

2017

REGISTRATION DOCUMENT



This is a free translation into English of the Registration Document and it is provided for the convenience of Englishspeakers 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, 2017.



This Registration Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on April 27, 2018 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.

CON TENTS

1	Presentation of Crédit Mutuel Arkéa	7	5	Corporate social responsibility	220
1.1	Group profile	8	5.1	Crédit Mutuel Arkéa's corporate social responsibility	224
1.2	Crédit Mutuel Arkéa's history	11	5.2	Cooperation and co-construction with the stakeholders	226
1.3	Crédit Mutuel Arkéa's business lines	12	5.3	CSR at the heart of the support of the members and clients	232
1.4	Crédit Mutuel Arkéa's strategy	18	5.4	The evolution of Crédit Mutuel Arkéa's CSR footprint	247
1.5	Highlights 2017	19	5.5	CSR indicators	272
1.6	Solidarity relations	23			
2	Corporate Governance	25	6	General information	279
2.1	Conditions for preparing the corporate governance report	27	7	Person responsible	282
2.2	Board of Directors of Crédit Mutuel Arkéa	28	8	Statutory auditors	283
2.3	Executive corporate officers	43	9	Statutory auditor's report on the 2017 consolidated financial statements	284
2.4	General management bodies and work	45	10	Statutory auditor's report on the 2017 aggregate financial statements for year ended December 31,2017	288
2.5	Agreements for the benefit of corporate officers	47	11	Statutory auditor's special report on related party agreements and commitments	291
2.6	Conflicts of interest in administrative and management bodies	48	12	Report by the independence third party, on the consolidated human resources environmental and social information	293
2.7	Internal control procedures	49		Cross reference table	296
2.8	Compensation of officers	56			
2.9	Report of the statutory auditors on the corporate governance	59			
3	Financial information	60			
3.1	Activities	62			
3.2	Financial results	66			
3.3	Capital and regulatory ratios	68			
3.4	Outlook	72			
3.5	Consolidated financial statements for year ended December, 31 2017	74			
3.6	Aggregate financial statements for year ended December 31,2017	152			
4	Risk factors	183			
4.1	Credit risk	187			
4.2	Market risks	196			
4.3	Structural interest rate and liquidity risks	201			
4.4	Foreign exchange risk	206			
4.5	Equity and other variable income securities risk	207			
4.6	Operational risk	208			
4.7	Legal risk	212			
4.8	Non-compliance risk, including money-laundering risk	213			
4.9	Risks specific to the insurance business	216			

1

Presentation of Crédit Mutuel Arkéa

1.1

Presentation of Credit Mutuel Arkéa

Crédit Mutuel Arkéa is a banking and insurance group. It comprises the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations as well as some thirty specialized subsidiaries, which cover all of the business lines in the financial area.

A cooperative and mutual company, Crédit Mutuel Arkéa is not listed on the stock exchange. Crédit Mutuel Arkéa is owned by its customer shareholders, who are both shareholders and customers. The group, which combines a strong financial position and long-term growth strategy, thus puts its performance to work on behalf of the real economy, autonomy and accomplishing the projects of its 4.2 million customers.

As a producer and distributor, Crédit Mutuel Arkéa can offer its customers, whether they are individuals, companies, associations or local authorities, a full range of banking, financial, asset management and insurance products and services. **The group also stands apart through its development of private label banking services** on behalf of other financial and payment institutions. This Business-to-Business strategy enables it to operate well beyond its historical locations and increase its market share.

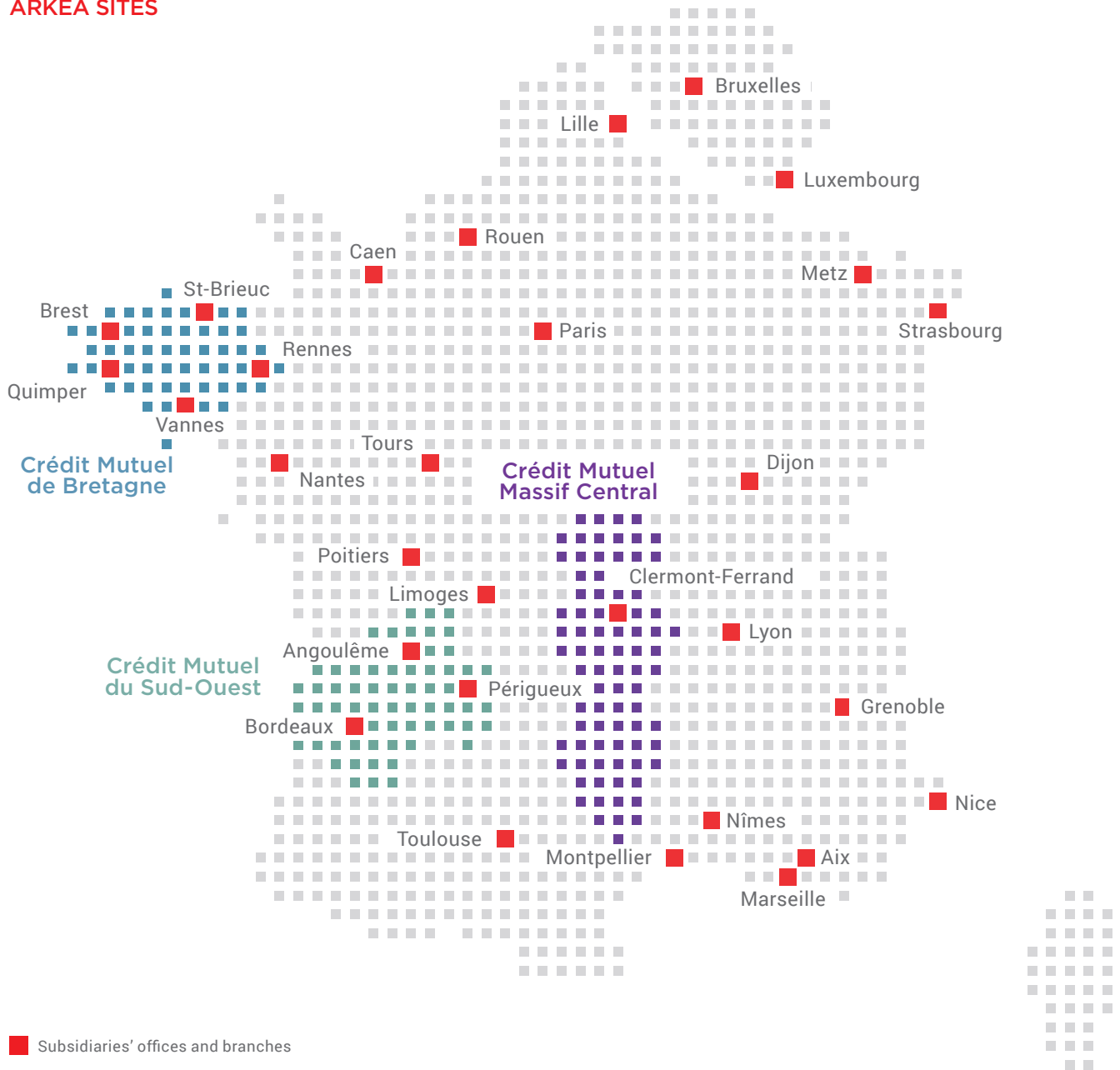
A pioneer and innovator, Crédit Mutuel Arkéa is known and recognized for its technology culture, particularly in online banking and insurance services. Building on this expertise, **the group has forged very strong links with players in the digital ecosystem** and is developing various forms of cooperation with them, whether technological or through capital transactions. In a fast-changing environment, in an ultra-connected world that is shaking up all established models, these partnerships with start-ups and fin-techs enable it to remain at the cutting edge of technology, consumer trends and cultivate its agility.

Crédit Mutuel Arkéa pursues an original development strategy, with the ambition of establishing itself as the financial services hub model that best meets the aspirations and lifestyles of today and tomorrow.

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

- A network of 457 points of sale including 331 local savings banks in Brittany, Southwestern France and the Massif Central region;
- 18 regional business centers for Arkéa Banque Entreprises et Institutionnels;
- 9 regional branches for Leasecom;
- 8 regional branches for Financo;
- A presence in Belgium with Keytrade Bank and ProCapital. Keytrade Bank is also present in Switzerland and Luxembourg.
- Leetchi and Mangopay are present in the United Kingdom, Germany, Spain and Luxembourg.
- Activity throughout Europe through Monext, the subsidiary that specializes in electronic payments.

ARKÉA SITES



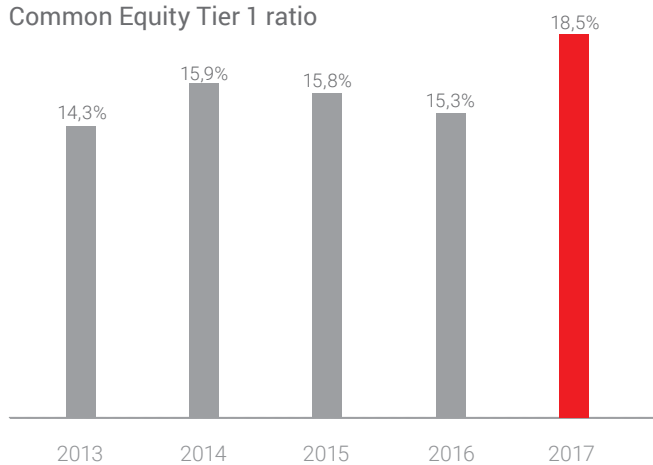
Key figures 2017

(€ millions)

	2013	2014	2015	2016	2017
Net banking and insurance income	1,620	1,724	1,780	1,852	2,090
Gross operating income	481	531	545	570	662
Net income attributable to equity holders of the parent	213	269	296	336	428
Total assets	93,969	103,204	110,112	120,393	128,385
Shareholders' equity attributable to equity holders of the parent	5,010	5,463	5,774	6,070	6,449

Solvency and financial rating

Common Equity Tier 1 ratio



AS OF 12/31/2017	
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 ¹
Moody's	Négative

¹ Standard & Poor's put «negative» in perspective on January 23 2018
Crédit Mutuel Arkéa rating.

1.2

Crédit Mutuel Arkéa's history

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

Crédit Mutuel Arkéa has its roots in the Office Central des œuvres mutuelles agricoles du Finistère, created in 1911 on the initiative of several landowners who wanted to speed up the modernization of the Breton countryside. Central purchasing office for farmers, the Office Central then manages to federate all the mutual, cooperative and social works of the department. By 1930, it had over 460 agricultural unions and some 38,400 members. The cooperative then sought to meet the multiple needs of farmers in credit, insurance and vocational training. The Office Central presided over the creation of several mutual groups including Triskalia, Groupama and Crédit Mutuel de Bretagne.

The creation of the Crédit Mutuel de Bretagne federation

In Brittany, after several years of uneven growth and development that often varied from one city to the next, the local savings banks in Brittany formed a union in the 1970s and in 1979 created a federation – Crédit Mutuel de Bretagne – covering the entire region.

In the 1980s, the range of banking and insurance needs of individuals, sole proprietorships and companies became more diverse. Crédit Mutuel de Bretagne provided a competitive solution by becoming both a producer and distributor of its products and services. **Between 1984 and 2000, it thus 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** (formerly BCME, commercial banking) and **Financo** (consumer credit).

In 2002, a solid and diversified group was formed around the three federations: Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest, and Crédit Mutuel Massif Central and some 20 subsidiaries.

This step constituted the creation of Crédit Mutuel Arkéa.

2008 marked another key moment, as Crédit Mutuel Arkéa adopted the Horizons 2015 strategic business plan. With this plan, the group confirmed its prominent role as a locally based banking and insurance company while developing its online activities and services, strengthening its position in the companies and institutions market and providing its expertise, particularly in the design of banking products and services, to new partners: mass market retail chains, banks and payment institutions.

In October 2015, the group's Board of Directors adopted a new business plan: "Arkéa 2020." Like its predecessor Horizons 2015, this new strategic business plan is designed to strengthen the group's original purpose, namely to support and finance the real economy while taking full advantage of the group's openness and agility in response to the rapid and far-reaching changes in its environment.

These major strategic orientations led to the following developments:

- the successful launch of online banking: Fortuneo Banque in 2009 and the acquisition of Keytrade Bank in 2016 ;
- the creation of new subsidiaries such as **Arkéa Banking Services** (private label banking services), **Arkéa Capital Partenaire and Arkéa Capital Managers** (private equity), **Arkéa Assistance** (remote assistance) and **Arkéa Sécurité** (remote monitoring), **Nextalk** (multichannel contact center) ;
- the acquisition of **Leasecom** (lease financing), **Monext** (electronic payments), **CFCAL Banque** (credit restructuring), **Schelcher Prince Gestion** (asset management) and the equity investment in **Primonial** (wealth management). These new areas of expertise all complement and round out the group's other products and services.
- the acquisition of **Leetchi** (digital money pot and online payments) and **Pumpkin** (application of reimbursement between relatives) and participation in the capital of several fintechs: **Linxo** (aggregation of accounts), **Younited Credit** (individual loans), **Yomoni** (private management), **Grisbee** (asset management), **Vivienne Investissement** (quantitative management), **Masuccession.fr** (simulation of inheritance costs) and **Fluo** (insurance contract management application). These operations enable Crédit Mutuel Arkéa to monitor changes in consumption patterns and to cultivate its agility in a rapidly changing banking environment and an increasingly connected world.

1.3

Crédit Mutuel Arkéa business lines

As the producer and distributor of its products and services, and backed by the expertise of its specialized subsidiaries, Crédit Mutuel Arkéa offers a comprehensive and competitive line of products and services. It wants to make its model of a financial services hub the best answer to the aspirations and lifestyles of today and tomorrow.

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

The banking business lines

Retail banking for individuals and sole proprietorships

As the historical business line of Crédit Mutuel Arkéa, retail banking for individuals and sole proprietorships (farmers, skilled tradesmen, merchants, and independent professionals) revolves primarily around the **Crédit Mutuel de Bretagne**, **Crédit Mutuel du Sud-Ouest** and **Crédit Mutuel du Massif Central** networks. These three federations, which have more than 4,000 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 customers.

The group has experimented with a new local savings bank format in Brittany, Southwestern France and the Massif Central region, thereby clearly demonstrating its commitment to stronger local banking ties with customers. These new bank branches underpin the essential role of the branch as a place of expertise and exchanges between customers and their usual branch advisor, while introducing the latest in technology such as self-service touch-screen tablets, video-conferencing, etc.

A pioneer in multi-channel banking, Crédit Mutuel Arkéa uses the Internet and mobile banking as the main drivers of its market penetration strategy alongside its traditional banking channels. The development of new online services, the dematerialization of procedures and subscriptions, banking applications for connected objects and new payment methods are examples of this. The success of **Fortuneo**

Banque is yet another example, as it ranks among the leaders in the French market. The acquisition of Keytrade Bank, the undisputed leader in online banking in Belgium, enables Crédit Mutuel Arkéa to significantly accelerate its development in Europe. **Fortuneo Banque** and **Keytrade Bank** are Arkéa Direct Bank's brand names and already have more than 700,000 customers in France, Belgium, Switzerland and Luxembourg.

In addition, with **Arkéa Banque Privée**, the group has an entity that specializes in wealth management for customers located in the Brittany, Southwestern France and Massif Central regions.

Leetchi, which designs online payment solutions for individuals and businesses, further strengthens Crédit Mutuel Arkéa's presence in the digital world and online finance. With more than 10 million customers, leetchi.com is Europe's leading online money pots. **Mangopay**, its other business, is one of the leading payment solutions for the sharing economy and marketplaces, with more than 2,000 customer platforms. In 2017, Crédit Mutuel Arkéa acquired the start-up **Pumpkin**, which developed a mobile application to facilitate reimbursement between close relatives.

The group has also launched **«Max»**, a payment institution, whose aim is to provide a simple and effective response to the everyday needs of consumers. «Max» application already offers a wide range of banking and insurance services, concierge services and personalised advice. With Leetchi, Pumpkin and Max, the group, which believes that collaboration between traditional players and fintechs creates added value, is continuing to transform its businesses.

The group, in partnership with Le Télégramme, is the initiator of **Kengo**, a crowdfunding platform, which aims to support projects in Brittany and Brittany. Kengo has already received more than 1,000 applications and 75% of the applications referenced in 2017 have been funded. Following the same model, the **Sokengo** platform was launched in 2016, in partnership with the daily Sud-Ouest, to finance local projects in Nouvelle Aquitaine.

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



RETAIL BANKING FOR INDIVIDUALS AND PROFESSIONALS

- Three Crédit Mutuel networks in Brittany, Sud-Ouest and Massif Central. These networks are supported by specific teams for the agricultural and wine sectors.
- Two online brand names: Fortuneo Banque and Keytrade Bank.
- A developer of online payment solutions (Leetchi) and a payment application (Pumpkin).
- A payment institution (Max)
- Two crowdfunding platforms: Kengo and Sokengo
- A consumer credit specialist (Financo) and a credit restructuring specialist (CFCAL)

Retail banking for companies and institutions

Crédit Mutuel Arkéa is a key player in the retail banking market and supports all those that drive the economic development of the regions: companies, local authorities, healthcare institutions, real estate developers, public housing and the social welfare agencies...

The Crédit Mutuel de Bretagne, Sud-Ouest and Massif Central federations have specific teams and structures to support companies with less than €10 million in turnover.

Crédit Mutuel Arkéa also relies on a division of expertise that brings together all the skills required for this clientele in a commercial bank (**Arkéa Banque Entreprises et Institutionnels**). For companies and local authorities, the group thus offers a very complete range of solutions: financing, cash management and valuation, leasing with **Arkéa Crédit Bail**, financial engineering and leasing with **Leasecom**, insurance, flow management, factoring under the **Arkéa Factoring** brand, management of the entrepreneur's assets...

Innovative, Arkéa Banque Entreprises et Institutionnels launched the "Plateforme des Institutionnels" in 2015. Following the model of crowdfunding, this digital platform allows local authorities to finance themselves directly from institutional investors who wish to make sense of their investments by supporting regional development.

The group is also a major player in the private equity sector and has invested €1 billion in medium-sized companies. Crédit Mutuel Arkéa, which in 2016 consolidated all its private equity activities under the Arkéa Capital name, is able to support executives at every step of their company's development, from the startup phase until they become medium-sized companies.

Arkéa Capital Partenaire, a private equity firm founded in 2011, provides long-term equity financing to large unlisted companies. It embodies the strength and conviction of Crédit Mutuel Arkéa's long-term commitment. Crédit Mutuel Arkéa thereby directly contributes to the maintenance of economic decision-making centers in the regions as well as job creation in promising industrial sectors in its home markets. With €400 million in investment capacity, Arkéa Capital Partenaire supports the owners of promising medium-sized companies with their development projects and succession plans. The subsidiary has already carried out five major transactions on behalf of Le Graët (agribusiness), Paprec (materials recycling), Armor (ink chemistry and printing technologies), Sermeta (manufacture of heat exchangers) and more recently Vivalto Santé (private clinics).

Meanwhile, **Arkéa Capital Investissement**, a complementary business, invests in growth capital and buyout capital transactions involving family-owned and independent companies, with investment amounts ranging from €1 million to €10 million. In nearly 30 years, Arkéa Capital Investissement has supported more than 500 small and medium-sized companies for a total of close to €400 million.

In 2016, Crédit Mutuel Arkéa launched a new investment vehicle to meet the specific needs of executives of medium-sized companies: **Arkéa Capital Managers**. The aim of this fund is to help management teams, over the long term, with their growth projects or to take control of their company. It provides equity financing, with tickets of more than €10 million, through the acquisition of minority interests.

Crédit Mutuel Arkéa has been since 2016 a member of **Clearwater International France** (formerly Easton Corporate Finance), an investment bank that specializes in merger and business acquisition consulting.



RETAIL BANKING FOR COMPANIES AND INSTITUTIONS

- A commercial bank : Arkéa Banque Entreprises et Institutionnels
- Two specialized subsidiaries : Arkéa Crédit Bail (equipment and real estate leasing) et Leasecom (lease financing)
- Three private equity subsidiaries (under Arkéa Capital brand name): Arkéa Capital Partenaire, Arkéa Capital Investissement and Arkéa Capital Managers.

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

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

This business-to-business activity has grown exponentially within the group, which does not hesitate to position itself as a “partner serving the growth of its competitors,” notably by offering Business Process Outsourcing (BPO) services. For the client company, the outsourcing of business processes deemed non-strategic not only helps to significantly lower that company’s costs but also serves to enhance its competitiveness by allowing it to focus on its core business while at the same time benefiting from the latest products and services. These partnerships allow Crédit Mutuel Arkéa to leverage its know-how and technological expertise and secure its development in France and the rest of Europe.

For example, the group processes payments for Amazon in France and provides Allianz Banque’s banking services. It is also the provider of major industrial and commercial players such as Système U, RCI Bank and Services, Banque PSA Finance...

Arkéa Banking Services, a full-service bank authorised by the Banque de France, offers a full range of white-label banking services. Successful partnerships with RCI Bank and Services, Banque PSA Finance, Allianz Banque, La Banque Postale, Adyen, Brink’s France and Système U are good examples. Arkéa Banking Services also collaborates with several fintechs, including Currencycloud, Railsbank, Slimpay and Bankable.

The subsidiaries **ProCapital**, **Monext** and **Mangopay** are part of the same partnership approach. ProCapital Securities Services is a securities services provider for financial institutions and management companies that want to benefit from a flexible offer, from account management and execution of their clients’ orders to the creation of transactional websites. Monext is a market leader in electronic transactions combining payment technologies and services. It supports 150 financial institutions, more than 7,000 merchants and handles more than 30% of e-commerce transactions in France (Amazon, Française des Jeux, Le Mouvement Leclerc, Rue du Commerce, Private Travel, Private Sales, PMU, Carrefour, Système U, Intermarché...). Finally, Mangopay, a subsidiary of Leetchi,

publishes turnkey payment solutions for marketplaces, collaborative consumption platforms and crowdfunding platforms.

In July 2017, the group created a new subsidiary: **Nextalk**, a multi-channel contact centre for banking players. Based in Aix-en-Provence and Manosque, Nextalk is an offshoot of Monext and provides a first level of customer relations and assistance in banking operations 24/7. This white-label service enables the group to maintain human contact and build customer loyalty with banks, whether they are traditional, digital, mobile, neobanks...

Since 2011, Crédit Mutuel Arkéa has also been operating a joint electronic payment platform with Oney (formerly Banque Accord), a subsidiary of the Auchan group, under the **Armoney** brand.

In addition to these specialized BtoB companies, other subsidiaries carry out BtoB activities by distributing their products through external networks (Suravenir, Suravenir Assurances, etc.).



SPECIALIZED SUBSIDIARIES IN THE BUSINESS-TO-BUSINESS (B-TO-B) MARKET

- A private label banking services subsidiary: Arkéa Banking Services
- A securities services provider: ProCapital
- Two electronic payments specialists: Monext and Mangopay
- A multi-channel contact centre : Nextalk
- An electronic money EIG with Banque Accord: Armoney.

Insurance and asset management business Lines

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

Life insurance and protection insurance

Suravenir is one of the leading players in the life insurance and provident business in France. Suravenir specializes in the design, manufacture and management of life insurance contracts (individual and group life insurance), provident insurance contracts (borrowers' insurance, term life insurance) and company retirement savings plans. Its contracts are marketed by a large number of distribution partners: banking networks, Internet channels, independent wealth management consultants, brokers...

Non-life insurance

Suravenir Assurances covers all the needs of private individuals in property and casualty insurance: home and private life, car, motorcycle, health, dependency, life accident cover... It manages more than 2 million contracts on behalf of 600,000 clients. As a wholesale broker, **Novélia** provides business risk coverage and designs insurance products for mass market and major business accounts. Nearly 4,000 brokers and general agents distribute its products throughout France

Asset and wealth management

Federal Finance (under **Arkéa Investment Services** brand name) comprises all the group's asset management specialists. Arkéa Investment Services brings together the expertise of several management companies: **Federal Finance Gestion**, **Schelcher Prince Gestion** and **Swen Capital Partners**. Federal Finance Gestion offers a wide range of mutual funds, discretionary management services and employee savings plans. Its solutions are distributed by the Crédit Mutuel Arkéa networks and directly to institutional investors, major accounts, private banks, fund managers and independent wealth management advisors. Federal Finance Gestion is also seen as a pioneer in socially responsible investing (SRI), offering a range of 11 SRI funds. A subsidiary of the group since 2011, Schelcher Prince Gestion offers mutual funds, unit trusts and special funds and mandates and is recognized for its expertise in convertible bonds, credit (Investment Grade and High-Yield), multi-strategy bond funds and funds of loans to the economy. In 2016, Crédit Mutuel Arkéa acquired a stake in **Vivienne Investissement**, a quantitative management company.

Crédit Mutuel Arkéa is also a shareholder in the **Primonial** group, one of the leaders in wealth management for individuals in France. Primonial selects and designs asset management solutions in open architecture. Finally, in 2017, the group acquired a stake in **Mandarine Gestion**, an independent company specializing in equity fund management and asset allocation.

Arkéa Capital Gestion rounds out the asset management activities. Working with Arkéa Capital Investissement, it manages FCPR and FPCI funds, i.e. mutual funds at least 50%-invested in unlisted shares. Arkéa Capital Gestion also manages the **West Web Valley 1** and **We Positive Invest** funds. With €30 million, West Web Valley 1 aims to support start-ups and companies in the digital transition phase. We Positive Invest is a €20 million investment fund dedicated to supporting entrepreneurs engaged in energy transition, the circular economy and social entrepreneurship. We Positive Invest invested in three companies in 2017: Cozynergy, one of the leaders in energy renovation in France, Algo Paint, which has developed a range of paints based on algae, and Osmia, a company specializing in pollinator insects.



LIFE INSURANCE AND PROTECTION INSURANCE

- A life insurance subsidiary: Suravenir
- A non-life insurance subsidiary: Suravenir Assurances
- An insurance solutions product development and brokerage subsidiary: Novélia
- Three fund management companies affiliated with Federal Finance (marketed under the Arkéa Investment Services brand): Federal Finance Gestion, Schelcher Prince Gestion and Swen Capital Partners.
- A wealth management company: Primonial
- A portfolio management company: Arkéa Capital Gestion

Non-banking activities

Crédit Mutuel Arkéa also covers non-banking activities, with its subsidiaries dedicated to connected services: **Arkéa Assistance**, which specializes in remote assistance services for individuals, and **Arkéa Sécurité**, which offers a range of remote surveillance services for individuals. Their services are marketed under the brand name **Arkéa On Life**.

In a completely different field, **Arkéa Immobilier Conseil** selects, on behalf of the networks of the three federations, new and renovated real estate products and programs throughout the country and eligible for the main tax measures. In 2017, Crédit Mutuel Arkéa acquired a majority stake in the capital of **Izimmo**, a group specialized in the valuation and marketing of investment and acquisition real estate products.

Finally, **Armorique Habitat**, a social housing company, manages a park of more than 6,000 homes in Brittany, of which it owns.



NON-BANKING ACTIVITES

- A remote assistance subsidiary: Arkéa Assistance
- A remote surveillance subsidiary: Arkéa Sécurité
- Une filiale intermédiaire en investissement immobilier : Arkéa Immobilier Conseil.
- A real estate investment advisory subsidiary: Arkéa Immobilier Conseil and a valuation and acquisition of real estate product subsidiary : Izzimo
- .A public housing company: Armorique Habitat.

1.4 Crédit Mutuel Arkéa's strategy

Crédit Mutuel Arkéa's development strategy is based on three pillars:

- **Regional anchoring** thanks to the networking of its three Crédit Mutuel federations in Brittany, the Sud-Ouest and the Massif Central, as well as its dynamic investment policy in regional companies.
 - **Digital services** that have enabled the group to break away from its historical boundaries and extend its influence throughout the country and beyond. The group has thus become one of the leaders in online banking in Europe with Fortuneo Banque and Keytrade Bank.
 - **The provision of white-label banking services**, enabling it to update its knowledge of the market and raise the level of service requirements.
- The «Arkéa 2020» company project, initiated in 2014, aims to establish the Group's development around four main priorities:
- Advising and equipping individual clients, moving from the bank distribution model to a **concept of "financial coaching"** by leveraging the expertise of bank advisers and the breadth of services offered.
 - Strengthen the Group's positioning as a **reference partner in its territories** and as an ecosystem facilitator, notably by setting up a network dedicated to supporting digital entrepreneurship.
 - As a manufacturer of banking and insurance products, **continue to diversify its distribution networks** through partnerships and even the acquisition of niche players to complete its offering, particularly in the field of services.
 - Take advantage of its unique position as a **provider of third-party banking services in France and the euro zone**, by expanding its offer to better serve its existing customers and conquer new ones. The aim is to strengthen its role as a skills assembler.

Finally, **corporate social responsibility** is at the heart of the Arkéa 2020 project, with an action plan that aims to strengthen the Group's presence in innovative sectors that prefigure the economy of tomorrow: energy transition, circular economy, sharing economy and societal entrepreneurship.

CRÉDIT MUTUEL ARKÉA: A REFERENCE PARTNER IN THE DIGITAL ECOSYSTEM

Crédit Mutuel Arkéa has developed links with the fintechs and start-ups ecosystem at a very early stage in its search for growth drivers, with whom it is developing various forms of cooperation. Since 2011, the group has invested more than €103 million in the digital economy. The group is a shareholder of **Younited Credit**, the leader in retail financing, and **Linxo**, the bank account aggregator. In 2015, the group acquired **Leetchi**, whose retail and professional payment services are complementary to its own, and invested in Yomoni, a private banking specialist. The group continued its investments in 2016, acquiring stakes in Grisbee, a wealth management platform, and **Vivienne Investissement**, a quantitative asset management company. In 2017, Crédit Mutuel Arkéa purchased **Pumpkin**, which is developing a mobile application that facilitates repayments between close relatives. He joined **Masuccession.fr**, an online platform for simulating and optimizing estate costs for individuals and **Fluo**, which has developed a fluid and simple solution to optimize the choice and management of various insurance contracts.

The Group's subsidiaries apply the same strategy. Suravenir, for example, works with start-ups that offer alternative investment models at lower cost (**wesave.fr**, **Marie Quantier**) and collaborates with **Yomoni** and **Grisbee**. Financo has entered into a commercial partnership with **Yelloan**, which is developing a participative kitty concept that serves as a guarantee to facilitate obtaining credit and which developed the first chatbot dedicated to consumer credit in 2017.

The group is also a shareholder of **ISAI**, the investment fund for Internet entrepreneurs, supports **France Digitale**, the leading association of the digital ecosystem in France and supports **RAISE**, the investment fund for the growth of SMEs and ETIs. Crédit Mutuel Arkéa also participated in the closing of the «**Hardware Club Fund I**» fund, which aims to develop a new generation of start-ups developing connected objects and supports the **Share!T.io** accelerator, which brings together the most innovative social entrepreneurs and technological talent to build solutions that meet the major societal challenges. A breeding ground for innovation and leveraging transformations, these fintechs enable Crédit Mutuel Arkéa to maintain its agility, expand its range of services and remain at the cutting edge of technology and consumer usage.

1.5 2017 highlights

JANUARY

Crédit Mutuel Arkéa joins **Masuccession.fr**, an online platform for simulating and optimizing succession costs for individuals. With this investment, Crédit Mutuel Arkéa confirms its ambition to remain at the forefront of uses and technology through original and value-creating solutions for all its customers.

Monext, the group's subsidiary specialized in electronic payment, obtains the Bancontact certification, which is essential for processing electronic payment transactions in Belgium. Monext thus becomes an alternative to the monopoly previously held by Worldline for Belgian banks and their retail customers.

Crédit Mutuel Arkéa acquires a minority stake in **Vermeg**, the European specialist in financial and insurance software solutions. Vermeg is present in France, Belgium, Luxembourg, the Netherlands and Tunisia. Crédit Mutuel Arkéa thus joins forces with a key partner to achieve its objectives in the provision of banking services on behalf of third parties.

The UK-based Fintech **Railsbank** is leveraging Arkéa Banking Services' expertise to launch its open banking and banking compliance platform, which provides access to a range of services: creation of IBANs, issuance of payment cards, credit services...

Crédit Mutuel Arkéa invests €1 million in the capital of **Cozynergy**, one of France's leading energy renovation companies. This is the first investment by the social innovation fund, **We Positive Invest**, launched by Crédit Mutuel Arkéa to support pioneering entrepreneurs in three priority sectors: energy transition, the circular economy and social entrepreneurship.

FEBRUARY

Crédit Mutuel Arkéa is the first French bank to offer contactless mobile payment with biometric fingerprint authentication. This new payment solution - contactless Paylib - is offered to customers and members of Crédit Mutuel de Bretagne, Sud-Ouest and Massif Central.

Crédit Mutuel Arkéa is investing €2 million in Fluo. Created in 2013, Fluo is an «Insurtech» who has developed a fluid and simple solution

to optimize the choice and management of the various insurance contracts. Fluo offers, via a mobile application, a detailed analysis of all household insurance policies - car, home and health - and a point-by-point comparison with the best offers on the market.

MARCH

RCI Bank and Services, the Renault subsidiary specializing in automotive financing and services, is renewing its partnership with Arkéa Banking Services for five years for business process outsourcing services. In 2012, RCI Bank and Services launched its Zesto pass-book savings account in partnership with Arkéa Banking Services, the first automobile brand financial services provider in France to offer savings products to diversify its refinancing sources.

Crédit Mutuel Arkéa is investing in its **Corporate and Institutional** segment with the construction of a new head office in Saint-Grégoire (35). The future 4,100 m² building will house some 300 employees from the summer of 2018. The project illustrates the group's attachment to its historical territory of development.

Crédit Mutuel Arkéa's 2016 record results validate the effectiveness of its business model. At €1.85bn, EBITDA rose by 4.1% to €1.85bn, reflecting sustained sales momentum. Operating income rose by 6.9% to €466m; net income, group share reached its highest level ever at €336m.

The Primonial group recomposes its capital. In accordance with the investment protocol signed in December 2016, Bridgepoint now holds 52.5% of Primonial's capital, Crédit Mutuel Arkéa retains 35% and the Group's management and employees 12.5%. Bridgepoint and Primonial have the ambition to eventually set up the first European asset management platform.

Crédit Mutuel Massif Central finances the Semblada, the first participative housing project in Auvergne. Seven families will share apartments spread over 900 m², including 200 m² of shared spaces. Often presented as the «third way» of housing, participative housing is a more economical and sustainable way of gaining access to property, and benefits from legal facilities initiated by the ALUR law (for access to housing and a renovated urbanism).

Arkéa Assistance, a Crédit Mutuel Arkéa subsidiary dedicated to remote assistance services, continued its development with the acquisition of the Minifone brand. The operation strengthens its national presence and more specifically around the Lyon metropolis, the Minifone area.

APRIL

SlimPay, which offers a simplified solution for recurring direct debit payments to merchant sites, has chosen **Arkéa Banking Services** to manage its interbank flows. **Bankable**, a solutions provider in BaaS (Banque as a Service), is also partnering with Arkéa Banking Services, which provides its solution to access interbank exchange systems.

May

The general meeting of the group, held on 4 May 2017, approved the appointment of **six new directors for a three-year term of office**: Marta Crenn, Thierry Bougeard, Patrick Le Provost, all three from the Crédit Mutuel de Bretagne federation; Marc-Alexis Roquejoffre, representative of the Massif Central federation; Anne-Sophie Grave and Monique Huet joined the Board of Directors as independent directors. With a 40% feminization rate, Crédit Mutuel Arkéa's Board of Directors is a testament to modern governance that respects the best standards in the marketplace.

Insurance broker **AcommeAssure.com** announces the launch of **Novys**, its first online insurance offer. It was designed in partnership with **Suravenir Assurances** and is based on the «Pay how you drive» principle. It is aimed at novice drivers and rewards them for good behaviour in the form of a reduction in the monthly contribution.

Suravenir has chosen to further increase its investments in SMEs and local authorities. 2 billion in loan commitments were made by Suravenir, of which 55% were loans to SMEs, 22% to mortgages, 18% to infrastructure and 5% to local authorities. More than 1 billion euros of these commitments have already been deployed and are used to finance 314 SME companies, of which nearly 70% are located in France, as well as more than 70 local authorities.

Crédit Mutuel Arkéa innovates by launching «**Max**», its own fintech, which aims to provide a simple, impartial and effective response to the needs of consumers' everyday life. The mobile application

«Max» will eventually offer a wide range of banking and insurance services, concierge services and personalized advice. Max's general management is entrusted to Didier Ardouin, who previously held the same position with the Crédit Mutuel Massif Central federation.

Crédit Mutuel de Bretagne is the first bank to commit itself alongside **the Bleu-Blanc-Cœur** association and allocates a financial envelope to promote the approach of Breton dairy farmers who are members of the Eco-methane programme. The dual objective of this scheme is to reduce greenhouse gases and improve animal and human health by improving nutritional quality.

Crédit Mutuel Arkéa was awarded the annual **CSR Communication Awards** by the United Nations Global Compact network in France, in the «Best First COP» category. This prestigious jury was chaired by Geneviève Jean-Van-Rossum, special representative in charge of bioethics and corporate social responsibility at the Ministry of Europe and Foreign Affairs.

June

The investment company **Hardware Club** announces the closing of its first institutional fund «Hardware Club Fund I» for an amount of more than 25 million euros, in which Crédit Mutuel Arkéa participates. The Hardware Club was officially launched in Paris in January 2015 with the mission to support a new generation of startups developing connected objects. It now has more than 260 member companies in 30 countries.

Frédéric Diverrez is appointed Chairman of the Management Board of Monext. F. Diverrez joined Crédit Mutuel Arkéa in 2009. In particular, he was Chief Executive Officer and then Chairman of the Management Board of ProCapital Securities Services. Since 2012, he has been Chief Executive Officer of Monext.

Suravenir Assurances now offers multi-risk home insurance for mobile and Internet. This offer is aimed at students under 30 years of age, whether tenants or roommates, and can be subscribed in just two minutes from the websites of Crédit Mutuel's three federations, mobile websites and mobile applications.

Ashoka, the world's leading network of social entrepreneurs in 80 countries, launches its «Tech for Good» accelerator, which is joined

by Crédit Mutuel Arkéa. Through a 10-month acceleration process, ShareIT - that's its name - aims to bring together the most innovative social entrepreneurs and technological talents, to build solutions that meet the major societal challenges: access to healthcare, culture, education, energy, natural disaster prevention....

JULY - AUGUST

Arkéa Banque Entreprises et Institutionnels has set up a financing envelope dedicated to «CSR» investments: renewable energies, infrastructures, clean equipment, energy efficiency of buildings... 100 million, the scheme aims to encourage its customers to implement their responsible development projects by offering them subsidized loan rates.

Crédit Mutuel Arkéa continues to invest in fintechs and acquires 80% of the capital of **Pumpkin**, whose mobile application facilitates money transfers between close relatives. Crédit Mutuel Arkéa's acquisition of a majority stake in Crédit Mutuel Arkéa was accompanied by a €15 million investment over three years to accelerate the launch of a mobile neobank.

Monext's multi-channel contact center becomes a fully-fledged entity under the name **Nextalk**. Based in Aix-en-Provence and Manosque, Nextalk provides a first level of customer relations and assistance in banking operations 24/7. This white-label service enables us to maintain human contact and build customer loyalty with banks, whether they are traditional, digital, mobile, neobanks...

SEPTEMBER

Crédit Mutuel Arkéa is the first French banking group to make it possible, via its three Crédit Mutuel federations (Brittany, Sud-Ouest, Massif Central), to subscribe to an online bank account and obtain immediate means of payment. From now on, **it takes only 9 minutes for a customer to open his or her own remote account and immediately have an RIB and a virtual credit card**. At a time of nomadic behaviour, the total dematerialization of the process is a major new step in simplifying the customer journey.

Crédit Mutuel Arkéa and Crédit Maritime announce the creation of **a fund «dedicated to the activities of the sea» (fishing, shellfish farming, etc.) in Brittany** and endowed with 10 million euros. It will provide investors in the sector who cannot finance their entire project with additional leverage. This fund will be used as quasi-equity in fisheries companies in the form of convertible bonds to support project financing and limit the use of traditional borrowing. Brittany has 1 300 vessels, two thirds of which are to be renewed within ten years.

Crédit Mutuel Arkéa already has a stake in **Fintech Linxo** and is already a shareholder. As France's leading provider of bank account

aggregation solutions, Linxo intends to develop an «enhanced financial assistant» to become the personal financial hub for users.

Younited Credit, the leading personal lending platform in continental Europe, has completed a capital increase of 40 million euros, subscribed by its historical shareholders, including Crédit Mutuel Arkéa. The capital raised will enable the company to continue its European expansion and strengthen investments in the development of its underwriting, data processing and credit analysis technologies.

OCTOBER

The group, via its **We Positive Invest**, and Brittany Region, via the Breizh Up investment fund, are investing in the capital of the Breton start-up Algo Paint. Located near Rennes (35), Algo Paint has developed a range of natural paints based on algae, which meets both environmental challenges and the requirements of users, whether they are private individuals or professionals. We Positive Invest is also investing in Osmia, a company specializing in pollinating insect breeding. Osmia develops, in fact, innovative solutions aimed at increasing yields and the quality of agricultural production and offers its services, particularly in the arboriculture sector.

Arkéa Immobilier Conseil, Crédit Mutuel Arkéa's real estate subsidiary, launches a 100% digital SCPI subscription platform. This innovation is the result of a partnership with Grisbee, the next-generation financial coach and Urban Premium, a real estate portfolio management company.

Kengo. bzh, the crowdfunding platform of Crédit Mutuel Arkéa and Le Télégramme Group, is granted the right to award the «green growth participative financing» label to projects requesting its assistance. The objective of this new label, instituted by the Ministry of Ecological and Solidarity Transition and the association Finance-participatif France, is to qualify participatory financing projects that contribute to the energy and ecological transition in the territories and thus redirect financing towards a low-carbon economy.

Koregraf, a Bordeaux-based participative financing platform dedicated to the financing of real estate development, has just opened its capital to two banks, including Crédit Mutuel Arkéa, which takes 8% of the capital. This platform aims to provide property developers with equity capital to finance the construction of new housing.

NOVEMBER

Crédit Mutuel Arkéa strengthens its presence in the capital of **MaSuccession.fr**, the platform for simulating and optimising online inheritance costs. The banking group increases its stake in Fintech to around 30%, which has already attracted 14,000 customers.

Crédit Mutuel du Sud-Ouest is adapting its physical network in the region to meet the expectations of its customers and prospects by opening local points of sale, shared with a partner, Groupe IGC, one of the leaders in the construction of single-family homes in the Sud-Ouest.

Startup **Yelloan** launches the first chatbot dedicated to consumer credit in France with **Financo**, the specialized subsidiary of Crédit Mutuel Arkéa. The conversational intelligence of the chatbot dialogues with the client in order to know his needs and then propose, in real time, several adapted financing simulations. The client chooses the one that suits him best, provides information about his personal situation and obtains an immediate policy response.

DECEMBER

Crédit Mutuel Arkéa and Mandarin Gestion, an independent company specializing in equity fund management and asset allocation, have signed a capital-intensive and industrial partnership agreement to strengthen their expertise in the European equity asset class. This is reflected in the Group's 15% stake in Mandarin Gestion.

Sébastien Barbe is appointed Chairman of Arkéa Investment Services. S. Barbe was previously Managing Director and Chief Executive Officer of Schelcher Prince Gestion. This appointment is accompanied by the mandates of Chairman of the Management Board of Federal Finance Gestion, Vice-Chairman of the Board of Directors of Swen Capital Partners and Chief Executive Officer of Schelcher Prince Gestion.

Crédit Mutuel Arkéa now offers **Apple Pay** in France to all customers of its distribution networks, namely the federations of Crédit Mutuel de Bretagne, Sud-Ouest and Massif Central, the personal assistant Max, Arkéa Banque Privée and the online bank Fortuneo. Apple Pay transforms mobile payment with a simple, secure yet fast and convenient approach for customers.



1.6

Solidarity relations

Solidarity relations within Crédit Mutuel Arkéa

The Crédit Mutuel Arkéa group's solidarity mechanism is inter-federal, in accordance with Article R. 511-3 of the French Monetary and Financial Code.

This article stipulates that the European Central Bank (**ECB**) may, at the proposal of the ACPR, with respect to mutual and cooperative companies, issue a collective license to a regional or federal savings bank for itself 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 and the ECB 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 and Crédit Mutuel Arkéa's internal regulations. 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 against that specific local savings bank, and not indiscriminately against 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. 1-2016 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 to those that have experienced an extraordinary loss.

Each year, the federation determines the level of contributions to this fund. The federal reserve fund is administered by the federation. The requests it receives for financial support are reviewed by a committee consisting of directors.

In addition to this federal fund, Crédit Mutuel Arkéa may also provide advances, subsidies and loans to local savings banks experiencing financial difficulties.

Crédit Mutuel Arkéa also supports its subsidiaries under the mechanisms regarding prudential supervision on a consolidated basis (Art. 7 and 8 of EU Regulation 575/2013, supplemented by ad hoc intra-group financial agreements on the scope of liquidity), the mechanism provided for in Article L. 511-42 of the French Monetary and Financial Code and the mechanism provided for vis-à-vis insurance subsidiaries in Directive 2002/87 on financial conglomerates.

Solidarity relations within Crédit Mutuel

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 Nationale du Crédit Mutuel and in the Caisse Centrale du Crédit Mutuel (third level) rounds out the organization of Crédit Mutuel.

As the central body, the Confédération Nationale du Crédit Mutuel represents member credit institutions on matters involving the Banque de France, the ACPR and the ECB. It also ensures compliance with laws and regulations that govern its institutions. Finally, it exercises administrative, technical and financial control over the organization and management of the member Crédit Mutuel savings banks.

National solidarity is set by general resolution No. 1-2016 of the Confédération Nationale du Crédit Mutuel (the «CNCM»).

It is clearly stated that Crédit Mutuel Arkéa has its own solidarity mechanism as defined above, which would apply initially. The additional mechanisms likely to involve Crédit Mutuel Arkéa would, in any case, and based on its interpretation, imply a decision on its part.

Crédit Mutuel Arkéa wishes to point out that it has been involved in legal disputes since the end of 2014 with the Confédération Nationale du Crédit Mutuel, Crédit Mutuel's central body, related to potential conflicts of interest. These disputes mainly concern the exercise by the CNCM of its administrative, technical and financial supervision and the use of the «Crédit Mutuel» name.

On May 3, 2016, Crédit Mutuel Arkéa initiated talks with the CNCM to recognize the existence of two autonomous and competing banking groups, namely Crédit Mutuel Arkéa and CM11-CIC. All the proposals made by Crédit Mutuel Arkéa were rejected by the CNCM.

With the situation at an impasse, the Board of Directors of Crédit Mutuel Arkéa, at its meeting on January 17, 2018, invited the three federations to initiate consultations with the local savings banks on the proposed separation from Crédit Mutuel. The local savings banks are asked to decide on the following resolution during the first semester:

“The local savings bank's Board of Directors approves, as far as it is concerned, the plan to initiate any action that will enable Crédit Mutuel Arkéa to become an independent cooperative and mutual banking group, entirely separate from the rest of Crédit Mutuel. Its departure from the Confédération Nationale du Crédit Mutuel would notably entail complete territorial freedom of development, the reaffirmation of a solidarity mechanism within the Arkéa group scope and the adoption of a name and trademarks that do not include the expression “Crédit Mutuel”. The new name and trademarks would clearly reaffirm our cooperative and mutual status and territorial foundations.”

On April 18, 2018, the Boards of directors of the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest are held and have formalized the voting results of the 307 cases expressed. 94.5% of local savings banks were pronounced in favour of independence for Crédit Mutuel Arkéa.

The Board of directors of the Crédit Mutuel Massif Central federation had unilaterally opposed the principle of a consultation of the Boards of directors of the local savings banks of its perimeter. As at April 20, 2018, the Boards of directors of six local savings banks of the Massif Central network were nevertheless held in order to participate in the consultation. These local savings banks approved the project of independence of Crédit Mutuel Arkéa.

The Arkéa Group will now begin the operational implementation of its independence.

At this stage, there is no certainty as to how this conflict with the CNCM may develop and/or when it may be resolved or the impact it may have in the event that Crédit Mutuel Arkéa remains a part of the Crédit Mutuel organization or becomes a fully autonomous banking group.



2

Corporate governance

Crédit Mutuel Arkéa adheres to the AFEP-MEDEF Code and the governance guidelines for cooperative and mutual companies. The Crédit Mutuel Arkéa limited liability cooperative (the parent legal entity for our Group) has, since its founding, opted for a two-tier system of governance, structured around a Board of Directors, chaired by Jean-Pierre DENIS, and an Executive Committee, led by Chief Executive Officer Ronan LE MOAL.

Crédit Mutuel Arkéa is a variable capital limited liability credit cooperative. There are currently no valid authorizations granted by the Shareholders' Meeting to carry out capital increases under Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

2.1

Conditions for preparing the corporate governance report

The corporate governance report has been prepared in accordance with the provisions of Article L.225-37 of the French Commercial Code. The Board of Directors must provide a 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 report must set out the procedures used to prepare and process the accounting and financial information for the parent company financial statements and, where applicable, the consolidated financial statements. The provisions of article L.225-56 of the French Commercial Code notwithstanding, this report also describes any limitations placed by the Board of Directors on the powers of the Chief Executive Officer.

The preparation of the report is coordinated by the Crédit Mutuel Arkéa Corporate Secretariat and Institutional Communications department, which, in addition to its function of providing continuous support for the work and tasks of the Board, also performs the corporate secretarial functions for the Strategy and Societal Responsibility Committee of the Crédit Mutuel Arkéa Board of

Directors. To prepare this report, the Corporate Secretariat and Institutional Communications department also receives contributions from:

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

The corporate governance report integrated into Crédit Mutuel Arkéa's 2017 Registration Document was audited by the statutory auditors and reviewed by the Board of Directors. It will be presented for approval to the May 16, 2018 Shareholders' General Meeting (local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations).

2.2

The Board of Directors of Crédit Mutuel Arkéa

The directors of Crédit Mutuel Arkéa are elected at the Shareholders' General Meeting by and (with the exception of the two independent directors and the two employee-representative directors) from among the 3,600 directors of the local savings banks of the Crédit Mutuel Arkéa federations. These directors are themselves elected by the shareholder customers of their local savings bank at the shareholders' general meetings of the local savings banks according to the cooperative principle of one person, one vote. There is no procedure to grant multiple voting rights.

This electoral system, with an electoral body consisting of all of our customer shareholders, ensures that customers are truly represented on all Crédit Mutuel Arkéa governance bodies and that the boards of directors are administered independently from the company's management.

A number of directors of Crédit Mutuel Arkéa are also members of the governance bodies of one or more Group subsidiaries.

As provided for in the Arkéa 2020 strategic plan and in accordance with the regulators' recommendations on governance, at December 31, 2017, the Board of Directors included two independent directors as defined in the AFEP-MEDEF code. These directors were elected by the Shareholders' General Meeting. Their candidacies were initially subject to pre-screening by the Appointments Committee and were then approved by the Board of Directors based on various criteria set out in Crédit Mutuel Arkéa's independent director charter. They do not come out of the Group's cooperative movement, and they sit on the Board because of their skills and the complementary analyses they can contribute to the deliberative body.

Directors representing employees are appointed by the Central Works Council for a three-year term.

The 2017 Shareholders' General Meeting held to elect Crédit Mutuel Arkéa's directors, approve its financial statements and review the compensation of officers, directors and material risk takers had an 89% attendance rate.

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

Since 2008, the Board of Directors has been chaired by Jean-Pierre DENIS. He was reelected Chairman of the Board of Directors of Crédit Mutuel Arkéa on May 3, 2012 and again on May 7, 2015.

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

The Chairman alone is authorized to act in the name of the Board of Directors and speak on its behalf. Working closely with the Chief Executive Officer, he may represent Crédit Mutuel Arkéa in its high-level relations, notably with leading customers, partners and the governmental authorities at the regional, national and international levels. The Chairman steers the Group's strategy towards development that is autonomous, effective, connected to its regional roots and respectful of cooperative and mutualist values and sponsors the Company's Societal Responsibility as part of the Arkéa 2020 strategic plan. This initiative consists of four main areas (energy transition, circular economy, sharing economy and societal entrepreneurship).

To summarize :

- as of December 31, 2017, the composition of the Board of Directors was as follows :

	STATUS	AGE	INITIAL APPOINTMENT	REAPPOINTMENT	ATTENDANCE	FINANCIAL STATEMENTS COMMITTEE	APPOINTMENTS COMMITTEE	COMPENSATION COMMITTEE	RISK AND INTERNAL CONTROL COMMITTEE	STRATEGY AND SOCIAL RESPONSIBILITY COMMITTEE
Jean-Pierre DENIS Chairman of the Board of Directors	C	57	2008	2018	100%					
CHRISTIAN TOUZALIN Vice Chairman of the Board of Directors	C	67	1996	2018	100%					
Thierry BOUGEARD Director	C	60	2017	2020	86%	CM		CM		
François CHATEL Director	C	66	2015	2018	83%				CC	CM
Marta CRENN Director	C	41	2017	2020	100%				CM	
Isabelle DARDE Director representing employees	E	48	2017	2020	80%			CM		
Christian DAVID Director	C	68	2009	2019	92%		CM		CM	
Guillaume GLORIA Director representing employees	E	49	2017	2020	100%	CM				
Michel GOURTAY Director	C	66	2008	2019	100%				CM	
Anne-Sophie GRAVE Independent director	I	57	2017	2020	86%					CM
Marie-Thérèse GROUSSARD Director	C	60	2008	2020	100%	CC				
Monique HUET Independent director	I	58	2017	2020	100%				CM	
Auguste JACQ Director	C	70	2006	2018	100%			CC		CC
Anne-Gaëlle LE BAIL Director	C	44	2016	2019	83%	CM				
Patrick LE PROVOST Director	C	61	2017	2020	86%		CM	CM		
Hugues LEROY Director	C	70	2002	2020	100%					CM
Christian PERON Director	C	67	2008	2019	100%					
Marc-Alexis ROQUEJOFFRE Director	C	48	2017	2020	86%		CM			
Colette SENE Director	C	58	2015	2018	92%	CM				
Sophie VIOLLEAU Director	C	45	2016	2019	92%		CC			
Lionel DUNET Non-voting member	C	64	2017	2020	80%	CM				
Main indicators		58			93%	6	4	4	5	4

C From the cooperative movement
I Independent director
E Director representing employees
CM Committee member
CC Committee chairman

Individual net amounts, in euros, of attendance fees paid to members of the Board of Directors for 2017 were as follows:

	2017 ATTENDANCE FEES			Total individual attendance fees paid in 2017	Total individual attendance fees paid in 2016
	Au titre du Conseil d'administration	For the Committees	Other functions of officers and directors within the Group		
Jean-Pierre DENIS * Chairman of the Board of Directors					
Christian TOUZALIN Vice Chairman of the Board of Director	16,500	3,250	77,875	97,625	94,879
Thierry BOUGEARD Director	5,500	2,000	10,775	18,275	NA
François CHATEL Director	10,000	8,000	3,825	21,825	22,675
Marta CRENN Director	11,500	2,000	1,950	15,450	9,550
Christian DAVID Director	11,000	3,500	17,425	31,925	34,325
Michel GOURTAY Director	11,500	2,000	1,075	14,575	15,750
Anne-Sophie GRAVE Independent director	15,000	2,000	0	17,000	NA
Marie-Thérèse GROUSSARD Director	10,500	4,500	6,625	21,625	21,800
Monique HUET Independent director	17,500	1,000	0	18,500	NA
Auguste JACQ Director	11,875	10,750	19,475	42,100	38,525
Anne-Gaëlle LE BAIL Director	10,000	2,000	17,500	29,500	9,750
Patrick LE PROVOST Director	5,500	1,000	15,625	22,125	NA
Hugues LEROY Director	11,500	5,000	10,300	26,800	23,175
Christian PERON Director	11,500	-	18,115	29,615	31,190
Marc-Alexis ROQUEJOFFRE Director	5,500	500	0	6,000	NA
Colette SENE Director	11,000	2,000	4,425	17,425	17,700
Sophie VIOLLEAU Director	11,000	3,250	5,650	19,900	9,300
Lionel DUNET Non-voting member	11,000	1,500	500	13,000	14,000
TOTAL	197,875	54,250	211,140	463,265	342,619

NA : not applicable

* Mr. Jean-Pierre DENIS, in his capacity as an officer and director, receives compensation whose components are presented in section 2.8 of the Registration Document.

The rules for allocating the fees paid in respect of the functions performed on the Board of Directors of Crédit Mutuel Arkéa were approved through a deliberation on May 22, 2015 following an opinion from the Compensation Committee and are as follows :

- A fixed fee for each elected director;
- An additional fixed fee for a Vice Chairman;
- A variable attendance fee per meeting for each elected director who attends a Board of Directors meeting;
- A fixed fee for each Committee Chairman;
- A variable fee per meeting for each elected director who attends a specialized committee meeting.

Acting on the recommendation of the Compensation Committee, the Board of Directors also decided, on June 2, 2017, to adopt rules for allocating the fees paid to the independent directors:

- A variable attendance fee per meeting for each independent director who attends a Board of Directors meeting;
- No payment of a fixed fee

In respect of their functions performed within the subsidiaries of the Crédit Mutuel Arkéa group, Crédit Mutuel Arkéa directors also receive:

- A fixed fee for each subsidiary Chairman
- A variable attendance fee per meeting for each director in attendance

In addition to the above allocation rules, some Crédit Mutuel Arkéa directors may receive fixed function-related fees paid in respect of the positions held on federal bodies.

A/ The composition of the Board of Directors

The Board of Directors comprises 20 directors and one non-voting member:

16 directors (5 women and 11 men) representing customer shareholders, elected by the member savings banks and shareholders as part of the Shareholders' General Meeting;

2 independent directors (2 women);

2 directors (1 woman and 1 man) representing employees, appointed by the Central Works Council;

1 non-voting member.

The following changes were approved at the 2017 Shareholders' Meeting:

The departure of Claudette LETOUX, Jean-François DEVAUX, Lionel DUNET, Jean-Yves EOZENOU, Jacques ENJALBERT and Daniel GICQUEL.

The appointment of Marta CRENN, Anne-Sophie GRAVE, Monique HUET, Thierry BOUGEARD, Patrick LE PROVOST and Marc-Alexis ROQUEJOFFRE.

In addition, Lionel DUNET was appointed as a non-voting member.

The Board of Directors thus included two additional women at the close of the 2017 Shareholders' General Meeting. Women make up 40% of the Board of Directors.

The Board's directors are of French nationality and are proposed by the federations that make up the Crédit Mutuel Arkéa group:

- 12 members 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.

One Vice Chairman, Christian TOUZALIN, Chairman of the Fédération du Crédit Mutuel du Sud-Ouest, serves on the Board of Directors. He may, if so authorized by the Chairman, represent Crédit Mutuel Arkéa.

The Board does not have a Senior Independent Director.

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

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.

The Board of Directors is governed by internal rules of operation. These internal rules of operation confirm the basic responsibilities of Crédit Mutuel Arkéa directors, set out the Board's operating procedures and describe the rights and obligations of each director. These internal rules of operation were supplemented in 2017 by an independent director charter.

Independent directors serve on the Board of Directors of Crédit Mutuel Arkéa in accordance with the provisions of the AFEP/MEDEF corporate governance code, to which the Crédit Mutuel Arkéa group adheres, in particular with regard to its governance structure.

Crédit Mutuel Arkéa's Board of Directors therefore fulfills its mission in accordance with the provisions of the bylaws, the financial internal regulations, its rules of operation and the charters specific to each of its specialized committees.

As of December 31, 2017, the Board of Directors comprised the following members.

Jean-Pierre DENIS,

Chairman of Crédit Mutuel Arkéa,

57

Initial appointment: September 12, 2008 – term expires: 2018

Summary biography

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

Other positions held at Crédit Mutuel Arkéa

- Président de la fédération du Crédit Mutuel de Bretagne
- Administrateur de la caisse de Crédit Mutuel de Cap Sizun

of which, position at subsidiaries

- Chairman of SAS Château Calon Ségur

Other positions held outside of Crédit Mutuel Arkéa

- Director of Altrad Investment Authority
- Director of Paprec holding

- Director of JLPP Invest SAS

- Director of Avril Gestion

of which, position at listed company

- Director of Kering

- Director of Nexity

- Member of the Supervisory Board of Tikehau Capital since January 9, 2017

Christian TOUZALIN,

Vice Chairman of Crédit Mutuel Arkéa,

67

Initial appointment: 07/05/1996 – term expires: 2018

Summary biography

Christian TOUZALIN, who holds a master's degree in economics, was a director of Société de Transport du Grand-Angoulême from 1990 to 2014. He was elected as director of Caisse de Crédit Mutuel d'Angoulême Ma Campagne in 1987

Other positions held at Crédit Mutuel Arkéa

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

of which, positions at subsidiaries

- Chairman of the Board of Directors of Suravenir Assurances
- Chairman of the Supervisory Board of Monext
- Director of Arkéa Capital Partenaire

- Director of Arkéa Capital Managers

- Director of SAS Château Calon Ségur

Other positions held outside of Crédit Mutuel Arkéa

- Vice-Chairman of APIVIA IARD

- Director of SEM Société de Transports du Grand Angoulême

Thierry BOUGEARD,

Director of Crédit Mutuel Arkéa,

60

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

Thierry BOUGEARD, who holds a professional certificate in accounting, has held various positions at Organic Bretagne since 1983 and at RSI Bretagne since 2007, where he is regional service relationship manager. He was elected as director of Caisse de Crédit Mutuel de Rennes St-Sauveur in 1990, as Vice Chairman in 2000 and as Chairman in 2004

Other positions held at Crédit Mutuel Arkéa

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de Rennes St Sauveur

of which, positions at subsidiaries

- Director of Arkéa SCD since April 24, 2017

- Director of Federal Service

François CHATEL,

Director of Crédit Mutuel Arkéa,

66

Initial appointment: 05/06/2015 – term expires: 2018

Summary biography

François CHATEL is a graduate of ICN Business School and holds a diploma in accounting and auditing. A partner at KPMG, he served as Director of the Paris headquarters from 1993 to 2005 and as Deputy Regional Director in Rennes from 2005 to 2014. He was elected as director of Caisse de Crédit Mutuel de Rennes Maurepas in 2010 and as Vice Chairman in 2013.

Other position held at Crédit Mutuel Arkéa

- Vice Chairman of Caisse de Crédit Mutuel de Rennes Maurepas

Of which, positions at subsidiaries

- Director of Arkéa Capital Partenaire
- Chairman of the Supervisory Board of Arkéa Banque Entreprises et Institutionnels since April 24, 2017
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Board of Procapital Securities Services
- Director of Arkéa Capital Managers

Other positions held outside of Crédit Mutuel Arkéa

- Chairman of ESC Rennes Group (Association)
- Director of the Nominéo endowment fund (Sponsorship, Rennes University Hospital)
- Associate Member, CCI d'Ille-et-Vilaine
- Honorary Chairman of Oscars d'Ille-et-Vilaine (Association)

Marta CRENN,

Director of Crédit Mutuel Arkéa since May 4, 2017 (non-voting member of Crédit Mutuel Arkéa until May 4, 2017)

41

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

Marta CRENN gained her doctorate in management science after obtaining a post-graduate diploma in tourism management and a master's degree in management control and information systems. She now has her own consulting, training and management research business after previously working as a professor and researcher at ENSTA Bretagne and as a management controller in the hospitality and construction industries. She was elected as director of Caisse de Crédit Mutuel de Plougastel-Daoulas in 2010 and as Vice Chairman in 2012. She has been its Chairman since 2015.

Other positions held at Crédit Mutuel Arkéa

- Chairman of Caisse de Crédit Mutuel de Plougastel-Daoulas

of which, position at subsidiaries

- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

Isabelle DARDE,

Director representing employees of Crédit Mutuel Arkéa since June 15, 2017,

48

Appointment by Central Works Council: 06/15/2017 – term expires: 2020

Summary biography

Isabelle DARDE holds a degree in marketing and has held several positions in the banking industry since 1990. She joined the Crédit Mutuel Arkéa group in 1996 as a customer relationship manager. She currently works as a buyer.

- Employee of Crédit Mutuel Arkéa's Purchasing department

Other positions

None

Christian DAVID,

Director of Crédit Mutuel Arkéa,

68

Initial appointment: 10/16/2009 – term expires: 2019

Summary biography

Christian DAVID, who has an advanced technician's certificate qualifying him to work as a technical assistant in the construction industry, has held several positions in that field. He worked at an IT services group as an industrial engineer for construction industry software starting in 1991. He was elected as director of the Caisse de Crédit Mutuel de Guidel in 1984, where he subsequently held the positions of Vice Chairman and then Chairman

Other positions held at Crédit Mutuel Arkéa

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

of which, positions at subsidiaries

- Director of Suravenir Assurances
- Director of Arkéa Capital Investissement

Lionel DUNET,

Non-voting member of Crédit Mutuel Arkéa since May 4, 2017 (director of Crédit Mutuel Arkéa until May 4, 2017)

64

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

Lionel DUNET, who holds degrees in architecture (from a specialized architecture school) and city planning (from Université Paris VIII), has run his own architecture firm since 2000. He was elected as director of Caisse de Crédit Mutuel de St Brieuc Centre-Ville in 1987, where he subsequently held the positions of Vice Chairman and then Chairman.

Other position held at Crédit Mutuel Arkéa

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

Of which, position at subsidiaries

- Vice Chairman of Arkéa Banking Services

Other positions held outside of Crédit Mutuel Arkéa

- Managing Partner of SARL Architecture Dunet et Associés
- National chairman of the Syndicat de l'Architecture (architects' union)

Guillaume GLORIA,

Director representing employees of Crédit Mutuel Arkéa since June 15, 2017,

49

Appointment by Central Works Council: 06/15/2017 – term expires: 2020

Summary biography

A graduate of the Institut d'Etudes Politiques, Guillaume GLORIA has held several positions in the banking industry since 1993. He has been the head of business customers at Crédit Mutuel de Bretagne since 2000..

- Employee of the St Malo Centre regional unit

Other positions

None

Michel GOURTAY,

Director of Crédit Mutuel Arkéa,

66

Initial appointment: September 12, 2008 – term expires: 2019

Summary biography

Michel GOURTAY, who holds a post-graduate diploma from the Rennes management school, began his career in 1974 at the BSN Gervais Danone group as site manager, then became corporate secretary at Hartereau. From 1983 to 2015, he was Managing Director of the Brest chamber of commerce. He was elected as director of Caisse de Crédit Mutuel du Relecq-Kerhuon in 2006.

Other position held at Crédit Mutuel Arkéa

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

of which, position at subsidiaries

- Member of Supervisory Board of Arkéa Banque Entreprises et Institutionnels

Other positions held outside of Crédit Mutuel Arkéa

- Vice Chairman of Brest Métropole
- President of the Brest Iroise technology center
- Chief Executive Officer of Sempi
- Deputy Chairman of Amitiés d'Armor (Association)

Anne-Sophie GRAVE,

Independent director of Crédit Mutuel Arkéa,

57

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

A graduate of Ecole des Mines de Paris, Anne-Sophie GRAVE has held various positions in the banking, social protection and housing sectors since 1982. In 2007, she was appointed Chairman of the Management Board of EFIDIS (Caisse des dépôts), a position she held for four years. In 2011, she was appointed Pensions and Solidarity Director at Caisse des dépôts and member of the Management Committee. Since August 2017, she has served as Chief Executive Officer of Immobilière 3F.

Other position held outside of Crédit Mutuel Arkéa

- Chief Executive Officer of Immobilière 3F
- Director of Bâtiplaine

Marie-Thérèse GROUSSARD,

Director of Crédit Mutuel Arkéa,

60

Initial appointment: September 12, 2008 – term expires: 2020

Summary biography

Marie-Thérèse GROUSSARD, who holds a diploma in business management, worked at Carl Zeiss Vision France Group from 1977 to 2011. Among other positions, she served as Administrative and Financial Director. Since 2011, she has been head of accounting for foreign subsidiaries at Royer Group. She was elected as director of Caisse de Crédit Mutuel de Fougères Cotterets in 1983, and then Vice Chairman and Chairman in 1994.

Other position held at Crédit Mutuel Arkéa

- Vice Chairman of Caisse de Crédit Mutuel de Fougères

of which, positions at subsidiaries

- Chairman of Supervisory Board of Suravenir
- Director of Arkéa Capital Partenaire
- Director of Arkéa Capital Managers
- Director of Schelcher Prince Gestion since November 28, 2017

Monique HUET,

Independent director of Crédit Mutuel Arkéa,

58

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

A graduate of HEC, Monique HUET began her career in 1981 in the energy sector, at EDF and then Gaz de France. She was finance director at GDF Production Nederland BV in the Netherlands and then of the Exploration and Production Business Unit of the GDF SUEZ group. She is currently the finance director of Engie Nuclear Development.

Other position held outside of Crédit Mutuel Arkéa

- Member of the Management Committee of Engie Nuclear Development SAS

Auguste JACQ,

Director of Crédit Mutuel Arkéa,

70

Initial appointment: May 12, 2006 – term expires : 2018

Summary biography

Auguste JACQ, a public works divisional engineer, held various positions on the Finistère regional council from 1985 to 2007, including nine years as General Manager - Services.

He was elected as director of Caisse de Crédit Mutuel de Loctudy in 1984, as Vice Chairman in 1987 and as Chairman in 1992.

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

Anne-Gaëlle LE BAIL,

Director of Crédit Mutuel Arkéa,

44**Initial appointment: 04/21/2016 – term expires: 2019****Summary biography**

Anne-Gaëlle LE BAIL is a graduate of ESC in Montpellier and holds a post-graduate diploma in macroeconomics from the University of Mannheim. She has held various positions since 1996, primarily in finance and accounting. She has been the head of accounting, taxation and payroll at the Steris SAS group since October 2011. She was elected as Chairman of Caisse de Crédit Mutuel d'Eysines in 2015.

Other positions held at Crédit Mutuel Arkéa

- Vice Chairman of Fédération du Crédit Mutuel du Sud-Ouest since May 4, 2017
- Chairman of Caisse de Crédit Mutuel d'Eysines

of which, position at subsidiaries

- Member of the Supervisory Board of Arkéa Direct Bank since May 16, 2017

Patrick LE PROVOST,

Director of Crédit Mutuel Arkéa,

61**Initial appointment: 05/04/2017 – term expires: 2020****Summary biography**

Patrick LE PROVOST was an agricultural engineer before obtaining his diploma from the Institut Français de Gestion. He held various positions at the Côtes d'Armor Groupement de Défense Sanitaire (animal health protection group) starting in 1980, before becoming general manager of the Brittany Groupement de Défense Sanitaire in 2004. He was elected as director of Caisse de Crédit Mutuel du Gouet et du Lie in 2003 and as Vice Chairman since 2014.

Other positions held at Crédit Mutuel Arkéa

- Vice Chairman of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de Pays du Gouet et du Lie

of which, positions at subsidiaries

- Chairman of the Supervisory Board of Financo
- Chairman of the Supervisory Board of CFCAL
- Chairman of the Supervisory Board of CFCAL SCF
- Director of Arkéa SCD since April 24, 2017

Other positions held outside of Crédit Mutuel Arkéa

- General Manager of the Brittany Groupement de Défense Sanitaire
- Manager of Farago des Côtes d'Armor

Hugues LEROY,

Director of Crédit Mutuel Arkéa,

70**Initial appointment: 05/17/2002 – term expires: 2020****Summary biography**

Hugues LEROY, who holds a master's degree in computer science, worked in various areas at INRIA from 1973 to 2009 as research engineer. He was elected as director of Caisse de Crédit Mutuel de Rennes Saint Anne-Saint Martin in 1991 and as Vice Chairman in 1992.

Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel de Bretagne
- Vice Chairman of Caisse de Crédit Mutuel de Pacé-Vezin since March 25, 2017
- Director of Caisse de Crédit Mutuel de Rennes Bourg L'Evêque since October 6, 2017

of which, positions at subsidiaries

- Chairman of the Board of Directors of Arkéa Direct Bank
- Chairman of the Supervisory Board of Arkéa Bourse Retail since June 30, 2017
- Vice Chairman of Supervisory Board of Procapital Securities Services

Christian PERON,

Director of Crédit Mutuel Arkéa,

67

Initial appointment: September 12, 2008 – term expires: 2019

Summary biography

Christian PERON, who holds an agricultural technician and farmer-breeder certificate in Finistère, was elected as director of Caisse de Crédit Mutuel de Bannalec in 1984 and as Chairman in 1993. He has been Chairman of Caisse de Bretagne de Crédit Mutuel Agricole since 2006.

Other positions held at Crédit Mutuel Arkéa

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

of which, position at subsidiaries

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

Other positions held outside of Crédit Mutuel Arkéa

- Vice Chairman of Board of Directors of Paysan Breton (SAS)

Marc-Alexis ROQUEJOFFRE,

Director of Crédit Mutuel Arkéa,

48

Initial appointment: 05/04/2017 – term expires: 2020

Summary biography

Marc-Alexis ROQUEJOFFRE, who has a degree in philosophy/history, has held various positions in journalism and communications. He is currently a communications consultant. He was elected as director of Caisse de Crédit Mutuel de Lusitano Europe in 2014.

Other positions held at Crédit Mutuel Arkéa

- Director of Caisse Régionale du Crédit Mutuel Massif Central
- Director of Caisse de Crédit Mutuel Lusitano Europe

of which, position at subsidiaries

- Director of Nouvelle Vague since March 31, 2017

Other position held outside of Crédit Mutuel Arkéa

- Chairman of Marc Productions

Colette SENE,

Director of Crédit Mutuel Arkéa,

58

Initial appointment: 05/06/2015 – term expires: 2018

Summary biography

Colette SENE holds a two-year law diploma. After working in public service managing child protection and social action programs, she has spent the last eight years at a regional social action center within the Morbihan departmental council as a social and professional integration officer. She was elected as director in 1988, and then as Vice Chairman and Chairman of Caisse de Crédit Mutuel de Malestroit-Sérent.

Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel de Bretagne
- Vice-Chairman of Caisse de Crédit Mutuel de Malestroit-Sérent

of which, position at subsidiaries

- Director of Suravenir Assurances

Sophie VIOLLEAU,

Director of Crédit Mutuel Arkéa,

45

Initial appointment: 04/21/2016 – term expires: 2019**Summary biography**

A graduate of the Institut Supérieur des Hautes Etudes Economiques et Commerciales, Sophie VIOLLEAU has held various positions in marketing since 1994. Since 2008, she has been the founder and co-manager of Parentéo Services, a domestic services company, and, since 2010, has been the head of customer service at Société des Transports du Grand-Angoulême. She was elected as Vice-Chairman of Caisse de Crédit Mutuel de la Couronne in 2015

Other positions held at Crédit Mutuel Arkéa

- Director of Fédération du Crédit Mutuel du Sud-Ouest
- Vice-Chairman of Caisse de Crédit Mutuel de Couronne

of which, positions at subsidiaries

- Director of Suravenir Assurances since May 3, 2017
- Chairman of the Board of Directors of Nouvelle Vague since August 25, 2017

Other position held outside of Crédit Mutuel Arkéa

- Managing Partner of SARL Parenteo Services

B/ Preparation and organization of the work

The Board of Directors met 12 times in 2017 (15 times in 2016). The directors had a meeting attendance rate of 92% (compared with 93% in 2016).

Jean-Pierre DENIS chaired the 12 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 information regarding the Group's activity and strategy.

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

1. Activity :

- 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;
- 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 and the ICAAP and ILAAP reports;
- monitoring anti-money laundering and terrorist financing activities;

2. Strategy:

- setting the group's general orientations for the year;
- reviewing the accomplishments under the "Arkéa 2020" strategic plan, including its CSR aspects;
- monitoring ongoing developments and decision-making involving the Confederation in order to defend Crédit Mutuel Arkéa's development and autonomy;
- making decisions with respect to mergers and acquisitions, equity investments and divestments. The Board of Directors was informed of the various partnerships concluded and planned transactions that were not finalized despite the outlay of resources;

3. Financial statements :

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

4. Risk limits and control systems:

- adopting regulatory changes leading to stronger internal controls (permanent control, periodic control and compliance).

5. HR frameworks :

- making the appointments and conducting the salary reviews that are the responsibility of the Board.

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

In 2017, three dedicated training sessions were offered to Crédit Mutuel Arkéa directors. They addressed the following topics: impacts of IFRS 9 (two half-day sessions), the ICAAP report (presentation of the internal capital adequacy assessment process) and the Group limits system in the context of risk governance. In the previous year, the Board's two training sessions covered anti-money laundering and counter-terrorism financing and operational risk management.

To enable Board members to further improve their knowledge and skills, the Arkéa 2020 business plan calls for strengthening the training programs for directors.

In November, the Board of Directors also met for a seminar in order to discuss the following matters:

- The transformation of the Retail division;
- CSR practices within the Group;
- The Crédit Mutuel Arkéa group corporate brand platform.

C/ The specialized committees

Five specialized committees also help to perform the Board's work. Each committee has its own Operating Charter, which determines the body's missions and organizational methods.

The Appointments Committee also conducted an assessment of the Committees and presented its findings to the Board in November 2017.

1/ The Strategy and Societal Responsibility Committee is charged with guiding Crédit Mutuel Arkéa's strategic planning and helping the Board of Directors with its work. Its role consists of:

- guiding/coordinating the Group's strategic planning;
- ensuring that Societal Responsibility is fully integrated into the Group's strategy;
- assisting the Board of Directors of Crédit Mutuel Arkéa with its work.

In 2017, it met ten times (eight times in 2016). The average attendance rate during the year was 94%, with the following individual attendance rates:

2017 attendance rate	
François CHATEL	80 %
Anne-Sophie GRAVE ⁽¹⁾	100 %
Auguste JACQ (Chairman) ⁽²⁾	100 %
Hugues LEROY	100 %

(1) Committee member since June 2, 2017
 (2) Committee Chairman since June 2, 2017

Numerous matters were discussed during the year. For example, the Strategy and Societal Responsibility Committee analyzed:

- The partnership, acquisition and capital restructuring projects and, in particular, reviewed the Pumpkin, Mandarine Gestion and Younited Credit files.
- The Group's internal development projects implemented under the Arkéa 2020 strategic plan, including the proposed creation of the Nouvelle Vague subsidiary (creation of the fintech Max) and the proposed spin-off of the Monext call center and of Arkéa Banque Entreprises et Institutionnels' digital platform (La Plateforme des Institutionnels).
- Several progress updates on CSR projects, as well as the non-financial rating assigned to Crédit Mutuel Arkéa by Vigéo, the leading French CSR rating agency.

2/ The Compensation Committee is responsible for maintaining the overall consistency of compensation policies and practices at Crédit Mutuel Arkéa and its regulated subsidiaries.

In 2017, it met five times (six times in 2016). The average attendance rate during the year was 100%, with the following individual attendance rates:

2017 attendance rate	
Thierry BOUGEARD ⁽¹⁾	100 %
Isabelle DARDE ⁽²⁾	100 %
Auguste JACQ (Chairman)	100 %
Patrick LE PROVOST	100 %

(1) Committee member since June 2, 2017
 (2) Committee member since June 30, 2017

During the year, the Committee reviewed:

- Compensation packages for the employees of Arkéa Société des Cadres de Direction (ASCD) and officers and senior managers;
- The approval of the annual variable compensation and bonuses awarded to:
 - Crédit Mutuel Arkéa's managers
 - The head of the risk management function referenced in Article L 511-64 of the French Monetary and Financial Code and the compliance officer
 - Employees whose professional duties have a significant impact on the risk profile of Crédit Mutuel Arkéa or of a subsidiary.
- The compensation scope and methods for the regulated population of Crédit Mutuel Arkéa group through an analysis of the compliance and risk authorizations;
- The assessment of the related-party agreements that remained in force during the period, concerning the employment contracts of the Chairman and of the Chief Executive Officer of Crédit Mutuel Arkéa;
- The compensation policy of subsidiaries subject to the AIFM directive;
- The achievement of targets triggering the variable portion paid in 2017 for officers and directors and ASCD employees, and setting the corresponding targets for 2017;
- The long-term profit-sharing plan and the determination of this plan's targets for the 2017-2019 period;
- The achievement of the 2014-2016 targets triggering the long-term profit-sharing paid in 2017 to members of the General Coordination Committee and the group bonus;
- The impacts of IFRS 9 on the compensation packages within the Group;
- The Group's labor relations environment in 2016

3°/ The Appointments Committee is responsible for supporting Crédit Mutuel Arkéa's Board of Directors by issuing:

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

In 2017, the committee met seven times (eight times in 2016). The average attendance rate during the year was 85%, with the following individual attendance rates: :

	2017 attendance rate
Christian DAVID	71 %
Patrick LE PROVOST ⁽¹⁾	67 %
Marc-Alexis ROQUEJOFFRE ⁽¹⁾	100 %
Sophie VIOLLEAU (Chairman) ⁽²⁾	100 %

(1) Committee member since June 2, 2017

(2) Committee Chairman since June 2, 2017

In 2017, the Committee:

- renewed and/or appointed 2017 applicants to membership functions of boards of directors and supervisory boards of group entities (more than 160 applications);
- appointed Crédit Mutuel Arkéa representatives to deliberative bodies of companies in which the group has an equity interest (29 cases reviewed);
- reviewed the appointment of executive members at the subsidiaries (14 cases);
- identified and proposed candidates for independent director;
- conducted the annual assessment of the operation of the Board of Directors of Crédit Mutuel Arkéa and proposed action plans.

The Committee is responsible for proposing the composition of the supervisory bodies of the entire group, the subsidiaries and Crédit Mutuel Arkéa.

Since a Board's most important quality is having the proper balance of members with the requisite skills and ethics, the Committee, when reviewing applications for renewal or appointment at the Group's integrated subsidiaries, strives to:

- Increase the number of underrepresented members by gender on the supervisory bodies of group companies;
- seek diversity and complementary backgrounds for the effective and proven operation of the various boards of directors and supervisory boards;
- create, except in special cases, supervisory bodies including elected representatives from the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central Federations.

4/ 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 changes thereto;
- assessing the quality of accounting procedures;
- reviewing the financial statements of Crédit Mutuel Arkéa prior to their presentation to the Board of Directors;
- monitoring the statutory auditors' work plan and reviewing the findings of their work.

In 2017, the Committee met four times (four times in 2016). The average attendance rate during the year was 91%, with the following individual attendance rates:

	2017 attendance rate
Thierry BOUGEARD ⁽¹⁾	100 %
Lionel DUNET	75 %
Guillaume GLORIA ⁽²⁾	100 %
Marie-Thérèse GROUSSARD (Chairman) ⁽²⁾	100 %
Anne-Gaëlle LE BAIL ⁽¹⁾	67 %
Colette SENE	100 %

(1) Committee member since June 2, 2017

(2) Committee member since June 30, 2017

The Committee's work focused on:

- reviewing and approving the 2016 financial statements and the 2017 budget;
- analyzing the opinions of the statutory auditors on the annual closing;
- reviewing the statutory auditors' internal control system;
- the accounting principles and methods applicable to the interim financial statements, internal control and audit approach of the statutory auditors;
- audit reform in Europe;
- reviewing and approving the consolidated interim financial statements and opinions of the statutory auditors on the interim closing;
- the timeline for implementing IFRS 9;
- presenting the new audit report format;
- the accounting principles applicable to the closing and timelines;
- the status of the Statutory Auditor appointments.

5/ **The Risk and Internal Control Committee** helps the Board of Directors perform its duties with respect to monitoring Crédit Mutuel Arkéa's risks and its internal control system.

Five meetings were held in 2017 (nine in 2016). The average attendance rate during the year was 97%, with the following individual attendance rates:

	2017 attendance rate
François CHATEL (Chairman)	100 %
Marta CRENN	100 %
Christian DAVID	80 %
Michel GOURTAY	100 %
Monique HUET ⁽¹⁾	100 %

(1) Committee member since June 2, 2017

In 2017, the topics considered by the Risk and Internal Control Committee were as follows:

1) Periodic control:

- Summary presentation of the 54 audits finalized in 2017;
- Presentation of the 2016 annual summary of the Network Periodic Control assignments;
- Review of the 2016 Internal Control Annual Report;
- Status at November 30, 2016 and May 31, 2017 of the implementation of recommendations (ACPR, ECB and Business Line Periodic Control department);
- Presentation of the changes in how the improvement plans associated with the DIGCP's audit reports are prepared and implemented;
- Presentation of the updates to the DIGCP's risk map;
- Presentation of the procedure for developing the 2018 periodic control plan;
- Presentation of the proposed 2018 periodic control plan.

2) Compliance and permanent control:

- Review of permanent control and compliance activity and results;
- Annual review of AML-CFT activity;
- Approval of the updates to the Crédit Mutuel Arkéa group's internal control and compliance charters;
- Presentation of the results of the 2016 annual check control program;
- 2016 investment services compliance officer annual report - AMF.

3) Risk monitoring and oversight:

- Presentation of risk reporting;
- Approval of the revisions to the risk management function charter;
- Presentation of the new organization of Crédit Mutuel Arkéa's Risk department;

- Analysis of the compatibility of the prices of products and services with the risk strategy (Article L. 511-94 of the French Monetary and Financial Code): review of the correlation between loan rates and credit risk (internal rating);
- Update of the risk appetite framework and presentation of the proposed limits for 2018;
- Regulatory compliance of the variable compensation scheme.

4) Financial statement closings:

- Review of the observations of the Financial Statements Committee on the presentations related to annual financial statements for the December 31, 2017 and June 30, 2017 closings (accounting principles, financial statements, summaries and analyses, work of the Statutory Auditors, etc.).

5) Regular update on the work of the supervisory authorities (ECB, ACPR, Inspection Générale of the Banque de France, AMF, etc.)

6) Other matters:

- Follow-up on requests from the Risk and Internal Control Committee (at every meeting);
- Presentation of the report on the Committee's activity in 2016;
- Approval of the 2018 meeting schedule for the Risk and Internal Control Committee.

D/ Review of the operation of the Board of Directors

At least once a year, at the initiative of the Chairman of the Appointments Committee, one item on the agenda of the Crédit Mutuel Arkéa Board of Directors' meeting is devoted to assessing the operation of the Board and its specialized committees. Every three years, the Committee, either alone or with the help of a consultant, conducts a formal assessment of the Board of Directors.

The previous formal assessment of the Board's operation was conducted in late 2015. The consulting firm's summary findings confirmed that the group's governance is structured around moti-

vated and committed directors. The quality of the documentary materials presented for review and authorizations of the committees and of the Board are exemplary and enable the directors to make informed decisions as part of a perfectly expressed and shared strategic vision. The operation of the Board of Directors with Executive Management is deemed to be based on trust and balanced.

In 2017, the Appointments Committee, based primarily on discussions with the Chairmen of the four other Specialized Committees, conducted an annual review of the operation of the Board of Directors and of its Specialized Committees. At its meeting of November 23, 2017, the Board of Directors reviewed the information presented: while several areas of satisfaction were identified, recommendations were made to further improve the performance of the Board of Directors and its Specialized Committees.



2.3

Executive officers

In 2017, Dominique ANDRO (age 58) resigned from his position as Associate Executive Officer of Crédit Mutuel Arkéa.

At December 31, 2017, the executive officers of Crédit Mutuel Arkéa were :



Ronan LE MOAL,
Chief Executive Officer of Crédit Mutuel Arkéa,
45

Summary biography

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

He was named Chief Executive Officer of Crédit Mutuel Arkéa in 2008. He is leading the group's digital transformation which, under his guidance, has resulted in numerous innovations and confirms its commitment within the digital ecosystem.

Other positions held at Crédit Mutuel Arkéa

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

Other positions held outside of Crédit Mutuel Arkéa

- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Crédit Mutuel Cartes de Paiements
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of Tikehau Capital Advisors
- Director of Y Capital (smartangels)



Anne LE GOFF,
Associate Executive Officer of Crédit Mutuel Arkéa,
44

Summary biography

A qualified member of the French Institut des Actuaire and a graduate of the Centre des Hautes Etudes d'Assurances, Anne LE GOFF joined Suravenir, Crédit Mutuel Arkéa's life insurance and protection insurance subsidiary, in 1996 as an actuary and then as Head of the actuarial department. From 2006 to 2008, Anne LE GOFF held responsibilities involving control and management of the Group's risks. In September 2008, she joined the Office of the Chairman before being named Corporate Secretary in early 2011. Since 2012, Anne LE GOFF has served as Head of the group's Corporate Secretariat and Institutional Communications department.

Since May 2016, she has headed Crédit Mutuel Arkéa's «Development Support Functions» Division, which includes the group's Finance and Investments, Financial Markets, Risks, Legal Affairs, Compliance and Permanent Control, Organization and Central Services departments. The division is tasked with supporting the Group's development and ensuring stringent oversight of the Arkéa 2020 strategic plan.

Other positions held at Crédit Mutuel Arkéa

- Chief Executive Officer of Arkéa Public Sector SCF and permanent representative of Crédit Mutuel Arkéa
- Chief Executive Officer of Arkéa Home Loans SFH and permanent representative of Crédit Mutuel Arkéa
- Member of the Executive Board of Arkéa Bourse Retail
- Permanent representative of Crédit Mutuel Arkéa on the Board of Directors of CEOI-BIE
- Permanent representative of Crédit Mutuel Arkéa on the Supervisory Committee of New Primonial Holding
- Member of the Supervisory Board of Bretagne Digital Participative
- Director of Euro Arkéa 10
- Director of Euro Arkéa 11

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.

2.4

The 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:

- 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 achievement;
- monitoring the activity of the group as a whole;
- reviewing issues involving the group's organization and matters of general interest.

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

- defines certain general corporate policies and related decisions, based on the guidelines established by the Executive Committee;
- facilitates dialogue between the development functions and the administrative functions regarding the current situation and recurring and prospective topics;
- discusses any matters related to the coordination of internal control.

The Executive Committee meets weekly. As of December 31, 2017, it was comprised of the following members :

Ronan LE MOAL	Chief Executive Officer of Crédit Mutuel Arkéa
Anne LE GOFF	Associate Executive Officer responsible for the development support division
Frédéric LAURENT	Deputy General Manager responsible for the innovation and operations division
Christelle LE BERRE	Head of Square Arkéa
Tarak ACHICH	Head of the B2B and specialized services division
Bertrand BLANPAIN	Head of the companies and institutions division
Marc GOSSELIN	Director of Human Resources
Bernard LE BRAS	Head of the products division

The General Coordination Committee meets approximately every month and, in addition to the Executive Committee, includes the following members:

Philippe ROUXEL	Chief Executive Officer of Fédération du Crédit Mutuel de Bretagne
Jean-Marc JAY	Chief Executive Officer of Fédération du Crédit Mutuel du Sud-Ouest
Hélène BERNICOT	Head of the corporate secretariat and institutional communications department
Anne-Laure NAVEOS	Head of external growth and partnerships
Jean-Marie ALFONSI	Chief Financial Officer
Didier ARDOUIN	Chief Executive Officer of the Nouvelle Vague subsidiary
Antoine LEFEBVRE	Head of compliance and permanent control
Alain TAROUILLY	Head of Group Internal Audit and Periodic Control
Jean-Luc LE PACHE	Deputy director responsible for the development support division
Jean-Luc QUEGUINER	Head of Risk Management
Morgan MARZIN	Head of Arkéa 360°

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 Coordination Committee. These committees include:

- the Periodic Control Committee;
- the Compliance and Permanent Control Committee;
- the ALM and Capital Management Committee;
- the Credit Committee;
- the Loan Committee;
- the Risk Monitoring Committee;
- the Counterparties Committee;
- the Purchasing Committee;
- the Real Estate Committee;
- the Innovation Committee;
- the Anti-Money-Laundering and Terrorism Financing Committee



2.5

Agreements for the benefit of officers

No agreements were entered into during the fiscal year, directly or through an intermediary, between an officer or a shareholder holding more than 10% of the voting rights in a company and another company in which the first company directly or indirectly holds more than half of the share capital, with the exception of agreements concerning day-to-day operations and entered into on an arm's length basis



2.6

Conflicts of interest of officers and directors

As of the filing date of this Registration Document, there were no conflicts of interest between Crédit Mutuel Arkéa and the members of its Board of Directors and Executive 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.

Crédit Mutuel Arkéa has a conflict of interest management policy that was approved by its Board of Directors. This framework document establishes the rules that apply within the group regarding the identification, prevention and management of conflicts of interest.

Each entity is responsible for adapting the policy in order to fulfill the obligations related to preventing, identifying and managing potential or actual conflicts of interest. As such, each entity maintains a register in which it records the conflicts of interest that have been reviewed. It also monitors any potential conflicts that remain unresolved.

A cross-functional control framework has also been made available to verify the correct adaptation of this policy by the group's entities.

Awareness training was also provided to Crédit Mutuel Arkéa's directors by the Compliance and Permanent Control Department in 2016. It will be provided again in 2018.



2.7

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.

The group's effective managers (dirigeants effectifs) are responsible for determining the actual business orientations (French Monetary and Financial Code Article L 511-13). In particular, they implement the internal control support systems while ensuring that they are suited to the various risks to which the group is exposed. They notify the group's supervisory body of progress made in the implementation and status of the systems as well as the degree of risk management they enable.

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

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

The Group Risk and Internal Control Committee assists the supervisory body with its risk management duties in accordance with

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

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

The supervisory body of each Crédit Mutuel Arkéa subsidiary confirms the application and suitability of the principles of the Charter to the entity and entrusts the effective managers with its implementation.

The structure of the compliance and permanent control system was revised in 2016 to strengthen its effectiveness and independence:

- The Compliance and Permanent Control Department now reports directly to an Associate Executive Officer. As Chief Compliance Officer, Antoine LEFEBVRE reports directly to Anne LE GOFF, Associate Executive Officer of the Development Support division.
- All compliance and permanent control positions have been transferred to the Compliance and Permanent Control Department for the Crédit Mutuel Arkéa credit institution scope (15589),
- The permanent control functions have been isolated from the compliance functions within the Compliance and Permanent Control Department through the creation of two separate departments,

Group scope functions have been separated from Crédit Mutuel Arkéa credit institution scope (15589) functions within each department.

Permanent control

The organization of “permanent control» 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 and compliance control within Crédit Mutuel Arkéa is based on the following principles:

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

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

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

Crédit Mutuel Arkéa’s Compliance and Permanent Control Department (CPCD), which reports to the Associate Executive Officer in charge of the Development Support Division, coordinates the heads

of permanent control and compliance at the group’s subsidiaries, is responsible for permanent control at the entities included in the 15589 scope and oversees the permanent control and compliance system at the group level.

Compliance control system

In order to ensure consistent practices throughout the group, the Compliance and Permanent Control Department steers and manages the implementation of the group’s compliance control systems, including the fight against money-laundering and terrorism financing.

The Compliance and Permanent Control Department refers to the group’s Compliance Charter. This charter complements the Internal Control Charter by defining the measures implemented within the Group to prevent and control non-compliance risks.

The scope of its activities includes:

- Monitoring changes in the regulatory framework established by the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority, the AMF General Regulations and anti-money-laundering and terrorism financing regulations.
- The definition and management of the group’s anti-money laundering and terrorism financing policy, including requirements analysis for group software. In 2016, this policy was strengthened in accordance with regulatory requirements. Work was completed on the transaction monitoring applications and on know your customer due diligence at the time of new customer relationships and throughout these relationships.
- The definition and management of the group’s investment services compliance system (based on the AMF General Regulations), which is designed to manage and coordinate the group’s compliance systems subject to AMF supervision.
- Managing the ongoing efforts to collect high-quality data on customers as part of the fight against money-laundering and terrorism financing as well as efforts to combat tax fraud, particularly in connection with the U.S. FATCA regulations and the OECD Common Reporting Standard (CRS).
- The definition of Know Your Customer - KYC standards in terms of both identification, information and documentation, and risk assessment and monitoring of the proper application of these rules.
- The definition and management of group policies aimed at protecting customers. Customer protection must be implemented at every step of the product or service marketing process: advertising, pre-contractual information, duty to advise, performance

of a contract from the time it is signed to its termination. The framework policies related to the right to a bank account, the ability to change banks, banking inclusion, customer complaints handling, intermediation in banking transactions, payment services and insurance transactions and know your customer with respect to the distribution of savings products contribute to this objective of protecting customers.

- The definition and management of the group framework policy regarding conflict of interest management. The policy that applies to all the group's entities establishes the principles for detecting, preventing and managing conflicts of interest within the group.

- The definition and management of the systems governed by Chapter II of the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority, notably:

- Prior compliance approval procedures :

■ The group framework policy that must be applied by all the group's entities provides for the prior approval of the compliance of new products, projects, services, activities or major changes to pre-existing products intended for customers which may have an impact in terms of risks for the group and/or customers as well as acquisition projects and partnerships or investment projects of Crédit Mutuel Arkéa

- The procedure related to questions on compliance-related problem areas:

■ The group policy allows each employee to question the compliance officer of his/her entity concerning any problem in the implementation of compliance obligations with respect to the activities inherent to the entity's corporate purpose. This policy was enhanced in 2017 to include the new regulatory requirements regarding the right now conferred upon employees of credit institutions, investment firms, financing companies, holding and mixed holding financial companies and parent companies of financing companies subject to ACPR control to report breaches or offenses committed or likely to be committed directly to the ACPR.

- The framework policy for managing critical or important outsourced activities

■ This group policy, which concerns «the management of outsourced services including outsourced essential services», governs processes related to entering into contracts, monitoring services and archiving contracts. The list of critical activities and processes was updated by the Risk Management Department in 2017.

The law on transparency, corruption prevention and modernization of the economy strengthens companies' obligations regarding the prevention and effective management of associated risks. In addition to the code of good conduct that describes unacceptable behaviors, the Crédit Mutuel Arkéa group is responsible for implementing the system for preventing and detecting risks of corruption and influence peddling by including :

- An internal whistleblowing system,

- Risk mapping,

- A procedure for checking the integrity and assessing the situation of the various players, including customers, suppliers, partners and intermediaries,

- Internal or external accounting controls,

- Training for the most exposed staff,

- A disciplinary sanctions policy.

The Compliance and Permanent Control Department ensures the proper application of the framework policies by the entities by validating the entities' operational procedures.

The Compliance and Permanent Control Department also meets each year with the compliance officers of the entities to assess the operational application of the framework policies. When recommendations are made at the time of these exchanges, the Compliance and Permanent Control Department follows up on them annually. In 2017, meetings were held with all of the entities.

Any change made to the compliance control systems must first be approved by the group Compliance and Permanent Control Committee and presented to the Risk and Internal Control Committee. The governance procedure for the framework permanent control and compliance policies establishes the methods for implementing the framework policies and for applying them at the entities

Group Compliance and Permanent Control Committee

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

It includes two other members of the Executive Committee: the Head of the BtoB and Specialized Services Division and the Head of the Retail Customers Division. The Deputy Head of the Development Support Division and the Head of the group's Legal Department are also members of the committee. The Head of Compliance and Permanent Control acts as secretary of the CPCC and the Head of Group Internal Audit and Periodic Control, or his or her deputy, attends as a guest.

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

To that end, the committee reviews all major changes in the permanent control system, including those with respect to compliance control and especially the anti-money-laundering and anti-terrorism financing systems, and takes stock of the risks borne by the group on the basis of the work of the Compliance and Permanent Control Department. It met four times in 2017.

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 the framework periodic control policy adopted and implemented within the group. With respect to subsidiaries, the DIGCP performs its duties in accordance with duly concluded periodic control delegation agreements. The DIGCP therefore performs its controls for the entire scope of Crédit Mutuel Arkéa in accordance with the terms, conditions and methods stipulated in the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority.

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

- activities are carried out in a compliant manner,
- risks are identified and managed appropriately;

- 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 deliberative and executive bodies;

- employees' actions are consistent with all applicable regulations, standards and procedures;

- resources are acquired in a cost-effective manner, used efficiently and protected adequately;

- programs, plans and objectives are completed;

- the quality and continuous improvement of the organization's internal control processes are supported;

- significant legislative and regulatory matters that affect the organization are identified and addressed in an appropriate manner.

In order to perform its missions, the DIGCP has developed a body of procedures in particular for the periodic control of the business lines and networks. These procedures were updated and strengthened in 2017, in particular those governing the preparation and monitoring of implementation of the improvement plans associated with the "business line" audit reports and the multi-year local savings bank control program.

In order to successfully complete its missions, the DIGCP has developed a proprietary risk map; this risk map is one of the main sources for defining an annual periodic control plan, whose specific points are also determined on the basis of the following items in particular:

- key points identified by the French Prudential Supervisory and Resolution Authority and the European Central Bank during their reviews and in their respective annual reports,

- requests from the Risk and Internal Control Committee,

- requests from the members of the group's Executive Committee,

- the use of "feedback" from previous audits conducted by the Business Line Periodic Control Department.

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

This periodic control plan distinguishes between the specific control program applied to the Crédit Mutuel local savings bank networks and branches of the subsidiaries and the program covering the activities of the group's corporate departments, companies and subsidiaries. The combination of these specific programs makes up the DIGCP's annual periodic control plan; this plan is

itself part of a multi-year plan that makes it possible to cover the main risk areas identified in the DIGCP's proprietary risk map as well as the main development areas for Crédit Mutuel Arkéa.

The periodic control plan thus drawn up is approved by the supervisory body's Risk and Internal Control 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. The audits performed in the past three years are cross-referenced with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority. This cross-referencing makes it possible to assess the coverage level for each of these risks and to schedule audits to ensure the compliance of the activities exercised.

When the 2018 periodic control plan was drawn up, this cross-referencing was completed in order to assess the coverage of major risks.

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

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

Periodic Control Committee

Chaired by Crédit Mutuel Arkéa's Chief Executive Officer, this Committee assesses the quality of periodic control, in particular with respect to the consistency of the risk assessment, monitoring and control systems applied at the consolidated level, and recommends additional actions whenever necessary. It participates in drawing up the annual periodic control plan.

It takes stock of the findings of control and audit reports, approves the recommendations contained in these reports and monitors their implementation.

Committee members include:

- the Chief Executive Officer (Chairman),
- the assistant to the Head of the Development Support division,
- the Head of the Companies and Institutions division,
- the Head of the Products division,
- the Head of the Innovation and Operations division,
- the Head of Group Internal Audit and Periodic Control,
- the Deputy Director of Group Internal Audit and Periodic Control,
- the Head of the Business Line Periodic Control Department, who serves as secretary of the committee,

The meetings are held at least three times annually. In 2017, the Periodic Control Committee met eight times

The Risk and Internal Control Committee

The Risk and Internal Control Committee helps the Board of Directors perform its duties with respect to controlling Crédit Mutuel Arkéa's risks in accordance with the provisions of Articles L511-89 and L511-92 to L511-97 of the French Monetary and Financial Code and of the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority. Its mission also satisfies the requirements of Article L 823-19 of the French Commercial Code, which specifies that this specialized committee is responsible for monitoring the effectiveness of the company's internal control and risk management systems.

In this context, its role is to advise the Board of Directors on Crédit Mutuel Arkéa's overall strategy and current and future risk appetite and help it oversee the implementation of this strategy by the institution's effective management and the head of the risk management function.

It assesses the consistency of the risk measurement, monitoring and management systems and proposes, as necessary, additional actions in that regard. It also assesses the quality of Crédit Mutuel Arkéa's internal control. The Risk and Internal Control Committee informs Crédit Mutuel Arkéa of any risk situation which, in its opinion, requires special vigilance. Its missions, goals, composition, and operating rules are contained in a dedicated Charter that is updated by the group Internal Audit and Periodic Control department and approved by the supervisory body. The last update took place in 2016 to incorporate the changes related to the overhaul of the Committee.

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

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

Regarding the specific work performed by the Risk and Internal Control Committee, it should be noted that this committee:

- evaluates the group's current and future overall risk strategy and appetite by reviewing the risk appetite policy;
- ensures risk monitoring and management, in particular by examining risk reporting;
- analyzes whether the prices of products and services offered to customers are compatible with the risk strategy;
- analyzes whether the incentives provided by the compensation policy and practices are compatible with the group's risk policy and risk situation;
- approves the annual periodic control plan;
- receives the findings of the reports prepared by the group Internal Audit and Periodic Control department and approves them;
- reviews the annual internal control report;
- takes stock of the findings of reports prepared by the regulatory authorities, the CNCM Internal Audit department and the statutory auditors;
- submits reports on its work to Crédit Mutuel Arkéa's Board of Directors, such as by notifying it of its opinion on risk assessment.

The Audit Committee remains in direct contact with the Head of Group Internal Audit and Periodic Control in order to ensure a satis-

factory 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 Risk and Internal Control Committee comprises at least four directors from Crédit Mutuel Arkéa, including the Committee Chairman, who are appointed by the Board of Directors of Crédit Mutuel Arkéa.

The following people are invited to participate in the meetings:

- the group's Chairman,
- the group's Chief Executive Officer,
- the Head of Risk Management,
- the Head of Compliance and Permanent Control,
- the Head of Group Internal Audit and Periodic Control,
- the Deputy Director of Group Internal Audit and Periodic Control,
- the Head of the Business Line Risk Periodic Control department (secretary),
- other managers may also be invited, depending on the meeting agenda.

At least five meetings are held each year and the committee met five times in 2017

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

The Financial Department is responsible for preparing the group's accounting and financial information.

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 Financial Department – Accounting unit defines accounting rules and methods, designs and maintains the charts of accounts (the approval of measures specific to the insurance and leasing activities is delegated to dedicated business line staff), and implements the account reconciliation process in connection with the group's management units as well as the control and analysis procedures needed to prepare and process accounting information for both Crédit Mutuel Arkéa and all subsidiaries delegating their accounting work.

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 Financial Department - Accounting, as part of a formalized assignment. The Financial Department - Accounting unit collects all account information and is responsible for data consolidation.

The Financial Department - Accounting unit coordinates the group's various entities' management control functions, which aim to secure financial data, notably through the budgetary control and results analysis functions.

These processes, which are performed in accordance with the Financial Department – Accounting unit's own procedures, are then audited independently by the statutory auditors.

A Financial Statements Committee further enhances the control system. This committee helps Crédit Mutuel Arkéa's Board of Directors assess financial information and verify its accuracy. It reviews the financial statements of the group and its constituent entities prior to their presentation to the Board. This committee met four times in 2017.



2.8

Compensation of officers

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

The Managers receive a fixed salary and are eligible for variable compensation schemes. For variable compensation, the calculation and deferred payment methods are defined annually by the Board of Directors following a recommendation by the Compensation Committee.

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

For 2017, the criteria linked to the Group's results are operating income, cost-to-income ratio and the loan-to-deposit ratio.

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

- All of the Group criteria (operating income, cost-to-income ratio and loan-to-deposit ratio) have been met. In other words, for each indicator the actual results exceed the targeted increase or decrease;
- The average level of the three indicators is 100%.

In addition to these common indicators, for officers and directors qualitative Group indicators are proposed by the Compensation Committee and approved by the Board of Directors.

The Compensation Committee is responsible for defining the individual indicators and setting their level for the Chairman and the Chief Executive Officer of Crédit Mutuel Arkéa Group.

The Chief Executive Officer of Crédit Mutuel Arkéa Group and Group Human Resources department set the individual criteria for the Associate Executive Officers and present them to the Compensation Committee for an opinion.

The indicators set for Managers must then be approved by the Board of Directors.

The Shareholders' Ordinary Meeting of Crédit Mutuel Arkéa on May 4, 2017, in accordance with the provisions of Article L 225-37-2 of the French Commercial Code, also conducted an ex-ante analysis of the principles and criteria for determining, allocating and granting the fixed, variable and exceptional components that make up the total compensation of Crédit Mutuel Arkéa's officers.

Starting in 2018, payments to Crédit Mutuel Arkéa's officers of the variable and exceptional components will be subject, in accordance with the provisions set out in Article L 225-100 of the French Commercial Code, to the prior approval of the ordinary meeting of shareholders of Crédit Mutuel Arkéa.

The Managers receive a fixed salary and are eligible for an annual variable compensation scheme and a long-term profit-sharing scheme, as described below.

For 2017, the annual variable compensation of the Chairman and of the Chief Executive Officer of Crédit Mutuel Arkéa Group was capped at 100% of their fixed salary. That of the Associate Executive Officers was capped at 70% of fixed compensation.

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

Moreover, the Managers and other members of the Group's General Coordination Committee benefit from a long-term profit-sharing plan. This sliding three-year profit-sharing plan provides for the payment to each beneficiary of an amount that matches the annual variable compensation amount, provided that certain criteria and performance indicators, which are set each year, are achieved.

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

In fact, given these various plans, the overall variable compensation paid for a year may, in some cases, exceed 100% of the fixed salary for that same year.

In accordance with applicable regulations, the Crédit Mutuel Arkéa Shareholders' Meeting held on April 21, 2016 authorized an increase in the variable compensation ceiling, including the annual variable compensation and long-term profit-sharing, to twice the amount of the Managers' fixed compensation through 2021.

Managers do not receive grants of options on shares or debt securities or grants of performance shares, and the Crédit Mutuel Arkéa by-laws do not allow for the existence of such grants.

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

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

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

If they have at least five years' seniority at the time of their retirement, the Managers receive a retirement benefit equal to seven-twelfths of their annual compensation. They also receive an end-of-service vacation benefit equivalent to 23 days per year of service in these functions.

The Managers also receive retirement and similar benefits in the form of defined benefit supplementary retirement schemes («Article 39» schemes).

For the Managers, the annuity paid by the defined benefit scheme is 0.35% of the base salary per year of seniority. It is capped at 10% of the base salary. The base salary is the compensation, assessed on an annual basis, preceding the date of assessment, by the recipient, of his or her old-age pension under the basic retirement scheme, including the fixed and variable salary components and in-kind benefits (company car and housing), within the meaning of Article L. 242-1 of the French Social Security Code.

As of December 31, 2017, the estimated actuarial amounts of the individual annuities, in accordance with Article D. 225-104-1 of the French Commercial Code, were as follows:

	ARTICLE 39 ANNUAL ANNUITY IN €
Mr. Jean-Pierre DENIS	44,710
Mr. Ronan LE MOAL	61,923
Mrs Anne LE GOFF	17,491

The gross amount of compensation received by Crédit Mutuel Arkéa's Managers is presented in the table below :

	OWED FOR THE YEAR 2016	OWED FOR THE YEAR 2017	PAID FOR THE YEAR 2016	PAID FOR THE YEAR 2017
JEAN-PIERRE DENIS Chairman of Crédit Mutuel Arkéa				
Fixed compensation	530,000	530,000	530,000	530,000
Variable compensation	1,060,000	1,060,000	1,006,849	1,033,425
In-kind benefits	9,931	9,931	9,931	9,931
TOTAL	1,599,931	1,599,931	1,546,780	1,573,356
RONAN LE MOAL Chief Executive Officer of the Group				
Fixed compensation	425,000	425,000	425,000	425,000
Variable compensation	850,000	850,000	806,829	828,415
In-kind benefits	9,960	9,865	9,960	9,865
TOTAL	1,284,960	1,284,865	1,241,789	1,263,280
ANNE LE GOFF Associate Executive Officer				
Fixed compensation	123,077	230,000	123,077	230,000
Variable compensation	173,909	428,352	0	222,828
In-kind benefits	5,845	5,845	5,845	5,845
TOTAL	302,831	664,197	128,922	458,673

Dominique ANDRO resigned as Associate Executive Officer on December 22, 2017. For 2017, he was paid €835,734 € as fixed and variable compensation.

In addition, the amount owed for 2017 is €843,421.

2.9

Statutory Auditors' Report on the Corporate Governance Report

The comments required by Article L. 225-235 of the French Commercial Code are included in the Statutory Auditors' report on the consolidated financial statements (chapter 10).

3

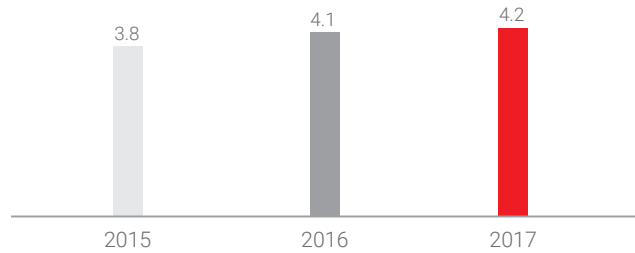
Financial information

3.1 Activities

3.1.1 Customers¹

The customer portfolio increased by 4.3% in 2017, or nearly 180,000 additional customers mainly in online banking (+55,400 customers) and insurance (+69,400 customers).

Customer portfolio
(in millions)



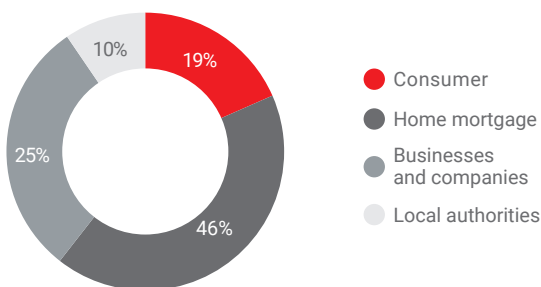
3.1.2 Lending

Gross loans outstanding before provisions increased by 7.7% to €50.7 billion. Outstanding loans net of provisions totaled €50.5 billion.

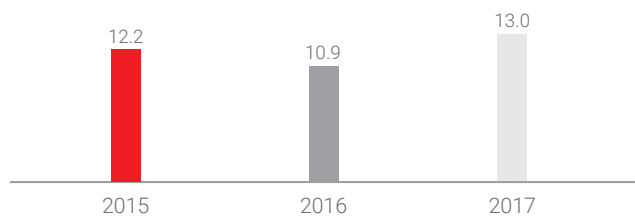
This change mainly concerns loans to individuals (up 27% to €8.3 billion) and local authorities (up 31% to €1.3 billion). New lending to businesses and corporate customers remained stable at €3.3 billion.

New lending in 2017 reached €13.0 billion, up 19% from 2016.

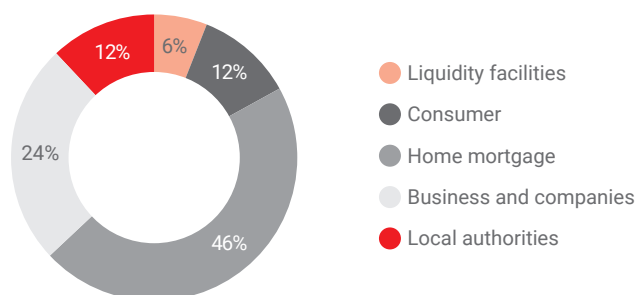
Gross loan production by loan type 2017



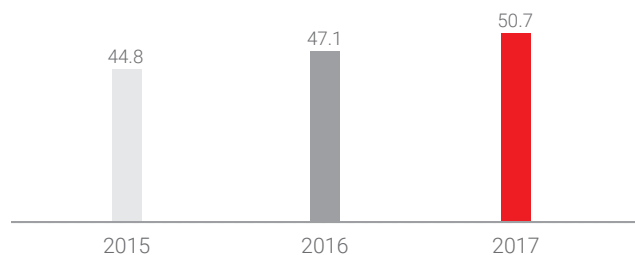
New lending
(€ billions)



Gross loans outstanding by loan type



Total gross loans outstanding
(€ billions)



¹ Integration of Leasecom clients and Financo co-borrowers into the 2016 and 2015 portfolios

3.1.3 Savings

In 2017, total savings exceeded €107.8 billion, up 7.2% year over year.

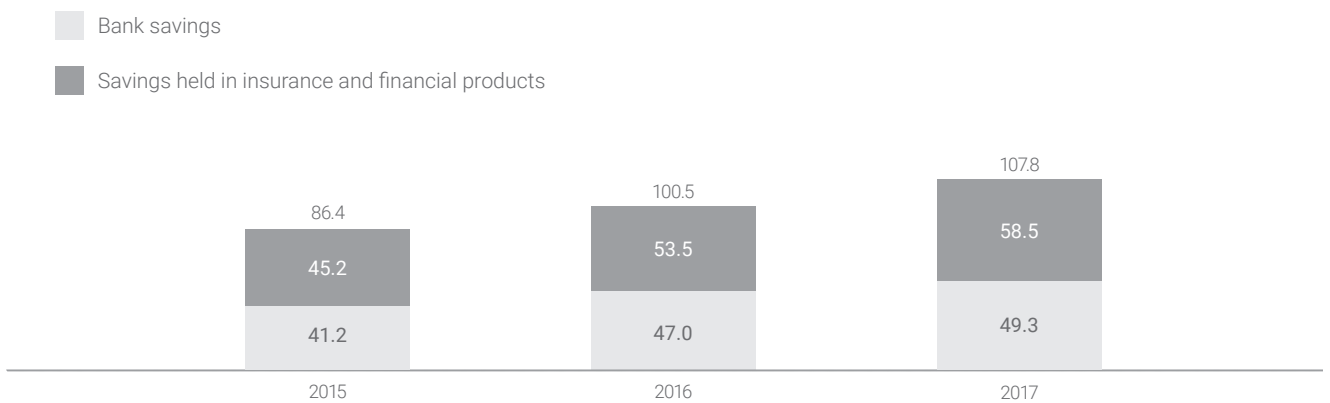
Net savings intake rose by 32.1% in relation to the end of 2016, reaching €3.3 billion.

This net savings intake was marked by:

- an outflow of interest-bearing savings of €0.1 billion, compared with a net intake of €1 billion in 2016.
- net insurance savings product intake of €2.0 billion, up 12.7%. Financial savings also recorded a net inflow of €1.3 billion, compared with an outflow of €0.3 billion in 2016.

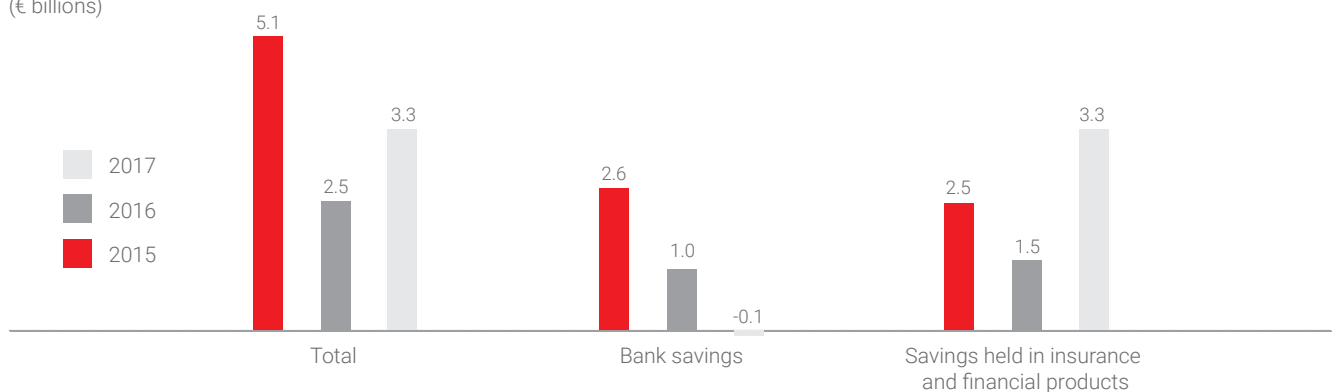
Savings

(€ billions)



Net savings intake

(€ billions)



3.1.4 Shares

Shareholders' equity was stable at €2.2 billion.

3.1.5 Business-to-business services

The portfolio of BtoB customers (Monext, Arkéa Banking Services, Procapital Securities Services) continued to grow, by 11% during the year to 1,519.

The capital markets activity rebounded in 2017, after slowing in 2016.

The Group saw a 10% increase in its market order processing volume while ProCapital Securities Services also recorded a 47% rise in securities held in custody to €42.7 billion.

The number of payment flows processed exceeded 1.3 billion transactions in 2017

	2017	2016	2015
Volume of payment transactions processed (millions)	1,324	1,286	1,102
Securities held in custody (€ millions)	42,697	29,008	30,850
Volume of market orders transacted (millions)*	6,5	5,9	6,5
Number of BtoB customers	1,519	1,344	1,177

* Data including Keytrade since 2016

3.1.6 Non-life insurance

Non-life insurance policies are distributed through the group's networks and through external, non-Crédit Mutuel Arkéa group networks.

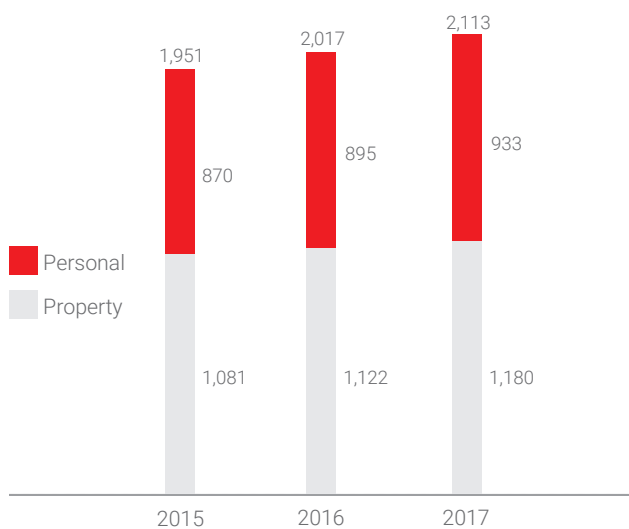
New business rose by 7.1% to 399,000 policies in 2017, with an 11.9% increase in the property segment (+28,600 policies) and a 1.7% decrease in personal insurance (-2,300 policies).

In 2017, the portfolio continued to post gains, rising by 4.8% to more than 2.1 million policies.

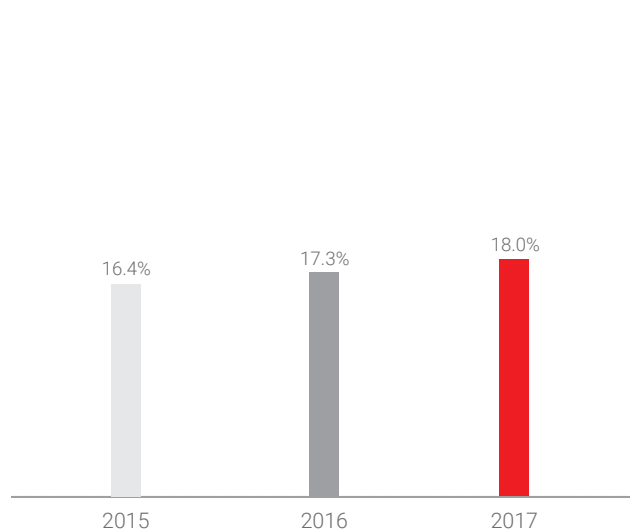
Policies acquired through external networks accounted for 30% of new business. At end-2017, the portfolio acquired through external networks represented 18% of the total non-life insurance portfolio

Non-life insurance portfolio

(thousands of policies)



Share of portfolio contributed by external networks



3.2

Financial results

In 2017, Crédit Mutuel Arkéa group's net income attributable to equity holders of the parent reached €428 million, its highest amount ever recorded and up 27.3% relative to 2016 (+€92 million).

(€ millions)

	2017	2016	VAR. 2017 / 2016	
			ABS.	%
Net banking and insurance income (PNBA)	2,090	1,852	238	12.8%
Operating expenses	-1,427	-1,282	-145	11.3%
Gross operating income	662	570	93	16.2%
Cost of risk	-53	-103	50	-48.9%
Pre-tax income	631	473	158	33.3%
Income tax	-203	-137	-66	48.1%
Net income attributable to equity holders of the parent	428	336	92	27.3%
Cost-to-income ratio ¹	68.3%	69.2%	- 0.9 pt	

Net banking and insurance income (PNBA)

Net banking and insurance income increased by 12.8% (€238 million) to €2,090 million.

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

The banking segment

The banking segment includes retail banking for individuals (local savings banks of Crédit Mutuel, Arkéa Direct Bank, 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 Business Process Outsourcing (BPO) subsidiaries (Monext, Nextalk, Arkéa Banking Services, ProCapital Securities Services, Leetchi, Nouvelle Vague, Pumpkin and Izimmo). Net banking income increased by 12.4% to €1,570 million.

Based on a comparable scope, in light of market conditions (interest rates and stock market), net banking and insurance income rose by €136 million to €1,495 million:

- net interest income increased by €93 million to €720 million mainly attributable to the strong performance in private equity and the capital gain on the sale of part of Crédit Mutuel Arkéa's stake in Primonial;
- net commission income received increased by €19 million to €603 million, mainly in the lending business;
- other operating income and expenses increased by €23 million to €171 million, in line with the solid pace of activity in BPO.

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 Gestion, Schelcher Prince Gestion and Arkéa Capital Gestion) companies.

Net banking and insurance income in the insurance and asset management segment rose by €64 million to €519 million:

- net interest income rose by €2 million to €51 million;
- net commission income paid out rose by €5 million to €213 million following strong growth in the life insurance and borrower insurance activities;
- other operating income and expenses increased by €67 million to €682 million. This increase was largely due to the increase in life insurance outstandings and lower property insurance claims.

¹ Ratio of operating expenses (general operating expenses plus allocations to depreciation, amortization and impairment of intangible assets and property, plant and equipment) to net banking and insurance income (PNBA)

Operating expenses

Operating expenses were up €145 million to €1,427 million.

Based on a comparable scope¹, operating expenses rose by €114 million to €1,375 million:

- personnel expenses rose by €88 million to €817 million corresponding mainly to additional compensation paid as a result of the strong earnings in 2017;
- other expenses increased by €27 million to €455 million, mainly due to the Group's regulatory and development projects;
- amortization, depreciation and other provision allocations remained stable at €103 million.

The cost-to-income ratio was 68.3% in 2017

Cost of risk

The cost of risk fell by €50 million (-48.9%) to €53 million, mainly attributable to customer credit risk.

Return on assets

The return on assets corresponds to reported net income relative to total consolidated assets. In 2016, it was 0.33%, compared with 0.28% the previous year.



¹ Excluding Keytrade, Nouvelle Vague and Pumpkin in 2017 and excluding Keytrade in 2016

3.3

Capital and regulatory ratios

3.3.1 Internal capital adequacy assessment process

Crédit Mutuel Arkéa Group is subject to capital adequacy requirements governing credit institutions, insurance companies and financial conglomerates:

- regulations governing credit institutions have, since 2014, been derived from the transposition into French law of the Capital Requirements Directive 4 (CRD 4) and the Capital Requirements Regulation (CRR); these regulations reflect implementation of the so-called Basel III proposals. They have been supplemented by the transposition into French law of the Bank Recovery and Resolution Directive,

- regulations governing insurance companies have, since 2016, been derived from the transposition into French law of the Solvency 2/Omnibus 2 directives,

- regulations governing financial conglomerates are derived from the transposition into French law of the "Financial Conglomerates" directive. The purpose of these regulations is to ensure coverage of the conglomerate's overall risk exposure (combining the banking and insurance activities) by Group capital.

Banking and financial conglomerate solvency ratios are calculated using standards in effect at the end of the reporting period by Crédit Mutuel Arkéa's Financial department – Accounting unit, which bases its calculation in particular on capital adequacy requirements determined by the Risk department.

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

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

On the basis of regulatory statements, growth forecasts for the Group's activity and appropriate projections of capital adequacy requirements, the Group ALM department projects the ratios for upcoming years (at least three years). These projections are regularly presented to Executive Management, in particular at the meetings of the ALM and Capital Management Committee, and are supplemented by stress scenarios. The aim is to anticipate the Group's capital needs and propose optimization measures to ultimately ensure long-term compliance with internal and regulatory requirements

3.3.2 Solvency ratios

Regulatory capital

Common Equity Tier 1 (CET 1) totaled €5.29 billion and represented 86% of total regulatory capital. It increased by €444 million in 2017, which corresponds mainly to the incorporation of the unappropriated profit for the year.

Tier 2 capital increased by €444 million as a result of the subordinated debt issue.

Regulatory capital was up €888 million to €6.14 billion.

(€ millions)

	12.31.2017	12.31.2016
Tier 1 capital, net of deductions	5,294	4,850
of which Common Equity Tier 1 (CET 1)	5,294	4,850
Tier 2 capital, net of deductions	845	401
TOTAL CAPITAL FOR SOLVENCY RATIO CALCULATION	6,139	5,251

(€ millions)

	12.31.2016	12.31.2015
Tier 1 capital, net of deductions	4,850	4,689
of which Common Equity Tier 1 (CET 1)	4,850	4,689
Tier 2 capital, net of deductions	401	80
TOTAL CAPITAL FOR SOLVENCY RATIO CALCULATION	5,251	4,769

Capital requirements

Capital requirements were €2.29 billion (or the equivalent to €28.6 billion in risk-weighted assets) and consisted primarily of credit risk.

They fell by €252 million due mainly to the ECB's approval of an advanced model for the corporates segment and an adjustment to capital allocated to the insurance segment

(€ millions)

	12.31.2017	12.31.2016
CREDIT RISK	2,125	2,372
Standardized approach	420	371
Central and public administrations	76	70
Credit institutions	9	15
Corporates	87	80
Retail customers	220	183
Shares, securitizations and other non-credit obligation assets	30	23
Internal ratings-based approach	1,705	2,001
Credit institutions	67	126
Corporates	687	777
Retail customers	235	192
Equities	666	853
Securitization	3	5
Other non-credit obligation assets	46	48
MARKET RISK AND CVA (STANDARDIZED APPROACH)	7	8
OPERATIONAL RISK (ALMOST EXCLUSIVELY ADVANCED MEASUREMENT APPROACH)	155	159
TOTAL CAPITAL ADEQUACY REQUIREMENTS	2,287	2,539

(€ millions)

	12.31.2016	12.31.2015
CREDIT RISK	2,372	2,211
Standardized approach	371	347
Central and public administrations	70	87
Credit institutions	15	8
Corporates	80	63
Retail customers	183	169
Shares, securitizations and other non-credit obligation assets	23	20
Internal ratings-based approach	2,001	1,864
Credit institutions	126	139
Corporates	777	719
Retail customers	192	208
Equities	853	733
Securitization	5	12
Other non-credit obligation assets	48	52
MARKET RISK AND CVA (STANDARDIZED APPROACH)	8	10
OPERATIONAL RISK (ALMOST EXCLUSIVELY ADVANCED MEASUREMENT APPROACH)	159	148
TOTAL CAPITAL ADEQUACY REQUIREMENTS	2,539	2,369

Solvency ratios

The CET 1 ratio increased by 3.2 points to 18.5% at end-2017. This increase was due to higher CET 1 capital and lower credit risk.

The overall solvency ratio rose by 5 points to 21.5% at end-2017; this increase was greater than the increase in the CET 1 ratio due to the issue in 2017 of €1 billion in subordinated debt eligible for Tier 2 capital.

	12.31.2017	12.31.2016
CET 1 ratio	18.5%	15.3%
Tier 1 ratio	18.5%	15.3%
Overall ratio	21.5%	16.5%

The impact of transitional arrangements is marginal: the fully loaded CET 1 ratio is 18.5%, at the same level as the transitional ratio.

3.3.3 Other solvency ratios applied

Leverage ratio

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

In 2015, the European Commission adopted a Delegated Regulation in order to outline the calculation methods. A restrictive standard, on which work is underway at the European level, is expected to be implemented as of 2019.

At the end of 2017, the leverage ratio was 6.4%; it accounts for the mandatorily applicable requirements of the Delegated Regulation but does not incorporate arrangements subject to the prior consent of the regulator.

As with the CET 1 ratio, the impact of transitional arrangements is marginal: the fully loaded leverage ratio is also 6.4%.

Financial conglomerates ratio

The financial conglomerates ratio is designed to ensure that consolidated capital is adequate to cover solvency ratios for both the banking activities (Pillar 2 requirements incorporated since 2016) and insurance activities. The minimum level required is 100%.

As of December 31, 2017, consolidated capital totaled €7.4 billion while capital requirements were €4.2 billion, yielding a level of 174% (for a regulatory capital requirement of 100%). This ratio rose by 30 points over 2017 (using the same format), mainly due to unappropriated profit and the raising of €1 billion in subordinated securities.

Ratio generated by the Bank Recovery and Resolution Directive

The Bank Recovery and Resolution Directive published in May 2014 establishes a European framework for the recovery and resolution of credit institutions. The goal is to reduce the impact of a bank failure on the financial system and avoid passing the cost on to taxpayers.

It calls for the establishment of a Minimum Requirement for Own Funds and Eligible Liabilities (MREL). This ratio measures capital and other eligible liabilities (including senior debt with a maturity of more than one year) against total liabilities. A minimum level will be set for each institution.

Under certain conditions, the Directive provides for a potential contribution from the resolution fund when shareholders and creditors have absorbed losses representing 8% of liabilities.

As of end-December 2017, no standardized reporting had been established. The ratio between capital and senior debt (with a maturity of more than one year) on the one hand and the Group's total banking liabilities on the other exceeded 8%.

One of the regulatory changes proposed by the European Commis-

sion on November 23, 2016 is to allow for a convergence between the European MREL standard and the international total loss-absorbing capacity (TLAC) standard. This change had not yet been adopted by the European Union at end-2017

3.3.4 Solvency of the group's insurance companies

Since January 1, 2016, European insurance companies have had to comply with the Solvency 2 framework.

Solvency 2 capital consists of the entities' core capital (Crédit Mutuel Arkéa's long-term capital: share capital and additional paid-in capital), the reconciliation reserve (Solvency 2 net assets less Crédit Mutuel Arkéa's long-term capital) and the subordinated debt contracted by Crédit Mutuel Arkéa.

The capital requirements (Solvency Capital Requirement, or SCR) of the Group's insurance companies are also calculated by applying the standard formula set out in the Solvency 2 regulation.

The group's insurance subsidiaries have not applied any transitional measures provided for in the European texts with the exception of the grandfathering of the eligibility of subordinated debt issued before 2015 for restricted Tier 1.

The insurance companies' capital, as well as their regulatory capital requirements, is reported quarterly and discussed with the Group.

On the governance side, Suravenir and Suravenir Assurances have also established the four key functions required by the regulation and have adjusted their internal control and risk management systems accordingly. Every year the insurance subsidiaries prepare an ORSA (Own Risk and Solvency Assessment) report, which evaluates the overall solvency need and is used to identify any deviations from each company's risk profile relative to the assumptions in the standard formula and to ensure ongoing compliance with the regulatory requirements.

Lastly, in 2017 Suravenir and Suravenir Assurances published their first Solvency and Financial Conditions Reports (SFCRs) and implemented the various quarterly and annual quantitative reports (QRTs, or Quantitative Reporting Templates) intended for the ACPR, EIOPA, the ECB and the FSB.

3.4 Outlook

On the economic front, French GDP growth ended 2017 at 1.9%¹, its highest level in six years. The most notable development in 2017 was that business confidence returned to its pre-2008/2009 financial crisis levels. The overall business outlook reached levels not seen since 2000. Both manufacturing output and the construction sector accelerated. More negatively, consumer spending slowed from 2.1% in 2016 to 1.2% in 2017, despite growth in employment (+234,000 jobs) and nominal wages (+2.1%). This can be attributed primarily to an acceleration in inflation due to higher energy prices. The real estate sector set a record for existing home transactions and prices are rising.

The monetary policies of the US Federal Reserve (Fed) and the European Central Bank (ECB) differ significantly, with the former reducing the size of its balance sheet while the latter has continued (and will continue at a more modest pace in 2018) its bond buying program. Against this backdrop, interest rates in the eurozone remain very low (around 0.7% for the 10-year OAT (French treasury bond) in 2017) versus 2.5% for US bonds. The euro appreciated by a sharp 14% to end 2017 at \$1.20. The equity markets also benefited from the acceleration in the economic recovery with the CAC 40 up 9.3%.

On the regulatory front, the Basel Committee on Banking Supervision announced in December 2017 that it had finalized the Basel III prudential framework which deals primarily with the calculation of risk-weighted assets. This regulatory framework will have an impact on banks' solvency ratios and the expected timeframe for implementation is from 2022 to 2027.

2018 outlook

Driven by a more favorable global economic environment, French GDP is expected to grow by 2%² with INSEE estimating carry-over growth in mid-2018 of 1.7%. Foreign trade should no longer adversely affect French activity by mid-2018 for the first time in five years, as foreign tourists are expected to return after two challenging years. Manufacturing activity and services are expected to continue to accelerate from 2017, while construction could slow slightly due to the stabilization in new home sales since the beginning of 2017. Consumer spending will remain an important growth driver but will be hurt temporarily by the timeline for the tax

measures. The measures that are negative for purchasing power (the contribution sociale généralisée, a social security contribution; indirect taxes) are thus concentrated at the beginning of the year while positive measures (housing tax, reduction in social security contributions) will mostly be implemented at the end of 2018. These measures will likely affect the savings rate, which should decline slightly to fall below 14%. Inflation is expected to remain moderate at around 1%. Lastly, the ECB is expected to continue its accommodative monetary policy beyond 2018.

The interest rate curve is more favorable to the banking system since hitting an all-time low in the summer of 2016. This trend toward higher long-term rates, at a time of stability in the short-term rates set by the ECB, has enabled banks to improve their interest margin on new loans. Banks' average margin should gradually improve. With solvency at excellent levels and a limited loan-to-deposit ratio, the Crédit Mutuel Arkéa group's financial structure should allow it to expand its credit activity

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

The Board of Directors of Crédit Mutuel Arkéa, at its meeting in Brest on January 17, mandated the group's Managers to take any action that will enable Crédit Mutuel Arkéa to become an independent cooperative and mutual banking group, entirely separate from the rest of Crédit Mutuel.

The group's Board of Directors also invited its three federations (Bretagne, Sud-Ouest and Massif Central) to begin the process of consulting with their local savings banks so that the latter may freely voice their opinions on the proposed independence of the Arkéa group.

¹ INSEE

² Bloomberg consensus »

No other significant event has affected the company since the closing date of its most recent financial statements, which were audited as of December 31, 2017 and published on February 28, 2018



3.5

Consolidated financial statements at December 31, 2017

Balance sheet

(In thousands of euros)

ASSETS	NOTES	12.31.2017	12.31.2016
		IFRS	IFRS
Cash, due from central banks	1	4,182,765	3,617,180
Financial assets at fair value through profit or loss	2	22,981,741	18,369,707
Derivatives used for hedging purposes	3	685,923	833,155
Available-for-sale financial assets	4	38,031,257	38,972,707
Loans and receivables due from banks	1	7,259,426	6,943,889
Loans and receivables due from customers	5	50,483,395	46,655,544
Remeasurement adjustment on interest-rate risk hedged portfolios		264,850	362,525
Held-to-maturity financial asset	7	101,294	116,836
Current tax assets	9	209,205	180,631
Deferred tax assets	10	54,848	75,000
Accruals, prepayments and sundry assets	11	2,170,984	2,302,460
Non-current assets held for sale		0	13,882
Deferred profit-sharing		0	0
Equity method investments	12	190,347	210,821
Investment property	13	515,395	535,177
Property, plant and equipment	14	253,085	242,544
Intangible assets	15	427,580	418,622
Goodwill	16	572,684	542,246
TOTAL ASSETS		128,384,779	120,392,926

(In thousands of euros)

		12.31.2017	12.31.2016
LIABILITIES	NOTES	IFRS	IFRS
Due to central banks	17	0	0
Financial liabilities at fair value through profit or loss	18	610,438	614,623
Derivatives used for hedging purposes	3	398,672	512,490
Due to banks	17	9,814,554	7,087,004
Customer accounts	19	49,436,172	47,173,126
Debt securities	20	10,787,859	12,869,775
Remeasurement adjustment on interest-rate risk hedged portfolios		46,800	45,132
Current tax liabilities	9	119,045	96,360
Deferred tax liabilities	10	152,025	167,297
Accruals, deferred income and sundry liabilities	21	5,471,948	4,684,818
Liabilities associated with non-current assets held for sale		0	0
Insurance companies' technical reserves	22	42,807,688	39,781,787
Provisions	23	394,857	397,256
Subordinated debt	24	1,892,773	890,301
TOTAL EQUITY		6,451,948	6,072,957
Shareholders' equity, group share		6,449,066	6,070,210
Share capital and reserves	25	2,207,864	2,203,108
Consolidated reserves	25	3,531,437	3,239,290
Gains and losses recognised directly in equity	26	281,644	291,625
Net income		428,121	336,187
Minority interests		2,882	2,747
TOTAL LIABILITIES		128,384,779	120,392,926

Income statement

(In thousands of euros)

		12.31.2017	12.31.2016
	NOTES	IFRS	IFRS
Interest and similar income	30	1,806,531	1,868,534
Interest and similar expense	30	-1,170,920	-1,314,254
Fee and commission income	31	648,546	601,304
Fee and commission expense	31	-239,827	-215,740
Net gain (loss) on financial instruments at fair value through profit or loss	32	2,618	26,413
Net gain (loss) on available-for-sale financial instruments	33	193,847	142,710
Income from other activities	34	7,230,670	6,535,435
Expense from other activities	34	-6,381,859	-5,792,414
NET BANKING INCOME		2,089,606	1,851,988
General operating expenses	35	-1,313,081	-1,171,597
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	36	-114,291	-110,695
GROSS OPERATING INCOME		662,234	569,696
Cost of risk	37	-52,731	-103,210
OPERATING INCOME		609,503	466,486
Share of earnings of companies carried under equity method	12	23,919	10,062
Net income on other assets	38	-2,429	-3,346
Goodwill variations		0	0
PRE-TAX INCOME		630,993	473,202
Income tax	39	-202,751	-136,866
After-tax income from discontinued or held-for-sale operations		0	0
NET INCOME		428,242	336,336
O/w Minority interests		120	149
NET INCOME - GROUP SHARE		428,121	336,187

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

(In thousands of euros)

		12.31.2017	12.31.2016
	NOTES	IFRS	IFRS
NET INCOME		428,242	336,336
Actuarial gains and losses on defined-benefit plans		-4,960	-9,333
Gains and losses non recognised directly in equity for companies accounted for by the equity method		19	54
ITEMS NOT TO BE RECYCLED IN PROFIT AND LOSS		-4,941	-9,279
Revaluation of available-for-sale financial assets		2,624	-7,513
Revaluation of derivative hedging instruments		1,781	7,082
Gains and losses recognised directly in equity for companies accounted for by the equity method		-9,447	7,349
ITEMS TO BE RECYCLED IN PROFIT AND LOSS		-5,042	6,918
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	40	-9,983	-2,361
NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY		418,259	333,975
O/w group share		418,141	333,825
O/w minority interests		118	150

Change in shareholders' equity

	SHARE CAPITAL	RESERVES	
POSITION AT 1 JANUARY 2016	2,197,182	2,986,239	
Capital increase	488		
Elimination of own shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is sharebased			
Allocation of the previous year income		296,315	
Dividend paid in 2016 in respect of 2015		-39,174	
Change in equity interests in subsidiaries with no loss of control		74	
SUBTOTAL OF MOVEMENTS RELATED TO RELATIONS WITH SHAREHOLDERS	2,197,670	3,243,452	
Changes in gains and losses recognised directly in equity			
2016 net income			
SUBTOTAL	2,197,670	3,243,452	
Impact of acquisitions and disposals on minority interests		1,349	
Share of changes in shareholders' equity of equity method associates and joint ventures		-91	
Change of accounting methods			
Other changes		18	
POSITION AT 31 DECEMBER 2016	2,197,670	3,244,728	
Capital increase	4,756		
Elimination of own shares			
Issuance of preferred shares			
Equity components of hybrid instruments			
Equity components whose payment is sharebased			
Allocation of the previous year income		336,187	
Dividend paid in 2017 in respect of 2016		-37,456	
Change in equity interests in subsidiaries with no loss of control		-6,766	
SUBTOTAL OF MOVEMENTS RELATED TO RELATIONS WITH SHAREHOLDERS	2,202,426	3,536,693	
Changes in gains and losses recognised directly in equity			
2017 net income			
SUBTOTAL	2,202,426	3,536,693	
Impact of acquisitions and disposals on minority interests			
Share of changes in shareholders' equity of equity method associates and joint ventures		885	
Change of accounting methods			
Other changes		-703	
POSITION AT 31 DECEMBER 2017	2,202,426	3,536,875	

(In thousands of euros)

	TOTAL GAINS AND LOSSES recognised directly in equity	NET INCOME, group share	TOTAL EQUITY, group share	MINORITY INTEREST IN EQUITY	TOTAL EQUITY
	293,987	296,315	5,773,723	2,543	5,776,266
			488		488
			0		0
			0		0
			0		0
		-296,315	0		0
			-39,174	-5	-39,179
			74	-10	64
	293,987	0	5,735,109	2,528	5,737,637
	-2,362		-2,362	1	-2,361
		336,187	336,187	149	336,336
	291,625	336,187	6,068,934	2,678	6,071,612
			1 349		1 349
			-91		-91
			0		0
			18	69	87
	291,625	336,187	6,070,210	2,747	6,072,957
			4 756		4 756
			0		0
			0		0
			0		0
			0		0
		-336,187	0		0
			-37,456	-4	-37,460
			-6,766	-34	-6,800
	291,625	0	6,030,744	2,709	6,033,453
	-9,981		-9,981	-2	-9,983
		428,121	428,121	120	428,241
	281,644	428,121	6,448,884	2,827	6,451,711
			0		0
			885		885
			0		0
			-703	55	-648
	281,644	428,121	6,449,066	2,882	6,451,948

CASH FLOW STATEMENT**Cash flows from operating activities**

(In thousands of euros)

	12.31.2017	12.31.2016
Net income	428,242	336,336
Income Tax	202,751	136,866
PRE-TAX INCOME	630,993	473,202
Amortisation and depreciation of property, plant and equipment and intangible	112,910	108,200
Depreciation and impairment of goodwill and other fixed assets	-572	241
Net additions to depreciations	-17,639	2,602,019
Share of earnings of companies carried under equity method	-22,900	-10,062
Net loss/(gain) from investing activities	-97,362	-73,271
Net loss/(gain) from financing activities	-	-
Other movements without cash flows	3,142,728	542,861
TOTAL NON-CASH ITEMS included in net income and other adjustments	3,117,165	3,169,988
Interbank and money market items	1,905,386	1,297,961
Customer items	-1,541,732	455,879
Other financial items	-4,030,466	-3,775,799
Other non-financial items	934,139	1,339,386
Dividends received from companies carried under equity method	-	524
Taxes paid	-206,200	-181,518
INCREASE/(DECREASE) in operating assets/liabilities	-2,938,873	-863,567
CASH FLOWS FROM OPERATING ACTIVITIES	809,286	2,779,623

Cash flows from investing activities

Financial investments	60,451	-328,154
Investment property	-2,719	22,503
Plant, equipment and intangible assets	-130,081	-319,729
Other	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	-72,349	-625,380

Cash flows from financing activities

(In thousands of euros)

	12.31.2017	12.31.2016
Cash flows from/(to) the shareholders	-35,019	-39,562
Other cash flows from financing activities	-642,041	-414,500
CASH FLOWS FROM FINANCING ACTIVITIES	-677,060	-454,062
NET INCREASE/(DECREASE) in cash and cash equivalents	59,877	1,700,181
Cash flows from operating activities	809,286	2,779,623
Cash flows from investing activities	-72,349	-625,380
Cash flows from financing activities	-677,060	-454,062
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	3,814,302	2,114,121
Cash, due from/to central banks (Assets and liabilities) (Notes 1 and 17)	3,617,196	2,112,531
Loans and receivables due from/to banks (Assets and liabilities) (Notes 1 and 17)	197,106	1,590
CASH AND CASH EQUIVALENTS, END OF THE YEAR	3,874,179	3,814,302
Cash, due from/to central banks (Assets and liabilities) (Notes 1 and 17)	4,182,765	3,617,196
Loans and receivables due from/to banks (Assets and liabilities) (Notes 1 and 17)	-308,586	197,106
CHANGE IN NET CASH	59,877	1,700,181

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.

Appendix

MAJOR EVENTS

The performance of the Crédit Mutuel Arkéa group was very strong in 2017, which attests to the strength of its diversified business model.

Net income attributable to equity holders of the parent company was €428 million, reflecting a high level of activity in all the Group's business lines. In an environment of low interest rates, net banking and insurance income rose by 13% to €2.090 billion and included the capital gain related to the restructuring of the Primonial group and the capital gain on the transfer of CIC securities to the tender offer. The cost of risk for lending is low and reflects the quality of the group's credit portfolio.

The Group continues to implement its Arkéa 2020 strategic plan.

The Nouvelle Vague subsidiary formalized the launch of Max, a next-generation payment institution that combines the best of the human and digital worlds. Max is a unique and entirely free mobile app that offers its users banking and insurance services and advice, as well as a wide array of services, via a concierge system.

The Group also continued to invest in fintechs and announced the acquisition of a majority stake in Pumpkin, whose mobile app allows easy funds transfers among friends and family members. With this acquisition, Crédit Mutuel Arkéa is betting even more heavily on the complementary services offered by these new players and reaffirming its commitment to pioneers in the banking sector of tomorrow.

Crédit Mutuel Arkéa also acquired a majority stake in Izimmo, a group that specializes in the valuation and marketing of real estate for investment and purchase, which allows the Group to enhance its real estate offering.

