Consolidated financial statements for the year ended December 31, 2019

Non audited consolidated financial statements

Balance sheet

(in € thousands)

Assets	Notes	12.31.2019	12.31.2018
Cash, due from central banks	1	10,083,885	3,236,588
Financial assets at fair value through profit or loss	2	1,480,688	1,179,263
Derivatives used for hedging purposes	3	1,082,121	692,564
Financial assets at fair value through equity	4	9,654,975	11,323,695
Available-for-sale financial assets	5	635,489	163,949
Securities at amortized cost	1	9,785,387	8,986,833
Loans and receivables - credit institutions, at amortized cost	6	62,444,613	55,574,536
Loans and receivables - customers, at amortized cost		790,682	299,115
Placement of insurance activities	7	58,172,448	50,190,292
Current tax assets	8	240,252	224,673
Deferred tax assets	9	144,962	149,446
Accruals, prepayments and sundry assets	10	911,703	867,127
Non-current assets held for sale	27	5,336	444,230
Participation aux bénéfices différée		0	0
Investments in associates	11	197,630	201,775
Investment property	12	144,215	154,236
Property, plant and equipment	13	343,158	257,761
Intangible assets	14	457,604	435,758
Goodwill	15	566,776	538,461
TOTAL ASSETS		**157,141,925**	**134,920,302**

Liabilities	Notes	12.31.2019	12.31.2018
Due to central banks	16	0	0
Financial liabilities at fair value through profit or loss	17	1,173,150	811,071
Derivatives used for hedging purposes	3	1,043,663	427,735
Debt securities	18	16,533,888	12,770,678
Due to banks	16	7,767,767	7,117,358
Liabilities to customers	19	61,700,260	54,555,163
Remeasurement adjustment on interest-rate risk hedged portfolios		274,938	63,362
Current tax liabilities	8	110,949	127,008
Deferred tax liabilities	9	151,241	133,565
Accruals, deferred income and sundry liabilities	20	2,296,644	2,063,634
Liabilities associated with non-current assets held for sale	27	0	19,442
Insurance companies' technical reserves	21	55,708,402	48,033,048
Provisions	22	531,286	423,551
Subordinated debt	23	2,498,059	1,667,088
Total equity		**7,351,679**	**6,707,600**
Shareholders' equity, group share		7,348,433	6,704,447
Share capital and additional paid-in capital	24	2,353,416	2,266,390
Consolidated reserves	24	4,294,471	3,896,396
Gains and losses recognized directly in equity	25	189,810	104,373
Net income for the year		510,737	437,288
Non-controlling interests		3,246	3,152
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**157,141,925**	**134,920,302**

Income statement

(in € thousand)

Income statement	Notes	12.31.2019	12.31.2018
Interest and similar income (1)	30	1,821,128	1,844,189
Interest and similar expense (1)	30	(1,230,230)	(1,164,720)
Commission income	31	618,714	622,640
Commission expense	31	(150,640)	(142,399)
Net gain (loss) on financial instruments at fair value through profit or loss	32	70,728	84,986
Net gain (loss) on financial instruments at fair value through equity	33	39,025	31,635
Net gain (loss) on derecognition of financial instruments at amortized cost	34	0	1
Net income from insurance activities	35	736,205	687,044
Income from other activities	36	261,032	257,531
Expense from other activities	36	(67,686)	(75,178)
NET BANKING INCOME		**2,098,276**	**2,145,729**
Gains (losses) on disposal - dilution in investments in associates	37	205,071	76
NET BANKING INCOME including gains (losses) on disposal - dilution in investments in associates		**2,303,347**	**2,145,805**
General operating expenses	38	(1,445,910)	(1,394,211)
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	39	(132,950)	(119,314)
GROSS OPERATING INCOME		**724,487**	**632,280**
Cost of credit risk	40	(98,650)	(63,679)
OPERATING INCOME		**625,837**	**568,601**
Share in net income of equity-accounted associates and joint ventures	11	(1,837)	248
Gains (losses) on other assets	41	18,512	4,829
Changes in goodwill		0	19,549
PRE-TAX INCOME		**642,512**	**593,227**
Income tax	42	(131,683)	(155,695)
Net income (loss) from discontinued operations		0	0
NET INCOME		**510,829**	**437,532**
O/w non-controlling interests		92	244
NET INCOME - GROUP SHARE		**510,737**	**437,288**

