estate recognised at cost amounted to 840 million in 2013 compared to 695 million in 2012.

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

	12/31/12	Increase	Decrease	Other	12/31/13
<b>Historical cost</b>					
Land	23,551	2,570	(102)	(3,364)	22,655
Plant	484,780	40,534	(3,952)	(13,084)	508,278
Other property, plant and equipment	199,363	15,453	(35,726)	(106)	178,984
<b>Total</b>	<b>707,694</b>	<b>58,557</b>	<b>(39,780)</b>	<b>(16,554)</b>	<b>709,917</b>
<b>Depreciation and amortisation</b>					
Land	0	0	0	0	0
Plant	(298,839)	(20,968)	3,236	5,385	(311,186)
Other property, plant and equipment	(136,153)	(16,605)	8,737	31	(143,990)
<b>Total</b>	<b>(434,992)</b>	<b>(37,573)</b>	<b>11,973</b>	<b>5,416</b>	<b>(455,176)</b>
<b>Net amount</b>	<b>272,702</b>	<b>20,984</b>	<b>(27,807)</b>	<b>(11,138)</b>	<b>254,741</b>

**Note 15. Intangible assets**

	12/31/12	Increase	Decrease	Other	12/31/13
<b>Historical cost</b>					
Self-produced assets	183,217	40,555	(322)	541	223,991
Acquired assets	552,398	54,880	(34,776)	(8,821)	563,681
Software	286,240	17,144	(1,336)	109	302,157
Other	266,158	37,736	(33,440)	(8,930)	261,524
<b>Total</b>	<b>735,615</b>	<b>95,435</b>	<b>(35,098)</b>	<b>(8,280)</b>	<b>787,672</b>
<b>Depreciation and amortisation</b>					
Self-produced assets	(96,484)	(32,431)	262	190	(128,463)
Acquired assets	(319,553)	(29,119)	1,276	(1,271)	(348,667)
Software	(250,865)	(17,945)	1,031	926	(266,853)
Other	(68,688)	(11,174)	245	(2,197)	(81,814)
<b>Total</b>	<b>(416,037)</b>	<b>(61,550)</b>	<b>1,538</b>	<b>(1,081)</b>	<b>(477,130)</b>
<b>Net amount</b>	<b>319,578</b>	<b>33,885</b>	<b>(33,560)</b>	<b>(9,361)</b>	<b>310,542</b>



Note 16. Goodwill

	12/31/12	Increase	Decrease	Other	12/31/13
Gross goodwill	422,951	0	0	0	422,951
Depreciation	0	0	0	0	0
Net goodwill	422,951	0	0	0	422,951

Allocation by cash generating unit (CGU)

	Concerned companies	12/31/13	12/31/12
Investor services and on line 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
Net goodwill		422,951	422,951

Note 17. Due to central banks - Due to banks

	12/31/13	12/31/12
Central banks	0	0
Banks	3,525,619	1,339,737
Crédit Mutuel network accounts	15,314	48,390
Other current accounts	214,402	198,819
Loans	1,527,000	436,738
Other liabilities	27,812	34,469
Repurchase agreements	1,723,018	600,673
Related liabilities	18,073	20,648
Total	3,525,619	1,339,737

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

	12/31/13	12/31/12
Financial liabilities held for trading	301,855	433,727
Derivatives	301,855	433,727
Fair value option financial liabilities through profit or loss	121,637	301,895
Due to banks	231	395
Customer accounts	60,437	159,945
Debt securities	60,969	141,555
Subordinated debt	0	0
Total	423,492	735,622

The redemption value of liabilities measured at fair value amounted to €422,295 thousand at December 31, 2013, against €730,366 thousand at December 31, 2012. The change in fair value attributable to evolution of the issuer risk of the Crédit Mutuel Arkéa group from the standpoint of the group's terms of issue amounted to €(22) thousand at December 31, 2013.

Note 18a. Fair value option financial liabilities through profit or loss

	12/31/13			12/31/12		
	Book value	Amount due at maturity	Difference	Book value	Amount due at maturity	Difference
Due to banks	231	232	(1)	395	395	0
Customer items	60,437	59,430	1,007	159,945	157,269	2,676
Debt securities	60,969	60,778	191	141,555	138,975	2,580
Subordinated debt	0	0	0	0	0	0
Total	121,637	120,440	1,197	301,895	296,639	5,256

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

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 agreement 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>

12/31/12							
	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	1,241,845	0	1,241,845	(264,340)	0	(580,272)	397,233
Reverse repurchase agreement 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>1,241,845</b>	<b>0</b>	<b>1,241,845</b>	<b>(264,340)</b>	<b>0</b>	<b>(580,272)</b>	<b>397,233</b>
<b>Liabilities</b>							
Derivatives	961,667	0	961,667	(264,340)	0	(572,780)	124,547
Repurchase agreements of securities, securities lending or similar agreements	600,804	0	600,804	0	(599,381)	0	1,423
Other financial assets	0		0	0	0	0	0
<b>Total liabilities</b>	<b>1,562,471</b>	<b>0</b>	<b>1,562,471</b>	<b>(264,340)</b>	<b>(599,381)</b>	<b>(572,780)</b>	<b>125,970</b>

**Note 19.** Customer accounts

	12/31/13	12/31/12
Savings accounts governed by special regulations	19,967,573	19,143,178
Demand accounts	15,838,643	15,004,266
Term accounts	4,128,930	4,138,912
Debt related to savings account	10,900	5,012
<b>Subtotal</b>	<b>19,978,473</b>	<b>19,148,190</b>
Current accounts	9,356,842	7,149,342
Term accounts and term loans	5,119,479	3,840,355
Repurchase agreements	0	0
Insurance and reinsurance liabilities	42,997	29,161
Related liabilities	51,716	48,274
<b>Subtotal</b>	<b>14,571,034</b>	<b>11,067,132</b>
<b>Total</b>	<b>34,549,507</b>	<b>30,215,322</b>

Note 20. Debt securities

	12/31/13	12/31/12
Certificates of deposit	26,384	33,860
Interbank market securities and negotiable debt securities	3,359,921	5,040,109
Bond issues	13,383,260	14,148,935
Related liabilities	307,268	309,048
<b>Total</b>	<b>17,076,833</b>	<b>19,531,952</b>

Note 21. Accruals, deferred income and sundry liabilities

	12/31/13	12/31/12
<b>Accruals – liabilities</b>		
Blocked accounts for collection operations	296,098	328,706
Foreign currency adjustment accounts	8,555	15,739
Expenses payable	163,088	208,607
Prepaid income	323,396	356,197
Miscellaneous accrual accounts	101,323	127,279
<b>Subtotal</b>	<b>892,460</b>	<b>1,036,528</b>
<b>Other liabilities</b>		
Settlement accounts for securities transactions	184,501	142,919
Outstanding payments on securities	2,781	2,786
Miscellaneous creditors	737,620	902,428
<b>Subtotal</b>	<b>924,902</b>	<b>1,048,133</b>
<b>Other insurance liabilities</b>		
Security deposits and guarantees received	14,860	16,508
Other	0	0
<b>Subtotal</b>	<b>14,860</b>	<b>16,508</b>
<b>Total</b>	<b>1,832,222</b>	<b>2,101,169</b>

Note 22. Insurance companies’ technical reserves

	12/31/13	12/31/12
Life	24,468,632	22,898,413
Of profit-sharing	1,575,779	1,543,698
Non life	371,444	346,241
Unit-linked contracts	5,316,478	4,835,643
Other	126,942	120,425
<b>Total</b>	<b>30,283,496</b>	<b>28,200,722</b>
Active deferred profit-sharing	0	0
Reinsurers' share	(56,826)	(46,389)
<b>Net technical provisions</b>	<b>30,226,670</b>	<b>28,154,333</b>

Note 23. Provisions

	12/31/12	Allocations	Write-backs (used)	Write-backs (not used)	Other	12/31/13
Provisions for pension costs	163,285	17,297	(14,233)	(8,542)	47,864 <sup>(1)</sup>	205,671
Provisions for home savings accounts and plans	29,940	5	0	(4,689)	8	25,264
Provisions for execution of guarantee commitments	16,882	10,446	(3,542)	(2,354)	0	21,432
Provision for taxes	96	395	(75)	0	(2)	414
Provisions for legal proceedings	34,708	4,134	(11,357)	(3,818)	(1)	23,666
Provisions for risks	9,938	1,208	(1,702)	(560)	(3,767)	5,117
Other	31,139	17,677	(3,842)	(5,322)	3,444	43,096
<b>Total</b>	<b>285,988</b>	<b>51,162</b>	<b>(34,751)</b>	<b>(25,285)</b>	<b>47,546</b>	<b>324,660</b>

(1) Impact primarily from the application of IAS 19R.

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

## Defined benefit retirement obligations excluding pension funds

	12/31/12	Allocations	Write-backs	Other <sup>(1)</sup>	12/31/13
Retirement benefits	43,349	4,428	(2,442)	(1,649)	43,686
Defined-benefit plans	86,713	3,659	(18,124)	8,803	81,051
Work medals	33,223	4,026	(2,209)	(202)	34,838
Time savings account		5,184		40,912	46,096
<b>Total</b>	<b>163,285</b>	<b>17,297</b>	<b>(22,775)</b>	<b>47,864</b>	<b>205,671</b>

(1) Impact primarily from the application of IAS 19R

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

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

	12/31/13		12/31/12	
	Deposits	Provisions	Deposits	Provisions
<b>Home purchase savings plans</b>	<b>3,657,147</b>	<b>19,989</b>	<b>3,639,742</b>	<b>24,817</b>
Under 4 years old	1,721,025	380	1,735,660	196
Between 4 and 10 years old	677,030	1,003	589,151	1,322
Over 10 years old	1,259,092	18,606	1,314,931	23,299
<b>Home purchase savings accounts</b>	<b>803,076</b>	<b>1,651</b>	<b>888,508</b>	<b>0</b>
<b>Total</b>	<b>4,460,223</b>	<b>21,640</b>	<b>4,528,250</b>	<b>24,817</b>

## Loans granted under home purchase savings schemes – Provisions

	12/31/13		12/31/12	
	Loans	Provisions	Loans	Provisions
Home purchase savings plans	29,205	166	40,714	249
Home purchase savings accounts	238,553	3,458	290,544	4,874
<b>Total</b>	<b>267,758</b>	<b>3,624</b>	<b>331,258</b>	<b>5,123</b>

**Note 24. Subordinated debt**

	12/31/13	12/31/12
Subordinated debt	274,430	276,898
Equity instruments with no voting rights	17,693	18,455
Undated subordinated debt	97,229	114,113
Other liabilities	0	0
Related liabilities	7,934	8,112
<b>Total</b>	<b>397,286</b>	<b>417,578</b>

## Subordinated debt representing at least 10% of the total subordinated debt at December 31, 2013

ISSUERS	Issue date	Amount	Currency	Rate	Due
Crédit Mutuel Arkéa	07/05/04	97,314	Euro	CMS 10 years + 0.10	Undated
Crédit Mutuel Arkéa	09/18/08	300,000	Euro	6.75%	09/18/18
<b>Total</b>		<b>397,314</b>			

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

	12/31/13	12/31/12
Share capital	2,132,865	2,018,906
Share capital related reserves	4,906	4,906
Consolidated reserves	2,591,658	2,497,830
Statutory reserve	320,125	292,564
Reserves provided for in the articles of incorporation and contractual reserves	1,366,718	1,283,623
Regulated reserves	0	0
Translation reserves	0	0
Other reserves	832,713	849,446
Retained earnings	72,102	72,197
<b>Total</b>	<b>4,729,429</b>	<b>4,521,642</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 €3,640 million at December 31, 2013 compared to €3,768 million at December 31, 2012. The shareholders' equity of the financial conglomerate totaled €4,496 million as of December 31, 2013, compared with €4,273 million as of December 31, 2012.

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

	12/31/13	12/31/12
Available-for-sale assets	128,422	118,646
Cash flow hedge derivatives	(30,957)	(49,673)
Real property	0	0
Other	(29,290)	(38,038)
Total	68,175	30,935

Note 27. Breakdown of financial liabilities according to maturity date

	Residual maturity					
	Less than 3 months	Over 3 months – 1 year	Over 1 year – 5 years	More than 5 years	Not determined	Total
Financial liabilities at fair value through profit or loss	13,417	7,638	176,524	225,913		423,492
Due to banks	613,275	1,283,229	1,196,466	432,650		3,525,620
Customer accounts	27,316,515	2,196,952	3,502,471	1,533,569		34,549,507
Debt securities	1,378,710	2,757,828	7,286,320	5,653,976		17,076,834
Subordinated debt			273,260	26,797	97,229	397,286

This analysis is based on contractual and not discounted maturities.

Note 28a. Ranking of fair value

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	25,834,927	2,421,404	854,694	29,111,025
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
Financial assets at fair value through profit or loss	7,294,189	1,444,752	769,288	9,508,229
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
Derivatives used for hedging purposes	0	619,446	0	619,446
Total	33,129,116	4,485,602	1,623,982	39,238,700
Financial liabilities				
Financial liabilities at fair value through profit or loss	0	423,492	0	423,492
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
Derivatives used for hedging purposes	0	374,104	0	374,104
Total	0	797,596	0	797,596

(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

	12/31/12	Purchases	Issues	Sales	Re-fundings	Transferts
Available-for-sale financial assets	242,718	86,545	67,100	(17,656)	(8,610)	474,232
Bonds and other fixed-income securities	26	15,526	9,961	0	(8,278)	79,685
Stocks and other variable-income securities	105,135	58,582	49,967	(17,146)	(204)	394,547
Equity investments and other long-term investments	68,589	12,227	1,372	(510)	(128)	0
Shares in associates	68,968	210	5,800	0	0	0
Financial liabilities at fair value through profit or loss	129,210	428,911	2,555	(5,028)	(45)	212,153
Bonds and other fixed-income securities - FVO	5,003	4,370	0	(321)	0	0
Stocks and other variable-income securities - FVO	124,207	424,541	2,555	(4,707)	(45)	212,153
Derivatives and other financial assets - Held for trading	0	0	0	0	0	0
Total	371,928	515,456	69,655	(22,684)	(8,655)	686,385

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

	12/31/13					
	Market value	Balance sheet value	Unrealised gains and losses	Level 1	Level 2	Level 3
Assets	48,778,081	48,407,945	370,136	206,300	8,692,810	39,878,971
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
Liabilities	56,729,533	55,549,245	1,180,288	0	22,141,840	34,587,693
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

	Gains and losses through profit or loss	Gains and losses in equity	Other move-ments	12/31/13	Transferts N1,N2 => N3	Transferts N3 => N1,N2
Available-for-sale financial assets	1,856	15,417	(6,908)	854,694	474,232	0
Bonds and other fixed-income securities	0	(4 562)	0	92,358	79,685	0
Stocks and other variable-income securities	1,872	485	(5,770)	587,468	394,547	0
Equity investments and other long-term investments	(16)	13,470	(1,138)	93,866	0	0
Shares in associates	0	6,024	0	81,002	0	0
Financial liabilities at fair value through profit or loss	11,175	888	(10,531)	769,288	215,416	(3,263)
Bonds and other fixed-income securities - FVO	0	262	97	9 411	0	0
Stocks and other variable-income securities - FVO	11,175	513	(10,628)	759,764	215,416	(3,263)
Derivatives and other financial assets - Held for trading	0	113	0	113	0	0
Total	13,031	16 305	(17,439)	1,623,982	689,648	(3,263)

	12/31/12					
	Market value	Balance sheet value	Unrealised gains and losses	Level 1	Level 2	Level 3
Assets	45,490,671	45,918,779	(428,108)	NA	NA	NA
Loans and receivables due from banks	6,908,683	7,026,514	(117,831)	NA	NA	NA
Loans and receivables due from customers	38,260,221	38,570,498	(310,277)	NA	NA	NA
Held-to-maturity financial assets	321,767	321,767	0	NA	NA	NA
Liabilities	52,887,121	51,504,589	1,382,532	NA	NA	NA
Due to banks	1,285,616	1,339,737	(54,121)	NA	NA	NA
Customer accounts	30,232,696	30,215,322	17,374	NA	NA	NA
Debt securities	20,932,969	19,531,952	1,401,017	NA	NA	NA
Subordinated debt	435,840	417,578	18,262	NA	NA	NA

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

## Note 30. Interest and similar income/expense

	12/31/13		12/31/12	
	Income	Expense	Income	Expense
Banks and central banks	152,810	(107,905)	191,782	(138,263)
Customers	1,631,446	(702,354)	1,727,592	(725,737)
Derivative hedge instruments	319,987	(276,435)	358,425	(338,432)
Available-for-sale financial assets	105,635	0	65,880	0
Held-to-maturity financial assets	8,270	0	11,355	0
Debt securities	0	(540,964)	0	(544,761)
Subordinated debt	0	(1,953)	0	(3,919)
<b>Total</b>	<b>2,218,148</b>	<b>(1,629,611)</b>	<b>2,355,034</b>	<b>(1,751,112)</b>

## Note 31. Fee and commission income/expense

	12/31/13		12/31/12	
	Income	Expense	Income	Expense
Financial institutions	3,576	(2,272)	3,480	(1,662)
Customers	130,814	(34,306)	87,135	(8,121)
Derivatives	4,144	(176)	7,017	(562)
Foreign currency	1,913	(757)	1,943	(47)
Financing and guarantee commitments	873	(869)	807	(1,771)
Securities and services	414,212	(106,445)	399,827	(93,097)
<b>Total</b>	<b>555,532</b>	<b>(144,825)</b>	<b>500,209</b>	<b>(105,260)</b>

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

	12/31/13	12/31/12
Instruments held for trading	(626)	(3,231)
Fair value option instruments	12,535	21,841
Hedging ineffectiveness	4,385	7,984
Cash flow hedges	78	(193)
Fair value hedges	4,307	8,177
■ Change in fair value of hedged items	222,588	(367,655)
■ Change in fair value of hedges	(218,281)	375,832
Foreign exchange gains (losses)	545	558
<b>Total of changes in fair value</b>	<b>16,839</b>	<b>27,152</b>

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

	12/31/13				12/31/12			
	Dividends	Realised gains/losses	Impairment	Total	Dividends	Realised gains/losses	Impairment	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	(8,780)	0	<b>(8,780)</b>	0	2,741	0	<b>2,741</b>
Stocks and other variable-income securities	4,151	609	11,850	<b>16,610</b>	3,765	16,588	(1,974)	<b>18,379</b>
Investment securities	4,157	147	(1,276)	<b>3,028</b>	2,891	399	(2,279)	<b>1,011</b>
Other	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Total</b>	<b>8,308</b>	<b>(8,024)</b>	<b>10,574</b>	<b>10,858</b>	<b>6,656</b>	<b>19,728</b>	<b>(4,253)</b>	<b>22,131</b>

## Note 34. Income/expense from other activities

	12/31/13		12/31/12	
	Income	Expense	Income	Expense
Insurance business	5,103,073	(4,609,758)	4,307,569	(3,830,142)
Investment property	5,557	(23,881)	3,944	(21,935)
Other income	203,556	(85,949)	259,996	(100,119)
<b>Total</b>	<b>5,312,186</b>	<b>(4,719,588)</b>	<b>4,571,509</b>	<b>(3,952,196)</b>

## Note 34a. Gross margin on insurance activities

	12/31/13	12/31/12
Premiums earned	3,402,755	2,546,395
Cost of claims and benefits	(169,178)	(153,672)
Change in provisions	(17,308)	(21,086)
Other technical and non-technical income and expenses	(3,672,895)	(2,812,477)
Net investment income	949,941	918,267
<b>Total</b>	<b>493,315</b>	<b>477,427</b>

**Note 35. General operating expenses**

	12/31/13	12/31/12
Personnel expenses	(649,145)	(679,782)
Other expense	(389,227)	(458,178)
<b>Total</b>	<b>(1,038,372)</b>	<b>(1,137,960)</b>

**Note 35a. Personnel expenses**

	12/31/13	12/31/12
Salaries, wages and compensation	(368,113)	(396,744)
Payroll taxes	(191,618)	(205,468)
Mandatory and optional employee profit-sharing	(36,099)	(26,449)
Taxes, levies and similar payments on compensation	(53,315)	(51,121)
Other	0	0
<b>Total</b>	<b>(649,145)</b>	<b>(679,782)</b>

The group's employees have accumulated 866,265 training hours corresponding to vested rights under the French Employee Access to Training law.