Nouvelle Vague, Pumpkin and Izimmo were added to the consolidation scope in 2017 on a full consolidation basis.

The same is true of Younited, an online consumer credit platform with which the group has partnered for many years and which is now consolidated using the equity method.

To support its development and strengthen its balance sheet structure, the Group issued €500 million in non-preferred senior debt and €1.0 billion in Tier 2 subordinated debt.

The solvency ratios remain well above the regulatory requirements and confirm the Group's intrinsic soundness..

ACCOUNTING STANDARDS APPLIED

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its interim consolidated financial statements for the period ending December 31, 2017 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 ANC recommendation 2013-04 and 2016-09.

As of December 31, 2017, the Group is subject to new standards, applicable at January 1, 2017, which are adopted by the European Union.

IAS / IFRS STANDARDS	TOPIC	Application date	IMPACT OF APPLICATION
Amendment to IAS 7: Disclosure initiative	An entity must disclose information that allows users of the financial statements to assess changes in the liabilities included in its financing activities, whether or not these changes arise from cash flows.	01.01.2017	No significant impact
Amendment to IAS 12: Recognition of deferred tax assets for unrealized losses	The published amendments aim to clarify the provisions concerning the recognition of deferred tax assets related to debt instruments measured at fair value, in response to the diverse range of practices.	01.01.2017	No significant impact
Annual improvements 2014-2016 (Amendment IFRS 12)	As part of the IFRS annual improvement process, the IASB published a series of amendments relating to existing standards.	01.01.2017 no adopted by the EU	No significant impact

The Group decided not to apply optional new standards and interpretations adopted by the European Union when application is only optional in 2017.

IFRS 9 Financial instruments

Date and methods of first-time application

Following the adoption by the European Union on November 29, 2016 of IFRS 9, the final version of which was published by the IASB (International Accounting Standards Board) in July 2014, the Crédit Mutuel Arkéa group (banking scope only) has applied this standard since January 1, 2018, the date for mandatory application. As of that date, applying IFRS 9 results in a restatement of the opening balance sheet and the standard is applied retrospectively in order to present financial statements as if IFRS 9 had always been applied. As the standard does not require that the financial statements of prior periods be restated, the Crédit Mutuel Arkéa group will not restate the comparative periods presented in its interim and annual financial statements for fiscal year 2018.

The insurance business continues to apply IAS 39 following the adoption of the temporary exemption from applying IFRS 9 until January 1, 2021.

To do so, two conditions must be met:

- financial instruments cannot be transferred between the insurance segment and the conglomerate's other segments (with the exception of financial instruments measured at fair value through profit or loss by both segments involved in the transfer);
- specific additional disclosures must be made in the notes.

The accounting treatment of the financial assets and liabilities of the Group's insurance entities (Suravenir and Suravenir Assurances) therefore remained unchanged.

Subject to adoption by the European Union of the amendment to IFRS 9 on the classification of debt instruments that include a prepayment clause with symmetric penalties, the Group will apply this standard early to ensure continuity in the IFRS 9 accounting principles applied as of January 1, 2018, even though the effects are limited.

As a reminder, the Group also chose to continue to apply the hedging principles of IAS 39 as of January 1, 2018.

IFRS 9 project

At January 1, 2018, date of first-time application of the standard, the Crédit Mutuel Arkéa group successfully transitioned to IFRS 9 accounting (migration of the accounting system, implementation of IFRS 9 charts of accounts and appropriate accounting procedures, etc.).

IFRS 9 accounting principles

Below are the main accounting principles applied by the Crédit Mutuel Arkéa group related to :

a) Classification and measurement of financial assets (Phase 1 of the standard), based on the three accounting categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through equity
- Financial assets at amortized cost

b) Impairment of financial assets included in the scope (Phase 2 of the standard).

The changes impacting the classification and measurement of financial liabilities are not considered material for the Crédit Mutuel Arkéa group.

a) Classification and measurement

IFRS 9 introduces two new criteria for determining the accounting category of debt instruments (debt securities, loans or receivables):

- The business model, which summarizes the purpose for which financial instruments are held : "Collection of cash flows", "Collection and resale of cash flows" or "Resale"; In contrast to the mere intention by management under IAS 39, the business model under IFRS 9 reflects actual management and must be based on observable facts.
- Characteristics of cash flows that will be "SPPI – Solely payments of principal and interest" if they are cash flows from a basic loan and, more specifically, if "the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding".

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are broken down into debt securities and loans to credit institutions and customers that meet the criteria of the cases presented below:

- held for trading ("Resale" business model);
- related to the application of the option made available under IFRS 9 to designate a financial instrument at fair value through profit or loss if doing so eliminates or significantly reduces an accounting treatment inconsistency (this option existed under IAS 39 under different conditions);
- whose cash flows do not correspond to those of a basic loan ("non-SPPI" cash flows). Moreover, IFRS 9 no longer provides for the breakdown of a hybrid financial asset (i.e. a nonderivative host

contract with an embedded derivative). Embedded derivatives will no longer be recognized separately from host contracts and the entire hybrid contract will be recorded at fair value through profit or loss, like a "non-SPPI" asset.

By default, shares are also recognized at fair value through profit or loss.

As under IAS 39, derivatives are, by default, considered trading instruments unless they can be classified as hedging instruments for accounting purposes.

The measurement principles at initial recognition and on the closing date will be the same as those under IAS 39. Most assets classified at fair value through profit or loss under IAS 39 continue to be classified as such under IFRS 9.

The main reclassifications to fair value through profit or loss concern available-for-sale assets under IAS 39, including:

- shares classified at fair value through profit or loss by default and for which the option of recognition at fair value through equity was not chosen by the Group;
- debt securities that do not meet the SPPI criteria, such as unit trusts and mutual funds.

The Group does not have a portfolio that meets the definition of the "Other" business model including holding for trading purposes.

Financial assets at fair value through equity

Financial assets at fair value through equity include debt securities and loans to credit institutions and customers:

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

This category also include shares resulting from the application of the irrevocable option made available under IFRS 9 at the time of initial recognition. The Crédit Mutuel Arkéa group chose this option at January 1, 2018 for certain long-term investments.

The measurement principles are similar to those applied under IAS 39 to assets recognized as available-for-sale (AFS), except for shares, for which unrealized :

- gains or losses recognized through equity are no longer recognized through profit or loss in case of sale : these are recognized through non-recyclable equity;;
- no impairment is recognised through profit or loss;
- dividends continue to be recognized through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost includes debt securities (fixed- or variable-income) and loans to credit institutions and customers:

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

Loans and receivables with credit institutions and loans and receivables with customers of the Crédit Mutuel Arkéa group are recognized at amortized cost. The contract clauses correspond to those of a basic loan.

The principles for recognizing (excluding impairment) an asset at amortized cost remain similar to those in effect under IAS 39.

A process for collecting data on disposals was put in place to ensure in advance that no disposal of assets from portfolios classified at amortized cost conflicts with the definition of the "Collection of cash flows" business model and does not call into question this classification.

b) Impairment

IFRS 9 introduces a new model based on expected losses (which replace the IAS 39 impairment model based on known losses). These expected losses are calculated for all debt instruments (i.e. debt securities, loans or receivables) recognized at amortized cost or at fair value through equity and for all loan commitments that are not recognized at fair value through profit or loss. Receivables resulting from leases and trade receivables also fall within the scope of IFRS 9 - Impairment.

Equity instruments and debt instruments at fair value through profit or loss are not covered by provisions for expected losses related to credit risk.

Outstanding loans subject to impairment are broken down into three groups called buckets; the classification into any of these groups is subject to change based on:

- a significant increase (or decrease) in the credit risk observed since the initial recognition of an asset (bucket 2);
- the existence or non-existence of a credit event (for example, default) (bucket 3).

When the financial asset is added to the balance sheet or the given commitment is added to the offbalance sheet, the loan is classified in bucket 1 and a provision for expected loss is recognized based on one-year expected losses.

If, after initial recognition of the financial instrument, the credit risk increases significantly, the loan is moved to bucket 2 and a provision is recorded based on an expected loss calculated according to the residual maturity of the instrument.

To determine whether there has been a significant increase in credit risk, the following are reviewed:

- "absolute" criteria: contractual payments past due for more than 30 days, for example recent restructuring.

- "relative" criteria: comparison of the default rate of the asset on the date of initial recognition and on the closing date (or the market quotations if the default rate cannot be used), for example downgrade from investment grade to speculative grade.

For the Group, this entails measuring risk at the borrower level, with the change in risk measured on a contract-by-contract basis.

In case of identified default (note that the application of IFRS 9 does not change the definition of default already applied by the group under IAS 39), the assets in question are then transferred to bucket 3. This last bucket is equivalent to "non-performing" loans defined under IAS 39.

In terms of calculation models, provisions for expected losses (Expected Credit Losses or "ECL") are based on the following Basel parameters:

- Probability of the debtor's default: the probability that a debtor will not be able to fulfill his repayment obligations
- Loss given the debtor's default: the amount of the financial loss due under a contract that cannot be paid by the debtor.
- The Crédit Mutuel Arkéa group's exposure (on and off-balance sheet): this is the bank's actual exposure during the term of the contracts, i.e. on the various probable dates of the counterparty's default.

These Basel parameters, adapted to meet the requirements of IFRS 9, must also take into account past, present and – new under IFRS 9 – forward-looking information.

IFRS 15 Revenue from Contracts with Customers

Following the adoption by the European Union of IFRS 15 Revenue from Contracts with Customers on September 22, 2016 (and clarifications on October 31, 2017), the full version of IFRS 15 is now approved and the Crédit Mutuel Arkéa group will apply it as of January 1, 2018, without opting for early application.

IFRS 15 replaces IAS 11 Construction contracts and IAS 18 Revenue, as well as the interpretations that refer to these two standards (i.e. IFRIC 13 Customer Loyalty Programs, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services).

IFRS 15 defines the principles for measuring revenue related to contracts with customers, with the exception of contracts governed by specific standards, such as those related to leases (IAS 17), insurance contracts (IFRS 4) and financial instruments (IFRS 9). Revenue that falls within the scope of this standard therefore results mainly from services that give rise to commission income (banking services for customers and professionals, asset management, electronic payments, etc.) and from the bank's related activities (services for financial institutions).

The standard is based on a five-step model that includes: identification of a contract with a customer, identification of the performance obligations in the contract, determination of the transaction price of the contract, allocation of the transaction price to the performance obligations and recognition of revenue when a performance obligation is satisfied. This model is used to determine when revenue should be recognized, and in what amount. The revenue will be recognized when a company transfers control of the goods or services to a customer in the amount that it expects to receive. Based on certain criteria, the revenue is recognized either continuously or on a given date in time.

On the date of first-time application, the Crédit Mutuel Arkéa group plans to opt for the modified retrospective method (also called cumulative catch-up method) resulting in the recognition of the cumulative impact of applying IFRS 15 on the date of first-time application and without restatement of the comparative periods presented.

A review of the Crédit Mutuel Arkéa group's revenue was carried out. Based on the analysis conducted to date, the expected impacts on the Crédit Mutuel Arkéa group of applying IFRS 15 should mainly concern the bank's related activities. Nevertheless, the Group does not anticipate significant impacts on opening shareholders' equity at January 1, 2018.

IFRS 16 Leases

IFRS 16 Leases, published in January 2016, will replace IAS 17 Leases and the interpretations related to the recognition of such contracts.

The new definition of lease contracts implies the existence of an identified asset, on the one hand, and control by the lessee of the right to use the asset, on the other.

From the lessor's standpoint, the expected impact should be more limited, as the provisions applied are substantially unchanged relative to IAS 17.

For the lessee, the standard will require the recognition, on the assets side, of all leases in the form of a right to use the leased asset recorded under fixed assets and the recognition, on the liabilities side, of a financial liability for the lease payments and other payments to be made during the lease term.

IFRS 16 has been adopted by the European Union on October 31, 2017 and will become mandatory for fiscal years beginning on or after January 1, 2019.

Analysis of the standard and identification of its potential effects on the Group's financial statements began after publication.

Main standards not yet adopted

IFRS 17 Insurance Contracts

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

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

Subject to its adoption by the European Union, IFRS 17 will take effect on January 1, 2021.

The Group has launched a task force to analyze the standard and its main impacts.

The standards adopted by the European Union may be viewed on the European Commission web site:

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

Accounting principles and evaluation methods

Use of judgments and estimates in the preparation of financial statements

Preparation of the Group's financial statements requires making assumptions and estimates whose future 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 UCITS in which the management company is in the Group,
- certain structured or restructured products (CDOs, convertible bonds),
- issues of liabilities originated and structured on behalf of clients whose risks and any hedging there of are managed as part of the same whole.

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

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

IFRS 13 allows for the recognition of own credit risk when valuing derivative financial liabilities (debt value adjustment – DVA). Moreover, the change in valuation techniques, which in particular takes into account the clarifications provided by this standard, led the Group to adjust the methods for measuring counterparty risk in the fair value of derivative financial assets (credit value adjustment – CVA).

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

The credit valuation adjustment (CVA) calculation consists of multiplying the Group's expected positive exposure with regard to the counterparty, estimated using the so-called swaptions method, by the probability of default (PD) of the counterparty and the loss given default (LGD) rate. The debt valuation adjustment (DVA) calculation

consists of multiplying the Group's expected negative exposure with regard to the counterparty, estimated using the so-called swaptions method, by the Group's probability of default (PD) and loss given default (LGD) rate.

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

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

A positive amount of €13.4 million was recognized on the balance sheet for valuation adjustments as of December 31, 2017.

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 €351 million as of December 31, 2017 compared with €391 million as of December 31, 2016. Their elimination would have reduced pre-tax net income by €11.6 million as of December 31, 2017.

Initially, financial assets or liabilities at fair value through profit or loss are recognised at their fair value excluding acquisition costs and including accrued dividends. 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 hedged instrument (or the portion of the instrument), nature of the hedged risk, designation of the hedging instrument, procedures for measuring the effectiveness of the hedging relationship. According to this documentation, the Group assesses the effectiveness of the hedging relationship at inception and at least every six months. A hedging relationship is deemed to be effective if:

- the ratio between the change in value of the hedging derivatives and the change in value of the hedged instruments for the risk hedged lies between 80% and 125%;
- the changes in value of the hedging derivatives expected over the residual term of said derivatives offset those expected from the hedged instruments for the risk hedged.

The Group designates a derivative financial instrument as a hedging instrument in a fair value hedge or in a cash flow hedge based on the nature of the risk hedged.

Fair value hedging:

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

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

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

The accounting treatment of derivative financial instruments designated from an accounting standpoint as fair value macro-hedging is the same as the accounting treatment for derivatives used in fair value microhedging. The change in the fair value of portfolios hedged against interest rate risk is recorded in a separate line of the balance sheet entitled "Remeasurement adjustment on interest-rate risk hedged portfolios" with an offsetting entry recorded in the income statement. The effectiveness of hedges is checked prospectively by verifying that at inception derivatives reduce the interest rate risk of the hedged portfolio. Retrospectively, hedges must be discontinued when the underlyings to which they are linked become insufficient..

Cash flow hedging:

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

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate

line in equity "Gains and losses recognised directly in equity" while the ineffective portion is 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 income statement under "interest and similar income (expense)" synchronised with the cash flows of the hedged instrument CREDIT MUTUEL ARKEA Consolidated financial statements at December 31, 2017 - 15 - impacting profit or loss. If the hedging relationship is discontinued or if it is no longer highly effective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under "interest and similar income (expense)" at the same time as the hedged transaction itself impacts the income statement, or when it has been determined that such transaction will not take place.

The Group does not hedge net investments in foreign operations.

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 dividends. On the balance sheet date, such securities are measured at their fair value through equity "Gains and losses recognised directly in equity".

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

Gains or losses related to a decrease in the ownership interest in an associate or joint venture that continues to be accounted for using the equity method are also recognized in the net gain (loss) on available-for-sale financial instruments category.

The accrued or earned income from fixed-income securities is recognised in the income statement under the heading "interest and similar income" according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash 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. The aforementioned criteria are nevertheless assessed for impairment if management believes that the amount invested cannot reasonably be expected to be collected in the near future. The loss is recognised in the income statement under "Net gain (loss) on financial instruments available-for-sale". Any subsequent decline in value leads to an increase in impairment charged against net income. In the event of an increase in value, the provision may not be reversed through the income statement.

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 dividends. 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.

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 this manner they contribute to the formation of income over the life of the loan.

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

The fees received for commercial loan renegotiations are deferred. The renegotiation of the loan results in the derecognition or modification of the former loan. According to this principle, the fees remaining to be deferred on former loans are recognized immediately in income.

The restructuring of a loan following the debtor's financial difficulties results in the novation of the loan agreement. Based on the definition of this concept by the European Banking Authority (EBA) in its draft standards, published in late October 2013, the Group identified loan restructuring (Forbearance) on those loans held as

of December 31, 2013. The accounting impact of the loan restructuring was integrated into the financial statements of 2014.

Impairment of loans and receivables

Receivables written-down on an individual basis

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

- there have been one or more delinquent payments lasting at least three months ;
- the position of a counterparty presents characteristics such that even if there has been no delinquency, we can conclude that there is an established risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganisation/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy, liquidation of property, including assignments in an international court.

The classification of the outstandings of any given counterparty as impaired leads by contagion to an identical classification of all those counterparty's assets and liabilities, and this irrespective of the existence of guarantees or collateral. This contagion extends to all of the other members of the same household (except minors) as well as all counterparties belonging to the same risk group. The loss due to impairment is the difference between 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 impairment on disputed receivables has 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 not individually impaired are grouped together based on their level of credit risk in order to form homogenous groups. The method for calculating group impairment is based primarily on the standards for measuring risks implemented as part of the Basel II reform.

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

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

Customer finance leases

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

Finance leases are posted on the balance sheet at the amount corresponding to the value of the minimum payments receivable from the lessee discounted at the implied interest rate of the contract plus any unsecured residual value. The interest portion of the rental payments is recorded on the income statement under the heading "interest and similar income."

Property, plant and equipment, intangible assets and investment property

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

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

Pursuant to IAS 40, the Group's property is classified as "investment property" when it is held primarily to earn rentals or for capital appreciation. Property held primarily to be occupied by the Group for administrative or sales uses is classified as "property, plant and equipment."

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

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

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

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

- all software-related expenditures that do not satisfy the conditions for capitalisation (notably preliminary research and functional analysis expenses) are recognised as expenses in accordance with IAS 38;

- all software expenditures incurred after the start of the production process (detailed analysis, development, validation, documentation) are capitalized if they meet the criteria established by IAS 38.

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

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

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.

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."

Insofar as concerns goodwill, if the recoverable amount of the related cash-generating unit is less than its carrying amount, an irreversible provision for impairment loss of goodwill is recognised. The impairment loss is equal to the difference between the carrying amount and the recoverable amount. The recoverable amount is calculated by applying the most appropriate valuation method at the level of the cash-generating unit.

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

The cash flows used are determined on the basis of the business plans of each cash generating unit (CGU) over a defined horizon of

between three and five years. The discount rates used correspond to the cost of capital calculated using the capital asset pricing model. This method is based on a risk-free interest rate to which a risk premium is applied that depends on the underlying activity of the corresponding cash generating unit. The discount rates used in 2017 range between 7.46% and 9.80% while the growth rates to infinity range 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 50 basis point increase in the discount rate would lead to 8.6% overall reduction in the recoverable amounts without engendering any impairment of the cash generating unit;
- a 50 basis point decrease in the growth rate to infinity would result in a 6.0% overall decrease in the recoverable amount without engendering any impairment of the cash generating unit.

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 credit institutions and customers

At inception, amounts owed to credit institutions and customers are recognised at fair value, which is normally the net amount received initially less transaction costs that can be directly attri-

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

Accrued interest or interest due on amounts due to credit 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 plans include defined-contribution plans and defined-benefit plans. Defined contribution plans do not give rise to an obligation for the Group and consequently do not require a provision. The amount of employer's contributions payable during the period

is recognised as an expense, recorded in « personnel expenses ». Defined benefit plans are plans for which the Group has made a commitment to ensure a benefit amount or level. This commitment constitutes a medium- or long-term risk. Retirement commitments outside the scope of defined contribution plans are fully provisioned in the balance sheet under "Provisions". Retirement bonuses, supplementary retirement plans, time-savings accounts and longterm service awards are recorded in this account.

The Group's obligation is calculated with the projected unit credit method, and takes into account demographic and financial assumptions. Specifically, the calculations use a discount rate of 1.54% in December 2017, this rate is determined by reference to the iBoxx corporate AA 10+ euro zone index based on corporate bonds, index adjusted to take into account the specific rate context. The calculations also include an employee turnover rate of between 0.91% and 6.73% and a salary increase rate of between 2.18% and 3.26%¹. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the phase during which the commitment is being constituted and the TGH05 and TGF05 life expectancy tables for the phase during which pensions are paid out.

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

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

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

Provisions for home savings accounts and plans

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

- the commitment to extend home loans to account holders and subscribers of home savings plans at a mandated interest rate that could be lower than the prevailing market rate.

¹ UES Arkade and Arkéa-SCD rates representing 96% of the commitment

- 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 income statement under "Interest and similar income" and "Interest and similar expense".

Subordinated debt

Subordinated debt are fixed 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 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 at the first time consolidation as well as at subsequent measurement dates. These assets and liabilities include:

- Financial assets and liabilities at fair value through profit or loss;
- Available-for-sale financial assets;
- Derivatives used for hedging purposes

Other financial assets and liabilities are initially recognized at fair value. They are subsequently recognized at their 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 UCITS listed on an active market.

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

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

This category includes notably the following financial instruments:

- Equities and bonds listed on a market that is considered inactive or that are unlisted;
- Over the counter derivative instruments like swaps and options products;
- Structured products

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

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

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

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

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

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

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

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

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

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

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

The valuation methods used by private equity companies generally include:

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

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

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

The day-one profit, i.e. the difference between the transaction price and the valuation of the instrument using valuation techniques, is considered as null: 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 premiums issued pertaining to later years), provisions for increasing risks (difference between the present value of the commitments undertaken respectively by the insurer and the 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 Income statement 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 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.

Entities included in the consolidation scope are those over which the Group exercises exclusive or joint control or has significant influence and whose financial statements have a material impact on the Group's consolidated financial statements, in particular with respect to total assets and net income contribution.

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation. These investments are recognized at fair value through profit or loss.

Controlled entities

Control exists when the Group (i) has power over an entity, (ii) is exposed to or has a claim on variable returns through its ties to the entity, and (iii) has the ability to exercise its power over the entity in such a way as to influence the amount of the return it obtains.

The consolidation of a subsidiary in the Group's consolidated financial statements begins on the date when the Group obtains such control and ends on the date when the Group relinquishes control over this entity.

Companies under exclusive control are fully consolidated. Full consolidation consists in substituting the value of the shares with the assets and liabilities of each subsidiary. The share of 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.

Investments in associates and joint ventures

An associate is an entity over which the Group exercises significant influence. Such influence is characterized by the ability to participate in decisions involving the entity's financial and operating policies, even though control or joint control over these policies has not been obtained.

Significant influence is presumed if the Group owns, directly or indirectly, 20% or more of the voting rights in an entity. If more than 20% of the voting rights are held, the absence of significant influence can be shown through the lack of representation on governing bodies or the absence of participation in the process for determining company policies.

A joint venture is a partnership in which the parties exercising joint control over the entity have claims on the entity's net assets.

Joint control is determined by the contractually agreed upon control exercised over an entity, which only exists in cases where decisions affecting the relevant activities require the unanimous consent of the parties sharing control.

The earnings, assets and liabilities of investments in associates and joint ventures are recognized in the Group's consolidated financial statements using the equity method.

Under this method, investments in associates and joint ventures are initially recognized at their acquisition cost, subsequently adjusted to reflect the Group's share in the earnings and other comprehensive income of the associates or joint ventures.

An investment is recognized using the equity method as of the date when the entity becomes an associate or joint venture. At the time of acquisition of an associate or joint venture, the difference between the cost of the investment and the Group's share of the fair value of the entity's identifiable net assets and liabilities is recognized as goodwill. In cases where the fair value of the entity's identifiable net assets and liabilities exceeds the cost of the investment, the difference is shown through profit and loss.

Investment in joint operations

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

Main changes in scope of consolidation

During the first half of 2017, Primonial completed a capital restructuring following an equity investment by a new investor. Crédit Mutuel Arkéa's ownership interest fell from 45% to 37% with no change in consolidation method.

In June 2017, the consolidation scope grew with the addition of the Nouvelle Vague (Max) entity, which is fully consolidated. This is an Internet platform through which customers will have access to a range of banking and insurance services based on their needs and expectations.

NexTalk, a company spun off from Monext, is also fully consolidated since September 2017. This company will be responsible for the contact center activity.

The Group acquired Pumpkin in the second half of the year. This fintech allows individuals to send and receive payments using its free and secure app.

The Group acquired Izimmo on November 30, 2017. Izimmo's main activity is the marketing of investment real estate to banking networks, private customers, independent wealth management advisers and developers.

Younited Credit was added to the scope in 2017. Younited Credit is both a consumer credit and savings platform.

CMCP (Crédit Mutuel Cartes de Paiement) was wound up on December 29, 2017.

The consolidated entities of Crédit Mutuel Arkéa are presented in note 45. Note 46 describes the business

combinations that occurred during the year.



Consolidation principles

Balance sheet date

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

Inter-company

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

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 total goodwill method); in the second, they are based on their proportional share of the values assigned to the assets and liabilities of the acquired company (partial goodwill).

If goodwill is positive, it is recorded on the balance sheet under "Goodwill"; if negative, it is 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.

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

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

Rental, leases with a buy-out clause and financial leases are re-processed in such a way as to take financial accounting into consideration.

Translation of foreign currency denominated financial statements

The balance sheets of entities whose 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 are 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..

Taxes

IFRIC 21 "levies charged by a public authority" specifies the conditions for recognizing a liability for a levy.

An entity must recognize this liability only when the obligating event occurs in accordance with the relevant legislation. If the obligating event occurs over a period of time, the liability is recognized progressively over the same period. Lastly, if the obligating event is triggered on reaching a threshold, the liability is recognized when that minimum threshold is reached.

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

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

Deferred taxes are not discounted.

The « contribution économique territoriale » (CET) and the "cotisation sur la valeur ajoutée des entreprises" (CVAE) are treated as operating expenses, it does not entail the recognition of deferred taxes in the consolidated financial statements.

Notes on the balance sheet

Note 1. Cash, due from central banks

Loans and receivables due from banks

(In thousands of euros)

	12.31.2017	12.31.2016
CASH, DUE FROM CENTRAL BANKS		
Due from central banks	4,046,381	3,496,003
Cash	136,384	121,193
Receivables related to all accounts	0	-16
TOTAL	4,182,765	3,617,180
LOANS AND RECEIVABLES DUE FROM BANKS		
Crédit Mutuel network accounts	692,330	729,769
Other regular accounts	369,567	306,106
Loans	5,322,220	5,159,165
Securities not listed on an active market	0	3,000
Repurchase agreements	835,346	702,823
Receivables written down on an individual basis	0	0
Receivables related to all accounts	39,963	43,026
Depreciation	0	0
TOTAL	7,259,426	6,943,889
Of which, demand loans and deposits with banks	478,726	472,268

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

(In thousands of euros)

	12.31.2017	12.31.2016
Assets classified at fair value option	22,617,686	17,875,207
Assets held for trading purposes	364,055	494,500
TOTAL	22,981,741	18,369,707

Note 2a. Assets classified at fair value option

(In thousands of euros)

	31.12.2017	31.12.2016
Securities	22,608,304	17,862,074
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	5,806,290	5,203,006
Listed	5,359,066	4,906,383
Unlisted	447,224	296,623
■ Stocks and other variable-income securities	16,802,014	12,659,068
Listed	9,545,804	6,947,497
Unlisted	7,256,210	5,711,571
Other financial assets ⁽¹⁾	9,382	13,133
Of which securities loaned under purchased agreements	0	0
TOTAL	22,617,686	17,875,207

(1) customers and interbank loans and receivables

The maximum non-recovery risk for loans recognized at fair value through profit or loss totaled €9,279 thousand. This amount is not hedged by credit derivatives.

Note 2b. Assets held for trading purposes

(In thousands of euros)

	31.12.2017	31.12.2016
Securities	0	3,056
■ Treasury bills, notes and government bonds	0	0
■ Bonds and other fixed-income securities	0	3,056
Listed	0	3,045
Unlisted	0	11
■ Stocks and other variable-income securities	0	0
Listed	0	0
Unlisted	0	0
Derivates held for trading purposes	364,055	491,444
Other financial assets	0	0
Of which securities loaned under purchased agreements	0	0
TOTAL	364,055	494,500

Derivative trading instruments are held as economic hedges on customer transactions.

Note 3. Derivatives used for hedging purposes

(In thousands of euros)

	12,31,2017		12,31,2016	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Cash flow hedges	2,311	6,535	1,636	8,640
Fair value hedges	683,612	392,137	831,519	503,850
TOTAL	685,923	398,672	833,155	512,490

Note 4. Actifs financiers disponibles à la vente

(In thousands of euros)

	12.31.2017	12.31.2016
TREASURY BILLS, NOTES AND GOVERNMENT BONDS	14,999,774	14,888,465
BONDS AND OTHER FIXED-INCOME SECURITIES	20,467,716	20,904,609
Listed	18,286,851	18,692,782
Unlisted	2,180,865	2,211,827
STOCKS AND OTHER VARIABLE-INCOME SECURITIES	1,368,661	1,941,892
Listed	727,906	1,260,848
Unlisted	640,755	681,044
INVESTMENT SECURITIES	847,638	786,620
Long-term investments	587,501	413,121
Other long-term investments	259,834	275,957
Shares in associates	303	97,542
Translation adjustments	0	0
Loaned securities	0	0
RELATED RECEIVABLES	347,468	451,121
TOTAL	30,031,257	38,972,707
Of which unrealised gains/losses recognised directly in equity	453,678	447,957
Of which securities sold under repurchase agreements	0	0
Of which impaired securities	0	0
Of which impaired bonds	19,172	32,554
Of which depreciation for impairment recorded in profit or loss	-41,678	-53,573
Of which listed long-term investment	175,287	0

Note 5. Loans and receivables due from customers

(In thousands of euros)

	12.31.2017	12.31.2016
Performing receivables	48,012,854	44,186,442
■ Commercial receivables	137,515	134,554
■ Other loans to customers	47,760,756	43,938,031
Housing loans	26,093,868	23,666,666
Other loans and various receivables, including repurchase agreements	21,666,888	20,271,365
■ Related receivables	114,583	113,857
■ Securities not listed on an active market	0	0
Insurance and reinsurance receivables	146,561	141,279
Receivables written down on an individual basis	1,410,593	1,530,703
GROSS RECEIVABLES	49,570,008	45,858,424
Specific depreciations	-802,271	-839,943
Collective depreciations	-146,491	-145,211
SUBTOTAL I	48,621,246	44,873,270
Finance leases (net investment)	1,910,759	1,824,920
■ Movable goods	1,100,094	993,621
■ Real estate property	739,728	759,432
■ Receivables written down on an individual basis	70,937	71,867
Depreciation	-48,610	-42,646
SUBTOTAL II	1,862,149	1,782,274
TOTAL	50,483,395	46,655,544
Of which Equity loans with no voting rights	12,165	12,165
Of which subordinated loans	0	0

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

(In thousands of euros)

	PAYMENT ARREARS			GUARANTEES ON PAYMENT ARREARS
	LESS THAN 30 DAYS	OVER 30 DAYS - 60 DAYS	OVER 60 DAYS - 90 DAYS	
EQUITY INSTRUMENTS				0
DEBT INSTRUMENTS	0	0	0	0
Central banks				
Banking institutions				
Other financial corporations				
Non-financial corporations				
Retail customers				
LOANS AND RECEIVABLES	160,039	43,211	20,546	157,569
Central banks				
Banking institutions				
Other financial corporations				
Non-financial corporations	33,672	8,121	3,436	28,189
Retail customers	126,367	35,090	17,110	129,381
OTHER FINANCIAL ASSETS	0	0	0	0
TOTAL	160,039	43,211	20,546	157,569
Unallocated guarantees				0

This table includes all outstandings not considered impaired but on which one or more delinquent payments have been observed. The total value of the commitment on which a delinquent payment has been observed is declared, rather than merely the value of the delinquent payment. The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

Note 6b. Restructured loans by type

(In thousands of euros)

RESTRUCTURED LOANS BY TYPE AS OF 12/31/2017	RENEGOTIATION OF CONTRACT	TOTAL OR PARTIAL REFINANCING OF DEBT INSTRUMENT	TOTAL
PERFORMING LOANS	41,703	19,815	61,518
Gross doubtful loans	246,737	130,942	377,679
Restructured doubtful loans	-116,619	-74,905	-191,524
NET DOUBTFUL LOANS	130,118	56,037	186,155

Note 7. Held-to-maturity financial assets

(In thousands of euros)

	12.31.2017	12.31.2016
Securities	100,609	115,814
■ Treasury bills, notes and government bonds	54,010	59,114
■ Bonds and other fixed-income securities	46,599	56,700
Listed	46,599	55,204
Unlisted	0	1,496
Related receivables	685	1,022
GROSS TOTAL	101,294	116,836
Depreciation	0	0
NET TOTAL	101,294	116,836

Note 8. Depreciations

(In thousands of euros)

	12.31.2016	ALLOCATIONS	WRITE BACK	OTHER	12.31.2017
Loans and receivables – financial institutions	0	0	0	0	0
Loans and receivables due from customers	-1,027,800	-296,631	323,436	3,623	-997,372
Available-for-sale securities	-53,573	-4,172	16,340	-273	-41,678
Held-to-maturity securities	0	0	0	0	0
TOTAL	-1,081,373	-300,803	339,776	3,350	-1,039,050

Note 9. Current tax

(In thousands of euros)

	12.31.2017	12.31.2016
Assets (through profit or loss)	209,205	180,631
Liabilities (through profit or loss)	119,045	96,360

Note 10. Deferred tax

(In thousands of euros)

	12.31.2017	12.31.2016
Assets (through profit or loss)	44,885	66,111
Assets (through equity)	9,963	8,889
Liabilities (through profit or loss)	33,350	51,123
Liabilities (through equity)	118,675	116,174

Breakdown of deferred taxes by major category

(In thousands of euros)

	12.31.2017	12.31.2016
Loss carryforwards	7,804	13,948
Temporary differences on:		
Deferred gains or losses on available-for-sale assets	-139,622	-136,521
Unrealised gains and losses on cash flow hedging	1,395	2,330
Unrealised gains and losses on actuarial differences	29,513	26,908
Provisions for risks and losses nondeductible	44,374	64,490
Unrealised reserves of finance leases	-21,369	-37,827
Other temporary differences	-19,272	-25,625
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	-97,177	-92,297

Deferred tax are netted on the balance sheet by tax entity

Note 11. Accruals, prepayments and sundry assets

(In thousands of euros)

	12.31.2017	12.31.2016
ACCRUALS – ASSETS		
Receivables collection	475,727	439,092
Foreign currency adjustment accounts	5,522	53,529
Income receivable	114,995	96,793
Miscellaneous accrual accounts	231,334	187,641
SUBTOTAL	827,578	777,055
OTHER ASSETS		
Settlement accounts for security transactions	96,676	90,957
Various debtors	503,191	518,593
Versed deposits	631,818	811,554
Inventories and similar	1,962	1,626
Other miscellaneous applications of funds	2,412	3,550
SUBTOTAL	1,236,059	1,426,280
OTHER INSURANCE ASSETS		
Technical provisions - Reinsurers' share	77,318	70,478
Other	30,029	28,647
SUBTOTAL	107,347	99,125
TOTAL	2,170,984	2,302,460

Note 12. Equity method investments**Share of earnings of companies carried under equity method**

(In thousands of euros)

	12.31.2017			12.31.2016		
	INVESTMENT	SHARE OF EARNINGS	DIVIDENDS	INVESTMENT	SHARE OF EARNINGS	DIVIDENDS
Caisse Centrale du Crédit Mutuel	138,100	24,387		127,951	1,679	524
Crédit Mutuel Cartes de Paiement	0	0	0	-857	-13	0
Primonial Holding	0	0	0	50,930	6,363	0
Younited Credit	11,293	-3,834	0			
Newport	40,954	3,365	0	32,798	2,033	0
TOTAL	190,347	23,919	0	210,821	10,062	524

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

(In thousands of euros)

	TOTAL BALANCE SHEET	NET BANKING INCOME	GROSS OPERATING INCOME	NET INCOME	OCI	EQUITY
Caisse Centrale du Crédit Mutuel	4,870,032	125,476	120,407	113,107	52,097	656,039
Primonial Holding	922,483	155,880	23,598	7,937	N/A	219,418
Younited Credit	141,054	16,281	-15,409	-14,975	N/A	44,113
Newport	177,727	10,916	10,872	10,872	61,261	134,394

Note 13. Investment property

(In thousands of euros)

	12.31.2016	INCREASE	DECREASE	OTHER	12.31.2017
Historical cost	757,076	24,623	-36,885	0	744,814
Amortisation and depreciation	-221,899	-24,547	17,027	0	-229,419
NET AMOUNT	535,177	76	-19,858	0	515,395

The fair value of investment real estate recognised at cost amounted to €834 million in 2017 compared to €848 million in 2016.

Note 14. Property, plant and equipment

(In thousands of euros)

	12.31.2016	INCREASE	DECREASE	OTHER	12.31.2017
HISTORICAL COST					
Land	22,271	1	-188	0	22,084
Plant	545,877	27,686	-5,056	7,072	575,579
Other property, plant and equipment	220,294	27,773	-12,512	-6,511	229,044
TOTAL	788,442	55,460	-17,756	561	826,707
DEPRECIATION AND AMORTISATION					
Land	0	0	0	0	0
Plant	-368,117	-21,983	4,040	-4,716	-390,776
Other property, plant and equipment	-177,781	-14,832	5,472	4,295	-182,846
TOTAL	-545,898	-36,815	9,512	-421	-573,622
NET AMOUNT	242,544	18,645	-8,244	140	253,085

Note 15. Intangible assets

(In thousands of euros)

	12.31.2016	INCREASE	DECREASE	OTHER	12.31.2017
HISTORICAL COST					
Self-produced assets	375,949	42,937	-1	5,362	424,247
Acquired assets	689,795	82,288	-45,413	-838	725,832
Software	338,845	23,925	-3,981	256	359,045
Other	350,950	58,363	-41,432	-1,094	366,787
TOTAL	1,065,744	125,225	-45,414	4,524	1,150,079
DEPRECIATION AND AMORTISATION					
Self-produced assets	-257,761	-48,800	0	-1,423	-307,984
Acquired assets	-389,361	-29,258	4,117	-13	-414,515
Software	-304,456	-17,089	3,958	-13	-317,600
Other	-84,905	-12,169	159	0	-96,915
TOTAL	-647,122	-78,058	4,117	-1,436	-722,499
NET AMOUNT	418,622	47,167	-41,297	3,088	427,580

Self-produced assets correspond mainly to software.

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

Note 16. Goodwill

(In thousands of euros)

	12.31.2016	ACQUISITIONS	DISPOSALS	OTHER	12.31.2017
Gross goodwill	542,246	30,438	0	0	572,684
Depreciation	0	0	0	0	0
Net goodwill	542,246	30,438	0	0	572,684

Allocation by cash generating unit (CGU):

(In thousands of euros)

POLE	CONCERNED COMPANIES	12.31.2017	12.31.2016
Retail customers	Arkéa Direct Bank	259,757	259,757
Corporates and Institutionals	Leasecom Leasecom Car	32,723	32,723
B2B and Specialized Services	CFCAL Banque	38,216	38,216
B2B and Specialized Services	Monext	100,250	100,250
B2B and Specialized Services	Procapital	63,000	63,000
B2B and Specialized Services - Fintech	Leetchi SA Mangopay	25,682	25,682
	Pumpkin	10,974	0
Products	Izimmo	19,464	0
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
NET GOODWILL		572,684	542,246

Note 17. Due to central banks - Due to banks

(In thousands of euros)

	12.31.2017	12.31.2016
CENTRAL BANKS	0	0
BANKS	9,814,554	7,087,004
Crédit Mutuel network accounts	84,318	37,095
Other current accounts	176,825	127,061
Loans	2,117,190	1,759,466
Other liabilities	45,079	45,056
Repurchase agreements	7,393,345	5,112,360
Related liabilities	-2,203	5,966
TOTAL	9,814,554	7,087,004
Of which, loans and deposits with banks	787,312	275,162

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

(In thousands of euros)

	12.31.2017	12.31.2016
FINANCIAL LIABILITIES HELD FOR TRADING	485,951	600,985
Derivatives	485,951	600,985
FAIR VALUE OPTION FINANCIAL LIABILITIES THROUGH PROFIT OR LOSS	124,487	13,638
Due to banks	14	41
Customer accounts	5,096	13,597
Debt securities	119,377	0
Subordinated debt	0	0
TOTAL	610,438	614,623

The redemption value of liabilities measured at fair value amounted to €615,221 thousand at December 31, 2017, against €614,585 thousand at December 31, 2016. Given the terms applicable to the Group's offerings, fair value changes due to changes in the Crédit Mutuel Arkéa Group's issuer risk were negligible as of December 31, 2017

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

(In thousands of euros)

	12.31.2017			12.31.2016		
	CARRYING AMOUNT	AMOUNT DUE AT MATURITY	GAP	CARRYING AMOUNT	AMOUNT DUE AT MATURITY	GAP
Due to banks	14	16	-2	41	10	31
Customer accounts	5,096	5,098	-2	13,597	13,590	7
Debt securities	119,377	124,156	-4,779	0	0	0
Subordinated debt	0	0	0	0	0	0
TOTAL	124,487	129,270	-4,783	13,638	13,600	38

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

12.31.2017				
	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	
ASSETS				
Derivatives	1,049,978	0	1,049,978	
Reverse repurchase agreement of securites, securities borrowing or similar agreements	948,435	0	948,435	
Other financial assets	0		0	
TOTAL ASSETS	1,998,413	0	1,998,413	
LIABILITIES				
Derivatives	884,623	0	884,623	
Reverse repurchase agreement of securites, securities borrowing or similar agreements	7,382,272	0	7,382,272	
Other financial assets	0		0	
TOTAL LIABILITIES	8,266,895	0	8,266,895	

12.31.2016				
	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	
ASSETS				
Derivatives	1,324,599	0	1,324,599	
Reverse repurchase agreement of securites, securities borrowing or similar agreements	702,823	0	702,823	
Other financial assets	0		0	
TOTAL ASSETS	2,027,422	0	2,027,422	
LIABILITIES				
Derivatives	1,113,475	0	1,113,475	
Reverse repurchase agreement of securites, securities borrowing or similar agreements	5,108,406	0	5,108,406	
Other financial assets	0		0	
TOTAL LIABILITIES	6,221,881	0	6,221,881	

(In thousands of euros)

12.31.2017

	RELATED AMOUNTS NOT NETTED ON THE BALANCE SHEET			NET AMOUNT
	IMPACT OF MASTER NETTING AGREEMENTS	FINANCIAL INSTRUMENTS RECEIVED/ GIVEN AS GUARANTEES	CASH COLLATERAL	
	-443,620	0	-285,946	320,412
	0	-835,338	0	113,097
	0	0	0	0
	-443,620	-835,338	-285,946	433,509
	-443,620	0	-416,094	24,909
	0	-7,348,609	-27,477	6,186
	0	0	0	0
	-443,620	-7,348,609	-443,571	31,095

(In thousands of euros)

12.31.2016

	RELATED AMOUNTS NOT NETTED ON THE BALANCE SHEET			NET AMOUNT
	IMPACT OF MASTER NETTING AGREEMENTS	FINANCIAL INSTRUMENTS RECEIVED/ GIVEN AS GUARANTEES	CASH COLLATERAL	
	-387,847	0	-550,600	386,152
	0	-692,075	0	10,748
	0	0	0	0
	-387,847	-692,075	-550,600	396,900
	-387,847	0	-636,235	89,393
	0	-5,048,333	-52,135	7,938
	0	0	0	0
	-387,847	-5,048,333	-688,370	97,331

Note 19. Customer accounts

(In thousands of euros)

	31.12.2017	31.12.2016
Savings accounts governed by special regulations	24,917,866	23,972,466
Demand accounts	19,576,834	18,862,734
Term accounts	5,341,032	5,109,732
Debt related to savings account	208,743	210,485
SUBTOTAL	25,126,609	24,182,951
Current accounts	18,332,715	15,540,647
Term accounts and term loans	5,862,614	7,318,101
Repurchase agreements	0	0
Insurance and reinsurance liabilities	58,379	49,297
Related liabilities	55,855	82,130
SUBTOTAL	24,309,563	22,990,175
TOTAL	49,436,172	47,173,126

Note 20. Debt securities

(In thousands of euros)

	31.12.2017	31.12.2016
Certificates of deposit	13,643	20,364
Interbank market securities and negotiable debt securities	2,642,665	3,217,291
Bond issues	7,952,549	9,353,691
Related liabilities	179,002	278,429
TOTAL	10,787,859	12,869,775

Note 21. Accruals, deferred income and sundry liabilities

(In thousands of euros)

	12.31.2017	12.31.2016
ACCRUALS – LIABILITIES		
Blocked accounts for collection operations	518,315	435,985
Foreign currency adjustment accounts	8,077	49,520
Expenses payable	182,969	155,690
Prepaid income	288,516	264,623
Miscellaneous accrual accounts	87,260	35,332
SUBTOTAL	1,085,137	941,150
OTHER LIABILITIES		
Settlement accounts for securities transactions	302,277	214,029
Outstanding payments on securities	5,597	7,782
Miscellaneous creditors	4,053,712	3,497,678
SUBTOTAL	4,361,586	3,719,489
OTHER INSURANCE LIABILITIES		
Security deposits and guarantees received	25,225	24,179
Other	0	0
SUBTOTAL	25,225	24,179
TOTAL	5,471,948	4,684,818

Note 22. Insurance companies' technical reserves

(In thousands of euros)

	12.31.2017	12.31.2016
Life	31,728,589	30,988,092
Of profit-sharing	2,735,486	2,539,634
Non life	475,852	454,998
Unit-linked contracts	10,455,218	8,197,175
Other	148,029	141,522
TOTAL	42,807,688	39,781,787
Active deferred profit-sharing	0	0
Reinsurers' share	-77,318	-70,478
NET TECHNICAL PROVISIONS	42,730,370	39,711,309

Note 23. Provisions

(In thousands of euros)

	12.31.2016	ALLOCATIONS	WRITE-BACKS (used)	WRITE-BACKS (not used)	OTHER	12.31.2017
Provisions for pension costs	258,701	26,218	-12,066	-97	84	272,840
Provisions for home savings accounts and plans	44,383	0	0	-21,859	0	22,524
Provisions for execution of guarantee commitments	25,878	10,160	-630	-7,065	0	28,343
Provision for taxes	16,896	3,641	-2,724	-3,138	0	14,675
Provisions for legal proceedings	7,391	6,514	-615	-3,142	638	10,786
Provisions for risks	10,759	802	-1,270	-3,751	108	6,648
Other	33,248	13,292	-3,907	-3,482	-110	39,041
TOTAL	397,256	60,627	-21,212	-42,534	720	394,857

Note 23a. Provisions for pension costs and similar benefits**Defined benefit pension and other long-term employee benefit obligations**

(In thousands of euros)

	12.31.2016	ALLOCATIONS	WRITE-BACKS	OTHER	12.31.2017
Retirement benefits	51,420	4,255	-2,743	84	53,016
Defined-benefit plans	107,788	12,721	-7,614	0	112,895
Long-term service awards	38,059	2,223	-1,806	0	38,476
Time savings account	61,434	7,019	0	0	68,453
TOTAL	258,701	26,218	-12,163	84	272,840

Note 23b. Provisions for regulated savings product risks**Deposits collected under home purchase savings schemes during the savings period - Provisions**

(In thousands of euros)

	12.31.2017		12.31.2016	
	DEPOSITS	PROVISIONS	DEPOSITS	PROVISIONS
Home purchase savings plans	5,010,056	21,940	4,735,996	43,377
Under 4 years old	1,126,140	11	2,829,556	11,579
Between 4 and 10 years old	1,978,265	3,784	987,786	8,087
Over 10 years old	1,905,651	18,145	918,654	23,711
Home purchase savings accounts	678,021	44	656,508	84
TOTAL	5,688,077	21,984	5,392,504	43,461

Loans granted under home purchase savings schemes - Provisions

(In thousands of euros)

	12.31.2017		12.31.2016	
	LOANS	PROVISIONS	LOANS	PROVISIONS
Home purchase savings plans	5,718	21	8,716	37
Home purchase savings accounts	52,094	518	81,364	884
TOTAL	57,812	539	90,080	921

Note 24. Subordinated debt

(In thousands of euros)

	12.31.2017	12.31.2016
Subordinated debt	1,758,502	774,020
Equity instruments with no voting rights	2,693	2,693
Undated subordinated debt	97,205	97,211
Other liabilities	0	0
Related liabilities	34,373	16,377
TOTAL	1,892,773	890,301

Subordinated debt representing at least 10% of the total subordinated debt at December 31, 2017

(In thousands of euros)

ISSUERS	ISSUE DATE	AMOUNT	CURRENCY	RATE	DUE DATE
Crédit Mutuel Arkéa	07.05.2004	97,314	Euro	CMS 10 years + 0.10	undated
Crédit Mutuel Arkéa	09.18.2008	300,000	Euro	6,75%	09.18.2018
Crédit Mutuel Arkéa	06.01.2016	500,000	Euro	3,25%	06.01.2026
Crédit Mutuel Arkéa	02.09.2017	500,000	Euro	3,50%	09.02.2029
Crédit Mutuel Arkéa	10.25.2017	500,000	Euro	1,88%	10.25.2029
TOTAL		1,897,314			

Note 25. Share capital and reserves - Consolidated reserves

(In thousands of euros)

	12.31.2017	12.31.2016
Share capital	2,202,426	2,197,670
Share capital related reserves	5,438	5,438
Consolidated reserves	3,531,437	3,239,290
Statutory reserve	421,583	401,658
Reserves provided for in the articles of incorporation and contractual reserves	1,783,760	1,705,169
Regulated reserves	0	0
Translation reserves	0	0
Other reserves	1,265,690	1,070,629
Retained earnings	60,404	61,834
TOTAL	5,739,301	5,442,398

The group's share capital consists of the shares held by the depositors/shareholders of the banking institution.

Note 26. Gains and losses recognised directly in equity

(In thousands of euros)

	31.12.2017	31.12.2016
Available-for-sale assets	340,487	347,308
Cash flow hedge derivatives	-2,651	-4,432
Real estate property	0	0
Other	-56,193	-51,253
TOTAL	281,644	291,625

Note 27. Breakdown of financial liabilities according to maturity

(In thousands of euros)

	RESIDUAL MATURITY					TOTAL
	LESS THAN 3 MONTHS	OVER 3 MONTHS – 1 YEAR	OVER 1 YEAR – 5 YEARS	MORE THAN 5 YEARS	NOT DETERMINED	
Financial liabilities at fair value through profit or loss	22,595	60,571	96,365	430,908	0	610,438
Derivatives used for hedging purposes					398,672	398,672
Due to banks	4,371,650	2,900,098	975,668	1,566,988	0	9,814,404
Customer accounts	39,565,042	1,285,185	5,157,782	3,428,165	0	49,436,174
Debt securities	1,476,167	2,251,973	3,963,798	3,095,922	0	10,787,859
Subordinated debt	654	300,532	0	1,494,382	97,205	1,892,773

The different elements in this table are broken down according to their contractual maturity and not discounted.

Note 28a. Ranking of fair value

(In thousands of euros)

12.31.2017	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	30,848,712	4,546,915	2,635,630	38,031,257
- Treasury bills and similar securities ⁽¹⁾	14,501,470	622,835	0	15,124,305
- Bonds and other fixed-income securities ^{(2) (3) (4)}	15,509,908	3,923,457	1,251,632	20,684,997
- Stocks and other variable-income securities	662,038	286	711,953	1,374,277
- Equity investments and other long-term investments ⁽⁵⁾	175,296	337	671,702	847,335
- Shares in associates	0	0	343	343
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	11,023,927	5,427,599	6,530,215	22,981,741
- Bonds and other fixed-income securities - Held for trading	0	0	0	0
- Bonds and other fixed-income securities – FVO	299,998	5,054,162	452,130	5,806,290
- Stocks and other variable-income securities – Held for trading	0	0	0	0
- Stocks and other variable-income securities – FVO ⁽⁶⁾	10,723,929	0	6,078,085	16,802,014
- Due from banks – FVO	0	14	0	14
- Customer loans – FVO	0	9,368	0	9,368
- Derivatives and other financial assets - Held for trading	0	364,055	0	364,055
DERIVATIVES USED FOR HEDGING PURPOSES	0	685,923	0	685,923
TOTAL	41,872,639	10,660,437	9,165,845	61,698,921
FINANCIAL LIABILITIES				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	610,438	0	610,438
- Customer deposits - FVO	0	14	0	14
- Customer deposits - FVO	0	5,096	0	5,096
- Debt securities - FVO	0	119,377	0	119,377
- Derivatives and other financial liabilities – Held for trading	0	485,951	0	485,951
DERIVATIVES USED FOR HEDGING PURPOSES	0	398,672	0	398,672
TOTAL	0	1,009,110	0	1,009,110

- (1) €26 million have been removed from level 1 to level 2. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 2.
(2) €188 million have been removed from level 1 to level 2. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 2.
(3) €7 million have been removed from level 1 to level 3. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 3.
(4) €115 million have been removed from level 2 to level 1. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 1.
(5) €139 million have been removed from level 3 to level 1. They primarily relate to stocks with characteristics corresponding to criteria defined for Level 1.
(6) €50 million have been removed from level 3 to level 1. They primarily relate to stocks with characteristics corresponding to criteria defined for Level 1.

Note 28a.

(In thousands of euros)

12.31.2016	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
FINANCIAL ASSETS				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	32,531,000	3,983,968	2,457,739	38,972,707
- Treasury bills and similar securities ⁽¹⁾	14,944,079	117,831	0	15,061,910
- Bonds and other fixed-income securities ^{(2) (3) (4)}	16,373,813	3,865,559	936,380	21,175,752
- Stocks and other variable-income securities	1,213,108	241	735,076	1,948,425
- Equity investments and other long-term investments ⁽⁵⁾	0	337	688,741	689,078
- Shares in associates	0	0	97,542	97,542
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	8,407,475	4,877,514	5,084,718	18,369,707
- Bonds and other fixed-income securities - Held for trading	0	3,056	0	3,056
- Bonds and other fixed-income securities – FVO	556,303	4,369,881	276,822	5,203,006
- Stocks and other variable-income securities – Held for trading	0	0	0	0
- Stocks and other variable-income securities – FVO ⁽⁶⁾	7,851,172	0	4,807,896	12,659,068
- Due from banks – FVO	0	41	0	41
- Customer loans – FVO	0	13,092	0	13,092
- Derivatives and other financial assets - Held for trading	0	491,444	0	491,444
DERIVATIVES USED FOR HEDGING PURPOSES	0	833,155	0	833,155
TOTAL	40,938,475	9,694,637	7,542,457	58,175,569
FINANCIAL LIABILITIES				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	614,623	0	614,623
- Customer deposits - FVO	0	41	0	41
- Customer deposits - FVO	0	13,597	0	13,597
- Debt securities - FVO	0	0	0	0
- Derivatives and other financial liabilities – Held for trading	0	600,985	0	600,985
DERIVATIVES USED FOR HEDGING PURPOSES	0	512,490	0	512,490
TOTAL	0	1,127,113	0	1,127,113

(1) €5 million have been removed from level 2 to level 1. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 1.

(2) €79 million have been removed from level 2 to level 1. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 1.

(3) €167 million have been removed from level 1 to level 2. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 2.

(4) €25 million have been removed from level 1 to level 2. They primarily relate to structured bonds with characteristics corresponding to criteria defined for Level 2.

(5) €543 million have been removed from level 1 to level 3. They primarily relate to stocks with characteristics corresponding to criteria defined for Level 3.

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

(In thousands of euros)

	12.31.2016	PURCHASES	ISSUES	SALES	REFUNDING	TRANSFERS
AVAILABLE-FOR-SALE FINANCIAL ASSETS	2,457,739	1,623,639	14,914	-1,209,781	-158,172	-144,279
- Bonds and other fixed-income securities	936,380	1,116,981	0	-671,508	-134,058	7,456
- Stocks and other variable-income securities	735,076	376,269	0	-431,931	-13,903	18,200
- Equity investments and other long-term investments	688,741	130,349	14,914	-4,220	-10,211	-169,936
- Shares in associates	97,542	40	0	-102,122	0	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	5,084,718	1,717,650	0	-595,992	-17,710	-37,327
- Bonds and other fixed-income securities - FVO	276,822	181,350	0	-3,570	-8,960	0
- Stocks and other variable-income securities - FVO	4,807,896	1,536,300	0	-592,422	-8,750	-37,327
- Derivatives and other financial assets - Held for	0	0	0	0	0	0
TOTAL	7,542,457	3,341,289	14,914	-1,805,773	-175,882	-181,606

	GAINS AND LOSSES		OTHER MOVEMENTS	12.31.2017	TRANSFERS N1, N2 => N3	TRANSFERS N3 => N1, N2
	THROUGH PROFIT OR	IN EQUITY				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	120,344	20,466	-89,240	2,635,630	25,656	-169,936
- Bonds and other fixed-income securities	-41	4,423	-8,001	1,251,632	7,456	0
- Stocks and other variable-income securities	69,662	-9,948	-31,472	711,953	18,199	0
- Equity investments and other long-term investments	113	56,040	-34,088	671,702	0	-169,936
- Shares in associates	50,610	-30,049	-15,679	343	1	0
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	474,321	0	-95,446	6,530,214	639	-37,966
- Bonds and other fixed-income securities - FVO	7,544	0	-1,056	452,130	0	0
- Stocks and other variable-income securities - FVO	466,777	0	-94,390	6,078,084	639	-37,966
- Derivatives and other financial assets - Held for	0	0	0	0	0	0
TOTAL	594,665	20,466	-184,686	9,165,844	26,295	-207,902

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

(In thousands of euros)

12.31.2017						
	MARKET VALUE	BALANCE SHEET VALUE	UNREALISED GAINS AND LOSSES	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS	58,907,528	57,844,115	1,063,413	6,708	7,026,313	51,874,507
Loans and receivables due from banks	6,930,141	7,259,426	-329,285		6,930,141	0
Loans and receivables due from customerscustomers	51,874,507	50,483,395	1,391,112		0	51,874,507
Held-to-maturity financial assets	102,880	101,294	1,586	6,708	96,172	0
LIABILITIES	73,028,686	71,931,358	1,097,328	0	23,581,479	49,447,207
Due to banks	9,941,493	9,814,554	126,939		9,941,493	0
Customer accounts	49,447,207	49,436,172	11,035		0	49,447,207
Debt securities	11,618,381	10,787,859	830,522	0	11,618,381	0
Subordinated debt	2,021,605	1,892,773	128,832		2,021,605	0

(In thousands of euros)

12.31.2016						
	MARKET VALUE	BALANCE SHEET VALUE	UNREALISED GAINS AND LOSSES	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS	55,138,182	53,716,269	1,421,913	17,260	6,745,626	48,375,296
Loans and receivables due from banks	6,644,930	6,943,889	-298,959		6,644,930	0
Loans and receivables due from customerscustomers	48,375,296	46,655,544	1,719,752		0	48,375,296
Held-to-maturity financial assets	117,956	116,836	1,120	17,260	100,696	0
LIABILITIES	70,457,756	68,020,206	2,437,550	0	23,267,965	47,189,791
Due to banks	7 059 429*	7,087,004	-27 575*		7 059 429*	0
Customer accounts	47,189,791	47,173,126	16,665		0	47,189,791
Debt securities	13,897,666	12,869,775	1,027,891		13,897,666	0
Subordinated debt	905,320	890,301	15,019		905,320	0

*after adjustment

Notes on the income statement

Note 30. Interest and similar income/expense

(In thousands of euros)

	12.31.2017		12.31.2016	
	INCOME	EXPENSE	INCOME	EXPENSE
Banks and central banks	101,034	-117,317	87,717	-83,569
Customers	1,387,427	-552,778	1,419,435	-596,089
Derivative hedge instruments	244,555	-202,593	260,080	-257,023
Available-for-sale financial assets	72,309	0	99,034	0
Held-to-maturity financial assets	1,206	0	2,268	0
Debt securities	0	-297,370	0	-376,806
Subordinated debt	0	-862	0	-767
TOTAL	1,806,531	-1,170,920	1,868,534	-1,314,254

In 2017, the decline in interest rates resulted in certain financial assets having a negative interest rate. The IFRS interpretations committee noted that interest related to a negative interest rate on a financial asset does not satisfy the definition of interest revenue in accordance with IAS 18 Revenue. This interest expense related to a financial asset should not be presented on the interest revenue line but in an appropriate expense line item. Negative interests are not material for the Group.

Note 31. Commissions

(In thousands of euros)

	12.31.2017		12.31.2016	
	INCOME	EXPENSE	INCOME	EXPENSE
Banks	7,858	-7,309	6,428	-4,124
Customers	106,320	-363	106,611	-387
Derivatives	6,868	-385	7,372	-560
Foreign currency	5,473	-208	4,016	-501
Financing and guarantee commitments	406	-2,956	592	-1,965
Securities and services	521,621	-228,606	476,285	-208,203
TOTAL	648,546	-239,827	601,304	-215,740

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

(In thousands of euros)

	31.12.2017	31.12.2016
Instruments held for trading	-2,170	2,968
Fair value option instruments	-15	25,147
Hedging ineffectiveness	-1,273	-203
cash flow hedges	9	15
fair value hedges	-1,282	-218
■ change in fair value of hedged items	128,865	8,464
■ change in fair value of hedges	-130,147	-8,682
Foreign exchange gains (losses)	6,076	-1,499
TOTAL OF CHANGES IN FAIR VALUE	2,618	26,413

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

(In thousands of euros)

	31.12.2017				31.12.2016			
	DIVIDENDS	REALISED GAINS/ LOSSES	IMPAIRMENT	TOTAL	DIVIDENDS	REALISED GAINS/ LOSSES	IMPAIRMENT	TOTAL
Treasury bills, bonds and other fixed-income securities	0	6,595	0	6,595	0	38,420	0	38,420
Stocks and other variable income securities	7,564	73,642	-1,898	79,308	6,924	23,054	-392	29,586
Investment securities	6,939	93,073	7,932	107,944	3,470	71,762	-528	74,704
Other	0	0	0	0	0	0	0	0
TOTAL	14,503	173,310	6,034	193,847	10,394	133,236	-920	142,710

Note 34. Income/expense from other activities

(In thousands of euros)

	12.31.2017		12.31.2016	
	INCOME	EXPENSE	INCOME	EXPENSE
Insurance business	6,986,932	-6,294,649	6,301,443	-5,687,170
Investment property	9,734	-30,470	3,378	-27,426
Other income	234,004	-56,740	230,614	-77,818
TOTAL	7,230,670	-6,381,859	6,535,435	-5,792,414

Note 34a. Gross margin on insurance activities

(In thousands of euros)

	12.31.2017	12.31.2016
Premiums earned	4,955,786	4,612,995
Cost of claims and benefits	-178,049	-165,756
Change in provisions	-9,081	-20,940
Other technical and non-technical income and expenses	-5,317,453	-4,706,770
Net investment income	1,241,080	894,744
TOTAL	692,283	614,273

Note 35. General operating expenses

(In thousands of euros)

	12.31.2017	12.31.2016
Personnel expenses	-832,292	-736,336
Other expense	-480,789	-435,261
TOTAL	-1,313,081	-1,171,597

Note 35a. Personnel expenses

(In thousands of euros)

	12.31.2017	12.31.2016
Salaires et traitements	-449,120	-409,781
Charges sociales	-222,417	-207,506
Intéressement et participation des salariés	-95,877	-58,714
Impôts, taxes et versements assimilés sur rémunérations	-64,855	-60,457
Autres	-23	122
TOTAL	- 832,292	- 736,336

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 €13,524 thousand.

Note 35b. Average staff

	12.31.2017	12.31.2016
Employees	3,781	3,780
Executives and experts	5,192	5,035
TOTAL	8,973	8,815

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 establi-

shed by some entities and for which they are only required to make contributions.

In 2017, expenses related to these plans totaled €80,348 thousand, compared to €75,350 thousand in 2016.

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

(In thousands of euros)

	POST-EMPLOYMENT		OTHER LONGTERM BENEFITS	Total 12.31.2017	Total 12.31.2016
	DEFINED BENEFIT PLANS	RETIREMENT BENEFITS			
GROSS ACTUARIAL LIABILITY AT DECEMBER 31, 2016	111,702	51,437	99,493	262,632	253,090
Cost of services rendered during the period	5,945	3,301	2,582	11,828	11,752
Financial cost	1,999	934	1,835	4,768	5,542
Modification/ reduction/ liquidation of a plan				0	0
Acquisition, disposal (change in consolidation scope)		-109		-109	134
Benefits paid (mandatory)	-7,614	-2,743	-4,647	-15,004	-11,965
Actuarial gains / losses	3,572	195	7,665	11,432	4,080
of which, actuarial gains/losses related to changes in demographic assumptions	2,656	-471	6,635	8,820	14,857
of which, actuarial gains/losses related to changes in financial assumptions	357	-15	-353	-11	291
of which, actuarial gains/losses related to experience adjustments	559	681	1,383	2,623	-11,068
GROSS ACTUARIAL LIABILITY AT DECEMBER 31, 2017	115,604	53,015	106,928	275,547	262,633

Analysis of charge to the income statement

(In thousands of euros)

	POST-EMPLOYMENT		OTHER LONGTERM BENEFITS ⁽¹⁾	Total 12.31.2017	Total 12.31.2016
	DEFINED BENEFIT PLANS	RETIREMENT BENEFITS			
Cost of services rendered during the year	-5,945	-3,301	-2,582	-11,828	-11,752
Financial cost	-212	-172	-1,439	-1,823	-2,211
Impact of any reduction or liquidation of a plan				0	0
Actuarial gains / losses			-7,809	-7,809	5,726
of which, actuarial gains/losses related to changes in demographic assumptions			-6,635	-6,635	-3,880
of which, actuarial gains/losses related to changes in financial assumptions recognised on the income			353	353	936
of which, actuarial gains/losses related to experience adjustments			-1,527	-1,527	8,671
CHARGE TO THE INCOME STATEMENT	-6,157	-3,473	-11,830	-21,460	-8,236

Change in fair value of plan assets and reimbursement rights

(In thousands of euros)

	POST-EMPLOYMENT		OTHER LONGTERM BENEFITS	Total 12.31.2017	Total 12.31.2016
	DEFINED BENEFIT PLANS	RETIREMENT BENEFITS			
FAIR VALUE OF ASSETS AT DECEMBER 31, 2016	100,883	42,759	21,567	165,209	156,489
Financial cost	1,786	762	397	2,945	3,331
Employer contributions	11,285	1,875		13,160	18,584
Acquisition, disposal (change in consolidation scope)				0	0
Benefits paid	-7,614	-2,654		-10,268	-8,804
Actuarial gains / losses	796	-714	-144	-62	-4,391
of which, actuarial gains/losses on plan assets related to changes in demographic assumptions				0	0
of which, actuarial gains/losses on plan assets related to changes in financial assumptions				0	0
of which, actuarial gains/losses related to experience adjustments	796	-714	-144	-62	-4,391
FAIR VALUE OF ASSETS AT DECEMBER 31, 2017	107,136	42,028	21,820	170,984	165,209

Net position

(In thousands of euros)

	DEFINED BENEFIT PLANS	RETIREMENT BENEFITS	OTHER LONGTERM BENEFITS	Total 12.31.2017	Total 12.31.2016
GROSS ACTUARIAL LIABILITY AT END OF PERIOD	115,604	53,015	106,928	275,547	262,633
Fair value of assets	-107,136	-42,028	-21,820	-170,984	-165,209
NET POSITION	8,468	10,987	85,108	104,563	97,424

Items recognised immediately in equity and shown through profit and loss

(In thousands of euros)

	12.31.2017	12.31.2016
Actuarial gains and losses on defined benefit plans	-7,537	-14,152
Asset cap adjustments		
TOTAL OF ITEMS RECOGNISED IMMEDIATELY DURING THE YEAR	-7,537	-14,152
TOTAL ACCUMULATED ACTUARIAL GAINS AND LOSSES AT YEAR	-85,700	-78,163

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, 2017, the weighted average term of defined benefit obligations was 12.6 years (12.9 years in 2016).

The employer contributions to be paid for 2018 in respect of defined benefit post-employment benefits are estimated at €9,218 thousand.

Composition of hedging assets

12.31.2017

FAIR VALUE OF PLAN ASSETS	DEBT SECURITIES	EQUITY INSTRUMENTS	REAL ESTATE PROPERTY	OTHER
Assets listed on an active market	102,379	6,620	338	
Assets not listed on an active market	30,840	790	8,198	
TOTAL	133,219	7,410	8,536	0

12.31.2016

FAIR VALUE OF PLAN ASSETS	DEBT SECURITIES	EQUITY INSTRUMENTS	REAL ESTATE PROPERTY	OTHER
Assets listed on an active market	104,103	6,148	254	0
Assets not listed on an active market	24,518	889	7,731	0
TOTAL	128,621	7,037	7,985	0

Analysis of commitments' sensitivity to changes in main actuarial assumptions

12.31.2017

	DEFINED BENEFIT PLANS	RETIREMENT BENEFITS	LONG-TERM SERVICE AWARDS	TIME SAVINGS ACCOUNTS
+0.5% CHANGE IN THE DISCOUNT RATE				
Impact on present value of commitments as of December 31	-6%	-6%	-5%	-5%
+0.5% CHANGE IN THE NET SALARY				
Impact on present value of commitments as of December 31	6%	6%	5%	5%

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

Note 35d. Share-based payment

IFRS 2 "Share-based payment" requires share-based payments to be recognized in the company's income statement and balance sheet.

This standard applies to transactions with employees, and specifically:

- transactions whose payment is based on shares and settled in equity instruments;
- transactions whose payment is based on shares and settled in cash.

For transactions settled in equity instruments, an expense is charged against shareholders' equity. This expense is spread over the vesting period.

The Group is affected mainly by transactions whose settlement is performed in cash. For these transactions, the fair value of the liability, measured initially on the grant date, must be remeasured on each closing date and until the liability settlement date. Fair value changes are recorded through profit or loss on the income statement until the liability has been settled.

	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6	PLAN 7	PLAN 8
Type of plans	Cash settled	Cash settled	Cash settled	Equity settled	Cash settled	Cash settled	Cash settled	Cash settled
Grant date	15/10/2015	18/09/2015	01/04/2014	03/09/2017	30/06/2015	29/11/2017	12/07/2017	30/11/2017
Exercise period	T1 2018 / T1 2020	S1 2019	From T4 2016 to T3 2017	03/09/2018	T4 2020	T1 2021	T3 2020	T1 2020 / T1 2023
Valorisation method	Net position + Multiple of outstandings	Multiple of revenues	EBITDA + Multiple of outstandings	Sale price	Discounted cash flow	% of net income – Group share	Customer conquest	Multiple of EBITDA
2017 Net income impact	-1,776	-2,577	3,300	-1,622	1,009	-1,527	-358	0
Debts on the balance sheet	10,095	7,077	0		18,441	5,066	358	1,400

Note 35e. Other expenses

(In thousands of euros)

	12.31.2017	12.31.2016
Taxes other than on income or payroll-related	-73,936	-69,413
External services	-406,276	-357,594
Other expenses	-577	-8,254
TOTAL	-480,789	-435,261

The independent auditor's fee recognised on the income statement for the year totaled €4,266 thousand. The invoiced fees pertaining to the legal audit of individual and consolidated financial statements totaled €4,228 thousand, while those pertaining to other services totaled €38 thousand.

Statutory auditors' fees

(In thousands of euros)

	31.12.2017		TOTAL
	MAZARS	RÉSEAU DELOITTE	
Crédit Mutuel Arkéa	578	1,240	1,818
Consolidated subsidiaries	1,117	912	2,029
TOTAL	1,695	2,152	3,847

The total amount of audit fees paid to the Statutory Auditors not belonging to the network of one of those certifying the Crédit Mutuel Arkéa's consolidated and individual financial statements, mentioned in the table above, amounted to 419,000 euros in respect of fiscal 2017.

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

(In thousands of euros)

	12.31.2017	12.31.2016
Amortisation :	-114,861	-110,454
tangible assets	-36,803	-33,323
intangible assets	-78,058	-77,131
Depreciation :	570	-241
tangible assets	570	-241
intangible assets	0	0
TOTAL	-114,291	-110,695

Note 37. Cost of risk

(In thousands of euros)

	ALLOCA-TIONS	WRITE-BACKS	IRRECOVERABLE LOANS AND RECEIVABLES		COLLECTION OF RECEIVABLE WRITTEN OFF	12.31.2017
			COVERED	NOT COVERED		
Financial institutions	0	0	0	0	0	0
Customers	-254,708	285,260	-78,788	-13,090	4,936	-56,390
Finance leases	-12,227	11,422	-2,505	-6,400	62	-9,648
Loans to customers	-231,519	263,372	-76,283	-6,690	4,874	-46,246
Financing and guarantee commitments	-10,962	10,466	0	0	0	-496
Available-for-sale assets	-34	1,152	-2	0	0	1,116
Held-to-maturity assets	0	0	0	0	0	0
Other	-3,222	5,922	-204	0	47	2,543
TOTAL	-257,964	292,334	-78,994	-13,090	4,983	-52,731

Note 38. Net income on other assets

(In thousands of euros)

	12.31.2017	12.31.2016
Tangible and intangible assets	476	-452
losses on disposals	-1,229	-1,959
gains on disposals	1,705	1,507
Expenses related to business combinations	-2,905	-2,894
TOTAL	-2,429	-3,346

Note 39. Income tax

(In thousands of euros)

BREAKDOWN OF THE INCOME TAX :	12.31.2017	12.31.2016
Current income tax expense	-210,258	-156,094
Net deferred income tax expense	7,507	19,228
NET INCOME TAX EXPENSE	-202,751	-136,866
Income before taxes and income of companies accounted for under the equity method	607,074	463,140
EFFECTIVE TAX RATE	33,40%	29,55%

ANALYSIS OF EFFECTIVE TAX RATE :	12.31.2017	12.31.2016
Normal tax rate	34,43%	34,43%
Permanent differences	0,26%	-0,38%
Impact of tax rate on long-term capital gains and tax relief	-7,93%	-7,70%
Rate change	7,06%	0,00%
Impact of fiscal losses	0,39%	-0,29%
Credit Tax	-0,96%	-0,80%
Exceptional items	0,01%	3,78%
Other	0,15%	0,51%
EFFECTIVE TAX RATE	33,40%	29,55%

The 2018 finance act provides for a gradual reduction in the corporate tax rate from 33.33% to 25% over the 2017-2023 period depending on companies' revenues.