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

Statement of net income and gains and losses recognized directly in equity	Notes	12.31.2019	12.31.2018
Net income		**510,829**	**437,532**
Revaluation of financial assets at fair value through recyclable equity (net of taxes)		(1,406)	(28,869)
Revaluation of available-for-sale financial assets (net of taxes)		71,294	(49,440)
Revaluation of derivatives used to hedge recyclable items (net of taxes)		397	252
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes)		(16)	(399)
Items to be recycled to profit or loss		**70,269**	**(78,456)**
Actuarial gains (losses) on defined benefit plans (net of taxes)		(38,582)	(34,928)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option (net of taxes)		(5,546)	4,947
Revaluation of equity instruments at fair value through equity (net of taxes) (1)		51,839	(7,942)
Share of gains (losses) recognized directly in equity from investments in associates (net of taxes) not recycled to profit or loss		7,470	(13,198)
Items not to be recycled to profit or loss		**15,181**	**(51,121)**
Total gains and losses recognized directly in equity		**85,450**	**(129,577)**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**43**	**596,279**	**307,955**
of which group share		596,174	307,714
of which non-controlling interests		105	241

(1) of which the impact of the transfer to reserves of non-recyclable items for €60,000.

CHANGES IN SHAREHOLDERS' EQUITY

(in € thousands)

	Share capital and reserves	Consolidated reserves	Total gains and losses recognized directly in equity	Net income attributable to equity holders of the parent	Shareholders' equity, group share	Non-controlling interests in equity	Total equity
Position at January 1, 2018	**2,207,864**	**3,513,186**	**233,947**	**428,121**	**6,383,118**	**2,882**	**6,386,000**
Capital increase/reduction	58,526				58,526		58,526
Cancellation of treasury shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year income		428,121		(428,121)	0		0
Dividend paid in 2018 in respect of 2017		(36,824)			(36,824)	(3)	(36,827)
Change in equity interests in subsidiaries with no loss of control					0		0
Subtotal of changes involving transactions with shareholders	**2,266,390**	**3,904,483**	**233,947**	**0**	**6,404,820**	**2,879**	**6,407,699**
Changes in gains and losses recognized directly in equity		(5,143)	(129,574)		(134,717)	(3)	(134,720)
2018 net income				437,288	437,288	244	437,532
Subtotal	**2,266,390**	**3,899,340**	**104,373**	**437,288**	**6,707,391**	**3,120**	**6,710,511**
Impact of acquisitions and disposals on non-controlling interests		259			259		259
Share of changes in shareholders' equity from investments in associates and joint ventures		(2,044)			(2,044)		(2,044)
Change in accounting methods					0		0
Other changes		(1,159)			(1,159)	33	(1,126)
Position at December 31, 2018	**2,266,390**	**3,896,396**	**104,373**	**437,288**	**6,704,447**	**3,153**	**6,707,600**
Capital increase	87,026				87,026		87,026
Cancellation of treasury shares					0		0
Issuance of preferred shares					0		0
Equity components of hybrid instruments					0		0
Equity components whose payment is share-based					0		0
Allocation of the previous year's income		437,288		(437,288)	0		0
Dividend paid in 2019 in respect of 2018		(39,505)			(39,505)	(4)	(39,509)
Change in equity interests in subsidiaries with no loss of control					0		0
Subtotal of changes involving transactions with shareholders	**2,353,416**	**4,294,179**	**104,373**	**0**	**6,751,968**	**3,149**	**6,755,117**
Changes in gains and losses recognized directly in equity		(60)	85,437		85,377	13	85,390
2018 net income				510,737	510,737	92	510,829
Subtotal	**2,353,416**	**4,294,119**	**189,810**	**510,737**	**7,348,082**	**3,254**	**7,351,336**
Impact of acquisitions and disposals on non-controlling interests					0		0
Share of changes in shareholders' equity from investments in associates and joint ventures		(2,383)			(2,383)		(2,383)
Change in accounting methods		7,500			7,500		7,500
Other changes		(4,765)			(4,766)	(8)	(4,774)
Position at December 31, 2019	**2,353,416**	**4,294,471**	**189,810**	**510,737**	**7,348,433**	**3,246**	**7,351,679**