The French tax credit for competitiveness and employment (Crédit d'impôt pour la Compétitivité et l'Emploi - CICE) was recognized as a deduction from personnel expenses in the amount of €7,612 thousand.

**Note 35b. Average staff**

	12/31/13	12/31/12
Employees	3,844	4,043
Executives and experts	4,683	4,800
<b>Total</b>	<b>8,527</b>	<b>8,843</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 2013, expenses related to these plans totaled €67,433 thousand, compared to €69,087 thousand in 2012.

**Defined benefit plans and other long-term benefits**

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

These benefits are based on the final salary for end of service awards 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 12/31/13	Total 12/31/12
	Defined-benefit plans	Retirement benefits			
Gross actuarial liability at December 31, 2012 (IAS 19)	95,554	43,680	33,425	172,659	113,514
Application of IAS 19R			40,837	40,837	
Gross actuarial liability at December 31, 2012 (IAS 19R)	95,554	43,680	74,262	213,496	113,514
Cost of services rendered during the period	4,792	2,560	2,340	9,692	6,109
Financial cost	2,531	1,180	948	4,659	5,428
Modification/ reduction/ liquidation of a plan		(149)		(149)	(240)
Acquisition, disposal (change in consolidation scope)		(1,738)	(202)	(1,940)	
Benefits paid (mandatory)	(8,501)	(2,475)	(2,202)	(13,178)	(8,348)
Actuarial gains / losses	(13,325)	627	5,789	(6,909)	56,196
of which, actuarial gains/losses related to changes in demographic assumptions	(6,536)	2,292	2,485	(1,759)	
of which, actuarial gains/losses related to changes in financial assumptions	(6,789)	(1,665)	3,304	(5,150)	
Gross actuarial liability at December 31, 2013 (IAS 19R)	81,051	43,685	80,935	205,671	172,659

(1) Other long-term benefits concerned work medals and time savings account.

**Analysis of charge to the income statement**

	Post-employment		Other long-term benefits	Total 12/31/13	Total 12/31/12
	Defined-benefit plans	Retirement benefits			
Cost of services rendered during the year	(4,792)	(2,560)	(2,340)	(9,692)	(6,110)
Financial cost	(615)	(164)	(404)	(1,183)	(2,554)
Impact of any reduction or liquidation of a plan		149		149	242
Actuarial gains / losses			(5,769)	(5,769)	(6,454)
of which, actuarial gains/losses related to changes in demographic assumptions recognised on the income statement			(2,485)	(2,485)	
of which, actuarial gains/losses related to changes in financial assumptions recognised on the income statement			(3,284)	(3,284)	
Charge to the income statement	(5,407)	(2,575)	(8,513)	(16,495)	(14,876)

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

	Post-employment		Other long-term benefits	Total 12/31/13	Total 12/31/12
	Defined-benefit plans	Retirement benefits			
<b>Fair value of assets at December 31, 2012 (IAS 19R)</b>	<b>73,589</b>	<b>38,729</b>	<b>19,752</b>	<b>132,070</b>	<b>83,013</b>
Financial cost	1,659	1,016	544	3,219	3,813
Employer contributions	3,659	971		4,630	52,293
Acquisition, disposal (change in consolidation scope)		(1,677)		(1,677)	
Benefits paid	(8,501)	(4)		(8,505)	(5,445)
Actuarial gains / losses	482	(32)	20	470	(1,604)
of which, actuarial gains/losses on plan assets related to changes in demographic assumptions				0	
of which, actuarial gains/losses on plan assets related to changes in financial assumptions	482	(32)	20	470	
<b>Fair value of assets at December 31, 2013 (IAS 19R)</b>	<b>70,888</b>	<b>39,003</b>	<b>20,316</b>	<b>130,207</b>	<b>132,070</b>

## Net position

	Defined-benefit plans	Retirement benefits	Other long-term benefits	Total 12/31/13	Total 12/31/12
<b>Gross actuarial liability at end of period</b>	<b>81,051</b>	<b>43,685</b>	<b>80,935</b>	<b>205,671</b>	<b>172,659</b>
Unrecognised past service cost					(9,111)
<b>Net actuarial liability at end of period</b>	<b>81,051</b>	<b>43,685</b>	<b>80,935</b>	<b>205,671</b>	<b>163,548</b>
Fair value of assets	(70,888)	(39,003)	(20,316)	(130,207)	(132,070)
<b>Net position</b>	<b>10,163</b>	<b>4,682</b>	<b>60,619</b>	<b>75,464</b>	<b>31,478</b>

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

	12/31/13	12/31/12
Actuarial gains and losses on defined benefit plans	13,339	(51,347)
Asset cap adjustments		
<b>Total of items recognised immediately in SoRIE during the year</b>	<b>13,339</b>	<b>(51,347)</b>
<b>Total accumulated actuarial gains and losses in SoRIE at year-end</b>	<b>(44,666)</b>	<b>(58,005)</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, 2013, the weighted average term of defined benefit obligations was 17.7 years (12.9 years in 2012).

The employer contributions to be paid for 2014 in respect of defined benefit post-employment benefits are estimated at €4,966 thousand.

## Composition of hedging assets

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>

12/31/12				
Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	96,838	4,862	0	0
Assets not listed on an active market	6,055	440	4,113	10
<b>Total</b>	<b>102,893</b>	<b>5,302</b>	<b>4,113</b>	<b>10</b>

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

12/31/13				
(As a % of the item measured)	Defined-benefit plans	Retirement benefits	Work medals	Time savings account
<b>+0.5% change in the discount rate</b> Impact on present value of commitments as of December 31	(8%)	(6%)	(5%)	(5%)
<b>+0.5% change in the net salary</b> Impact on present value of commitments as of December 31	6%	6%	6%	6%

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

Note 35d. Other expenses

	12/31/13	12/31/12
Taxes other than on income or payroll-related	(61,529)	(62,556)
External services	(327,601)	(396,154)
Other expenses	(97)	532
<b>Total</b>	<b>(389,227)</b>	<b>(458,178)</b>

The independent auditor's fee recognised on the income statement for the year totaled €4,205 thousand. The invoiced fees per-taining to the legal audit of individual and consolidated financial statements totaled €3,358 thousand, while those pertaining to other services totaled €847 thousand.

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

	12/31/13	12/31/12
Amortisation:	(99,431)	(122,137)
Tangible assets	(37,492)	(37,810)
Intangible assets	(61,939)	(84,327)
Depreciation:	(812)	(1,416)
Tangible assets	553	(1,216)
Intangible assets	(1,365)	(200)
<b>Total</b>	<b>(100,243)</b>	<b>(123,553)</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	12/31/13
Financial institutions	0	0	0	0	0	0
Customers	(347,461)	302,309	(96,875)	(9,706)	5,961	(145,772)
Finance leases	(10,871)	8,658	(1,496)	(1,360)	41	(5,028)
Loans to customers	(325,000)	285,557	(95,379)	(8,346)	5,920	(137,248)
Financing and guarantee commitments	(11,590)	8,094	0	0	0	(3,496)
Available-for-sale assets	(12,503)	12,493	(851)	(645)	0	(1,506)
Held-to-maturity assets	0	0	0	0	0	0
Other	(3,737)	3,375	(829)	(1,369)	0	(2,560)
<b>Total</b>	<b>(363,701)</b>	<b>318,177</b>	<b>(98,555)</b>	<b>(11,720)</b>	<b>5,961</b>	<b>(149,838)</b>

The net loan provision allocation on a collective basis totaled €(16,873) thousand in 2013, compared with a net reversal of €1,783 thousand in 2012.

Note 38. Net income on other assets

	12/31/13	12/31/12
Tangible and intangible assets	624	(397)
Losses on disposals	(1,465)	(914)
Gains on disposals	2,089	517
Expenses related to business combinations	(1,571)	0
<b>Total</b>	<b>(947)</b>	<b>(397)</b>

Note 39. Income tax

Breakdown of the income tax

	12/31/13	12/31/12
Current income tax expense	(75,760)	(63,385)
Net deferred income tax expense	(43,628)	(60,850)
<b>Net income tax expense</b>	<b>(119,388)</b>	<b>(124,235)</b>
Income before taxes and income of companies accounted for under the equity method	330,139	289,714
<b>Effective tax rate</b>	<b>36,16%</b>	<b>42,88%</b>

Analysis of effective tax rate

	12/31/13	12/31/12
Normal taxes rate	38.00%	36.10%
Permanent differences	5.24%	5.80%
Impact of tax rate on long-term capital gains and tax relief	(6.55%)	(4.11%)
Impact of fiscal losses	(1.40%)	3.24%
Credit Tax	(1.44%)	(2.51%)
Exceptional items	1.12%	3.80%
Other	1.19%	0.56%
<b>Effective tax rate</b>	<b>36.16%</b>	<b>42.88%</b>



Notes on gains and losses recognizer 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 2013	Movements during 2012
Actuarial gains and losses on defined-benefit plans	8,730	(33,668)
■ Reclassification to income	0	0
■ Other movements	8,730	(33,668)
Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity	11	(3)
<b>Items not to be recycled in profit and loss</b>	<b>8,741</b>	<b>(33,671)</b>
Revaluation of available-for-sale financial assets	7,781	191,514
■ Reclassification to income	4,969	(1,109)
■ Other movements	2,812	192,623
Revaluation of hedging derivatives	18,725	(2,583)
■ Reclassification to income	2,929	2,938
■ Other movements	15,796	(5,521)
Share of recyclable gains and losses of equity-accounted entities recognized directly in equity	1,995	(3,181)
<b>Items to be recycled in profit and loss</b>	<b>28,501</b>	<b>185,750</b>
<b>Total</b>	<b>37,242</b>	<b>152,079</b>

Note 40b. Tax on each component of gains or losses recognised directly in equity

	12/31/13			12/31/12		
	Gross	Tax	Net	Gross	Tax	Net
Actuarial gains and losses on defined benefit plans	13,311	(4,581)	8,730	(51,347)	17,679	(33,668)
Share of unrealised or deferred gains or losses in equity method companies	16	(5)	11	(4)	1	(3)
<b>Items not to be recycled in profit and loss</b>	<b>13,327</b>	<b>(4,586)</b>	<b>8,741</b>	<b>(51,351)</b>	<b>17,680</b>	<b>(33,671)</b>
Revaluation of available-for-sale financial assets	13,399	(5,618)	7,781	293,265	(101,751)	191,514
Revaluation of hedging derivatives	28,561	(9,836)	18,725	(3,940)	1,357	(2,583)
Share of unrealised or deferred gains or losses in equity method companies	2,049	(54)	1,995	(2,623)	(558)	(3,181)
<b>Items not to be recycled in profit and loss</b>	<b>44,009</b>	<b>(15,508)</b>	<b>28,501</b>	<b>286,702</b>	<b>(100,952)</b>	<b>185,750</b>
<b>Total changes of gains or losses recognised directly in equity</b>	<b>57,336</b>	<b>(20,094)</b>	<b>37,242</b>	<b>235,351</b>	<b>(83,272)</b>	<b>152,079</b>

Other notes (in thousands of euros)

Note 41a. Commitments given and received

	12/31/13	12/31/12
<b>Commitments given</b>	<b>9,289,124</b>	<b>8,856,820</b>
Financing commitments given	6,330,222	5,988,356
To banks and financial institutions	79,000	100,607
To customers	6,251,222	5,887,749
Guarantees given	2,574,935	2,500,686
To banks and financial institutions	53,649	51,140
To customers	2,521,286	2,449,546
Commitments on securities	383,967	367,778
Repurchase agreements	0	0
Other commitments given	383,967	367,778
<b>Commitments received</b>	<b>5,819,229</b>	<b>6,077,384</b>
Financing commitments received	3,257,099	3,237,798
From banks and financial institutions	3,257,099	3,237,798
From customers	0	0
Guarantees received	1,932,489	2,345,234
From banks and financial institutions	56,529	558,210
From customers	1,875,960	1,787,024
Commitments on securities	629,641	494,352
Reverse repurchase agreements	0	0
Other commitments received	629,641	494,352

Financing commitments given include the €78,000 thousand cash advance made to CRH to fund it.

Note 41b. Assets pledged as security for liabilities

	12/31/13	12/31/12
<b>Receivables pledged as collateral</b>	<b>6,912,821</b>	<b>7,732,617</b>
Banque de France	3,231,594	3,604,171
European Investment Bank	421,168	566 393
Caisse de Refinancement de l'Habitat	2,075,656	2 674 521
Caisse des dépôts et consignations	921,290	625 113
Société de Financement de l'Économie Française	263,113	262,419
<b>Securities lent</b>	<b>0</b>	<b>0</b>
<b>Deposits on market transactions</b>	<b>466,701</b>	<b>603,070</b>
<b>Securities sold under repurchase agreements</b>	<b>1,723,018</b>	<b>600,673</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, 2013, the fair value of assets provided in repurchase agreements totaled €1,699 million.

Note 42. Segment reporting

	Retail banking		Insurance and asset management		Group	
	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Internal income <sup>(1)</sup>	183,750	174,112	(183,750)	(174,112)	0	0
External income <sup>(2)</sup>	1,043,603	1,069,901	575,936	597,566	1,619,539	1,667,467
Net banking income	1,227,353	1,244,013	392,186	423,454	1,619,539	1,667,467
Operating expenses and allocations to amortisation	(1,004,101)	(1,130,869)	(134,514)	(130,644)	(1,138,615)	(1,261,513)
Gross operating income	223,252	113,144	257,672	292,810	480,924	405,954
Cost of risk	(150,181)	(110,879)	343	(4,964)	(149,838)	(115,843)
Operating income	73,071	2,265	258,015	287,846	331,086	290,111
Share of earnings of companies carried under equity method	3,360	3,358	0	0	3,360	3,358
Other	(1,445)	(397)	498	0	(947)	(397)
Pre-tax income	74,986	5,226	258,513	287,846	333,499	293,072
Income tax	(22,906)	(12,465)	(96,482)	(111,770)	(119,388)	(124,235)
Net income	52,080	(7,239)	162,031	176,076	214,111	168,837
Minority interests	31	(20)	1,300	749	1,331	729
Net income, Group share	52,048	(7,219)	160,731	175,327	212,779	168,108

	12/31/13	12/31/12	12/31/13	12/31/12	12/31/13	12/31/12
Business line assets	60,101,481	60,606,891	33,867,154	30,292,617	93,968,635	90,899,508

(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 44. 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).

	12/31/13	12/31/12
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Assets		
Loans and receivables due from banks	475,347	521,763
Loans and receivables due from customers		
Financial assets at fair value through profit or loss		
Available-for-sale financial assets		
Held-to-maturity financial assets		
Derivatives used for hedging purposes		
Other assets		
Liabilities		
Due to banks		20,000
Derivatives used for hedging purposes		
Financial liabilities at fair value through profit or loss		
Customer accounts		
Debt securities		
Subordinated debt		
Other liabilities		

(1) Mainly CCCM.

	12/31/13	12/31/12
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Interest and similar income		3,634
Interest and similar expense		
Fee and commission income		
Fee and commission expense		
Net gain (loss) on financial instruments at fair value through profit or loss		
Net gain (loss) on financial instruments available-for-sale	747	640
Income from other activities		
Expense from other activities		
Net banking income	747	4,274

(1) Mainly CCCM.

	12/31/13	12/31/12
	Companies under the equity method <sup>(1)</sup>	Companies under the equity method <sup>(1)</sup>
Financing commitments		
Financing commitments given		
Financing commitments received		244,000
Guarantees		
Guarantess given		
Guarantees received		
Commitments on securities		
Other securities to receive		
Other securities to deliver		

(1) Mainly CCCM.

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists of eighteen members appointed for three-year terms

by the Regular Shareholders' Meeting. Two representatives of the Central Employee Works Committee participate in the Board of Directors meetings as non-voting members.

Total remuneration allocated to members of the Board of Directors for 2013 is €717 thousand.

Details of the total compensation paid to key management personnel are provided in the table below.

	12/31/13	12/31/12
Short-term benefits	2,274	2,970
Post-employment benefits		
Other long-term benefits		
Termination benefits		
Payment in shares		
Total compensation of key management personnel		

Total provisions registered by the group at December 31, 2013 in application of IAS 19 for post-employment benefits, other long-term benefits and termination benefits amounted to €214 thousand.

Note 44. Scope of consolidation

Company name	Sector / Activity	Controlling %		Interest % Group	
		12/31/13	12/31/12	12/31/13	12/31/12
Crédit Mutuel Arkéa + Fédérations + Caisses Locales du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central	Bank / Mutualist bank	Consolidating entity			
Full consolidated companies					
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS	Bank / Corporate banking	100.0	100.0	100.0	100.0
ARKEA BANKING SERVICES	Bank / Banking services	100.0	100.0	100.0	100.0
ARKEA CAPITAL GESTION	Insurances and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	Bank / Venture capital	100.0	100.0	100.0	100.0
ARKEA CAPITAL PARTENAIRE	Bank / Venture capital	100.0	100.0	100.0	100.0
ARKEA CRÉDIT BAIL	Bank / Leasing and finance lease	100.0	100.0	100.0	100.0
ARKEA SCD	Bank / Services	100.0	100.0	100.0	100.0
BANQUE PRIVÉE EUROPÉENNE	Bank		100.0		100.0
CAISSE DE BRETAGNE DE CRÉDIT MUTUEL AGRICOLE	Bank / Mutualist bank	92.8	92.9	92.8	92.9
COMPAGNIE EUROPÉENNE D'OPERATIONS IMMOBILIÈRES	Bank / Carry trading	100.0	100.0	100.0	100.0
CRÉDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	Bank / Retail and specialised banking	100.0	100.0	100.0	100.0
CRÉDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE SCF	Bank / Refinancing structure	100.0	100.0	100.0	100.0
CRÉDIT MUTUEL ARKEA HOME LOANS SFH	Bank / Refinancing structure	100.0	100.0	100.0	100.0
CRÉDIT MUTUEL ARKEA PUBLIC SECTOR SCF	Bank / Refinancing structure	100.0	100.0	100.0	100.0
FEDERAL ÉQUIPEMENTS	Bank / Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	Insurances and asset management / Private bank and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	Insurances and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	Bank / Services	97.0	97.1	97.0	97.0
FINANCO	Bank / Retail and specialised banking	100.0	100.0	100.0	100.0
FONCIÈRE INVESTISSEMENT	Bank / Real-estate	100.0	100.0	100.0	100.0
FORTUNEO	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
GICM	Bank / Services	100.0	100.0	97.0	97.0
INFOLIS	Insurances and asset management / Services	100.0	100.0	100.0	100.0
LEASECOM GROUP	Bank / Leasing and finance lease	100.0	95.0	100.0	95.0
LEASECOM	Bank / Leasing and finance lease	100.0	100.0	100.0	95.0
LEASECOM CAR	Bank / Leasing and finance lease	100.0	100.0	100.0	95.0
LEASECOM FINANCIAL ASSETS	Bank / Leasing and finance lease	100.0	100.0	100.0	95.0
MONEXT	Bank / Services	100.0	100.0	100.0	100.0
MONEXT HOLDING	Bank / Services		100.0		100.0
NOVELIA	Insurances and asset management / Non-life insurance	100.0	100.0	100.0	100.0

# 3.6 Aggregate financial statements as of December 31, 2013

Company name	Sector / Activity	Controlling %		Interest % Group	
		12/31/13	12/31/12	12/31/13	12/31/12
PROCAPITAL	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
SCHELCHER PRINCE GESTION	Insurances and asset management / Asset management	84.1	85.0	84.1	85.0
SOCIÉTÉ CIVILE IMMOBILIÈRE INTERFÉDÉRALE	Bank / Real-estate	100.0	100.0	100.0	100.0
SURAVENIR	Insurances and asset management / Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	Insurances and asset management / Non-life insurance	100.0	100.0	100.0	100.0
Investments accounted for under the equity method					
CAISSE CENTRALE DU CRÉDIT MUTUEL	Bank / Mutualist bank	21.4	21.4	21.4	21.4
CRÉDIT MUTUEL CARTES DE PAIEMENTS	Bank / Mutualist bank	25.0	25.0	26.7	26.7

**Note 45. Remuneration of partnership shares**

The consolidating entity plans to pay €49,771 thousand in dividends to non-Crédit Mutuel Arkéa group shareholders.