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

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

The impact of this rate change has been included in deferred taxes calculation of Crédit Mutuel Arkéa group.

Notes on gains and losses recognised directly in equity

Note 40 a. Information on the recycling in income of gains and losses recognised directly in equity

(In thousands of euros)

	MOVEMENTS DURING 2017	MOVEMENTS DURING 2016
ACTUARIAL GAINS AND LOSSES ON DEFINED-BENEFIT PLANS	-4,960	-9,333
■ Reclassification to income		
■ Other movements	-4,960	-9,333
SHARE OF NON-RECYCLABLE GAINS AND LOSSES OF EQUITY-ACCOUNTED ENTITIES RECOGNIZED DIRECTLY IN EQUITY	19	54
ITEMS NOT TO BE RECYCLED IN PROFIT AND LOSS	-4,941	-9,279
REVALUATION OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	2,624	-7,513
■ Reclassification to income	-53,784	-48,610
■ Other movements	56,408	41,098
REVALUATION OF HEDGING DERIVATIVES	1,781	7,082
■ Reclassification to income	-6	534
■ Other movements	1,787	6,548
SHARE OF RECYCLABLE GAINS AND LOSSES OF EQUITY-ACCOUNTED ENTITIES RECOGNIZED DIRECTLY IN EQUITY	-9,447	7,349
ITEMS TO BE RECYCLED IN PROFIT AND LOSS	-5,042	6,918
TOTAL	-9,983	-2,361

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

(In thousands of euros)

	12.31.2017			12.31.2016		
	GROSS	TAX	NET	GROSS	TAX	NET
Actuarial gains and losses on defined benefit plans	-7,565	2,605	-4,960	-14,233	4,900	-9,333
Share of unrealised or deferred gains or losses in equity method companies	27	-8	19	82	-28	54
ITEMS NOT TO BE RECYCLED IN PROFIT AND LOSS	-7,538	2,597	-4,941	-14,151	4,872	-9,279
Revaluation of available-for-sale financial assets	5,723	-3,099	2,624	8,994	-16,507	-7,513
Revaluation of hedging derivatives	2,716	-935	1,781	10,800	-3,718	7,082
Share of unrealised or deferred gains or losses in equity method companies	-9,003	-444	-9,447	8,492	-1,143	7,349
ITEMS NOT TO BE RECYCLED IN PROFIT AND LOSS	-564	-4,478	-5,042	28,286	-21,368	6,918
TOTAL CHANGES OF GAINS OR LOSSES RECOGNISED DIRECTLY IN EQUITY	-8,102	-1,881	-9,983	14,135	-16,496	-2,361

Other notes

Note 41. Commitments given and received

(In thousands of euros)

	11.12.2017	11.12.2016
COMMITMENTS GIVEN	12,860,852	11,818,550
Financing commitments given	8,894,431	8,416,184
to banks and financial institutions	27,400	50,050
to customers	8,867,031	8,366,134
Guarantees given	3,653,063	3,157,655
to banks and financial institutions	324	1,769
to customers	3,652,739	3,155,886
Commitments on securities	313,358	244,711
repurchase agreements	0	0
other commitments given	313,358	244,711
COMMITMENTS RECEIVED	40,495,078	38,001,379
Financing commitments received	9,332,245	9,753,228
from banks and financial institutions	9,332,245	9,753,228
from customers	0	0
Guarantees received	29,775,173	26,819,690
from banks and financial institutions	180,669	167,985
from customers	29,594,504	26,651,705
Commitments on securities	1,387,660	1,428,461
reverse repurchase agreements	0	0
other commitments received	1,387,660	1,428,461

Financing commitments given include the €26,900 thousand cash advance made to CRH to fund it.

(In thousands of euros)

	31.12.2017	31.12.2016
RECEIVABLES PLEDGED AS COLLATERAL	12,508,247	13,689,711
Banque de France	10,077,991	10,865,692
European Investment Bank	671,985	475,301
Caisse de Refinancement de l'Habitat	725,065	1,392,113
Caisse des dépôts et consignations	1,028,845	952,243
Other	4,362	4,362
SECURITIES LENT	0	0
DEPOSITS ON MARKET TRANSACTIONS	631,818	811,554
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	7,393,345	5,112,360

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.

As of December 31, 2017, the fair value of assets provided in repurchase agreements totaled €4,084 million.

Note 42. Segment reporting

(In thousands of euros)

	RETAIL BANKING		INSURANCE AND ASSET MANAGEMENT		GROUP	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Internal income ⁽¹⁾	239,947	227,202	-239,947	-227,202	0	0
External income ⁽²⁾	1,330,385	1,169,645	759,221	682,343	2,089,606	1,851,988
NET BANKING INCOME	1,570,332	1,396,847	519,274	455,141	2,089,606	1,851,988
Operating expenses and allocations to amortisation	-1,267,897	-1,133,759	-159,475	-148,533	-1,427,372	-1,282,292
GROSS OPERATING INCOME	302,435	263,088	359,799	306,608	662,234	569,696
Cost of risk	-50,865	-102,721	-1,866	-489	-52,731	-103,210
OPERATING INCOME	251,570	160,367	357,933	306,119	609,503	466,486
Share of earnings of companies carried under equity method	23,919	3,699	0	6,363	23,919	10,062
Other	-2,351	-3,327	-78	-19	-2,429	-3,346
PRE-TAX INCOME	273,138	160,739	357,855	312,463	630,993	473,202
Income tax	-57,038	-29,848	-145,713	-107,018	-202,751	-136,866
NET INCOME	216,100	130,891	212,142	205,445	428,242	336,336
Minority interests	81	73	39	77	120	149
NET INCOME, GROUP SHARE	216,018	130,818	212,103	205,369	428,121	336,187
	12.31.2017	12.31.2016	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Business line assets	76,630,283	73,216,547	51,754,496	47,176,379	128,384,779	120,392,926

(1) Sectoral income arising on transactions with other sectors.

(2) Sectoral income arising on sales to external customers.

Segment reporting is based on two business lines:

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

An analysis by geographical region is not relevant for the group as nearly all of its business is carried out in France.

Note 43. Information on related parties

The related parties of Crédit Mutuel Arkéa group are the consolidated companies including those companies consolidated using the equity method. Transactions between the Group and its related parties are conducted at arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is contained in note 45. The transactions carried out and the outstanding balances at the end of the fiscal year between fully consolidated

companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the group exercises a significant influence (equity method of consolidation).

(In thousands of euros)

	12.31.2017	12.31.2016
	COMPANIES UNDER THE EQUITY METHODE ⁽¹⁾	
ASSETS		
Loans and receivables due from banks	585,178	633,481
Loans and receivables due from customers	9,049	3,986
Financial assets at fair value through profit or loss	-	-
Available-for-sale financial assets	-	52,480
Held-to-maturity financial assets	-	-
Derivatives used for hedging purposes	-	-
Other assets	17,223	35,564
LIABILITIES		
Due to banks	-	-
Derivatives used for hedging purposes	-	-
Financial liabilities at fair value through profit or loss	-	-
Customer accounts	30,664	35,228
Debt securities	-	-
Subordinated debt	-	-
Other liabilities	253	-

(1) Mainly Primonial and CCCM.

(In thousands of euros)

	12.31.2017	12.31.2016
	COMPANIES UNDER THE EQUITY METHODE ⁽¹⁾	
Interest and similar income	5 768	1 472
Interest and similar expense	-2 182	-
Fee and commission income	-	1 056
Fee and commission expense	-678	-19 815
Net gain (loss) on financial instruments at fair value through profit or loss	49	-
Net gain (loss) on financial instruments available-for-sale	-	524
Income from other activities	-	4 832
Expense from other activities	-44 399	-
NET BANKING INCOME	-41 442	-11 931

(1) Mainly Primonial and CCCM.

(In thousands of euros)

	12.31.2017	12.31.2016
	COMPANIES UNDER THE EQUITY METHOD	
FINANCING COMMITMENTS	-	-
Financing commitments given		
Financing commitments received		
GUARANTEES	-	-
Guarantess given		
Guarantees received		
COMMITMENTS ON SECURITIES	-	-
Other securities to receive		
Other securities to deliver		

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Boards of Directors of Crédit Mutuel Arkéa is currently composed by twenty one members, elected for 3 years:

- sixteen administrators representatives of the depositors, elected by the Regular Shareholders' Meeting ;
- two independent administrators ;
- two administrators representatives of the employees, designated by the Central Employee Works Committee ;
- one censor.

One representative of the Central Employee Works Committee participates in the Board of Directors meetings as non-voting member.

Total remuneration allocated to members of the Board of Directors for 2017 is €1,877 thousand (compared with €1,820 thousand the previous year).

Total gross compensation paid to the Group's main corporate officers for the year ended December 31, 2017 was €4,139 thousand (compared with €4,843 thousand the previous year).

The employment contract of the corporate officers, with the exception of the Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Group, is not suspended during the exercise of their terms of office.

For the Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Group, their employment contracts were suspended from the time of their appointment in those capacities and for the duration of their respective terms of office, and will be resumed automatically at the conclusion of said terms. The employment contract suspension

period is taken into account for the calculation of their rights, as stipulated by law, under the collective bargaining agreement and employment contract.

In the event of the termination of their employment contracts, the Chairman and Chief Executive Officer of Crédit Mutuel Arkéa Group are eligible to receive severance benefits, in addition to the legal or contractual provisions, in an amount equal to two years compensation, in accordance with AFEP-MEDEF Code recommendations.

At the time of their retirement, if they have at least five years' seniority, the corporate officers receive a retirement benefit equal to seven-twelfths of their annual compensation. They are also entitled to receive a retirement benefit equivalent to 23 days of leave for each year served in these functions.

In addition, retirement and similar obligations exist on behalf of the Managers in the form of defined benefit supplementary retirement plans (known as "Article 39"). The annuity paid to the Managers under the defined benefit plan is set at 0.35% of the benchmark compensation for each year of service, with a cap of 10% of the benchmark compensation. The benchmark compensation corresponds to the compensation, which is reassessed annually, prior to the liquidation date by the beneficiary of the old age pension under the basic pension plan, taking into account fixed and variable compensation components, including in-kind benefits (company vehicle and housing), pursuant to Article L. 242-1 of the French Social Security Code.

The total amount of provisions established by the Group as of December 31, 2017 pursuant to IAS 19 in connection with post-employment benefits, other long-term benefits and severance benefits was €345 thousand (compared with €366 thousand as of December 31, 2016).

Note 44. Investments in unconsolidated purpose entities

(In thousands of euros)

12.31.2017	SECURITIZATION VEHICLES	ASSET MANAGEMENT (UCITS/OPCI)	OTHER SPECIAL PURPOSE ENTITIES
Total Balance sheet	178,462	4,075,937	0
Carrying amount of financial assets ⁽¹⁾	47,952	1,069,536	0
Carrying amount of financial liabilities ⁽¹⁾		0	0
Maximum exposure to loss risk	47,952	1,069,536	0

(1) Carrying amount of assets and liabilities that the Crédit Mutuel Arkéa Group recognizes with respect to special purpose entities

Investments in unconsolidated entities concern investments held under unit-linked life insurance contracts over which Crédit Mutuel Arkéa does not exercise control. These are mainly mutual fund. lines.

(In thousands of euros)

12.31.2016	SECURITIZATION VEHICLES	ASSET MANAGEMENT (UCITS/OPCI)	OTHER SPECIAL PURPOSE ENTITIES
Total Balance sheet	118,486	2,165,598	0
Carrying amount of financial assets ⁽¹⁾	33,177	648,629	0
Carrying amount of financial liabilities ⁽¹⁾	0	0	0
Maximum exposure to loss risk	33,177	648,629	0

(1) Carrying amount of assets and liabilities that the Crédit Mutuel Arkéa Group recognizes with respect to special purpose entities

Note 45. Scope of consolidation

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central	France	Bank / Mutualist bank	Consolidating entity			
FULL CONSOLIDATED COMPANIES						
ARKEA BANKING SERVICES	France	Bank / Banking services	100.0	100.0	100.0	100.0
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS	France	Bank / Corporate banking	100.0	100.0	100.0	100.0
ARKEA BOURSE RETAIL	France	Bank / Holding	100.0	100.0	100.0	100.0
ARKEA CAPITAL (GESTION)	France	Insurances and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	France	Bank / Venture capital	100.0	100.0	100.0	100.0
ARKEA CAPITAL PARTENAIRE	France	Bank / Venture capital	100.0	100.0	100.0	100.0
ARKEA CREDIT BAIL	France	Bank / Leasing and finance lease	100.0	100.0	100.0	100.0
ARKEA DIRECT BANK (ex Fortuneo SA)	France	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
ARKEA FONCIERE	France	Bank / Real-estate	100.0	100.0	100.0	100.0
ARKEA HOME LOANS SFH	France	Bank / Refinancing structure	100.0	100.0	100.0	100.0
ARKEA PUBLIC SECTOR SCF	France	Bank / Refinancing structure	100.0	100.0	100.0	100.0
ARKEA SCD	France	Bank / Services	100.0	100.0	100.0	100.0
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Bank / Mutualist bank	93.2	93.1	93.2	93.1
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES	France	Bank / Carry trading	100.0	100.0	100.0	100.0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	France	Bank / Retail and specialised banking	100.0	100.0	100.0	100.0
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE SCF ⁽¹⁾	France	Bank / Refinancing structure	/	100.0	/	100.0
FCT COLLECTIVITES	France	Insurances and asset management / Securitization fund	57.8	57.8	57.8	57.8
FEDERAL EQUIPEMENTS	France	Bank / Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	France	Insurances and asset management / Private bank and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	France	Insurances and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	France	Bank / Services	97.8	97.0	97.8	97.0
FINANCO	France	Bank / Retail and specialised banking	100.0	100.0	100.0	100.0
GICM	France	Bank / Services	100.0	100.0	97.8	97.0
IZIMO ⁽²⁾	France	Bank / Real-estate	100.0	/	100.0	/
IZIMMO HOLDING ⁽²⁾	France	Bank / Real-estate	100.0	/	100.0	/
KEYTRADE BANK (succursale)	Belgium	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
KEYTRADE BANK Luxembourg SA	Luxembourg	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
LEASECOM	France	Bank / Leasing and finance lease	100.0	100.0	100.0	100.0
LEASECOM CAR	France	Bank / Leasing and finance lease	100.0	100.0	100.0	100.0
LEETCHI SA	France	Bank / Services	100.0	100.0	100.0	100.0
MANGOPAY SA (ex Leetchi Corp)	Luxembourg	Bank / Services	100.0	100.0	100.0	100.0
MONEXT	France	Bank / Services	100.0	100.0	100.0	100.0
NEXTALK ⁽³⁾	France	Bank / Services	100.0	/	100.0	/
NOUVELLE VAGUE ⁽²⁾	France	Bank / Services	100.0	/	100.0	/
NOVELIA	France	Insurances and asset management / Nonlife insurance	100.0	100.0	100.0	100.0
PROCAPITAL	France / Belgium	Bank / Financial and stock market intermediation	100.0	100.0	100.0	100.0
PUMPKIN ⁽²⁾	France	Bank / Services	100.0	/	100.0	/
SCHELCHER PRINCE GESTION	France	Insurances and asset management / Asset management	100.0	100.0	100.0	100.0

FULL CONSOLIDATED COMPANIES						
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Bank / Real-estate	100.0	100.0	100.0	100.0
SMSPG	France	Insurances and asset management / Holding	100.0	100.0	100.0	100.0
STRATEO (branch)	Switzerland	Insurances and asset management / Life insurance	100.0	100.0	100.0	100.0
SURAVENIR	France	Insurances and asset management / Nonlife insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	France	Insurances and asset management / Nonlife insurance	100.0	100.0	100.0	100.0

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD						
OIKO GESTION (EX AIBO GESTION)	France	Insurances and asset management / UCITS	23.7	100.0	23.9	44.6
ALTAROCCA AM AS	France	Insurances and asset management / UCITS	25.4	87.1	25.6	31.2
AVIAFUND FUND FACILITY MANAGEMENT GMBH ⁽²⁾	Allemagne	Insurances and asset management / UCITS	30.1	/	30.4	/
AVIAFUND FUND SOLUTION SERVICES GMBH ⁽²⁾	Allemagne	Insurances and asset management / UCITS	30.1	/	30.4	/
AVIARENT CAPITAL MANAGEMENT SARL ⁽²⁾	Luxembourg	Insurances and asset management / UCITS	30.1	/	30.4	/
AVIARENT INVEST AG ⁽²⁾	Germany	Insurances and asset management / UCITS	30.1	/	30.4	/
CAISSE CENTRALE DU CREDIT MUTUEL	France	Bank / Mutualist bank	21.5	21.5	21.5	21.5
CREDIT MUTUEL CARTES DE PAIEMENTS ⁽⁴⁾	France	Bank / Mutualist bank	/	25.0	/	26.7
CODABEL MANAGEMENT	Belgium	Insurances and asset management / UCITS	12.4	35.0	12.5	15.6
DERIVATIVES SOLUTIONS	France	Insurances and asset management / UCITS	28.3	80.0	28.6	35.7
EC ADVISORS GMBH	Germany	Insurances and asset management / UCITS	35.4	51.0	35.7	22.7
HALLES A FOURAGES SCCV ⁽²⁾	France	Insurances and asset management / UCITS	21.2	/	21.4	/
LINK BY PRIMONIAL	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
MARSEILLE FURNITURE SARL ⁽²⁾	France	Insurances and asset management / UCITS	20.4	/	20.6	/
MATA CAPITAL	France	Insurances and asset management / UCITS	14.1	40.0	14.3	17.8
NEW PORT	France	Bank / Holding	31.0	31.0	31.0	31.0
NEW PRIMONIAL HOLDING ⁽²⁾	France	Insurances and asset management / UCITS	36.3	/	36.6	/
PARISII GESTION PRIVÉE	France	Insurances and asset management / UCITS	/	100.0	/	44.6
PFP ⁽²⁾	France	Insurances and asset management / UCITS	36.3	/	36.6	/
PRIMONIAL	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
PRIMONIAL COURTAGE (EX-PRIMONIAL FINANCEMENT)	France	Insurances and asset management / UCITS	/	100.0	/	44.6
PRIMONIAL HOLDING	France	Insurances and asset management / UCITS	35.4	44.6	35.7	44.6
PRIMONIAL LUXEMBOURG	Luxembourg	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
PRIMONIAL MANAGEMENT ⁽²⁾	France	Insurances and asset management / UCITS	34.5	/	34.8	/
PRIMONIAL MANAGEMENT 2 ⁽²⁾	France	Insurances and asset management / UCITS	36.3	/	36.6	/
PRIMONIAL PARTENAIRES (EX-PATRIMMOFI)	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
PRIMONIAL REIM	France	Insurances and asset management / UCITS	21.4	66.7	21.6	27.0
PRIMONIAL TI	Canada	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
ROCHE BRUNE AM SAS	France	Insurances and asset management / UCITS	/	67.8	/	30.2

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD						
ROCHE BRUNE INVESTISSEMENT	France	Insurances and asset management / UCITS	/	67.8	/	30.2
SEFAL PROPERTY	France	Insurances and asset management / UCITS	34.9	100.0	35.3	44.6
SPORTINVEST	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
STAMINA ASSET MANAGEMENT (EX-PRIMONIAL AM)	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
UPSTONE SAS	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
VOLTAIRE CAPITAL	France	Insurances and asset management / UCITS	35.4	100.0	35.7	44.6
YOUNITED CREDIT ⁽²⁾	France / Italy / Spain	Bank / Services	25.6	/	25.6	/

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
SHORT CUT METHOD CONSOLIDATED COMPANIES						
ADAGE CBP FLEX ⁽²⁾	France	Insurances and asset management / UCITS	36.6	/	36.6	/
ALTAROCCA RENDEMENT 2023	France	Insurances and asset management / UCITS	20.0	25.6	20.0	25.6
ARKEA CAPITAL 1	France	Banque / OPCVM	100.0	100.0	100.0	100.0
AUTOFOCUS AIRBAG OCTOBRE 2015	France	Insurances and asset management / UCITS	93.8	93.9	93.8	93.9
AUTOFOCUS CROISSANCE JUIN 2015	France	Insurances and asset management / UCITS	93.8	93.9	93.8	93.9
AUTOFOCUS CROISSANCE MARS 2015	France	Insurances and asset management / UCITS	78.0	78.2	78.0	78.2
AUTOFOCUS CROISSANCE MARS 2016 ⁽²⁾	France	Insurances and asset management / UCITS	79.3	/	79.3	/
AUTOFOCUS JANVIER 2016 ⁽²⁾	France	Insurances and asset management / UCITS	92.5	/	92.5	/
AUTOFOCUS RENDEMENT DECEMBRE 2014	France	Insurances and asset management / UCITS	93.7	93.7	93.7	93.7
AUTOFOCUS RENDEMENT JUIN 2014	France	Insurances and asset management / UCITS	/	87.3	/	87.3
AUTOFOCUS RENDEMENT MARS 2015	France	Insurances and asset management / UCITS	93.3	93.5	93.3	93.5
AUTOFOCUS RENDEMENT NOVEMBRE 2016 ⁽²⁾	France	Insurances and asset management / UCITS	92.4	/	92.4	/
AUTOFOCUS RENDEMENT OCTOBRE 2014	France	Insurances and asset management / UCITS	91.5	91.7	91.5	91.7
AUTOFOCUS RENDEMENT SEPTEMBRE 2015	France	Insurances and asset management / UCITS	/	93.9	/	93.9
AUTOFOCUS SEPTEMBRE 2016 ⁽²⁾	France	Insurances and asset management / UCITS	96.4	/	96.4	/
BPE RENDEMENT 2018	France	Insurances and asset management / UCITS	36.3	40.2	36.3	40.2
DIAPAZEN CLIMAT SEPTEMBRE 2016 ⁽²⁾	France	Insurances and asset management / UCITS	97.8	/	97.8	/
FCPI SWEN EUROPA 4	France	Insurances and asset management / UCITS	/	46.5	/	46.5
FCPR FUNERAIRE A	France	Insurances and asset management / UCITS	/	35.4	/	35.4
FCT SP EUROCREANCES	France	Insurances and asset management / UCITS	43.4	44.0	43.4	44.0
FCT SURAVENIR PRIVAT	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
FEDERAL ACTIONS ETHIQUES	France	Insurances and asset management / UCITS	65.7	63.7	65.7	63.7
FEDERAL ACTIONS RENDEMENT	France	Insurances and asset management / UCITS	96.8	96.6	96.8	96.6
FEDERAL APAL	France	Insurances and asset management / UCITS	74.2	68.2	74.2	68.2
FED CAPITAL INV	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
FEDERAL CONVICTION GRANDE ASIE	France	Insurances and asset management / UCITS	99.8	97.4	99.8	97.4
FEDERAL CONVICTION ISR EURO	France	Insurances and asset management / UCITS	61.0	61.7	61.0	61.7

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
SHORT CUT METHOD CONSOLIDATED COMPANIES						
FEDERAL CROISSANCE	France	Insurances and asset management / UCITS	90.3	87.4	90.3	87.4
FEDERAL ESSOR INTERNATIONAL	France	Insurances and asset management / UCITS	49.4	51.6	49.4	51.6
FEDERAL INDICIEL JAPON	France	Insurances and asset management / UCITS	64.8	65.1	64.8	65.1
FEDERAL INDICIEL US	France	Insurances and asset management / UCITS	63.8	62.8	63.8	62.8
FEDERAL MULTI ACTIONS EUROPE	France	Insurances and asset management / UCITS	73.7	71.9	73.7	71.9
FEDERAL MULTI L/S ⁽²⁾	France	Insurances and asset management / UCITS	50.9	/	50.9	/
FEDERAL MULTI OR ET MATIERES 1ERES	France	Insurances and asset management / UCITS	88.4	88.7	88.4	88.7
FEDERAL MULTI PATRIMOINE	France	Insurances and asset management / UCITS	90.7	89.3	90.7	89.3
FEDERAL MULTI PME	France	Insurances and asset management / UCITS	79.2	85.0	79.2	85.0
FEDERAL OBLIGATIONS INTERNATIONALES ISR	France	Insurances and asset management / UCITS	36.3	40.0	36.3	40.0
FEDERAL OPPORTUNITE EQUI-LIBRE	France	Insurances and asset management / UCITS	99.7	99.7	99.7	99.7
FEDERAL OPPORTUNITE MODERE	France	Insurances and asset management / UCITS	98.4	98.3	98.4	98.3
FEDERAL OPPORTUNITE TONIQUE	France	Insurances and asset management / UCITS	98.8	98.9	98.8	98.9
FEDERAL OPTIMAL PLUS	France	Insurances and asset management / UCITS	47.9	44.4	47.9	44.4
FEDERAL SUPPORT COURT TERME ⁽²⁾	France	Insurances and asset management / UCITS	42.2	/	42.2	/
FEDERAL SUPPORT TRESORERIE ISR	France	Insurances and asset management / UCITS	31.3	29.3	31.3	29.3
FORMUL ACTION 2017 FP	France	Insurances and asset management / UCITS	/	82.4	/	82.4
FORMUL'ACTION 2017	France	Insurances and asset management / UCITS	/	94.0	/	94.0
FORMUL'ACTION SECURITE	France	Insurances and asset management / UCITS	93.3	93.3	93.3	93.3
FPS SURAVENIR ACTIONS PROTECT ⁽²⁾	France	Insurances and asset management / UCITS	100.0	/	100.0	/
FSP / COMPARTIMENT 5 ⁽²⁾	France	Insurances and asset management / UCITS	42.4	/	42.4	/
KALEIDOSCOPE	France	Insurances and asset management / UCITS	98.3	98.5	98.3	98.5
LFP MULTIMMO PHILOSO	France	Insurances and asset management / UCITS	/	46.8	/	46.8
OPCI CLUB FRANCE RET	France	Insurances and asset management / UCITS	46.3	46.3	46.3	46.3
OPCI PREIM DEFENSE 2	France	Insurances and asset management / UCITS	35.5	35.5	35.5	35.5
OPCI PREIM EUROS	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
OPCI PREIM EUROS 2	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
OPCI PREIMIUM	France	Insurances and asset management / UCITS	83.7	100.0	83.7	100.0
OPCI TIKEHAU RET PRO	France	Insurances and asset management / UCITS	39.3	39.3	39.3	39.3
PRIMO ELITE	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
PRO FEDERAL LIQUIDITES C	France	Insurances and asset management / UCITS	61.3	43.4	61.3	43.4
SCI PERENNITE PIERRE	France	Insurances and asset management / UCITS	/	81.8	/	81.8
S.C.I PROGRES PIERRE ⁽²⁾	France	Insurances and asset management / UCITS	100.0	/	100.0	/
S.C.I SURAV PIERRE ⁽²⁾	France	Insurances and asset management / UCITS	100.0	/	100.0	/
SCI CLOVERHOME ⁽²⁾	France	Insurances and asset management / UCITS	50.0	/	50.0	/
SCI LE VINCI HOLDING ⁽²⁾	France	Insurances and asset management / UCITS	100.0	/	100.0	/
SCI PR2 PREIM RET 2	France	Insurances and asset management / UCITS	38.0	38.0	38.0	38.0
SCI SOFIDY CONV IMMO ⁽²⁾	France	Insurances and asset management / UCITS	56.9	/	56.9	/
SCI USUFRUIMMO	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
SCPI PATRIMMO CROISSANCE	France	Insurances and asset management / UCITS	36.3	54.0	36.3	54.0
SCPI PIERRE EXPANSIO	France	Insurances and asset management / UCITS	57.0	57.0	57.0	57.0
SCPI PRIMOFAMILY ⁽²⁾	France	Insurances and asset management / UCITS	40.4	/	40.4	/
SCPI PRIMONIA CAP IM	France	Insurances and asset management / UCITS	43.2	42.1	43.2	42.1
SP CONVERT. GLOBAL EUROPE	France	Insurances and asset management / UCITS	33.4	23.9	33.4	23.9

COMPANY NAME	COUNTRY	SECTOR / ACTIVITY	CONTROLLING %		INTEREST % GROUP	
			12.31.2017	12.31.2016	12.31.2017	12.31.2016
SHORT CUT METHOD CONSOLIDATED COMPANIES						
SP CONVERTIBLES ISR EUROPE	France	Insurances and asset management / UCITS	29.8	25.6	29.8	25.6
SP HAUT RENDEMENT	France	Insurances and asset management / UCITS	33.6	41.4	33.6	41.4
SP NS FAMILLE ⁽²⁾	France	Insurances and asset management / UCITS	42.1	/	42.1	/
STEREO 3	France	Insurances and asset management / UCITS	97.0	96.9	97.0	96.9
SURAVENIR INITIATIVE ACTIONS	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
SURAVENIR REFERENCE ACTIONS	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
SYNERGIE FINANCE INVESTISSEMENT	France	Bank / UCITS	100.0	100.0	100.0	100.0
UBS ARCHMORE IDF	France	Insurances and asset management / UCITS	/	53.2	/	53.2
WE POSITIVE INVEST	France	Insurances and asset management / UCITS	100.0	100.0	100.0	100.0
WEST WEB VALLEY	France	Insurances and asset management / UCITS	35.4	38.6	35.4	38.6

(1) Merger of assets and liabilities

(2) Company consolidated for the first time in 2017

(3) Split

(4) Liquidation

Recognition using the short-cut method is based on the use of the fair value option for all assets held through UCITS to be consolidated.

The short-cut method consists of:

- recognizing 100% of the fair value the fund shares in assets
- establishing a corresponding liability (financial liability) for the amount of the share not held by the Group (non-controlling interests).

The list of companies not included in the scope of consolidation is available on Crédit Mutuel Arkéa's website.

Note 46. Business Combinations

Pumpkin

Crédit Mutuel Arkéa acquired exclusive control of Pumpkin on July 12, 2017. Pumpkin is fully consolidated within Crédit Mutuel Arkéa.

This fintech allows individuals to send and receive payments using its free and secure app.

The following table contains key information about these business combinations:

(In thousands of euros)

	PUMPKIN
DATE OF ACQUISITION 07/12/2017	12/07/2017
ACQUISITION PRICE	11,539
Net IFRS position (100%)	565
Valuation adjustments (100%)	0
Related deferred taxes (100%)	0
Other restatements (100%)	0
NET POSITION + VALUATION ADJUSTMENTS (100%)	565
Consolidation method	Full, consolidated
GOODWILL RECOGNIZED ON THE BALANCE SHEET (FULL GOODWILL)	10,974
CONTRIBUTION TO THE GROUP'S 2017 PROFIT/LOSS	-921

The initial recognition of the business combination is provisional.

In case of further information related to facts and circumstances existing on the date of acquisition, the group has 12 months to:

- identify the assets acquired and liabilities assumed from the acquired company not recognized at the time of the initial recognition of the business combination;
- modify retrospectively the values initially assigned

Izimmo

The Group acquired Izimmo on November 30, 2017. Izimmo's main activity is the marketing of investment property to banking networks, private clients, Independent Asset Management Advisors (IFAs) and developers.

Crédit Mutuel Arkéa has acquired sole control of the company. Izimmo is fully consolidated in the Group accounts.

The significant elements of these groupings are detailed in the table below:

(In thousands of euros)

	IZIMMO
DATE OF ACQUISITION 07/12/2017	30/11/2017
ACQUISITION PRICE	12,360
Net IFRS position (100%)	-1,839
Valuation adjustments (100%)	1,570
Related deferred taxes (100%)	-437
Other restatements (100%)	-6,398
NET POSITION + VALUATION ADJUSTMENTS (100%)	-7,104
Consolidation method	Full consolidated
GOODWILL RECOGNIZED ON THE BALANCE SHEET (FULL GOODWILL)	19,464
CONTRIBUTION TO THE GROUP'S 2017 PROFIT/LOSS	0

The initial recognition of the business combination is provisional.

In case of further information related to facts and circumstances existing on the date of acquisition, the group has 12 months to:

- identify the assets acquired and liabilities assumed from the acquired company not recognized at the time of the initial recognition of the business combination;
- modify retrospectively the values initially assigned.

Note 47. Events after the reporting period

On January 17, 2018, the Board of Directors of Crédit Mutuel Arkéa adopted a resolution to propose to the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Massif Central and Crédit Mutuel du Sud-Ouest federations an orientation vote on the Group's independence strategy.

The item for deliberation proposed in March or April 2018 to the board of directors of each local savings bank affiliated to the Arkéa Group is:

"The local savings bank's Board of Directors approves, as far as it is concerned, the plan to initiate any action that will enable Crédit Mutuel Arkéa to become an independent cooperative and mutual banking group, entirely separate from the rest of Crédit Mutuel. Its departure from the Confédération Nationale du Crédit Mutuel would notably entail complete territorial freedom of development, the reaffirmation of a solidarity mechanism within the Arkéa Group and the adoption of a name and trademarks that do not include the expression "Crédit Mutuel". The new name and trademarks would clearly reaffirm our cooperative and mutual status and territorial ties."

3.6

Aggregate financial statements at December 31, 2017

The aggregate financial statements correspond to the parent company financial statements of Crédit Mutuel Arkéa (the group's consolidating entity). They include the financial statements of the Crédit Mutuel Arkéa legal entity itself and of the local savings banks and federations of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central. The aggregate financial statements are prepared in accordance with French generally accepted accounting practices.

Balance sheet

Balance sheet structure

As of December 31, 2017, total assets for the aggregate scope rose by €5.4 billion (8%) from €68.7 billion to €74.1 billion.

On the assets side, loans to customers increased by €2.2 billion primarily as a result of the sustained increase in new housing loans. Receivables due from credit institutions increased by €2.4 billion mainly owing to the increase in loans to group subsidiaries as a result of the increase in their activity.

On the liabilities side, amounts due to credit institutions increased by €4.8 billion as a result of the increase in outstandings reinvested by the subsidiaries following the favorable commercial performance with respect to savings intake and in light of the new participation in the TLTRO

The credit institution's shareholders' equity

Shareholders' equity totaled €5.7 billion, and comprised share capital, additional paid-in capital and reserves, as well as provisions for general banking risks (FRBG). Share capital was stable at €2.2 billion. It consisted almost entirely of shares subscribed at the local savings banks.

The provisions for general banking risks totaled €655.9 million, compared with €300.3 million in 2016. In addition to amounts allocated to cover general risks, this item included the federal fund created by the local savings bank networks to provide support through financial solidarity mechanisms.

Balance sheet

(in thousands of euros)

Assets	12.31.2017	31.12.2016
Cash due from central banks	4,125,085	3,584,851
Treasury bills and similiar securities	4,328,011	3,567,331
Due from credit institutions	21,774,441	19,345,640
Liabilities to customers	31,877,658	29,649,109
Bonds and other variable-income securities	5,502,040	6,106,788
Equities and other variable-income securities	150,234	209,645
Investments, equity securities held for long-term investment	438,157	236,347
Other participating interests	4,013,687	4,011,352
Intangible assest	12,945	12,926
Property, plant and equipment	207,822	202,656
Other assets	784,914	889,564
Accrued expenses	910,137	897,453
TOTAL	74,125,131	68,713,662

Liabilities	12.31.2017	12.31.2016
Liabilities to credit institutons	29,624,390	24,820,514
Liabilities to customers	30,337,580	28,759,737
Debts securities	4,836,967	7,512,645
Others liabilities	701,422	927,348
Accrued expenses	987,210	887,230
Provisions	46,429	69,863
Subordinated debt	1,930,341	912,776
Provisions for general banking risks (FRBG)	655,941	300,347
Shareholders' equity excluding FRBG	5,004,851	4,523,202
Share capital	2,202,426	2,197,670
Additional paid-in capital	5,438	5,438
Reserves	2,264,383	2,165,866
Regulated provisions and investment subsidies	4,525	4,525
Profit carried forward	13,731	15,161
Net income	514,348	134,542
TOTAL	74,125,131	68,713,662

Income statement

Net income

Net income for the aggregate scope totaled €514.3 million, up €379.8 million over the year.

Net banking income

Net banking income for the aggregate scope totaled €1,466.5 million, up €633.5 million.

Net interest income rose by €556.6 million to €1,002 million due mainly to the €553.4 million increase in dividends to €756.1 million.

Net commission income rose by 5.5% to €443.1 million, mainly due to the increases in commissions from intermediaries (mainly insurance products), commissions from services (the move upmarket and higher rates) and commissions for early repayment of loans.

Other net operating income increased by €53.7 million to €21.6 million due to the change in the home savings provision and the payment in 2016 of a portion of the Visa capital gain to the member institutions¹.

Operating expenses

Operating expenses increased by €74.6 million, or 10.4%, to reach €791.6 million in 2017.

This change can be attributed mainly to higher personnel expenses due to the increase in additional compensation as a result of the significant improvement in the Group's earnings and to the increase in expenses incurred for the group's regulatory and development projects.

Cost of risk

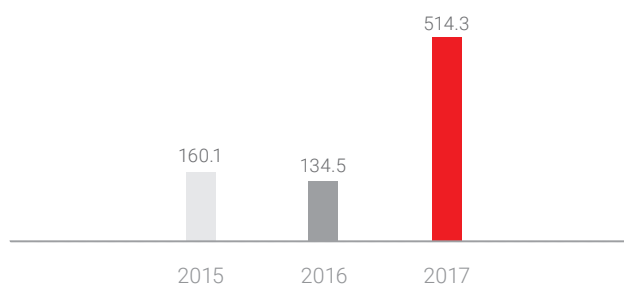
Cost of risk decreased by €23.3 million to €2.9 million relative to 2016, driven primarily by the decrease in the cost of risk on customer loans at the local savings banks

Gains or losses on non-current assets

Net gains on non-current assets increased by €124.8 million to €188.6 million in 2017 in connection with the Primonial restructuring operation, less the Visa capital gain and the notable Tikehau restructuring operation, both realized in 2016.

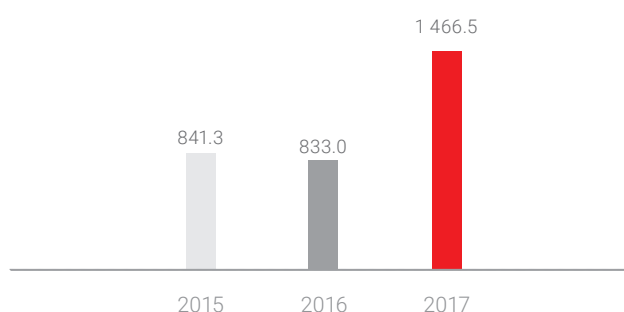
Net income

(in millions of euros)



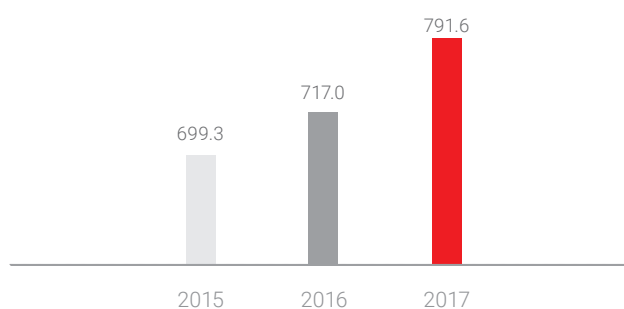
Net banking income

(in millions of euros)



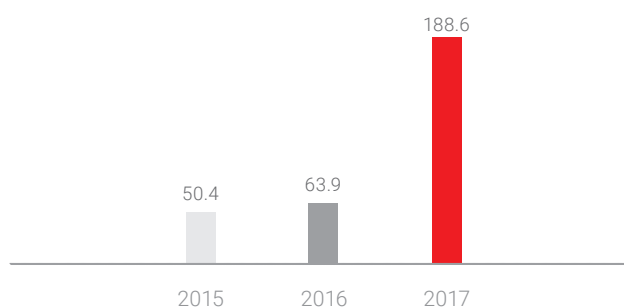
operating expenses

(in millions of euros)



Gains or losses on non-current assets

(in millions of euros)



¹ The Visa capital gain realized in 2016 is recognized in gains or losses on non-current assets

Income statement

(in thousands of euros)

	12.31.2017	12.31.2016
Interest and similar income	1,390,984	1,525,841
Interest and similar expense	-1,204,539	-1,334,520
Income on variable-income securities	756,659	202,511
Comission income	499,806	472,258
Comission expense	-56,694	-52,264
Net gains (losses) on trading account securities	1,224	-2,287
Nets gains (losses) on investment portfolio and similar securities	57,429	53,597
Other operating income from banking activities	26,719	2,024
Other operating expense from banking activities	-5,137	-34,184
NET BANKING INCOME	1,466,451	832,976
General operating expenses	-778,743	-702,783
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-12,899	-14,255
GROSS OPERATING INCOME	674,809	115,938
Cost of risk	-2,873	-26,136
OPERATING INCOME	671,936	89,802
Gains or losses on non-current assets	188,620	63,861
RECURRING INCOME BEFORE TAX	860,556	153,663
Net non-recurring income	1	0
Income tax	9,280	35,477
Allocations to/reversals from provisions for general banking risks (FRBG) and regulated provisions	-355,489	-54,598
NET INCOME	514,348	134,542

Supplier lead times

Pursuant to the provisions of Article L 441-6-1 paragraph 1 of the French Commercial Code, the breakdown at the year-end of the balance of trade payables due by maturity date is as follows:

For receivables and payables relating to Crédit Mutuel Arkéa's customers, please refer to Note 19 on the breakdown of certain assets and liabilities, which provides information on their residual term

TOTAL in €

12.31.2017

CONTRACTUAL DEADLINE	Invoices within 30 days	Invoices from 31 to 60 days	Invoices from 61 to 90 days	Invoices over 91 days old	Total (one day and more)
Total Invoice amount including all taxes	14,757	30,318	200,099	146,594	391,767
Percentage of the total amount of purchases including all taxes	0.01%	0.03%	0.17%	0.12%	0.33%
Number of invoices concerned					169

Five-Year financial summary of Crédit Mutuel Arkéa

(thousands of euros)

	2013	2014	2015	2016	2017
SHAREHOLDERS' EQUITY AT THE END OF THE YEAR					
Share capital	2,132,865	2,211,473	2,197,182	2,197,670	2,202,426
Number of ordinary shares outstanding	2,131,845,134	2,192,127,760	2,196,901,280	2,197,251,242	2,201,414,815
Number of preferred shares (without right to vote) existing					
Maximum number of shares to be created:					
■ through exercise of convertible bonds					
■ through exercise of subscription rights					
OPERATIONS AND RESULTS FOR THE YEAR					
Revenues (net of taxes)	2,479,278	2,384,916	2,329,573	2,202,634	2,674,167
Income before tax, employee profit sharing, and allocations to depreciation, amortization and provisions	165,187	158,735	174,395	155,048	828,924
Income tax ^(*)	-57,465	-46,806	-28,529	-35,476	-9,280
Employee profit sharing due for the year ^(*)	1,496	523	1,459	4,079	5,584
Income after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	215,103	164,713	160,069	134,542	514,348
Earnings per share (in euros)	49,778	40,913	39,175	37,456	36,824
DIVIDENDS					
Earnings after tax and employee profit-sharing but before allocations to depreciation, amortization and provisions	0.10	0.09	0.09	0.08	0.38
Earnings after tax, employee profit-sharing and allocations to depreciation, amortization and provisions	0.10	0.08	0.07	0.06	0.23
Dividend per share	0.02	0.02	0.02	0.02	0.02
EMPLOYEES					
Average number of employees during the year	5,624	5,538	5,479	6,176	6,281
Total payroll for the year	226,751	237,676	234,919	243,598	260,054
Employee benefits (Social Security and other)	112,066	132,570	121,127	120,960	129,951

(*) Positive amounts = expense; negative amounts = income

Appendix

LEGAL AND FINANCIAL FRAMEWORK AND HIGHLIGHTS OF THE YEAR

Legal and financial framework

Pursuant to Regulation R. 511-3 of the French Monetary and Financial Code, Crédit Mutuel Arkéa's publishable aggregate financial statements encompass:

- Fédération du Crédit Mutuel de Bretagne and the member Crédit Mutuel savings banks
- Fédération du Crédit Mutuel du Sud-Ouest and the member Crédit Mutuel savings banks
- Fédération du Crédit Mutuel Massif Central and the member Crédit Mutuel savings banks
- Crédit Mutuel Arkéa.

These aggregate financial statements pertain to the banking institution called Crédit Mutuel Arkéa whose bank code is 15589.

Highlights of the year

Crédit Mutuel Arkéa, a cooperative and regional bank and a major player in regional economic development, pursued its development goals by posting strong performance in 2017.

Income for the year includes the capital gain related to the capital restructuring of the Primonial group, the capital gain on the transfer of CIC securities in connection with the tender offer and an interim dividend of €500 million paid by Suravenir.

To support its development and further strengthen its balance sheet structure, Crédit Mutuel Arkéa issued €500 million in non-preferred senior debt and €1 billion in Tier 2 subordinated.

ACCOUNTING PRINCIPLES AND VALUATION METHODS

Presentation of the financial statements

The financial statements are presented in accordance with Regulation 2014-07 of the French Accounting Standards Authority (ANC) on the financial statements of companies in the banking sector..

General principles and valuation methods

General principles

Crédit Mutuel Arkéa's aggregate financial statements are prepared in accordance with generally accepted accounting principles and the regulations applicable to credit institutions in France, as set out in ANC Regulation 2014-07 of November 26, 2014 which consolidates in a single regulation, on the basis of established law, all accounting standards applicable to credit institutions.

Valuation options and methods

Receivables

Amounts due from credit institutions and customers are governed by ANC Regulation 2014-07 on the accounting treatment of credit risk at companies subject to the supervision of the French Banking and Financial Regulations Committee (CRBF). Accrued interest on receivables is recognized in the accrued interest account through profit or loss.

In accordance with ANC Regulation 2014-07, on Crédit Mutuel Arkéa's aggregate financial statements, commissions from credit granting and renegotiation are spread over the actual loan term in proportion to the principal balance. Commission income is presented as net interest income under net banking income on the income statement and included in outstanding loans on the balance sheet.

Classification

Loans are broken down into performing loans and non-performing loans.

Non-performing loans include loans for which a risk of full or partial non-recovery is probable and which meet one of the following two conditions:

- overdue by more than six months for real estate loans or by more than three months for other types of loans;
- counterparty whose financial situation has worsened or who is involved in litigation.

The classification of a loan as non-performing results, by contagion, in the same classification for all the loans of a given counterparty.

Loans for which acceleration of payment has been demanded are classified as irrecoverable non-performing loans.

The notion of "doubtful loans" covers non-performing loans and irrecoverable non-performing loans. The recognition of interest is suspended on the date of classification as irrecoverable non-performing loan.

When payments of the amounts due are again being made on a regular basis, the loans are reclassified as performing loans. Restructured loans whose probability of recovery is deemed sufficient are also classified as performing loans.

Impairment

Non-performing loans are impaired, on a case-by-case basis, in order to cover the probable loss. This impairment is deducted from the receivables corresponding to the asset. The interest on non-performing loans recognized in income is fully impaired.

On the income statement, impairment provisions and reversals, losses on bad debt and recoveries of written-off loans are recognized under "Cost of risk", with the exception of impairment provisions and reversals related to interest on non-performing loans which are presented under net banking income.

In accordance with ANC Regulation 2014-07, this impairment is recognized at present value in order to cover all projected losses on non-performing loans or irrecoverable non-performing loans. Projected losses are equal to the difference between the initial contractual flows still due and the discounted projected flows.

Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans.

In practice, projected flows are discounted only if the impact of discounting is material compared to their amounts estimated conservatively. As a result, only impairment on disputed receivables is discounted. In the income statement, provisions related to discounting are recognized under cost of risk and reversals related to the effects of accretion are recorded under net banking income. Provisions set up to cover individualized off-balance sheet risks are listed under liabilities.

Securities portfolio

Securities portfolio transactions are recognized in accordance with the provisions of ANC Regulation 2014-07.

Trading securities

Trading securities are securities that are originally :

- either acquired or sold with the intention of reselling or repurchasing them in the near term
- or held by an institution as a result of its activity as a market maker, and this classification as trading securities is subject to the securities being actually traded in a significant transaction volume based on market opportunities and subject to the following conditions: the securities must be traded on an active market and the accessible market prices must represent actual and regularly occurring market transactions on an arm's length basis.

Trading securities are recognized on the balance sheet as of their acquisition date and at their acquisition price excluding expenses and, where applicable, including accrued interest. At each closing, these securities are valued at the most recent market price. Net differences resulting from price changes are recorded on the income statement

Available-for-sale securities

Securities that are not recorded as trading securities, as investment securities or as the securities referred to in section 5 of title 3 of book II of ANC Article 2014.07 are considered available-for-sale securities.

Available-for-sale securities are recognized on the balance sheet as of their acquisition date and at their acquisition price excluding expenses and, where applicable, including accrued interest. At each closing, these securities are valued at the most recent market price. Net differences resulting from price changes are recorded on the income statement.

The positive difference between the acquisition price and the redemption price of fixed-income securities is amortized over the residual maturity of the securities using the actuarial method, with the exception of securitizations and structured bonds, for which the straight-line method is used.

At each closing, impairment is recorded, on a security-by-security basis, for the unrealized capital losses resulting from the difference between the carrying amount and the market price of securities not subject to a hedging strategy. Unrealized capital gains are not recorded.

Investment securities

Fixed-income securities with a fixed maturity that were acquired or reclassified from the "available-for-sale securities" category or the "trading securities" category with the clear intention of holding them to maturity are considered investment securities.

The institution must have the necessary financing capacity to hold them to maturity while not being subject to any legal or other

requirement that could compromise its intention of holding them to maturity.

Investment securities are recognized as of their acquisition date and at their acquisition price excluding expenses. Accrued interest recorded at the time of acquisition of the securities, where applicable, is recognized in similar accounts.

The rule for amortizing the difference between the acquisition price and the redemption price is the same rule used for available-for-sale securities. No provision is recorded for the unrealized capital losses resulting from the difference between the carrying amount and the market price.

Only the risk of default of the issuer of the securities can result in the recognition of impairment. This impairment is recorded in the income statement under "cost of risk". Unrealized capital gains are not recorded.

Portfolio securities

Portfolio securities are investments made regularly for the sole purpose of realizing a capital gain in the medium term and with no intention of investing over the long term in the development of the issuing company's business or actively participating in its operational management. They include securities held in connection with private equity activities.

Portfolio securities are recognized as of their acquisition date at their acquisition price excluding expenses.

Portfolio securities are recognized at the lower of their acquisition cost and their value-in-use. A provision for impairment is recorded for unrealized capital losses resulting from the difference between the carrying amount and the value-in-use, on a security-by-security basis, without offsetting with unrealized capital gains. Unrealized capital gains are not recorded.

Autres titres détenus à long terme

"Other long-term investments" are shares or similar securities that are held with the intention of supporting the development of long-term business relations by creating special ties with the issuing company but without influencing its management given the low number of voting rights associated with these securities. Other long-term investments are recognized as of their acquisition date and at their acquisition price excluding expenses. They are then measured based on their value-in-use and appear on the balance sheet at the lower of their acquisition price and this value-in-use.

A provision for impairment is recorded for unrealized capital losses resulting from the difference between the carrying amount and the value-in-use, on a security-by-security basis, without offsetting with unrealized capital gains. Unrealized capital gains are not recorded.

Equity investments and shares in associates

Equity investments and shares in associates include shares and similar securities the long-term ownership of which is deemed to be beneficial to the company's development and which allow holders to exercise significant influence over or control the issuing company. This influence is deemed to exist when the percentage of control is greater than or equal to 10%.

Equity investments and shares in associates are recognized as of their acquisition date and at their acquisition price excluding expenses. They are then measured based on their value-in-use and appear on the balance sheet at the lower of their acquisition price and this value-in-use.

A provision for impairment is recorded for unrealized capital losses resulting from the difference between the carrying amount and the value-in-use, on a security-by-security basis, without offsetting with unrealized capital gains. Unrealized capital gains are not recorded.

Securities sold under repurchase agreements

Securities sold under repurchase agreements are recorded as assets on the balance sheet and treated according to the rules applicable to the portfolio to which they belong. The assignee's debt is recorded as a liability.

Financial futures transactions

These transactions are recognized in accordance with the provisions of ANC Regulation 2014-07.

Commitments on financial futures transactions are recorded on a line of the off-balance sheet at their nominal value. This amount is merely an indication of the volume of outstanding transactions at closing and does not reflect the market risk related to these instruments. The fair value of the financial instruments is determined by reference to a market value or by applying generally accepted valuation models.

Interest rate instruments

Organized markets

Futures contracts are valued at each closing at their market value. For hedging transactions, realized gains and losses are recognized in the income statement symmetrically with the recording of income and expenses related to the hedged item. For isolated positions, gains and losses related to the revaluation are recognized directly in the income statement.

Over-the-counter markets

Interest rate swaps and forward rate agreements (FRA) result in the calculation of interest on a pro rata basis over their reference term. The income and expenses related to the same contract are recorded at their net amount.

For option contracts (cap, floor, collar), premiums and accrued interest are recognized through profit or loss on a pro rata basis.

For speculative swaps, a provision is recorded in case of an unrealized capital loss.

For hedging swaps, a provision is recorded for the hedged security resulting in a capital loss (which is not fully offset by the unrealized capital gain on the swap).

Exchange rate instruments

The valuation difference on foreign exchange swaps is recognized through profit or loss on each reporting date.

For currency options, unrealized capital gains or losses are recognized through profit or loss. At maturity, if an option is exercised, this results in a currency purchase or sale.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are shown at their historical cost less accumulated depreciation and amortization. Straight-line amortization and depreciation is used.

In accordance with ANC Regulation 2014-03 on the rules regarding asset amortization, depreciation and impairment, the main components of buildings are kept separate in accounting and depreciated over their respective useful lives. The following components and depreciation periods have been used:

COMPONENT	DEPRECIATION PERIOD
Building shell of administrative buildings	50 years
Building shell of branches	25 years
Roof and siding	25 years
Technical work packages	20 years
Fixtures	10 years
Office equipment	4 to 5 years
Operating equipment	3 to 8 years
Office furniture	10 years
Safety equipment	2 to 10 years
Transport equipment	4 years
Software	3 to 5 years
In-house software	2 to 9 years

Pursuant to Regulation 2014-03 of the French Accounting Standards Authority on asset definition, recognition and valuation, the acquisition costs of property, plant and equipment and intangible assets are included in the initial value of these assets recorded on the balance sheet.

The preferential method is used to account for internally developed software. Therefore, all software-related expenses incurred after the start of the production process (detailed analysis, development, acceptance testing, documentation) are capitalized and expenses that do not meet the conditions for capitalization (particularly preliminary research and functional analysis expenses) are recognized as expenses.

When indications of impairment exist, an impairment test is carried out to compare the carrying amount of the asset and its current value. In case of an impairment loss, impairment is recorded on the income statement under "Depreciation, amortization and impairment of property, plant and equipment and intangible assets". In particular, the loss resulting from a merger or similar transaction is impaired when the current value of an underlying asset to which a share of the loss was allocated falls below the carrying amount of such asset, increased by the share of the allocated loss.

Pursuant to ANC Regulation 2015-06 transposing the 2013 European directive, the technical loss is recorded on the balance sheet by asset category based on its allocation to the unrealized capital gains on the underlying assets contributed (General Chart of Accounts Art. 745-5 and 745-6).

Goodwill consists of the components of a business that are not identifiable and were not valued separately on the balance sheet. It contributes to maintaining and developing the business's potential: goodwill that is deemed to have an indefinite life is not amortized but is tested annually for impairment in accordance with ANC Regulation 2015-06 of November 23, 2015. In the event that this results in a lower amount than shown on the asset side of the balance sheet, impairment is recorded.

Provisions

Provisions are set up to cover clearly identified and measurable risks or expenses. Provisions not related to banking transactions are recorded in accordance with ANC Regulation 2014-03 and are subject to the existence of an obligation vis-à-vis third parties without future consideration.

Provisions for home savings accounts and plans

ANC Regulation 2014-07 is applied for the recognition of home savings accounts and plans.

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

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

This provision is computed by generation of home savings plans (plans at the same rate at opening are considered a generation) and for all home savings accounts (which are a single generation), without offsetting between the commitments related to different generations.

The commitments are computed based on a model that factors in:

- historical observations of subscriber behavior,
- the yield curve and stochastic modeling of changes to it.

Provisions for pension obligations

For its aggregate financial statements, Crédit Mutuel Arkéa applies ANC Recommendation 2013-02 of November 7, 2013 on the rules for recognition and valuation of pension obligations and similar benefits.

Pension plans include defined contribution plans and defined benefit plans. Defined contribution plans do not entail a commitment on the part of the company regarding the level of benefits provided. The contributions paid represent an expense for the year which is recognized under "Personnel expenses." Defined benefit plans are those for which the company has agreed to provide a benefit amount or level. This commitment constitutes a medium- or long-term risk. Pension commitments outside the scope of defined contribution plans are fully provisioned in the balance sheet under

"Provisions." Retirement bonuses and long service awards are also recorded under this item.

Fund for general banking risks

Established by Regulation 90-02 of the French Banking and Financial Regulations Committee, this fund is set up at the discretion of management to cover risks that may or may not materialize and are part of the banking activity.

Additions and deductions are recorded on the income statement under "Additions to, deductions from funds for general banking risks".

Translation of financial statements in foreign currencies

In accordance with the provisions of ANC Regulation 2014-07, assets, liabilities and spot exchange off-balance sheet commitments denominated in foreign currencies are measured at the year-end market price, with the exception of items denominated in foreign currencies participating in the European single currency scheme, for which the official conversion rate has been used. The same rule applies to forward exchange commitments. Income and expenses in foreign currencies are recorded at the exchange rate in effect on the last day of the month of their receipt or payment, and expenses and income accrued but not yet paid on the balance sheet date are converted at the exchange rate on that date.

INFORMATION REGARDING BALANCE SHEET, OFF-BALANCE SHEET AND INCOME STATEMENT ITEMS

Note 1. Cash, due from central banks

(in thousands of euros)

	12.31.2017	12.31.2016
CASH, DUE FROM CENTRAL BANKS		
Cash	136,247	121,078
Due from central bank	3,988,838	3,463,773
TOTAL	4,125,085	3,584,851

Note 2. Treasury bills and similar securities

(in thousands of euros)

	12.31.2017			12.31.2016		
	Available-for-sale	Investment	TOTAL	Available-for-sale	Investment	TOTAL
Securities held (gross value)	4,267,065	54,011	4,321,076	3,503,408	59,115	3,562,523
Accrued interest	7,607	554	8,161	5,445	472	5,917
GROSS TOTAL	4,274,672	54,565	4,329,237	3,508,853	59,587	3,568,440
Impairment	-1,226		-1,226	-1,109		-1,109
NET TOTAL	4,273,446	54,565	4,328,011	3,507,744	59,587	3,567,331
Unrealized capital gains and losses	69,995	814	70,809	40,462	889	41,351
Difference between acquisition price and redemption price	10,816	1,195	12,011	47,121	1,523	48,644

In 2017, no available-for-sale securities were transferred to investment securities and there were no disposals of investment securities before maturity.

Note 3. Due from credit institutions

(in thousands of euros)

	12.31.2017			12.31.2016		
	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL
Current accounts	164,171		164,171	221,300		221,300
Loans, securities received under repurchase agreements		21,550,675	21,550,675		19,059,788	19,059,788
Accrued interest	510	59,085	59,595	1	64,551	64,552
TOTAL	164,681	21,609,760	21,774,441	221,301	19,124,339	19,345,640

Subordinated assets

(in thousands of euros)

	12.31.2017	12.31.2016
Due from credit institutions	326,127	225,965

Note 4. Transactions with customers - Assets

(in thousands of euros)

	12.31.2017	12.31.2016
Commercial receivables	4,721	5,252
Accrued interest		
Loans and credit	31,155,149	28,900,430
Accrued interest	19,799	23,180
Current accounts	383,264	381,245
Accrued interest	7,078	7,016
Non-performing loans	635,059	687,585
Of which irrecoverable non-performing loans	471,958	487,271
Accrued interest	92,743	87,910
Impairment	-420,155	-443,509
Of which impairment on irrecoverable non-performing loans	-313,575	-324,231
TOTAL	31,877,658	29,649,109

Banque de France-eligible receivables on behalf of Crédit Mutuel Arkéa totaled €1,141,646,000 at December 31, 2017.

The coverage rate for non-performing loans was 66.16% in 2017 compared to 64.50% in 2016. As a share of total receivables, the coverage rate was 1.32% in 2017 compared to 1.50% in 2016.

Impairment and provisions for credit risk recorded for transactions with customers :

(in thousands of euros)

	12/31/2016	DOTATIONS	REPRISES	AUTRES VAR.	12/31/2017
Impairment deducted from assets	443,509	101,289	-124,643		420,155
Provisions recorded under liabilities	4,951	3,068	-3,426	7,796	12,389
in respect of signature commitments	4,951	1,670	-1,287		5,334
in respect of loans to customers	0	1,398	-2,139	7,796	7,055
TOTAL	448,460	104,358	-128,069	7,796	432,545

Note 5. Bonds and other fixed-income securities

12.31.2017

	TRANSACTION	AVAILABLE-FOR-SALE	INVEST.	TOTAL
Securities held (gross value)		5,436,621	39,999	5,476,620
Accrued interest		30,879	23	30,902
TOTAL BRUT	0	5,467,500	40,022	5,507,522
Impairment		-5,482	0	-5,482
TOTAL NET	0	5,462,018	40,022	5,502,040
Unrealized capital gains and losses	0	21,170	648	21,818
Difference between acquisition price and redemption price	0	96,605	498	97,103

The share of listed securities was 81% in 2017 compared to 64% in 2016.
In 2017, there were no transfers among the various categories of securities.

Note 6. Equity holdings, other long-term investments and shares in associates

12.31.2016

		INCREASE
Equity holdings		
Gross value	167,194	248,581
Impairment	-733	-7,627
Net value	166,461	240 954
Other long-term investments		
Gross value	72,388	8,104
Impairment	-2,501	-58
Net value	69,887	8 046
Associates		
Gross value	3,912,420	184,350
Allocated loss	309,780	0
Impairment	-210,847	0
Net value	4,011,353	184,350

Equity holdings and shares in associates held at credit institutions amounted to €1,527,785,000.

The portfolio is valued based on the net position and includes the guarantee fund certificate for €19,250,000.

Listed securities represent 2.59% of the equity holdings and shares in associates portfolios.

The share of the portfolio valued according to the net position was 40.61% for equity holdings and longterm investments and 51.11% for associates. The other securities are valued at their economic value.

As a result of the application of Regulation 2015-06, the loss was allocated to the securities related to associates. It was neither impaired nor amortized at December 31, 2017.

(in thousands of euros)

31.12.2016

	TRANSACTION	AVAILABLE-FOR-SALE	INVEST.	TOTAL
		5,917,006	164,966	6,081,972
		33,571	1,027	34,598
	0	5,950,577	165,993	6,116,570
		-9,780	-2	-9,782
	0	5,940,797	165,991	6,106,788
		18,746	1,559	20,304
		110,353	498	110,851

(in thousands of euros)

12.31.2017

	DECREASE	
	-47,024	
	6	
	-47,018	360,396
	-1,457	
	1,288	
	-169	77,764
	-190,176	3,906,594
	0	309,780
	8,161	-202,686
	-182,015	4,013,687

List of subsidiaries and equity holdings:

(in thousands of euros)

COMPANY NAME AND ADDRESS	SHARE OF CAPITAL HELD	SHAREHOLDERS' EQUITY	LAST YEAR PROFIT/LOSS
DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF CAPITAL			
1. SUBSIDIARIES (COMPANIES MORE THAN 50% HELD)			
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS Allée Louis Lichou - 29480 LE RELECQ-KERHUON / BREST	100.00%	1,067,096	76,268
ARKEA BANKING SERVICES Place de la pyramide - Tour Ariane La défense - 92800 PUTEAUX	100.00%	37,594	2,174
ARKEA CAPITAL INVESTISSEMENT 1, rue Louis Lichou - 29480 LE RELECQ-KERHUON / BREST	100.00%	245,512	65,590
ARKEA CAPITAL PARTENAIRE 1, rue Louis Lichou - 29480 LE RELECQ-KERHUON / BREST	100.00%	188,125	-14,704
ARKEA CREDIT BAIL 255, rue de Saint Malo - 35000 RENNES	87.55%	40,199	24,242
ARKEA FONCIERE 1, rue Louis Lichou - 29480 LE RELECQ KERHUON / BREST	98.08%	116,774	1,670
ARKEA HOME LOANS SFH 232 rue Général Paulet - 29200 / BREST	100.00%	42,396	208
ARKEA PUBLIC SECTOR SCF 1, rue Louis Lichou - 29480 LE RELECQ-KERHUON / BREST	100.00%	49,597	66
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE 1, rue Dôme BP 102 - 67000 STRASBOURG	100.00%	197,592	110,992
COMPAGNIE EUROPEENNE D'OPERATIONS IMMOBILIERES 1, rue Louis Lichou - 29480 LE RELECQ-KERHUON / BREST	100.00%	30,228	324
FEDERAL EQUIPEMENTS 1, rue Louis Lichou - 29480 LE RELECQ KERHUON / BREST	100.00%	132,934	51
FINANCO 335, rue Antoine de Saint - Exupéry - 29490 GUIPAVAS	100.00%	95,605	10,174
LEASECOM 35, quai André Citroën - 75015 Paris	100.00%	14,278	2,030
MONEXT Tour Egée 17 Avenue de l'Arche - 92671 COURBEVOIE	100.00%	81,624	8,492
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE ¹ 1, rue Louis Lichou - 29480 LE RELECQ KERHUON / BREST	83.24%	162,412	3,191
SURAVENIR 232, rue Général Paulet - 29802 BREST CEDEX	100.00%	852,156	128,835
SURAVENIR ASSURANCES 2, rue Vasco de Gama - 44800 ST HERBLAIN	100.00%	177,349	42,105
ARKEA BOURSE RETAIL 1, rue Louis Lichou - 29480 LE RELECQ KERHUON / BREST	99.99%	382,515	748
LEETCHI SA 14, Boulevard Poissonière - 75009 PARIS CEDEX	91.89%	3,077	-2,454
2. EQUITY HOLDINGS AND ASSOCIATES (10% TO 50% HELD)			
CAISSE CENTRALE DU CREDIT MUTUEL 88-90, rue Cardinet - 75847 PARIS CEDEX 17	21.52%	561,436	113,331
PRIMONIAL HOLDING 15, avenue de Suffren - 75007 PARIS	35.00%	151,443	15,487
VERMEG GROUP N.V. ² Stawinskylaan, 411 - 1077XX AMSTERDAM	19.50%	68,429	8,662

¹ The securities of SCI Interfédérale are classified as property, plant and equipment² Data at December 31, 2016.

Transactions with affiliated companies and participating interests :

(in thousands of euros)

	EQUITY HOLDINGS AND ASSOCIATES		SUBSIDIARIES	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
DETAILED INFORMATION ON EACH SECURITY WHOSE GROSS VALUE EXCEEDS 1% OF CAPITAL				
ASSETS				
CAPITAL HELD	29,962	29,977	2,226,191	2,205,539
OTHER USES				
Receivables	585,179	633,481	13,432,569	12,860,636
Bonds and other fixed-income securities	0	0	106,711	811,421
TOTAL USES	615,141	663,458	15,765,472	15,877,596
LIABILITIES				
Debt	1	28	10,855,883	14,519,972
Debt securities	0	0	407,620	772,597
TOTAL SOURCES	1	28	11,263,503	15,292,568
COMMITMENTS GIVEN				
Financing commitments			203,000	675,092
Guarantee commitments			438,388	303,086
TOTAL COMMITMENTS GIVEN	0	0	641,388	978,178
COMMITMENTS RECEIVED				
Financing commitments				
Guarantee commitments			335,792	358,239
TOTAL COMMITMENTS RECEIVED	0	0	335,792	358,239

At December 31, 2017, there were no significant transactions not carried out on an arm's length basis between related parties.

Note 7. Property, plant and equipment and intangible assets

(in thousands of euros)

	12/31/2016	INCREASE	DECREASE	12/31/2017
INTANGIBLE ASSETS				
Gross amount	34,011	937	-376	34,572
Amortization	-21,085	-542	0	-21,627
NET AMOUNT	12,926	395	-376	12,945
PROPERTY, PLANT AND EQUIPMENT				
Gross amount	486,278	22,145	-7,276	501,147
Depreciation	-283,535	-12,443	2,653	-293,325
Impairment	-87		87	0
NET AMOUNT	202,656	9,702	-4,536	207,822

No impairment expense was recorded for intangible assets and property, plant and equipment in 2017. Moreover, a provision reversal was recorded for property, plant and equipment. Pursuant to ANC Regulation 2015-06 transposing the 2013 European directive, the technical loss is recorded on the balance sheet by asset category based on its allocation to the unrealized capital gains on the underlying assets contributed (General Chart of Accounts Art. 745-5 and 745-6).

Note 8. Other assets

(in thousands of euros)

	12.31.2017	12.31.2016
Government	434,478	408,735
Home savings premium	8,295	15,787
Deferred tax assets	18,082	11,729
Securities transactions	85,801	66,008
Premiums paid on conditional instruments purchased	348,293	343,352
Guarantee deposits paid	15,188	51,843
Other misc. debtors	103,823	15,930
TOTAL	784,914	889,564

Note 9. Accruals - Assets

(in thousands of euros)

	12.31.2017	12.31.2016
Uncleared transactions	434,478	408,735
Adjustment accounts	8,295	15,787
Share premiums negotiable debt securities and bond issues	18,082	11,729
Pre-paid expenses	85,801	66,008
Accrued income	348,293	343,352
Miscellaneous accrual accounts	15,188	51,843
TOTAL	910,137	897,453

Note 10. Transactions with customers - Liabilities

(in thousands of euros)

	12.31.2017			12.31.2016		
	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL
Current accounts	5,994,511	0	5,994,511	5,000,181	0	5,000,181
Loans and securities sold under repurchase agreements		21,508,558	21,508,558		18,969,073	18,969,073
Securities sold under repurchase agreements		1,975,151	1,975,151		702,775	702,775
Accrued interest	297	145,873	146,170	360	148,125	148,485
TOTAL	5,994,808	23,629,582	29,624,390	5,000,541	19,819,973	24,820,514

Note 11. Customer transactions - Liabilities

(in thousands of euros)

	12.31.2017			12.31.2016		
	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL
Savings accounts governed by special regulations	12,544,261	5,339,011	17,883,272	11,937,830	5,108,394	17,046,224
Accrued interest on savings accounts	78,354	107,933	186,287	52,941	132,216	185,157
Current accounts	9,174,146		9,174,146	7,499,552		7,499,552
Term accounts and loans	396,000	2,666,415	3,062,415		3,984,328	3,984,328
Accrued interest	8,470	22,991	31,461	10,554	33,922	44,476
TOTAL	22,201,231	8,136,350	30,337,580	19,500,877	9,258,860	28,759,737

Note 12. Debt securities

(in thousands of euros)

	12.31.2017			12.31.2016		
	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL	SIGHT ACCOUNTS	TERM ACCOUNTS	TOTAL
Certificates of deposit	11,757	524	12,281	18,424	995	19,419
Interbank market securities and negotiable debt securities	2,595,390	16,138	2,611,528	3,288,804	24,341	3,313,145
Bond issues	2,144,250	68,907	2,213,157	4,019,856	160,225	4,180,081
TOTAL	4,751,397	85,570	4,836,967	7,327,084	185,561	7,512,645

Bond issues

(in thousands of euros)

ISSUE DATE	AMOUNT	TYPE	TERM IN YEARS	INTEREST RATE
17/06/2005	100,000	International bonds	15	Indexed rate
25/11/2005	80,000	International bonds	15	Indexed rate
25/11/2005	50,000	International bonds	15	Indexed rate
16/02/2007	35,000	International bonds	15	Indexed rate
02/04/2007	50,000	International bonds	15	Indexed rate
04/06/2007	50,000	International bonds	15	Indexed rate
11/06/2007	100,000	International bonds	15	Indexed rate
05/11/2007	30,000	International bonds	14	Indexed rate
07/05/2008	30,000	International bonds	10	cms 10
19/07/2010	132,373	International bonds	8	0%
04/08/2010	11,000	International bonds	12	4.6475%
15/03/2011	100,000	International bonds	10	5%
15/04/2011	50,000	International bonds	10	Indexed rate
12/08/2011	22,000	International bonds	18	3-month Euribor +1.55
31/10/2011	40,000	International bonds	20	3-month Euribor
02/03/2012	129,878	International bonds	8	4.5%
28/11/2014	5,000	International bonds	4	5.6%
13/06/2008	7,000	International bonds	10	5.6%
26/01/2015	500,000	International bonds	8	1%
25/10/2017	500,000	International bonds	12	1.875%
21/12/2017	121,999	International bonds	11	6%
TOTAL	2,144,250			

Note 13. Other liabilities

(in thousands of euros)

	12.31.2017	12.31.2016
Premiums received on conditional instruments sold	7,721	19,960
Guarantee deposits received on financial instruments	314,952	591,404
Government	68,820	57,459
Deferred tax liabilities	8	111
Compensation due to personnel	96,766	62,787
Payroll taxes	54,561	45,003
Outstanding payments on securities	143,094	135,279
Misc.	15,500	15,345
TOTAL	701,422	927,348

Note 14. Accruals - Liabilities

(in thousands of euros)

	12.31.2017	12.31.2016
Blocked accounts for collection operations	445,002	379,462
Deferred income	298,510	284,320
Accrued expenses	203,269	191,695
Adjustment accounts	8,105	4,473
Miscellaneous accrual accounts	32,324	27,280
TOTAL	987,210	887,230

Note 15. Provisions

(in thousands of euros)

	12/31/2016	ALLOCATIONS	REVERSALS (used)	REVERSALS (unused)	OTHER CHANGES	12/31/2017
Provisions for signature commitment risks	4,951	1,670	0	-1,287		5,334
Provisions for pension obligations	424			-97		327
Provisions for home savings accounts and plans	44,354			-21,853		22,501
Other provisions	20,134	3,665	-857	-4,580	-1308	17,054
Provisions pour charges de personnel	0	127		-380	1178	925
Provisions for personnel ex- penses	0	181		-23	130	288
Dépréciations	-87		87	87	87	0
TOTAL	69,863	5,643	-857	-28,220	0	46,429
		Net change		-23,434		

The provision for pension obligations is calculated using the projected unit credit method and takes into account demographic, employee turnover rate, salary increase, discount rate and inflation assumptions. In particular, the calculations include a discount rate of 1.54%. This rate is determined by reference to the iBoxx corporate AA 10+ euro zone index for private bonds. The calculations also include an employee turnover rate of between 0.91% and 6.73% and a gross salary increase rate, excluding inflation, of between 2.18% and 2.33%. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the obligation accrual phase and the TGH05 and TGF05 life expectancy tables for the pay-out phase.