Net cash flow statement

(in € thousands)

	12.31.2019	12.31.2018
Cash flows from operating activities		
Net income	510,829	437,532
Tax	131,683	155,695
Pre-tax income	**642,512**	**593,227**
Depreciation and amortization of property, plant and equipment and intangible assets	135,189	118,000
Impairment of goodwill and other non-current assets	(2,796)	288
Net additions to depreciations	196,454	28,186
Share of income (loss) from investments in associates	992	(248)
Net loss (gain) from investing activities	(207,415)	(13,288)
(Income)/expense from financing activities	0	0
Other changes	4,881,808	1,522,419
Total non-cash items included in net income and other adjustments	**5,004,232**	**1,655,357**
Interbank transactions	(1,654,361)	(2,135,555)
Transactions with customers	688,115	(606,209)
Transactions involving other financial assets/liabilities	(5,176,357)	(323,378)
Transactions involving other non-financial assets/liabilities	2,802,486	44,205
Dividends from investments in associates	866	874
Taxes paid	(159,666)	(178,852)
Net decrease/(increase) in operating assets and liabilities	**(3,498,917)**	**(3,198,915)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**2,147,828**	**(950,330)**
Cash flows from investing activities		
Financial assets and investments	(264,669)	(550,523)
Investment property	(45,416)	7,939
Property, plant and equipment and intangible assets	(154,169)	(133,183)
Other	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	**(464,254)**	**(675,767)**
Cash flows from financing activities		
Cash flows from/to shareholders	72,518	55,700
Other cash flows from financing activities	3,607,500	1,528,000
CASH FLOWS FROM FINANCING ACTIVITIES	**3,680,018**	**1,583,700**
Net increase/(decrease) in cash and cash equivalents	**5,363,592**	**(42,397)**
Cash flows from operating activities	2,147,828	(950,330)
Cash flows from investing activities	(464,254)	(675,767)
Cash flows from financing activities	3,680,018	1,583,700
Cash and cash equivalents, beginning of the year	**3,831,782**	**3,874,179**
Cash, central banks (assets & liabilities)	3,236,588	4,182,765
Deposits (assets and liabilities) and demand loans with credit institutions	595,194	(308,586)
Cash and cash equivalents, end of the year	**9,195,374**	**3,831,782**
Cash, central banks (assets & liabilities) (Notes 1 and 16)	10,083,885	3,236,588
Deposits (assets and liabilities) and demand loans with credit institutions (Notes 1; 7d; 16 and 21b)	(888,511)	595,194
CHANGE IN NET CASH AND CASH EQUIVALENTS	**5,363,592**	**(42,397)**

The cash flow statement is presented using the indirect method.

Net cash and cash equivalents includes cash, debit and credit balances with central banks and demand debit and credit sight balances with banks.

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

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

Notes

Consolidated financial statements for the year ended December 31, 2019

HIGHLIGHTS OF THE YEAR

At December 31, 2019, the Arkéa group posted a record performance, generating €511 million in net income attributable to owners of the company.
In an environment of persistently low interest rates, the sales momentum within the group's business lines led to a significant increase in net banking and insurance income. (including gains (losses) on disposal - dilution in investments in associates) to €2.303 billion, which also includes the capital gain realized by the group on the sale of its interest in the Primonial group of €194 million.
The group made further investments in order to achieve its growth targets under its strategic plan, recording operating expenses of €1.579 billion.
The cost of risk, held at €99 million, reflects the quality of the group's loan portfolio.

On the back of solid financial fundamentals, the group continues to post solvency ratios well above the regulatory requirements.