**Note 46. Events after the reporting period**

No material events occurred subsequent to the December 31, 2013 close.

**Balance sheet**

As of December 31, 2013, total assets for the aggregate scope fell by 1.3% from €58.2 billion to €57.5 billion. Since the central refinancing function for the subsidiaries is performed within this scope, the decline in refinancing needs is reflected at the balance sheet level.

On the assets side, cash and amounts due from central banks contracted by €2.9 billion as a result of the reduction in outstandings held with the Banque de France following the investment of a portion of surplus cash in negotiable debt instruments, which are recognized under bonds and other fixed-income securities (€2.3 billion increase). Amounts due from banks fell by more than €1 billion (-5.6%) as a result of maturing repo

securities. Customer items increased thanks to new lending in the home mortgage and equipment area. Other participating interests fell by 3.0%, mainly as a result of the disposal of shares in Banque Privée Européenne.

On the shareholders' equity and liabilities side, amounts due to banks rose by 9.1%, or €1.3 billion. This increase was mainly due to the growth in reinvestments by subsidiaries following their strong deposit intake performance. The €1.9 billion increase in customer items was due to higher intake on savings accounts (higher ceiling on the Livret Bleu accounts beginning October 1, 2012 and January 1, 2013) as well as to the lower centralization rate on *Livret Bleu*, *Livret de Développement Durable* and *Livret d'Épargne*

*Populaire* savings accounts with Caisse des Dépôts et Consignations. Debt securities fell sharply by €4.0 billion given the reduced use of external financing.

Reserves for general banking risks (FRBG) totaled €236.9 million as of December 31, 2013, compared with €213.2 million one year earlier. 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.

Shareholders' equity, excluding FRBG, totaled €4.1 billion. The company's share capital increased by 5.6% and totaled €2.1 billion. It consisted almost entirely of the share capital collected by the local savings banks.

Balance sheet (€ thousands)

	12/31/2013	12/31/2012
Assets		
Cash and amounts due from central banks	2,281,398	5,203,884
Treasury bills, notes and government bonds	805,948	16,642
Due from banks	19,034,137	20,159,234
Customer items	25,777,904	25,432,102
Bonds and other fixed income securities	4,136,686	1,836,336
Equities and other variable income securities	148,851	131,493
Investments in non-consolidated undertakings and equity securities held for long-term investment	74,579	62,535
Other participating interests	3,014,361	3,108,883
Intangible assets	321,789	234,754
Tangible assets	218,707	225,968
Other assets	763,243	1,007,988
Accrued income	872,848	792,587
Total assets	57,450,451	58,212,406

(€ thousands)

	12/31/2013	12/31/2012
Shareholders' equity and liabilities		
Central banks		
Due to banks	15,609,390	14,304,856
Customer items	24,551,121	22,588,193
Debt securities	10,794,564	14,869,824
Other liabilities	775,793	957,712
Accrued expenses	894,381	943,035
Provisions for contingencies and charges	55,560	64,952
Subordinated debts	404,055	421,119
Reserves for general banking risks (FRBG)	236,878	213,234
Shareholders' equity, excluding FRBG	4,128,709	3,849,481
Share capital	2,132,865	2,018,906
Issue premium	4,906	4,906
Retained earnings	1,745,881	1,635,227
Regulated provisions and investment subsidies	4,525	9
Carried forward	25,429	25,524
Net income	215,103	164,909
Total shareholders' equity and liabilities	57,450,451	58,212,406

Off-balance sheet (€ thousands)

	12/31/2013	12/31/2012
Commitments given		
Financing commitments	3,538,925	3,668,370
Guarantees	1,389,369	1,680,215
Commitments on securities	24,942	165,982
Commitments received		
Financing commitments	3,177,949	2,988,798
Guarantees	497,098	323,171
Commitments on securities	86,118	104,989
Financial futures and other forward agreements	33,378,159	34,176,891



Income statement

Income statement

Net banking income fell by €3.9 million to €885.7 million.

Margin income contracted by 8.5% to €494.2 million. This decrease was due to a lower revaluation of available-for-sale securities in 2013 and non-recurring income related to the purchase of a super subordinated debt instrument in 2012. The decline was partially offset by the significant drop in the cost of refinancing, which resulted from the deliberate policy to strengthen bank savings volume.

Dividends received in 2013 totaled €157 million, up €13 million.

Net commission income increased by 9.1% to €385.5 million, mainly as a result of an increase in commission income on bank lending and services as well as brokerage commissions received, notably from sales of life and personal protection insurance.

Net other operating income and expense rose by €9.9 million to €6.1 million. This increase was mainly due to the reversal of a provision on home purchase savings in 2013, which was made possible by the change in interest rates.

Operating expense

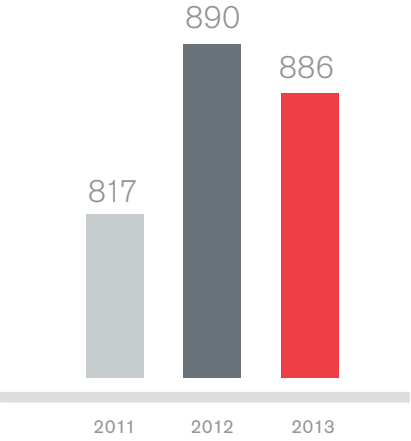
Operating expense contracted by €79.0 million, or 11.1%, to €633.4 million in 2013.

This decrease was due to the substantial allocations made in 2012 to employee-related liabilities (increase of €45.6 million) and the Group's successful cost optimization program.

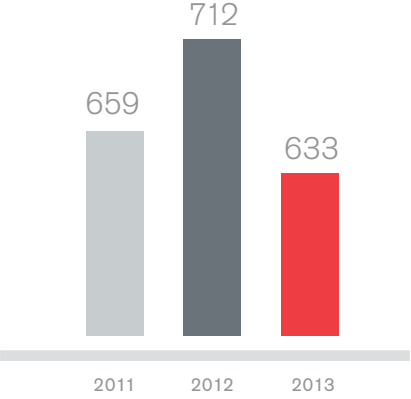
Cost of risk

The cost of risk increased by €11.4 million to €52.5 million. This increase was due to the higher cost of risk in the banking networks, especially for loans to independent professionals in a difficult economic environment, along with an especially low cost of risk at end-2012.

Income statement  
(€ millions)



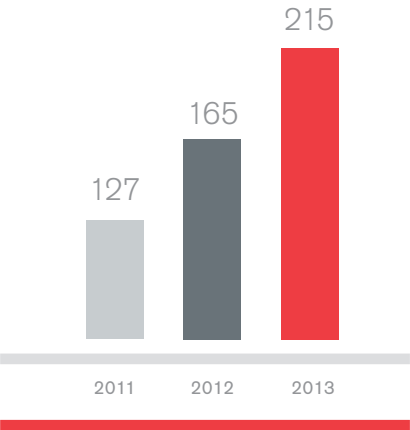
Operating expense  
(€ millions)



Net income

Net income rose by 30%, or €50.2 million, to €215.1 million in 2013.

Net income  
(€ millions)



Income statement

(€ thousands)

	12/31/13	12/31/12
Interest income and related revenues	1,875,872	2,085,047
Interest expense and related costs	(1,587,362)	(1,771,737)
Income on variable income securities	157,299	144,048
Commissions (income)	435,764	401,123
Commissions (expense)	(50,295)	(47,684)
Net gains (losses) on trading account securities	1,507	(5,549)
Net gains (losses) on investment portfolio and similar securities	46,894	88,294
Other operating income from banking activities	10,343	4,370
Other operating expense from banking activities	(4,272)	(8,233)
Net banking income	885,750	889,679
Operating expense	(616,730)	(693,598)
Depreciation, amortization and impairment on tangible and intangible assets	(16,651)	(18,825)
Gross operating income	252,369	177,256
Cost of risk	(52,457)	(41,103)
Operating income	199,912	136,153
Net income (losses) on capitalized assets	(18,630)	(8,640)
Recurring income before tax	181,282	127,513
Net non-recurring income (expense)	0	(18,000)
Income tax	57,465	75,770
Allocations / Reversals to the reserve for general banking risks (FRBG) and regulated provisions	(23,644)	(20,374)
Net income	215,103	164,909

# 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 and other variable income securities risk
- 4.6 operational risk
- 4.7 legal risk
- 4.8 compliance risk, including money-laundering risk
- 4.9 risks specific to the insurance business

# Crédit Mutuel Arkéa's risk function

In accordance with regulatory requirements, the risk function's general mission is to ensure the implementation of risk assessment and monitoring systems for Crédit Mutuel Arkéa group.

The organization of Crédit Mutuel Arkéa group's risk function, established in mid-2010 following regulatory changes in this area, covers all risks for all group entities.

The uniformity and consistency of the systems implemented across the entire scope of the group's activities allow for true cross-functional management and consolidation of information on a group-wide scale.

The risk function is responsible for

ensuring that the level of risks incurred is compatible with the orientations set by the deliberative body. With respect to the risk function, Crédit Mutuel Arkéa group set the following priority objectives:

- exercise its activities within limits compatible with its development strategy, financial capabilities and the corresponding regulatory requirements;

- provide high-quality, relevant and verified information to the executive and deliberative bodies of the group's entities and the supervisory authorities, with each group entity responsible for the management of its risks.

It makes a general determination, on a consolidated basis, of all the risks associated with the group's banking and non-banking activities, in a cross-functional and prospective manner.

The risk 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 executive body of each entity bears ultimate responsibility for risk management at the operating level, whether this entity's activities have been outsourced or not.

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 Committee and the Board of Directors of Crédit Mutuel Arkéa. The Head of the risk function is supported in these

endeavors by the network of risk function correspondents appointed at each group entity (see below) and by a consolidated information system.

The risk function is organized along functional lines that complement direct management reporting lines.

The functional ties thus created are found at three levels:

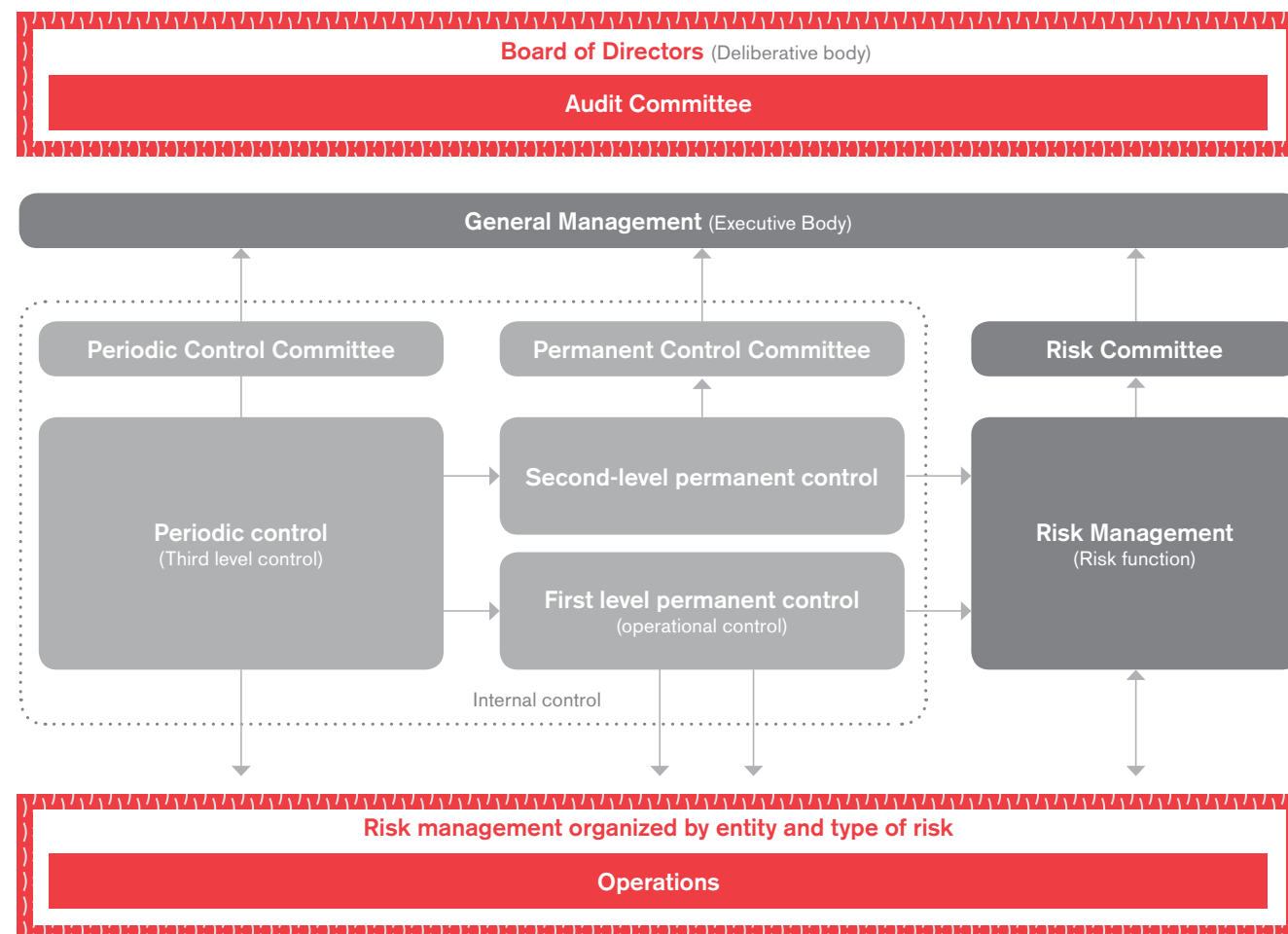
- between the head of the group's risk function and the head of the risk function of each entity;
- between the head of the risk function of each entity and the heads designated for each risk type within this entity;
- between the head of the group's risk function and the heads of risk by type of group risk.

Available resources that allow for consolidated view of risks include homogeneous governance as well as common methods, procedures and tools within Crédit Mutuel Arkéa backed by an information system

covering risk management and enabling both local management by entity as well as group-level consolidation.

The consolidated view of risks is facilitated by governance of the risk function based on the same model, regardless of which group entity or risk is involved.

The risk function organization and the available resources make it possible to verify that Crédit Mutuel Arkéa group's risk exposure is consistent with the group's risk management policy. This policy, which is defined in a reference document approved by the group's Risk Committee, includes the group's risk limits system, which is validated by the group's Executive Committee and approved by the Board of Directors of Crédit Mutuel Arkéa.



# 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.

##### Interfederal 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 scorecard for customer credit risk 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 the 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

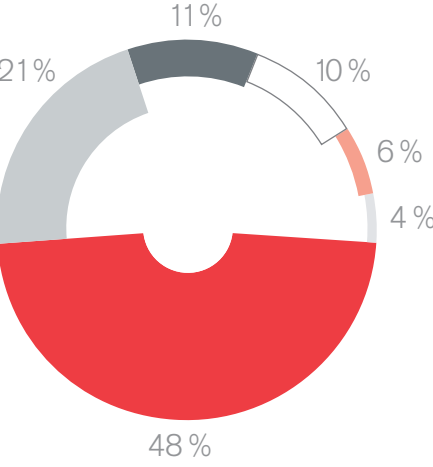
##### Outstanding customer loans

As of December 31, 2013, Crédit Mutuel Arkéa had €48.8 billion in outstanding

loans to customers, both on- and off-balance sheet. Loans recognized on the balance sheet – including principal and related interest – totaled €40.2 billion, up 2.4% at constant scope and down 4.6% on a reported basis as a result of the disposal of Banque Privée Européenne (BPE).

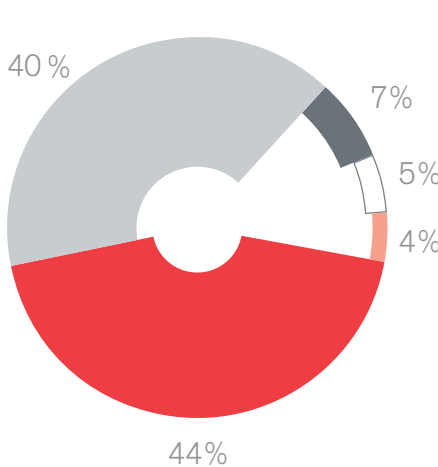
These loans have been granted primarily to moderate-risk customer segments, generally in limited amounts per loan. Home mortgage loans account for more than half of total outstandings. The density of the bank's regional networks also favors close ties and a good understanding of the borrowers.

Outstanding loans on the balance sheet



- Home mortgage
- Businesses/companies
- Consumer
- Local authorities and institutions
- Cash flow corporate
- Farm

Home mortgage and similar loans by type of collateral



- Guarantee institutions
- Traditional and "PPD" type mortgages
- Other
- Without collateral
- Pledged securities or "Prévi" contract

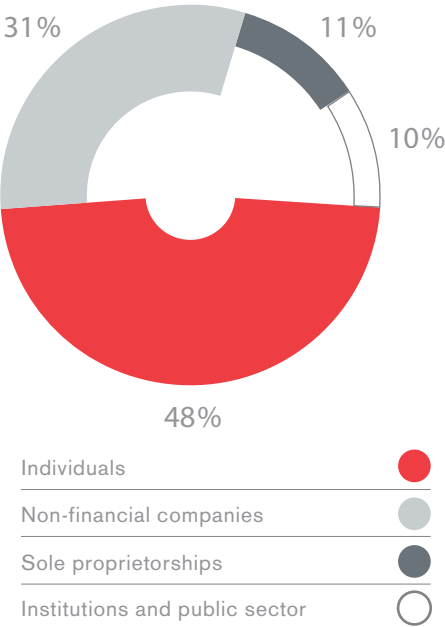
Diversification of outstanding customer loans

The diversification of the customer loan portfolio is satisfactory from a risk perspective, whether measured by:

- type of counterparty;
- business sector.