Breakdown of the net change in provisions :

(in thousands of euros)

	12.31.2017	12.31.2016
Net banking income	-24,302	9,430
General operating expenses	994	-25
Cost of risk	383	-316
Corporate income tax	-509	-84
TOTAL	-23,434	9,005

Provisions for risks related to commitments on home savings accounts and plans :

Home savings accounts and plans during the savings phase: deposits and provisions

(in thousands of euros)

	2017		2016	
	DEPOSITS	PROVISIONS	DEPOSITS	PROVISIONS
Home savings plans	5,008,035	-21,917	4,734,658	43,349
Under 4 years old	1,125,685	-11	2,828,757	11,577
Between 4 and 10 years old	1,977,467	-3,783	987,507	8,084
Over 10 years old	1,904,883	-18,123	918,394	23,688
Home savings accounts	677,920	-44	656,439	84
TOTAL	5,685,955	-21,961	5,391,097	43,433

Loans granted under home savings accounts and plans: deposits and provisions

(in thousands of euros)

	12.31.2017		12.31.2016	
	DEPOSITS	PROVISIONS	DEPOSITS	PROVISIONS
Home savings plans	5,746	-21	8,715	37
Home savings accounts	52,349	-518	81,357	884
TOTAL	58,095	-539	90,072	921

Note 16. Subordinated debt

(in thousands of euros)

SUBORDINATED DEBT REPRESENTING AT LEAST 10% OF TOTAL SUBORDINATED DEBT	AMOUNT	CURRENCY	INTEREST RATE	DUE DATE	CONDITIONS OF SUBORDINATION	POSSIBILITY OF EARLY REPAYMENT
Deeply subordinated notes	97,314	EURO	CMS 10 + 0.10	INDEFINITE	TIER 1 CAPITAL	YES
Subordinated notes	300,000	EURO	6.75%	09/18/2018	LOWER TIER 2	NO
Subordinated notes	500,000	EURO	3.25%	06/01/2026	TIER 2 CAPITAL	NO
Subordinated notes	500,000	EURO	3.50%	02/09/2029	TIER 2	YES
Subordinated notes	500,000	EURO	1.88%	10/25/2029	TIER 2	YES
Accrued interest	33,027					
TOTAL	1,930,341					

Note 17. Equity hord FRBG

(in thousands of euros)

	START OF YEAR	ALLOCATION PRIOR YEAR PROFIT	CHANGE FOR THE YEAR	END OF YEAR
CAPITAL	2,197,670		4,756	2,202,426
ADDITIONAL PAID-IN CAPITAL	5,438			5,438
TOTAL RESERVES	2,165,866	98,516	0	2,264,383
Legal reserve	401,658	19,925		421,583
Optional and statutory reserves	1,705,169	78,951		1,783,760
Long-term capital gains reserves	0			0
Other reserves	59,040			59,040
REGULATED PROVISIONS	4,525			4,525
RETAINED EARNINGS	15,161	-1,430		13,731
DEFERRED LOSSES				
PROFIT/LOSS FOR THE YEAR	134,542	-134,542	514,348	514,348
Interest paid on shares		37,456		
TOTAL	4,523,202	0	519,104	5,004,851

The capital consists of A shares for €27,802,000, B shares for €2,162,792,000 and C shares for €11,831,000.

Note 18. Transactions with network banks

(in thousands of euros)

	12.31.2017	12.31.2016
Due from network banks	754,120	784,741
Sight accounts	107,970	164,094
Term accounts	646,150	620,647
Due to network banks	56,037	56,953
Sight accounts	56,037	38,133
Term accounts	0	18,820

Note 19. Breakdown of certain assets/liabilities according to their residual maturity

	T<3 MONTHS	3M<T<1YEAR	1YEAR<T<5YEARS	
ASSETS				
Amounts due from credit institutions			6,280,133	
Sight accounts				
Term accounts			6,280,133	
Amounts due from customers			10,593,698	
Commercial receivables			0	
other customer loans			10,593,698	
overdrafts			0	
Bonds and other fixed-income securities			2,453,467	
PASSIF				
Liabilities to credit institutions			11,496,137	
Sight accounts				
Term accounts			11,496,137	
Transactions with customers			1,619,000	
savings accounts governed by special regulations			1,388,767	
Sight accounts			0	
Term accounts			1,388,767	
other liabilities			230,233	
Sight accounts				
Term accounts			230,233	
Debt securities			979,624	
certificates of deposit			4,924	
interbank market securities and negotiable debt securities			188,822	
bond issues			785,878	

(*) of which perpetual subordinated loans of €140 million

(in thousands of euros)

	T>5YEARS	ACCRUED INTEREST PAYABLE AND RECEIVABLE	TOTAL
	7,861,344	59,595	21,774,441
		510	164,681
	7,861,344	59,085	21,609,760
	17,042,807	26,877	31,877,658
	0		4,929
	17,042,807	19,799	31,465,568
	0	7,078	407,161
	1,224,800	30,902	5,502,040
	9,174,661	146,171	29,624,390
		297	5,994,808
	9,174,661	145,874	23,629,582
	1,798,374	217,748	30,337,580
	1,795,996	186,287	18,069,558
	0	78,354	12,622,615
	1,795,996	107,933	5,446,943
	2,378	31,461	12,268,022
		8,470	9,578,616
	2,378	22,991	2,689,406
	1,395,417	85,569	4,836,967
	0	524	12,282
	211,418	16,138	2,611,528
	1,183,999	68,907	2,213,157

Note 20. Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies at December 31, 2017 totaled €58,446,000 and €353,022,000, respectively..

Note 21. Banking activity commitments

(in thousands of euros)

	12.31.2017	12.31.2016
Commitments given		
Financing commitments	4,021,556	4,034,426
to credit institutions	610,900	843,050
to customers	3,410,656	3,191,376
Guarantee commitments	2,004,859	1,711,761
to credit institutions	62,224	72,777
to customers	1,942,635	1,638,984
Securities commitments	24,885	7,301
other commitments given	24,885	7,301
Commitments received		
Financing commitments	9,331,095	9,762,078
received from credit institutions	9,331,095	9,762,078
Guarantee commitments	859,984	811,002
received from credit institutions	859,984	811,002
Securities commitments	191,549	141,411
other commitments received	191,549	141,411

The financing commitments given include the €26.9 million cash advance made to the CRH to ensure its operation.

Breakdown of assets provided as security for liabilities:

(in thousands of euros)

	12.31.2017
Banque de France	10,077,991
Caisse des Dépôts et Consignations	1,028,845
Banque Européenne d'Investissement	671,985
Arkéa Home Loans SFH	6,506,062
Caisse de Refinancement de l'Habitat	725,065
Société de Financement de l'Economie Française	0
TOTAL	19,009,947

Note 22. Financial futures transactions

Nominal value of the contracts :

By type :

(in thousands of euros)

	12.31.2017			12.31.2016		
	HEDGING TRANSACTIONS	OTHER TRANSACTIONS	TOTAL	HEDGING TRANSACTIONS	OTHER TRANSACTIONS	TOTAL
FIRM TRANSACTIONS						
Transactions on organized markets						
other transactions	17,599,165	-	17,599,165	8,325,478	-	8,325,478
interest rate swaps	24,506,789		24,506,789	30,002,261		30,002,261
CONDITIONAL TRANSACTIONS						
purchased	5,736,981		5,736,981	4,419,902		4,419,902
sold	4,863,370		4,863,370	3,781,542		3,781,542
Interest rate, currency and other options						
purchased	660,736		660,736	751,138		751,138
sold	660,736		660,736	741,339		741,339
TOTAL	54,027,777	-	54,027,777	48,021,661	-	48,021,661

By residual maturity

(in thousands of euros)

	31.12.2017			TOTAL
	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	
INTEREST RATE INSTRUMENTS				
Over-the-counter market	4,964,813	15,364,102	21,777,039	
Interest rate swaps	2,109,127	5,909,499	2,581,726	42,105,954
Interest rate floors/caps	991,817	329,654	0	10,600,352
Other options			0	1,321,471
TOTAL	8,065,757	21,603,255	24,358,765	54,027,777

Fair value

(In thousands of euros)

	31.12.2017	31.12.2016
INTEREST RATE INSTRUMENTS	223,649	226,115
OTHER OPTIONS		-10

Note 23. Interest, similar income and expense

(In thousands of euros)

	12.31.2017		12.31.2016	
	INCOME	EXPENSE	INCOME	EXPENSE
Transactions with credit institutions (*)	617,677	-795,152	668,713	-819,802
Transactions with customers	746,278	-276,741	823,472	-299,557
Bonds and other fixed-income securities	21,587	-132,596	30,656	-215,118
Other transactions	5,442	-50	3,000	-43
TOTAL	1,390,984	-1,204,539	1,525,841	-1,334,520

(*) of which expenses on transactions related to subordinated debt: €54,664,000 at December 31, 2017 and €30,516,000 at December 31, 2016

Note 24. Income on variable-income securities

(In thousands of euros)

	12.31.2017	12.31.2016
Stocks and other variable-income securities	7,040	6,543
Equity holdings and other long-term investments	3,688	379
Shares in associates	745,931	195,589
TOTAL	756,659	202,511

Note 25. Fee and commission income/expense

(In thousands of euros)

	12.31.2017		12.31.2016	
	INCOME	EXPENSE	INCOME	EXPENSE
Transactions with credit institutions	4,479	-595	3,307	-562
Transactions with customers	51,660	-248	44,904	-219
Securities transactions	709	-1,217	969	-1,456
Foreign exchange transactions	257	-17	354	-30
Off-balance sheet transactions	8,450	-19,161	8,469	-17,520
Provision of financial services	434,251	-35,456	414,255	-32,477
TOTAL	499,806	-56,694	472,258	-52,264

Note 26. Gains/(losses) on portfolio transaction

Trading books:

(in thousands of euros)

	12.31.2017	12.31.2016
Trading securities transactions	2	5
Foreign exchange transactions	2,806	293
Financial futures transactions	- 1,584	- 2,585
Interest rate	- 1,584	- 2,585
Misc.	-	-
TOTAL	1,224	-2,287

Investment portfolios and similar securities:

(in thousands of euros)

	12.31.2017	12.31.2016
Available-for-sale securities transactions		
Capital gains on disposals	57,439	41,297
Capital losses on disposals	-1,209	-110
Provisions for impairment	-2,589	-8,828
Reversals of impairment	3,788	21,238
TOTAL	57,429	53,597

Note 27. General operating expenses

(in thousands of euros)

	12.31.2017	12.31.2016
Personnel expenses	-502,937	-449,100
Salaries and wages	-261,226	-244,676
Payroll taxes	-131,395	-121,313
of which pension expenses	-29,981	-31,080
Mandatory and optional employee profit-sharing	-67,861	-43,214
Related taxes other than on income	-42,455	-39,898
Other administrative expenses	-275,806	-253,683
Taxes other than on income	-32,447	-33,905
External services	-447,619	-405,393
Re-invoiced expenses	204,260	185,615
TOTAL	-778,743	-702,783

The "competitiveness and employment tax credit" (CICE) was recorded as a decrease in personnel expenses in the amount of €9,933,000 at December 31, 2017.

The CICE enabled the company to ensure its development thanks to well-managed investments, including investments in innovations and regulatory investments.

Breakdown of paid staff

(in thousands of euros)

		12.31.2017	12.31.2016
	AVERAGE NUMBER OF EMPLOYEE	PAID STAFF	PAID STAFF
Employees		2,889	2,896
Management and supervisors		3,392	3,280
TOTAL		6,281	6 176

The total compensation paid to members of the Board of Directors was €1,877,000.

The total compensation paid to the Chief Executive Officer and the Associate Executive Officers was €2,566,000.

Note 28. Cost of risk

(in thousands of euros)

		12.31.2017	12.31.2016
DEBT	Allocations	-84,067	-101,377
	Reversals used	27,756	25,150
	Reversals that became available	82,336	77,526
	Recovery of written-off loans	1,280	1,395
	Provisioned bad debt	-27,783	-26,768
	Unprovisioned bad debt	-3,090	-3,333
OFF-BALANCE SHEET RISK	Allocations	-1,670	-1,914
	Reversals used		
	Reversals that became available	1,287	2,230
SECURITIES	Allocations	-34	-2,250
	Reversals	1,112	3,205
PROVISIONS FOR OTHER RISKS AND CHARGES	Allocations		
	Reversals		
	SOLDE	-2 873	-26 136

Note 29. Gains/(losses) on non-current assets

(in thousands of euros)

	PROVISIONS FOR IMPAIRMENT	CAPITAL LOSSES ON DISPOSALS	REVERSALS OF IMPAIRMENT	CAPITAL GAINS ON DISPOSALS	31/12/2017
Property, plant and equipment and intangible assets		-592		1,337	745
Equity holdings and other long-term investments	-113		1,185	186,212	187,284
Shares in associates			589		589
Investment securities			2		2
TOTAL	-113	-592	1,776	187,549	188,620

Note 30. Income tax

(in thousands of euros)

	12.31.2017	12.31.2016
Current tax expense excluding contribution of consolidated subsidiaries	-175,725	-116,028
Contribution of consolidated subsidiaries	192,888	153,918
Carry-back claim		
Net deferred tax expense and misc.	-7,883	-2,413
TOTAL	9 280	35 477
Pre-tax income, non-recurring income and FRBG	860,556	153,663
EFFECTIVE TAX RATE	-1.08 %	-23.09%

Tax expenses are borne by the consolidated companies as if there were no tax consolidation.

The effective tax rate at December 31, 2017 was as follows:

	12.31.2017	12.31.2016
Statutory tax rate (including contributions)	34.43%	34.43%
Permanent differences	-14.55%	-30.93%
Temporary differences	-1.03%	-6.60%
Taxation at reduced rates	-0.76%	-2.33%
Impact of tax loss	2.27%	-18.15%
Other	-21.44%	0.49%
EFFECTIVE RATE	-1.08 %	-23.09%

Note 31. Establishment in States that have not entered into an administrative agreement with France allowing access to banking information in order to combat fraud and tax evasion

Crédit Mutuel Arkéa does not operate in non-cooperative States or territories as defined by Article 238-0 A of the French General Tax Code.

Note 32. Consolidated financial statements

Crédit Mutuel Arkéa, together with the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations and the member Crédit Mutuel savings banks, is the parent company for the preparation of Crédit Mutuel Arkéa's consolidated financial statements.

The consolidated financial statements are available at:

http://www.arkea.com/banque/assurance/credit/mutuel/ecb_5034/fr/rapports-annuels

Note 33. Subsequent events

On January 17, 2018, the Board of Directors of Crédit Mutuel Arkéa adopted a resolution to propose to the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Massif Central and Crédit Mutuel du Sud-Ouest federations an orientation vote on the group's independence strategy.

The subject of deliberation proposed in March or April 2018 to the Board of Directors of each local savings bank affiliated with the Arkéa group is:

"The local savings bank's Board of Directors approves, as far as it is concerned, the plan to initiate any action that will enable Crédit Mutuel Arkéa to become an independent cooperative and mutual banking group, entirely separate from the rest of Crédit Mutuel. Its departure from the Confédération Nationale du Crédit Mutuel would notably entail complete territorial freedom of development, the reaffirmation of a solidarity mechanism within the scope of the Arkéa group and the adoption of a name and trademarks that do not include the expression "Crédit Mutuel". The new name and trademarks would clearly reaffirm our cooperative and mutual status and territorial foundations. "

4

Risk
factors

Crédit Mutuel Arkéa's risk management function

In accordance with regulatory requirements (administrative order of November 3, 2014), the general purpose of the risk management function is to ensure the implementation of Crédit Mutuel Arkéa group's risk measurement and oversight systems.

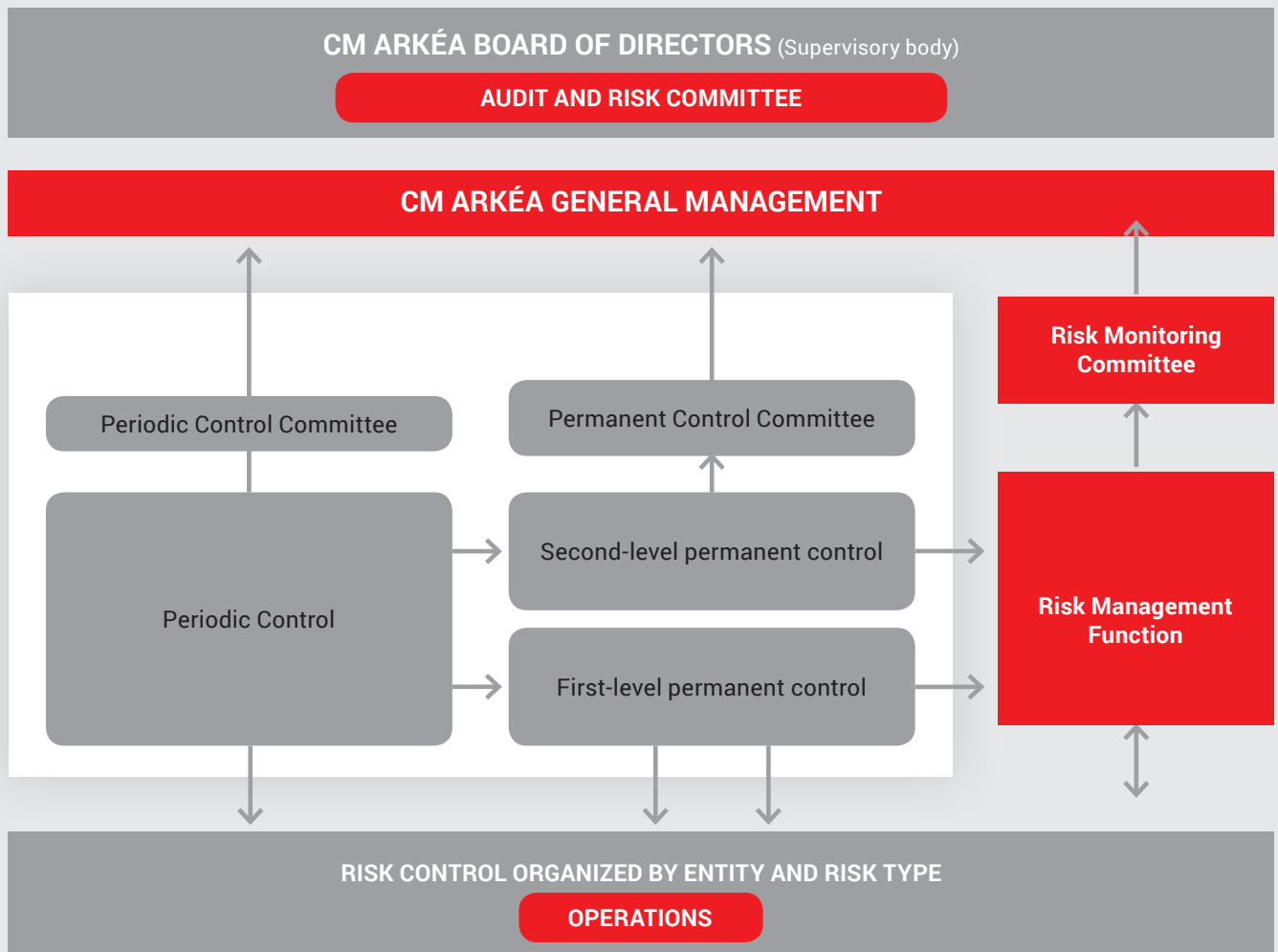
The organization for this function, which was established in mid-2010 following initial regulatory changes in this area (concept of "risk function"), covers all risks for all Group entities. It assesses the overall risks, on a consolidated basis, related to the Group's banking and non-banking activities using a cross-functional and forward-looking approach.

The mission of the risk management function is to ensure that risk exposure levels are compatible with the guidance set by Crédit Mutuel

Arkéa's supervisory body, which has established the following priority objectives in this area:

- exercise its activities within limits compatible with its development strategy, financial capabilities and the corresponding regulatory requirements with respect to risk;
- provide high-quality, relevant and verified information to the Group's supervisory body and so-called effective managers (dirigeants effectifs) as well as to the supervisory authorities, with each Group entity responsible for managing its own risks.

The risk management function fits into the overall risk management and internal control system, which is depicted below:



Responsibility for Crédit Mutuel Arkéa Group's risk function is assigned to the Head of Risk Management of Crédit Mutuel Arkéa, who is not affiliated with the business lines and reports directly to the Associate Executive Officer in charge of the Development Support division, who in turn reports to the Group's Chief Executive Officer. The effective managers of each entity bear ultimate responsibility for risk management at the operating level, regardless of whether this entity's activities have been outsourced.

The Group risk management function head is responsible for ensuring that the function operates properly and that the Group's effective managers and supervisory body are well informed, and it oversees and/or participates in the application of Group procedures within its remit.

Acting both upstream and downstream from the operational risk management by the entities, the risk management function head monitors consolidated risks at the Group level. Through appropriate means and at timely intervals, results are submitted to the group Risk Monitoring Committee, the group's General Management, the Risk and Internal Control Committee and the Board of Directors of Crédit Mutuel Arkéa. The Head of the risk management function is supported in these endeavors by the network of correspondents appointed at each group entity (see below) and by a consolidated information system.

The risk management function is organized along functional lines that complement direct management reporting lines. Each Group entity, including both banking and non-banking entities, appoints a risk management function head for its scope, and a person responsible for each type of risk is also appointed.

Functional ties therefore exist at three levels:

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

Crédit Mutuel Arkéa has a consolidated vision of risk thanks to:

- a consistent governance approach to the risk management function replicated using the same model regardless of the group entity or risk;
- common methods, procedures and tools that enable both "local" management at the level of individual entities and global management at the group level.

This organization of the risk management function and resources available to it helps ensure that Crédit Mutuel Arkéa's risk exposure is consistent with the risk appetite framework and risk management policy defined by its supervisory body. In that regard, all of the documents that make up the "Risk management system" constitute the rules for the Group's system of limits. First validated by the Risk Monitoring Committee and subsequently by the group's Executive Committee, these rules are then presented to the Risk and Internal Control Committee and submitted to the Crédit Mutuel Arkéa Board of Directors for adoption.

4.1

Credit risk

Credit risk involves the risk of non-repayment in the event of a default by a borrower or borrowers considered a single beneficiary in the regulatory sense of the term.

4.1.1 Customer credit risk

4.1.1.1 Selection, limit setting and monitoring procedures

All procedures implemented in selecting, setting limits on and monitoring risk are governed by a regulatory framework. They notably comply with the administrative order of November 3, 2014 relating to the internal control of companies in the banking, payments and investment services sector subject to supervision by the French Prudential Supervisory and Resolution Authority.

Risk selection system

In compliance with current regulations, internal ratings are the basis of loan approval processes and are used to determine both decision-making limits and caps on commitments for each Group entity.

Loans are granted based on procedures specific to each lending entity within the Group, within the framework of the limits system defined by the Board of Directors of Crédit Mutuel Arkéa. Loan requests exceeding the limits of each network or entity are referred to the Group's Credit Committee. If the decision-making limits of this Committee are exceeded, a waiver is requested of the Board of Directors of Crédit Mutuel Arkéa.

The loan approval procedures used by the Group's entities are based on detailed analyses of the borrowers' creditworthiness and ability to repay the loans requested.

Whether the loan request comes from an individual, business or institutional customer, these analyses may include, depending on the context:

- external data (registration with the French National Database on Household Credit Repayment Incidents, suspended banking privileges, Banque de France rating, Banque de France risk centralization, overdue payments, existence of bankruptcy proceedings, company registration certificate, etc.),
- personal data about the applicant's financial situation (account operations, accounting documents, etc.),
- qualitative contextual information (marriage settlement, legal form, analysis of business sector, etc.).

Monitoring of customer loans

In compliance with current regulations, Crédit Mutuel Arkéa ensures that the units tasked with undertaking transactions and those tasked with supervising them are strictly independent.

The group has introduced tools that allow it to quickly identify situations that involve risk (overdue or irregular payments, ratings downgrades, etc.).

The Risk Control units of the Group's lending entities guarantee that risky applications are properly handled by managers, both in terms of assessing the customers' situation and swiftly taking any measures that become necessary, and in terms of ensuring that the customer's situation is being restored to normal.

At a higher level, oversight of the total risks is handled by Crédit Mutuel Arkéa's Risk department (monitoring of major risks, identification of loans with downgraded ratings, analysis of key doubtful and disputed loans).

Reporting

A customer credit risk dashboard established monthly is sent to the members of Crédit Mutuel Arkéa’s Executive Committee. The main indicators are calculated by market and Group entity.

A summary of customer credit risk exposure is provided at each Crédit Mutuel Arkéa Board of Directors meeting, as well as an update on compliance with credit limits.

Lastly, the group’s credit risk situation is also presented to the group’s Risk Monitoring Committee, which meets quarterly. It is also included in the quarterly summary of group risks sent and presented to the Crédit Mutuel Arkéa Executive Committee and subsequently to the group’s Risk and Internal Control Committee.

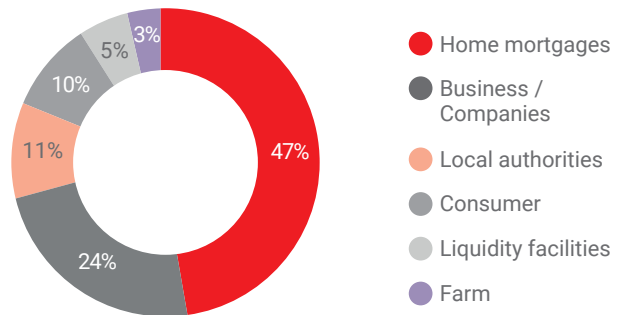
4.1.1.2 Breakdown of loans

Outstanding customer loans

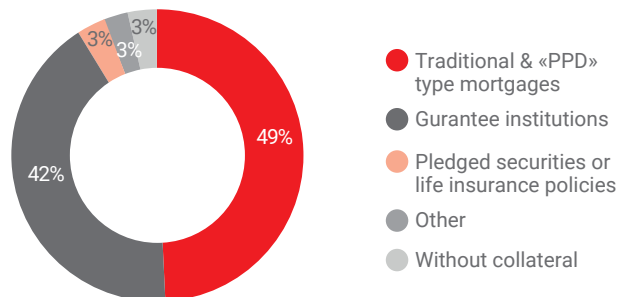
As of December 31, 2017, Crédit Mutuel Arkéa had €63.5 billion in outstanding loans to customers, both on- and off-balance sheet. Loans recognized on the balance sheet (including principal and related interest) totaled €51.5 billion, up 8%.

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

Outstanding loans on the balance sheet



Home mortgage and similar loans by type of collateral



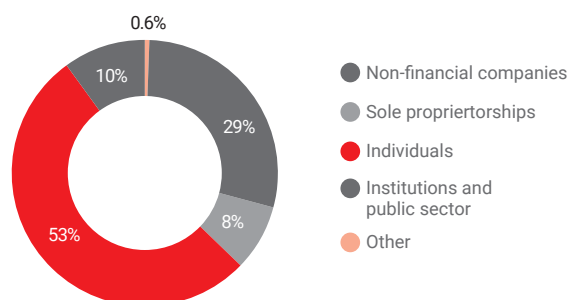
Diversification of outstanding customer loans

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

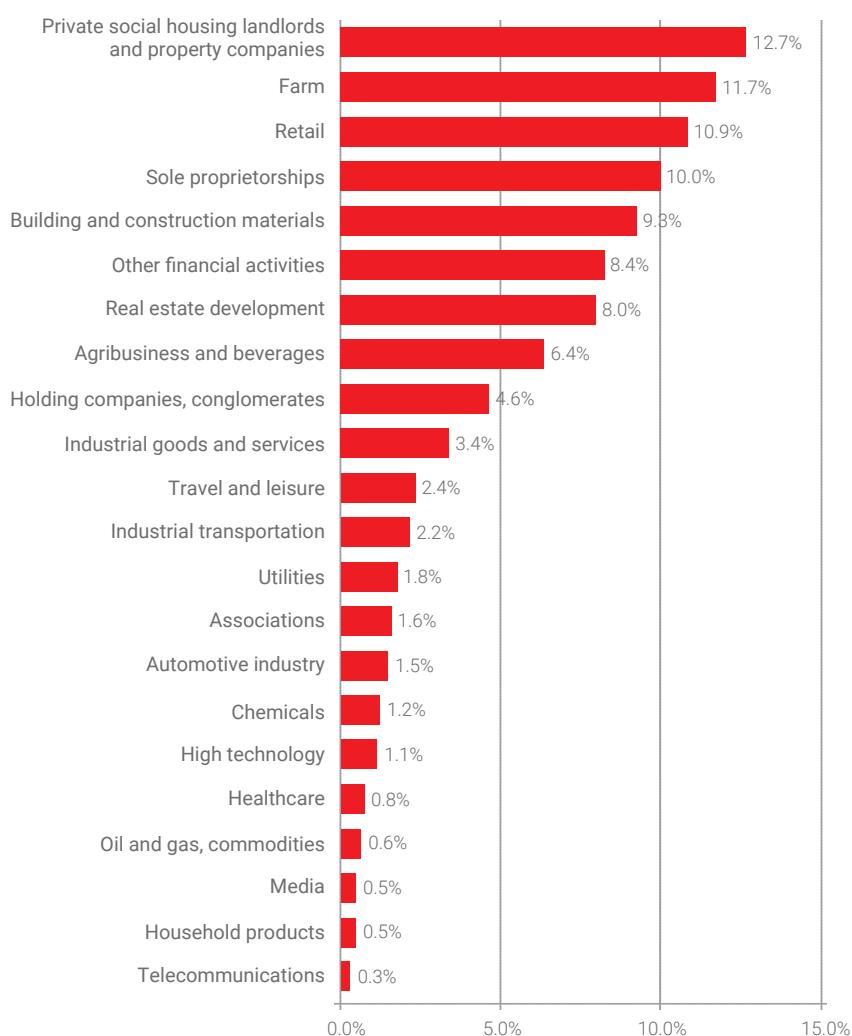
- type of counterparty;
- business sector.

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

Total loans outstanding on the balance sheet by type of counterparty



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



The gross exposure (on- and off-balance sheet outstandings) of businesses and companies totaled €22.8 billion (or 36% of customer commitments). The most highly represented sectors were real estate, agriculture, retail and sole proprietorships.

Portfolio's credit risk quality

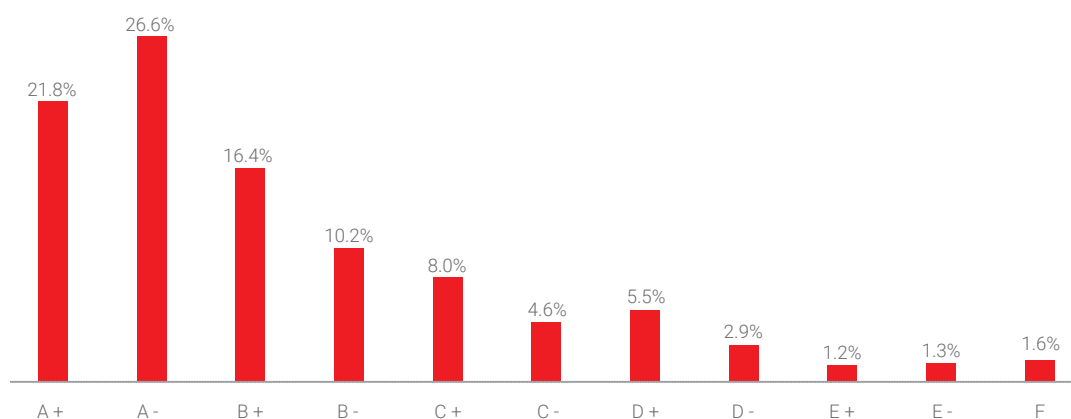
The credit risk quality of the customer loan portfolio is determined using an internal rating for customers.

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.

Performing loans accounted for 97.1% of total outstandings. Doubtful and disputed loans (E- and F ratings) accounted for 2.9% (loan outstandings in principal only).

Balance sheet outstandings (principal) by ratings level as of end-2017



Presentation of doubtful and disputed loans

MARKETS	AMOUNT (€M)	2016		2017	
		AMOUNT (€M)	%	AMOUNT (€M)	%
Individuals	678	634	42%	634	43%
Non-financial	704	642	44%	642	43%
Sole proprietorships	220	206	14%	206	14%
TOTAL	1,602	1,481	100%	1,481	100%

The Group's doubtful and disputed loans (principal and interest) were €1,481 million at end-2017 compared with €1,602 million at end-2016, representing a 7.5% decline over the year. The ratio of doubtful and disputed loans (including interest) to total outstandings dropped from 3.4% at the end of 2016 to 2.9%.

Outstanding restructured loans

In accordance with European regulations (the EBA's ITS), restructured loans are contracts that have been the subject of "concessions toward debtors who have or will have difficulties honoring their debts." These concessions may be modifications in the contract's residual term or a refinancing of the debt, excluding commercial renegotiations.

The conditions for downgrading restructured loans to default status are stricter, since such downgrades occur automatically whenever a payment is late by more than 30 days or the loans are restructured again.

For debtors already in default at the time the restructuring occurs, the restructured loans continue to be classified as doubtful for at least one year, regardless of whether loan payments are in arrears.

Based on these definitions, restructured loans totaled €439.2 million, or 0.7% of total outstandings. Of that total, €377.7 million were downgraded to doubtful or disputed loans, while €61.5 million were performing.

4.1.1.3 Provisioning and cost of risk

Provisioning

Provisioning of the risk on customer loans includes, first, doubtful and disputed loans (internal ratings of E- or F) for which allocated provisions are recorded and, second, certain performing loans (E+-rated and similar loans and corporate loans rated D-), which constitute the calculation base for the so-called collective provision, or even for a special provision on certain business segments (€14.7 million on agriculture, for example).

Provisions allocated to doubtful and disputed loans result primarily from the automatic application of the provisioning rules for doubtful loans in the Crédit Mutuel network. 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, in particular those relating to companies and carried by Arkéa BEI, provisioning is based on a case-by-case evaluation of the chances for collection.

The so-called collective provision is based on a statistical observation of default rates and losses incurred in the event of a default.

Crédit Mutuel Arkéa maintained a very conservative approach to customer credit risk, net of guarantees received, in 2017. The provisioning rate for doubtful and disputed loans (principal and interest) was 57.4% at end-December 2017, compared with 55.1% the previous year. The respective rates were 66.4% for companies, 54.0% for sole proprietorships and 49.5% for individuals. The provisioning rate for the collective provision was slightly higher at 9.4% at end-2017 compared with 9.2% at end-2016.

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 €53.8 million in 2017, down from €106.1 million in 2016. The total cost corresponded to a cost of risk on downgraded loans of €52.6 million and a €2.9 million net collective provision write-back, along with a €4.2 million allocation for a provision on business segments.

The cost of risk on doubtful and disputed loans fell by 24.4%, marked by a sharp 43% decrease on the individuals market. As a percentage of customer outstandings, total cost of risk in 2017 was 0.10%, compared with 0.22% the previous year.

Recognition of cost of risk in rate setting

The cost of risk for lending is factored into the financial terms granted to customers using a widely accepted approach, in the spirit of the Basel III regulations. The average or statistically "expected" cost of risk is added to the cost of the loan, and has a direct influence on standard rates. The exceptional or "unexpected" cost of risk is in principle to be covered by shareholders' equity.

4.1.2 Market counterparty credit risk

4.1.2.1. Group-wide limits

Crédit Mutuel Arkéa group has a system of separate limits by type of counterparty (or group of “connected clients” pursuant to article 4-1-39 of Regulation (EU) No 575/2013, the CRR), which applies independently to proprietary investments and third-party activities (assets representing euro-denominated funds of the life insurance business).

The separate limits by counterparty type are reviewed at least once a year by Crédit Mutuel Arkéa’s Board of Directors. They are determined on the basis of the internal ratings of the counterparties, which are ranked in four categories:

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

With respect to proprietary capital markets trading activities, individual limits are set, both with respect to amount and time period, by referring mainly to Crédit Mutuel Arkéa’s own shareholders’ equity and the counterparty’s “fundamentals” (shareholders’ equity, debt and ratings).

Limit requests for a specific counterparty are reviewed by Crédit Mutuel Arkéa group’s Counterparty Committee, which bases its decisions on the informed opinions of Crédit Mutuel Arkéa’s Risk Management department, which is responsible for second-level risk analysis, monitoring and control. The first-level control is performed by the entities carrying and/or managing the outstandings on the counterparty.

All financial market transactions giving rise to credit risk must involve an issuer or security referenced by the group Counterparty Committee.

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

4.1.2.2 Reporting

The credit risk position related to market transactions is reviewed on a regular basis by the Group’s Counterparty Committee.

A quarterly risk report is established and submitted to the members of Crédit Mutuel Arkéa’s Executive Committee. It includes an update on compliance with credit risk limits for capital markets counterparties.

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

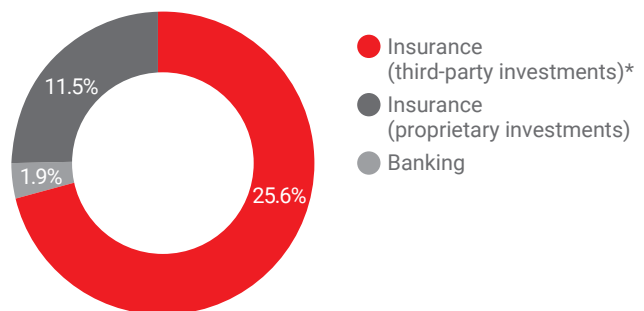
4.1.2.3 Analysis of credit risk on capital markets counterparties

For the entire consolidation scope

The group’s fixed income investment portfolio totaled €39.0 billion (unless otherwise stated, the amounts below are expressed at repayment value) as of December 31, 2017, broken down into the following categories:

Breakdown by entity

(€ billions)



* Insurance (Third-party): assets representing euro-denominated funds.

The group's direct credit risk exposure is limited to the proprietary portfolios of the insurance (€1.9 billion) and banking (€11.5 billion) activities. In the latter case, the credit risk exposure results mainly from the reinvestment of surplus cash and guarantee commitments for funds managed by the asset management subsidiary Federal Finance Gestion.

The credit risk related to the €25.6 billion third-party investment portfolio of the Suravenir insurance company is borne mainly by policyholders through the returns they earn on euro-denominated funds.

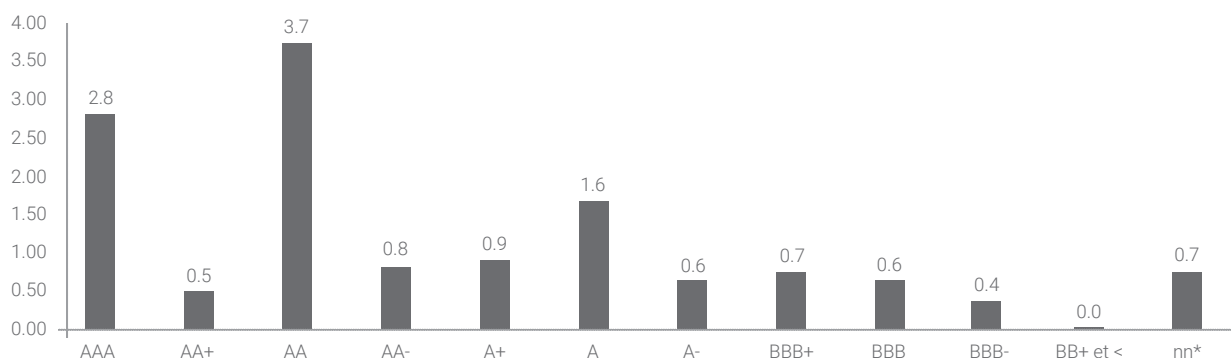
As part of its counterparty risk assessment, Crédit Mutuel Arkéa relies on its own internal rating system as well as that of the rating agencies.

For the proprietary portfolio scope (insurance and banking)

The €13.4 billion in proprietary portfolio investments for the banking and insurance activities mainly involves issuers with the highest external credit ratings: 82% have external ratings between AAA and A-.

**Breakdown by external rating
Proprietary investment portfolio**

(€ billions)

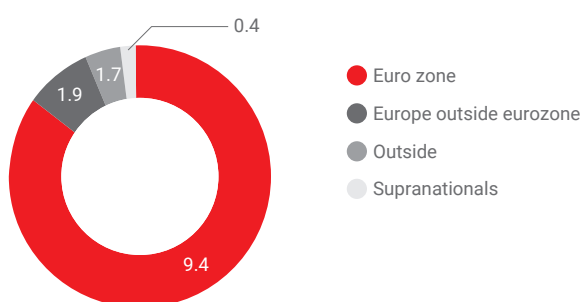


*NR: issuers not rated by one or more of the three main rating agencies (S&P, Moody's and Fitch).

Of the investments in this scope, 84% are with European issuers and 48% are with French issuers.

**Breakdown by geographic area
Proprietary investment portfolio**

(€ billions)



**Breakdown by issuer category
Proprietary investment portfolio**

(€ billions)



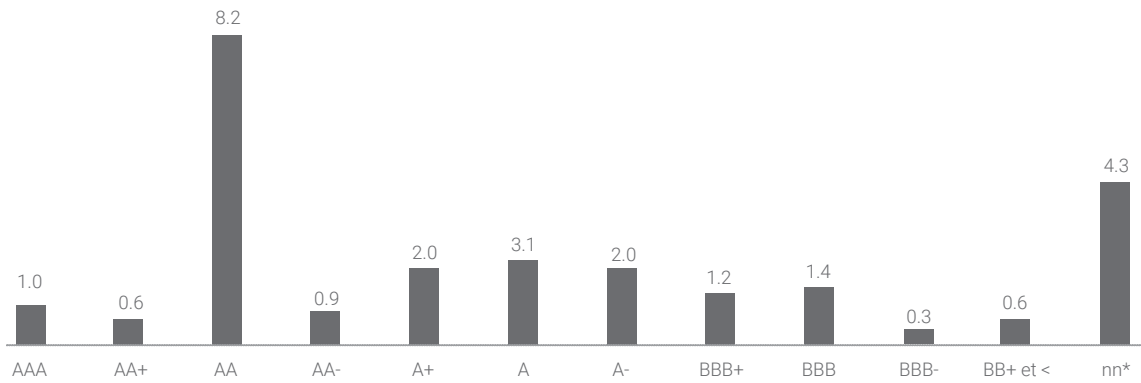
From a sector standpoint, proprietary portfolio investments for the banking and insurance activities primarily involve two main types of issuers:

- the banking sector (banks and covered bonds) for 45%;
- sovereigns, supranationals, state-owned companies and the public sector for 44%.

For Suravenir's third-party portfolio scope

The Suravenir insurance company's third-party investments (€25.6 billion) mainly involve issuers with the highest external credit ratings, as 69% of them are rated between AAA and A-.

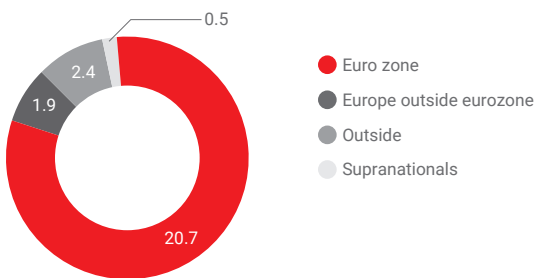
Breakdown by external rating
Suravenir third-party investment portfolio
(€ billions)



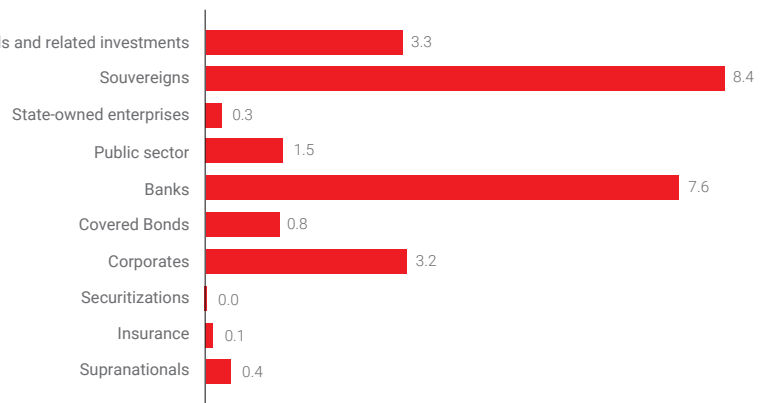
*NR: issuers not rated by one or more of the three main rating agencies (S&P, Moody's and Fitch).

From a geographic standpoint, the third-party investment portfolio is mainly invested in European issuers (89%) of which 62% are French issuers

Breakdown by geographic area
Suravenir third-party investment portfolio
(€ billions)



Breakdown by issuer category
Suravenir third-party investment portfolio
(€ billions)



From a sector standpoint, Suravenir's third-party investments are mostly with two main types of issuers :

- the banking sector (banks and covered bonds) for 33%;
- sovereigns, supranationals, state-owned companies and the public sector for 41%.

4.1.2.4 Focus on exposure to securitizations held within the banking scope

The exposure to securitizations is being steadily reduced, as the portfolio is being wound down. No new direct investments have been made since 2008. The mid-2016 acquisition of Keytrade added €6.7 million in exposure to these products. Overall, the volume of outstandings on these assets fell by €31.4 million in 2017, to €31.5 million.

- The volume of guaranteed CDO outstandings declined by €10 million in 2017 to €8.6 million.
- The volume of non-guaranteed CDO outstandings declined by €5 million. All that remains is one CDO held in the amount of €2.03 million which has been fully provisioned since 2009.
- Securitization outstandings (CMBS, RMBS, CLO and ABS) fell from €37.3 million at the end of 2016 to €20.9 million at end-2017. The average credit quality of the securitization portfolio remained satisfactory, since 56% of the outstandings had an external credit rating of BBB or higher.



4.2

Market risks

Market risk, or price risk, stems from unfavorable changes in market parameters that affect the value of financial instruments recognized on the balance sheet. Crédit Mutuel Arkéa is exposed primarily to significant spread, interest rate, exchange rate and equity risks. The exposure of the proprietary activities to options risk is non-significant.

From a management standpoint, the market risks for the banking scope covered in this section arise either from the financial instrument portfolios managed by Crédit Mutuel Arkéa's Financial Markets department or from Arkéa Direct Bank's portfolio. The latter, which results from the acquisition of Belgian online bank Keytrade in June 2016, was immediately placed in runoff. The market risk expo-

sure of the group's other banking subsidiaries remains negligible as their treasury investments are almost always centralized at Crédit Mutuel Arkéa.

Interest rate risk is mostly managed as a whole through a central interest rate entity, the risk limits and management principles of which are defined by the Group Assets and Liabilities Management function. Effective management of this central interest rate entity falls under the responsibility of the Financial Markets department.

At end-2017, the market risk exposure of investments on the balance sheet totaled €10 billion, stable year over year. It breaks down as follows:

Exposure of banking scope to market risks as of 12/31/2017

(In millions of euros)

TOTAL INVESTMENTS	9,978
CRÉDIT MUTUEL ARKÉA LCR PORTFOLIO	6,511
OTHER INVESTMENTS	3,467
Crédit Mutuel Arkéa	2,327
■ Treasury investments with initial maturities of less than two years	2,240
■ Securities held in connection with the origination activity	10
■ Investment portfolio being wound down	77
Arkéa Direct Bank (Keytrade portfolio being wound down)	1,120
Other entities	20

The value of the investments on the balance sheet is exposed to the risk of a change in issuer spread due to the existence of long-term positions (the share of securities with a residual maturity of more than five years is 21%). This risk is more specifically concentrated in Crédit Mutuel Arkéa's LCR portfolio.

Interest rate-based changes in the value of Crédit Mutuel Arkéa's investments are transferred, through internal swaps, to the central

interest rate unit, whose purpose is to manage the overall interest rate risk within the sensitivity limits set by the Board of Directors. Changes in the value of Arkéa Direct Bank's investments, 99% of which are fixed-rate securities, are retained in their entirety. Arkéa Direct Bank's interest rate risk is managed directly by matching assets recognized at fair value with liabilities recognized at amortized cost.

Derivative instruments negotiated with customers of the branch networks in connection with the provision of investment services represented a notional amount of €10.5 billion at December 31, 2017. The business's market risks are neutralized when these instruments are rolled over in the market, with the exception of the CVA-DVA and FVA risks described in point 4.2.2.

From a regulatory standpoint, Crédit Mutuel Arkéa's market risk is limited to the interest rate risk on the trading portfolio¹, CVA risk and currency risk. The trading portfolio is not significant since it is limited to market-making transactions for the group's debt. As for the currency risk, it should be noted that Crédit Mutuel Arkéa is not subject to the capital requirement calculation, as mentioned in point 4.4.

The aforementioned exposures relate to notes 2, 3, 4, 7 and 18 of the Crédit Mutuel Arkéa consolidated financial statements.

4.2.1 Risk organization and monitoring

Organization

Crédit Mutuel Arkéa executes market transactions by way of a trading floor that reports to the Financial Markets department. This floor is organized around three departments: treasury²-refinancing-currencies, derivatives-structuring solutions and corporate and institutional sales.

The Back Office department (Financial department) is responsible for account-keeping and transaction settlement.

The Middle Office department within 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 Executive Committee and following a meeting of the Group Risk Monitoring Committee, sets the overall framework for the level of involvement in capital markets activities each year. The detailed limits system is then determined by the group's Executive Committee after a review by the Risk Monitoring Committee.

The system is based on limits or management thresholds applied to positions, sensitivity, losses, capital adequacy requirement and additional value adjustments.

In 2017, the limits for the different portfolios were adjusted, primarily to align with activity levels.

The limits system is rounded out by a procedure to approve new products, which gives rise to a list of instruments authorized for trading

Reporting to General Management

The Risk department provides the operating departments with daily reports on the level of the indicators subject to limits. In the event the limits are exceeded, a procedure for notifying the effective managers is activated. The Risk department also regularly prepares consolidated market risk overviews for these managers

Reporting to the supervisory body

A report on risks related to capital markets activities is established for each meeting of Crédit Mutuel Arkéa's Board of Directors. It includes a presentation of exposures, results, risk indicators and an update on compliance with the limits set by the Board.

The consolidated risk overview, which includes market risk, is also presented regularly to the Risk and Internal Control Committee of Crédit Mutuel Arkéa

¹ The trading portfolio consists of positions held with the intention of being sold in the short term.

² Including the monitoring of the Crédit Mutuel Arkéa portfolio being wound down.

4.2.2 Sensitivity analyses

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 one instance, a specialized service provider was used. The valuations derived from models may be adjusted in order to take liquidity risk into account.

Also, the valuation of derivative instruments gives rise to two adjustments. In accordance with IFRS 13, the first adjustment aims to integrate the market value of the counterparty risk. The adjustment takes into account the bilateral nature of this risk, i.e. counterparty risk (Credit Valuation Adjustment - CVA) on the one hand, and Crédit Mutuel Arkéa's own credit risk (Debit Valuation Adjustment – DVA) on the other.

The second adjustment aims to integrate the financing cost of derivative instruments not subject to margin calls, that is, negotiated with customers (Funding Valuation Adjustment - FVA).

Overall, net income of €7.5 million was recognized for 2017¹.

Value at Risk

The market risk of the trading portfolio is subjected to a VaR measurement.

The method applied uses a full revaluation of positions based on a history of 250 business days.

The model is calibrated with a 99% confidence interval and a timeline of 10 business days. It was neither audited by the statutory auditors nor certified by the French Prudential Supervisory and Resolution Authority for the capital adequacy calculation. The amount obtained is therefore reported for information purposes.

The VaR amount remained zero in 2017 due to the lack of positions in the trading book.

Potential loss

Changes in the value of Crédit Mutuel Arkéa's portfolios recognized at fair value are controlled by sensitivity limits.

These daily measurements of the portfolios' sensitivity to modest standardized fluctuations in spreads and interest rates are accompanied by a monthly calculation of the potential loss.

The goal is to assess the impact on net income and shareholders' equity of tensions that might arise in markets under reasonably possible scenarios, with the impact determined on the basis of a complete revaluation of positions.

The choice of risk factors results from a detailed analysis of the portfolio composition, since a financial instrument can be sensitive to several factors.

The potential loss is estimated applying a VaR-type model based on historical data for the most recent sliding three-year period.

Two approaches can be taken:

- **spread, equity and currency risks** : the scenarios applied correspond to relative or absolute changes observed over a one-month period, with a 99% probability over three-year sliding periods
- **interest rate risk** : the potential loss applied is the historical daily VaR at 99%, extrapolated to one month.

The total potential loss is the sum of the impacts of shocks calculated for each risk.

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

- the scenarios applied to the positions are based exclusively on historical observations (stationarity assumption);
- given the difficulties in obtaining individualized historical data, aside from interest rates, the volatility of the portfolio's risk factors is estimated based on proxies, which are as granular as possible;
- adding the results of the stress tests for each risk factor leads to a prudent total amount.

The potential loss calculation performed as of December 31, 2017 showed that adverse market changes would almost exclusively affect shareholders' equity (98% of total losses) and that the portfolio was primarily exposed to spread risk (86% of the total).

¹ DVA-CVA: +€1.4 million, FVA: +€6.1 million

99% POTENTIAL LOSS AS OF 12/31/2017 (1 month horizon)

(In thousands of euros)

RISK	SCENARIO	EXPOSURE (€M)	POTENTIAL LOSS (€M)	OF WHICH, IMPACT ON NET INCOME (€M)	OF WHICH, IMPACT ON EQUITY (€M)
TOTAL			-60,5	-1,2	-59,3
RATE	SCENARIO APPLIED BASED ON HISTORICAL DATA OBSERVED	9,953	-7,7	0,1	-7,7
EQUITY	11% decrease ⁽¹⁾	6	-0,7	-0,5	-0,2
FOREIGN EXCHANGE	6% increase/decrease ⁽¹⁾	2,8	-0,2	-0,2	0,0
	TOTAL	10,162	-52,0	-0,6	-51,3
	10 bp increase in suprationals	362	-1,2	0,0	-1,2
	15 bp increase in German sovereigns	35	-0,2	0,0	-0,2
	15 bp increase Finnish sovereigns	96	-0,3	0,0	-0,3
	10 bp increase in Austrian sovereigns	104	-0,5	0,0	-0,5
	20 bp increase in French sovereigns	3,183	-27,7	0,0	-27,7
	15 bp increase in Dutch sovereigns	265	-1,4	0,0	-1,4
	20 bp increase in Belgian sovereigns	233	-0,7	0,0	-0,7
	30 bp increase in Spanish sovereigns	264	-0,4	0,0	-0,4
	30 bp increase in Portuguese sovereigns	400	-0,5	0,0	-0,5
	40 bp increase in Italian sovereigns	301	-0,4	0,0	-0,4
	10 bp increase in covered bonds	2,437	-10,6	0,0	-10,6
	35 bp increase in European financial institutions	1,390	-3,6	0,0	-3,6
	85 bp increase for redeemable subordinated debt for European financial institutions	14	-0,3	0,0	-0,3
	20 bp increase in US financial institutions	288	-0,6	-0,1	-0,5
	20 bp increase in corporates	771	-2,3	0,0	-2,3
	165 bp increase in securitizations	20	-1,2	-0,5	-0,6

(1) in relative value

Stress scenarios

The stress test calculation scope is identical to that of the potential loss. For each risk factor used, the shocks applied correspond to the most severe changes recorded over a one-year period using a historical baseline ranging from 8 to 14 years depending on available data.

It should be noted that the simplifications mentioned with respect to the potential loss also apply to crisis scenarios.

The results obtained are subject to ex-post control.

CRISIS SCENARIOS AS OF 12/31/2017 - (1 year horizon)

RISK	SCENARIO	EXPOSURE (€M)	POTENTIAL LOSS (€M)	OF WHICH, IMPACT ON NET INCOME (€M)	OF WHICH, IMPACT ON EQUITY (€M)
TOTAL			-386,6	-6,7	-379,9
RATE	SHOCKS DIFFERENTIATED ACCORDING TO MATURITY	9,953	-57,4	0,2	-57,6
EQUITY	50% decrease ⁽¹⁾	6	-3,1	-2,0	-1,1
FOREIGN EXCHANGE	24% increase/decrease ⁽¹⁾	2,8	-0,7	-0,7	0,0
SPREAD	TOTAL	10,162	-325,4	-4,2	-321,2
	Medium-/long-term	10,162	-325,4	-4,2	-321,2
	70 bp increase in supranationals	6,890	-310,4	-4,2	-306,2
	40 bp increase in German sovereigns	360	-8,9	0,0	-8,9
	115 bp increase Finnish sovereigns	32	-0,6	0,0	-0,6
	130 bp increase in Dutch sovereigns	96	-0,9	0,0	-0,9
	40 bp increase in Austrian sovereigns	265	-4,0	0,0	-4,0
	40 bp increase in French sovereigns	92	-5,0	0,0	-5,0
	215 bp increase in Belgian sovereigns	2,897	-186,8	0,0	-186,8
	70 bp increase in covered bonds	94	-6,8	0,0	-6,8
	190 bp increase in European financial institutions	2,308	-60,0	0,0	-60,0
	365 bp increase for redeemable subordinated debt for European financial institutions"	378	-10,6	0,0	-10,6
	545 bp increase in US financial institutions	134	-11,8	-2,2	-9,6
	100 bp increase in corporates	201	-9,4	0,0	-9,4
	725 bp increase in securitizations	20	-4,5	-2,0	-2,5
	Short-term	3,272	-15,0	0,0	-15,0
	125 bp increase in short-term securities	3,272	-15,0	0,0	-15,0

(1) in relative value

4.3

Structural interest rate and liquidity risks

4.3.1 Organization

The ALM function strives to manage the Group's key balance sheet ratios over a medium- to long-term horizon. In addition to allocating capital, its duties consist of measuring, monitoring and making recommendations to optimize liquidity and interest rate risk (the currency risk being marginal).

The ALM function is exercised by a dedicated and centralized unit – the Crédit Mutuel Arkéa ALM Department, reporting to the Financial department - Financial Steering, which tracks the balance sheet health of Crédit Mutuel Arkéa as a group as well as the Crédit Mutuel Arkéa institution – and by the subsidiaries' financial departments, which carry out their activities according to the standards set by the Group.

The main indicators for the banking sector are generated by the Crédit Mutuel Arkéa ALM Department. Insurance risks are monitored at the level of the insurance companies, under the control of the Group's ALM and Capital Management Committee.

ALM steering is performed at three levels:

- group-wide ALM principles and limits are set annually by the Board of Directors of Crédit Mutuel Arkéa, acting on the recommendations of the group's ALM and Capital Management Committee. The subsidiaries' limits are adopted by their respective supervisory bodies in accordance with the framework defined at the Group level,
- the ALM and Capital Management Committee executes strategic planning and controls the exposure of the Group and its components. Chaired by the Group's Chief Executive Officer, it met seven times in 2017,
- the Operational ALM committees of the group and the subsidiaries are responsible for the day-to-day ALM of the corresponding entity, by delegation of authority and based on guidelines defined by the group ALM Committee. The Group Operational ALM Committee meets monthly.

Financial market transactions are carried solely by Crédit Mutuel Arkéa, which enables it to control and optimize the Group's liquidity and interest rate risk management. Hedging decisions taken by banking entities are undertaken exclusively through Crédit Mutuel Arkéa.

The reporting information related to the principal ALM indicators is integrated into the dashboards prepared for the General Management of Crédit Mutuel Arkéa, the Risk and Internal Control Committee and the Board of Directors. Any breach of a Group limit must be notified to the Crédit Mutuel Arkéa Board of Directors and General Management and brought into compliance immediately (barring a specific reasoned decision to the contrary accompanied by a timeline for coming back into compliance with the limit where appropriate).

4.3.2 Interest rate risk on the banking and insurance portfolio

Interest rate risk means the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates. It may result from maturity differences between fixed-rate sources and applications of funds, a difference in benchmark indices (basis risk) or the exercise of options (such as caps and floors).

Banking portfolio

Assessment and monitoring

Interest rate risk is assessed and monitored for the consolidated banking scope and for each entity within that scope. All balance sheet and off-balance sheet positions, notably financial instruments (swaps, etc.) and forward-start facilities, are integrated into the risk assessment.

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

- Net present value (NPV) sensitivity is an indicator provided for in the CRD 4 directive. Expressed as a percentage of capital, it measures the change in the net present value of the balance sheet for a 200 basis point increase or decrease in interest rates. Applicable regulations set a 20% threshold for interest rate expo-

sure; they are being revised to incorporate the recommendations of the Basel Committee (increase in the number of interest rate shock scenarios, lowering of the threshold for interest rate exposure to 15% of Tier 1 capital, etc.). Calculation methods take into account the guidelines published in May 2015 by the European Banking Authority. As of December 31, 2017, the group's NPV sensitivity was +1.1% of capital for a 200 bp decrease in interest rates and -5.4% for a 200 bp increase in rates.

- Interest rate gaps consist of projecting outstandings with a known interest rate based on their contractual characteristics (maturity date and type of amortization) or modeling their maturity flows. A modeling of maturity flows is necessary when the amortization profile is not known (products with no contractual maturity such as current accounts, savings accounts and shareholders' equity) or when embedded options are included in the customer products (early loan repayments, etc.). With the exception of reserves, whose maturity flow is standardized, the modeling is based essentially on an analysis of past customer behavior. In the case of early repayments, it takes into account a possible correlation between market interest rates and early repayment rates.

Interest rate gaps are produced for the group using different interest rate scenarios, based on continuity of business or applying a stress factor.

As of end-2017, interest rate risk exposure was limited: the maximum transformation position resulting from the gap under the standard scenario represents nearly 3% of the bank balance sheet.

- 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 interest rate gaps and the impact of options risks (measuring the effect of the activation of caps and floors on the net interest margin).

As of December 31, 2017, interest margin sensitivity remained under control; the maximum annual impact for a 100 basis point increase in interest rates was less than 1% of NBI. This level is consistent with the Group's policy.

Other static indicators are produced to monitor basis risk and the risk associated with the exercise of explicit options on customer loans (capped interest rate).

Dynamic indicators are also produced to determine the impact of future production on interest margin in the Group's core economic scenario and based on different stressed rate environments.

Management

Crédit Mutuel Arkéa acts as the central interest rate unit for the entire banking scope. The interest rate position of the banking entities is fully backed by this central interest rate unit, which manages the Group's hedging levels on the markets in line with the standards set by the ALM and Capital Management Committee and the Board of Directors and with the level of exposure defined by the Group's Operational ALM Committee (in keeping with the Group's core economic scenario).

When the risk arises from a difference in the type of interest rate (e.g. between assets with fixed rates and liabilities with adjustable rates), the hedge is performed mainly through macro-hedge swaps.

If the risk is optional in nature, the hedge must be in the form of an option; hedging credits with capped variable rates is therefore ensured using interest rate caps.

Macro-hedge transactions are generally justified as fair value hedges under IFRS on the basis of credit and deposit portfolios. Accounting documentation and effectiveness tests are generated as soon as the hedge is established and updated regularly in order to ensure the quality of the hedge and limit the impact on the Group's IFRS results.

In the current low interest rate environment, the Group continues to adopt a conservative policy, with assets and liabilities well matched up in terms of interest rates. It therefore has low interest rate exposure in order to protect its margins, which is corroborated by the level of the standard gap and interest margin sensitivity indicator

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 decreasing interest rates.

Persistently low interest rates could put downward pressure on the net margin generated by Suravenir, affecting its profitability and ultimately its solvency. 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 2017. As of December 31, 2017, the risk going forward pertained to an average guaranteed return, as defined in Article A-331-2 of the French Insurance Code, of 0.22%, well below the average actuarial rate of return on Suravenir's fixed-rate bond portfolio.

■ The risk of rising interest rates.

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 can affect shareholders' equity or earnings. Thus at end-2017, a 100 basis point increase in rates would have a €13.7 million negative impact on Suravenir's earnings, and shareholders' equity would decline by €139 million.

The second risk related to a significant and sustained increase in interest rates is a growing number of redemptions by policyholders on the euro-denominated funds, as the returns on these policies become less competitive relative to other investments. In that case, in order to make the necessary adjustments to managed assets, the company may need to sell assets. If it sells fixed-rate assets, it could incur capital losses. To avoid this risk, Suravenir maintains a considerable amount of variable-rate bonds and options (cap,

spread cap and duration-adjusted cap) in its portfolio. These financial instruments also enable the returns on Suravenir's euro-denominated funds to converge more quickly toward the returns offered by other savings products, thereby limiting redemption risk. As of December 31, 2017, some 34% of the bond portfolio in general assets was hedged against an increase in interest rates

4.3.3 Liquidity risk

Liquidity risk is the risk that the reporting company will not be able to meet its obligations or to unwind or offset a position because of its position or the market situation within a specified period of time and at a reasonable cost.

It arises from a maturity gap between uses and resources.

It may result in an additional burden in the event of an increase in liquidity spreads; in its most extreme form, it could result in the institution being unable to honour its commitments.

The Group is historically vigilant and prudent in the face of this risk.

Banking portfolio

Assessment and monitoring

Liquidity risk is measured and monitored in the consolidated banking perimeter and in each of its component entities. They are mainly structured around three elements:

- liquidity gaps;
- liquidity ratios (regulatory and non-regulatory),
- limits on refinancing volumes (particularly short-term) and liquid assets.

Liquidity gaps, calculated at least quarterly, include all balance sheet items (all financial and non-financial assets and liabilities) and off-balance sheet items impacting the Group's liquidity (overdraft authorisations, etc.). They are established on the basis of static scenarios (without the assumption of new production), and supplemented by dynamic scenarios in order to estimate refinancing needs for the various maturities.

Static gaps are produced according to a standard scenario and a crisis scenario. The latter is characterized in particular by assumptions of leakage of commercial resources, drawdowns of certain off-balance sheet liquidity agreements or differentiated levels of liquidity of financial securities held depending on their nature. These assumptions are consistent with the principles and rules adopted by the European Union on the Liquidity Coverage Ratio (LCR).

Based on the crisis scenario, the group has set itself a minimum credit backing rule over the next five years, with a level of between 100% and 80% depending on maturity. This objective was met throughout 2017.

Several ratios are particularly followed:

- the LCR is a liquidity ratio provided for in the CRD 4 and CRR texts (transposing the «Basel III» proposals into a European standard). It measures the ratio between liquid assets and net cash outflows at 30 days under a stress scenario. The minimum level required is set at 80% in 2017 and 100% in 2018. The group met the minimum regulatory requirement throughout 2017 with significant room for manoeuvre. At the end of 2017, the LCR ratio stood at 117%;
- the NSFR (Net Stable Funding Ratio) is also a liquidity ratio provided for in CRD 4 and CRR. It checks the coverage of stable uses by stable resources. The minimum level required is 100%. This ratio is in the process of being applied at European Union level, with a regulatory requirement expected from 2019. Simulations carried out at the end of 2017 show a ratio above 100%;
- The commitment ratio measures the proportion of loans financed by bank deposits and, consequently, dependence on the financial markets. The ratio of gross loans to deposits reached 103% at the end of 2017.

Short-term refinancing volume limits (overnight and three-month limits) are defined to limit the impact of a non-renewal of these lines in the event of market tensions. These limits were respected throughout 2017. In 2018, they are supplemented by a limit on the amount of annual medium- and long-term refinancing instalments.

In addition, the group has acquired additional indicators to ensure its resilience in situations of strong tensions on the financial markets or with clients. The qualitative assessment of these indicators shows a low and controlled risk thanks to a high level of coverage and a large liquidity reserve.

Refinancing Program

Crédit Mutuel Arkéa acts as a central refinancing institution on behalf of all the group's banking entities. It thus manages a portfolio of resources that it makes available to banking entities.

The Group's refinancing program is drawn up annually and updated on a quarterly basis in the light of changes in commercial activity and forecasts. It aims to respect the various limits set by the Board of Directors, in particular the minimum backing rule in crisis scenarios, and takes into account:

- the risk of maturity concentration,
- the level of collateral available for emissions from secured vehicles. A limit on the mobilisation of assets has been adopted in order to preserve the emission capacities of these vehicles and protect the quality of the group's senior debt,
- the need to animate the group's signature on the markets in order to maintain a regular presence with investors,
- capital requirements and senior debt in the context of solvency ratios (usual ratios and those resulting from the Banking Resolution Directive).

The program also takes into account investor appetite and preferred issuance periods. In 2017, the group borrowed 3.1 billion euros over maturities exceeding one year.

Crédit Mutuel Arkéa has developed a policy of diversifying its refinancing channels and has:

- a short-term refinancing program (1.9 billion in CDN outstanding),
- unsecured medium and long-term refinancing programs (1.7 billion in outstanding senior debt, 1.8 billion in EMTN and 0.1 billion in BMTN),

■ secured long-term refinancing programs through two funding vehicles: a home finance company (Société de Financement de l'Habitat – SFH, with €5 billion in outstandings issued and guaranteed by mortgage loans) and a mortgage-backed lending company (Société de Crédit Foncier – SCF, with €1.1 billion in outstandings issued and backed by exposures on public-sector authorities) ;

■ unsecured or secured interbank loans through the assignment of loans to Caisse de Refinancement de l'Habitat (€0.5 billion), the European Investment Bank (€0.6 billion) or Caisse des Dépôts et Consignations (€1 billion).

The terms of the debt securities issues are carefully considered. In addition to the usual clauses, these agreements may include an early repayment option at the Group's discretion. They do not, however, include an early repayment clause at the discretion of the counterparties. The Group therefore controls the maturity schedule of these agreements and can, in the case of certain securities, repay them in advance.

The Group nonetheless strives to limit its dependency on financial markets. The increase in bank deposits – from individuals, companies and institutional customers – thus reached almost €2.3 billion in 2017.

Emergency financing plan and liquidity reserves

The Group's emergency financing plan is updated and validated each year by the Capital and Balance Sheet Management Committee.

The triggering of the plan is determined according to various qualitative and quantitative indicators: forecast cash flow, refinancing and Crédit Mutuel Arkéa market situation, etc. A Crisis Treasury Committee, meeting at least once a week the heads of the main structures concerned (trading room, middle and back office, finance, financial management and ALM), ensures crisis management and decides on operations to be carried out with the Central Bank and on the markets; it may also propose commercial actions to the Executive Committee. The main axiom, in connection with the survival time indicator, consists in financing projected cash requirements via the mobilisation of cash reserves (notably from the Central Bank).

The Group thus has significant liquidity reserves to protect against market closures. These are set up to comply with the various limits set by the Board of Directors, including the survival time limit.

Binding rules have been enacted in order to have cushions available quickly in the event of a crisis:

- securities held by Crédit Mutuel Arkéa with a maturity of over 6 months must be highly liquid (i.e. eligible for the LCR numerator) and/or eligible with the European Central Bank, and included in the so-called «3G» asset pool,- la disponibilité des titres éligibles auprès de la Banque centrale doit être testée chaque année afin de s'assurer de l'absence de difficulté de mise en œuvre dans des délais restreints,
- the amount of liquidity reserves and the level of use of eligible collateral in the Central Bank are subject to a specific limit.

At the end of 2017, liquidity reserves - including available cash - are abundant since they represent twice the needs required under the LCR.

Insurance portfolio

Liquidity risk arises when the company is forced to sell assets following a wave of massive redemptions. This risk is assessed by studying liquidity gaps that compare asset flows (coupons/repayments..) to liability outflows, in a central scenario and a stressed scenario (tripling of asset repurchases/deterioration of valuation).

In the event of a cash shortfall, Suravenir may repo securities, in particular those eligible for ECB refinancing, at their market value adjusted by a haircut, in order to have additional liquidity. As of December 31, 2017, the studies conducted show that in the deterministic stress scenario, Suravenir could face a tripling of redemptions without experiencing liquidity problems.

4.4

Foreign exchange risk

Currency risk is defined as the risk that the fair value of or future cash flows from a financial instrument will fluctuate with changes in the value of foreign currencies.

The Group's currency exposure remains very limited with a total combined exposure set at €5 million equivalent. In fact, as it never represents more than 2% of the Group's capital, it is not subject to a regulatory capital requirement as stipulated in article 351 of Regulation (EU) 575/2013.

The Financial Markets department is responsible for hedging foreign exchange risk either at its own initiative or at the request of the entities affected.

An analysis of foreign exchange position sensitivity is included in point 4.2.2



4.5

Risk to equities

and other variable income securities and risk to investment securities

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

Also, some unlisted variable-income securities are exposed to real estate risk, which arises in the event of an adverse change in the valuation of the underlying real estate assets.

The fair value of the equities and other variable income securities portfolio recognized in the Group's IFRS-compliant financial statements totaled €18.2 billion as of December 31, 2017. For the purpose of analyzing the risk related to this portfolio, it is necessary to distinguish three parts:

- the first part, whose total fair value is €14.0 billion, includes €9.6 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 €4.4 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 is €1.1 billion, consists mainly of proprietary investments by Suravenir and Crédit Mutuel Arkéa totaling €0.6 billion and €0.2 billion, respectively, as well as investments by Arkéa Capital Investissements and by Arkéa Capital Partenaires totaling €0.3 billion.

- the third, whose total fair value is €3.1 billion, corresponds to the consolidation of shares held by non-controlling interests of mutual funds (OPCVM) controlled by the group, and results from the application of IFRS 10.

The group also holds a portfolio of investment securities whose fair value was €848 million as of December 31, 2017. These securities are held for the medium or long term in order to generate a capital gain or to facilitate the development of long-term economic relations with the issuing companies or to exercise influence over them.



4.6

Operational risk

The concept of operational risk adopted by Crédit Mutuel Arkéa group covers all risks included in the definition of the Basel III regulation and the administrative order of November 3, 2014.

The administrative order of November 3, 2014 defines operational risk as "the risk of loss arising from inadequacies or failures of processes, personnel or internal systems or external events, including legal risk; operational risk includes in particular risks related to events with a low probability of occurrence but a high impact, internal and external fraud risks (...) and model-related risks."

Given this regulatory context and internal requirements, Crédit Mutuel Arkéa group deployed a dedicated system for controlling operational risk and of 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" management function

Organization

Crédit Mutuel Arkéa decided to apply its operational risk control system to all its components, even those not directly subject to Basel III regulations (life and non-life insurance subsidiaries, etc.).