Crédit Mutuel Arkéa issued its first social bond in the second half of the year. The €500 million raised will contribute to regional economic development, in line with the group's mission to support and finance the real economy.

In the second half of 2019, the group acquired fintech Budget Insight, the French leader in data aggregation and payment initiation. With this move, the group is pursuing its strategy of opening up to new financial services companies and strengthening its positioning as a collaborative bank dedicated to serving its partners and customers.
The Leasecom and Leasecom Car subsidiaries were sold to NBB Lease in March 2019.

ACCOUNTING STANDARDS APPLIED

Pursuant to European Regulation 1606/2002 of July 19, 2002 on the application of international standards, Crédit Mutuel Arkéa group prepared its summary consolidated financial statements for the period ending December 31, 2019 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of that date.

At December 31, 2019, the group applied the standards in force as at January 1, 2019 and adopted by the European Union.
The group also opted for early application of the amendments to IAS 39, IFRS 9 and IFRS 7 published by the IASB related to the reform of the interbank offered rate indices. The group chose to forgo early application of other standards and interpretations adopted by the European Union whose application was optional in 2019.

IFRS 16 Leases

The group has applied IFRS 16 since January 1, 2019.

IFRS 16 replaces IAS 17 as well as SIC 15 and SIC 27 interpretations.

IFRS 16 harmonizes the treatment to be applied to leases without distinction between operating leases and financing. Thus, IFRS 16 requires companies to book their leases on the balance sheet, thereby accounting for new assets and liabilities. Exemptions exist in particular for contracts relating to short-term leases and/or low-value assets.

IFRS 16 is applied using the retrospective method, modified by adjusting the opening balance sheet on January 1, 2019, without any obligation to restate the financial years presented for comparison purposes.

The group therefore presents its 2019 financial statements without a comparative statement for 2018 in IFRS 16 format. An explanation of the transition between the two standards on January 1, 2019 is presented below (Notes – First Time Application section).

Details of the IFRS 16 principles applied by the group are presented in the section entitled "Accounting policies and valuation methods".

IFRIC 23 - Uncertainty over income tax treatments

On June 7, 2017, IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" was published, which is applicable as from January 1, 2019.

Based on this text, it is presumed that the tax authorities:
- check all amounts reported to it,
- has access to all necessary documentation and knowledge.

The entity must assess the likelihood that the tax authorities will accept/disapprove of the position and draw the consequences for the tax result, tax bases, tax loss carryforwards, unused tax credits and tax rates. In the event of an uncertain tax position (i.e. it is probable that the tax authorities will not accept the position taken), the amounts to be paid are assessed on the basis of the most probable amount or the expected value using the method that reflects the best anticipation of the amount that will be paid or received.

At this stage, the Group considers that the scope of application of IFRIC 23 is limited to income tax and that it does not entail any significant change from current practice. Currently, a risk is recognized as soon as a recovery occurs, which may be a recovery related to the entity itself, a related entity or a market, i.e. a third-party entity.

NOTES – FIRST-TIME APPLICATION

The group has applied IFRS 16 since January 1, 2019.

IFRS 16 harmonizes the treatment to be applied to leases without distinction between operating leases and financing. Thus, IFRS 16 requires companies to book their leases on the balance sheet, thereby accounting for new assets and liabilities. Exemptions exist in particular for contracts relating to short-term leases and/or low-value assets.

For the first-time application of IFRS 16, the group chose to implement the modified retrospective approach proposed by the standard.

As at January 1, 2019, the rental debt on outstanding contracts is calculated by discounting the residual rents to the rates in force on that date, taking into account the estimated residual term of the contracts. The corresponding rights of use are recorded in the balance sheet for an amount equal to that of the rental debt. The first-time application of IFRS 16 therefore had no impact on the group's equity at January 1, 2019.

On that date, leases with a residual term of less than 12 months and those tacitly renewed are therefore considered to be short-term leases (contracts of less than one year) and are not subject to any restatement, in accordance with the exemption option offered by IFRS 16.