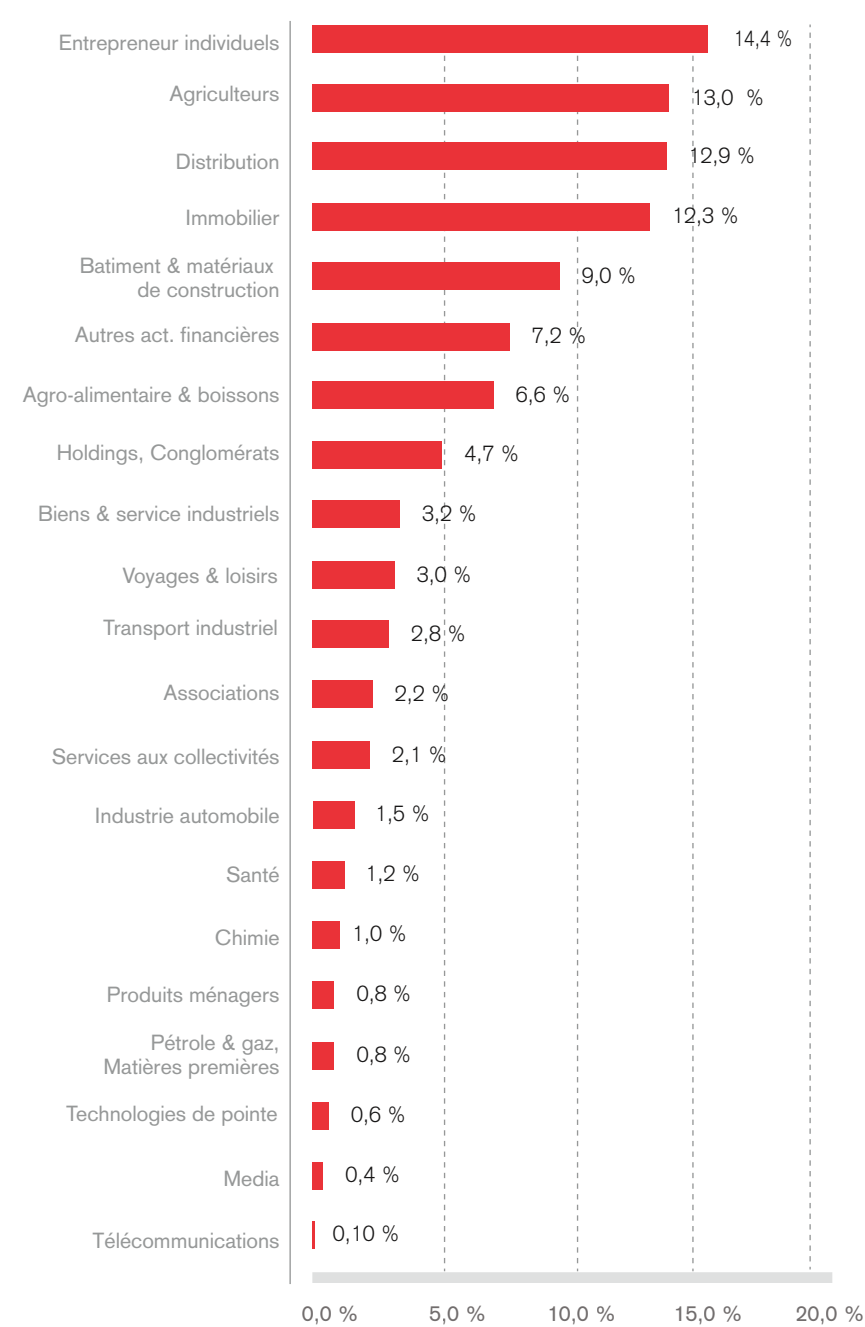
Outstandings to individuals account for nearly half of outstandings on the balance sheet.

Total loans outstanding on the balance sheet by type of counterparty



The gross exposure (on- and off-balance sheet outstandings) of businesses and companies totaled €17.7 billion (or 37% of customer commitments). Excluding sole proprietorships, the most highly represented sectors included farms, retail and real estate development.

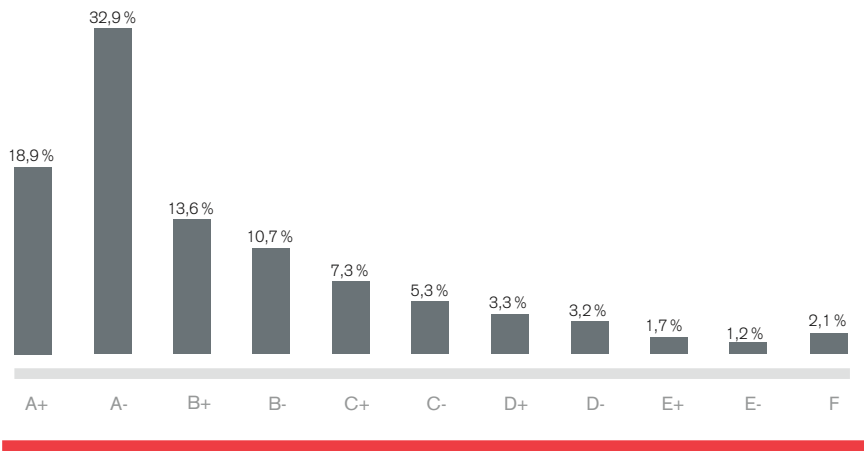
Gross exposure (on- and off-balance sheet outstandings) of business and companies by sector



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



Performing loans accounted for 96.9% of total outstandings, while doubtful and disputed loans (E- and F ratings) accounted for 3.3% (loan outstandings in principal only).

Presentation of doubtful and disputed loans

(In € millions)

Markets	31.12.2012*		31.12.2013	
	Amount	%	Amount	%
Individuals	579	41 %	594	41 %
Non-financial companies	657	47 %	676	46 %
Sole proprietorships	175	12 %	186	13 %
Total	1,411	100 %	1,455	100 %

\* 2012 figures were restated to reflect the disposal of Banque Privée Européenne (BPE)

The amount of doubtful and disputed loans totaled €1,455 million (including interest) as of December 31, 2013, up from €1,411 million the previous year. Doubtful and disputed loans rose by 3% in 2013. The ratio of doubtful and disputed loans (including interest) to total outstandings fell slightly from 3.6% to 3.5% at end-2012.



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+.

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 an unstable economic outlook, Crédit Mutuel Arkéa adopted a very conservative approach to customer credit risk in 2013. The provisioning rate for doubtful and disputed loans (principal and interest) was 58.3% at end-December 2013, up from 57.2% the previous year. The respective rates were 62.6% for companies, 55.6% for sole proprietorships and 54.3% for individuals.

The provisioning rate for loans rated E+ rose from 10.05% at end-2012 to 12.6% at end-2013.

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 €148.3 million in 2013, up from €101.9 million in 2012. The total cost in 2013 corresponded to a cost of risk on downgraded loans of €131.4 million and a €16.9 million net allocation to the collective provision.

The cost of risk on doubtful and disputed loans increased for all markets, notably the business and companies segment.

As a percentage of customer outstandings, total cost of risk in 2013 was 0.37%, close to the average cost of risk observed over the previous five years (0.36%).

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 II 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 II standards.

4.1.2 Market counterparty credit risk

4.1.2.1 Group-wide limits

Crédit Mutuel Arkéa Group has a separate limit by type of counterparty (or group of "related beneficiaries" pursuant to CRBF Regulation 93-05), which applies to proprietary investment and third-party investment activities (fund management and life insurance), with totally separate individual counterparty limits for each of these two activities.

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 three categories:

- sovereigns (States), public sector, supranationals and secured debt;
- banks, insurance companies and securitizations (senior and subordinated debt);
- companies and state-owned enterprises.

With respect to proprietary capital markets trading activities, individual limits are set both with respect to amount and time period, mainly on the basis of the Group'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.

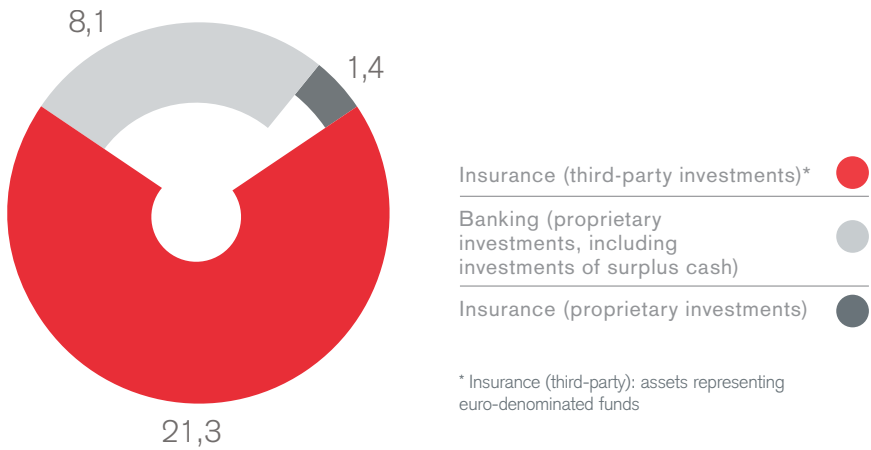
In the event of a request for a waiver in between revisions, the decision shall be made by Crédit Mutuel Arkéa's Board of Directors.

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.

The Crédit Mutuel Arkéa Board of Directors reviews credit limit compliance at every meeting.

Breakdown by entity (€ billions)



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 €30.8 billion as of December 31, 2013, broken down into the following categories:

The Group's direct credit risk exposure is limited to the proprietary portfolios of the insurance (€1.4 billion) and banking (€8.1 billion) activities. In the latter case, the credit risk exposure results mainly from the proprietary investment activity and reinvestment of surplus cash, of which a substantial proportion (€2.9 billion) occurs through intra-Group transactions involving the Crédit Mutuel Group.

Meanwhile, credit risk on the €21.3 billion in investments corresponding to the third-party investment portfolio of the Surave-

nir 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 (Suravenir).

- Insurance (third-party investments)\*
- Banking (proprietary investments, including investments of surplus cash)
- Insurance (proprietary investments)

\* Insurance (third-party): assets representing euro-denominated funds

For the proprietary portfolio scope (insurance and banking)

The €9.5 billion in proprietary portfolio investments for the insurance and banking activities – the latter including the reinvestment of surplus cash – mainly involve issuers with the highest external credit ratings: 86% have external ratings between AAA and A-.

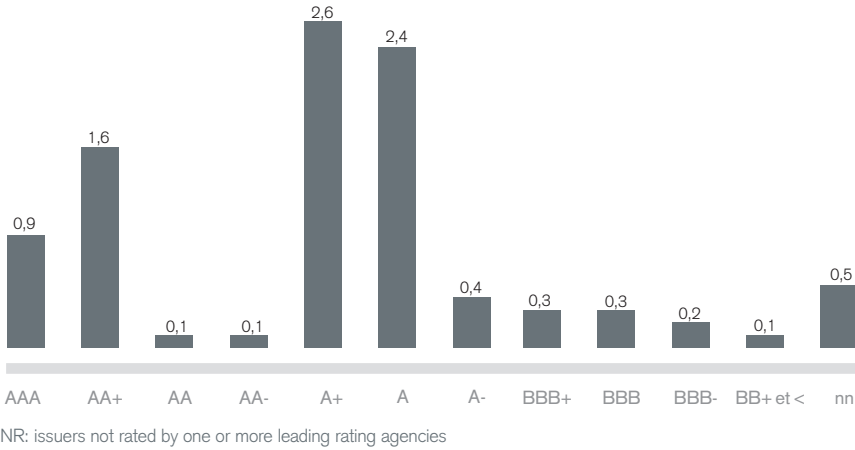
Of the investments in this scope, 93% are with European issuers and 74% are with French issuers.

Some 69% of the investments involve bank counterparties, and in particular other Crédit Mutuel Group entities.

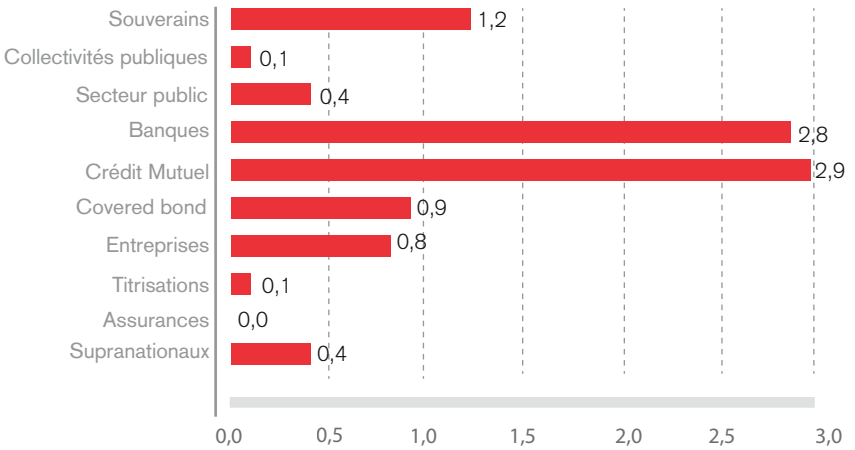
Breakdown by geographic area Proprietary investment portfolio (€ billions)



Breakdown by external rating - Proprietary investment portfolio (€ billions)



Breakdown by issuer category - Proprietary investment portfolio (€ billions)



For the third-party portfolio scope (insurance)

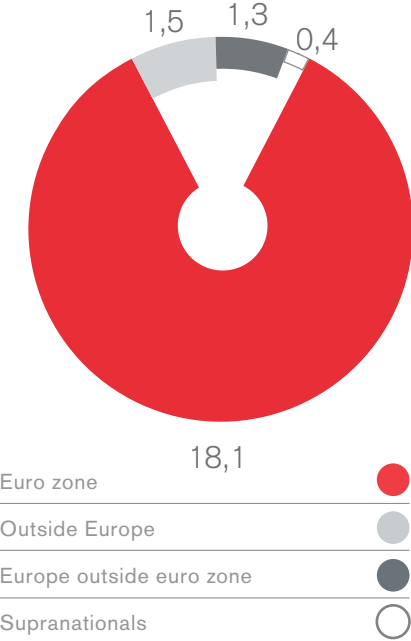
The Suravenir insurance company's third-party investments mainly involve issuers with the highest possible external credit ratings, as 80% of them are rated between AAA and A-.

From a geographic standpoint, the third-party investment portfolio is mainly invested in European issuers (91%).

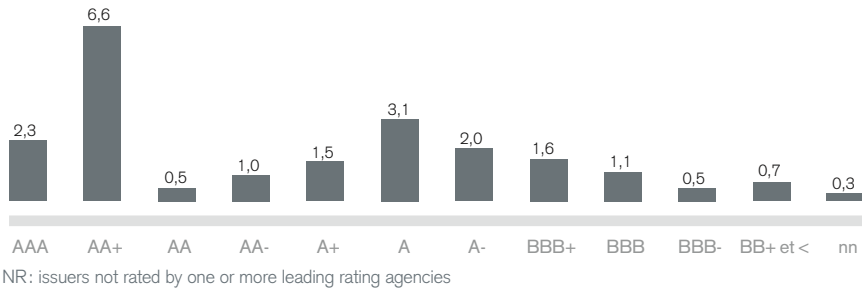
From a sector standpoint, the insurance company's third-party investment portfolio is present in two main sectors:

- the banking sector (banks, covered bonds and Crédit Mutuel Group entities) for 45%;
- sovereigns, supranationals, state-owned companies and public sector for 43%.

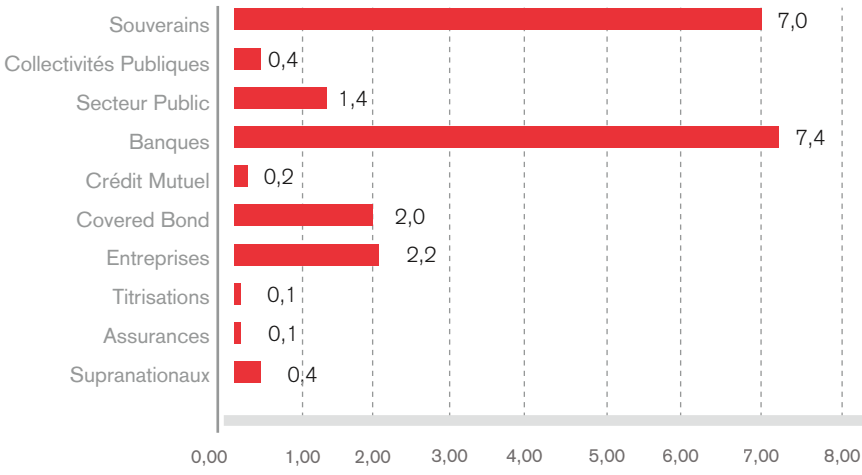
Breakdown by geographic area Third-party investment portfolio (insurance)(€ billions)



Breakdown by external rating - Third-party investment portfolio (insurance)(€ billions)



Breakdown by issuer category Third-party investment portfolio (insurance) (€ billions)



4.1.2.4 Focus on sovereign risk exposure to countries covered by European Union financial assistance programs

During the course of 2013, financial markets continued to reflect concerns over the ability of certain euro zone countries to honor future debt payments, although these concerns abated in the fourth quarter.

Portugal continued to benefit from a financial assistance program established by the European Union and International Monetary Fund to ensure its refinancing, whereas Ireland exited its program in December.

The Group has no Greek sovereign debt exposure. It continues to have exposure to Portugal and Ireland, however, and this exposure is presented in the table

below. It consists primarily of third-party investments in sovereign Irish debt carried by the insurance companies, as Crédit Mutuel Arkéa’s proprietary investments are more limited.

The breakdown by maturity of these sovereign debts shows investments with primarily medium- and long-term maturities.

(in € millions)

Exposure to sovereign debt <sup>(1)</sup> in € millions as of December 31, 2013 in nominal terms	Insurance company investments (third-party portfolio)	Insurance company investments (proprietary portfolio)	Proprietary investments <sup>(2)</sup> (Banking)
Portugal	-	-	20
Ireland	309	-	15
Total	309	-	35
Share of these two sovereigns in total investments	1.5%	0.0%	0.4%

1. Sovereign debt (excluding non-sovereign debt with State guarantees)  
2. Banking: Exposures limited to off-balance sheet commitments carried by Crédit Mutuel Arkéa related to the guarantee provided by the Group on the guaranteed funds of Federal Finance

(in € millions)

	< 1 year	1 to 2 years	2 to 5 years	5 to 10 years	>10 years	Total
Portugal	0	9	11	0	0	20
Insurance (third-party)	0	0	0	0	0	0
Proprietary investments (banking and insurance)	0	9	11	0	0	20
Ireland	6	0	155	143	20	324
Insurance (third-party)	0	0	146	143	20	309
Proprietary investments (banking and insurance)	6	0	9	0	0	15
Total	6	9	166	143	20	344
Insurance (third-party)	0	0	146	143	20	309
Proprietary investments (banking and insurance)	6	9	20	0	0	35

The nominal exposures listed in the above table result 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
Portugal	0	0	0	0	0	0
Ireland	0	0	144	142	20	306

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 in 2013.

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 2013 at €39.3 million.

Securitization outstandings (CMBS, RMBS, CLO and ABS) fell from €132 million at end-2012 to €102 million at end-2013. The average credit quality of the securitization portfolio remained satisfactory, since 79% of the outstandings had an external credit rating of BBB- or higher.

4.1.3 Stress test

The decree of February 20, 2007, on capital adequacy requirements applicable to credit institutions and investment firms (transposing the June 14, 2006, European Directives 2006/48/EC

and 2006/49/EC on capital adequacy requirements (CRD)) requires that institutions governed by the decree “perform a credit risk stress test in order to assess the impact of the assumptions on their total capital requirements for credit risk.”

The main methods and stress test assumptions are defined at the Crédit Mutuel Group level. They apply to Crédit Mutuel Arkéa and are defined as part of the work on Pillar 2 of the Basel II regulations.

Crédit Mutuel Arkéa performs stress tests on its banking scope, i.e., all Group entities excluding the insurance sector, to assess the impact on capital adequacy requirements. Two scenarios are tested:

- a one-notch downgrade in internal ratings (with no resulting defaults);

- an increase in default probabilities (25%, 50%, or 100%).

These stress tests are performed for the “bank,” “retail customer,” and “companies” portfolios, for which the use of internal ratings is authorized by the French Prudential Control and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution*).

The regulatory capital adequacy requirements for credit risk under Basel II totaled nearly €1.8 billion. The calculation on the “companies” portfolio includes a temporary floor equal to 85% of the capital requirements assessed using the standard method. The only scenarios to have an impact greater than this floor are those of a one-notch ratings downgrade or a doubling of default probabilities. The €1.6 billion surplus core capital observed in the solvency ratio at end-2013 is largely sufficient to cover the maximum impact observed in the above-mentioned stress tests (€182 million).

Assumption	Change in capital adequacy requirements	
	2013	2012
One-notch ratings downgrade	+9.6%	+9.9%
100% increase in default probability	+ 10.3 %	+ 10.1 %
50% increase in default probability	+ 4.6 %	+ 4.4 %
25% increase in default probability	+ 2.4 %	+ 2.3 %

# 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.

Crédit 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.

With respect to the banking scope discussed in this section, Crédit Mutuel Arkéa’s market risk arises mainly in the proprietary investment portfolio, which is currently being wound down, and in the portfolio of high quality liquid assets and short-term investments related to the management of cash surpluses. From a regulatory standpoint, market risk corresponds to the trading portfolio, which consists of transactions recognized at fair value through profit or loss, with the exception of transactions recognized using the fair value option.