The overall framework for controlling operational risk is based on functional management provided by the Operational Risk department, which is part of Crédit Mutuel Arkéa's Risk department.

This department consolidates results and oversees changes in operational risk for the entire Group. In order to perform this task and in its capacity as the functional head of the "operational risk" management function, the department relies on operational risk correspondents, who report directly to each subsidiary's management team, and on a team formed within the department to manage and monitor the operational risks of the Crédit Mutuel Arkéa credit institution (central departments, CCM and departments of the Crédit Mutuel federations). The Operational Risk Correspondent is the conduit for the Operational Risk department for implementation of the operational risk control policy within each unit

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

- updating the operational risk maps by incorporating their self-assessments;
- collecting information on losses;
- modeling operational risk as part of the capital requirements calculation;
- implementing emergency and continuity of activity plans;
- IT systems security;
- managing external fraud prevention efforts.

Reporting

Quarterly reports are established by Crédit Mutuel Arkéa's Risk department and submitted, in different formats, to the following recipients

- Group Risk Monitoring Committee,
- Group Executive Committee,
- Crédit Mutuel Arkéa Risk and Internal Control Committee,
- Crédit Mutuel Arkéa Board of Directors.

These reports cover three main topics :

- losses observed ;
- results of emergency and continuity of activity plan tests;
- the self-assessment of risks shown on operational risk maps.

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 of all incidents following the occurrence of a demonstrated operational risk

Operational risk self-assessment

The operational risk self-assessment is based on an internal process known under the French acronym PRDC, which describes the four components: process, risk, risk management system and second-level permanent control. This process enables the construction of the PRDC guidelines, whose goals, presented for each step, are :

- Process: definition and description of the processes; the most important ones are presented in the form of a flow chart ;

- Risks: identification, assessment and ranking of operational risks;
- Systems: identification and assessment of systems for managing inherent risk (resources used to mitigate risks or their impacts) classified by type (procedures, first-level operational control, tools, training, alerts, insurance, business continuity plans) ;
- Second-level permanent controls: verification and assessment of the relevance and effectiveness of risk management systems attached to the processes.

The construction of these guidelines is based on:

- an internal catalogue of processes;
- a catalogue of risks, replicating the Basel III risk map ;
- mapping of Crédit Mutuel Arkéa's entities (organization chart) ;
- mapping Crédit Mutuel Arkéa's IT applications.

Process

A series of chronological tasks known as key stages used in the production or processing of information, products or services.



Operational risk

the risk of loss arising from inadequacies or failures of processes, personnel or internal systems or external events, including legal risk; operational risk includes in particular risks related to events with a low probability of occurrence but a high impact, internal and external fraud risks (...) and model-related risks." Administrative order of November 3, 2014



System

Risk management system implemented before completion of a process.
First-level control, procedure, indicator, training, BCP, insurance., etc.



Permanent control

Ex post control of the effectiveness of systems

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 eight levels of frequency and ten levels of severity.

The method covers all of Crédit Mutuel Arkéa's activities. The processes and related risks of the support activities have also been modeled. Given the high degree of process computerization, the effectiveness of the risk management systems pertaining to the IT system is closely examined.

Disclosure of incidents that have occurred

Crédit Mutuel Arkéa collects information on these incidents in a dedicated internal application. This application is based on the above-mentioned risk processes.

The overall financial impact of incidents reported in 2017 was €9.5 million, down 17% from €11.4 million in 2016. This decline mainly concerns the "process management" category and more specifically in relation to credit, with the cost of incidents reported in 2017 standing at €1,062 thousand versus €2,609 thousand in 2016.

4.6.3 Operational risk modeling

Organization

Since January 1, 2010, the overall Crédit Mutuel network has been authorized to use its advanced measurement approach to calculate regulatory capital requirements with respect to operational risk and since 2012 to apply the insurance deduction.

Crédit Mutuel Arkéa actively participates in projects initiated by the overall Crédit Mutuel network at the national level. In that regard, dedicated resources are allocated to the annual review of risk maps and expert opinion models as well as to the statistical modeling and calculation of regulatory capital requirements. This allows the Group to retain the requisite expertise and responsiveness for modeling operational risks and quantifying their capital requirements.

Crédit Mutuel Arkéa also inputs the risk indicators for so-called severe risks and loss distribution for so-called frequent risks into the capital requirements calculation performed at the level of the overall Crédit Mutuel network.

Quantification

In order to quantify operational risk, two modeling approaches have been chosen :

- for so-called frequent risks, which have been identified in loss histories and whose projected severity by experts is not likely to result in a major unexpected loss, the "Loss Distribution Approach" (LDA) technique is used
- for other so-called severe risks, the analysis performed by the Group's experts consists of implementing scenarios that call for the input of risk indicators. These indicators underpin the conditional probability models based on each scenario

The approach is rounded out by the recognition of correlations between the various risks in order to arrive at the capital requirements and the application of the insurance deduction.

The overall capital requirements are then allocated among the various entities of the Crédit Mutuel network. For Crédit Mutuel Arkéa, regulatory capital requirements related to operational risk totaled €155 million at end-2017.

Insurance

The overall Crédit Mutuel network has been authorized by the French Prudential Control and Resolution Authority to use insurance deductions for hedging operational risks

Insurance is therefore fully integrated into the risk management approach :

- the assessment of operational risks leads to the production of scenarios of severe risks,
- asymmetries between insurance coverage and the scenarios produced are analyzed,
- insurance programs can then be better adapted to the risk profile identified (covered scope, coverage amount).

Insurance coverage currently used in the deduction process includes coverage related to :

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

Crédit Mutuel Arkéa's insurance programs comply with the Basel III eligibility criteria (rating, initial term, residual term, advance cancellation notice, etc.).

4.6.4 Crisis management and business continuity

The emergency and continuity of activity plan, as it is called in the administrative order of November 3, 2014, aims to provide rapid solutions in the event of a crisis in order to minimize the impact of a major incident on the activities of Crédit Mutuel Arkéa or its customers. Targeted activities include essential or important services and operations as defined under applicable regulations.

This system is triggered 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

In keeping with Crédit Mutuel Arkéa's crisis management procedure, the Group emergency and continuity of activity plan is based on the following two plans :

- the Crisis Management Plan
- the Business Continuity Plan for business lines and support functions.

The "Crisis Management Plan" 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 emergency and continuity of activity 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 an emergency and continuity of activity plan manager, who takes responsibility for the implementation and operational maintenance of the entity's plan.

The overall consistency of all emergency and continuity of activity plans 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 emergency and continuity of activity plan is the person responsible for the Operational Risk department.

A business line continuity plan is developed to respond to five crisis scenarios :

- scenario 1: unavailability of offices offices destroyed, unusable or inaccessible
- scenario 2: unavailability of IT systems incident involving the central system or a server, network or application
- scenario 3: unavailability of employees personnel incapable of working (anywhere, including at home)
- scenario 4: unavailability of power and telecommunications power or telecommunications outage
- scenario 5: unavailability of key suppliers external or internal suppliers who are indispensable for essential activities

Each scenario includes three phases :

- 1 – Emergency measures,
- 2 – Workaround solutions,
- 3 – Return to normal.

The emergency and continuity of activity plan 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 acts that may incur the group's liability in connection with its activities.

The Group's Legal department is a unit of the Development Support division, which is under the responsibility of the Associate Executive Officer who is also a member of the Executive Committee.

Crédit Mutuel Arkéa group is subject to all regulations applicable in particular to companies in the banking, insurance and financial services sectors. In an environment marked by significant regulatory tightening, which places additional constraints on business activities and therefore heightens the legal risks, the legal function has an overall view and the ability to intervene over a wide-ranging area.

To that end, the Head of the Group Legal department relies on a centralized team of more than 40 legal experts in addition to the legal advisors working at the subsidiaries. To promote efficiency, the litigation activity of the networks was centralized in order to ensure that case management is homogenous and optimal. Meanwhile, the Legal department has added to its staffing and continued to fine-tune its management policy for outside legal counsel.

Lastly, the Legal department adopted a new legal charter which took effect in December 2017 and establishes a new structure for the legal function. This new organization is based mainly on a mechanism for coordinating and sharing information and best practices through the creation of a Legal Coordination Committee made up of all the group's legal directors.

The Group set aside provisions for pending legal risks as of December 31, 2017 that could negatively affect its net assets. These provisions reflect General Management's best estimate based on available information.

Only seven cases involved amounts greater than €1 million for a total amount of €42 million. The corresponding provisions totaled €1.6 million. A provision of €0.3 million has been set aside for the largest claim, which combines four cases for a total of close to €17 million insofar as, first, the facts have not been established by the plaintiffs and, second, a favorable decision was handed down on November 22, 2016.

Based on these factors, no litigation is likely to affect Crédit Mutuel Arkéa's financial situation significantly.



4.8

Compliance risk including money-laundering risk

Compliance risk is defined as the risk of a court-ordered, administrative or disciplinary penalty or of significant financial loss or injury to reputation resulting from non-compliance with: i) directly applicable national or European legislative or regulatory provisions governing banking and financial activities; ii) professional and ethical standards; iii) instructions from the effective managers taken pursuant to the orientations set by the supervisory body.

Compliance risk is an operational risk because of its potential cause (dysfunction due to personnel, procedures, systems or external events). However, it differs in its consequences, which are not merely financial but may prove even more damaging, mainly by generating reputation risk.

Compliance risk differs from legal risk, which relates to potential contractual liability, in that it involves the adverse consequences of failure to comply with rules governed mostly by laws and regulations. A compliance risk may nevertheless create a legal risk.

For these reasons, Crédit Mutuel Arkéa treats compliance risk as such.

The goal of compliance is to provide reasonable assurance that the compliance risks related to the following four priorities will be prevented and controlled :

- financial security, which includes anti-money laundering and counter-financing of terrorism, the integrity of the markets and the process for addressing market abuse;
- professional conduct and ethics, which cover conflicts of interest, whistle-blowing and rules of good conduct, as well as anti-corruption and influence peddling
- protection of customers' interests, which involves know your customer, the right to a bank account, banking mobility, customer complaint processing, banking inclusion, compliance of products and services, compliance of investment services, and service management;
- tax transparency, the purpose of which is to strengthen inter-governmental cooperation to limit tax evasion on capital

Financial security :

- Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT)

In accordance with the principles of the Fourth European Directive, the group's money-laundering and terrorism financing risks are covered in a special risk classification.

The anti-money laundering and counter-financing of terrorism system was adjusted over the course of 2017 to align with regulatory requirements. Work was completed on the transaction monitoring applications and on know your customer due diligence at the time of new customer relationships and throughout these relationships.

In 2017, efforts were focused mainly in the following areas :

- updates to the AML/CFT risk classification, broken down based on the four regulatory objectives, and more specifically the expansion of risk factors taken into account in calculating the inherent risk level related to customer profiles;
- updates to the AML-CFT country classification which applies to all group entities for its international activities. These updates were made after an analysis of the publications by the FATF and French and European authorities on countries that are non-cooperative tax havens or that impede AML/CFT or countries under international sanctions;
- improvements to the oversight system for transactions to reflect the risk classification. To that end, the configuration of the rules implemented in the industry software NICE Actimize was revised in 2017 to improve its relevance;
- ongoing training of new local savings bank managers by an AML/CFT expert from the Compliance and Permanent Control department. This training supplements the semiannual training sessions dedicated to AML/CFT organized by the Compliance and Permanent Control department in the networks;
- identification of politically exposed persons residing in France (see Fourth European Directive);
- implementation of an annual on-site meeting between the AML/CFT coordinator from the Compliance and Permanent Control department and the AML/CFT manager at each of the subsidiaries subject to AML/CFT;

- quality and oversight of the know-your-customer files: optimization of the IT tools for document and data collection, enhanced oversight of customer file compliance by the networks by level of AML/CFT risk, strengthening of the system for monitoring customer file compliance with AML/CFT alerts. Customer file compliance is monitored regularly. A quarterly report that incorporates the action plans implemented in the CCM networks is sent by the Compliance and Permanent Control department to the executive body.

- As is the case each year, procedural rules were updated in line with regulatory changes (including the Fourth European Directive and the fund-transfer regulation), and staff members received training in these areas

In 2017, changes were made to the group's investment services compliance system which is governed by the AMF General Regulation.

Accordingly, to take into account the entry into force of the market abuse regulation (MAR), the following systems were amended :

- Procedure for detecting and reporting suspected market abuse transactions: updates to definitions, warning signs, transaction controls and applicable sanctions. Additionally, a tool was rolled out to detect potential market abuse. It will generate the appropriate alerts and ensure the traceability of the analyses performed,
- Framework procedure for the publication of the financial statements and management of inside information: in particular clarification was provided on how long information should be considered inside

Changes were also made to the information systems to improve the collection of information related to know-your-customer and to its objectives.

The work also concerned compliance with requirements related to MiFID 2, which aims to strengthen investor protection and market transparency and had a significant impact on Crédit Mutuel Arkéa in terms of its offerings and advice, product governance, registrations, information on costs and charges, and transaction reporting;

Professional conduct and ethics:

- Whistleblowing

In 2017, in accordance with the Sapin II law of December 9, 2016 and

with the decree of April 19, 2017 on whistleblowing procedures, the following changes were made to the whistleblowing system, which allows all group employees, including managers, to raise questions about any problems they might observe, while performing their duties, in the implementation of compliance obligations with respect to activities inherent to the entity's corporate purpose :

- Recognition of the fundamental nature of the whistleblowing right,
- Definition of the scope: what is the substance of this right, who can be a whistleblower,
- Procedures for implementing the right

- Anti-corruption and influence peddling

In 2017, Crédit Mutuel Arkéa adopted an anti-corruption and influence peddling system based on:

- Internal regulations that include a code of conduct for the risks of corruption, influence peddling and collusion and that contain provisions specific to people working in businesses likely to lead to conflicts of interest or who have access to inside information ("relevant persons" and "permanent insiders"). Since the end of 2017, the internal regulations have included a disciplinary action policy in the event of violations of the code of conduct,
- A whistleblowing system accessible to employees,
- Implementation of a procedure for verifying the integrity of customers, suppliers, partners, intermediaries, and BtoB,
- Performance of internal controls,
- A purchasing policy that includes group framework agreements and a supplier code of conduct, a recommendation committee for selecting suppliers,
- Mapping of corruption risks,
- Accounting control procedures,
- A training system: the initial training courses were held at the end of 2017 and will continue throughout 2018.

Protection of customers' interests

Several group frameworks establish the rules group entities must follow to protect the customer's interest, from product design and marketing tools to the choice of partners, and from the practices used to market products or services (advertising, pre-contractual information) to contract termination (duty to advise) and complaint processing. Several group frameworks were changed in 2017.

-Some of the frameworks were changed in 2017 in order to incorporate regulatory developments:

- The framework governing the procedures for implementing basic account rights,
- The framework governing banking mobility,
- The framework for processing customer complaints.
- The framework for prior compliance approval: Due mainly to the entry into force of MiFID 2 in January 2018, significant work, having a major impact on our offerings, advice or product governance, was conducted in 2017 to strengthen investor protection and market transparency.

-Other frameworks were changed to incorporate internal developments:

- Identification of and support for financially vulnerable individuals: The Banking Inclusion Coordination Committee was created in 2017. This body established to govern the framework for financially vulnerable individuals will develop an action plan that will be monitored by the committee as well as by Crédit Mutuel Arkéa's Compliance and Permanent Control Committee.
- Customer complaint processing: In addition to the community of practice that, in 2017, brought together the heads of the customer relations departments and compliance officers to discuss regulatory developments and share their best practices, tools and experiences, a Customer Complaint Analysis and Quality Committee was created. It will bring together the departments with expertise on the subject once a quarter to analyze complaints with the dual objective of meeting regulatory requirements and improving customer satisfaction.

- Service management: the procedure that governs the contracting, management and monitoring of the services that the group outsources is now based on a set of services standards rolled out in 2017 to harmonize and simplify practices within the group and facilitate management of provider relationships.

Tax transparency

Crédit Mutuel Arkéa has frameworks in place that formalize the due diligence to be conducted to comply with its FATCA, OECD/CRS and Qualified Intermediary obligations.-

In 2017, the Qualified Intermediary and FATCA authorizations were renewed by the US Internal Revenue Service.

All of these frameworks have also been revised to account for the changes made to these regulations, in particular in light of the new version of the Qualified Intermediary authorization (ref. 2017-15) and the publication of decree no. 2016-1683 of December 5, 2016 on OECD/CRS.

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

- the Group;
- each Group entity and subsidiary.

Crédit Mutuel Arkéa has assigned the task of defining, organizing and managing the legal and regulatory monitoring system to the Legal department. This system covers the full range of issues pertaining to banking law and various legal areas that could potentially affect the banking activity.

In order to strengthen the recognition of compliance risk in light of regulations applicable to the protection of personal data, this activity was organized in 2011 through the adoption of the system proposed by the CNIL (French data protection authority) of having a Privacy Officer. In addition, to implement this data protection system, a central CNIL-privacy officer team was created and reports directly to the group's Legal department. This team brings together a network of 35 local CNIL contacts within the group's scope.



4.9

Risks specific to the insurance business

4.9.1 Underwriting risks of life insurance

Suravenir is exposed to underwriting risk in connection with its life insurance and protection insurance business.

Underwriting risk means the risk of loss or of adverse change in the value of insurance liabilities. This results from an increase in claims that was not anticipated at the time of pricing, risk acceptance or risk monitoring (provisioning risk).

To manage and monitor these risks, Suravenir has established underwriting and provisioning policies that have been implemented by the company's departments.

Regarding the provisions established in connection with these risks, the allocation of the various underwriting provisions stipulated in the French Insurance Code depending on the nature of the products and therefore on the group's commitments is presented in note 22 to the consolidated financial statements as of December 31, 2017 (page 119 of the Registration Document).

The main underwriting risks associated with Suravenir's activities are described below.

Surrender and arbitrage risks

Surrender risk (lapse risk) is the risk of loss or of adverse change in the value of insurance liabilities resulting from an increase or decrease in life-insurance policy surrender rates or in early repayment rates for borrower's insurance. This risk also exists when policyholders switch between unit-linked and non-unit-linked vehicles.

This risk is the principal underwriting risk in life insurance.

Biometric risks

The main biometric risks applicable to the insurance policies marketed by Suravenir are :

- **Mortality risk:** Mortality risk means the risk of loss or of adverse change in the value of insurance liabilities resulting from an increase in mortality in the borrower's insurance activity and the individual protection insurance activity.
- **Risk of incapacity/disability:** The risk of incapacity/disability corresponds to a loss or adverse change in the value of insurance liabilities resulting from an increase in accident and sickness claims leading to a temporary or permanent incapacity subject to claim payments. These risks are associated primarily with the borrower's insurance activity but also with the individual protection insurance activity
- **Longevity risk:** Longevity risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from an increase in life expectancy over the course of the life-insurance policies in the portfolio.

Risk of an adverse change in insurance company expenses

Suravenir's overhead is included in the pricing of its insurance policies. An adverse change in the expenses Suravenir could incur in the future to acquire and manage insurance policies could therefore lead it to underestimate the amount of premiums paid by policyholders.

Catastrophe risk

Catastrophe risk is defined as the risk of loss or of adverse change in the value of insurance liabilities attributable to a sudden event that directly causes serious harm to policyholders and which could be related to a natural phenomenon, human intervention or a combination of the two within the scope of the borrower's insurance activity, the individual protection insurance activity and the guaranteed minimum for certain life-insurance policies.

Risk management and monitoring systems

Underwriting risk is measured and controlled with the following processes :

- Pricing analysis through cost-benefit studies for new products/partnerships or any change in the existing offering, prior to their launch
- Exposure analyses to ensure that risk exposure remains within the risk limits set by Suravenir's management bodies,
- Development of the reinsurance plan in order to limit certain exposures to protect solvency and reduce the volatility of financial results,
- Review of underwriting provisions,

Pursuant to IFRS 4, Suravenir performed a Liability Adequacy Test (LAT) as of December 31, 2017, which clearly showed that total insurance liabilities measured in accordance with French generally accepted accounting practices exceeded their fair value taking into account the redemption option embedded in the policies.

Reporting

Suravenir prepares a quarterly underwriting risk report and submits it to :

- its Risk Committee
- its Solvency 2 Committee and Supervisory Board
- the Cr dit Mutuel Ark a Risk Monitoring Committee

4.9.2 Underwriting risks of non-life insurance activities

Suravenir is exposed to underwriting and provisioning risks in connection with the non-life (mainly health, car and home) insurance business.

Underwriting risk exists when the pricing of the guarantees granted proves inadequate to cover the insurance liabilities. Within this risk, a distinction is made between the concepts of under-pricing risk, catastrophe risk, and anti-selection risk.

Provisioning risk relates to inadequate underwriting provisions on the liabilities side of the balance sheet.

These risks are monitored and managed within Suravenir Assurances on the basis of an underwriting and provisioning risk management policy

Underwriting risk in non-life insurance

The underwriting risk in non-life insurance is the risk of an adverse profitability trend in insurance products due to inadequate rules on acceptance, pricing and/or reinsurance coverage for the guarantees offered to policyholders.

Underwriting risk consists of three risk sub-types :

- Under-pricing risk which occurs when guarantees are not priced in accordance with the portfolio's profitability objectives. This risk relates to the design of new products and to changes in the offering and/or pricing,
- Anti-selection risk which leads to the excessive underwriting of an undesired risk through inappropriate pricing.

These risks are notably managed and controlled via regular monitoring of technical indicators on the portfolios. In particular, this monitoring involves an analysis of :

- monthly subscriptions and subscriptions aggregated by product and distributor ;
- the segmentation of the portfolio by product and its changes;
- changes in the loss ratio (claims/premiums) by product and by distributor;
- the average premium, average costs and frequency of claims per coverage.

The monitoring and analysis of these data make it possible to define and implement appropriate policies :

- modification of the subscription policy with respect to rate-setting, selection, adjustments to products and coverage provided,
- targeting of initiatives by geographic area and by distributor.

- Catastrophe risk, which stems from the occurrence of extreme or exceptional events. Coverage of these potential losses remains the major objective of reinsurance coverage (see "Reinsurance mechanism").

If an exceptional weather event – i.e. one with a statistical probability of occurring once every 200 years – occurs (a storm whose claims payments to policyholders is about €115 million), the reinsurance program is structured such that the residual expense for Suravenir Assurances is limited to €7.5 million, in accordance with the risk appetite framework defined by the Board of Directors of Suravenir Assurances

Provisioning risk

Provisioning risk is the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate provisioning assumptions.

This risk is intrinsically related to underwriting risk, as the monitoring of provisions must be consistent with the management of the risks and claims related to the coverage sold.

Provisioning risk is managed and controlled mainly by studying the following :

- Monitoring of gains/losses: excess/inadequate provisions for claims outstanding in a fiscal year ;
- Analysis and comparison of the loss ratio by category as set out in the French Insurance Code;
- Monitoring of the distortion between provisions under French accounting standards and those under Solvency 2 standards.

4.9.3 Reinsurance mechanism

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 insurer develops a reinsurance policy based on a process that allows it to effectively calibrate the level of risk transferred to reinsurers, in keeping with its risk appetite, and to monitor counterparty risk on 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.

Sensitivity analyses are performed over and above the selection process. Reinsurers' ratings are also monitored to verify the counterparties' financial soundness



CAPITAL REQUIREMENTS FOR THE BANKING ACTIVITIES

Crédit Mutuel Arkéa group uses the following methods to calculate its regulatory capital requirements under Pillar 1 of the Basel III regulation :

■ for credit risk :

- the advanced approach, since June 30, 2008 for the retail portfolio, and since December 31, 2012 for the bank and corporate portfolios, after receiving authorization from the French Prudential Supervisory and Resolution Authority to use the group's internal ratings-based system. For the latter portfolio, an additional regulatory capital requirement remains temporarily through the application of an increase to the «probability of default» and «loss in the event of default» parameters.

- the standardized approach, on a long-term basis, for the central government and public sector portfolios, for certain subsidiaries (Financo and CFCAL) and for a transitional period for real-estate development;

■ for market risk, the standardized approach ;

■ for the Credit Value Adjustment (CVA) risk, the standardized approach ;

■ for operational risk, the advanced approach for most of the group's entities, with the basic indicator or standardized approach applicable to a few peripheral entities.

The regulatory capital requirement relates mainly to credit risk. Results by category and approach are included in the "Capital and regulatory ratios" chapter.

Pillar 2 of the Basel Accords also requires that banks conduct their own assessment of economic capital and that they use stress scenarios to assess their capital requirements in the event of an economic downturn. This pillar serves as the basis for discussions between the bank and the European Central Bank (ECB) and/or the French Prudential Supervisory and Resolution Authority about the capital adequacy level used by the institution.

Crédit Mutuel Arkéa group produces an annual report providing an assessment of the economic capital associated with its three-year growth forecasts. This report is part of the Internal Capital Adequacy Assessment Process (ICAAP). It is based on a core scenario supplemented by stress scenarios that consider credit, sector concentration and individual exposure concentration risks, market risks, CVA risk, operational risks, reputation risk, interest rate risk and risks relating to the insurance activities.

The economic capital requirement is concentrated primarily in credit risk. It currently remains close to the regulatory capital requirement. The level of security with respect to solvency, measured by the ratio of surplus capital to the regulatory capital requirement (see CET1 ratio) and to the economic capital requirement, therefore remains high, given Crédit Mutuel Arkéa group's moderate risk profile and ample capital.



5

Corporate
social
responsibility

5 Corporate social responsibility

"Make corporate social responsibility a driver for innovation and development, in pursuit of the strategic vision that positions Crédit Mutuel Arkéa as an engaged stakeholder in tomorrow's economy and the future of our regions." This is how Jean-Pierre Denis, Chairman of Crédit Mutuel Arkéa, sums up the goal that Crédit Mutuel Arkéa has set itself in terms of social responsibility. CSR is a key objective for the group and one of the priorities of its strategic project leading into 2020.

Like any business, banks have a responsibility to society that requires them to listen to their stakeholders and respond to their expectations. However, banking in the broad sense stands out for the specific nature of the relationships it fosters with these stakeholders.

Crédit Mutuel Arkéa, as a bankinsurance entrepreneur, has always supported all of its stakeholders – individual customers, professionals, government bodies and suppliers – with its different business lines: savings deposits and management, financing and investment, insurance, etc. It seeks to do so responsibly, by supporting their projects with a positive impact

Several initiatives in 2017 illustrate this original approach to understanding CSR :

- Arkéa Banque Entreprises et Institutionnels encourages its customers to implement their responsible development projects by dedicating a budget of €200 million to this segment.
- Crédit Mutuel de Bretagne is the first bank to have supported the Bleu-Blanc-Cœur association, and allocates a specific budget to promote Breton dairy farmers who are in the Eco-methane program. The dual goals of this system are to feed livestock diversified nutrition that will also reduce methane emissions.
- The We Positive Invest fund, launched in 2016 and dedicated to venture capital investment in innovative companies, invested in three companies engaged in the environmental transition in 2017: Cozynergy, Osmia and Algo Paint

- Ark'ensol, the association that houses the group's solidarity efforts in support of individuals in fragile financial situations, signed a partnership with Fondation Crésus in June. Qualifying customer shareholders and customers receive individualized support in managing their budget

When it comes to business ethics, Crédit Mutuel Arkéa has focused on responsible purchasing. It signed a "Responsible supplier relationships" charter in 2017 that aims to foster balanced, long-term relations with its suppliers.

These various responsible practices illustrate Crédit Mutuel Arkéa's contribution to achieving the Sustainable Development Goals (SDG), the new UN instruments in favor of sustainable development.



5.1

Crédit Mutuel Arkéa's corporate social responsibility

5.1.1 Social Responsibility at the heart of the group's strategy

Crédit Mutuel Arkéa adopted a new Corporate Social Responsibility (CSR) strategy in 2015, which was approved by the group's governance bodies.

Fully integrated into the objectives of the group's strategic project, Arkéa 2020, this CSR strategy seeks to position Crédit Mutuel Arkéa as an agent committed to tomorrow's economy, that supports all its stakeholders through social and environmental transitions.

In the face of deep and long-lasting social changes, and their impacts on its businesses, Crédit Mutuel Arkéa has chosen to focus on:

- Supporting its customer shareholders and customers with their responsible projects, by placing social responsibility at the heart of its banking, insurance and investment businesses, its product and service offers, and its processes (see sections 5.3.1 and 5.3.2).
- Supporting pioneers who have played a trailblazing role in successful change by imagining tomorrow's solutions, in four areas: the energy transition, the circular economy, social entrepreneurship and the sharing economy (see section 5.3.3).
- Supporting customer shareholders and customers who have been weakened by social change. This priority in particular responds to the sustainable development goals of no poverty (SDG 1) and reduced inequalities (SDG 10) (see section 5.3.4).

Implementing Crédit Mutuel Arkéa's Social Responsibility involves developing new offers and new banking and non-banking services, and thus represents a genuine lever for innovation and

development for the group. It enables the group to adapt and sustain its economic model in a constantly changing environment. In bringing solutions to its stakeholders, Crédit Mutuel Arkéa gives them the opportunity to themselves adapt to these challenges, fostering shared value creation with players in its regions. With these efforts Crédit Mutuel Arkéa is contributing primarily to the sustainable development goals of responsible consumption and production (SDG 12) and decent work and economic growth (SDG 8).

To be credible in this approach of supporting and promoting its customers' socially responsible efforts, Crédit Mutuel Arkéa must also be exemplary within its own organization. This involves a proactive human resources policy that contributes in particular to the sustainable development goals of decent work and economic growth (SDG 8) and gender equality (SDG 5). It also requires reducing its own environmental footprint, which contributes to the sustainable development goal of climate action (SDG 13).

This entire approach is conducted in a spirit of cooperation and co-development with its stakeholders (see section 5.2).

5.1.2 Structured CSR organization and governance

CSR organization

Through a dedicated 12-person team, Crédit Mutuel Arkéa's Corporate Secretariat and Institutional Communication department is in charge of steering, coordinating and supporting the group's entities in rolling out CSR priorities.

It works with a community of about 40 CSR advisors in the federations, subsidiaries and central departments, who coordinate and facilitate the CSR actions within their organization. These

advisors meet several times a year in workshops on topics of shared interest and for an annual all-hands meeting. Workshops in 2017 addressed the topics of ESG (environmental, social and governance) criteria in financial analysis, integrating CSR into proposals and marketing, accessibility of services to deaf and hard of hearing customers, eco-friendly IT behaviors, the group's non-financial ratings, and business commuting plans.

These advisors develop a CSR action plan for their entity and coordinate its implementation over time. They rely on CSR communities within their entities to help them roll out the plans.

This organization is coupled with a communication campaign for all in-house audiences via dedicated spaces for information on the employee intranet and informational meetings to raise awareness for employees and directors. Information shared includes the integration of CSR into the group's business lines, as well as daily practices in support of corporate social responsibility.

Awareness-raising also involves the organization of dedicated events. For example, during European Sustainable Development Week, employees from the group's central departments received information about food quality and the Bleu-Blanc-Cœur approach. The Companies and Institutions Division, Novélia, Financo and Suravenir Assurances have organized events for employees to involve them in the group's CSR approach (mobility challenge, circular economy and short circuits initiatives, fundraising for community organizations, etc.). Lastly, Crédit Mutuel du Sud-Ouest organized a "CSR challenge" throughout 2017 to encourage employees to adopt the CSR principles and the group's approach and incorporate them into their daily life. This creative initiative launched 25 projects in recycling, carpooling, solidarity fundraising, energy savings, assistance to people in financial difficulty, etc. Four winners chosen by Crédit Mutuel du Sud-Ouest's CSR Committee (comprising directors and employees) were honored at an awards ceremony in mid-January 2018. These projects also served as a work platform for identifying initiatives to be deployed across the federation in 2018.

CSR governance

The Corporate Secretariat and Institutional Communication department reports on the progress of the CSR action plan within the group to the General Coordination Committee, as well as to the specialized Strategy and Social Responsibility Committee. The latter is responsible for integrating Social Responsibility into the group's strategy. It issues a recommendation to the Crédit Mutuel Arkéa Board of Directors, which defines the group's strategic priorities.

In 2017, the Strategy and Social Responsibility Committee examined CSR topics in three of its sessions: a review of the progress of Corporate Social Responsibility within the group, Crédit Mutuel Arkéa's non-financial rating, and news updates on the group's CSR actions. During its February 2018 meeting it also examined the present report. Several CSR items were also presented to the Crédit Mutuel Arkéa Board of Directors (see section 5.2.1).

Measurement indicators have been defined to manage the spread of CSR within the group's activity.

Another strong indicator of the group's ambitions in this area was the integration of a CSR criterion into variable compensation for officers and senior managers (180 people in 2017). This criterion represents at least 10% of the individual component of senior managers' variable compensation. Together with a diversity criterion and one involving customer focus, it represents at least 30% of the individual portion of their variable compensation. The Compensation Committee of the Crédit Mutuel Arkéa Board of Directors is involved in this process.

5.1.3 Continuous improvement

Crédit Mutuel Arkéa's Social Responsibility is part of a continuous improvement process.

The French Act of March 27, 2017 on the duty of vigilance allowed Crédit Mutuel Arkéa to strengthen its CSR risk systems. Work was conducted in the second half of 2017 to establish a risk vigilance plan and an alert mechanism for risks of serious infringements of human rights and fundamental liberties, health and safety, and environmental risks (see section 5.4.3.8 on the duty of vigilance).

During the year, the group responded to several Social Responsibility questionnaires from its non-financial rating agencies and counterparties, and these were used to define areas of improvement. **Crédit Mutuel Arkéa was rated by Vigeo Eiris with a score of 60/100, "advanced" level.**

To promote a reflex of systematically integrating CSR into the group's projects, launch memos for new projects now include consideration of the project's CSR impacts. Several of the group's entities have also developed CSR evaluation grids for the design of new offers for their customers.

Since 2015, Crédit Mutuel Arkéa has adhered to the ten principles of the UN Global Compact. **In October 2016, the group published its first Communication On Progress (COP), for which it earned the prize of the best first COP in May 2017 from the France Global Compact network.**

5.2

Cooperation and co-development with the stakeholders

Crédit Mutuel Arkéa listened to its stakeholders to craft its CSR strategy. It wanted to better understand their expectations and solicit their views on the roles and responsibilities of a bank, on cooperating and on supporting tomorrow's economy. This openness to its stakeholders, this determination to make them the focus of its efforts, is closely tied to its cooperative model and regional attachments.

5.2.1 Participatory governance

The cooperative values of responsibility, equity, reciprocity, and solidarity guide Crédit Mutuel Arkéa's development. Its organization is based on local corporate governance, participatory democracy and the application of the principle of subsidiarity.

The customer shareholder, a stakeholder in the organization

Because it is a partnership and not a corporation, Crédit Mutuel Arkéa is not listed on the stock exchange.

In the cooperative movement, the customer shareholder owns a member share and is both shareholder and customer. They are at the heart of corporate governance, following the principle of "one person, one vote." Seventy-two percent of the individual customers of Crédit Mutuel Arkéa's federations are customer shareholders.

The local savings bank annual shareholders' meeting, the first level of governance, is also the venue for the democratic expression of customer shareholders' rights.

In 2017, more than 46,000 customer shareholders took part in the shareholders' meetings of the local savings banks. The voting participation rate was 3.11%. During their 2017 shareholders' meetings, some local savings banks chose to inform customer shareholders of the CSR initiatives of the group or its stakeholders.

The group prioritizes reinvestment of its profits in the company and its development, in the interests of the shareholder. The fact that the

reserves cannot be distributed sustainably consolidates the company's wealth and enables it to boast one of the best solvency ratios in the market.

A portion of the distributable profit may be paid to customer shareholders in the form of compensation for the share capital they hold. This return on capital is indexed to the average gross yield for corporate bond issues. In 2017, customer shareholders received €37.4 million as a return on their share capital, with respect to fiscal year 2016

The directors, representatives of the customer shareholders

Volunteer directors are elected by and from the body of customer shareholders. This system ensures genuine representation for customer shareholders on the boards of directors of each of the local savings banks, the regional federations and Crédit Mutuel Arkéa, independent of corporate executive management.

In 2017, 153 new directors were elected by the local savings banks. The trend is towards greater diversity of profiles, in terms of both gender and profession. Women represented 47% of new directors and 46% of new local savings bank chairs.

At each level, elected directors represent the regions' customer shareholders. They are in particular directly involved in Crédit Mutuel Arkéa's solidarity initiatives, piloted by the Ark'ensol association.

The federations offer a training program for directors to support them in their mission, structured around different courses (integration, development, continuing education). The Arkéa 2020 plan makes director training mandatory across all the Crédit Mutuel Arkéa entities in which directors serve.

In 2017, more than 1,500 directors received training in the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations. Since 2017, the federations' directors have been able to complete their training remotely.

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 bylaws, is 99.99% owned by the 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.

The group's Board of Directors consists of :

- 16 directors representing the customer shareholders;
- two independent directors.

These 18 directors are elected at the Shareholders' General Meeting by the representatives of the member savings banks and shareholders of the Crédit Mutuel Arkéa group. Pursuant to the bylaws, they each own one share of Crédit Mutuel Arkéa.

The 16 directors representing customer shareholders are nominated by the federations that make up the Crédit Mutuel Arkéa group, and the two independent directors are nominated by the Appointments Committee and presented by the group's Board of Directors for a vote of the Shareholders' General Meeting.

- Two directors (one woman and one man) representing employees, appointed by the Central Works Council.
- One non-voting member elected by the Shareholders' General Meeting.

The directors on the Board are of French nationality.

The integration of independent directors into the group's Board is one of the key governance objectives of the Arkéa 2020 plan. At its December 2016 seminar, the Board of Directors defined the procedures and action plan for adding two directors who meet the independence criteria, as adopted, beginning with the 2017 Shareholders' General Meeting. Since their appointment to the Board of Directors, one has become a member of the specialized Risks and Internal Control Committee, and the other sits on the Strategy and Social Responsibility Committee.

Concerning the policy of diversity of the Board of Directors, the Appointments Committee is guided by a framework document during its annual examination of new candidates and term renewals.

The Board of Directors met 12 times in 2017. The directors had a meeting attendance rate of 92%.

Since 2016, the Board of Directors is governed by internal rules of operation. These internal rules of operation confirm the basic responsibilities of Crédit Mutuel Arkéa directors, set out the Board's operating procedures and describe the rights and obligations of

each director. Since 2017 they also include the charter of the independent director on the Crédit Mutuel Arkéa Board of Directors.

Crédit Mutuel Arkéa's Board of Directors therefore fulfills its mission in accordance with the provisions of the bylaws, the financial internal regulations, its rules of operation and the charters specific to each of its five specialized committees.

The members of the Crédit Mutuel Arkéa Board of Directors benefit from an annual training program.

The cooperative auditing process established by the French Act of July 31, 2014 on the Social and Solidarity Economy will result in the Crédit Mutuel Arkéa 2018 General Shareholders' Meeting designating an ad hoc auditor.

The Board of Directors relies on its specialized Strategy and Social Responsibility Committee to ensure progress in the group's CSR approach. Over the course of 2017, the Board of Directors received an update on implementation of Social Responsibility in the group and a presentation on its non-financial rating. During its December 2017 seminar it also viewed a presentation on the We Positive Invest CSR investment fund.

5.2.2 A company that is open and listens to its stakeholders

Stakeholders, both internal (employees, employee representative bodies, directors) and external (customers, suppliers and subcontractors) were closely involved in discussions on Crédit Mutuel Arkéa's Social Responsibility through interviews and round tables.

This approach further added to and enhanced the continuous dialogue that the group maintains with its stakeholders.

5.2.2.1 Relations with customer shareholders and customers

As part of its "Customer Focus Ambition" initiative, Crédit Mutuel Arkéa would like to serve as a true financial coach for its customers. Initiatives have been rolled out to boost simplicity, clarity, education, proximity and responsiveness to customers. Crédit Mutuel Arkéa is innovating with the aim of offering a better experience to its customers.

Crédit Mutuel Arkéa has become the first French banking group to support online application for a bank account and immediate provision of means of payment, via its three federations Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central. It now takes only nine minutes to open an account remotely, from anywhere, and to immediately receive bank account details and a virtual payment card. This saves time for customers as well as for their account managers, who can devote more time to examining and supporting their customers' projects.

In 2017, a new web platform known as OZZ was deployed, targeting the youth audience. It offers content that is useful in preparing to enter working life. Always with a view to better serving customers, Crédit Mutuel du Sud-Ouest launched a pilot for a new relationship and distribution model centered on coaching for household projects, in partnership with the IGC group, builder of family homes in the South-West region of France. As part of this partnership, Crédit Mutuel du Sud-Ouest is adapting its physical network in the region to the expectations of its customers and prospective customers, by sharing a local point of sale with IGC.

Crédit Mutuel Arkéa also launched "Max" in 2017, its own fintech whose aim is to provide simple, impartial and efficient responses via a fully mobile assistant. The app is tailored to consumers' daily life with an offer that goes beyond financial services.

The group's different entities regularly measure the quality of customer relations. These listening sessions also serve to identify customer needs in order to better meet them.

The three federations, Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central, conduct round tables, listening sessions and satisfaction surveys with their customers and prospects. Since 2016, a panel of customers and customer shareholders of Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest has been formed to provide feedback throughout the year and help develop tomorrow's solutions. A customer satisfaction survey was conducted with professional customers in 2017. More than 38,000 customers and prospects were heard in 2017.

Subsidiaries are also attentive to their customers' satisfaction and measure it regularly (Fortuneo, Financo, Leasecom, Arkéa Investment Services, Novélia, Armorique Habitat, etc.). Every year Suravenir participates in satisfaction surveys for its distributors via the specialized press. **Fortuneo's attentiveness to customer satisfaction won it the Qualiweb award for "best online customer relationship" in the Banking-Finance category for the fourth year in a row.**

Customer shareholders and customers can also contact the Customer Relations departments at the group's different entities.

These inquiries mainly concern the products, services and consulting services provided by the group's various companies. Key examples :

- account operations,
- mortgages (originations and renegotiations),
- means of payment,
- savings products (bank, financial and insurance),
- remote banking,

- distribution of insurance products,
- processing times,
- quality of the relationship,
- etc

More specifically concerning mediation, a legal system governed by the French Monetary and Financial Code, 180 cases eligible for mediation were registered in 2017, of which 168 concerned the group's banking entities. A dedicated website is available to the public (<https://lemediateur.creditmutuelarkea.fr/>). The mediator's annual report is presented each year to the Crédit Mutuel Arkéa Board of Directors.

Internally, a customer-supplier relationship was contractually implemented with the goal of maintaining a powerful customer focus in all company processes, including the businesses that do not directly address the end customer

5.2.2.2 Director relations

Directors' involvement in local life cultivates and strengthens Crédit Mutuel Arkéa's local and regional attachments.

Thus, at Crédit Mutuel de Bretagne, the Cooperative Living, Training, Responsible Development and Customer and Customer Shareholder Relations committees formulate opinions and suggestions that nourish and guide the work of the federation's Board of Directors. The committees at Crédit Mutuel du Sud-Ouest are the CSR, Cooperative Investment and Actions Regulation and Director Training committees. Crédit Mutuel du Massif Central has a Director Training committee.

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.

In the federations, the directors are particularly involved in the CSR process.

The Crédit Mutuel de Bretagne Responsible Development Committee comprises 13 directors, and has the mission of staying apprised of current affairs in the area of Corporate Social Responsibility and of participating in implementation of the CSR strategy for Crédit Mutuel de Bretagne. It may propose, or participate in implementing, any event or function designed to promote Corporate Social Responsibility among directors, customer shareholders and the Crédit Mutuel de Bretagne audience in general. In 2017, the committee worked primarily on developing a CSR governing principle for social life in the local savings banks for 2018, and on the Bleu-Blanc-Cœur partnership.

Committee members also initiated meetings between the director CSR advisors of the federation's local savings banks in 2017. These took place at the department or Regional Unit level. The goal was to get to know one another, share and better understand the federation's CSR strategy, and disseminate best practices that have been implemented at the local level.

Corporate Social Responsibility awareness was also a focus of the Crédit Mutuel de Bretagne New Directors and New Chairpersons conferences in autumn 2017.

The CSR committee at Crédit Mutuel du Sud-Ouest serves to enrich reflection, encourage implementation, formulate recommendations and propose solutions for the sustainable development strategy and related issues at Crédit Mutuel du Sud-Ouest, and to identify, evaluate and measure the actions to be conducted. The committee comprises five directors and five employees and meets at least three times per year. In 2017, the committee's efforts were directed towards the CSR challenge mentioned above (see section 5.1.2).

5.2.2.3 Employee relations

Management quality is a key factor behind employee success, motivation and engagement. The manager is the company's first-line HR contact and the daily representative for the group's human resources policy among employees. Team meetings are organized periodically by managers to provide employees with information on the group and its projects throughout the year.

The human resources structure also ensures a strong presence on the ground, supporting managers and accessible to employees. HR staff are present across the group's different entities to implement the company's labor and employment policy. They ensure compliance with labor law and proper application of collective agreement provisions at their level; they promote discussion and consultation during employee interviews.

An org chart detailing the HR functions is available to employees on the group intranet in the HR spaces, so that each individual can directly contact the right person for their need.

Meetings to inform all employees of the latest news and outlook for Crédit Mutuel Arkéa are held every year. In-house media, including a collaborative intranet, and regular conferences on various cross-company topics round out this continuous internal communication offer.

The full range of initiatives to support the group's human capital is presented in section 5.4.1

5.2.2.4 Supplier and subcontractor relations

In June 2017 the Crédit Mutuel Arkéa group signed the Responsible Supplier Relationships charter, which commits it to ten principles of responsible purchasing, such as financial equity towards suppliers, reducing risks of reciprocal dependency, and consideration of environmental issues. At that time Crédit Mutuel Arkéa also appointed a company mediator within the group, to whom suppliers can turn to overcome any contractual or relationship difficulties that might arise.

Contracts with suppliers and service providers include clauses concerning compliance with labor law and anti-corruption efforts. A supplier code of conduct has also been attached to the group's framework contracts since autumn 2017. With their signature, suppliers commit to comply with principles of human rights, labor rights, business ethics and respect for the environment.

The group's Purchasing policy considers the regional dimension when choosing providers, consistent with the group's positioning. Crédit Mutuel Arkéa works with more than 5,000 local companies, spread out across its three home regions (Brittany, the South-West and the Massif Central region).

The choice of provider also takes into consideration environmental, employment and social criteria. For services of equal quality, suppliers and subcontractors may thus be preferred on the basis of criteria such as wage policy or training programs implemented in support of employee development or risk prevention, and resource and waste management policies.

Of the group's 50 largest suppliers (representing more than half of annual expenditure), almost half report having a set CSR policy (Ecovadis silver and gold level, UN Global Compact active or advanced level, responsible supplier certification or implementation of a formal CSR policy). These suppliers are located in France and to some extent in Europe and the United States.

An initial risk evaluation (addressing human rights, health and safety, and the environment) of the activity of these main suppliers was carried out at the end of 2017 as part of the ordering company's duty of vigilance. It will be improved upon each year with the addition of risk reduction systems, in collaboration with the relevant suppliers (see section 5.4.3.8 on the duty of vigilance).

5.2.2.5 Relations with local and regional public authorities, companies and associations

Beyond the financing and investments that it may grant them, the group and its various components are leading partners for regional stakeholders such as local and regional public authorities, businesses and associations.

The group's different entities participate in exchange networks among local stakeholders. For example :

- Crédit Mutuel Arkéa partners with Investir en Finistère and Produit en Bretagne, working with them to promote economic development and job creation in Brittany. In 2017, Crédit Mutuel Arkéa contributed to creating the first Breton network of marketing professionals, the Breizh Marketing Academy, an initiative of the Produit en Bretagne network.
- Crédit Mutuel Massif Central mobilizes numerous partners, both companies and associations, via the Fan Auvergne and Fan Aveyron programs. At the Espace Renan and eight other Fan Stores located in Clermont Ferrand, Allier and Aveyron, Crédit Mutuel Massif Central makes these premises available to local businesses, associations, athletic clubs and artists to showcase their activities

More broadly, the local savings banks of the three federations are strongly involved in the local economic fabric and support many community organizations in their regions.

Crédit Mutuel Arkéa also invests in networks that encourage responsible practices and sustainable development. For example, it is a member of the CSR Observatory (ORSE), the Produit en Bretagne Sustainable Development Committee and the Finistère Sustainable Development Club. In 2017, Arkéa Banque Entreprises et Institutionnels took part in the creation of DRO Bretagne, an association of responsible managers of the Ouest region, along with other Breton managers engaged in supporting Corporate Social Responsibility.

These partnerships are opportunities for meetings and discussions with all players working on responsible economic development in the regions.

5.2.2.6 Relations with investors and rating agencies

Crédit Mutuel Arkéa has developed a program to present its interim and full-year results to the financial community, in particular financial analysts and credit analysts, mutual fund managers and financial managers. These presentations take place in France and several European countries, and are an opportunity for discussion of Crédit Mutuel Arkéa's economic and financial performance, strategy and development prospects. This information is also sent to the Standard & Poor's and Moody's rating agencies, which regularly interact with the group's executives.

The group responds to requests from its counterparties (e.g. CSR surveys) and non-financial rating agencies when asked, in a process of genuine dialogue with them

5.2.3 Cooperation and cross-functionality within the group

Many communities emerged or developed within the group in 2017, to contribute collaboratively and across the organization to some of the group's key issues: CSR advisors, diversity ambassadors, Square community (business transformation), Great Place to Work ambassadors, etc.

Various collaborative workspaces have been developed to promote cooperative processes and cross-functionality within the group's teams. Fortuneo's new headquarters includes innovative work and relaxation spaces. This will also be true of the future headquarters of Arkéa Banque Entreprises et Institutionnels and the future lobby at group headquarters.

Collaborative tools are also used by a large number of group entities to facilitate teamwork and access to information.

5.2.4 Cooperation indicators

3 FEDERATIONS: CRÉDIT MUTUEL DE BRETAGNE, CRÉDIT MUTUEL DU SUD-OUEST, CRÉDIT MUTUEL MASSIF CENTRAL	2015	2016	2017
Number of local savings banks	334	334	332
Number of customers	2,312,915	2,290,293	2,295,796
of whom individuals	2,108,463	2,091,451	2,090,712
Number of customer shareholders	1,454,038	1,482,077	1,506,025
Rate of customer shareholding (among individual customers)	69.0%	70.9%	72.0%
Voting participation rate at shareholders' meetings	3.4%	3.3%	3.1%
Average amount of share capital owned (in euros)	1,511	1,480	1,460
DIRECTORS OF LOCAL SAVINGS BANKS			
Number of 1st level directors	3,581	3,468	3,302
% of female directors	38.0%	38.4%	39.0%
Number of new directors elected during the year	223	125	153
% of women among the new directors	53.0%	44.0%	47.1%
Rate of participation in local savings bank board of directors' meetings	75.0%	70.3%	70%
Number of new local savings bank chairs	33	17	26
% of women among new local savings bank chairs	36.0%	52.9%	46.2%
DIRECTORS OF FEDERATIONS			
Number of federation directors	114	117	121
% of female federation directors	24.0%	29.9%	32.2%
Number of new federation directors	3	26	29
% of women among the new federation directors	33.0%	19.2%	31.0%
TRAINING			
Number of directors who took at least one training course in the year (local savings banks)	1,463	1,697	1,503
Total number of training hours dispensed	15,951	15,123	12,349
% of directors trained (local savings banks)	41.0%	48.9%	45.5%
Duration of training per director trained (in hours)	11	9	8

5.3

CSR at the heart of our support for customer shareholders and customers

Crédit Mutuel Arkéa as a company has, and claims, specific responsibility for the environment in which it applies its expertise.

As a banker, investor and insurer, this responsibility involves a commitment to the economic development of its regions and proposals for financial and insurance solutions to support the responsible projects of its customers and customer shareholders.

This approach is rolled out in all the group's businesses and for all its customers, be they individuals, professionals and companies or public authorities, with a particular focus on its customers in fragile situations and to supporting pioneers.

5.3.1 Supporting the responsible projects of its customer shareholders and customers

Crédit Mutuel Arkéa has never lost sight of its original purpose, which is : **to support and finance the real economy with a "long-term" approach.** .

This involves supporting companies in the regions with bank financing and equity contributions, as well as supporting the sustainable projects of all its customers.

5.3.1.1 Financing and equity investment in businesses and companies

Financing business creations and acquisitions

For the three federations of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central, and Arkéa Banque Entreprises et Institutionnels, support for business creations and acquisitions is a key strategic priority.

Many partnerships have been formed that allow the group to be present at each stage of the process of creation or acquisition,

along with specialized players who bring to these entrepreneurs skills that are complementary to the group's own :

- Close relations with representative business organizations (Chambers of commerce and industry, Chambers of trades and crafts), support structures ("management boutiques," local platforms of the Initiative France network, Bretagne Active, Réseau Entreprendre), professional agricultural organizations and inter-company works councils.
- Crédit Mutuel de Bretagne partners with the Initiative Bretagne network. This association operates on two levels to support companies in the region: it grants interest-free guarantee-free loans for business creations and purchases and, for the latter, works with the management team at the BRIT Brittany regional recovery fund. With this partnership, the group pledges to contribute to the funds providing these guarantee-free loans, in the amount of €50,000 to finance business creation and €60,000 to the BRIT fund, to facilitate VSE and SME acquisitions. It also contributes to the guarantee-free loan fund for regional business growth (PHAR) created by the Brittany region with the financial support of the Caisse des Dépôts et Consignations and private partners
- Crédit Mutuel du Sud-Ouest has partnered with Réseau Entreprendre in Aquitaine since 2016. It has become a full member of the network and helps support business creators and buyers by providing guarantee-free loans.
- Since 2015, an agreement with BPI France has enabled the local savings banks of the group's three federations, as well as the Arkéa Banque Entreprises et Institutionnels business centers, to benefit from a BPI France guarantee for loans to finance a business creation or purchase, a development strategy, or to improve their liquidity.

■ Crédit Mutuel de Bretagne also holds equity in Bretagne Capital Solidaire (BCS), a venture capital solidarity company.

■ Crédit Mutuel Massif Central contributes financial investment and expertise to social entrepreneurs in the CoCoShaker collaborative incubator in Clermont-Ferrand.

Financing solutions dedicated to creation and recovery are proposed by Crédit Mutuel de Bretagne, du Sud-Ouest et Massif Central. At the end of 2017, production of these «Initio Pro» loans amounted to 25.4 million euros for an outstanding amount of nearly 90 million euros.

In November 2017, Crédit Mutuel de Bretagne organised in partnership with the Chambre des Métiers et de l'Artisanat and the Community of Communes of Haute Cornouaille, an evening of awareness-raising and support for business leaders in their transmission process.

The association Ark'ensol Créavenir, whose goal is to foster and accelerate the economic and social development of the regions covered by Crédit Mutuel de Bretagne, Crédit Mutuel Massif Central and Crédit Mutuel du Sud-Ouest, under certain conditions also grants assistance in the form of grants to small companies being founded or purchased and that create jobs. These grants may be financial and/or in the form of services, such as making a film to spread the word about a project and/or creating a website. This assistance may be provided in addition to an "Ark'ensol Pro" interest-free loan which is granted by the local savings banks and remains dependent on the provision of a traditional bank loan. Ark'ensol Créavenir made grants of almost €600,000 in fiscal year 2017. This assistance managed by Ark'ensol Créavenir is supplemented by interest-free "Ark'ensol Pro" loans examined by the federations, totaling €2.15 million.. **The Ark'ensol Awards were held for the first time in 2017, recognizing four winners among the projects supported in Brittany during the year. These winners were chosen by vote of the group's directors and employees. They received an additional financial boost.**

Kengo and Sokengo, the group's crowdfunding platforms, also allow project owners in Brittany and the South-West to increase their visibility and receive funding, with or without rewards. **At end-2017, Kengo was chosen to grant the "green growth financing" label to projects that must meet requirements of information transparency, environmental and social impact and mechanisms for measuring their positive contribution to the energy and ecology transition**

In 2017, Kengo and Sokengo were used to fund 122 projects and collected a total of almost €446,000.

ARK'ENSOL CRÉAVENIR	2015	2016	2017
Donations (in € thousands)	321	350	596
Guarantee-free loans and "interest-free" loans (in € thousands)	1,013	1,433	2,155
Number of jobs created	380	613	898

Financing and equity investment in development and responsible projects

In addition to business creation and acquisition, the group supports companies throughout their entire development, via specific organizations based on the size of the customer companies and bankinsurance products and services adapted to their needs.

At the end of 2017, Crédit Mutuel Arkéa had a total of €12.2 billion in loans outstanding to companies.

To encourage and promote responsible practices, in 2017 Arkéa Banque Entreprises et Institutionnels launched a specific budget envelope dedicated to its business customers' CSR projects (infrastructures, renewable energies, building energy efficiency, clean materials, etc.) in the amount of €200 million. This system aims to encourage its customers and prospects to implement their responsible development projects by offering them discounted borrowing rates. It has already financed 27 projects.

In addition to their customers' environmental projects, whatever their business sector, Arkéa Banque Entreprises et Institutionnels and Arkéa Crédit Bail also support companies specialized in new energies and the circular economy. At end-2017, they were financing companies in this sector in the amount of €66.5 million.

To draw awareness of their business customers to the impact of a CSR approach on economic performance, Arkéa Banque Entreprises et Institutionnels and Crédit Mutuel de Bretagne organized an evening devoted to this topic in June 2017, which honored business leaders already engaged in such an approach. In November 2017, during its entrepreneur speed dating event that seeks to connect its business customers, Arkéa Banque Entreprises et Institutionnels also drew attention to the subject of promoting human capital.

On the private equity side, Arkéa Capital supports companies as a minority shareholder at every stage of development, from startup to medium-sized company, while maintaining the independence of the decision-making centers. **In 2017, Arkéa Capital drafted its ESG investment charter.**

Since its creation, Arkéa Capital Investissement has supported more than 300 companies for average periods of 5-10 years, for a total of more than €400 million. In 2017, Arkéa Capital Investissement invested in several companies, including Adventys, a manufacturer of induction cooking equipment for catering professionals, and Novepan, an industrial producer of raw bread and pizza dough and of pre-baked frozen bread.

In accordance with its mission to serve as a long-term core shareholder, Arkéa Capital Partenaire maintained its investments in the Le Graët, Vivalto, Paprec, Armor and Sermeta groups. The three latter groups are specifically active in energy savings and the circular economy.

With €200 million, Arkéa Capital Managers seeks to allow minority shareholder managers to take control of their company from LBO funds or family shareholders and give them the time they need to complete their development or investment projects.

In 2017, Arkéa Capital also pursued its venture capital activity via two investment funds designed to support and finance young innovative companies (see section 5.3.3).

The group also enables its customers to make equity investments in companies. SWEN Capital Partners, a subsidiary of Federal Finance Gestion and OFI AM specialized in responsible investment in unlisted companies, offers innovation investment funds (FCPI) and local investment funds (FIP). Subscribing to an FCPI or an FIP allows individual investors to benefit from tax savings while also supporting the development of innovative regional companies or businesses near where they live. They contribute directly to the development of the economic fabric and have supported more than 220 companies since 2008.

In 2017, the Innovation Pluriel N° 4 FCPI and the Pluriel Atlantique N° 2 FIP were marketed and sold through the Crédit Mutuel Arkéa networks.

5.3.1.2 Support to farmers, wine producers and fishers

The Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations make support for young farmers a priority.

In 2017, more than 40% of young farmers setting up their own business in Brittany were supported with loans from Crédit Mutuel de Bretagne. Crédit Mutuel du Sud-Ouest partners with Aquitaine Initiative and supports young farmers in getting their start by granting "Aquitaine Agri" guarantee-free loans. It has also formed

a partnership with the Girondin federation of the Young Farmers agricultural union over the past several years.

In 2015, a specialized "La Vie d'iCi Jeunes Agris" savings account was launched by Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest. The assets deposited in this savings account enable Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest to help finance projects presented by young farmers in the region via the La Vie d'iCi Jeunes Agris loan. For Crédit Mutuel Massif Central, this program targets all farmers and is called "La Vie d'iCi Agris." In 2017, nearly €114 million was deposited in these accounts.

In 2017, Crédit Mutuel de Bretagne and GDS Bretagne (health protection group) became partners as part of a reciprocal commitment to support livestock farmers, in particular for installation and merger projects. GDS Bretagne ensures the health watch, offers health advice and technical monitoring as well as training, while Crédit Mutuel de Bretagne provides financing and the expertise of its dedicated account managers.

Given the tensions surrounding the management and preservation of agricultural land, Crédit Mutuel du Sud-Ouest has partnered with SAFER Aquitaine Atlantique since 2012 and is engaged in farmland preservation. Crédit Mutuel de Bretagne is finalizing a similar partnership with SAFER Bretagne and the Region of Brittany.

Aware of the importance of the challenges faced by the farming sector, Crédit Mutuel Arkéa is committed to supporting farmers in its regions as they evolve their business models. The agriculture committee, Arkéa Agri, was also involved in Social Responsibility awareness in 2017.

Crédit Mutuel de Bretagne financially supports almost half of the methanization systems operating in Brittany. To further strengthen this approach, Crédit Mutuel de Bretagne has signed a partnership agreement with the Breton Methanizers GIEE (economic and environmental interest group) relating to the regular sharing of advice and best practices. The aim of the system is to combine a positive environmental impact with income diversification for farms.

Photovoltaic systems are also regularly financed. Crédit Mutuel de Bretagne and Arkéa Crédit Bail also offer a turnkey financing solution for farmers that enables them to acquire cogeneration units, financed entirely or in part through leasing, supplemented by traditional credit.

In 2017, Crédit Mutuel de Bretagne also became a partner to the Bleu-Blanc-Cœur association as part of its Eco-methane program. This system supports dairy farmers who commit to reducing their farms' methane emissions by feeding their livestock a more balanced diet.

En 2017, Crédit Mutuel de Bretagne and Bpifrance continued their cooperation to support farms that generate more than €750,000 in revenue (the eligibility threshold for Bpifrance support) and are making significant investments in energy transition, business transfers, compliance with standards and production capacity upgrades. This merging of resources is an effective lever for supporting project owners and investments related to the vitality of the farm sector.

Crédit Mutuel de Bretagne also supports maritime activities. To increase this support, a dedicated organization has been in place since 2016 with four departmental technical advisors and 15 advisors in the coastal Regional Units.

Crédit Mutuel de Bretagne also actively cooperates with the industry's various representative bodies.

To address the challenges currently presented by fishing fleet modernization, Crédit Mutuel de Bretagne has developed a tool to help companies estimate the fuel economy benefits of new equipment or of repairs or renovations to boat hulls, based on information provided by manufacturers and shipyards.

In addition, the Breizh Armor Capital professional private equity fund (FCPI) was created by Arkéa Capital in partnership with private professional investors including the Crédit Mutuel Arkéa and Crédit Maritime banking groups at the end of 2017. This private fund will seek to invest in entrepreneurial projects in the sea fishing sector, and more broadly in marine activities related to the development of maritime and coastal businesses. Serving as quasi equity in the form of convertible bonds, this instrument supports companies' financial structure and facilitates financing of costly investment programs, such as the construction of high-sea fishing vessels

5.3.1.3 Financing local and regional government bodies

Via the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations and Arkéa Banque Entreprises et Institutionnels, Crédit Mutuel Arkéa is a preferred partner for local and regional government bodies. It finances local and regional government bodies (region, departments, metropolises, agglomerations and large EPCIs) as well as small municipalities with fewer than 20,000 residents. It supports players in the public-private economy, development and administration (water, energy, energy renewal, transportation and waste).

At the end of 2017, Crédit Mutuel Arkéa's loans outstanding to government bodies reached €6.3 billion.

Arkéa Banque Entreprises et Institutionnels has rolled out a unique sharing economy initiative for institutional investors: La Plateforme des Institutionnels, a digital platform that lets local government bodies apply for loans directly from institutional investors who wish to make meaningful investments that support regional development. At the end of 2017, 18 projects had been financed through the platform for a total of €165 million. Arkéa Banque Entreprises et Institutionnels is a facilitator and participant in the process, by financing and managing the loan and serving as the single point of contact for the local government body. **In 2017 this platform launched the development of a CSR rating grid for projects published on the platform.**

5.3.1.4 Partner to the Social and Solidarity Economy and social entrepreneurship

Via Ark'ensol, the group partners with several key players in the Social and Solidarity Economy (ESS): Association pour le Droit à l'Initiative Economique (ADIE), Fondation Crésus, Fondation de la 2e Chance, Secours Catholique and Chambre Régionale de l'ESS. With CRESS 29 the group participates in particular in the Solidarity Financing Committee and in TAG 29, a social and solidarity economy project incubator.

The group has more than 70,500 non-profit organizations among its customers. All sectors are represented: education, culture, sport, family and social organizations, environment, recreation, tourism, etc.

Since 1996, Crédit Mutuel de Bretagne has conducted the "A 100 % pour les associations" ("all-in for non-profits") campaign every two years. This involves a raffle for Crédit Mutuel de Bretagne's non-profit customers and a Défi Territoires d'Initiative (a

challenge to promote regional initiatives). This challenge, open to all non-profits in Brittany, aims to reward actions or projects that benefit employment, regional revitalization, solidarity or sustainable development. A total of 32 Breton non-profits earned awards amounting to €100,000 in all.

In 2017, Crédit Mutuel de Bretagne renewed its joint funding of the Dispositif Local d'Accompagnement (local support program, or DLA) with the government, Caisse des Dépôts et Consignations, and the Brittany region and departments for the 2017-2019 period. It enables entities that are developing a socially beneficial activity to receive assistance, strengthen their economic footing and grow. The DLA offers free advice and support for associations providing employment, cooperatives and associations focused on integration.

Since 2016, Crédit Mutuel Massif Central has also proposed the "5/7 asso," a quarterly get-together for non-profit leaders. The thematic sessions are led by experts in the non-profit sector and cover concrete issues in non-profit life (tax issues, volunteer management, etc.). In 2017, Crédit Mutuel Massif Central sponsored the first Auvergne ESS awards and hosted the award ceremony at Espace Renan. The federation also participated in the ESS event in November 2017 on the topic: "A different kind of entrepreneurship, between illusion and reality."

Crédit Mutuel du Sud-Ouest's partnership with Bordeaux Métropole honored three new winners of the Social and Solidarity Economy "favorites" prize that seeks to promote innovative entrepreneurial projects in ESS with an award of €5,000 per winner

Given the stakes in terms of jobs in the regions, Crédit Mutuel Arkéa wants to further enhance its support for social entrepreneurs.

In 2017, Crédit Mutuel Arkéa signed a partnership with ShareIT, an initiative to bring together the most innovative social entrepreneurs and the best tech talents, to build solutions capable of addressing the biggest social issues: access to care, culture, education, energy and employment, and preventing natural disasters. The ShareIT program seeks to support social entrepreneurs over a ten-month period, with access to technological expertise that would normally be out of their reach (designers, developers, data experts, tech entrepreneurs, etc.).

At end-2017, specific training for social entrepreneurship was provided by Bretagne Active for some Crédit Mutuel de Bretagne employees working directly with professionals and farmers.

Via Ark'ensol, the group supports non-profits and Social and Solidarity Economy players by providing them with refurbished compu-

ters in excellent condition. Since 2013, more than 350 non-profits have received more than 840 computers and printers to help them in their work. In 2017, Ark'ensol also donated cell phones along with office furniture to non-profits whose core purpose is reintegration (such as solidarity-based grocers and garages).

SOCIAL AND SOLIDARITY ECONOMY	2015	2016	2017
Customer non-profit organizations	68,568	68,917	70,547

5.3.1.5 Solutions to support individual customers with their environmentally friendly projects

Residential energy renovation

Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central offer a range of loans for energy renovation work, including regulated zero-interest Eco loans and specialized loans for energy-saving work. This latter category of loan offers preferential conditions for financing equipment that will produce energy savings, for primary and secondary homes and rental properties.

Since October 2016, Crédit Mutuel de Bretagne has an agreement with the Brittany region to facilitate home renovations, as part of the call for expressions of interest to banks to create customized financial tools for households. The purpose of this agreement is to facilitate renovation projects through tailored loans and access to microloans for the lowest-income households that are likely to experience energy insecurity.

Via this agreement, Crédit Mutuel de Bretagne undertakes to facilitate access to the interest-free Eco loan across the Brittany region, encourage its customers to take advantage of the engineering proposed through the home renovation platforms, train and form a team dedicated to analyzing applications for loans intended for energy retrofitting work, and identify advisors at each platform level.

In the framework of the goals of the Aquitaine Sustainable Building Plan, Crédit Mutuel du Sud-Ouest has joined forces with the Region of Aquitaine with its dedicated environmental credit offer. This project enables it to contribute to improving the living conditions of the region's residents.

Since 2015, the Ark'ensol Energie range, the result of a partnership between Crédit Mutuel Massif Central and the Allier departmental council, helps in the fight against energy insecurity. This offer is designed for people with low and very low income or who do not have access to traditional bank loans. Crédit Mutuel Massif Central grants loans at rates indexed to the livret A savings account, of up to €10,000, to finance an advance on assistance and/or subsidies obtained to complete work, while awaiting their release.

In 2017, Financo signed a partnership with the social home ownership promotion network Procvivis, to provide a financing offer for energy renovation work that is accessible to low-income homeowners.

Also in 2017, Arkéa Immobilier Conseil developed a CSR analysis grid for its real estate programs distributed by the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations. This grid includes criteria of building energy performance, as well as circular economy, social entrepreneurship and sharing economy dimensions.

LOANS TO FINANCE ENERGY EFFICIENCY IMPROVEMENT RENOVATIONS	2015	2016	2017
Number of interest-free Eco loans granted in the year	1,087	979	851
Average amount of interest-free Eco loans granted (in €)	16,440	16,624	17,727
Total amount of interest-free Eco loans granted (in € millions)	18	16	15

Financing green equipment

Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central offer green loans to owners (individuals and businesses) of environmentally friendly vehicles. They are thus able to benefit from favorable financing conditions.

Responsible insurance

The group also seeks to support and promote positive behavior for its insurance customers via its insurance products.

Suravenir Assurances designed a connected car insurance with the broker AcommeAssure.com that rewards good drivers. This offer, based on the "Pay how you drive" principle, targets new drivers and measures the insured's behavior and vehicle use. It is intended to be educational and preventive.

Suravenir Assurances has also joined forces with Wecover, which proposes a collaborative insurance uniting good drivers according to their passions or lifestyles, and allowing them to benefit from a profit-sharing system at the end of the year: the Wecover bonus. Based on the insureds' behavior within their community, this mechanism helps lower insurance costs by directly involving customers

5.3.2 Orient customer shareholder and customer savings towards financing a sustainable economy

The group's various entities incorporate sustainability into the range of savings products they offer their customers and customer shareholders, thus enabling them to contribute to social and environmental issues by directing their savings towards responsible projects.

5.3.2.1 Socially responsible investment (SRI) and the integration of environmental, social and governance (ESG) criteria into investment policies

Federal Finance Gestion's SRI and ESG policy

Federal Finance Gestion has been a signatory to the Principles for Responsible Investment (PRI) since 2009 and is committed to continuously improving its third-party investor practices. Federal Finance Gestion complies with this charter, drawn up under the auspices of the United Nations, which defines an international framework that seeks to integrate environmental, social and governance (ESG) criteria into financial management. Federal Finance Gestion is also a member of the Forum for Socially Responsible Investment and has served on French asset management association AFG's "Socially Responsible Investment" technical committee since 2009.

Drawing on its expertise in analyzing ESG data, Federal Finance Gestion has created its own analytical framework based on best-in-class methodology. The analysis criteria in the framework are based on an examination of three major non-financial subjects directly related to sustainable development issues: Environment (E), Social (S) and Governance (G), adapted depending on the nature of each issuer. The analysis of these non-financial risks is intended to capture types of risks that are not properly evaluated by traditional financial analysis, such as reputation risk and the risk of a decrease in asset values associated with the challenges of reducing global warming.

The ESG score is unique (on a scale of A to E) for each entity and applies to all the financial instruments (shares, bonds, etc.) that it issues. Federal Finance Gestion's ESG analysis universe consists of 2,000 companies and 150 governments. ESG research, which was previously dedicated only to SRI funds, is now distributed

to all fund managers, who are thus informed about companies whose practices are the most questionable and therefore pose the highest risk.

Federal Finance Gestion sought to supplement its SRI screening, based on the ESG (environmental, social and governance) analysis pillars, with exclusion criteria.

It therefore analyzes the various issuers using the UN Global Compact filter. This analysis aims to identify :

- Players whose products and services are, by nature, incompatible with sustainable development goals. These are mainly manufacturers of controversial weapons (cluster bombs and landmines). This exclusion targets investments in securities issued by these companies and exposure to these securities through derivatives whose only underlying is the company in question; the knowing provision of an investment service to a company included in the list of excluded companies.
- Players who do not guarantee compliance with the recognized primary minimum international social, environmental or governance standards, which are grouped within the Global Compact. At the end of 2017, six companies were excluded because they did not sufficiently guarantee compliance with the UN Global Compact. These companies were excluded from the investment universe of all active Federal Finance Gestion collective investment.

Federal Finance Gestion has developed an engagement policy to hold constructive discussions with companies whose non-financial rating is far below that of their business sector. For Federal Finance Gestion's rating system, this means companies rated D on a scale of A to E.

SRI analysts conduct a non-financial review of the company and determine which topics may be brought up for discussion. The topic choices are proposed to fund managers who invest in these companies. The team responsible for these discussions may contact the company in the manner it deems most appropriate. Federal Finance Gestion believes that companies should be given a one-year grace period, because it takes time to change behavior.

These interactions should encourage them to adopt responsible

behavior and policies for the non-financial issues they have addressed either minimally or not at all. The intent is also to encourage companies to take their negative non-financial impacts into account to reduce the risk exposure of the investments, and ultimately of the funds held by customers.

Federal Finance Gestion also participates in the shareholders' general meetings of companies whose shares are held in its funds. By exercising these voting rights, it can defend the interests of the minority shareholders who are its customers. It is also a way to dialogue with the company and make it aware of expectations of responsible investors.

The Federal Actions Ethiques fund has been granted State SRI certification by Ernst & Young. This fund invests in shares of French small- and mid-cap companies, selected for their engagement and their sustainable development practices. Federal Actions Ethiques was also awarded the highest Morningstar rating with 5 Globes.

Aligned with the French energy transition act for green growth, Federal Finance Gestion is transparent about its consideration of ESG and climate risks in managing its funds. A single document summarizes all the actions implemented for responsible management.

SWEN Capital Partners' ESG policy

With €4 billion in assets under management, primarily on behalf of institutional investors, SWEN Capital Partners has laid out its commitment to sustainable finance in a responsible investment charter and a responsible investment policy specific to unlisted shares.