In accordance with the requirements of IFRS 16 relating to the modified retrospective approach, comparative data for the 2018 financial year that is presented with respect to the 2019 data is not restated.
Details of the IFRS 16 principles applied by the group are presented in the section entitled “Accounting policies and valuation methods”.

The Group had validated the inventory and analysis of lease agreements as of December 31, 2018.
The first-time application of IFRS 16 resulted in the recognition for the group of a rental debt and an asset representing rights of use in the amount of €85 million, relating exclusively to property leases.

First-time application

Rights of use - Real estate	85,240
Rights of use - Other	0

Rental debts - Real estate	85,240
Rental debts - Other	0

Other standards

Other amendments have little or no material impacts for the group.

- **Amendment to IAS 28**

This covers all financial instruments not subject to the equity method, including long-term financial assets that are part of the net investment in an associate or joint venture (e.g. loans to such entities). This recognition involves two steps: the financial instrument is accounted for in accordance with IFRS 9, including the provisions relating to the impairment of financial assets, after which the provisions of IAS 28 apply, which may result in a reduction in its carrying amount by offsetting the accumulated losses of the entity accounted for using the equity method, when the carrying amount has already been reduced to zero.
When this amendment is first applied, issuers can recognize the impacts in opening equity for 2019 without restating the comparative information.

- **Amendment to IAS 19**

This relates to the consequences of a modification, reduction or liquidation in the regime for calculating the cost of services rendered and the net interest. The cost of services rendered and the net interest for the period following modification, reduction or liquidation must be calculated using the actuarial assumptions used to account for these events.

- **Amendment to IAS 12**

This amendment specifies that the tax effects of dividend distributions on financial instruments classified in equity must be recognized in profit or loss, regardless of their origin, on the date of recognition of the dividend debt. For accounting purposes, dividends are deducted from equity. Fiscally, this is a debt instrument with coupons that are deductible.

- **Amendment to IAS 39, IFRS 9 et IFRS 7**

A reform was introduced at the international level to strengthen the fixing methodologies of the interbank offered rate, or IBOR, indices currently used (Euribor, Libor, etc.), and implement new risk-free rates (Ester, Sofr, Sonia etc.). This reform has accounting impacts on the valuation of assets and liabilities using these rate indices and on the accounting treatment of the related hedges. The Arkéa group is mainly impacted by exposure to the Euribor, Eonia and Libor indices.

The IASB has amended the current standards to limit the effects of the reform on the financial statements of impacted companies.

For example, on September 26, 2019, the IASB published proposed amendments related to potential uncertainties associated with existing hedging relationships stemming from uncertainties about the future indices resulting from IBOR reform. The amendment to IAS 39 aims to maintain the existing hedging relationships and entails ignoring the impacts related to the new rates and assuming that they will not alter the cash flows of instruments by requiring the continued use of the original contractual cash flows. Pursuant to the amendment to IAS 39, entities should assume that benchmark interest rates are not altered by IBOR reform. Disclosure requirements are reduced pursuant to the amendment to IFRS 7; however, additional information must be provided for fair value hedging relationships or cash flow hedging relationships impacted by the amendments, for indices about which uncertainties remain. The amendment to IFRS 9 clarifies certain notions in the context of interest rate reform and provides proposed treatment in case of a substantial modification of debt instruments.

These amendments will be applicable for a temporary period so that hedging relationships can be maintained prior to the effective implementation of IBOR reform. They will apply retrospectively as of January 1, 2020. Early application at December 31, 2019 is permitted subject to adoption of the amendment by the European Union. Since the amendment was adopted on January 16, 2020, the group has opted to apply it early at December 31, 2019.