The wind-down management policy adopted in 2007 resulted in a significant decline in proprietary trading portfolio outstandings, which fell from €7.2 billion at end-2007 to just €0.6 billion at end-2013. Outstanding investments contracted by €550 million in 2013, of which €446 million through investments reaching maturity.

The portfolio of highly liquid assets, initially created in the fourth quarter of 2012, totaled €1.8 billion at end-2013. It consists of €1.2 billion in level-1 assets and €0.6 billion in level-2 assets. With nearly one-third of investments having a residual maturity of more than one year as of December 31, 2013, the portfolio is primarily exposed to spread risk. Meanwhile, interest rate risk is systematically hedged whenever the initial maturity exceeds one year. Surplus cash investments recognized

at fair value on the balance sheet have limited market risk exposure in light of their short maturities. These investments totaled €2.4 billion as of December 31, 2013.

### 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. The trading floor, which was restructured in late 2013, is now organized around three activities: (treasury<sup>2</sup> and refinancing, structuring, 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 framework is then determined by the executive body after a review by the Group Risk Committee. The system is based on position, sensitivity, loss and capital adequacy requirement limits. In 2013, the limits related to the pro-

prietary trading portfolio were again adjusted downward in keeping with the policy adopted by Crédit Mutuel Arkéa’s Board of Directors in 2007 to wind down this portfolio. 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 2013 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 portfolio risks. The Committee comprises representatives from the Financial Markets and Risk departments; it is chaired by the Deputy Head of the Development Support division and meets monthly.

#### Reporting to the executive body

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 executive body is activated. The Risk department also prepares consolidated risk positions for the executive body for defined periods.

#### Reporting to the deliberative body

A monthly market activities report is submitted to Crédit Mutuel Arkéa’s Board of Directors. It includes a presentation of exposures, results, risk indicators and an update on compliance with limits set by the Board of Directors. The consolidated risk situation, which includes market risk, is also presented semi-annually to the Audit 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.

In accordance with IFRS 13, the estimated market value of counterparty risk related to over-the-counter derivative instruments gave rise to a valuation

(in € millions)

99% POTENTIAL LOSS AS OF 12/31/2013 (1 month horizon)					
Risk	Scenario	Exposure (€ m)	Potential loss (€ m)	of which, impact on net income (€ m)	of which, impact on equity (€ m)
Interest rate	87% increase on 2-year rates <sup>(1)</sup>	4,426.6	(0.5)	0.2	(0.7)
	46% increase on 5-year rates <sup>(1)</sup>				
	20% increase on 10-year rates <sup>(1)</sup>				
Equity	(18%) <sup>(1)</sup>	20.2	(3.6)	(2.4)	(1.2)
Currency	8% increase/decrease <sup>(1)</sup>	2.4	(0.2)	(0.2)	-
Spread	30 bp increase on supranationals	310.7	(0.3)	-	(0.3)
	45 bp increase on French sovereigns	825.4	(5.9)	-	(5.9)
	20 bp increase on Dutch sovereigns	66.4	(0.1)	-	(0.1)
	60 bp increase on Belgian sovereigns	12.7	0.0	-	(0.0)
	30 bp increase on securitized bonds	703.2	(5.0)	-	(5.0)
	80 bp increase on European financial institutions	1,682.6	(7.6)	(0.6)	(7.0)
	145 bp increase for redeemable subordinated debt for European financial institutions	77.2	(8.7)	-	(8.7)
	55 bp increase on U.S. financial institutions	77.7	(0.4)	(0.3)	(0.1)
	75 bp increase on corporates	588.6	(0.8)	0.0	(0.8)
	80 bp increase on securitizations	91.9	(1.6)	(0.9)	(0.7)

1. Including wind-down management of proprietary trading portfolio

1. In relative value

adjustment for the first time in 2013. This 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. Overall, a net expense of €8.5 million was charged against net banking income in 2013.

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 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, with a financial instrument potentially sensitive to several factors. Two methodological changes were made relative to 2012. The first consisted of shortening the spread risk horizon from six months to one month in order to factor in the portfolio's generally more liquid composition. The second consisted of reducing the historical basis to three years for all risk factors given that recent market changes have a better predictive nature over a short horizon. In addition, the gradual build-up of the highly liquid portfolio led to the extension of the potential loss calculation scope beyond the sole proprietary portfolio in wind-down management, which had previously concentrated almost all of the market risks.

The model implemented to calculate the potential loss offers two main simplifications:

- the scenarios implemented are based exclusively on historical observations (stationarity assumption),
- given the difficulties in obtaining individualized historical data, the portfolio's volatility is determined based on the most granular benchmark indices 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, 2013 showed that adverse market changes mainly affected shareholders' equity (89% of total losses) and that the portfolio was primarily exposed to spread risk (88% of the total). This latter risk was concentrated on the bond and securitization portfolios.

Value at Risk (VaR)

The market risk of the trading portfolio is subjected to a VaR measurement for information purposes, as it is neither audited

by the statutory auditors nor certified by the French Prudential Control and Resolution Authority for the capital adequacy calculations. 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. For 2013, the VaR amount fluctuated between a minimum of €1.3 million in August and a maximum of €2.5 million in December (of which €1.3 million for interest rate risk and €1.2 million for equities risk). Compared with 2012, this VaR was generally stable (€1.8 million on average in 2013 compared with an average of €1.7 million in 2012).

Stress tests

Crédit Mutuel Arkéa chose not to assess its capital adequacy requirements for market risk using an internal model. As a result, it is not subject to the requirements of Article 349 of the Decree of February 20, 2007 on stress tests. Nevertheless, it does perform stress tests by risk factor on the proprietary trading portfolio in wind-down management. The expanded scope used for portfolios subject to the potential loss in 2013 will also apply to the internal stress test calculation in 2014. For each of the risk factors used, the stresses applied correspond to the most severe changes recorded over a one-year period in the benchmark historical horizon, which

ranges from nine to 28 years depending on available data. It should be noted that the limits proposed for the potential loss also apply to the stress tests. The results obtained are also subject to ex-post control.

(in € millions)

Potential Loss as of 12/31/2013					
Risk	Scenario	Exposure (€ m)	Potential loss (€ m)	of which, impact on net income (€ m)	of which, impact on equity (€ m)
Interest rate	77% decrease <sup>(1)</sup>	379.9	(1.0)	(0.5)	(0.5)
Equity	52% decrease <sup>(1)</sup>	20.2	(10.5)	(7.1)	(3.4)
Currency	29% increase/decrease <sup>(1)</sup>	2.4	(0.7)	(0.7)	0.0
Spread	140 bp increase on sovereigns	5.1	(0.2)	(0.2)	0.0
	190 bp increase on European financial institutions 360 bp increase on redeemable subordinated debt for European financial institutions 570 bp increase on U.S. financial institutions	247.7	(28.7)	(3.8)	(24.9)
	480 bp increase on corporates	0.0	0.0	0.0	0.0
	725 bp increase on securitizations	91.9	(12.4)	(6.9)	(5.5)

1. In relative value



# 4.3 structural interest rate and liquidity risks

## 4.3.1 Organization

The ALM department 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 jointly by a central entity responsible for Crédit Mutuel Arkéa (as a Group and on a parent company basis) and by the finance departments of the banking subsidiaries, which carry out their activity within the limits set by the Group. Insurance risks are managed at the level of the insurance companies, under the supervision of the Group ALM Committee.

Indicators produced by the ALM department are submitted to:

- the Group ALM Committee, which provides strategic management and controls the exposure of the Group and its constituent entities. This Committee meets at least twice a year;
- The Treasury committees of the Group and its subsidiaries, which 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 Group Treasury Committee meets monthly.

The ALM limits are set annually by the Board of Directors of Crédit Mutuel Arkéa on a recommendation from the Group ALM Committee.

## 4.3.2 Interest rate risk on the banking and insurance portfolio

Interest rate risk involves the risk of changes in interest rates affecting present and future results. It is caused by a difference in rates or of benchmark indices between the sources and applications of funds.

### 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.

Two main indicators, calculated at least once every quarter, enable the Group to measure interest rate risk on a static basis:

- 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 (corresponding to balance sheet and off-balance sheet items whose cash flows are deemed certain) and the impact of options risks (measuring the impact of the activation of caps / floors on the net interest margin). As of December 31, 2013, interest margin sensitivity remained under control; the maximum annual impact for a 1% increase in interest rates at end-2013 was €13 million over the first five years, or less than 1% of 2012 NBI. This level is consistent with the Group's policy;

- 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 2% increase or decrease in interest rates. The regulations set a 20% threshold for interest rate exposure. As of December 31, 2013, the level was less than 5% of capital, which is consistent with the Group limits.

### 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 2013. As of December 31, 2013, the risk going forward pertained to a 0.84% minimum guaranteed return to be paid in 2013.

- 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. Thus at end-2013, a 100 basis point increase would cause Suravenir's net income to fall by €2.7 million and shareholders' equity to decline by €103 million (before hedging).

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 would incur capital losses. To avoid this risk, Suravenir maintains a considerable amount of variable-rate bonds and options (cap / spread cap / 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, 2013, some 28% of the bond portfolio in the 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, the Group has developed a diversification policy for its refinancing channels and has several funding mechanisms:

- short-term refinancing program (CDN),
- unsecured medium- and long-term refinancing programs (BMTN and EMTN),
- secured refinancing programs through two funding vehicles: a home finance company (*Société de Financement de l'Habitat – SFH*), which is backed by mortgage loans, and a mortgage-backed lending company (*Société de Crédit Foncier – SCF*), whose bonds are 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 (CRH), the European Investment Bank (EIB), and Caisse des Dépôts et Consignations (CDC).

Meanwhile, the Group is looking to increase the relative share of loans financed by deposits. It has therefore enhanced its line of deposits (savings accounts, term deposits) aimed at individuals, companies, institutions and financial customers.

For a detailed analysis of financial liability maturities, see Note [27] of the consolidated financial statements appearing on page [98] 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 assets and financial and non-financial 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), although dynamic scenarios are also used 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 scenario 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.

At end-2011, the Group decided to review these assumptions in order to make them consistent with Basel III requirements; these assumptions were confirmed in 2013 following the adoption of the CRD IV and CRR measures by the European Union.

Based on the stress scenario, the Group has established a goal of backing credits for maturities of up to five years, at a level between 100% and 80% depending on the maturity. This objective was satisfied throughout 2013.

Short-term refinancing amount limits have also been set. The goal is to minimize liquidity risk on the refinancing 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 2013.

Three liquidity ratios were closely monitored:

- the one-month liquidity ratio is a regulatory ratio that measures available liquidity for the month relative to liabilities with the same maturity. The minimum regulatory ratio is 100%

and applies to each Group company. Nevertheless, because the Group manages liquidity risk conservatively, it set an internal level that was even more stringent than the regulatory requirement.

- 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-2013. Crédit Mutuel Arkéa's 1-month liquidity ratio was 181%; this ratio remained well above the minimum required levels throughout 2013. The loan-to-deposit ratio fell from 132% (end-2012) to 113% (end-2013).

The Group also adopted several indicators that enable it to ensure its ability to withstand a sharp increase in liquidity spreads and a shut-down of financial markets.

A qualitative assessment of the indicators showed that the Group not only

satisfied the various limits but also a continued improvement in its liquidity exposure thanks to the three-fold impact of its conservative refinancing policy, compliance with Basel III ratios (LCR and NSFR) and efforts to collect savings from customers and customer shareholders.

#### Insurance portfolio

Liquidity risk arises when the company is forced to sell its assets following a wave of massive 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 stress scenario (three-fold increase in redemptions / deterioration in asset valuations).

In the event of a liquidity squeeze, Suravenir has the ability through a banking intermediary of depositing securities with the ECB at their market value less a haircut in order to obtain additional liquidity.

As of December 31, 2013, 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 by law.

## 4.5 equity and other variable income securities risk

Equity risk arises in the event of adverse equity market trends, which result in a drop in the portfolio valuation.

The fair value of the equities and other variable income securities portfolio recognized in the IFRS-compliant financial statements totaled €8.4 billion as of December 31, 2013. For the purpose of analyzing the risk related to this portfolio, a distinction is necessary between two parts:

- the first part, whose total fair value is €7.2 billion, includes €4.6 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 €2.6 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 €1.2 billion consists mainly of Crédit Mutuel Arkéa's proprietary investments totaling €0.1 billion, Suravenir's proprietary portfolio investments totaling €0.3 billion, Fortuneo's money market investments totaling €0.4 billion and Arkéa Capital Investissements' investments totaling €0.2 billion.

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 Group also holds a portfolio of investment securities whose fair value was €355 million as of December 31, 2013. 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 II regulations and CRBF Regulation 97-02 as amended.

CRBF Regulation 97-02 as amended defines operational risk as the risk that arises from an inadequacy or failure attributable to procedures, personnel or internal systems or to outside events, including events with a low probability of occurrence but a high risk of loss. Operational risk includes internal and external fraud risks.

Given this regulatory context and the 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 II 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, Crédit Mutuel federation or the head of the subsidiary. The Operational Risk Correspondent (French acronym: CRO) is the conduit for operational risk control policy within each unit.

Controlling operational risk is guided by formalized procedures with respect to:

- updating the risk maps and 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 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 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. Its implementation is based on four sets of instructions:

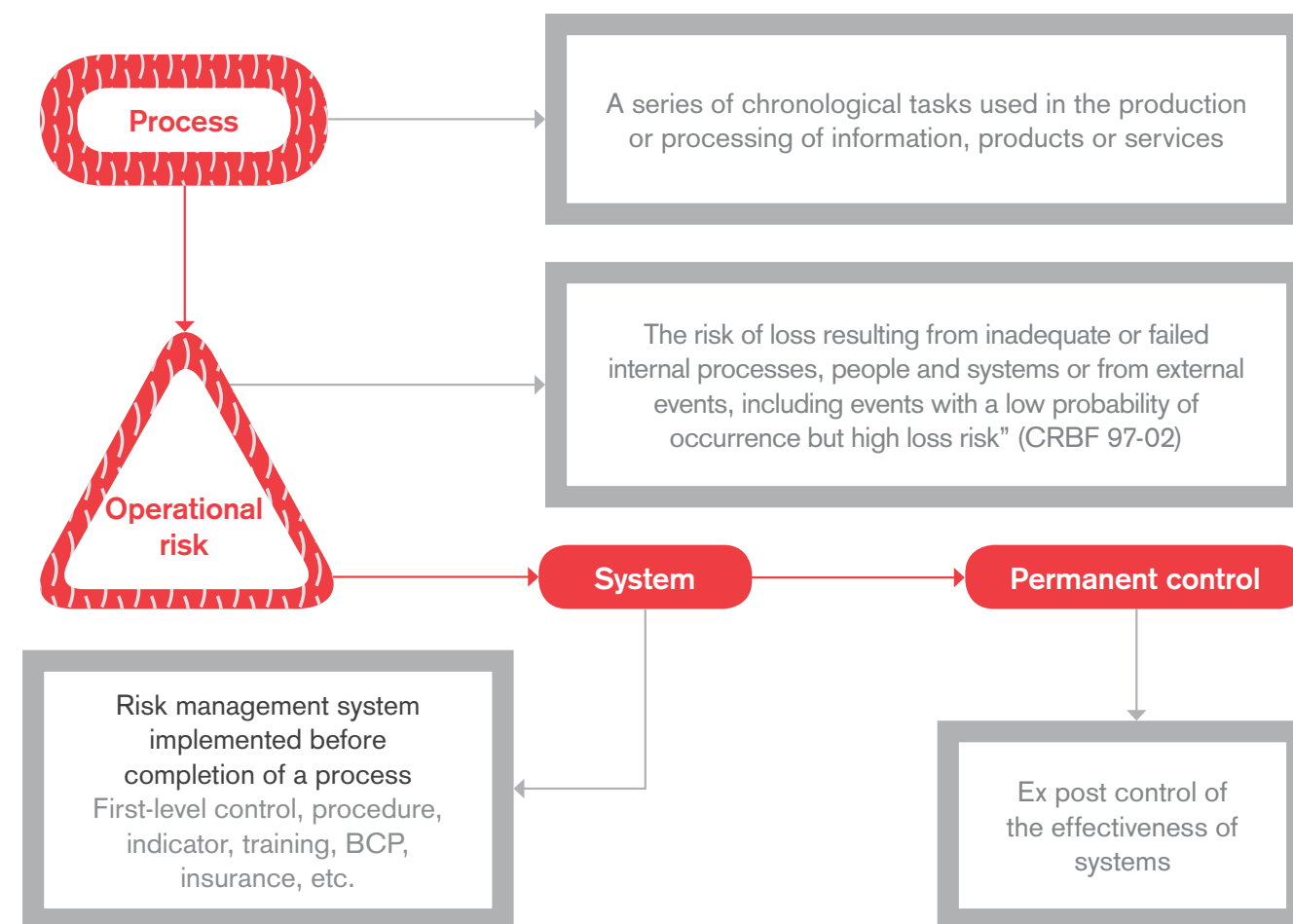
- the processes instructions are designed to model the company's activities using increasingly detailed descriptions. Each process is described in terms of its human, technical and logistical resources. This description is particularly useful for risk analysis, notably through the identification of existing interfaces within the process chain;

- the operational risk instructions iterate the Basel II risk map at two levels. They incorporate a third level of risk category description derived from the set of instructions from Confédération National du Crédit Mutuel (CNCM) and a fourth level of catalogue risks specific to Crédit Mutuel Arkéa;

- the operational risk management systems instructions collect the resources aimed at mitigating risks or their impacts. They classify these resources

by type: procedures, first-level permanent control, applications, training, warnings, insurance, BCPs, etc.);

- the second-level permanent controls instructions cover the second-level permanent controls aimed at verifying and assessing the relevance and effectiveness of the risk control systems attached to the processes.



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 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 processes and risks instructions and includes both:

- the CNCM set of instructions, known as the common platform, including the Basel II risk types,
- the set of instructions specific to Crédit Mutuel Arkéa, which resulted from the PRDC approach (instructions for processes ("P") and risks ("R")).

The total volume of reported incidents in 2013 fell sharply relative to the previous year. Reported incidents in 2013 represented a total amount (known losses and provisions) of €17.4 million, compared with €41.1 million in reported incidents in 2012. This decrease was partly due to the occurrence of major incidents in 2012.

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 is used in the calculation of weighted risks on so-called "frequent" operational risks;
- Basel II reporting requirements with respect to operational risk.

4.6.3 Operational risk modeling

Organization

Since 2010, Crédit Mutuel Group 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 Crédit Mutuel Group 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 Crédit Mutuel.

Analysis of external losses

Crédit Mutuel Group subscribes to an external database that makes it possible to enhance and diversify operational risk assessment and analysis. The use of this database and methods for incorporating this data are covered in a nationwide procedure.

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 Crédit Mutuel Group entities. For Crédit Mutuel Arkéa, regulatory capital requirements related to operational risk totaled €132 million at end-2013.

Insurance

Crédit Mutuel Group 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:

- damages to buildings and equipment (multi-risk),
- fraud ("blanket banking" insurance),
- professional civil liability.

Crédit Mutuel Arkéa's insurance programs comply with the Basel II 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 accident 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:

- 1 : unavailability of offices:  
Offices destroyed, unusable or inaccessible
- 2 : unavailability of IT systems:  
Incident involving the central system or a server, network or application
- 3 : unavailability of employees:  
Personnel incapable of working (anywhere, including at home)
- 4 : unavailability of power and telecommunications:  
Power or telecommunications outage
- 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. Based on this definition, there are no disputes likely to have a material impact on the financial position of Crédit Mutuel Arkéa.

# 4.8 compliance risk including money-laundering risk

Compliance risk is defined as the risk of a court-ordered, administrative or disciplinary penalty, significant financial loss or injury to reputation resulting from non-compliance with standards applicable to banking and financial activities, be they external (legislative or regulatory standards, professional and ethical standards, specific standards governing the activity of the

entity that is part of the Group) or internal (instructions from the executive body taken pursuant to the orientations set by the deliberative 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).

In accordance with the principles in effect within Crédit Mutuel Arkéa Group, training for compliance control systems is carried out at two levels:

- the Group level;
- the level of the Group's entities and subsidiaries.