SWEN Capital Partners applies this responsible investment policy to all of its institutional investment strategies (primary, secondary and co-investment) and managed asset classes (Private Equity, Private Debt and Private Infrastructure).

SWEN Capital Partners also seeks to be a player in promoting best practices in its profession. In particular, it contributes to shaping and disseminating best ESG practices as an active member of several professional associations in France and abroad. Every year it publishes two studies of progress in the private equity and infrastructures market in terms of integrating non-financial criteria into investments outside the listed market.

In June 2017, SWEN Capital Partners organized a new edition of the ESG Best Practices Honours. European Private Equity and Infrastructures management companies with outstanding ESG practices were honored at this event. This event also highlighted the Sustainable Development Goals (SDG).

SRI AND ESG CRITERIA			
	2015	2016	2017
SRI assets under management	1,231	1,283	1,433
ESG ASSETS	4,635	4,199	37,287
Number of general meetings in which the company has participated	120	114	98
Resolution approval rate	75%	72%	73%

(* in € millions)

Suravenir and Suravenir Assurances

In accordance with Article 173 of the French energy transition for green growth act, Suravenir and Suravenir Assurances, as institutional investors, integrate ESG criteria into their investment policies.

Suravenir, the group's life insurance subsidiary, has integrated ESG criteria into its investment policy. It did so using Federal Finance Gestion's ESG expertise.

Suravenir's ESG policy applies, for now, to financial assets held directly, or about 70% of assets under management, regardless of their nature or the type of issuer.

It incorporates exclusion criteria identical to those of Federal Finance Gestion, to which it adds the non-OECD country exclusion criterion. It also considers the criteria used in the ESG performance analysis. These criteria are used to analyze all CSR themes facing issuers.

A specific ESG analysis framework is used for government securities. These criteria are used to analyze all sustainable development and responsibility issues facing governments.

To limit non-financial risk, Suravenir chose to restrict the share of issuers rated E to 10% of all annual investments.

Suravenir continues its efforts by focusing on measuring the impact of its investments on global warming (carbon footprint) and on measures to be taken to reduce this impact. For unit-linked

policies, Suravenir aims to gradually propose an SRI offer across its entire range.

Suravenir Assurances has also integrated ESG criteria into its investment policy. The financial investments made by Suravenir Assurances are via the intermediary of Federal Finance Gestion.

A formal review of Suravenir Assurances's financial portfolio in terms of ESG is conducted at treasury committees at least every half-year. Non-financial monitoring of investments made during the half-year is also conducted. These two reports (stock and flows) enrich discussion and are the basis for any dialogue with the issuer or for possible disinvestment.

Suravenir Assurances's ESG policy uses the same exclusion criteria as Federal Finance Gestion, as well as a sector-based filter: as a provider of personal insurance, Suravenir Assurances refuses to invest in securities or instruments issued by companies involved in the manufacture of tobacco products.

Suravenir Assurances has also implemented non-financial selection criteria based on SRI ratings: to limit the non-financial risk, it decided to limit the share of issuers with an E rating to 10% of its total annual investments.

Recognition of climate risk

Federal Finance Gestion is committed to combating climate change through the Global Investor Statement on Climate Change and the Paris Pledge. In December 2017, Federal Finance Gestion joined the Climate Action 100+ investor coalition formed at the One Planet Summit. This coalition seeks to dialogue with about a hundred companies that emit significant volumes of greenhouse gases, to encourage them to reduce their emissions and improve their climate reporting and management of climate risks.

Federal Finance Gestion is a signatory to the Carbon Disclosure Project (CDP) for the Carbon, Forest and Water initiatives. CDP's 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 Gestion chose to join this initiative to enable SRI analysts to access an additional environmental database to complement their own analyses.

An assessment of climate change-related issues is included in Federal Finance Gestion's ESG analysis, which Suravenir and Suravenir Assurances also use :

- For companies, climate change projects and accomplishments are addressed in the Environment aspect and more specifically in the "Climate Strategy" indicator. This area of analysis covers topics such as commitments and measures implemented with respect to greenhouse gas emissions, the use of renewable energy, management of air emissions, etc. For sectors where this is a major issue, it is weighted more heavily in the final score
- For government debt, the indicators dealing specifically with climate change are analyzed in the "Fight against climate change" and "Resources management" criteria through an analysis of energy mix and consumption.
- To promote companies engaged in policies to reduce their carbon emissions, Federal Finance Gestion manages an index called Federal Objectif Climat. Stocks in the index are selected on the basis of their environmental approach. The index covers all business sectors.

Following COP21, SWEN Capital Partners joined the 2020 Carbon initiative (iC20) and has committed to integrating climate issues in its fund management. In 2016, SWEN Capital Partners developed a system for assessing the carbon footprint of all its portfolios of unlisted investments. In 2017, the general management of SWEN Capital Partners wished to strengthen its commitment to useful and impactful finance, in particular with respect to environmental issues.

Following on the carbon footprint measurement for its funds conducted in 2016, SWEN Capital Partners has therefore implemented a Climate strategy for all its assets under management. Here the company lays out its beliefs and its process for taking energy transition issues into consideration in its investments and reports, and commits to allocate a minimum share of new funds that it manages to financing companies whose business contributes to a lower-carbon world.

At the end of 2017, SWEN Capital Partners was chosen by the OECD to implement a cooperative study in 2018 on the integration of energy transition issues into investment decisions.

5.3.2.2 Solidarity savings

La Vie d'Ici savings accounts

Les fédérations de Crédit Mutuel de Bretagne, du Massif Central et du Sud-Ouest proposent le livret « La Vie d'Ici Innovation » dont les fonds collectés permettent notamment d'accorder des prêts,

« prêts La Vie d'Ici Innovation », à des projets innovants d'entreprises de leurs territoires

Livret Solidaire

With this savings account, the three federations enable their individual customers to donate some or all of the interest earned each year to public interest associations chosen from the list of partner organizations in four action areas: social and housing, employment, international solidarity and environment. The Livret Solidaire has received Finansol's "solidarity finance" certification. More than €133,000 were donated to these organizations in 2017, a 30% increase over the previous year.

KEREA: solidarity savings for institutions and companies

Kerea Partage is a solidarity investment that meets the group's desire to offer its business and institutional customers savings products able to impact the real economy by fostering responsible local solidarity initiatives. Kerea Partage enables subscribers to share the profits from their investment with agents in the social and solidarity economy. Savings account holders can choose to donate a portion (25-100%) of the interest on their accounts to community organizations.

Solidarity funds

The solidarity share of Federal Finance's FEE Solidarité SRI employee mutual fund 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. To have a local presence in Crédit Mutuel Arkéa's regions, the investments made by SIFA are focused on four FRIS (regional solidarity investment funds): Bretagne Active, Auvergne Active, Aquitaine Active and ESIA PACA.

(in € millions)

SOLIDARITY SAVINGS: ASSETS	2015	2016	2017
Employee solidarity savings	6.1	6.3	7.4
Livret Solidaire	18	21.1	28.6
Kerea Partage	0.9	0.5	0
Total	25.0	27.9	36.0

5.3.3 Support for the pioneers who will create tomorrow's economy

Crédit Mutuel Arkéa places entrepreneurs at the center of the Arkéa 2020 strategic project. Crédit Mutuel Arkéa supports initiatives to turn today's entrepreneurs into tomorrow's leaders. This support takes the form of the provision of expertise, funding, equity investments and participation in outside initiatives.

The federations of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central support innovative companies with bank loans.

Savings deposits in La Vie d'ici Innovation accounts for their customer shareholders are used to finance innovative projects for companies in the region.

In 2017, Crédit Mutuel de Bretagne continued to roll out its new organization to better support innovative companies: enhanced expertise from innovation advisors, new dedicated offers and coordination of support networks.

Crédit Mutuel de Bretagne, Kengo and Ark'ensol Créavenir have been coordinating their actions since 2016 to allow business creators who have already received support for an innovative project from identified structures (technopoles, incubators, etc.) to qualify, under certain conditions, for a specific additional grant of up to €5,000.

Crédit Mutuel du Sud-Ouest continued to support the SoKengo crowdfunding platform, which is a starting point for entrepreneurs in Nouvelle Aquitaine.

Support for these innovative companies also involves equity interventions.

In 2016, Crédit Mutuel Arkéa launched We Positive Invest, an investment fund that supports entrepreneurs who are pioneers in three sectors: energy transition, the circular economy and societal entrepreneurship. The fund has €20 million which it uses to support innovative companies with venture capital. **In 2017, We Positive Invest made its first three investments. They benefited from Cozynergy, specialized in renovation; Osmia, which offers pollination services with bees and Algo Paint, which produces bio-sourced algae-based paints.**

Crédit Mutuel Arkéa is also a shareholder in the West Web Valley 1 fund, dedicated to young companies in the digital space. In 2017, West Web Valley 1 invested in EcoTree, a company that allows individuals and businesses to offset their carbon emissions by investing in trees.

Arkéa Capital is also a partner to Breizh Up, a financial initiative launched by the Brittany region that aims to support some forty young innovative companies in their seed phase.

Lastly, to support these entrepreneurs, Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central held a "New Ideas Award" contest in 2017. It targeted innovative companies and future business creators in these regions. Interested entrepreneurs were invited to submit an application describing their project through the dedicated websites. With this same focus on supporting innovation, Crédit Mutuel du Sud-Ouest partnered for the second year in a row with the Fabrik a Déclik festival. Here 300 young people were able to develop their potential, gain self-confidence and take action via educational workshops. This partnership included very direct employee involvement. Staff took part in the workshops on Social Entrepreneurship, dedicated to creating a business plan and seeking financing.

5.3.4 Support for customers and customer shareholders in precarious situations

In an ever-changing economic environment, Crédit Mutuel Arkéa has remained true to its cooperative and mutualist values by supporting customer shareholders and customers who may have been weakened by these developments. This support involves banking access for all, recognition of vulnerabilities related to health or social exclusion, and better access to housing.

5.3.4.1 Banking inclusion

Crédit Mutuel Arkéa supports its financially disadvantaged customers and customer shareholders by involving employees and directors and by adapting its offers and business lines.

The federations, in application of article L312-1 of the French Monetary and Financial Code, offer "basic banking services" free of charge to those customer shareholders and customers eligible for basic account rights. Since 2005 the federations have also offered the range of alternative payment methods to checks (GPA) introduced by the banking profession as part of an action plan of the CCSF (financial sector advisory committee).

In 2014 the federations adapted their GPA offer to benefit their customers and customer shareholders in fragile financial situations. In this way, based on the selected detection criteria, the federations propose to these customer shareholders and customers an offer that reduces costs in case of an overdraft and allows them to benefit from secure payment methods and normal use of their bank account at a lower cost.

In 2015, in accordance with the banking inclusion and insolvency prevention charter adopted by the AFCEI (French association of credit institutions and investment companies), Crédit Mutuel Arkéa enhanced its inclusive banking tools. The federations facilitated access to banking and payment services, and made them easier to use by providing their "basic banking services" customer shareholders and customers with an annual check-up to assess whether, given their personal situation and needs, a different banking product and services offer would be more suitable.

Crédit Mutuel Arkéa has also developed indicators to detect insolvency risk and prevent the situation of customers and customer shareholders from worsening, and seeks to support its customers and customer shareholders who are experiencing financial insecurity. Employees receive training each year in banking inclusion. In 2017 this training took the form of a quiz.

Given the great disparities in practices by banking institutions identified by qualitative and quantitative data collected in 2016, the Banking Inclusion Observatory (OIB) has recommended implementing specific governance to assist customers in precarious financial situations in their institutions. In 2017, Crédit Mutuel Arkéa therefore formed the Banking Inclusion Coordination Committee of departments competent on this issue. The committee's goal is to monitor initiatives taken in accordance with the OIB recommendation, in terms of reliability of data communicated to the Banking Inclusion Observatory, identifying individuals experiencing financial insecurity, promoting the specific offer dedicated to these individuals, and training customer-facing employees. The action plan will be reviewed quarterly by the committee. The Head of Compliance and Permanent Control will report on the progress of the action plan and its defined objectives to the Crédit Mutuel Arkéa Compliance and Permanent Control Committee, in particular the objectives of identifying people experiencing fragile financial situations, and disseminating the targeted offer.

Programs specific to Crédit Mutuel Arkéa designed to help customer shareholders in difficulty have been implemented for many years (more than 30 years in some cases). The association Ark'en-sol Entraide seeks to help people in temporary difficulties with four types of approach: borrowers' assistance, personal microloans, the "sensitive accounts" system (reversal of processing fees), and, since 2015 as part of banking inclusion, budget support from specialized partners.

Assistance to borrowers in difficulty consists of one-time coverage of loan payments for customer shareholders (capped at €7,500 per year and per customer shareholder) who, as a result of life events, are encountering temporary difficulties in repaying their loans. In 2017, new aid was provided to 120 customers totaling €235,000.

Ark'ensol Entraide also offers personal microloans of up to €3,000 via its partners. These loans are dedicated to people who cannot access "traditional" credit. As part of a social lending system, these microloans might help pay to maintain or purchase a vehicle or household appliance, or assist with self-reliance, access to housing or family cohesion projects. In 2017, 375 personal microloans were extended totaling €873,000, a 3% increase

(in € thousands)

ARK'ENSOL ENTRAIDE	2015	2016	2017
Borrower assistance	273	141	235
Personal microloans	987	850	873

Monitoring sensitive accounts enables the boards of directors of the local savings banks to offer a reversal of fees for customer shareholders with more than €200 in monthly fees and no withdrawal greater than €450. In 2017, nearly €492,000 was not debited or was reversed, benefiting 3,800 customer shareholders.

Budget support: since the decree of 2015, Crédit Mutuel Arkéa has worked internally and formed partnerships with other players via the Ark'ensol association to help guide customer shareholders and customers when their financial difficulties cannot be managed by the credit institution alone. In June 2017, **the plenary meeting of the Ark'ensol, Ark'ensol Créavenir and Ark'ensol Entraide associations was focused on supporting customer shareholders in situations of financial and energy insecurity. A partnership with Fondation Crésus, which has been working to combat insolvency for more than 20 years, was also signed at this event. A partnership between Atelier Budgétaire and Crédit Mutuel du Sud-Ouest was also signed in 2017.**

The three Crédit Mutuel Arkéa federations signed a total of eight partnerships with specialized organizations, and the first customer shareholders received support for periods of three to six months. To take things even further than regulatory training on banking inclusion, in 2017 the employees of Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central were made aware of this budget support for customers in difficulty via a testimonial video and a dedicated kit. Some employees and directors were trained in using a budgeting game, with the aim of raising awareness among

certain audiences, such as young people. Initial sessions were held with 9th-grade students.

Crédit Mutuel Arkéa has partnered with ADIE, French association for the right to economic initiative, since 1994. The partnership provides in particular for credit lines totaling €2.4 million annually for three years, as well as funding for guarantee-free loans of up to €30,000 annually. These loans are extended to business creators in Brittany, the South-West and Massif Central. Since 2015, an additional boost has been given to the financing granted by ADIE. This assistance, subject to conditions, takes the form of a solidarity grant given by the Ark'ensol Créavenir association to the project owners. It reinforces the beneficiaries' financing plan and generally supplies the startup cash flow. In 2017, €1.67 million was allocated in the form of microloans to 632 project owners receiving support.

Lastly, in 2017, Financo continued its partnership with French startup Yelloan, which launched the first community platform that allows borrowers to obtain a "participatory" guarantee from their friends and family. This is an innovative solution promoted by Financo under consumer credit conditions. It mainly targets young people, workers with fixed-term employment contracts and temporary workers who have trouble obtaining a consumer loan.

5.3.4.2 Accessibility of service

The Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central websites have been designed for easy use by all. They comply with the web standards defined by the W3C and with WAI (Web Accessibility Initiative) directives.

The mobile sites mon.cmb.fr, mon.cmmc.fr and mon.cmso.com were conceived to be fully accessible to the visually impaired so they can manage their account remotely.

For this same audience, accessibility of ATM withdrawals has been improved with the development of audio guidance. More than 60% of Crédit Mutuel Arkéa ATMs offering withdrawals are now equipped with this feature.

In February 2017, Crédit Mutuel Massif Central began offering a free service for immediate speech transcription and sign language video interpreting in real time at Espace Renan, to facilitate communication with customers who are hard of hearing during in-person meetings and remotely. In December 2017 this same service was deployed at the Crédit Mutuel de Bretagne Customer Relationship Centers and the Crédit Mutuel du Sud-Ouest call center for customer calls.

Lastly, Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central offer the Prêt Accessibilité Pro loan to professionals wishing to make their premises accessible to people with disabilities

5.3.4.3 Social connection, home care and access to health care

Arkéa On Life, the Crédit Mutuel Arkéa brand dedicated to the connected services offered by the Arkéa Assistance subsidiary, focuses on home care, social connection and personal safety.

It 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. This offer supports more than 20,000 individuals. Arkéa Assistance has expanded its range of services with the launch of a connected watch with a remote assistance app, and a connected tablet, to help elderly people remain in their homes without being isolated. This tablet provides access to a video helpline, 24/7 access to a physician by phone, and an application that can be used to receive messages, photos and video calls from loved ones.

Arkéa Assistance also has a dedicated offer for senior housing and nursing homes, a wandering prevention system using geolocating watches as well as a fall prevention system for residences. It developed an innovative connected solution for the Réside-Etudes group to keep night-shift employees safe in its network of assisted living residences for seniors.

Since 2016, Arkéa On Life has partnered with Ambucare, a therapeutic education player, to improve the care and health monitoring of post-operative patients in the home.

In the area of public health, Crédit Mutuel Arkéa finances university hospitals (CHU) and the major regional hospital centers of Brittany, and supports research as a donor to the Rennes EHESP School of Public Health. Arkéa Banque Entreprises et Institutionnels supports some 155 institutions in the medical-social sector for a total of €108.3 million in long-term financing and €156.8 million in short-term financing.

5.3.4.4 Initiatives in favor of housing and home purchasing assistance

As access to housing is a major concern for its customers, Crédit Mutuel Arkéa has chosen to contribute to this issue with various types of interventions that go beyond real estate financing.

The banking offer of the three federations contributes to financing low-income housing via the savings collected from “Livret Bleu” and social housing incentive loans.

Arkéa Banque Entreprises et Institutionnels has made support for the housing sector one of its priorities. It works with almost two-thirds of the social housing landlords with more than 10,000 units. Since 2010, it has provided more than €10 billion in financing to the public sector.

Arkéa Banque Entreprises et Institutionnels partners with various stakeholders in the sector. It signed partnership agreements with the French national federation of social housing cooperatives in 2016 and with Réseau Procvivis in 2017, to support them with home purchasing assistance projects. The bank is also a preferred partner of the Fédération des Entreprises Sociales de l’Habitat subsidized housing federation.

In 2017, Action Logement and Arkéa Banque Entreprises et Institutionnels joined forces to develop innovative services for employee housing. By combining their expertise and pooling their resources, these two partners will expand their ability to meet employees’ needs in terms of housing access, and develop the production of mid-range housing.

In connection with the various categories of real estate stakeholders, Arkéa Banque Entreprises et Institutionnels organizes housing “speed dating” sessions that give the three sets of actors in the housing and real estate chain — developers, landlords and planners — a chance to develop synergies and create more opportunities.

In 2017, Crédit Mutuel Massif Central financed the La Semblada cohousing project in the Tremonteix green neighborhood in Clermont-Ferrand.

Via its specialized subsidiary Armorique Habitat, the group is committed to housing and social diversity (diversity of housing types, adaptations for disabilities and adjusted rents).

Lastly, the Crédit Mutuel Arkéa group holds equity of €5.1 million in 81 low-income housing and semi-public enterprise structures (SEM).

(in € millions)

DEPOSITS CONTRIBUTING TO FINANCING LOW-INCOME HOUSING	2015	2016	2017
CMB savings account, CMMC savings account, CMSO savings account	5,912	6,010	6,302
Social housing incentive loans (PLS and PLSA)	1,059	1,087	1,023

5.3.5 Supporting regional dynamics

Beyond its business as a banker or investor, Crédit Mutuel Arkéa is a company engaged in the economic, cultural and sports fabric of its regions.

At the end of 2017, Arkéa Banque Entreprises et Institutionnels dedicated a budget of €200 million of discounted financing to companies in Crédit Mutuel Arkéa's traditional regions (Brittany, South-West, Massif Central) to support their investments and bring their projects to fruition.

At the fifth annual housing and real estate Speed Dating event, Arkéa Banque Entreprises et Institutionnels unveiled its new white paper: "A look at our retailers." This collective work, containing some twenty testimonials from players on the ground (real estate experts, local politicians, etc.), throws light on concrete solutions for countering the phenomenon of retail desertification in smaller cities in France

5.3.5.1 Corporate giving and sponsorship

The group's support for its regions also involves corporate giving and cultural and sports sponsorships. Enhancing the attractiveness of its home regions, their ability to achieve national and international influence and attract entrepreneurs, investors, workers, tourists, students, and others is a key priority for Crédit Mutuel Arkéa. For that reason, the group works closely with organizations and associations looking to optimize and promote the regions' talents (artistic, scientific, etc.), share knowledge and expertise, and develop their resources and skills. In 2017, Crédit Mutuel Arkéa's corporate giving and sponsorships totaled more than €4.1 million.

As an active and involved sponsor, Crédit Mutuel Arkéa organizes its work around flagship initiatives in Brittany, the South-West and Massif Central in several complementary areas :

- Culture, by supporting cultural venues that are open and accessible to all. The group supports in particular Le Quartz – Scène Nationale de Brest, Musée de Faouët, Vallée des Saints, Sémaphore de Cébazat, Radio Arvernes, the Association of Small Towns with Character in Brittany, etc. Arkéa Banque Entreprises et Institutionnels, Arkéa Investment Services (Arkéa Banque Privée) and Suravenir are sponsors of the Héliène & Edouard Leclerc cultural fund. **Crédit Mutuel du Sud-Ouest also takes part in numerous cultural projects and sponsors around fifty events in Aquitaine, including the Pessac International History Film Festival.**

- Healthcare, by financing in particular initiatives that aim to improve the daily lives of hospitalized patients and the comfort of elderly individuals living in nursing homes. It supports, for example, the Association des Blouses Roses in Finistère and Massif Central. The group also supports the first European cluster dedicated to pain research and innovation, the Institut Analgésia, located in Clermont-Ferrand. The group is also one of the major supporters of Innoveo, the Brest regional and university hospital endowment fund for basic, epidemiological and therapeutic research. Crédit Mutuel Arkéa and Arkéa Banque Entreprises et Institutionnels have also signed an agreement with the Rennes university hospital Nominoë fund, which funds the development of new treatment pathways for many conditions (cancer, degenerative diseases, genetic diseases, etc.). Crédit Mutuel Arkéa is also involved with EPI Bretagne, a patients' association that works to develop solutions that improve the autonomy and integration of people with epilepsy through housing, work and social life.

- Education, by providing financial aid to two regional excellence sites: the Rennes 1 University foundation and the Université de Bretagne Occidentale foundation.

- The group also wished to better include the priorities defined in its corporate social responsibility (CSR) strategy in its corporate giving choices. It will thus give preference to projects involving the environmental transition and assistance to people in financial difficulty.

Crédit Mutuel Arkéa pursues solidarity with its regions and supports many charitable and public interest organizations via local initiatives: Banque alimentaire, Restos du Cœur, Secours Catholique, Secours Populaire, Ligue Contre le Cancer, Téléthon, French Red Cross, Les Bouchons d'Amour, SNSM, etc. Crédit Mutuel du Sud-Ouest and CFCAL also support the association Our Neighbourhoods Have Talent, which promotes jobs for young graduates and equal opportunity.

Sports sponsorship, from soccer to sailing or cycling, takes place via specific partnerships. For example, the group supports Stade Rennais Football Club, Football Club de Lorient, En Avant Guingamp, Girondins de Bordeaux, as well as Stade Brestois 29 and Clermont Foot Auvergne.

Crédit Mutuel de Bretagne has been involved in sailboat racing since 2011, alongside the Region of Brittany, with the “Brittany – Crédit Mutuel” ocean race, an initiative aimed at supporting both up-and-coming and established skippers. Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central support many sports clubs and organizations in their regions, thus contributing to developing and sustaining sports activities. With its Chèque-Sport voucher program launched several years ago, Crédit Mutuel Massif Central offers benefits to sports clubs and the unemployed to enable them to practice sports more easily. Lastly, Fortuneo sponsored the Fortuneo-Oscaro professional cycling team, which will be renamed Fortuneo-Samsic starting in the 2018 season.

(in € millions)

SPONSORSHIP	2015	2016	2017
Total sponsorship budget	2.76	4.43	4.12

5.3.5.2 Relations with educational institutions

Crédit Mutuel Arkéa and its subsidiaries receive many young people with apprenticeship or trainee contracts as well as many interns. The human resources and training department teams participate in guidance forums throughout the year to present the banking and insurance businesses.

Crédit Mutuel Arkéa also contributes to a significant degree to financing Breton educational institutions through its sponsorship activities. Aside from this support, Crédit Mutuel Arkéa has developed many partnerships with institutions of higher education. In 2017, the group took part in discussions initiated by the “CSR, innovation and digital transformation” research and education chair at Rennes 1 University. Group employees also teach university classes as guest lecturers.

5.4

Crédit Mutuel Arkéa's CSR footprint

Crédit Mutuel Arkéa takes supporting its customers and customer shareholders in their social and environmental transitions very seriously, and is equally concerned about its own business practices. It has therefore established proactive human resources, environmental footprint and professional conduct development policies.

5.4.1 Human resources development

The Arkéa 2020 strategic project focuses in particular on the importance of Crédit Mutuel Arkéa's primary resource: its human capital.

The Arkéa 2020 strategic HR plan is based on four convictions that orient the group's HR policy for 2016-2020:

1. Unleash energy and entrepreneurship;
2. Continue to support career development, nurture talent and promote mobility to create additional innovation capacity;
3. Support managers in their role of caring and exemplary coach and develop collaborative cross-functional approaches;
4. Develop responsible HR that relies on promoting quality of life at work and relishes diversity.

As a key employer in its regions, the group is developing a long-term employment policy that seeks to maintain employee motivation and engagement at a high level and continuously develop their employability.

The group is proud of its diversity and supports the promotion of diversity and equal treatment and recognition.

Crédit Mutuel Arkéa implements a dynamic recruitment, mobility and training policy, which aims to promote its employees' entrepreneurial spirit. The policy's primary objectives are :

- to maintain an active recruitment policy to support the growth of its businesses and attract new talents to its business lines ;
- to monitor and anticipate changes in its business lines and social model arising from economic, demographic, technological and organizational change
- to promote shared responsibility between employees, the initiators of their own development, and the company, which provides the necessary tools for their personal and professional development, in particular via a job and career development system, training programs and functional and/or geographic mobility

As a key agent for the deployment of HR policy, management must bring meaning to and foster the initiative of their employees. Management also ensures recognition of personal investment and of collective and individual performance.

Lastly, in its relationships with its labor partners, the group supports dialogue that is respectful of different viewpoints and perspectives.

5.4.1.1 Crédit Mutuel Arkéa's employees

At December 31, 2017, Crédit Mutuel Arkéa was primarily active in France. The home regions of the three federations, in Brittany, the South-West and Massif Central, account for 80.3% of the workforce.

Its subsidiaries operate across the French territory, in Belgium, Luxembourg, Switzerland, and to a limited extent in Germany and the United Kingdom

Only 2.5% of Crédit Mutuel Arkéa's workforce is located abroad (Belgium, Luxembourg, Switzerland, United Kingdom and Germany).

The group complies with the fundamental principles of the International Labour Organization, concerning freedom of association and the right to collective bargaining, eliminating discrimination in employment and occupation, eliminating forced and compulsory labor and abolishing child labor.

The total number of employees under permanent contract was 9,070 at end-2017, an increase of 3.1% over the previous year

5.4.1.2 Recruitment and integration of new hires

Crédit Mutuel Arkéa pursues an active recruitment policy to support economic dynamism in its regions, with 679 permanent hires in 2017.

Crédit Mutuel Arkéa takes a proactive approach to recruitment and supports the creation of a new "applicant experience." With the new behaviors of applicants and their extensive use of social networks in their job search, the recruiting team is

- Adopting a new attitude,
- Deploying multiple recruitment strategies based on recruiting volume, profile scarcity and the business expertise sought

Crédit Mutuel Arkéa is training its recruiting staff in practices that will enable them to identify and assess applicants' potential.

All Crédit Mutuel Arkéa entities adopt harmonized procedures with respect to recruitment and integration to ensure employees' mobility over the course of their career.

The Human Resources functions of the various Crédit Mutuel Arkéa entities organize specific integration and training tracks for new employees. The goal is to provide optimal job performance conditions for each new hire and to verify that his or her aptitudes match the company's expectations. This approach also seeks to create a connection between the employee and the company, and between the new hire and other employees.

For this purpose, Crédit Mutuel Arkéa also organizes an annual "Carrefour des nouveaux recrutés" conference, where new hires can learn about the group's organization, strategy, major projects, operating methods and diversity, and understand its scope

of activities and development prospects. In May 2017, 390 new employees came together in Brest for a day of exploration of Crédit Mutuel Arkéa, with CSR as the guiding theme.

The group participates in basic training by hosting interns and apprentices. More than 1,000 interns and apprentices were hosted by the group in 2017. In the local savings bank network, apprentices who successfully complete their courses are systematically offered employment if a position that matches their skills is open. In 2017, 27% of interns and apprentices were hired by the group at the end of their program.

The Human Resources department manages the community of apprentices internally, with dedicated times to meet together, integration pathways and, for the second time in 2017, the organization of an Apprentice Fair, a day of integration and cohesion aimed at sharing Crédit Mutuel Arkéa's values.

The group also takes advantage of large local events to present its careers and desired profiles. In 2017 it took part in the Festival des Vieilles Charrues, the SPACE agricultural fair and Azimut meet-ups (for high school orientation).

5.4.1.3 Promoting diversity

Non-discrimination

Executive management is responsible for highlighting non-discrimination principles within the company. Every employee receives the internal bylaws upon their arrival, which includes these elements. Internal bylaws are specific to each company in the group.

The Human Resources teams operate within a procedural framework that enables them to prevent any discrimination, with an awareness of inclusion and an embrace of all differences.

Line management participating in the recruitment panels is also trained on hiring practices that combat all forms of discrimination, as part of the training given to new managers.

To strengthen gender equality, the company agreements specify in particular that open positions be offered regardless of gender and that the applicant pool called in for interviews include a mix of men and women.

There is also no discrimination between full-time and part-time workers in the benefits offered by the UES.

Gender diversity

The Crédit Mutuel Arkéa group has a Diversity action plan with five priorities:

1. "Opening our eyes," or continuing cultural change by educating all group employees about unconscious stereotyping and bias ;
2. "Boosting potential," or how to identify, motivate and position the right talents in the right places with inclusion;
3. "Reducing pay gaps;"
4. "Maintaining momentum" with sustained information initiatives, internal and external communication, and the Diversity ambassadors network ;
5. "Measuring our progress."

At the same time, each group entity has designed its own action plan that is most relevant to the specific issues it faces.

The group's diversity action plan is piloted by a dedicated full-time individual. A community of diversity ambassadors has been created and the number of employees interested in supporting this project grows every year. There were 372 Diversity ambassadors at the end of 2017. Their mission is to raise awareness within their entities and to drive the policy forward with action plans deployed in these entities.

For example, an awareness video for employees was produced by one of the group subsidiaries on the topic of an employee announcing her pregnancy. In another entity, ambassadors organized lunch meetings to "boost female potential" through discussion between the entity's employees and women identified as "inspirational models." A conference on "audacity as a career tool" was offered to employees in another structure.

"Everyone inclusive" training was implemented in 2017 to help staff better recognize the stereotypes that might influence their judgment, often subconsciously. The group has set the goal of training every employee on this topic by the end of 2020. At end-2017, more than 1,000 employees had taken the module.

New managers also receive a half-day training devoted to diversity. Several topics are addressed in this course: self-censorship, sexism, and support for maternity leave. This module was also provided to existing managers upon request

Since 2004, the actions taken to support gender equality have been governed by the signature of four successive company agreements for the scope of the **UES, which represents 70% of group employees in the various entities.**

The company agreement defines the means used by the company to promote professional gender equality over the long term and achieve conditions for true equality at all stages of professional life.

The primary focus of the agreement is to measure and reduce gaps in compensation, professional development or career path between men and women.

The goals of the agreement in place until end-2017 were to :

- promote women's career paths, in particular access to management positions, to support the company's performance;
- implement solutions to enable a fair work-life balance for all, in terms of work organization and management of parenting;
- remain vigilant with respect to equal compensation of men and women;
- raise awareness, inform or train company employees, partners and customers around our professional equality policy;
- understand and reduce stereotypes, in particular via appropriate internal and external communication.

Negotiations for a new workplace gender equality agreement for the UES began at the end of 2017. **The text being studied focuses on new modes of work organization that support a better work-life balance. It also provides for information and awareness initiatives about harassment and sexism.**

As part of the annual consultation on the company's labor policy, a comparative situation report is shared with the employee representative bodies every year. In addition to the legally required information, it includes indicators to analyze the comparative situation of women and men within the company, and how it is evolving.

The average gap in compensation between men and women in the company compared with the median is less than 4%, across all job levels. This gap is trending downward year by year. In 2015, following analysis of the pay gaps between men and women by job grade, it was decided to allocate a special "Professional equality" budget envelope to further reduce these gaps. The allocated budget was €500,000 in 2017. In 2017, the wages of 387 women were adjusted using this system.

A maternity, adoption or parental leave support system has also been in place within the UES since 2015, in accordance with the commitments made in the collective agreement. This system provides for specific meetings before the parenting leave and upon returning to work, with a "new parent guide" to inform the employee and their manager about legal and contractual provisions surrounding parenting.

"Workplace gender equality" agreements were also in place in the subsidiaries in 2017 (Suravenir, Suravenir Assurances, Leasecom, CFCAL, Financo, Novélia).

Since 2017, a criterion related to gender diversity has been integrated into the variable compensation for the group's officers, directors, and senior and executive managers (around 180 people).

The group also backs external gender diversity initiatives. In 2017, Crédit Mutuel Arkéa was a sponsor of the documentary *Le travail a-t-il un sexe ?* ("Does work have a gender?") by Martin Meissonnier, dedicated to women at work and broadcast on France 5. The group also joined the Diversity Observatory, a think tank formed in 2015 to accelerate implementation of diversity at all levels of the company. This organization published a green paper in 2017 on the six flagship actions for making progress towards a better gender balance in companies.

At December 31, 2017 the group workforce was 57% women and 43% men

PROPORTION OF WOMEN IN UPPER MANAGEMENT AND EXECUTIVE POSITIONS AT DECEMBER 31, 2017 :

- Second-level managers (department managers at headquarters and directors of the regional units in the networks): 29% (+ 2 points)
- Senior managers: 34% (+ 4.5 points) ;
- Executive managers: 19% (+ 1 point) ;
- Members of the group General Coordination Committee: 21% (+ 1 point) ;
- Members of the group Executive Committee: 25% (+ 3 points)

A community of women «Avec'elles», which includes nearly 200 women employees, has also been created within the group. Its objectives are to create a national network by encouraging Crédit Mutuel Arkéa women to meet and share their experiences and their daily professional lives, to encourage them to develop internally and to reflect on the importance of diversity within the group.

Employees with disabilities

In keeping with its values, the company intends to move forward with and increase its employment of people with disabilities, and retain and support employees with disabilities or dealing with a disability over the course of their career. Individuals with disabilities make up 3.3% of the group workforce.

The representative labor unions unanimously signed a fifth three-year agreement with the company for the UES scope. Because the competent authorities have accredited this agreement, the company is able to better support employees, in particular with individualized assistance. The company would like to move toward the legal employment rate of 6% and has set a target of a minimum of six hires per year of people with disabilities for the UES scope. At end-2017, 24 employees had been recruited, compared with a target of 18 for the duration of the agreement.

The 2015-2017 action plan focuses on :

- digital accessibility;
- development of outsourcing to the adapted and protected sectors
- training ;
- communication.

The company agreement provides for financial aid to employees with disabilities to facilitate their professional activity (accessibility, hearing aids, wheelchair, vehicle and housing adaptations, etc.).

Employment of people with disabilities is tracked by a dedicated unit. This unit coordinates promotion and facilitation and organizes tracking of actions in support of people with disabilities, in coordination with the Disability officers at the various establishments of the UES. The Disabilities Mission is an additional contact point for company staff impacted by disability and for outside partners. The team provides ideas, advice and support to group companies.

A disabilities IT officer has also been appointed. S/he works in collaboration with the disabilities mission and people with disabilities to:

- ensure that IT tools adapted to workers with disabilities are provided
- support and train users.
- monitor accessibility of communication materials.
- plan for the provision of new, adapted IT solutions.

Digital accessibility training has also been deployed for IT developers, so that they can include accessibility standards (for the blind, for example) when working on internal and/or public applications (customer-facing websites).

A film raising disability awareness is available to all employees on the intranet, and an eLearning module on this topic was created in 2017 for distribution to all new managers in the group.

For European Disability Employment Week, the Disabilities Mission took part in forums and round tables on the topic:

- "Meet us" employment forum at the Halle Martenot in Rennes
- ADAPT's informal career fair (Handicafé) in Rennes.

During the European Disability Employment Week, Crédit Mutuel du Sud-Ouest organized a series of events to raise employee awareness around disability issues.

Crédit Mutuel Arkéa is also developing a number of partnerships:

- Partnership with training centers for people with disabilities;
- Contribution to the work of the Regional Chamber of the Social and Solidarity Economy in Brittany and to the AGEFIPH Project Leader Club;
- Sponsorship of the Startup & Handicaps contest organized by the Morbihan chamber of commerce and industry. This call for projects aims to find solutions to compensate for a disability and/or a loss of autonomy.

The Purchasing department, together with the Human Resources department, also promotes the use of employment assistance establishments (ESAT) and adapted enterprises (EA) for certain activities.

This results in:

- improved awareness for internal purchasing advisors of the value of this approach;
- mapping of all business sectors for which the use of adapted sector providers could be considered;
- completion of a listing of tenders to be carried out under a timetable aimed at expanding the group's positioning over the next three years.

Four training sessions were held in 2017 for around forty Crédit Mutuel Arkéa group buyers and purchasing advisors, in partnership with the French national union of companies in the adaptive sector, to expand subcontracting to this sector. These courses were followed by a morning event presenting businesses from the adapted sector in early 2018.

End of career support

In a regulatory and labor context supporting a longer professional career, the company wishes to develop a full array of tools for preparing for retirement.

An agreement on a retirement preparation framework was signed in the UES scope in 2017. Various formulas allow employees to manage, plan and design their end of career and transition to retirement, enabling them to be informed and involved players in this process :

- Opening a retirement time savings account;
- Option of "senior" part-time status;
- Opportunity to create capital upon retirement;
- Access to training on preparing for retirement

An agreement on support for employees older than 50 was also signed in December 2017 by the four representative unions of the UES.

This agreement includes the following objectives:

- **Implement a career and training management policy adapted to workers over age 50;**
- **Support and maintain motivation via a good work-life balance, and support the end of career transition;**
- **Encourage measures for developing employee skills;**
- **Support and anticipate retirement.**

A generation contract agreement is also in place in the CFCAL, Leasecom, Fortuneo and Armorique Habitat subsidiaries.

5.4.1.4 Supporting career paths

Given changes in the banking and insurance market, and in its strategic goals, age pyramid and regional positioning, Crédit Mutuel Arkéa views professional mobility as a crucial component of its development.

In addition to this commitment to mobility, the group would like to support career development, nurture talent and promote mobility to further increase its innovation capacity.

Every year, an annual performance review gives employees the opportunity to discuss their accomplishments and skills with their managers. During the 2016-2017 campaign, 91% of annual reviews were completed.

Employees and their managers also have career reviews, at least once every two years, to discuss their career path and 1- and 3-year career plans.

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 employees can apply.

Employees also have the possibility of benefiting from reviews with an HR advisor to explore in more depth the pathways mentioned during the career review.

Lastly, every year Crédit Mutuel Arkéa organizes a Career Fair to showcase and promote the diversity of the group and its professions, as well as the tools available to employees to take action for their own career mobility. The fifth Career Fair was organized

in November 2017. More than 1,500 employees were able to meet with the group's HR management.

In 2017, 15% of group employees changed jobs within the organization.

In addition to these tools and programs, the Human Resources department set out its four "Convictions" in an operational action plan in 2016. This plan targets, by the end of the Arkéa 2020 strategic project, concrete implementation of:

- Specific pathways throughout the employee's career, from recruitment to retirement,
- Key moments within this pathway (integration, mobility, retirement, etc.).

Projects are in place to support these pathways and key moments. For example, in 2017, new job training was created to support the Arkéa 2020 projects. All employees in the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central networks were trained in the new customer approach.

In line with these "Convictions" aimed at developing employee autonomy and entrepreneurship, Crédit Mutuel Arkéa launched a welcome service for "intrapreneurs" in 2017, to support company staff wanting to develop new activities on their own personal initiative. The aim is to provide project owners with a point of contact, expert advice and even logistical support, and for the group to consider their project, whether or not it comes to fruition.

The Financo subsidiary has created the JEDI program (French acronym for helping entrepreneurs develop their ideas). This program seeks to develop an entrepreneurial culture by encouraging every employee to act as an entrepreneur with a focus on the customer, rate of return, optimization and taking initiative. The "start up inside" structure is a part of this program, and has supported the emergence of 19 ideas developed by employees.

A company agreement on strategic workforce planning for the UES was in place until 2017. It includes tools that enable employees to manage their careers proactively. Negotiations on a new agreement will begin in the first quarter of 2018.

Beyond individual career paths, when businesses are under stress or restructuring is needed, these changes are anticipated and managed as part of a mobility policy within the group.

To strengthen this moral commitment, the UES has adopted an agreement on informing and supporting employees during restructuring projects. The goal of this agreement is to describe and

deploy an operational system to improve support for employees during restructurings and to facilitate the change process.

When restructuring occurs, several provisions included in the group mobility charter serve to support the affected employees. Furthermore, when restructuring involves a move of greater than 20 km, this is offset by a mobility bonus which increases with the distance.

Beyond what is required by the mobility charter, every restructuring project is supported by a dedicated Human Resources contact. This advisor supports both collective and individual situations. Supporting an employee always begins with an individual meeting, where the employee and their HR advisor discuss possible pathways for change and the employee's wishes. The HR advisor uses several tools on a case by case basis to help keep the affected employees in the group: dedicated training, skills mentoring, skills assessments, and a specialized outside agency.

5.4.1.5 Strong commitment to employee training

Training is a key resource for adapting to change, developing skills and supporting employees in their careers, and thus contributes to greater efficiency within the company.

Crédit Mutuel Arkéa maintains a high level of commitment to training, spending 4.6% of payroll in 2017. In 2017, 85% of employees received training, a seven point increase.

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, employees have the individual resources provided by French law, such as: recognition of acquired skills and experience, the individual training account, individual training leave and a financing system governed by the joint individual training leave management committee. This system, specific to Crédit Mutuel Arkéa, helps fund :

- projects for vocational retraining outside of Crédit Mutuel Arkéa;
- contributions to the non-profit sector;
- personal training needs.

The use of digital tools has increased in light of the tougher training requirements applicable to the group's regulated activities, including eLearning, MOOCs, virtual classes and quizzes.

In 2017, the group provided CSR training for its new employees recruited as account managers for individual customers. This training is an eLearning module and aims to share the key elements of the group's CSR policy and actions.

The Central works council, which covers the scope of the UES, proposes a specific training plan each year using an individual training leave grant. This is on-the-job training in which a coach accompanies the employee during their work day to better understand and experience their professional and personal environment.

This training has four focus areas :

- Accomplishment and self-confidence
- Exploration and general knowledge
- Health and well-being
- Solidarity

Thirty-three such trainings were provided in 2017. Employees who wish to take part receive training leave, so there is no impact on their annual leave or compensation

In the environmental field specifically, training and awareness systems exist for group employees (see section 5.4.2.2).

5.4.1.6 Managers: caring and exemplary coaches

Management quality is a key factor behind employee success, motivation and engagement. To that end, the group positions the manager as the company's first-line HR contact and the daily representative for the group's human resources policy among employees.

As such, at the end of 2016 the group rolled out a collective intelligence seminar to its senior managers to shift management attitudes more toward entrepreneurship, cross-functionality, talent promotion and diversity. This experimental seminar, which participants endorsed, was offered twice on a larger scale in 2017.

After these seminars, each group manager has access to an eLearning platform with a tool kit that gives them the tools they need to adopt this new attitude. The eLearning modules include the following themes :

- Boost team engagement
- Foster continuous improvement

- Stimulate ideas.

Managers can also share their experiences using a community tool.

The management charter was revised to be in alignment with this new HR approach. A "management week" in November 2017 was an opportunity for employees with direct reports to share their best practices in discussion groups around the values of the new charter.

In 2017 the group also rolled out its new management entry pathway: the Arkéa Management Academy is a training program of several months for all new managers. The program includes management techniques, group activities, motivation, labor law, stress management, personal development and quality of life at work.

Every manager also receives an annual review, like all group employees. Managers are evaluated on the knowledge, abilities and skills specified in their job description and adapted to their management situation.

To supplement the evaluation of these basic managerial skills and support one of the four key priorities of HR policy in 2020 ("Support managers in their role of caring and exemplary coach and develop collaborative, cooperative and cross-functional approaches"), managers of managers are also asked to evaluate them on the specific skills related to the Arkéa 2020 strategic project.

5.4.1.7 Promoting quality of life at work

Because human capital is its most important resource, the company believes that promoting quality of life at work is a key issue as it factors into employees' well-being at work and the company's overall long-term performance.

Great Place to Work certification

At the end of 2017, Crédit Mutuel Arkéa decided to begin seeking Great Place To Work certification. This process is based on an audit and a survey of the entire workforce. Almost 80% of employees participated in the survey.

The group sees this certification as an opportunity to :

- pursue continuous improvement by learning from what the best performers in this area do, and evolving our practices ;
- strengthen team spirit and pride in belonging to the group ;
- highlight the great initiatives that already exist in our company

Work-life balance

Crédit Mutuel Arkéa signed the Parenting Charter in 2011 and the UES has signed several consecutive agreements on equality at work, with a particular focus on work-life balance.

Several actions have been implemented in favor of parent employees :

- "Sick child" leave ;
- Contribution to childcare costs for young children;
- Adapted work hours for pregnant women;
- Maternity leave is 18 weeks at the same wage starting from the first child
- Wage maintained during paternity leave.

The company encourages leave donations for parents of severely ill children: in 2017, employees of the UES made 196 pledges to donate, corresponding to 277 days that can be made available to employees who need them. Suravenir also has a system of leave donation for seriously ill children or spouses.

A multi-company daycare is also available to employees, in close proximity to the group headquarters. Lastly, employees at headquarters and some subsidiaries benefit from a cafeteria at their workplace, as well as concierge services (Suravenir and Financo). In 2017, a survey was conducted to understand expectations of the concierge services for staff at headquarters, whose results are currently being analyzed.

While new technologies are now an integral part of the work environment and necessary for companies to operate, the company is also sensitive to the right to disconnect. Changes have been made to enable certain employees to disconnect automatically (for pre-determined time blocks) from external access to the group's IT tools.

A company agreement on the right to disconnect is being negotiated with the labor partners of the UES. This agreement provides in particular for actions to restrict availability of mobile tools and external access to company email, and to monitor their use. It also includes awareness-raising initiatives for managers to ensure they demonstrate model use of digital tools.

The Leasecom subsidiary signed an agreement on this topic in 2017.

Work flexibility

Directly aligned with the Arkéa 2020 strategic project, three company agreements have been in place since 2016 for the UES scope that seek to enhance employee autonomy. They enable employees who so wish to benefit from a more flexible work setting, in a relationship of mutual trust with the company and their managers:

- Fixed Days package agreement for management staff in one of the designated job categories and with proven autonomy. The spirit of this agreement is the desire to leave behind a rigid system of daily work hours, in favor of annual management of days worked that leaves more flexibility to employees in how they organize their work and personal time, thus supporting a better work-life balance.
- Telecommuting agreement: after more than a year of piloting this new work mode with 50 employees, results were positive and an amendment to the initial agreement was signed in April 2017. This extends the population of telecommuters to around 100 employees, and offers more flexibility in work time organization. Negotiations were begun at the end of 2017 and led to the signature of a new collective agreement, transforming this pilot phase into a standard work model. The new agreement implements a more flexible form of telecommuting, removing the cap of five days per month for telecommuting and replacing it with a requirement of presence on-site at least two days per week. Telecommuting will now be offered to all employees in the cen-

tral departments, and to some employees in the sales networks in a trial format.

- Agreement on voluntary part-time work, which aims to foster turnover of employees who choose it to give greater access to part-time options. Employees can now request part-time work for a defined and renewable period of two years

Some subsidiaries are also experimenting with telecommuting (Suravenir, Suravenir Assurances, Fortuneo, Armorique Habitat). A telecommuting charter for traveling sales staff was also implemented at Financo in 2017

Occupational risks

The company boasts a long-standing health and safety culture and applies a continuous improvement and risk prevention approach. The initiatives conducted cover the three levels of prevention: primary (actions to eliminate risk at the source), secondary (actions to increase resistance to risk) and tertiary (remedial actions).

The group's entities create a Single Document each year that inventories and evaluates professional risks and the related action plans.

The intranet site for UES staff provides information about existing resources and supports available in the workplace. It represents a permanent source of information for all employees on the prevention of occupational risks.

Managers and various occupational risk liaisons are trained on occupational risk prevention through specific training courses.

The company has formed a partnership with a network of social workers to help employees experiencing difficulties. A review is conducted each year. There is also a full-time nurse on the premises of the group's central departments.

In 2017, the company coordinated with its labor partners on an approach to quality of life and the prevention of psychosocial risks.

After the 2015 survey, a new survey of quality of life at work was launched in early 2017 for the scope of the UES, with a response rate of 56% of employees concerned (three points higher than 2015). The results were communicated to all employees in July 2017 and an action plan was put in place.

For example :

- training managers in Quality of Life at Work as part of the Arkéa Management Academy,
- deploying the Rebound Program, a system of personalized support for employees experiencing difficulty at work for professional or personal reasons. A customized action plan is designed and put in place based on the employee's specific situation, under this system. This has enabled some employees to pursue a new professional direction within the company or elsewhere, thanks to customized support
- organizing a week on the theme of well-being at work (daily newsletters with tips, advice and simple tools sent by a coach to help change habits and prevent stress).

The subsidiaries also conduct actions to favor life quality at work: in 2017, Leasecom organized a CSR week on Quality of Life at Work; Novélia created well-being at work days.

Lastly, in 2017, the group participated in the tobacco-free month, with regular information shared with employees. An event was also arranged at group headquarters: employees received awareness messages around quitting tobacco, and help kits and personalized appointments were offered.

Workplace accidents remain infrequent and of low severity: 66 in 2017 compared with 57 in 2016. Absences due to these accidents totalled 4,839 days, of which 2,933 days recognized by the CPAM health insurance system in France.

There were two reports of occupational illnesses recognized as such by the CPAM in France.

Well-being in the workplace

Several initiatives were undertaken in 2017 to redesign the workspaces and improve working conditions for employees in the central departments and subsidiaries. Conference and break rooms were reconfigured to encourage conversation, community and modularity.

In the networks, the concept of the new local savings bank offers workspaces for employees and reception areas for customers that are fully consistent with the goal of keeping a genuine focus on customers and employees, as advocated in the "Customer Focus Ambition" project.

An exercise room was also opened in 2017 in the Suravenir headquarters building.

For its new premises, Fortuneo called on an interior designer specialized in collaborative workspaces.

Various initiatives were conducted in 2017 to support quality nutrition for employees.

Support for employees' engagement in solidarity

The company supports its employees who are engaged in humanitarian and civic endeavors. Whether as participants or organizers, many group employees take part in various races across France to benefit medical research (e.g. Pink October, Trans'iroise, etc.).

With their dense regional coverage, the local savings banks of the three federations also take part in many local actions.

A wage rounding project was implemented by Suravenir, driven by the CSR community and HR. The Wage Rounding lets staff choose to make micro-donations directly from their wages every month. These donations support two non-profits, Institut Curie and Action Enfance, which were selected by employee vote.

One of the flagship projects in the group CSR strategy is the development of donations of expertise. Various initiatives to let employees share their skills to help non-profits were conducted in 2017, at CMSO, CFCAL and Financo. The extension of the partnership between CMSO and the Our Neighborhoods Have Talent association is also motivated by this desire to support young people with their ambitions. For three years now, five staff sponsors have supported 35 young people as they look for work, and 20 of them now have jobs.

Skills giving will be fostered on a larger scale in the group in 2018. A skills giving facet is also integrated into the collective agreement for employees in the second half of their career.

Lastly, twice a year, the company organizes blood donations in the group central departments during work hours, in collaboration with the French blood collection agency. During the last campaign, 162 employees gave.

5.4.1.8 An attractive wage policy

Since 2015, a bonus system has been in place for all group employees. This new compensation component linked to achievement of group objectives is redistributed in an equitable manner. Given the strong results obtained in the 2014-2016 period, the Board of Directors of Crédit Mutuel Arkéa approved the group bonus for 2017. The same gross bonus of €958 was therefore paid to each full-time employee.

The 2017 mandatory annual bargaining session resulted in a general annual increase of €290 per employee of the UES. This is +1.09% of the median network salary at less than five years of seniority; or +0.77% of the median wage of the employees affected.

Employees participate in the company's performance via profit-sharing and incentive schemes. In 2017, a total employee savings budget of €63 million was distributed to group employees.

A new profit-sharing agreement for the UES scope was signed for the 2017-2019 period, in June 2017. This new agreement reprises most of the foundations laid in the previous agreement, and adds criteria for increasing the budget envelope, including some that involve the group carbon footprint and diversity. The goal is to continue to strengthen the link between profit-sharing and achievement of the Arkéa 2020 objectives.

Within the UES, there are also variable compensation plans, in particular for the sales forces.

The following are affected by variable compensation systems :

- Federal Finance trading floor managers ;
- and sales network employees (three federations), with a system that can pay up to 2.5 months of salary, based on collective performance with an acknowledgment of individual effort. In 2017, €7.2 million in variable compensation was distributed under this plan to 3,243 employees.

Subsidiaries outside the UES scope conduct their own mandatory annual bargaining.

In 2017, 29% of group employees received an individual wage increase.

5.4.1.9 Active employee dialogue

Every group company has, based on its own regulatory requirements, certain personnel representative institutions, such as employee representatives, union representatives, works councils and health, safety and working conditions committees. The UES and each subsidiary outside this scope negotiates their 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.

At the end of 2017, 98% of group employees were covered by a collective bargaining agreement.

Within the UES, the new architecture for employee representative bodies has been in place since May 2016, based on an agreement about union rights and staff representation. This agreement, anticipating the provisions of the Rebsamen law, provides employee representatives with new resources to combine their terms of office with their career pathways and orientations.

There are now eight local delegate bodies (IDP) that meet every two months. A permanent coordination committee for the health, safety and working conditions committees of these new IDPs has also been formed.

Four establishment committees are also in operation (Crédit Mutuel de Bretagne, Crédit Mutuel Massif Central, Crédit Mutuel du Sud-Ouest, Headquarters-Corporate and Institutional division).

The scope of this dialogue with employees created the need to acknowledge the particular position of employee representatives, who benefit from a specific agreement with respect to raises and career development. In this framework of trust, participants have developed dynamic and innovative social dialogue over many years, finding expression in particular in the negotiation and signature of multiple company agreements.

The Human Resources department regularly communicates on discussions with employee representatives during bargaining committees and at establishment committees. Employees are kept abreast of labor dialogue via these communications, with a review of proposals made and decisions taken. Union organizations have several means of communication and are provided with infrastructures including union premises

List of company agreements signed in 2017

Agreements on employee compensation

- Agreements on the profit-sharing contract for the UES, Suravenir, Fortuneo and Armorique Habitat, and amendment to the profit-sharing contract at Financo
- Agreements on the company savings plan rules for the UES and Suravenir
- Incentive agreement at Suravenir
- Mandatory annual bargaining agreements for 2017 for the UES, Suravenir and Financo
- Agreement on compensation at Suravenir Assurances
- Agreement on the monetization of the time savings plan for the UES

Agreements on working conditions and work-life balance

- Agreements on the creation or piloting of telecommuting for the UES, Suravenir Assurances, Leasecom
- Agreements on part-time work for CFCAL and Novélia
- Agreement on the right to disconnect at Leasecom
- Agreement on the bicycle mileage allowance at CFCAL
- Agreements on contributions for "voluntary spouse contributors" and "retirees already included in the contract" for the UES
- Agreements on supplemental health and protection insurance for the UES and Suravenir
- Agreement on the fixed days package at Novélia

Agreements on career management and employee equality

- Agreement for employees over age 50 for the UES
- Agreement on the framework for preparing for retirement in the UES
- Agreement on workplace equality at Novélia

Agreements on labor dialogue

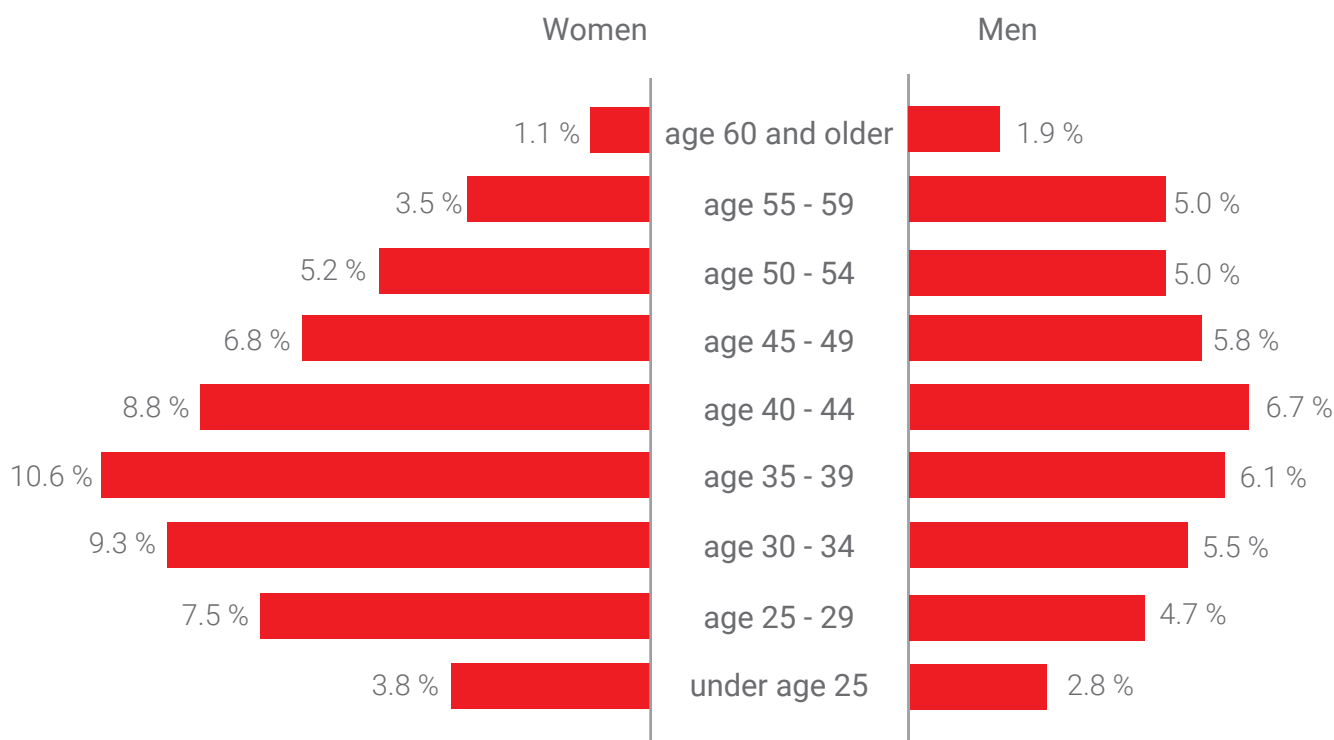
- Agreement on term extensions for members of the health, safety and working conditions committee at Financo
- Agreement on the grouping of staff delegate and health, safety and working conditions committee employee representative bodies at Financo
- Pre-electoral agreement protocol at Financo

No agreement on health and safety was signed in the group in 2017.

5.4.1.10 Employment performance indicators

CRÉDIT MUTUEL ARKÉA	2015	2016	2017
TOTAL WORKFORCE (PHYSICAL PERSONS)	9,345	9,539	9,891
Permanent workers (physical persons under permanent contract)	8,603	8,797	9,070
Non-permanent workforce (physical persons)	742	742	821
Total workforce (full time equivalent)	9,046	9,241	9,590
Permanent employees (permanent contract - FTE)	8,357	8,587	8,856
Non-permanent workforce (full time equivalent)	688	654	734
Management and supervisors	5,063	5,266	5,627
% of female managers	43.1%	43.9%	44.5%
Non-managers	4,282	4,273	4,264
Average age (years)	40	40	40
Recruitments (permanent & temporary contracts)	1,800	1,815	1,888
Number of employees under permanent contract who left the company	451	509	534
of which dismissals	51	43	80
Average compensation per permanent employee (in €)	43,378	44,786	45,464
Average number of training hours per employee who took training	24	25	24
% of total payroll allocated to training	4.4%	4.7%	4.6%
Total calendar days of absence	140,673	177,282	163,728
Proportion of workers with disabilities	3.3%	3.3%	3.3%

Age pyramid (breakdown by age bracket, as % of the total workforce)



5.4.2 Crédit Mutuel Arkéa's direct environmental footprint

The environmental transition is a major focus of Crédit Mutuel Arkéa's Social Responsibility.

The aim is primarily to support its customers (see section 5.3), but it must also manage its direct environmental footprint, which means decreasing consumption of energy and natural resources as well as lowering greenhouse gas emissions.

5.4.2.1 Environmental and climate risks

Crédit Mutuel Arkéa, which strives to prevent and limit risks related to climate change, has incorporated environmental transition issues into its activities.

In the area of retail banking for individuals, businesses and government bodies, Crédit Mutuel Arkéa has chosen to help its customers and customer shareholders with energy renovation work on their properties, finance companies in the new energies and circular economy sector, and support business models that have shifted their focus to more environmentally-friendly activities.

In its asset management and insurance activities, Crédit Mutuel Arkéa includes a non-financial risk analysis that takes into account the types of risk that are not properly covered by financial analysis, such as climate risk. Climate risk is integrated into the ESG (Environment, Social and Governance) analysis criteria applied by Federal Finance Gestion, whose expertise is made available to the insurance subsidiaries.

Lastly, as part of its own internal operation, Crédit Mutuel Arkéa conducts an annual carbon audit at the group level and for each entity in order to implement action plans aimed at reducing the carbon impact of its activities over the long term.

From a financial standpoint, in 2017 the group did not record provisions for environmental risks in its consolidated financial statements. However, as part of the calculation of regulatory capital requirements with respect to operational risk, among the risk scenarios considered were those involving asset deterioration due to incidents involving environmental and/or climate issues. Risks of exceptional storm events are identified as part of the damage insurance businesses. The reinsurance program serves to lessen the impact of these climate events.

In 2017, the group did not pay any indemnities as a result of a judicial decision in the environmental arena.

5.4.2.2 Employee awareness and training on best practices

The group intranet space dedicated to Social Responsibility suggests various actions to employees to reduce their environmental footprint, as well as initiatives rolled out by the entities. Stickers to raise awareness of green behaviors were posted in the buildings of the central departments, some subsidiaries and the departmental sites of Crédit Mutuel de Bretagne, to promote daily improvement.

In 2017, a workshop on green IT behaviors was conducted with the IT teams and led to the organization of a data storage energy consumption awareness day, with an email clean-up contest.

For the first time in 2017, the profit-sharing agreement for UES employees included a criterion linked to a decreased carbon footprint per FTE.

5.4.2.3 Eco-design and circular economy

Eco-design

An audit was conducted in 2015 of the eco-design of the new local savings bank concept to create an action plan that would further enhance environmental, societal and social performances. Once the audit was completed, a project was conducted in 2017 to develop eco-construction/CSR special technical conditions and draft a responsible building charter.

As a component of the group's practices, eco-design goes beyond just buildings. Including a CSR analysis in the launch memos for all new projects, and the systematic introduction of paperless products are examples of this approach. The group also worked with an outside service provider to improve IT eco-design, by conducting an audit of existing mobile applications and developing and configuring applications to consume less energy.

Fight against food waste

CSR actions have been implemented in Crédit Mutuel Arkéa's corporate cafeterias to try to involve service providers and diners in the food waste issue and raise their awareness, in particular using communication tools.

Waste management

Since 2014, the group has streamlined its waste processing chain to maximize waste recovery, by :

- Introducing designated paper baskets in the administrative buildings and local savings banks to increase the percentage of paper sent to recycling. Financo has also installed these at its headquarters and in its branches.
- Rearranging bins and containers to foster waste sorting ;
- Refurbishing waste sorting bins;
- Identifying local waste treatment facilities for electric and electronic equipment ;

Since 2015 a system for recycling cups, bottles and cans has been in place in the central department buildings. Several subsidiaries eliminated plastic cups or water bottles in 2017, including Financo and CFCAL. This "zero cup" policy will be expanded to include the group central departments and Suravenir in early 2018.

In 2017, collection of organic waste was restructured in the company cafeterias. This waste is now collected by a service provider for reuse in methanization.

For technological waste (computers, office equipment, etc.), Leasecom collects equipment whose leases have expired or that was replaced during the contract period with newer products, and recycles it through its Technical Remarketing Center. These products are then refurbished and resold on the aftermarket, or destroyed in accordance with WEEE standards; in that case, a certificate is provided stating that they were destroyed through an environmentally responsible process.

The Ark'ensol association, together with Leasecom, also donates refurbished IT equipment (computers, printers and servers) to non-profits that are customers of the federations. In 2017, the group also donated cell phones and microwave ovens.

Used furniture in the central departments is recovered by eco organization Valdelia for reuse or refurbishment. When Suravenir Assurances replaced its office furniture, the old furnishings were sold to employees to encourage its reuse. Funds raised in this way were donated to the ECLAS association.

To continue this momentum and extend it to all group entities, a General Organization mission was launched at the end of 2016 to optimize management of all group waste flows (excluding construction waste). The Brest Chamber of Commerce and Industry was tasked with conducting an analysis of the Brest central departments scope in 2017. The project should result in new actions at group level, during 2018.

5.4.2.4 Responsible resource management

Energy

As a financial sector player, the group's main energy consumption is by its IT equipment and data centers.

The group's proactive initiatives seek to optimize energy consumption in the workplace.

In 2016, the IT teams made some changes to reduce the digital footprint of certain files. In 2017, the group was able to remove 50 servers, but the major removals will take place in 2018. This process helped manage the rise in energy consumption despite growth of the services and scope. After installing doors to insulate cold air zones, reduction of data center energy consumption continued with a test of the CoolRoof solution, reflective paint for thermal insulation, in one data center in 2017. The IT teams also rolled out a system in the central departments and local savings banks to better support turning off power to work stations.

The group and its subsidiaries, primarily Fortuneo and Armorique Habitat, anticipated the changing standards with their new buildings. Fortuneo's new headquarters building, which was completed in 2017, implements the most advanced sustainable develop-

ment criteria to obtain BEPOS positive energy building and High Quality Environmental (HQE) certifications. Armorique Habitat continues its systematic efforts in favor of certified High Energy Efficiency buildings, and supports innovative projects to promote energy savings and the reduction of expenses for renters.

Another subsidiary, Foncière Investissement, pursues the same long-term collaborative social responsibility approach with sustainable building developers.

The group began studying the green energy option for the renewal of its energy contracts in late 2017, to be completed in 2018.

Paper

The group seeks to reduce paper consumption in its customer relations by creating paperless offers with electronic signature.

With electronic signature of documents for its entire line, Fortuneo allows its customers to complete applications online for every product it offers. After rolling out paperless real estate loans, the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel du Massif Central federations expanded the use of electronic signatures in 2017, with paperless account openings both online and in the branches. These three federations also offer electronic signatures for certain products, including savings accounts. Financo also launched an all-digital project that allows for paperless applications and the transfer of supporting documents on the home and automobile market.

The group is intensifying its efforts to reduce the volume of paper used internally by :

- generalizing two-sided printing as the default for printing systems ;
- implementing a badge printing system in the new Fortuneo building in December 2017 to reduce the number of unused printing jobs ;
- generalizing the use of remanufactured (second life) consumables).

The group is also continuing to upgrade its printer inventory, eliminating individual printers, configuring for black and white printing by default, and raising employee awareness of environmentally friendly practices. A statistical dashboard placed above copiers now raises users' awareness about their usage.

Internally, paperless payslips are now the standard for new employees. In 2017, wifi was made available in every conference room in the central departments to limit the use of printing.

These actions contributed to reducing paper consumption in 2017.

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. In 2017, Arkéa Banque Entreprises et Institutionnels formed a partnership with EcoTree to support reforestation by purchasing 3,000 planted trees

Water

Crédit Mutuel Arkéa has no difficulties with water supply, as the group's activities are located in France and Belgium.

Equipment to reduce water use was installed in the central department buildings (pressure reducers on water faucets and low-water flush system) and in the three federations' new local savings banks.

5.4.2.5 Responsible purchasing policy

Environmental issues are taken into account in calls for tender involving environmental constraints :

- Environmental expectations are specified in advance concerning the products and materials used, as well as technical processes.
- When assessing the bids, an environmental criterion is included to favor the suppliers and subcontractors that apply the best practices. This criterion might be based on products, techniques used (manufacturing process, waste management, supply and delivery pathways, etc.), or certifications

Specifically, this means using Ecolabel products for cleaning services, the use of supplies with a "green" label, or management of green spaces that better addresses the protection of local plants and animals.

Bonuses have also been granted to suppliers and subcontractors who are implementing a self-owned fleet, or those who maximize recovery of waste generated.

Under the new office supplies contract and in order to reduce the environmental impact of certain purchases, a bonus/penalty system was put in place in January 2016 to reduce low-value procu-

rement and thus optimize transportation and reduce the environmental impact of deliveries.

The printer cartridge recycling loop has been optimized to improve product traceability and processing.

As part of the work to support Crédit Mutuel Arkéa's duty of vigilance, environmental risks have been identified by business sector of the main suppliers and will be refined in the next few years.

5.4.2.6 Proactive and innovative action for transportation

With its dense regional coverage, the group has chosen to include daily commutes in calculating its carbon footprint, and to implement proactive efforts in this area.

Building on the group mobility plan launched in 2010, a company mobility plan for the group headquarters has been in place since March 2014. It includes :

- Shuttles between headquarters and public transportation services (TER-Tram-Bus).
- Parking spaces reserved for carpool in the parking lots at headquarters. Some of the subsidiaries also have parking spots reserved for carpoolers.
- A carpool club and a bicycle club.
- Locker storage for bicycles, etc.
- Transportation information points in the three entry halls and on the intranet.
- Outdoor signage.
- A dedicated space on the Intranet portal to promote local carpooling

In 2016, an agreement was signed for the UES, between the employer and the four representative labor unions, which provides for payment of a bicycle mileage allowance to employees who commute by bicycle or electric bicycle. This bicycle mileage allowance is also in use at CFCAL.

The company agreement on profit-sharing for employees of the UES now includes a criterion linked to reduction of the carbon footprint per FTE. In this way, every employee is motivated to reduce their carbon footprint, in particular via their daily commute, which is the largest source of emissions.

Most of the group's subsidiaries and federations also have a company mobility plan.

During the 2017 European Mobility Week, group employees learned about sustainable practices via a variety of initiatives.

Crédit Mutuel du Sud-Ouest invited its employees to develop more "sustainable" commutes in the Mobility Challenge organized by participating companies in the cities of the Aquitaine region, which led to alternative modes of transportation being used for 2,150 km of commute. The federation is also fully involved in the collective Inter Company Mobility Plan, a partnership with Bordeaux Métropole that supports new daily commute approaches for employees in the Bersol ZAC. Crédit Mutuel Massif Central joined the "get to work differently" mobility challenge promoting alternative modes of transportation. Novélia and the Ille et Vilaine departmental division of Crédit Mutuel de Bretagne organized a mobility challenge encouraging staff to travel shorter distances on foot. A carpool challenge in the central departments made more employees aware of carpooling and eliminated 25,000 km of travel.

The Suravenir subsidiary has acquired an electric vehicle for short-range business travel by its employees.

Hybrid and electric vehicles are also offered as company cars for senior managers, and a CSR score is provided for each vehicle to guide the user's selection. Particular attention is paid to CO₂ emissions of company and service vehicles.

Finally, video conferencing continues to be preferred within the group and its use increased in 2017. Information on how to use video conferencing was provided to employees on the Brest campus and to all of the group's CSR advisors.

Telecommuting is also expanding in the group. Aside from its impact on work-life balance for staff, telecommuting should lead to a significant reduction in carbon emissions.

5.4.2.7 The group's carbon footprint

The group performed a carbon audit in early 2018, based on 2017 data, and in accordance with the "Base Carbone" association method.

Each group division is receiving its carbon footprint to be able to see where it stands relative to the group average and then formulate an action plan for its scope.

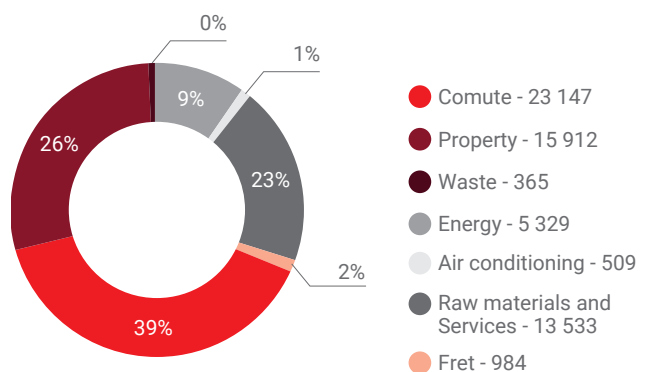
A film raising awareness of the group's carbon footprint is made available to all group employees on the intranet.

The group's carbon footprint is 59,780 metric tons of CO₂ for the 2017 fiscal year, or 6.2 tons of CO₂ per FTE.

Because of its significant regional coverage, the group decided to include commuting in scope 3.