Crédit Mutuel Arkéa Group 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 E.C.C.C. created a network of local data protection correspondents. No organizational changes occurred in that respect in 2013.

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 map.

In 2013, the efforts were focused mainly in the following areas:

- updating the anti-money-laundering and terrorism financing risk map, and more specifically the assessment of

the inherent risk level related to the business relationship,

- adapting the oversight system for transactions to reflect the risk map,
- strengthening the control systems for international transactions,
- the quality of the know-your-customer files and steering of actions to bring these files into compliance.

Overall, staffing in the anti-money-laundering and terrorism financing activity was 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 and borrower's insurance

The insurance activity is exposed to several risk factors: mortality risk associated with the death of the policyholder, which leads to death benefit payments; the risk of longevity associated with the policyholder's life expectancy, which causes variations in annuity payments; and the risk of disability associated with the policyholder's work stoppage, 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.

### Mortality risk (mainly borrower's insurance)

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;
- 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.

### Longevity risk (life insurance)

Longevity risk corresponds to 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.

### Disability risk (borrower's insurance)

The disability risk assessment is designed to detect any increase in work stoppages, whether they involve a temporary disability, total or partial disability or professional incapacity. This increase may result in significantly higher work stoppage benefit 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 work stoppages 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 work stoppage occurrences (new policyholder claims) and the level of continuing work stoppage (policyholders continuing to receive benefits) on a monthly basis. The goal is to determine a work stoppage 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 work stoppage) provide a more detailed view of the outstanding policies at risk for disability as well as changes in work stoppage occurrences and continuations.

## 4.9.2 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 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 sub-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.

## 4.9.3 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

# 5.1 cooperative development

## 5.1.1 Group governance

Cooperative development forms Crédit Mutuel Arkéa's historical and strategic foundation. Our "Horizons 2015" strategic business plan 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. They are expressed in particular via local corporate governance, participative 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 the company's shareholder and customer, its beneficiary and consumer.

The directors participate in the development of the company in the framework of local and regional committees. Thus, at Crédit Mutuel de Bretagne, the Cooperative Living and Mutualist Differ-

ence, Director Training, Corporate Social Responsibility and Sustainable Development and Customer Shareholder Satisfaction and Crédit Mutuel de Bretagne Image committees formulate opinions and suggestions that nourish and guide the group's strategy and sales policy.

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 not subject to short-term profit requirements from 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 register one of the best prudential solvency ratios in the market. Directors' involvement in local life cultivates and strengthens the group'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 337 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.

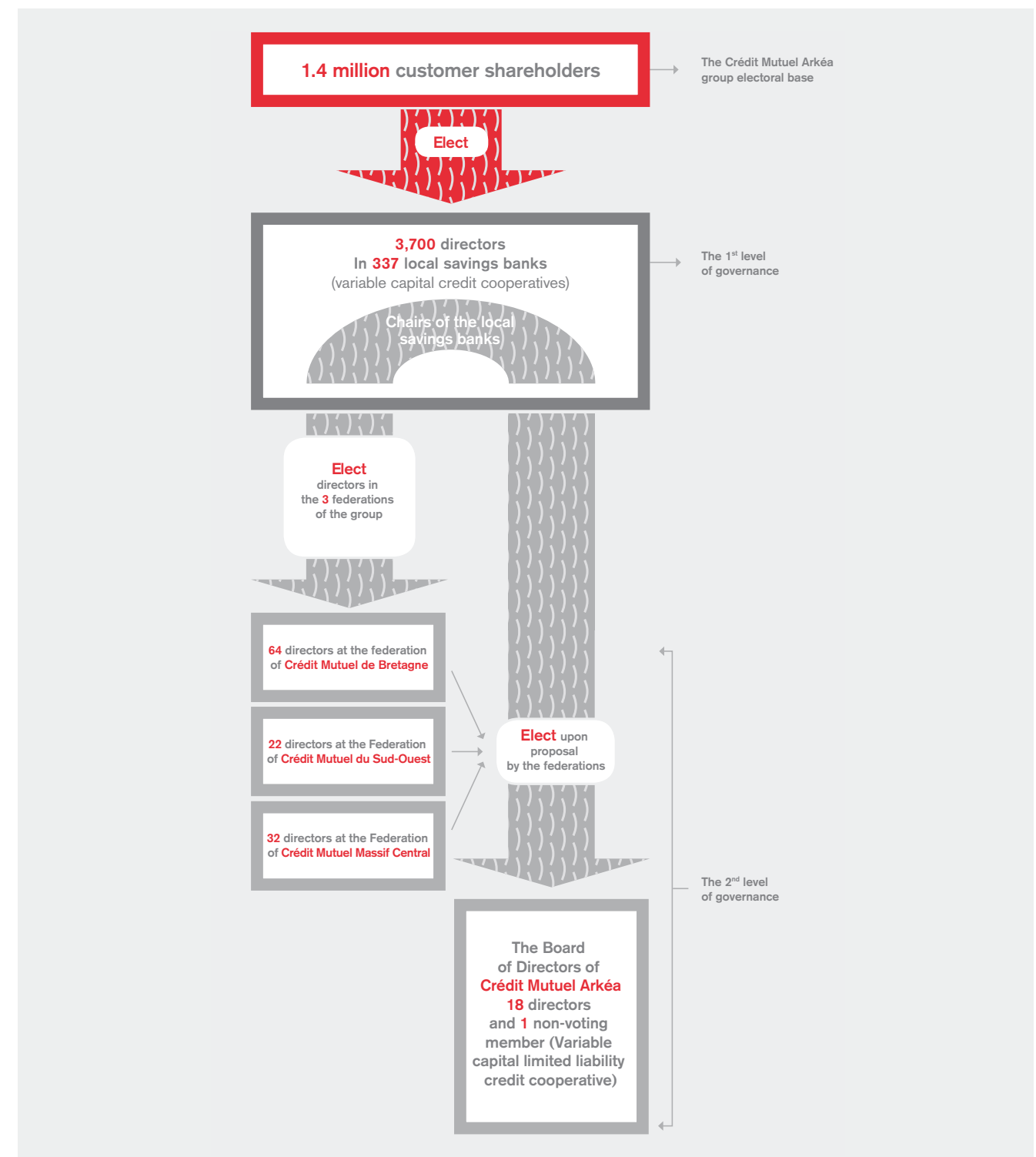
In 2013, 1,428,020 customer shareholders were invited to the shareholders' meetings of the local savings banks. The voting participation rate was 4.3%. There were 168 newly elected local bank directors, including 114 women. There were four newly elected federation directors, three of whom were women. Women now account for 32% of directors and 77 women manage local savings banks.

The Crédit Mutuel Arkéa Board of Directors consists of 18 members (two women and 16 men) and one non-voting member elected by the member savings banks and customer shareholders at the Annual Shareholders' Meeting.

The Board's directors are of French nationality and come from the home regions of the three Crédit Mutuel Arkéa federations.

Two representatives from the Central Works Council also attend the meetings of the Board of Directors.

**The Board of Directors met eight times in 2013**, with an attendance rate of 92%. 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.



### CSR governance

The CSR Strategy and Mission department is attached to Crédit Mutuel Arkéa's Corporate Secretariat and Corporate Communication function.

It comprises two employees who manage the implementation of the Group's CSR strategy. The department manages a network of 17 CSR Advisors, employees of the group's operational entities, as well as the Corporate Social Responsibility and Sustainable Development committee comprising 22 Crédit Mutuel de Bretagne directors. In 2013, it supported the launch of the Corporate Social Responsibility committee for Crédit Mutuel du Sud-Ouest.

A new computerized CSR reporting system was also implemented in 2013. It collects data concerning up to 239 qualitative and quantitative indicators from a network of 121 contributors in all Group entities.

#### 5.1.2 Stakeholder relations

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.**

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.

### 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 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. In 2013, thirty-seven percent of directors have taken at least one training course, which represents almost 15,500 hours provided in the three federations in Brittany, the South-West and Massif Central.

### The Corporate Social Responsibility and Sustainable Development committee at Crédit Mutuel de Bretagne

The Corporate Social Responsibility and Sustainable Development committee at Crédit Mutuel de Bretagne is derived from this cooperative governance mode in which the stakeholders participate in the decisions of the company.

In 2013, the CSR committee met three times and primarily worked on:

- approving the 2012 CSR report,
- monitoring the CSR trophy and implementation of CSR initiatives in the local savings banks,
- communicating on CSR initiatives implemented in the regions,
- managing the CSR advisors by sector,
- beginning work on a 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

Its purpose 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, identify initiatives to be taken and propose the resources to be applied.

The committee comprises nine members including six directors and three employees. The real estate manager is a permanent observer. The committee may admit outside participants in order to carry out its work. The committee meets upon summons by its Chairperson at least three times per year.

### 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 various entities. The Customer Relations departments within the scope of the three federations, CFCAL, Fortuneo, Federal Finance and BPE (until March 31, 2013) received 326 requests eligible for mediation in 2013.

These requests concerned:

- customers' thoughts on fees, in particular for people made less secure by the economic situation;
- media positioning and regular statements by consumer associations condemning banking practices;
- enhanced information for customers via the Internet in particular;
- the economic and financial situation.

More specifically concerning the areas of mediation, the 326 requests registered were 28% fewer than in 2012. The rate of decisions favorable to customers was 54%.

**Systems have been introduced to help customer shareholders in difficulty.** Ark'ensol Entraide (see section 5.3.2) seeks to help people in temporary difficulties with three types of approach: borrowers' assistance, personal micro-credit, and sensitive accounts (reversal of processing fees).

### Supplier relations

Where applicable, local suppliers are always contacted with requests for proposals and calls for tender. These suppliers offer significant advantages in addition to their contribution to the local economy. Close geographic proximity is a factor favoring responsiveness and

reduced transportation costs. The Purchasing department therefore works with a number of small businesses with regional headquarters. Examples include printers, cleaners and property maintenance and security companies.

### 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 to formally discuss 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 meet regularly 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.
- It participates with the ADEME (French Environment and Energy Management Agency) on the jury awarding the Breton sustainable development trophies, with the CEEI for

the Crisalide Trophy, and with the Finistère Sustainable Development Club. These partnerships are opportunities for meetings and discussions with all sustainable development players.

- In the framework of its action plan to reduce greenhouse gas emissions, initiated following completion of its 2011 GHG emissions balance sheet, **Crédit Mutuel du Sud-Ouest signed a partnership agreement with the Prévention Routière road safety association** to raise director and employee awareness of eco-driving and highway risks. A driving simulator was financed by the federation together with Suravenir Assurances.
- Arkéa Assistance 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.

### Employee relations

In addition to works councils and health, safety and working conditions committees, **the group's executive management has instituted spring and fall meetings (Rencontres)** to inform the entire staff of Crédit Mutuel Arkéa's performance and prospects. In-house media, including a collaborative intranet, and regular conferences on various cross-company topics round out this offer.

Executive management launched a participative approach known as "Ark'Id" in 2012, aimed at identifying employee concerns in all entities. A project team was formed after this initial information-gathering phase to work on the following items: project management and steering, internal communication, human resources, management, etc.

Ark'Id has helped highlight key areas for improvement in terms of working methods, tools, processes, operating efficiency and access to information. Concretely, this project has helped:

- foster participative innovation;
- test new working methods and information materials;
- share and pool best practices.

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 published in December 2013. A code of ethics concerning financial instruments transactions for the *Unité économique et sociale* entity (UES) was published in December 2012. The 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 law 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 space 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 for 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 2013, Crédit Mutuel Arkéa transmitted 275 declarations of suspicion to Tracfin, compared with 264 in 2012. 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, Crédit Mutuel Massif Central	2012	2013
Number of customers	2,272,888	2,300,661
of whom individuals	2,070,912	2,090,705
Number of local savings banks	337	337
1 <sup>st</sup> level		
Number of customer shareholders	1,421,212	1,428,020
Rate of customer shareholding (among individual customers)	68.6%	68.3%
Rate of participation in shareholders' meetings	3.7%	3.6%
Number of 1 <sup>st</sup> level directors	3,689	3,691
% of female directors	35%	32%
Number of new directors elected during the year	205	168
% of women among the new directors	47%	68%
Rate of participation in local savings bank board of directors meetings	88%	78%
Number of new local savings banks chairs	16	18
% of women among new bank chairs	6%	33%
2 <sup>nd</sup> level		
Number of federation directors	115	116
% of female federation directors	21%	22%
Number of new federation directors in 2013	3	4
% of women among new federation directors	100%	75%
Training		
Number of directors who took at least one training course in the year (*)	1,047	1,361
Total number of training hours dispensed	15,881	15,515
% of directors trained (*)	28%	37%
Duration of training per administrator trained (in hours) (*)	15	14

(\*) estimate for 2012



# 5.2 A responsible and sustainable human resources policy

Crédit Mutuel Arkéa group works in an 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 are among the elements that drive its development, along with its cooperative model.

Human resources policy supports this strategy. It responds to a social imperative by applying systems that help align the company's needs with employees' skills and career plans.

In a social dialogue approach, labor and management express their desire to support employees in these changes in the form of company agreements. Every change requires a career investment and ongoing adaptation efforts on the part of employees. The company is committed to ensuring that employees maintain 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 Workforce changes

The company had a total of 8,589 employees under permanent contract at end-2013, a reduction compared with the previous year due primarily to the disposal of a business (Banque Privée Européenne). Due to this disposal and to outsourcing, 45 employees who wanted to continue working within the group were reassigned to new functions.

## 5.2.2 Integration of new hires

Crédit Mutuel Arkéa recruited 387 new

employees under permanent contract in 2013.

The human resources functions of Crédit Mutuel Arkéa's various entities organize an integration and training path for the entry-level position of each new employee. The locally based human resources functions serve as contacts for employees at each entity providing **a welcome and a contact point**, for all concerns, information on administrative matters and procedures, introduction to the specific business lines and monitoring of the trial period.

The goal of this integration track 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 conference for new recruits**, where they can meet the Group's Chairman and CEO and learn from top managers about the group's organization, strategy, major projects and operating methods.

This event is an opportunity for new employees to experience the group's distinctive nature and diversity and to understand its scope of business and development prospects.

All Crédit Mutuel Arkéa entities adopt harmonized procedures with respect to recruitment and integration to ensure employees' future job mobility.

## 5.2.3 Efficient job and skills management planning

Given changes in the banking 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 2013, 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.

### 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 exchange) and career advice.

Every 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 or 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 system. Each company presents its offers, and all employees can apply. Previous to making an application, the Human Resources and Training department encourages employees to properly describe their professional experience.

To identify employee skills, the HR department 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 in 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 brought together more than 10% of the group's employees in December 2013. At this event, 400 career meetings were held with 55 managers, and a variety of expert conferences, round tables and workshops were offered. At the same time, 113 presenters manned the stands of the subsidiaries, federations and

business lines. A site dedicated to promoting this event, and more broadly to provide information about careers and mobility, is available on the Group intranet.

#### 5.2.4 Training

Crédit Mutuel Arkéa maintains a high level of commitment to training (5% of personnel costs in 2013), which is crucial to the company's performance. **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 changes;
- maintain employee motivation.

In addition to the training plan, we propose the following resources as provided by French law: 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.

#### 5.2.5 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 third three-year agreement on gender equality at work was signed in October 2011 for the scope of the UES.

This agreement defines the methods implemented by the company to promote long-term workplace equality. The company aims in particular to:

- ensure parity of compensation between men and women;
- foster comparable professional tracks with the same access to management positions.

The agreement provides for initiatives in the following areas:

- Recruitment: a non-discriminatory process and monitoring of compensation and entry positioning with regard to training level and employee age.
- Career: access to management positions at equal skill levels; monitoring of training pools; monitoring of a panel of employees hired in 2011.
- Career support: information and awareness for potential management candidates; monitoring of the annual performance reviews for employees taking parental leave; support before, during and after maternity/adoption/parental leave.
- Compensation: monitoring male-female compensation gaps and gradually correcting identified gaps; specific monitoring of bonuses and promotions; guarantee of continued career progress following maternity/adoption/parental leave.

- Work and private life balance: leave to care for sick children; universal service employment checks for childcare; participation in childcare costs in the event of business travel. In this area, for example, spaces were reserved for the children of group employees at an intercompany daycare center located near headquarters in 2013.

- Employee representation with publication of the ratio of female and male candidates and elected representatives.

##### Disabilities

The company seeks to foster the integration of employees with disabilities, as well as to support them throughout their careers by adapting workstations and finding solutions that enable them to keep their jobs.

In its commitment to a fourth three-year agreement for 2012-2014, the company is focusing on two goals:

- developing employment of people with disabilities within and outside the company;
- maintaining employability and improving working conditions for employees with disabilities.

This new agreement expands the range of beneficiaries to those employees who have initiated applications for recognition as workers with disabilities.

Monitoring of the employment of people with disabilities is centralized in the Disabilities Mission, which has a staff of three. This team coordinates the promotion, implementation and monitoring of actions taken to support individuals with disabilities. It is an additional contact point for company staff impacted by disability and for outside partners. Lastly, the team provides ideas, advice and support to group companies.

Crédit Mutuel Arkéa develops partnerships with training centers for people with disabilities. It accepts work-study trainees from the Kerlann professional college in Rennes.

#### The group's rate of employment of employees with disabilities was 2.9% in 2013.

##### Generation contract

A company agreement for a generation contract was signed in October 2013. The goal is to foster the hiring and professional integration of young people, the hiring, continued employment and retraining of employees designated as seniors and interaction between these two groups.

It calls for the company to recruit 40 young people below the age of 27 under permanent contracts during the first year of the agreement (from October 1, 2013 to September 30, 2014). This objective will be reviewed each year for the duration of the current agreement. The goal for the current year will be communicated to employee representatives and the competent administrative authorities as part of its annual report. For the second and third years of the agreement, the target remains 40% of employees recruited under the age of 27.

Concerning the employment of seniors through the end of their careers, the defined objective is to maintain a greater than 10% proportion 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 foresees a series of anticipatory actions for career changes and the management of life's phases.

Employees are invited by the local HR function to an interview concerning the second half of their career the year they turn 45. A career planning discussion is held during the annual performance review at age 57. The aim is to review the individual's career, his or her wishes moving forward, and the training needs that may result, with a particular view to detecting any possible barriers that may be related to the age of the employee. 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. The purpose is to discern whether the employee wishes to retire, and when, in order to facilitate retirement and manage replacement and knowledge transmission.

In the framework of its commitment to equal access to career progress, Crédit Mutuel Arkéa has committed to monitoring the share of promotions and bonuses attributed to employees aged 57 and older each year, compared with the overall population.

Every year, in the framework of the skills review, 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 for the employee replacing him or her. The priority focus is on replacing key skills.

#### 5.2.6 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. The com-

pany is mindful of well-being at work, and has chosen to expand its action with various initiatives, in particular in the area of mental health.

The Intranet prevention site accessible to all UES staff provides information about existing resources and support available in the workplace.

To support employees experiencing difficulties, a partnership with a network of social workers was renewed in 2013, and **manager awareness was raised concerning the prevention of mental health risks** through specific training programs.

A survey was also completed by a specialized consultant in 2011. The results helped in defining concrete measures that were formally laid out in the September 2012 agreement on the prevention of mental health risks.

A system for monitoring objective indicators related to health at work, the organization, the social atmosphere and job management was also created.

In 2013, 56 managers were trained in mental health risks, and 242 employees received face-to-face aggressiveness management training.

Suravenir completed an employee survey in 2012 with the help of an outside service provider. This led to the creation of working groups to address issues of cross-functional collaboration and careers in particular.

For three years, Fortuneo Banque has administered a survey on workplace stress to its employees: the rate of employees who are not at all or not very stressed is between 60% and 70% of staff depending on the year.

5.2.7 Active employee dialogue

Every 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 entity 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.

The group’s configuration requires the addition at the central level of a central works council (CCE) and the central health, safety and working conditions committee (CCHSCT).

Along with the required central works council committees (on the economy, jobs and training, retirement and welfare protection), the company has created optional committees for social and cultural activities, social life, new information and communication technologies, etc.

The employee representatives and works councils of each entity meet monthly, the central works council from four to ten times a year depending on the volume of ongoing projects and files, and the CCHSCT twice annually, or more if situations or projects require it.

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.

List of company agreements signed in 2013

For the UES, the following agreements were signed in 2013:

- 2013-2016 agreement on the generation contract
- 2013-2016 agreement on jobs and skills management
- 2014-2015 agreement on leave donations between coworkers for gravely ill children

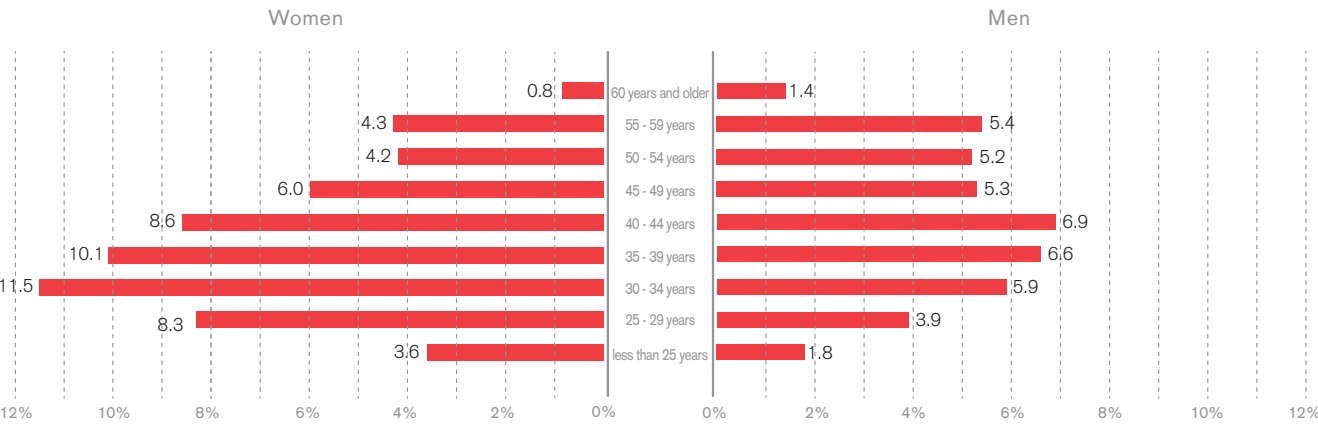
CFCAL signed an agreement in 2013 on measures to improve working conditions and prevent physical strain for senior workers, and generation agreements were signed in several subsidiaries, along with agreements on bonuses and profit-sharing and welfare protection.

5.2.8 Human resources key figures

Crédit Mutuel Arkéa	2012	2013
Total workforce (physical persons)	9,798	9,250
Permanent workforce (permanent contract) (physical persons)	8,982	8,589
Non-permanent workforce (physical persons)	816	661
Total workforce (full time equivalent)		8,968
Permanent workforce (permanent contract - full time equivalent)		8,360
Non-permanent workforce (full time equivalent)		608
Managers	4,916	4,921
% women among managers	40.8%	40.4%
Non-managers	4,066	4,329
Average age (years)	40.5	40.0
Recruitments (permanent and temporary contracts)	1,197	1,448
Number of employees under permanent contracts who left the company	436	745
of which dismissals	54	55
Average compensation per permanent employee (in €) (*)	42,448	41,004
% of personnel expenditures dedicated to training	5.4%	5.0%
Proportion of workers with disabilities	3.0%	2.9%

(\*) Change of calculation method in 2013

Age pyramid



# 5.3 Local and regional development

For Crédit Mutuel Arkéa, a regional cooperative bank, 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

#### 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 the new loans granted each year to the local and regional government bodies in the region.

In December 2013, the group was chosen by the Puy-de-Dôme Departmental Council to support its first-ever bond issue in the amount of €10 million. This transaction was a first for Crédit Mutuel Arkéa, supplementing its other solutions for supporting the financing needs of its customers.

#### Company financing

The group also pursues its policy in support of regional and local business growth via its private equity subsidiaries, Arkéa Capital Investissement, Arkéa Capital Gestion and Arkéa Capital Partenaire. The creation of a specialized dedicated division reflects the group's commitment to being a key partner at both the regional and national levels. In May 2013, Arkéa Capital Investissement

acquired 10% of the capital of Piriou, company specialized in shipbuilding and repairs. Piriou is the leading builder of fishing vessels and the second largest civil shipyard in France. Arkéa Capital Investissement also acquired a significant share in the capital of the ACIEO group specialized in structural steel. With its €400 million in capital, Arkéa Capital Partenaire also invests in medium-sized companies based in its home regions. It has already completed two sizable operations, with Le Graët (agri-food) and Paprec (recycling).

#### 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. Every 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.

In 2013, this approach contributed to the creation or protection of 825 jobs. Donations totaled €613,000 and guarantee-free loans €1.2 million. Since its creation, Ark'ensol Créavenir has helped create more than 2,000 jobs.

#### Crédit Mutuel de Bretagne business creation or acquisition financing

With its Install Pro offers, Crédit Mutuel de Bretagne was able to expand its financing activity for business creations and acquisitions. Annual Install Pro loan production amounted to €28 million in 2013. Cumulative loans outstanding totaled €88 million.

Crédit Mutuel de Bretagne has also signed several agreements with support agencies: France Active, France Initiative Réseau, Les Boutiques de Gestion, Entreprendre, chambers of trade, commerce and industry, certified public accountant associations, etc.

For example, nearly half of all cases managed by France Active in Brittany receive Crédit Mutuel de Bretagne financing. The average loan amount is €28,000, with additional resources (Bpifrance business creation loans, Ark'ensol Créavenir donations and guarantee-free loans, etc.). Total financing can reach €45,000. Of 8,800 businesses created in Brittany (excluding self-employment), 4,000 bank accounts were opened by the founders at Crédit Mutuel de Bretagne, and 1,170 received financing in 2013.

#### Participative financing: Crédit Mutuel Arkéa, partner of Prêt d'Union

Participative financing is driven by a real growth dynamic that is the result of two phenomena: the desire by business founders to access high-quality, competitive financing solutions, and the attraction of "small-circuit" investments that are both meaningful and profitable for small investors.

Crédit Mutuel Arkéa has partnered with Prêt d'Union, a leader in this market, since its creation in 2010. In 2013, Crédit Mutuel Arkéa increased its investment in the capital of Prêt d'Union, in which it holds a 34% share. This active partnership is also expressed in synergies with Arkéa Banque Entreprises et Institutionnels and Financo.

#### Innovation-based and local mutual investment funds

Federal Finance, Crédit Mutuel Arkéa's asset management company, designs and sells innovation-based and local investment funds. These funds enable individuals to invest in small and medium-sized companies not listed on the market, and to benefit from tax advantages.

Since 2008, Federal Finance has collected some €75 million, mainly invested in small businesses that create jobs and drive growth. The local investment funds (Pluriel Ouest range) are primarily invested in the western regions of France (in particular in Brittany and Pays de la Loire).

#### Partner of associations

The group has been a longstanding partner to the social and solidarity economy. In Brittany, nearly 50,000 associations, or around two out of every three, are customers of Crédit Mutuel de Bretagne. Assets for the associative market, excluding guardianship and social welfare organizations, total €983 million. All sectors are represented: education, culture, sport, family and social organizations, environment, recreation, tourism, etc.

### 5.3.2 Corporate citizenship initiatives and offers

#### Regional corporate citizenship initiatives

##### Microloans 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 2013, 200 families received such assistance for a total of more than €700,000. Ark'ensol Entraide also offers personal microloans of up to €3,000. These loans are destined for people in challenging economic situations 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 2013, 320 personal microloans were granted for a total of €680,000.

Ark'ensol Créavenir	2012	2013
Donations (in € thousands)	466	613
Guarantee-free loans (in € thousands)	912	1,207
Number of jobs created	588	825

Ark'ensol Entraide	2012	2013
Borrower assistance (in € thousands)	575	700
Microloans (in € thousands)	615	680

Associations	2012	2013
Number of customer associations (non-profit organizations)	61,408	63,900



Since 1994, the group has partnered with Fondation de la 2<sup>ème</sup> Chance and the association for the right to economic initiative (ADIE) in support of social and economic integration. Crédit Mutuel de Bretagne, du Massif Central and du Sud-Ouest provide ADIE with a credit line in the amount of €1,750 thousand, of which nearly €1 million was used in 2013 in the form of 445 business microloans.

The primary mission of CFCAL, the group's subsidiary located in Strasbourg, is to offer solutions for people who are overburdened with debt. Debt consolidation helps prevent these individuals from having to sell their homes or to apply to the insolvency commission. At the local level, CFCAL also represents credit institutions at the insolvency commission of the Bas-Rhin region.

**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, which combines a local connection (installation in the home), innovation (mobile application) and simplicity (no time commitment beyond the current month).

Since its introduction in 2012, 5,000 people in France have taken advantage of this offer. Arkéa Assistance is also partner to the association Auboutdufil, which helps reduce the isolation of elderly people.

More recently, Arkéa Assistance implemented an initiative to prevent falls by developing an interactive game called "Prévi-chute." The game depicts a person's movements through an apartment in 3D virtual reality, drawing the player's attention to features that can

cause falls and recommended solutions for eliminating them. It is used to educate students and professionals in the medical field.

**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.

Two other subsidiaries, Foncière Investissement and Arkéa Immobilier Conseil, work continuously with developers who pursue a "certified sustainable and environmental construction" approach. The offer of the three federations contributes to financing low-income housing via the savings collected from "Livret Bleu" and social housing incentive loans:

(in € millions)

Low-income housing outstandings	2012	2013
"Livret Bleu"	3,877	5,974
Social housing incentive loans (PLS and PSLA)	634	1,027

(in € millions)

Sponsorship	2012	2013
Total Crédit Mutuel Arkéa budget	3.42	3.65

**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 major strategic 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, Association des Petites Cités de Caractère en Bretagne, 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.

**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 Girondins de Bordeaux, which are all first division soccer clubs, as well as Stade Brestois 29 and Clermont Foot Auvergne in the second division.

CMSO 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. CMB 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.

**Relations with educational institutions**  
Crédit Mutuel Arkéa and its subsidiaries receive many young people with apprenticeship or trainee contracts as well as many interns (nearly 800 in 2013). The human resources and training department participates 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 it has chaired since 2012. This organization 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.

This group 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 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.

**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 in terms of regulations and their competitors and will ultimately create more value for their stakeholders.

Federal Finance 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.

Socially responsible investment offer	2012	2013
SRI deposits under management (in € millions)	404	499
Number of shareholder meetings in which the company participated	100	97
Rate of approval of resolutions	72%	74%



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 2013, five funds earned Novethic certification. They were:

- Federal Actions Ethiques (since 2009)
- Federal Europe IR (since 2009)
- Federal Taux Variable IR
- Federal Placement Court Terme IR
- Federal Obligation Moyen Terme IR.

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 27% of employee savings deposits under management.

As of December 31, 2013, SRI assets totaled nearly €500 million.

Voting at 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.

Lastly, Federal Finance is a partner to Fondation de France and donates a portion of the management fees earned from the Federal Actions Ethiques fund to support environment and solidarity initiatives.

Solidarity savings

Le Livret d'épargne pour les autres

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 “Le Livret d'épargne pour les autres” 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 €12.8 million and €127,000 was donated to associations in 2013.

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**.

Launched in May 2013, Kerea Partage enables subscribers to share the profits from their investment 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 the FEE Solidaire IR employee mutual fund, which represents 5% to 10% of total assets (€4 million at end-2013) is invested in the capital of Société d'Investissement France Active (SIFA). France Active offers support and financing for entrepreneurs in the social and solidarity economy and to people facing challenges who want to start their own company.

During the 2012-2013 fiscal year, France Active contributed to creating or consolidating 16,016 jobs, including 6,146 for people facing challenging situations (social integration, workers with disabilities). Since 2013, investments made by FEE Solidarité IR have been distributed across four regions: Brittany, Auvergne, Aquitaine and Provence-Alpes-Côte-d'Azur.

(in € millions)

Solidarity savings: deposits	2012	2013
Employee solidarity savings	3.3	4
Le Livret d'épargne pour les autres	11	13
Kerea Partage	N/A	1.5
Total	14.3	16.9

# 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.*

This development requires that the group reduce its environmental footprint, which means reducing its consumption of energy and natural resources as well as decreasing its greenhouse gas emissions. It also leads the group to influence its so-called indirect environmental impact via solutions offered to its customers and partners.

By completing its carbon balance sheet in 2010 and its greenhouse gas emissions (GHG) balance sheet in 2011, the group identified certain collective actions and individual eco-gestures for achieving concrete results in this area at the level of the company as a whole. The group has already implemented corrective actions and distributed a collaboratively developed environmental best practices guide to its employees.

### 5.4.1 Saving resources

#### Energy

In 2013, particular attention was directed towards reducing energy consumption. In the framework of its responsible real estate policy, Crédit Mutuel Arkéa acquired

a new building at its headquarters built according to BBC/HQE environmental standards. The new 15,000 sq m complex was delivered in June 2013.

The Financo subsidiary also built its new headquarters to BBC/HQE standards. It was delivered in Guipavas in June 2013 and is expected to halve the site's energy bill.

With a view to saving energy and paper, the central departments have configured all printers in two-sided printing mode and replaced 70% of the individual printers with shared printers.

The local savings banks in the Crédit Mutuel networks have been equipped with automatic standby systems for their computer workstations. Similarly, timers extinguish signs when the branches close.

#### Paper

Streamlining the printer installed base and expanding electronic document management, including digitization of contracts and conversion to electronic bank and wage statements, significantly reduces paper consumption.

In addition, all the papers supplying 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.

#### Waste management

The federations' central departments and local savings banks continue to pursue their waste management policy with sorting for recycling, destruction or recovery. A portion of the computer installed base was thus reused by associations financed by Ark'ensol Créavenir.

Suravenir Assurances works together with the company Solution Recyclage to process recyclable waste (paper, plastic bottles, cans, cups, etc.) and provide a half-yearly report on quantities recycled.

### 5.4.2. Responsible purchasing policy

Every call for tender includes an evaluation grid for supplier offers which includes CSR criteria. The grid assesses in particular:

- compliance with environmental standards,
- positioning with regard to sustainable development,
- human resources policies (training, management model, working conditions, etc.),
- efforts made in the area of social integration (in particular for employees with disabilities).

In this area:

- cleaning services are provided using products from the Eco Label range,
- for subcontracting, the purchasing department works together with the human resources and training department to maximize the use of service providers from the protected sector.

### 5.4.3 Proactive and innovative action for transportation

In continuation of the "group" mobility plan launched in 2010, a new questionnaire was sent to the 1,800 employees at headquarters in June 2013. This survey aimed to identify their expectations in terms of collective or shared transportation solutions, as an alternative to commuting in individual vehicles.

The human resources and CSR teams have designed a complete response which will be implemented in early 2014. It includes:

- introduction of shuttles between headquarters and public transportation services (TER-Tram-Bus);
- creation of a parking area reserved for carpools in the parking lots at headquarters;
- creation of a carpool club and a bicycle club;
- installation of transportation information kiosks in the three entry halls;
- improved outside signage;

- creation of a dedicated space on the intranet portal to promote local carpooling.

Awareness and communication around these topics was significantly strengthened by the partnership between the group and the company 450 with the launch of the CO<sub>2</sub> savings account in December 2013. This account enables all households and companies to increase their purchasing power by reducing their greenhouse gas emissions.

It should also be noted that the Novélia subsidiary completed its Rennes Métropole certified company mobility plan as early as 2007, and Financo is working with Brest Métropole Océane and companies located near the airport to define the conditions for implementing shared transportation solutions to serve its headquarters.

Streamlining of business travel continued in 2013. Rail is preferred over travel by air or by car. The company also encourages the use of public transportation and carpooling. Lastly, the use of videoconferencing has been greatly expanded within the group, for both in-house and external meetings.

5.4.4 Biodiversity

A few hives and nesting boxes have been installed in the wooded areas surrounding the headquarters buildings. Garden rooftops have been installed at two sites. Lastly, a study is underway of more natural methods for maintaining green areas, in particular via the planting of flowered fields.

5.4.5 Impacting the indirect environmental footprint

**Energy renovation financing solutions**  
CMB, CMSO and CMMC propose a range of loans for energy renovation work, including regulated zero-interest ECO PTZ loans and Crédinergie loans.

Crédit Mutuel Arkéa is a founding member of the Réseau Énergie Habitat (REH) economic interest grouping along with ten 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 2013, 230 energy audits were completed by REH, of which 78 were initiated by Crédit Mutuel de Bretagne.

**Green energy financing**  
To date, Crédit Mutuel de Bretagne has financed 14 methanization systems, seven of which are in operation. The others are under construction for a total budget of more than €14 million. Crédit Mutuel de Bretagne has also financed several wind farms as well as solar panel installations.

**CO<sub>2</sub> savings account**  
The CO<sub>2</sub> savings account is both an instrument to motivate Group entities and employees with regard to social and environmental responsibility, and an innovative Internet tool to help customers and customer shareholders complete their carbon balance sheets and increase their purchasing power while reducing their greenhouse gas emissions.

The 120 Crédit Mutuel de Bretagne local savings banks in Finistère are involved in the launch of this new tool and are proposing dedicated sales offers. In exchange for 400 kg of CO<sub>2</sub>, customers receive free loan processing for energy renovation loans or car loans for the acquisition of an electric or hybrid vehicle.

Loans to finance energy efficiency improvement renovations	2012	2013
Number of interest-free Eco loans granted in the year	1,490	1,200
Average amount of interest-free Eco loans granted (in €)	16,032	16,105
Total amount of interest-free Eco loans granted (in € millions)	23.89	19.33

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 which will enable SRI analysts to access an additional environmental database to complement their own analyses.

5.4.6 Environmental indicators

Crédit Mutuel Arkéa Scope	2012 Estimates	2013
Energy consumption (GWh)	55	57.0
■ of which electricity (GWh)	50	51.9
■ of which natural gas (GWh)	4	4.7
■ of which heating oil (GWh)	1	0.3
Steam heating - urban grid, invoiced by metric ton of water returned (in GCV)	NC	0
Cold water in the urban network, invoiced in kWh (in GCV)	NC	0
Water consumption (thousands of cubic meters)	60	59.2
Consumption of paper (metric tons)	1,475	1,656
■ of which paper for internal use	NC	570
■ of which paper for external use	NC	1,086

The data collection scope was expanded in 2013.  
NC: not collected

Travel	2012 (*)	2013
Business travel - Air (km)	8,869,259	8,130,369
Business travel - Rail (km)	2,517,905	2,409,390

\*) Scope: Crédit Mutuel Arkéa employee and director travel, excluding Leasecom and Monext.

Videoconferences	2012 (*)	2013
Number of videoconferencing systems	72	72
Number of videoconferences	6,394	6,587

# 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 overall scope of the group is taken into account for consolidating 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 impact. Analysis of these risks is thus not included in the current report. Crédit Mutuel Arkéa entered no environmental provision or guarantee in its accounting. Concerning the social data :

- the workforce is the number of employees at December 31, excluding interns, temporary workers and outside providers;
- the total number of days of absence includes the following absences by employees under permanent contract, fixed term contract, or work-study:

- 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 personnel expenditures invested in training include Fongecif subsidies and work-study training.