Breakdown of Crédit Mutuel Arkéa's global greenhouse gas emissions 59,780 metric tons of CO₂

(in metric tons of CO₂)



Crédit Mutuel Arkéa's carbon footprint :

EMISSION CATEGORIES	NUMBERS	EMISSION ITEMS	SOURCE	BREAKDOWN
Direct GHG emissions (scope 1)	1	Direct emissions from fixed combustion sources	Natural gas and domestic fuel oil at the sites	6%
	2	Direct emissions from mobile sources with combustion engines	Diesel in the automobile fleet	
	4	Direct emissions leaks	Refrigerant leaks	
Indirect emissions associated with energy (scope 2)	6	Indirect emissions related to electricity consumption	Electricity at the sites	5%
Other indirect GHG emissions (scope 3)	8	Emissions related to energy not included in Items 1 to 6	Same item 1 and 6	89%
	9	Purchase of products or services	Paper, ink and services	
	10	Capital property	Building, vehicle, and computer equipment property	
	11	Waste	Treatment of conventional waste	
	12	Upstream transportation of goods	Fund transport and internal shuttles	
	13	Business travel	Travel by car, rail and air	
	23	Comute from home to work	Employee travel	
TOTAL				100%

In 2017, Leasecom continued its partnership with the "CO₂ Account" program established by the 450 company. This partnership offers a way to offset the carbon emissions of all equipment leased by Leasecom by providing financial assistance to households and companies that change their habits to participate in the fight against global warming.

As consumption by Leasecom's leased equipment was estimated at 2,762 tons of CO₂ at December 31, 2016, a contribution of over €30,000, including tax, was made to the 450 company in 2017 as an offset under the "CO₂ Account" program.

5.4.2.8 Preserving biodiversity

Nesting boxes have been installed at group headquarters in Brest. Some grassy areas have been maintained, flowering and natural fields have been introduced with delayed cutting to foster biodiversity. Plant protection chemicals are not used.

Given the group's business, noise and light pollution, air, water and soil pollution, and soil impacts are not significant. As a result, analysis of these risks is not included in the current report.

5.4.2.9 Environmental performance indicators

CRÉDIT MUTUEL ARKÉA SCOPE	2015	2016	2017
ENERGY CONSUMPTION (GWH)	55	50	53
WATER CONSUMPTION (THOUSANDS OF M ³)	58	58	65
CONSUMPTION OF PAPER (METRIC TONS)	1,630	1,679	1,562
■ of which paper for internal use	553	452	441
■ of which paper for external use	1,078	1,228	1,120

TRAVEL	2015	2016	2017
Business travel - Air (km)	9,477,371	10,628,799	11,700,424
Business travel - Rail (km)	4,042,942	4,077,831	4,689,919
Business travel - Car (km)	22,313,234	21,838,831	22,955,812

VIDEOCONFERENCES	2015	2016	2017
Number of videoconferencing systems	77	83	98
Number of videoconferences	4,195	8,235	9,005

5.4.3 Fair trade practices

As part of its Corporate Social Responsibility and its ethics and compliance policies, the group pledges to conduct its business competently, diligently, faithfully and fairly.

Framework provisions are defined by the group, and each entity complies with these provisions. Group entities have tools and dedicated teams to manage compliance risk.

5.4.3.1 Ethics

The UES's code of ethics identifies the company's professional conduct commitments. It gives employees general knowledge of the various rules of conduct they must follow and provides easy reference by compiling existing texts and guidelines, such as the internal regulations of the UES and the code of professional conduct covering financial instrument transactions applicable throughout the company.

In addition to reiterating the general rules of good conduct, the code also includes rules on transactions originated by employees for their own account, transactions carried out on the financial markets, the use of IT equipment and communication within the company.

With respect to financial instruments, network and central department employees who carry out transactions on financial instruments are subject to specific professional conduct and best prac-

tices training. Rules on accepting gifts and invitations are included in the requirements for loyal conduct. In this area, the code states that employees are required to declare any benefit exceeding a value of €50 to their supervisor. It also specifies that this rule is of particular importance for employees in direct contact with customers, and in particular those working with the financial markets.

The group adopted a conflict of interest management policy in 2016, which was approved by the Board of Directors of Crédit Mutuel Arkéa. It establishes the rules applicable to all group entities for preventing, identifying and managing potential or actual conflicts of interest. The policy for preventing and managing conflicts of interest specific to investment services is included in this approach. Crédit Mutuel Arkéa directors were informed of this policy once it was adopted.

5.4.3.2 Anti-corruption

The group has a number of systems to protect against corruption risks. In line with the French Sapin 2 Act, a work group dedicated to the fight against corruption and influence peddling was formed in 2017 to strengthen existing provisions.

Initiatives taken and systems in place in this area include :

- The internal bylaws that include a code of conduct addressing risks of corruption, influence peddling and collusion, which provides for specific rules for people whose activities are liable to give

rise to conflicts of interest, or who have access to privileged information ("concerned persons" and "permanent insiders"). Since the end of 2017, the internal bylaws have included a disciplinary action policy in case of violation of the code of conduct.

- A professional whistleblowing system accessible to employees, described below.
- Corruption risk mapping.
- Implementation of a procedure to verify the integrity of customers, suppliers, partners, intermediaries and BtoB.
- Internal controls.
- Group framework contracts and the supplier code of conduct attached to the group framework contract, which includes an anti-corruption clause. Regarding the Purchasing department's choice of suppliers, when entering into a new relationship, a two-person recommendation committee meets with the supplier.

A training program has been developed for staff with the greatest exposure. The first training courses were offered in late 2017, and they will continue throughout 2018.

In accordance with article 37 of the administrative order of November 3, 2014 on internal control of banking sector, payment service and investment service companies subject to oversight by the French Prudential Supervisory and Resolution Authority (Autorité de contrôle prudentiel et de résolution) and with the AMF General Regulation (article 313-71 on asset management companies), the group has a system in place enabling any employee to question the compliance officer for their entity, their supervisor or any advisor, concerning any possible dysfunction in the implementation of compliance obligations with respect to activities inherent to the entity's corporate purpose.

This system was enhanced in 2017 to incorporate the new regulatory requirements under the French Sapin 2 Act. This Act:

- Highlights the fundamental nature of the whistleblowing right, its legal definition and the legal definition of a whistleblower,
- Expands the scope of application of whistleblowing,
- Details the orientations of the rights defender and protection for whistleblowers,
- Defines the proper process and steps to be followed.

No employee may be penalized for deciding not to use this right or for using it in good faith. The confidentiality of the information

provided must be respected and there must be no discrimination against the whistleblower.

5.4.3.3 Fight against money laundering and terrorism financing

The system to combat money laundering and terrorism financing applies in the group entities subject to this regulation. It is integrated into the internal control system defined in accordance with the provisions of the administrative order of November 3, 2014 concerning internal control. This system was approved by the group's Compliance and Permanent Control Committee.

The group's Compliance and Permanent Control Department (DCCP) defines the money laundering and terrorism financing framework policy that the various group subsidiaries must apply at their level. In this organization, every entity must designate a manager for their money laundering and terrorism financing system and have a team of money laundering and terrorism financing experts, which will include employees in charge of communication with Tracfin (Tracfin correspondents and reporters).

Crédit Mutuel Arkea reports to its customers, partners and other counterparties by publishing on the www.arkea.com website a completed Wolfsberg questionnaire, as well as its money laundering and terrorism financing policies and commitments in an "AML statement" document.

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. The relevance of the alerts generated by the transaction monitoring tools is monitored by a dedicated resource and results in regular configuration updates to optimize their effectiveness.

A network of Tracfin correspondents is assigned to the group's subsidiaries subject to AML/CTF. It is managed by the DCCP via an annual meeting onsite and half-yearly plenary sessions.

Crédit Mutuel Arkéa has developed a classification system indicating the overall risk of each country evaluated according to criteria related to the quality of the tax system, the quality of AML and CTF systems, the risk of presence and activity of terrorist organizations, and the existence of international sanctions or restrictive measures against the country. Procedures are in place to prevent transactions from or towards countries that have been sanctioned by the European Union and French regulators.

In each group entity, the classification of money laundering and terrorism financing risks and the resulting AML/CTF operational procedure must be regularly reviewed based on changes in the product and service ranges, distribution channels, customer typology, group classification of countries and any change in the entity's activity. It is reviewed at least once a year and any time an event arises that might significantly modify the evaluation of a risk. This classification is approved by the group's Compliance and Permanent Control Department, including the annual plan for permanent control of the AML/CTF system of each entity subject to it.

The group AML/CTF framework procedure defines the content of customer knowledge files at the start of the relationship and how these files are updated throughout the business relationship. Thus, the required frequency of updating information on AML/CTF compliance for a given file is adjusted based on the level of money laundering and terrorism financing risk associated with the customer, in accordance with the entity's money laundering and terrorism financing risk classification.

Every group entity must establish an annual AML/CTF training plan approved by the Compliance and Permanent Control Department before it is implemented; it is verified at the end of the fiscal year. This training plan must apply at least the following principles :

- For the most exposed staff, initial training must be provided within one month of entering their position, and supplemented by at least two annual sessions when these operational staff manage the transaction monitoring system alerts.
- For experts in AML/CTF, the system requires initial training during the first month on the job, as well as training from a specialized external consultant during the first half-year on the job. These experts must then take part in the two plenary meetings organized by the DCCP. Every two years, an outside instructor and recognized expert in AML/CTF provides added training on a specific topic.
- Members of the executive and decision-taking bodies are trained at least every two years. In 2017, for all Crédit Mutuel Arkéa group entities, 5,994 of the 6,838 employees involved in AML/CTF, or 88%, took at least one training course on this topic.

The results of the application of the anti-money laundering and terrorism financing system are regularly presented to the group's Compliance and Permanent Control Committee, Risks and Internal Control Committee and Board of Directors. In 2017, Crédit Mutuel Arkéa transmitted 629 declarations of suspicion to Tracfin, compared with 603 in 2016.

5.4.3.4 Fiscal transparency

In accordance with the agreements signed by France and the United States (known as the FATCA Act), Crédit Mutuel Arkéa and its subsidiaries subject to FATCA registered with the US tax administration and were listed as compliant financial institutions on the first list published by the US Internal Revenue Service (IRS).

Furthermore, in the context of implementation of the standard on the automatic exchange of information about financial accounts in tax matters (OECD common reporting standard, or CRS), Crédit Mutuel Arkéa and the relevant subsidiaries have adjusted their procedures and IT systems to apply this new framework for combating tax evasion.

Crédit Mutuel Arkéa has no subsidiaries outside the eurozone and does not offer offshore banking services to its customers and customer shareholders. It therefore has no activity in countries that are blacklisted as tax havens by the European Union.

5.4.3.5 Lobbying

Crédit Mutuel Arkéa is an advocacy organization as defined in Article 18-1 of French Act no. 2013-907 of October 11, 2013 on public sector transparency. To fulfill its declaration obligations, it has joined the digital listing managed by the French High Authority for Public Sector Transparency (HATVP).

5.4.3.6 Protecting customer interests

Protecting its customers' interests is a major concern for Crédit Mutuel Arkéa, which is why specific framework systems for customer protection have been developed.

These systems must be applied by the group's relevant entities and adapted based on their specific situations. Controls are applied to check proper compliance with principles of the primacy of customer interests.

This commitment results in the following framework systems that are subject to strict monitoring.

In banking mobility, a group system defines the overall framework for implementing mobility support services for group entities that have deposit account and/or payment activities for individuals in order to guarantee customers service that complies with legal, regulatory and normative requirements.

With regard to basic account rights, a group framework defines the overall framework for implementing basic account rights by the group's entities that have a deposit account activity, in order to guarantee customers service that complies with legal, regulatory and normative requirements.

Products or services designed to limit incident-related costs are offered to customers who meet financial insecurity criteria. A group framework system has also been developed based on the banking inclusion and insolvency prevention charter approved by the administrative order of November 5, 2014. It defines the overall framework for implementing the regulatory requirements to be complied with by credit institutions, payment institutions, electronic money institutions, and group financing companies for early identification and prevention of insolvency for people in fragile financial situations.

To improve on the existing system for people experiencing financial insecurity, and in accordance with the recommendations of the Banking Inclusion Observatory, Crédit Mutuel Arkéa has decided to create specific governance for the system dedicated to this segment. The Banking Inclusion Coordination Committee (CCIB) of Crédit Mutuel Arkéa departments competent in this area, held its first meeting on January 17, 2018.

The committee will develop an action plan that will be monitored quarterly during committee meetings. Progress on the action plan and its objectives, in particular those concerning identification of people experiencing financial insecurity and dissemination of the specific offer, will also be monitored by the Crédit Mutuel Arkéa Compliance and Permanent Control Committee.

In the area of customer complaint processing, providing the best possible service to its customers is a constant concern for Crédit Mutuel Arkéa. The group framework defines the overall framework for implementing customer complaint processing within Crédit Mutuel Arkéa to best protect its customers' interests. The group framework system

and its processes were adapted in 2017 to better meet the new regulatory requirements of the revised payment services directive (PSD2) that took effect in January 2018.

In addition to the framework system, the community of complaint processing practitioners, comprising the managers of the customer relations departments and compliance/permanent control managers, meets annually. The aim of these discussions is to shed light on regulatory changes and to improve customer satisfaction by sharing best practices and tools and leveraging experiences.

Crédit Mutuel Arkéa created a Customer Complaints Quality and Analysis Committee in June 2017. This committee of the competent departments meets quarterly, to respond to regulatory requirements for qualitative tracking of complaints, as well as Crédit Mutuel Arkéa's Customer Focus Ambition.

Concerning mediation, Crédit Mutuel Arkéa has an independent mediator that customers can notify when they have exhausted all of the entity's internal pathways or have not received a response within the legal timeframe. Some disputes are excluded from the mediator's scope of competency (disputes under the competency of the AMF Mediator). Some group entities call on professional mediators specific to their own business sector and which customers can use. In any case, every entity defines the operating processes of its own mediation system.

The know-your-customer framework procedure for savings product distribution sets out the key know-your-customer concepts under the duty to advise with regard to savings product distribution. The purpose of this framework is to reiterate key concepts, define the organization and responsibilities within Crédit Mutuel Arkéa and define the general principles and guidelines to be complied with by all relevant entities.

In addition, in accordance with the administrative order of November 3, 2014 on internal control that provides for systematic compliance prior approval procedures for new products or significant transformations, the group submits compliance of any new product, service, activity or significant transformation of existing products, external growth or investment project for prior approval, if it is liable to have an impact for customers. Compliance with customer protection rules is a specific focus. Thus, compliance analysis includes an item concerning communication directed towards customers.

In accordance with Articles 10q and 10r of the administrative order of November 3, 2014, the group has also developed a framework system for management of outsourced services. This system, which exceeds regulatory requirements, applies to all outsourced services, whether essential or non essential, intra-group or outside the group, from the time the contract is signed through tracking of the service.

To protect customer interests, Crédit Mutuel Arkéa has also developed a group policy to frame contractual relationships between group entities and banking operation and payment services or insurance intermediaries.

The policy sets rules for selecting service providers, contract formulation and relationship monitoring, as well as rules concerning conditions for intermediary worthiness and competency.

To best protect customer interests, employees in contact with customers receive annual training in regulatory issues. They thus receive regular training on various topics such as complaint processing, basic account rights, systems supporting financially fragile customers, and ethics rules (conflicts of interest, anti-corruption, market abuse, etc.).

In addition, beyond training customer-facing staff, awareness initiatives are implemented with the managers and experts involved in the areas of exposure to certain risks (in particular conflict of interest, anti-corruption, etc.). Compliance managers therefore received training on compliance issues in 2017, and are expected in turn to inform employees of these issues.

5.4.3.7 Data protection and security

Crédit Mutuel Arkéa's Executive Management defined the group Information System Security Policy (PSSI), which includes the policy for managing operational risk.

This policy, based on ISO 27000 standards, establishes the general orientations for identifying, reducing and managing risks related to any dysfunction or potential vulnerability of group information systems, whether accidental or intentional. These general orientations define the topical policies, procedures, rules, instructions and ope-

rationnal recommendations, organized by specialized domain where applicable.

Implementation of these policies relies on :

- the Information Systems Security Manager, reporting to the Crédit Mutuel Arkéa Risks Department, and their team ;
- a network of information systems security correspondents managed by the group Information Systems Security Manager;
- the technical teams in charge of operational security.

The data protection policy defines the various levels of data classification in terms of confidentiality, and recommendations for protecting this data in terms of storage, exchange and processing.

More generally, measures in place in the various security areas contribute to protecting Crédit Mutuel Arkéa's data, whether it is hosted in its own data centers or outsourced (a small portion of data). Intrusion tests are conducted periodically, internally and by outside companies with expertise in IT security, to guarantee the security level.

A user charter, available on the group intranet and shared with every new employee, informs every employee about legal provisions and internal rules for secure use of data, the internet, and internal tools, including their work stations. This charter details and rounds out 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. The corporate agreement on "Ethical use of data from technology and IT applications" was signed in 2009.

More specifically concerning protection of personal data, 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 principles and mode of operation for compliance with the French Data Protection and Privacy Act of January 6, 1978; the data protection correspondent relies on a network of some 30 local contacts from various areas of expertise (human resources, legal, information systems and security, training and awareness, risks, control and compliance, organization and cross-cutting projects).

With this system 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. A project was implemented to adapt the existing systems to the requirements of the EU's General Data Protection Regulation.

Lastly, the group has developed formal incident response and crisis management plans.

5.4.3.8 Duty of vigilance

Governance

To comply with the requirements of the French Act of March 27, 2017 on the duty of vigilance of parent companies and ordering companies, Crédit Mutuel Arkéa has created a cross-organizational work group on its vigilance plan for serious breaches of human rights and fundamental liberties, safety/security and the environment, both for the scope of its consolidated activities, and with respect to its main suppliers and service providers.

This work group includes the Human Resources, Purchasing, Organization and Central Services, Risk, Compliance and Permanent Control, Legal and CSR departments. It presented its work to the group Executive Committee in December 2017. Information was also shared with the Central Works Council.

Evaluating risks and mitigation actions

The work completed has strengthened risk evaluations of internal group practices in the areas of human rights and fundamental liberties, health & safety and the environment.

These evaluations reveal no risk of serious breach of human rights. The group's workforce is exclusively present in France and Europe. National and EU laws, as well as specific company systems, significantly limit these risks (see section 5.4.1 of the present report). However, the group pays close attention to risks of discrimination and inequality, and implements prevention and mitigation actions (see section 5.4.1.3).

Internal health & safety risks are identified and evaluated using the Single Documents of the various group entities. In 2017, three risks ranked as more significant: commuter and business travel road risks, risks of aggression and of armed robbery or hostage taking for employees at the points of sale.

Concerning environmental risks in its internal practices, the group identified three key risks: climate risk related to the CO₂ emissions from staff travel (business travel and daily commutes), which

accounts for 40% of the group's carbon footprint, risk arising from energy consumption, and risk related to certain types of waste. Mitigation plans are in place for these three risks, including: company mobility plans with proactive support of carpooling and videoconferencing; server virtualization, tools for optimizing workstation energy consumption, building insulation and new construction using high energy performance standards, green energy contract (see section 5.4.2), etc. The other environmental risks identified are deemed non-significant, due to the group's service sector business, and under control.

A risk assessment was conducted for suppliers and service providers, evaluating environmental, ethical, health & safety and human rights risks by major family of service (or sector-based risks), based on external studies and workshops. An analysis of the top 50 suppliers to the group, representing more than half of annual expenditures, was also conducted, which included their stated CSR commitments, invoicing region and identification of controversies. These suppliers are located in France and to some extent in Europe and the United States.

In 2017 the group strengthened its initiatives to reduce these supplier risks (see section 5.2.2.4). Risk evaluation and mitigation work will continue in 2018, in terms of both knowledge of risks and the scope covered.

Whistleblowing

A whistleblowing mechanism has been in place for group employees for several years (see section 5.4.1.2).

A serious events procedure is in place for immediate health & safety and environmental dangers, and is posted on the premises. It is intended for all group staff as well as the employees of service providers present on the premises.

A whistleblowing mechanism for all risks of serious breach falling under the duty of vigilance is currently being developed with Crédit Mutuel Arkéa's representative union organizations.

Evaluation and monitoring procedure

A quarterly steering committee will be formed to continue evaluating risks and monitoring progress of measures identified in 2017, and to develop the 2018 vigilance plan. It will report on its work in the next group management report.

5.5 CSR indicators

CSR INDICATORS	2017 DATA
GOVERNANCE	
CUSTOMER SHAREHOLDERS - CUSTOMERS	
Number of local savings bank customers	2,295,796
■ of whom individuals	2,090,712
Number of customer shareholders	1,506,025
Number of customer shareholders last year	1,482,077
% of customer shareholders among individual customers	72.0%
Average amount of share capital owned (in euros)	1,460
Amount of compensation for share capital paid in 2017 in respect of 2016 (in €)	37,438,742
Number of customer shareholders present and represented at shareholders' meetings (local savings banks)	46,089
% of participation in voting	3.1%
DIRECTORS OF LOCAL SAVINGS BANKS	
Number of local savings banks	332
Number of directors - local savings banks	3,302
■ of which women	1,289
Number of local savings bank boards	3,282
Number of women chairpersons of local savings banks	83
% of women chairpersons of local savings banks	25.0%
Number of directors summoned to local savings bank Board meetings	35,440
Number of directors present at local savings bank Board meetings	24,720
Number of new directors - local savings banks	153
■ of which women	72
% of women among the new directors	47.1%
Number of new chairpersons - local savings banks	26
■ of which women	12
% of women among the new chairpersons	46.2%
DIRECTORS OF FEDERATIONS	
Number of directors - federations	121
■ of which women	39
Number of new directors - federations	29
■ of which women	9
% of women among the new federation directors	31.0%
Number of new chairpersons - federations	1

CSR INDICATORS	2017 DATA
DIRECTORS OF CRÉDIT MUTUEL ARKÉA	
Number of elected members on the Board of Directors of Crédit Mutuel Arkéa	18
■ of which women	7
■ of which independent directors	2
TRAINING	
Number of directors or officers who received at least one training course during the year (local savings banks)	1,503
Total number of training hours dispensed	12,349
% of directors trained (local savings banks)	45.5%
Duration of training per director trained (in hours)	8
SOCIETY	
Number of Crédit Mutuel Arkéa Group points of sale in France and abroad	464
Number of Crédit Mutuel points of sale	440
Number of Crédit Mutuel Arkéa Group points of sale outside France	1
Periodic points of sale	671
MICROLOAN	
PERSONAL SUPPORTED MICROLOAN (PARTNERSHIPS)	
Number of personal microloans granted in the year	375
Average amount of personal microloans granted (in €)	2,328
Amount of personal microloans financed in the year (in €)	872,858
ADIE INTERMEDIATED BUSINESS MICROLOAN	
Number of intermediated business microloan applications	632
Available amount of credit lines (in €)	1,670,292
OTHER SUPPORTED BUSINESS MICROCREDIT	
Number of supported business microloans granted during the year (in the framework of a partnership)	0
Amount of local microloans granted locally by the group (in €)	0
ARKENSOL CREAvenir	
Number of jobs created Arkensol Créavenir / Federations	898
Donations (in € thousands)	596
Guarantee-free loans and "interest-free" loans (in € thousands)	2,155
SRI - ESG	
SRI assets (in € thousands)	1,433,110
ESG assets (in € thousands)	37,287,345
VOTING POLICY	
Rate of approval of resolutions	72.7%
Number of shareholders' meetings in which the company participated	98
SOLIDARITY SAVINGS	
Overall solidarity savings deposits (in €)	36,040,612
■ of which donated to associations	133,201
Solidarity savings account (Livret Solidaire) deposits excluding capitalization (in €)	28,604,902
Savings deposits for products with FINANSOL certification (in €)	29,595,686
Employee solidarity savings deposits (in €)	7,435,710
ASSOCIATIONS MARKET	
Number of non-profit customers (associations, unions, works councils, etc.)	70,547

CSR INDICATORS	2017 DATA
CORPORATE GIVING AND SPONSORSHIP	
Overall budget dedicated to corporate giving and sponsorship (in €)	4,115,584
LOANS FOR RENEWABLE ENERGIES AND ENERGY EFFICIENCY	
Number of interest-free Eco loans granted in the year	851
Average amount of interest-free Eco loans granted (in €)	17,727
Total interest-free Eco loans granted (in €)	15,085,447
Number of projects financed (professionals and farmers)	115
PRODUCTS AND SERVICES WITH SOCIAL PURPOSE	
Regulated social loans outstanding (PLS, PSLA) (in €)	1,023,258,109
MEDIATION	
Number of eligible files	180
Number of decisions favorable to the customer	31
FINANCIAL INDICATORS	
Gross technical provisions for insurance subsidiaries (in € thousands)	30,360,111
Technical provisions on unit-linked contracts for insurance subsidiaries (in € thousands)	10,455,157
LABOR	
WORKFORCE	
Physical person workforce	9,891
■ of which France	9,632
■ of which outside France	259
■ of which non-management	4,264
■ of which men	4,297
■ of which women	5,594
Total FTE workforce	9,590
Permanent contract workforce FTE	8,856
■ of which women	4,925
■ of which non-management	3,603
% of employees under permanent contract	92.4%
RECRUITMENT	
Total number of hires	1,888
■ of which women	1,161
■ of which permanent contracts	679
Number of interns and apprentices hosted during the year	1,081
Conversion rate (permanent and fixed-term contracts) (as %)	26.6%
DISMISSALS AND REASONS	
Number of employees under permanent contract who left the organization	534
■ of which dismissals	80
Turnover (%)	4.5%
ORGANIZATION, WORKING HOURS AND ABSENTEEISM	
ORGANIZATION OF WORKING HOURS	
% of full-time employees	93.3%
% of part-time employees	6.8%

CSR INDICATORS	2017 DATA
ABSENTEEISM AND REASONS	
Total calendar days of absence	163,728
■ of which illness	158,889
■ of which workplace accidents	4,839
Number of declared work-related illnesses	2
HEALTH AND SAFETY CONDITIONS	
Number of reported workplace accidents with work absence	66
TRAINING AND WORKPLACE EVOLUTION	
Total payroll invested in training (in €)	19,530,301
% of total payroll dedicated to training	4.6%
Number of employees who received at least one training course	8,432
% of employees trained	85.3%
Total number of hours devoted to employee training	202,853
Average number of training hours per year and per employee who took training	24
% of annual performance reviews completed	91.2%
Internal mobility rate (%)	14.8%
GENDER EQUALITY AT WORK	
Number of female managers	2,406
% of female managers	44.8%
% of female members of the Executive Committee	25.0%
% of female members of the General Coordination Committee	21.0%
% of female senior managers	19.0%
% of female executive managers	34.0%
% of female second-level managers (department managers at headquarters and directors of the regional units in the networks)	29.0%
Number of managers promoted during the year to a higher-level function	391
■ of which women	205
% of women promoted to manager	52.4%
Women who received a wage adjustment under the gender equality at work budget allocation	387
EMPLOYEE DIALOGUE	
Number of condemnations for hindrance (in France)	0
Number of consultations with personnel representatives (works council, CHSCT, DP)	396
Number of information procedures with personnel representatives (works council, CHSCT, DP)	266
% of employees covered by a collective bargaining agreement	98%
EMPLOYMENT AND INTEGRATION OF WORKERS WITH DISABILITIES	
Number of workers with disabilities	321
% of people with disabilities in the total workforce	3.3%
COMPENSATION AND ITS EVOLUTION	
Gross total payroll (in €)	423,438,070
Average gross annual compensation (in €) - all levels, permanent contracts	45,464
Average gross annual compensation (in €) - non-managers, permanent contracts	31,299
Average gross annual compensation (in €) - managers, permanent contracts	55,177
Total gross annual compensation (in €) permanent contracts	402,645,139
Total gross annual compensation (in €) non-manager permanent contracts	112,765,419
Total gross annual compensation (in €) manager permanent contracts	289,879,719
Employee savings	63,060,741
% of employees who received an individual raise	29.2%

CSR INDICATORS	2017 DATA
ENVIRONMENTAL	
CARBON FOOTPRINT	
Carbon footprint (in metric tons of CO ₂)	59,780
Carbon footprint (in metric tons of CO ₂ /FTE)	6.2
WATER (M³)	
WATER CONSUMPTION (m ³)	64,850
ENERGY (KWH)	
TOTAL ENERGY CONSUMPTION (kWh)	53,317,289
■ of which cold water in the urban network, invoiced (kWh)	72,900
■ of which steam heating - urban grid, invoiced by metric ton of water returned (kWh)	251,847
■ of which electricity (kWh)	46,566,153
■ of which gas (kWh)	5,946,471
■ of which heating oil (kWh)	479,918
PAPER (METRIC TONS)	
CONSUMPTION OF PAPER (metric tons)	1,562
■ of which paper for internal use (metric tons)	441
■ of which paper for external use (outside use: printing, communication, customer statements, checkbooks, etc.) (metric tons)	1,120
% of purchased paper recycled	1.8%
Weight of paper recycled (metric tons)	436
Consumption of toner cartridges (number of cartridges purchased)	13,680
■ Of which number of toner cartridges recycled	9,603
% of purchased toner cartridges recycled	70.2%
TRAVEL (KM)	
Business travel - Air (km)	11,700,424
Business travel - Rail (km)	4,689,919
Business travel - Automobile fleets (km)	12,466,082
Business travel with private vehicles (km)	10,489,730
Mail management: interbank and inter-business shuttles + currency transport (km)	1,799,611
Number of liters of gasoline consumed by the company fleet	42,593
Number of liters of diesel fuel consumed by the company fleet	714,023
DIRECT EMISSIONS LEAKS	
Refrigerant leaks from air conditioning installations (tertiary water and air conditioning) (kg)	292
SYSTEMS FOR REDUCING ENVIRONMENTAL IMPACT AND GREENHOUSE GAS EMISSIONS	
Number of videoconferencing systems	98
Number of videoconferences	9,005
Number of digitized documents and pages	77,104,058
SANCTIONS	
Amount of indemnities paid during the financial year as a result of a legal decision in the environmental arena (in €)	0
RISKS	
Amount of provisions for environmental risks (in €)	0

5.5.1 Methodology note concerning CSR indicators

5.5.1.1 Methodology

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, its subsidiaries and its central departments, which contribute to current CSR reporting, using an application developed for this purpose in 2013 and updated in 2016. It defines the audit trail for both internal and external audits.

Each department in charge of collecting data is responsible for the indicators provided. The control is performed when the data are collected (separation of the collection and validation roles) and when they are consolidated (review of changes, inter-entity comparisons, etc.).

From a qualitative standpoint, the best practices included in the report are documented and approved by the relevant entities.

The approach used is based in particular on :

- Crédit Mutuel Arkéa's CSR strategy,
- the Global Compact (Crédit Mutuel Arkéa has been a member since the end of 2015),
- the guidelines for sustainable development reporting (GRI-G4),
- the Sustainable Development Goals (SDG),
- article 225 of the Grenelle 2 law,
- the Energy Transition law,
- the French law on the duty of vigilance of parent companies and ordering companies,
- the Base Carbone association method (V8) 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 transparency code of the French Financial Management Association – Forum for Socially Responsible Investment (AFG-FIR).

5.5.1.2 Reporting scope

The scope covered by the reporting process corresponds to the Crédit Mutuel Arkéa group as a whole, as defined by the financial consolidation. Equity-accounted subsidiaries are therefore excluded from the collection scope. In 2017, this applied to Primonial Holding and Younited Credit.

If an entity is created or acquired during the second half-year, it is excluded from the report. For 2017, this applied to two entities, Izimmo and Pumpkin. They were therefore excluded from the scope for 2017. Their permanent workforce at December 31, 2017 was 89 and 24 employees, respectively.

The Keytrade Bank, Keytrade Bank Luxembourg SA and Stratéo subsidiaries acquired in 2016 are included in the scope of the report for the first time in 2017.

5.5.1.3 Reporting period

This report covers calendar year 2017 (January 1 to December 31) including data on the group's carbon footprint.

Energy data (gas, electricity and heating oil) are collected on a sliding one-year basis, from December 1 to November 30.

5.5.1.4 Methodological specificities of the indicators

For social data, the scope is that of the group unless otherwise specified. When that is not the case, the scope covers the scope of the UES, which comprises 70% of the group's permanent and fixed term employees (employer entities: Crédit Mutuel Arkéa, Crédit Mutuel du Sud-Ouest, Crédit Mutuel Massif Central, Federal Finance, Federal Finance Gestion, Arkéa Banque Entreprises et Institutionnels, Arkéa Crédit Bail and Arkéa Capital Gestion).

Clarifications about certain social indicators :

ESG assets

- The rise in ESG assets from 2016 to 2017 is due to the integration of Suravenir deposits.

Clarifications about certain social indicators :

Workforce

- Workforce is understood to exclude service staff at 54 local savings banks.

Absenteeism

- The total number of calendar 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 (working time reduction, seniority, marriage, etc.) and maternity, paternity and adoption leave.

Total payroll

- The payroll expenditures invested in training include Fongecif subsidies and work-study training.

Mobility

- The rate of internal mobility includes movements within and between group entities of natural persons with a permanent contract.

Turnover

- Turnover is calculated as the ratio of the number of departures (excluding retirements) to the average workforce during the year.

Clarifications about certain environmental indicators :

Environmental indicators exclude data from Stratéo and Keytrade Luxembourg, which represent 18 people or 0.2% of the group workforce.

Carbon footprint

- The 2017 carbon footprint was measured using the latest method of the Base Carbone association (V8), which is more precise in calculating emissions. This change of method makes it harder to compare the carbon footprint with that published in the 2016 annual report, covering 2015 data.

Water consumption

- Water use concerns use actually observed for all group entities, with the exception of use by the Crédit Mutuel de Bretagne entities, which is estimated based on average water use per employee

5.5.1.5 External verification process

To obtain an external opinion on the reliability and fairness of the non-financial data, Crédit Mutuel Arkéa has hired Mazars, as independent third party, to verify the inclusion and fairness of the information provided in this report, as specified in Article L225-102-1 of the French Commercial Code.

The assurance report issued by the independent third party and detailing the work done, along with its comments and findings, is included in this registration document.



6

General
information

Information relative to sites and activities within the consolidation scope as of December 31, 2017

The main information with respect to sites as of December 31, 2017, drawn from the consolidated financial statements and compiled at the Country and Territory levels, is as follows:

(€ thousands))

ZONE	COUNTRY	NBI(*)	EMPLOYEES (FULL-TIME EQUIVALENT)	NET INCOME (LOSS) BEFORE TAX (*)	CORPORATE INCOME TAXES	SUBVENTIONS (*)
France	France	2,015,865	8,738	627,484	-208,759	0
Other EU countries	Germany	0	0	0	0	0
	Belgium	64,280	197	6,386	5,502	0
	Spain	0	0	-543	0	
	Italy	0	0	-566	0	
	Luxembourg	8,667	29	-311	437	0
	Other European country	Switzerland	794	9	-2,566	69
North America	Canada	0	0	0	0	0
TOTAL GÉNÉRAL		2,089,606	8,973	630,993	-202,751	0

(*) Income from companies accounted for by the equity method is recorded directly in profit before tax. Their contribution to GNP, income taxes and consolidated subsidies is therefore nil

Information about the Company

Registered company name and trade name: Crédit Mutuel Arkéa

Place of registration and registration number :

Siren number: 775 577 018 Brest Corporate and Trade Register / APE Code: 651 D

Creation date and incorporation period :

The company was created on September 24, 1960 for a period of 99 years, i.e. its registration expires on September 23, 2059.

Registered office : 1 rue Louis Lichou, 29480 Le Relecq-Kerhuon

Telephone : +33 (0)2 98 00 22 22

Fax : +33 (0)2 98 28 46 32

Legal form :

The company is a French-incorporated variable capital credit cooperative. It is also a union of cooperatives.

It is subject to the following laws :

- law of September 10, 1947 on cooperatives
- articles L 231-1 to L 231-8 of the French Commercial Code on variable capital;
- the provisions of the French Commercial Code on commercial companies;

- the provisions of the French Monetary and Financial Code on the activity and control of credit institutions;
- articles L 512-55 to L 512-59 of the French Monetary and Financial Code and all laws related to Crédit Mutuel;
- the provisions of its by-laws and internal regulations

Nature of control over the company

The Group's basic unit is the local savings bank ("Caisse local"). Each local savings bank has a restricted area of operations and its capital is owned by customer shareholders in the form of shares. Crédit Mutuel Arkéa's capital is owned by the local savings banks of the Crédit Mutuel de Bretagne, Crédit Mutuel du Sud-Ouest and Crédit Mutuel Massif Central federations. No agreement exists that is likely to result in a change of control in the company.

Litigation and arbitration

As of the publication date of this Registration Document, neither the company nor any other member of the Crédit Mutuel Arkéa Group is or has been involved in any governmental, judicial or arbitration action (including any pending or imminent procedure about which the company has knowledge) that could have, or has had within the past 12 months, a material impact on the financial situation or profitability of the company and/or Crédit Mutuel Arkéa Group.

Major agreements

No major agreements (other than agreements entered into as part of the company's ordinary business) have been entered into that could bestow on any member of the Crédit Mutuel Arkéa Group a right or obligation that would have a material effect on the company's ability to fulfill its obligations pursuant to the financial securities issued on behalf of their holders.

Material changes in the company's financial situation

No material change in the company's financial situation has occurred since the end of the last fiscal year, and notably since the approval of the 2017 financial statements by the company's Board of Directors on February 28, 2018.

Audit of annual historical financial information and sources of financial information appearing in this document

For the 2017 fiscal year:

See statutory auditor's report for 2017.

For the 2016 fiscal year:

See statutory auditor's report for 2016.

For the 2015 fiscal year:

See statutory auditor's report for 2015.

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, 2017. This information was certified by the Board of Directors on February 28, 2018 and will be submitted to the Shareholders' General Meeting for approval on May 16, 2018.

No quarterly or interim financial information has been published subsequent to the most recent audited financial statements.

Documents available to the public and documents incorporated by reference

During the period in which the Registration Document is valid, a copy of the following documents may, where applicable, be viewed :

- the company's by-laws;

- all reports, correspondence and other documents, historical financial information, assessments and statements prepared by an appraiser at the request of the company included in this Registration Document;

- the financial information of the Crédit Mutuel Arkéa parent company and Group for the fiscal years ending December 31 of 2014, 2015 and 2016;

- this Registration Document;

- Registration Document number D.17-0503 dated May 9, 2017 incorporated by reference and updated on August 31, 2017 under number D.17-0503;

- Registration Document number D.16-0306 dated 8 April 2016 incorporated by reference and updated on 29 August 2016 under number D.16-0306

- the Registration Document number D.15-0325 of 13 April 2015 incorporated by reference and updated on 27 August 2015 under number D.15-0325;

The Issuer assumes responsibility for the information incorporated by reference.

The Registration Document number D.17-0503 dated May 9, 2017 incorporated by reference and updated on August 31, 2017 under number D.17- 0503 as well as this Reference Document are also available on the Autorité des Marchés Financiers website: 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).

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 2016 fiscal year: pages 62 to 159 of Registration Document number D.17-0503 of May 9, 2017
2. For the 2015 fiscal year: pages 76 to 157 of Registration Document number D.16-0306 of April 8, 2016
3. For the 2014 fiscal year: pages 50 to 113 of Registration Document number D.15-0325 of April 13, 2015

Other information included in those previous Registration Documents separate from the information cited above was, in some cases, replaced and/or updated with information included in this Registration Document.

7

Person responsible

Person responsible for the information contained in this document

Ronan Le Moal, Chief Executive Officer of Crédit Mutuel Arkéa.

Statement of the person responsible for this document

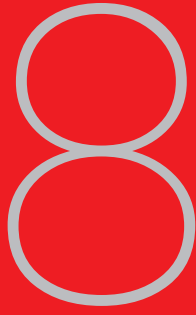
After having taken all reasonable measures, I hereby certify that to the best of my knowledge, the information contained in this Registration Document is accurate and factual and that there are no omissions that would alter its meaning.

I received from the statutory auditors of the financial statements a work completion letter, in which they state that they have audited the information pertaining to the financial situation and financial statements presented in this Registration Document as well as to the overall presentation of the Registration Document.

Relecq Kerhuon, April, 25, 2018

Ronan Le Moal, Chief Executive Officer of Crédit Mutuel Arkéa





Statutory auditors

The company's 2017 consolidated financial statements were audited by:

Principal statutory auditors :

Mazars

61, rue Henri Regnault
Exaltis
92075 La Défense Cedex - France

Represented by **Virginie CHAUVIN**

Start of initial term : 1976
Expiration of current term: December 31, 2020 (following the financial statements closing)

The decision to renew the term of Mazars represented by Virginie Chauvin beginning with the 2012 fiscal year was made on May 6, 2015 for a six-year period.

and

Deloitte & Associés

185, avenue Charles de Gaulle
BP 136
92524 Neuilly-sur-Seine Cedex - France

Represented by **Jean-Vincent COUSTEL**

Start of initial term : 1997
Expiration of current term: December 31, 2020 (following the financial statements closing)

The decision to renew the term of Deloitte & Associés represented by Jean-Vincent Coustel beginning with the 2014 fiscal year was made on May 6, 2015 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, 2020 (following the financial statements closing)

The decision to appoint Anne Veaute was made on May 6, 2015 for the term of Charles de Boisriou, i.e. six 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, 2020 (following the financial statements closing)

The decision to appoint Société BEAS was made on May 6, 2015 for a six-year period.

9

Statutory Auditors' report

on the consolidated financial
statements

Year ended December 31, 2017

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

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, we have audited the accompanying financial statements of Crédit Mutuel Arkéa for the year ended December 31st, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31st, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Comité des comptes.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (Code de déontologie) for statutory auditors.

Furthermore, the non-audit services that we provided to your Company and its controlled undertakings during the financial year that are not disclosed in the management report or in the notes to the consolidated financial statements are as follows i) attestations and informatics reviews for Mazars and ii) attestations for Deloitte & Associés

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French

Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

■ **Credit Risk : individual impairment of corporate outstandings** – Note 5 and “Principles and methods of consolidation” of the consolidated notes

Identified risk :

Loans and receivables from corporate clients carry a credit risk which exposes the Group to a potential loss if its client or counterparty proves to be unable to meet its financial commitments. The proven character of a credit risk is assessed at the individual level of each financial asset. Impairment on individual receivables amounted to 802 million euros at the 31st of December 2017 [yc retail].

CMA establishes impairment losses to cover the credit risks inherent to its activities and proceeds to account estimates to assess the level of impairment on individual loans and receivables. The Group's Risk Department uses its judgment in determining the assumptions and parameters used to calculate these impairments.

The main assumptions taken into account by management in the valuation of impairments are the probability of default for performing outstandings and the loss given default for both performing and impaired loans.

Given CMA's operations and the importance of accounting estimates of impairments made for the purpose of understanding the financial statements as a whole, we consider that the valuation of impairment losses on loans and commitments to corporate clients is a key point in auditing.

Audit approach :

We reviewed the process for evaluating these impairments. We then tested the key controls put in place by management and that we considered most relevant to determine and evaluate the assumptions and parameters used as the basis for this assessment.

More specifically, our work consisted in:

■ Reviewing the corporate counterparties' credit risk detection process in order to identify counterparties with a weak financial situation or which are in default;

■ Appreciating the assumptions and the parameters used on a selection of individual files of the «corporate» sectors;

■ Verifying that the estimates used are based on documented methods that comply with the principles described in the section «Impairment of loans and receivables» in the notes to the consolidated financial statements.

■ **Goodwill** – Note 16 and “Principles and methods of consolidation” of the consolidated notes

Identified risk :

During these external growth operations or changes in the consolidation perimeter, Crédit Mutuel Arkéa generally records goodwill under assets. These goodwill are then allocated to the different cash generating units (CGUs) making up the Group. At the 31st of December 2017, goodwill amounted to 573 million euros.

Goodwill is tested for impairment at least once a year or more frequently if there is an indication of impairment. Comparing the carrying amount of the cash-generating units to which goodwill is allocated with their recoverable amount is a key step in the process of determining if an impairment charge should be recorded. The methods used to determine the recoverable amount are based on the expected future profitability method, which is based on an estimate of discounted future cash flows updated on business plans carried out over an explicit horizon.

The assumptions underlying at the determination of the recoverable amount constitute a significant estimate for the preparation of the financial statements and necessitate the management judgment.

Audit approach :

NWe analyzed the process used by the group to identify potential goodwill impairment losses and the process to appreciate the impairment tests resulting from the recognition of impairment indicators or the annual process of review.

We asked to our valuation experts to:

■ Perform a technical analysis of the modelization of valuation models based on the expected future profitability method, and;

■ Review the assumptions used to determine the financial parameters involved in the discount rate;

■ Perform a counter valuation on the basis of external data.

We also review the relevance of the economic data and assumptions used for the modelization of the business plans prepared by the management of the entities concerned.

■ Information system

Risk identified :

The reliability and security play a key role in the preparation of the financial statements.

The assessment of the IT general controls and the application controls specific to the various information processing chains that contribute to the preparation of the financial information is a key audit matter.

In particular, the existence of a system for controlling access rights to information systems and authorization levels based on employee profiles is a key control in order to limit the risk of fraud or errors attributable to inappropriate changes to the settings of the applications or the data underlying them.

Audit approach :

The work we implemented with the support of our IT specialists focused on the following elements:

- Understanding systems, processes and controls that underlie accounting and financial information;
- Evaluation of IT general controls (management of access to applications and data, management of changes and developments related to applications, management of IT operations) on significant systems (including accounting, automatic reconciliation, credit management applications and management of market activities);
- Evaluation of automatic application controls;
- Detailed analysis of interfaces and flows upstream / downstream of the main business processes;
- Review of manual journal entries.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CREDIT MUTUEL ARKEA by the Board of Directors, the 10th of June 1976 for MAZARS (taking into account the firm merger operated since this date) and on April 23rd, 2007 for DELOITTE & ASSOCIES.

As at December 31st, 2017, MAZARS and DELOITTE & ASSOCIES were in the 42th year and 11th year of total uninterrupted engagement. Otherwise, Sterenn a member of Deloitte's web, was previously auditing the company from 1997 to 2006. The shares of the company were admitted to trading on a regulated market since, respectively, 25 and 11 years

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Comité des comptes is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company. As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Comité des comptes

We submit a report to the Comité des comptes which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Comité des comptes includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Comité des comptes with the declaration provided for in Article

6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Comité des comptes the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Neuilly-sur-Seine, on April 9th, 2018

The Statutory auditors

MAZARS

Virginie CHAUVIN

DELOITTE & ASSOCIÉS

Jean-Vincent COUSTEL

10

Statutory Auditor's

report on the aggregate financial statements

Year ended December 31, 2017

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. 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,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, we have audited the accompanying financial statements of Crédit Mutuel Arkéa for the year ended December 31st, 2017. In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31st, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles. The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have

obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (Code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

■ **Equity investments and shares in related companies** - Note 6 and «Accounting principles and valuation methods» of the notes to the financial statements

Identified risk :

The items «Investments and other long-term investments» and «Shares in related companies» represent a total of € 4,452 million. These investments are individually recognized at the lower of their acquisition value or their value-in-use. This value-in-use is evaluated annually using a combination of valuation techniques and macroeconomic hypothesis, including:

- The use of revalued net assets;
- The use of capital valuation based on actuarial data;
- The use of the expected future profitability method based on forecast data as well as a discount rate and an infinite growth rate. This is an estimation that requires the exercise of a judgment by the direction by selecting the relevant items to consider. Then, we considered that the valuation of equity securities was a key audit matter.

Audit approach :

We have evaluated the processes implemented by Crédit Mutuel Arkea to evaluate the possible need for impairment of long term investments. We brought in our valuation experts to :

- carry out a consistency analysis between the long term investments / unit in the related companies analyzed and the valuation method used;
- perform a technical analysis of valuation models' construction and review the hypothesis used to determine the financial parameters used;

We also review the forecasting elements used by checking that they were extracted from the business plans approved by the management direction of the companies concerned and that they were consistent with the hypothesis made and past performance.

■ **Information system**

Risk identified :

The reliability and security play a key role in the preparation of the financial statements. The assessment of the IT general controls and the application controls specific to the various information processing chains that contribute to the preparation of the financial information is a key audit matter. In particular, the existence of a system for controlling access rights to information systems and authorization levels based on employee profiles is a key control in order to limit the risk of fraud or errors attributable to inappropriate changes to the settings of the applications or the data underlying them.

Audit approach :

The work we implemented with the support of our IT specialists focused on the following elements :

- Understanding systems, processes and controls that underlie accounting and financial information;
- Evaluation of IT general controls (management of access to applications and data, management of changes and developments related to applications, management of IT operations) on significant systems (including accounting, automatic reconciliation, credit management applications and management of market activities);

■ Evaluation of automatic application controls;

■ Detailed analysis of interfaces and flows upstream / downstream of the main business processes;

■ Review of manual journal entries.

Verification of the Management Report and of the Other Documents Provided to Shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents provided to Shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to Shareholders with respect to the financial position and the financial statements.

Information relating to corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors¹ and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Credit Mutuel Arkea the 10th of June 1976 for MAZARS (taking into account the firm merger operated since this date) and on April 23rd, 2007 for DELOITTE & ASSOCIES. As at December 31st, 2017, MAZARS and DELOITTE & ASSOCIES were in the 42th year and 11th year of total uninterrupted engagement. Otherwise, Sterenn a member of Deloitte's web, was previously auditing the company from 1997 to 2006. The shares of the company were admitted to trading on a regulated market since, respectively, 25 and 11 years.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations. The Comité d'audit is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures. The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company. As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Comité des comptes

We submit a report to the Comité des comptes which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified. Our report to the Comité des comptes includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report. We also provide the Comité des comptes with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Neuilly-sur-Seine, on April 9th, 2018

MAZARS

Virginie CHAUVIN

DELOITTE & ASSOCIÉS

Jean-Vincent COUSTEL

11

Statutory auditors' special report on related party agreements and commitments

Annual General Shareholders' Meeting for the approval of the financial statements for the year ended 31 December 2017

To shareholders,

In our capacity as Statutory Auditors of Credit Mutuel Arkéa, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, the main terms, conditions and purpose of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance nor substance nor identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (Code de Commerce), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation with the implementation during the year of agreements and commitments already approved by the Annual General Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the annual general shareholders' meeting

Agreements and commitments authorized during the year

We were not informed of any agreements or commitments authorized during the year to be submitted for approval at the Annual General Shareholders' Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

Agreements and commitments previously approved by the annual general shareholders' meeting

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved in previous years by the Annual General Shareholders' Meeting, continued to apply during the year.

President's work contract

On September 12th 2008, the Board of Directors approved the dispositions of the supplementary clause regarding the suspension of Jean-Pierre Denis's work contract, President of the Board of Director of Crédit Mutuel Arkéa. The supplementary clause of the work contract mentions the following dispositions:

- The date of the work contract suspension ;
- The reintegration conditions at the end of his mandate ;
- Taking into account his mandate in the calculation of his years of service as well as for all the rights linked to it ;

- The subscription of a private unemployment insurance during the time of the work contract suspension.
- The compensation terms in case of the termination of his work contract at Crédit Mutuel Arkéa's initiative, excluding termination for serious misconduct or willful misconduct, namely: compensation due in application of the law and the existing agreements applicable within Crédit Mutuel Arkéa and dismissal complementary compensation of a net amount equal to 18 months of gross salary.

President's work contract

On May 7th 2010, the Board of Directors authorized the modification of the President's work contract regarding his compensation plan in the case of his termination at Crédit Mutuel Arkéa's initiative, excluding termination for serious misconduct or willful misconduct, in the following terms: amounts due in application of the law, the collective bargaining agreement and a dismissal complementary compensation of a net amount corresponding to 18 months of gross salary.

- In case of the termination of his work contract at Crédit Mutuel Arkéa's initiative, whatever the motive, excluding termination for serious misconduct or willful misconduct, as well as in the case of a conventional termination of his work contract, payment of a net compensation equal to two years pay (calculated based on the average monthly gross salary from the 12 months ahead of the termination, increased with the monthly gross variable from the last 3 years ahead of the termination) added to the amount due in application of the law and the existing agreements applicable within Crédit Mutuel Arkéa.

On April 6th 2012, the Board of Directors authorized the signature of a supplementary clause specifying the terms consented between Crédit Mutuel Arkéa and its President, regarding the conditions of his work contract suspension, and those applicable in the case of reintegration in his employee status. It also authorized the Human Resources Officer to reintegrate in the suspended work contract of the President, the evolutions of the social status applicable to the Group executive directors.

Chief Executive Officer's work contract

On September 12th 2008, the Board of Directors approved the dispositions of the supplementary clause regarding the suspension of the CEO's work contract of Crédit Mutuel Arkéa. This supplementary clause mentions the following dispositions:

- The date of the work contract suspension;
- The reintegration conditions at the end of his mandate;
- Taking into account his mandate in the calculation of his years of service as well as for all the rights linked to it;
- The subscription of a private unemployment insurance during the time of the work contract suspension.

On May 7th 2010, the Board of Directors approved the modification of the last bullet points in the following terms:

- In case of the termination of his work contract at Crédit Mutuel Arkéa's initiative, whatever the motive, excluding termination for serious misconduct or willful misconduct, as well as in the case of a conventional termination of his work contract, payment of a net compensation equal to two years pay (calculated based on the average monthly gross salary from the 12 months ahead of the termination, increased with the monthly gross variable from the last 3 years ahead of the termination) added to the amount due in application of the law and the existing agreements applicable within Crédit Mutuel Arkéa.

On April 6th 2012, the Board of Directors authorized the signature of a supplementary clause specifying the terms consented between Crédit Mutuel Arkéa and its Chief Executive Officer on September 12th 2008 and April 10th 2010, regarding the conditions of his work contract suspension, and those applicable in the case of reintegration in his employee status. It also authorized the Human Resources Officer to reintegrate in the suspended work contract of the Chief Executive Officer the evolutions of the social status applicable to the Group executive directors.

Neuilly sur Seine and Courbevoie, April 9th 2018
The Statutory Auditors

MAZARS
Virginie CHAUVIN

DELOITTE & ASSOCIÉS
Jean-Vincent COUSTEL

12

Report by the independent third party

on the consolidated human resources, environmental and social information included in the management report

This is a free English translation of the Independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2017

To the Shareholders,

In our capacity as independent third party, certified by COFRAC number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31st, 2017, included in the management report (hereinafter named «CSR Information»), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the «Guide-

lines»), summarised in the management report and available on request from the Corporate Secretariat and Institutional Communications department;

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11-3 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to :

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);

- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).

Our work involved 5 persons and was conducted between February and March 2018 during a 3-week period.

We performed our work in accordance with professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000¹ concerning our conclusion on the fairness of CSR Information.

I - Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of

the French Commercial Code, within the limitations set out in the methodological note, presented in section "5.5.1 Methodological note on CSR information" of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

II - Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted about 20 interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important² :

- -at the Innovation and operations division (banking products department) , Human resources department, Fédéral Finance Gestion, Real estate and resources department, Corporate secre-

¹ ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

² **Human resources information** : Workforce and its distributions (men/women, permanent/ non-permanent contracts, managers/non managers, France/outside France) ; Percentage of women amongst managers ; Number of permanent contracts who left the organization, of which dismissals ; Total calendar days of absence ; Total payroll invested in training ; Number of employees who receive at least one training course ; Total number of hours devoted to employee training ; Total gross annual compensation permanent contracts (in euros) : managers permanent contracts and non-managers permanent contracts.

Environmental information: Total energy consumption ; Consumption of paper (for internal and external use) ; Carbon footprint.

Society information : Outstandings by the Portfolio management Company (in euros) ; SRI outstandings (in euros) ; Employee solidarity savings deposits (in euros) ; Regulated social loans outstandings (in euros) (PLS, PSLA) ; Number of non-profit customers ; Overall budget dedicated to corporate giving and sponsorship (in euros).

Information related to Governance: Number of new directors - local savings banks ; Number of new directors - local savings banks of which women ; Total number of training hours dispensed to directors - local savings banks.

tariat and institutional communications department, Corporate secretariat - Crédit Mutuel de Bretagne, Cooperative management and communications department – Crédit Mutuel du Sud-Ouest, Corporate secretariat – cooperative management – Crédit Mutuel du Massif Central levels, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

- at the level of a representative sample of entities selected by us¹ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 70% of headcount, considered as material data of social issues and 85% and 100% of quantitative environmental data considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris La Défense, April 9th, 2018

The independent third party

MAZARS SAS

Franck Boyer

Partner

Edwige REY

Partner CSR & Sustainable Development

¹ For human resources indicators: UES Arkade; For environmental indicators: central services; For social indicators: Crédit Mutuel ARKEA (centralized indicators); for governance indicators: CMB, CMMC and CMSO

Cross-reference table of the Registration Document

Cross-reference table of the Registration Document

This Registration Document was drafted using the outline presented in Appendix XI of EC Regulation No. 809/2004 of the European Commission of April 29, 2004, whose section headings listed below refer to events presented in this Registration Document.

	SECTIONS	PAGES
1. PERSONS RESPONSIBLE		
1.1. Person responsible for the information contained in the Registration Document	7	282
1.2. Statement of the person responsible for the Registration Document	7	282
2. STATUTORY AUDITORS		
2.1. Statutory auditors for the period covered by the historical financial information	8	283
2.2. Resignation or dismissal of statutory auditors during the period covered by the historical financial information	8	283
3. RISK FACTORS	4	160
4. COMPANY INFORMATION		
4.1. Company history and development	1	11
4.1.1. Company's registered name and trade name	6	280
4.1.2. Place of registration and registration number	6	280
4.1.3. Company creation date and incorporation period	6	280
4.1.4. Company's registered office and legal form, laws governing its activities, company's country of origin, address and telephone number of its registered head office	6	280
4.1.5. Recent event specific to the company relating to the assessment of its solvency	1	10
5. OVERVIEW OF ACTIVITIES		
5.1. Main activities	1	12-17
5.1.1. Company's main activities	1	12-17
5.1.2. New product and/or new activity	1	12-17
5.1.3. Main markets	1	12-17
5.1.4. Company's competitive position	NA	NA
6. ORGANIZATIONAL CHART		
6.1. Description of the group and company's position within the group	1	8
6.2. Company's dependency ties within the group	NA	NA
7. TREND INFORMATION		
7.1. Statement on the company's outlook after the date of its most recent audited and published financial statements	3	72
7.2. Trend or event likely to affect the company's outlook for the current year	3	72
8. EARNINGS FORECAST OR ESTIMATE	6	281
9. ADMINISTRATIVE AND MANAGEMENT BODY		
9.1. Name, address and function within the company of members of the administrative and management bodies	2	28-42
9.2. Conflicts of interest within the administrative and management bodies	2	48
10. MAIN SHAREHOLDERS		
10.1. Nature of control exercised over the company	6	280
10.2. Agreement likely to result in a change in control of the company	NA	NA

	SECTIONS	PAGES
11. FINANCIAL INFORMATION ON THE COMPANY'S NET ASSETS, FINANCIAL POSITION AND EARNINGS		
11.1. Historical financial information	3	74
a) Balance sheet	3	74-75
b) Income statement	3	76
c) Cash flow statement	3	80-81
d) Notes to the financial statements	3	104-151
11.2. Financial statements	3	74-152
11.3. Audit of historical annual financial information	6	281
11.3.1. Statement that the historical financial information has been audited	6.8	281, 283
11.3.2. Other information contained in the Registration Document audited by the statutory auditors.	6	281
11.3.3. Source of financial information contained in the Registration Document not drawn from the company's audited financial statements	6	281
11.4. Date of most recent audited financial information	6	281
11.5. Interim and other financial information	NA	NA
11.5.1. Quarterly and semi-annual financial information after the date of the most recent audited financial statements and audit report	6	280
11.5.2. Interim financial information covering the first six months of the new fiscal year, accompanied by comparative financial statements and audit report	NA	NA
11.6. Litigation and arbitration proceedings	6	280
11.7. Material change in the company's financial position	6	281
12. MAJOR AGREEMENTS	6	281
13. INFORMATION FROM THIRD PARTIES, APPRAISALS AND STATEMENTS OF INTEREST	6	281
14. DOCUMENTS AVAILABLE TO THE PUBLIC	6	281

Cross-reference table of the 2017 Annual Management Report related to Crédit Mutuel Arkéa group

The information contained in the 2017 Annual Management Report, represented by the section headings presented in the table below, is reproduced in its entirety in this Registration Document.

	SECTIONS	PAGES
1. STATUTORY AUDITORS		
1.1. Statutory auditors for the period covered by the historical financial information	8	283
1.2. Statutory auditors' report on the 2017 consolidated financial statements	9	284
2. RISK FACTORS	4	160
3. OVERVIEW OF ACTIVITIES		
3.1. Main activities	1	12-17
3.1.1. Company's main activities	1	12-17
3.1.2. New product and/or new activity	1	12-17
3.1.3. Main markets	1	12-17
3.1.4. Main markets	1	10
4. TREND INFORMATION		
4.1. Statement on Crédit Mutuel Arkéa's outlook after the date of its most recent audited and published financial statements	3	72
4.2. Trend or event like to affect Crédit Mutuel Arkéa's outlook for the current year	3	72
5. EARNINGS FORECAST OR ESTIMATE	6	281
6. ADMINISTRATIVE AND MANAGEMENT BODY		
6.1. Name, address and function within the company of members of the administrative and management bodies	2	28-42
6.2. Compensation policy for company officers	2	56-58
7. FINANCIAL INFORMATION WITH ON THE COMPANY'S NET ASSETS, FINANCIAL POSITION AND EARNINGS		
7.1. Historical financial information	3	74
a) Balance sheet	3	74-75
b) Income statement	3	76
c) Cash flow statement	3	80-81
d) Notes to the financial statements	3	104-151
7.2. Financial statements	3	74-152
8. CORPORATE SOCIAL RESPONSIBILITY	5	220

Cross-reference table under Article 225 of the French Grenelle 2 Act

	SECTIONS	PAGES
EMPLOYMENT DATA		
1. EMPLOYMENT		
1.1 Total workforce and breakdown of employees by gender, age and geographic region	5.4.1 (5.4.1.1 et 5.4.1.10)	248,261
1.2 New hires and dismissals	5.4.1 (5.4.1.2 et 5.4.1.10)	249,261
1.3 Compensation and its evolution	5.4.1 (5.4.1.8 + 5.4.1.10)	258,261
2. WORK ORGANIZATION		
2.1 Organization of working hours	5.4.1 (5.4.1.7 + 5.4.1.10)	256,261
2.2 Absenteeism	5.4.1 (5.4.1.7 + 5.4.1.10)	256,261
3. LABOR RELATIONS		
3.1 Organization of social dialogue, in particular staff information and consultation procedures and negotiations with personnel	5.4.1 (5.4.1.9 + 5.4.1.10)	258,261
3.2 Review of collective bargaining agreements	5.4.1 (5.4.1.3, 5.4.1.9)	250,260
4. HEALTH AND SAFETY	5.4.1	
4.1 Health and safety conditions at work	5.4.1 (5.4.1.7 ; 5.4.1.10) et 5.4.3.8	256,261,272
4.2 Review of agreements signed with unions or personnel representatives in the area of health and safety at work	5.4.1 (5.4.1.9)	
4.3 Workplace accidents, in particular their frequency and severity, as well as occupational illnesses	5.4.1 (5.4.1.7 + 5.4.1.10)	256,261
5. TRAINING	5.4.1	
5.1 Policies implemented for training	5.4.1 (5.4.1.5 + 5.4.1.10)	248,261
5.2 Total hours of training	5.4.1 (5.4.1.10)	261
6. EQUAL TREATMENT	5.4.1.3	
6.1 Actions taken to ensure gender equality	5.4.1.3	249
6.2 Actions taken in favor of the employment and integration of people with disabilities	5.4.1.3	252
6.3 Anti-discrimination policy	5.4.1.3	249
7. PROMOTION OF AND COMPLIANCE WITH THE ILO'S FUNDAMENTAL CONVENTIONS CONCERNING:	5.2.2.4, 5.3.2.1, 5.4.1 ET 5.4.3.8	
7.1. Freedom of association and the right to collective bargaining	5.2.2.4, 5.3.2.1, 5.4.1 et 5.4.3.8	230,239,248,272
7.2. Eliminating discrimination in employment and occupations	5.2.2.4, 5.3.2.1, 5.4.1 et 5.4.3.8	232,239,248,272
7.3. Abolition of forced and compulsory labor	5.2.2.4, 5.3.2.1, 5.4.1 et 5.4.3.8	232,239,248,272
7.4. Ban on child labor	5.2.2.4, 5.3.2.1, 5.4.1 et 5.4.3.8	232,239,248,272

Cross-reference table under Article 225 of the French Grenelle 2 Act

	SECTIONS	PAGES
ENVIRONMENTAL DATA		
8. GENERAL ENVIRONMENTAL POLICY	5.4.2	
8.1 Organizing the company to address environmental issues and, where applicable, environmental evaluation or certification processes	5.1.2 et 5.4.2	225,262
8.2 Employee training and information initiatives in environmental protection	5.1.2 et 5.4.2	225,262
8.3 Resources devoted to preventing environmental risks and pollution	5.4.2	262
8.4 Amount of provisions and guarantees for environmental risks, provided this information is not liable to cause serious harm to the company in current litigation	5.4.2.1	262
9. POLLUTION		
9.1 Actions to prevent, reduce or compensate for waste discharged into the air, water and soil that severely impacts the environment	NA	
9.2 Tracking of noise pollution and all other forms of pollution specific to a given business	NA	
10. CIRCULAR ECONOMY	5.4.2	
WASTE PREVENTION AND MANAGEMENT	5.4.2 (5.4.2.3)	262
10.1 Actions to prevent, recycle, reuse, otherwise utilize or eliminate waste	5.4.2 (5.4.2.3)	262
10.2 Measures to combat food waste	5.4.2 (5.4.2.3)	262
SUSTAINABLE USE OF RESOURCES	5.4.2 (5.4.2.4)	263
10.3 Water consumption and water supply aligned with local circumstances	5.4.2 (5.4.2.4+ 5.4.2.9)	263,267
10.4 Consumption of raw materials and actions taken to improve their efficiency of use	5.4.2 (5.4.2.4 + 5.4.2.9)	263,267
10.5 Energy consumption, actions taken to improve energy efficiency and use of renewable energies	5.4.2 (5.4.2.4 + 5.4.2.9)	263,267
10.6 Soil use	NA	
11. CLIMATE CHANGE	5.3.2.1 ET 5.4.2 (5.4.2.1 ET 5.4.2.7)	
11.1 Significant items of greenhouse gas emissions generated due to the company's activity, in particular from the use of goods and services it produces	5.4.2.7	265
11.2 Adapting to the consequences of climate change	5.4.2	263
12. PROTECTING BIODIVERSITY	5.4.2.8	
12.1 Actions taken to preserve or develop biodiversity	5.4.2.8	266

Cross-reference table under Article 225 of the French Grenelle 2 Act

	SECTIONS	PAGES
SOCIAL COMMITMENTS IN FAVOR OF SUSTAINABLE DEVELOPMENT	5.3	232
13. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS	5.3	232
13.1 In the area of employment and regional development	5.3	232
13.2 On local or surrounding populations	5.3	232
14. RELATIONSHIPS WITH PEOPLE OR ORGANIZATIONS WITH AN INTEREST IN THE COMPANY'S BUSINESS, IN PARTICULAR ASSOCIATIONS FOR INTEGRATION, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL DEFENSE ASSOCIATIONS, CONSUMER ASSOCIATIONS AND ASSOCIATIONS OF LOCAL POPULATIONS	5.2 ET 5.3	227,232
14.1 Conditions for dialogue with these people or organizations	5.2.2 et 5.2.3	228,231
14.2 Partnership and corporate sponsorship initiatives	5.3.5	246
15. SUBCONTRACTING AND SUPPLIERS	5.2.2.4 ; 5.4.2.5, 5.4.3.2 ET 5.4.3.8	232,264,267,272
15.1 Inclusion of social and environmental issues in the purchasing policy	5.2.2.4 ; 5.4.2.5 et 5.4.3.8	232, 264, 272
15.2 Scope of subcontracting and inclusion of social and environmental responsibility in supplier and subcontractor relations	5.2.2.4 ; 5.4.2.5 et 5.4.3.8	232, 264, 272
16. FAIR TRADE PRACTICES	5.4.3	267
16.1 Actions taken to prevent fraud and corruption	5.4.3.2	267
16.2 Actions taken to promote consumer health and safety	5.4.3.6	269
17. ADDITIONAL ACTIONS IN FAVOR OF HUMAN RIGHTS		
17.1 Additional actions in favor of human rights	5.3.4	243

International commitments cross-reference table

2017 REGISTRATION DOCUMENT	PAGES	GLOBAL COMPACT PRINCIPLES	SDG
5.1.1 Social Responsibility at the heart of the group's strategy		1-10	1, 5, 8, 10, 12, 13
5.1.2 Structured CSR organization and governance		1-10	12
5.1.3 Continuous improvement		1-10	12, 17
5.2.1 Participatory governance			
5.2.2 A company that is open and listens to its stakeholders			
5.2.2.1 Relations with customer shareholders and customers			
5.2.2.2 Director relations			
5.2.2.3 Employee relations			
5.2.2.4 Supplier and subcontractor relations		1, 2, 3, 4, 5, 6, 7, 8, 10	17
5.2.2.5 Relations with local and regional public authorities, companies and associations		8	17
5.2.2.6 Relations with investors and rating agencies			
5.2.3 Cooperation and cross-functionality within the group			
5.2.4 Cooperation indicators			
5.3.1 Supporting the responsible projects of its customer shareholders and customers			8
5.3.1.1 Financing and equity investment in businesses and companies		8, 9	8, 12
5.3.1.2 Support to farmers, wine producers and fishers		8, 9	8, 12
5.3.1.3 Financing of local and regional government bodies			8, 11
5.3.1.4 Partner to the Social and Solidarity Economy and social entrepreneurship			8, 11, 12
5.3.1.5 Solutions to support individual customers with their environmentally friendly projects			8, 11, 12, 13
5.3.2 Orient customer shareholder and customer savings towards financing a sustainable economy		8, 9	8, 12
5.3.2.1 Socially responsible investment (SRI) and the integration of environmental, social and governance (ESG) criteria into investment policies		2, 4, 5, 6, 7, 8, 9	
5.3.2.2 Solidarity savings			8, 11, 12
5.3.3 Support for the pioneers who will create tomorrow's economy		9	8, 9, 12
5.3.4 Support for customers and customer shareholders in precarious situations		2	1, 3, 8, 10, 11
5.3.5 Supporting regional dynamics		2	1, 2, 3, 4, 8, 10, 11
5.4.1 Human resources development			

2017 REGISTRATION DOCUMENT	PAGES	GLOBAL COMPACT PRINCIPLES	SDG
5.4.1.1 Crédit Mutuel Arkéa's employees	248-261	1, 3, 4, 5, 6	
5.4.1.2 Recruitment and integration of new hires	250-261		8
5.4.1.3 Promoting diversity	249-254	1, 6	5, 10
5.4.1.4 Supporting career paths	253	1	5, 10
5.4.1.5 Strong commitment to employee training	254	1	4
5.4.1.6 Managers: caring and exemplary coaches	255		
5.4.1.7 Promoting quality of life at work	256	1	3, 8
5.4.1.8 An attractive wage policy	258		
5.4.1.9 Active employee dialogue	258	3	
5.4.1.10 Employment performance indicators	261		
5.4.2 Crédit Mutuel Arkéa's direct environmental footprint	262-267		
5.4.2.1 Environmental and climate risks	262	7	
5.4.2.2 Employee awareness and training on best practices	262	8	12, 13
5.4.2.3 Eco-design and circular economy	262	8, 9	12, 13
5.4.2.4 Responsible resource management	263	8, 9	12, 13
5.4.2.5 Responsible purchasing policy	264	5, 7, 8	
5.4.2.6 Proactive and innovative action for transportation	264	8	12, 13
5.4.2.7 The group's carbon footprint	265	8	12, 13
5.4.2.8 Preserving biodiversity	266	8	12, 13, 15
5.4.2.9 Environmental performance indicators	267		
5.4.3 Fair trade practices	267		
5.4.3.1 Ethics	267	10	
5.4.3.2 Anti-corruption	267	10	16
5.4.3.3 Fight against money laundering and terrorism financing	268	10	16
5.4.3.4 Fiscal transparency	269		
5.4.3.5 Lobbying	269		
5.4.3.6 Protecting customer interests	269	2	
5.4.3.7 Data protection and security	269	2	
5.4.3.8 Duty of vigilance	272	1, 2, 3, 4, 5, 6, 7	

ALTERNATIVE PERFORMANCE INDICATORS	DEFINITION	JUSTIFICATION FOR USE
Other group operating income and expenses	Difference between the income and expenses of the other activities	Measures income excluding group financial margin and commissions
Other operating income and expenses for the scope of globalized accounts	Difference between the income and expenses of the other activities derived from Crédit Mutuel Arkéa's accounts	Measures income excluding financial margin and commissions from Crédit Mutuel Arkéa accounts
Operating ratio	Ratio of management expenses to Net Bankinsurance Income	Measure of the group's operational efficiency
Net commissions	Difference between commissions (income) and commissions (expenses)	Measures income from commissions at group level
Cost of risk (in basis points)	Ratio of the cost of risk (in €) to loans outstanding to customers at the end of the period	Measures the level of risk compared to balance sheet loan commitments
Operating expenses	Sum of general operating expenses and depreciation and amortization charges for property, plant and equipment and intangible assets	Measures the level of group general operating expenses
Group financial margin	Sum of the following items: - Net gains or losses on financial instruments at fair value through profit or loss - Net gains or losses on available-for-sale financial assets, - Difference between "interest and similar income" and "interest and similar expenses"	Measures income from the group's financial activity
Financial margin for the scope of globalized accounts	Under French accounting standards: interest and similar income - interest and similar expenses + net gains or losses on trading portfolio transactions + gains or losses on investment portfolio transactions and similar	Measures income from financial activity from Crédit Mutuel Arkéa accounts
Asset returns	Ratio of the net profit or loss to the balance sheet total on a consolidated basis at the end of the fiscal year	Measures the rate of return of total balance sheet assets
Overall coverage ratio of non-performing loans (interest + capital)	Ratio of provisions recognized in respect of credit risk on an individual basis to impaired loans outstanding on an individual basis	Measures the maximum residual rate of risk coverage for impaired loans outstanding
Rate of non-performing and litigated loans (including interest)	Ratio of impaired loans outstanding on an individual basis to customer deposits ("Customer loans and receivables" recorded as assets on the balance sheet on a consolidated basis)	Measures the quality of loans



1, rue Louis Lichou - 29480 Le Relecq-Kerhuon
Tél. : +33 2 98 00 22 22

118, av. Champs-Élysées - 75008 Paris
Tél. : +33 1 56 69 76 00