5.5.2 Recap tables of CSR indicators

CSR indicators list	CSR Indicators	2013 data
	GOVERNANCE	
	Directors	
GO01	Number of members on the Board of Directors (or Supervisory Board there is an Executive Board)	18
GO02	of which women	2
GO04	Number of directors - local savings banks	3,691
GO29	of which women	1,182
GO05	Number of directors - federations	116
GO30	of which women	26
GO06	Number of local savings bank boards	3,527
GO31	Number of women chairpersons of local savings banks	77
GO31-1	% of women chairpersons of local savings banks	23%
GO07	Number of directors summoned to local savings bank Board meetings	39,077
GO08	Number of directors present at local savings bank Board meetings	30,333
	Renewal - Local savings banks	
GO14	Number of new directors - local savings banks	168
GO15	of which women	114
GO18	Number of new chairpersons - local savings banks	18
GO19	of which women	6
GO34	% of women among the new directors	68%
GO35	% of women among the new chairpersons	33%
	Renewal - Federations	
GO16	Number of new directors - federations	4
GO17	of which women	3
GO20	Number of new chairpersons - federations	0
GO21	of which women	0
GO34-F	% of women among the new directors	75%
	Training	
GO55	Number of directors or officers who received at least one training course during the year	1,361
GO56	Total number of hours dispensed	15,515
GO58	% of directors trained	37%
GO59	Duration of training per director trained	14

CSR indicators list	CSR Indicators	2013 data
	Customer Shareholders	
GO61	Number of local savings bank customers	2,300,661
GO62	of which individuals	2,090,705
GO63	Number of customer shareholders	1,428,020
GO63-1	Number of customer shareholders N-1	1,421,212
GO65	% of customer shareholders among individual customers	68.3%
	Participation in Shareholder meetings (local)	
GO68	Number of customer shareholder present and represented	51,693
GO70	% of participation in voting	3.6%
	EMPLOYEES	
	Workforce	
LA01	Total FTE workforce	8,968
LA01b	Physical person workforce	9,250
LA02	of which France	9,164
LA03	of which outside France	86
LA05	of which non-management	4,329
LA08	Total FTE permanent contract workforce	8,360
LA08b	of which women	4,594
LA08NC	Total permanent contract non-management workforce	3,628
LA12	% of employees under permanent contract	93%
	Recruitment	
LA13	Total number of hires	1,448
LA15	of which women	898
LA16	of which permanent contracts	387
	Dismissals and reasons	
LA19	Number of employees under permanent contract who left the organization	745
LA20	of which dismissals	55
LA21	Turnover (%)	4.9%
	ORGANIZATION, WORKING HOURS AND ABSENTEEISM	
	Organization of working hours	
LA31	% of full-time employees	91 %
LA32	% of part-time employees	9%
	Absenteeism and reasons	
LA38	Total number of days of absence	134,285
LA39	of which illness	131,402
LA40	of which workplace accidents	2,883
LA43	Number of work-related illnesses	0

CSR indicators list	CSR Indicators	2013 data
	Health and safety conditions	
LA44	Number of declared workplace accidents with work absence	113
	Training and employment integration	
LA46	Personnel expenditures invested in training (in €)	13,274,174
LA47	% of personnel expenditures dedicated to training	4.95%
LA48	Number of employees who received at least one training course	5,590
LA49	% of employees trained	60%
LA50	Total number of hours devoted to employee training	145,207
	Gender equality at work	
LA59	Number of female managers	1,986
LA60	% of women among managers	40%
LA61	Number of managers promoted during the year to a higher-level function	419
LA62	of which women	186
LA63	% of women among management promotions	44%
	Employee dialogue	
LA67	Number of condemnations for hindrance (in France)	0
LA78	Number of consultations with personnel representatives (works council, CHSCT, DP)	356
LA79	Number of information procedures with personnel representatives (works council, CHSCT, DP)	261
	Employment and integration of workers with disabilities	
LA68	Number of workers with disabilities	272
LA71	% of people with disabilities in the total workforce	2.9%
	Compensation and promotion	
LA73	Gross personnel expenditures (in €)	346,515,290
LA74	Average gross annual compensation - all levels	41,004
LA75	Average gross annual compensation - non-managers	30,760
LA76	Average gross annual compensation - managers	48,857
LA107	Total gross annual compensation (in €) - permanent contracts	342,782,789
LA108	Total gross annual compensation (in €) - non-managers permanent contracts	111,586,526
LA109	Total gross annual compensation (in €) - managers permanent contracts	231,196,263
	SOCIETY	
SO01	Number of Crédit Mutuel Arkea Group points of sale France	512
SO01-1	Number of Crédit Mutuel Arkea Group points of sale outside France	0
SO07	% of points of sale in rural areas	cf. source CNCM
SO08	% of special tax zones covered by points of sale	cf. source CNCM



CSR indicators list	CSR Indicators	2013 data
	Microloan	
	Personal supported microloan (partnership)	
SO10	Number of microloans granted in the year	319
SO11	Average amount of granted microloans (in €)	2,125
SO13	Amount of microloans financed during the year (in €)	677,801
	Intermediated business microloan	
SO16	Number of business microloan applications intermediated by ADIE, FIR, FAG	445
SO26	Number of local microloans granted locally by the group	455
SO27	Amount of local microloans granted locally by the group (in €)	1,207,200
	SRI	
SO28	SRI assets (in €)	499,327,778
	Voting policy	
SO29	Rate of approval of resolutions	74%
SO30	Number of shareholder meetings in which the company participated	97
	Solidarity savings	
SO31	Overall solidarity savings assets (in €)	18,407,734
SO32	of which donated to associations	128,405
	DAT solidarity savings (Kerea)	
SO31-1	DAT solidarity savings assets (in €)	1,500,000
SO32-1	of which donated to associations	1,574
	Livret d'épargne pour les Autres (LEA)	
SO33	Livret d'épargne pour les Autres (LEA) deposits excluding capitalization (in €)	12,827,044
SO32-2	of which donated to associations	126,831
	Employee solidarity savings	
SO37	Employee solidarity savings deposits (in €)	4,080,690
	Associations market	
SO40	Number of non-profit customers (associations, unions, works councils, etc.)	63,900
	Loans for renewable energies and energy efficiency	
SO63	Number of PTZs granted in the year	1,200
SO64	Average amount of granted PTZs	16,105
SO65	Total amount of zero-interest eco-loans granted	19,326,211
SO69	Number of projects financed (professionals and farmers)	24
	Products and services with social purpose	
SO71	Regulated social loans outstanding (PLS, PSLA)	979,467,684

CSR indicators list	CSR Indicators	2013 data
	Mediation	
SO75	Number of eligible applications	326
SO77	Number of decisions favorable to the customer and systematically applied	177
SO78	Percentage of decisions favorable to the customer and systematically applied	54%
	ENVIRONMENT	
	Water (cu m)	
EN04	Water consumption (cu m)	59,202
	Énergie (kWh)	
EN05	Total energy consumption (kWh)	56,951,282
EN05-1	Steam heating - urban grid, invoiced by metric ton of water returned (in GCV)	0
EN05-2	Cold water in the urban network, invoiced in kWh (in GCV)	0
EN06	of which electricity (kWh)	51,896,201
EN07	of which natural gas (kWh)	4,717,081
EN08	of which heating oil (kWh)	338,000
	Paper (metric tons)	
EN09	Consumption of paper (metric tons)	1,656
EN10	of which paper for internal use (metric tons)	570
EN11	of which paper for external use (outside services: printing, communication, customer statements, checkbooks, etc.) (metric tons)	1,086
	Travel (km)	
EN18	Business travel - Air (km)	8,130,369
EN19	Business travel - Rail (km)	2,409,390
EN20	Business travel - Automobile fleets (km)	7,463,410
EN21	Number of liters of gasoline consumed by the company fleet	74,634
EN22	Number of liters of diesel fuel consumed by the company fleet	671,706
EN23	Business travel with private vehicle	18,783,056
EN29	Mail management: interbank and interbusiness shuttles + currency transport	1,968,680
	Direct emissions leaks	
EN30	Refrigerant leaks from air conditioning installations (tertiary water and air conditioning)	199
EN34	Number of digitized documents and pages	16,500,000
	SYSTEMS FOR REDUCING ENVIRONMENTAL IMPACT AND GREENHOUSE GAS EMISSIONS	
	Emissions prevented	
EN31	Number of videoconferencing systems	72
EN32	Number of videoconferences	6,587

# 6. general information

## 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 locale"). 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 govern-

mental, 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 change 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 2013 financial statements by the company's Board of Directors on February 28, 2014.

**Audit of the annual historical financial information and sources of financial information appearing in this document**

For the 2013 fiscal year:

See the statutory auditor's report for 2013.

For the 2012 fiscal year:

See the statutory auditor's report for 2012.

For the 2011 fiscal year:

See the statutory auditor's report for 2011.

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, 2013. This information was certified by the Board of Directors on February 28, 2014 and will be submitted to the Shareholders' General Meeting for approval on April 24, 2014.

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 original charter and 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 2011, 2012 and 2013;

- this Registration Document;

- 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;

- registration Document number R.11-028 of May 23, 2011 incorporated by reference and updated on September 5, 2011 under number D.11-0435-A01;

The Issuer assumes responsibility for the information incorporated by reference.

Registration Document number D.13-0326 of April 10, 2013 incor-

porated by reference and updated on September 2, 2013 under number D.1-0326-A1 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 2012 fiscal year: pages 64 to 135 of Registration Document number D.13-0326 of April 10, 2013
2. For the 2011 fiscal year: pages 85 to 142 of Registration Document number D.12-0327 of April 12, 2012
3. For the 2010 fiscal year: pages 62 to 111 of Registration Document number R.11-028 of May 23, 2011

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 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 188 of this 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 observations. This report appears on page 211 of that Registration Document.

Relecq Kerhuon, 04/07/2014

Ronan Le Moal, Chief Executive Officer  
of Crédit Mutuel Arkéa

# 8. statutory auditors

**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 Boisriou beginning in fiscal year 2012 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  
Resignation on December 31, 2014

The decision to appoint Anne Veaute was made on May 3, 2012 for the remainder of the 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 consolidated financial statements for the year 2011 were audited by:**

**Principal statutory auditors:**

MAZARS  
61, rue Henri Regnault  
Exaltis  
92075 La Défense Cedex  
France

Represented by Franck Boyer and 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 Franck Boyer was made on April 23, 2009 for a six-year period. Co-signed for 2011.

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:**

CHARLES DE BOISRIOU,  
61, rue Henri Regnault  
Exaltis  
92075 La Défense Cedex  
France

Start of initial term: 2009  
Resignation on December 15, 2011

The decision to appoint Charles de Boisriou was made on April 23, 2009 for a six-year period.

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.

**Resignation or dismissal of statutory auditors during the period covered by the historical financial information**

In order to prepare for the change to a new chief auditor for Mazars, Franck Boyer and Charles de Boisriou co-signed the Group's 2011 financial statements. As a result, Charles de Boisriou resigned as alternate statutory auditor on December 15, 2011.



# 9. statutory auditor's report on the 2013 consolidated financial statements

## Year ended December 31, 2013

*This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it 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 audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered 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 balances, transactions, or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

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

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your annual General Shareholders' Meeting, we hereby report to you,

for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Crédit Mutuel Arkéa;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by 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 accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence 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 as at December 31, 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Notes "Accounting standards applied" and "Changes in accounting method and correction of error" of the consolidated financial statements which expose:

- Implementation of IFRS 13 related to fair value measurement and, in particular, recognition of the impact of CVA/DVA on the net income;
- Changes in accounting methods relating to the use of IAS 19R for employee benefits.

## II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments that we bring the following matters to your attention:

### Changes in accounting method

As mentioned in the first part of this report,

the note "Changes in accounting method and correction of error" of the consolidated financial statements exposes 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 risk inherent to its business, as described in notes « Loans and receivables due from financial institutions and customers » from the Accounting principles and evaluation methods applied, 5, 6, 8 and 37 of the consolidated financial statements. We examined 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 notes: « Measurement of fair value of financial instruments » from the Accounting principles and evaluation methods applied, 2, 3, 4, 18, 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; in evaluating the appropriateness of the data and assumptions; and in 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 captions, and the estimates used, where applicable, to record 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 31 December 2013, as described in notes "Property, plant and equipment, intangible assets and investment property" from the Consolidation principles and 16 of the consolidated financial statements. We examined the methods used to implement these tests and the main assumptions and inputs used. We also reviewed the determination and accounting treatment of 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 raises provisions to cover its employee benefit obligations, as described in 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 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 notes « Accounting principles for the insurance business » from the Accounting principles and evaluation methods applied, 22, 34 and 34a of the consolidated financial statements. We examined the consistency of all assumptions and calculations used models as well as compliance 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, we have also verified in accordance with professional standards applicable in France 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, on March 31, 2014

The Statutory Auditors  
French original signed by

DELOITTE & ASSOCIÉS  
Jean-Marc Mickeler

MAZARS  
Charles De Boisriou



# 10. statutory auditor's report

## on the Report of the Chairman of the Board of Directors

### Year ended December 31, 2013

Sir, Madam,

In our capacity as 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 financial year ending December 31, 2013.

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.

Our own responsibility is to:

- Communicate to you 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

Our 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:

- Obtaining an understanding of the underlying internal control and risk management procedures in the area of the preparation and processing of financial and accounting information presented in the Chairman's report and of the related documentation;
- Obtaining an understanding 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, March 31, 2014  
The Statutory Auditors

MAZARS  
Charles De Boisriou

DELOITTE & ASSOCIES  
Jean-Marc Mickeler

# 11. special report of the statutory auditors on regulated agreements and commitments

## Shareholders' general meeting to approve the financial statements for the year ended December 31, 2013

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 notified of no agreements authorized during the year ended to be submitted to the approval of the shareholder' 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 of the following agreements already approved by shareholders' general meetings in previous years and which continued in the year ended.

## 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.

In 2013, Crédit Mutuel Arkéa recorded income of €14,228 related 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.

No payments were made under this agreement during the past year.

## 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 participatory loans issued by Financo in the respective amounts of €2,642,551, €8,475,000, €9,322,500, €4,237,500, €13,940,217 and €20,000,000.

## 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 term expiration
- Inclusion of the term of office in the calculation of seniority and seniority-related benefits
- Provision of private unemployment insurance while 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 declassified during the year

In accordance with Article L. 225-39 of the French Commercial Code, on November 28, 2013, the Board of Directors decided to declassify regulated agreements authorized until this date as normal agreements relating to current operations and entered into under normal conditions.

Tax consolidation agreement

The Board of Directors previously authorized the signing of the tax consolidation agreements listed below, which have until now been classified as regulated agreements.

Entity name	Authorization date
CEOI-BIE	12/20/2002
Crédit Mutuel Arkéa Home Loans SFH	12/20/2002
Suravenir Assurances	3/6/2009
Arkéa Capital Partenaire	3/6/2009
Federal Finance	3/6/2009
Federal Finance Gestion	3/6/2009
Financo	12/10/2009
Fédération du CMB	10/16/2009
Fédération du CMSO	10/16/2009
Fédération du CMMC	10/16/2009
Crédit Mutuel Arkéa Sector Public SCF	9/17/2010
Arkéa Banque Entreprises et Institutionnels	1/28/2011
Foncière Investissement	1/28/2011
Novélia	1/28/2011
Arkéa Banking Services	1/28/2011
Arkéa SCD	1/28/2011
Arkéa Assistance	1/28/2011
Monext	1/28/2011
Leasecom group	1/28/2011
Leasecom	1/28/2011
Leasecom Financial Assets	1/28/2011
Leasecom Car	1/28/2011
Suravenir	1/27/2012
CFCAL Banque	11/29/2012
CFCAL SCF	11/29/2012
Arkéa Crédit Bail	2/1/2013

In the absence of any mention of the declassification of these agreements in the company’s management report, we call your attention to this decision of which we share the assessment.

Credit agreements

The Board of Directors previously authorized the signing of credit agreements with the subsidiary Arkéa Banque Entreprises et Institutionnels with the counterparties listed below, which have been classified until now as regulated agreements.

Counterparty name	Authorization (or information) date
Sofiprotéol	7/1/2011
	8/26/2011
	10/14/2011
	8/28/2012
Altrad	Board of Directors information on 8/26/2011 Ratification at the AGM approving the 2011 financial statements
Paprec	Board of Directors information on 7/1/2011 Ratification at the AGM approving the 2011 financial statements
	Board of Directors information on 8/26/2011 Ratification at the AGM approving the 2011 financial statements
	6/22/2012
	2/1/2013
	7/5/2013
	8/27/2013
PPR	1/28/2011
	3/29/2013

In the absence of any mention of the declassification of these agreements in the company’s management report, we call your attention to this decision of which we share the assessment.

Neuilly-sur-Seine and Courbevoie, March 31, 2014  
The Statutory Auditors

DELOITTE & ASSOCIES  
Jean-Marc Mickeler

MAZARS  
Charles De Boisriou

# 12. report of independent third-party entity, on the review of social, environmental and societal information published in the Management Report

## Year ended December 31, 2013

*This is a free translation into English of the original report issued in French and is provided solely for the convenience of English speaking readers.*

For the attention of the Shareholders,

In our capacity as independent third-party entity, whose request for accreditation was deemed admissible by the French National Accreditation Body (COF-RAC), and member of the Mazars network, Statutory Auditor of Crédit Mutuel Arkéa, we hereby present you with our report on the social, environmental and societal information presented in the management report prepared for the year ended December 31, 2013 (hereinafter the "CSR Information"), pursuant to Article L.225-102-1 of the French Commercial Code (Code du commerce).

## Responsibility of the company

The Management Board of Crédit Mutuel Arkéa is responsible for preparing a management report including the CSR Information provided by 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"), some of which are presented in the paragraph of the management report named « The methodological note on RSE information», throughout the management report and are available on request from the company's registered office.

## Independence and quality control

Our independence is defined by regulatory texts, 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 rules of ethics, professional standards and the applicable legal texts and regulations.

## Responsibility of the 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 (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a five man team between the end of January 2014 and the end of February 2014 a period of around three weeks. To assist us in conducting our work, we referred to our corporate responsibility experts.

We conducted the following procedures in accordance with professional standards applicable in France, the order of May 13, 2013 determining the methodology according to which the independent third-party entity conducts its assignment and, with regard to the fairness opinion, ISAE3000<sup>1</sup> (International Standard on Assurance Engagements).

## 1. Attestation of completeness of the CSR Information

Based on interviews with management, we familiarized ourselves with 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 have 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 have verified that explanations were provided in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code.

We have verified that the CSR Information covered the consolidated scope, i.e., the company and its subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code.

Based on our work, we attest to the completeness of the required CSR Information in the management report.

## 2. Reasoned opinion on the fairness of the CSR Information

### Nature and scope of procedures

We held some fifteen interviews with the persons responsible for preparing the CSR Information with the departments in charge of the CSR Information collection process and, when appropriate,

those who are responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the Reporting Criteria with respect to its relevance completeness, reliability, neutrality and clarity, by taking into consideration, when relevant, the sector's best practices;
- verify the set-up of a process to collect, compile, process, and check the CSR Information with regard to its completeness and consistency and familiarize ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We determined the nature and scope of the tests and controls according to 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 consider to be most significant<sup>2</sup>, at the Group's Directions<sup>3</sup> we:

- 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 correct application of the procedures and implemented substantive tests on a sampling basis, consisting in verifying the calculations performed and reconciling the data with supporting evidence. The selected sample represented 100% of headcounts, 100% of environmental quantitative information and 100% of societal quantitative information.

Regarding the other consolidated CSR Information, we have assessed its consistency in relation to our knowledge of the Group.

Finally, we have assessed the relevance of the explanations relating to, where necessary, the total or partial omission of certain information.

We believe that the sampling methods and sizes of the samples we have 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 limits inherent to the operations of any information and internal control system, the risk that a material anomaly be identified in the CSR Informations cannot be totally eliminated.

## Conclusion

Based on our work, we did not identify any material anomaly likely to call into question the fact that the CSR Information has been presented fairly, in all material aspects, in accordance with the Reporting Criteria.

Paris-La-Défense, March 31, 2014

The independent third-party entity

MAZARS

Emmanuelle Rigaudias  
Partner CSR  
and Sustainable Development

Charles de Boisriou  
Partner

1. ISAE 3000 – Assurance engagements other than audits or reviews of historical information

# cross-reference table

- cross-reference table of the Registration Document
- cross-reference table of the 2013 Annual Management Report related to Crédit Mutuel Arkéa Group
- cross-reference table of employment, environmental and social data as required by article 225 of the Grenelle II Act



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.

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