At December 31, 2019, the derivatives notional amounts, all derivatives included, are the following:

(in € thousands)	Notional amounts 12.31.19
EURIBOR	**65,266,256**
EONIA	**6,753,587**
LIBOR	**34,238**

Main standards not yet adopted by the European Union

IFRS 17 Insurance Contracts

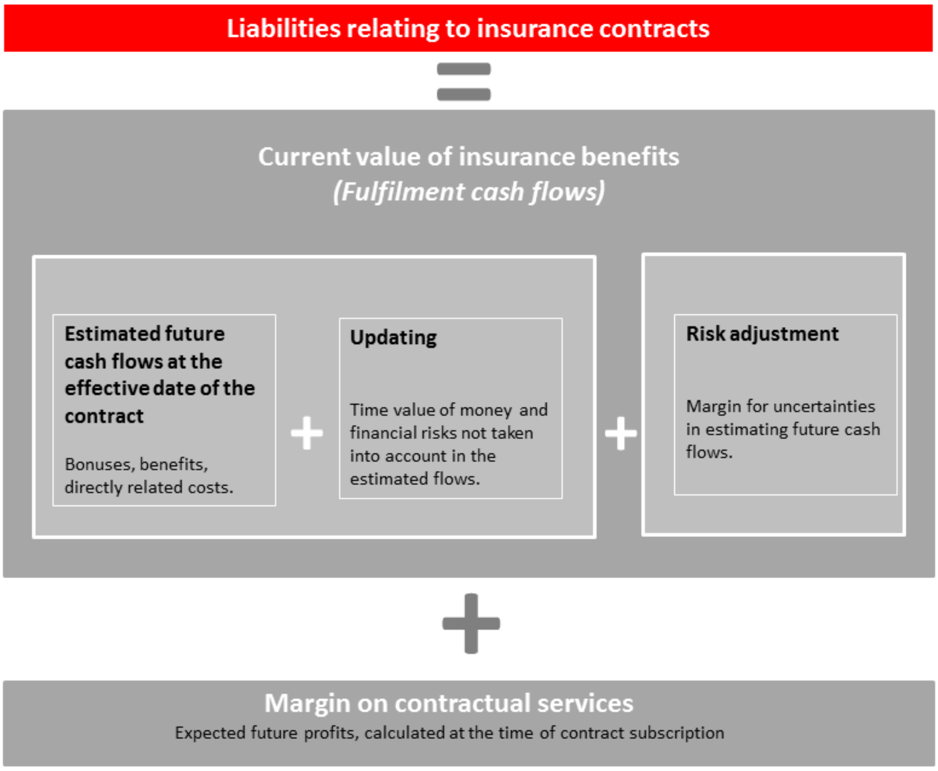
Date and methods of first-time application

On May 18, 2017, the IFRS Foundation published the new IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 Insurance Contracts published in 2004. Under IFRS 4, companies were allowed to continue using national accounting rules for insurance contracts, which resulted in a large number of different approaches, making it difficult for investors to compare the financial performance of companies.
IFRS 17 offers a solution to the comparison problems created by IFRS 4 by requiring all insurance contracts to be recognized in a standardized manner.

The IASB has examined some of the implementation issues raised by various stakeholders since the publication of IFRS 17 and will determine whether it is necessary to amend IFRS 17. In addition, on June 26, 2019 the IASB published an exposure draft containing a number of amendments to IFRS 17 "Insurance Contracts". The aim of the amendments is to facilitate implementation of the standard. One proposal is to defer by one year its date of first-time application, which would therefore be carried forward to annual periods beginning on or after January 1, 2022
Accounting policies under IFRS 17

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

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



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

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

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

These valuation models for insurance liabilities will have to be applied to portfolios of similar insurance policies, the granularity of which will be determined by combining three areas:

- aggregation of contracts exposed to similar risks and managed together,
- a breakdown of policies by year of underwriting, and
- upon initial recognition, a distinction is made between loss-making contracts, contracts for which there is no significant possibility of subsequently becoming loss-making, and other contracts.

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

IFRS 17 project

Despite the uncertainties still surrounding the standard (date of application, actions underway to change certain positions, exposure draft published on June 26, 2019), the CM Arkéa group's insurance entities have set up project structures to keep up with the changes resulting from the standard and continued their preparatory work throughout 2019: assessment and documentation of choices related to standards, modeling, adaptation of systems and organizations, production of accounts and changeover strategy, financial communication and change management.

Amendment to IAS 1 and IAS 8

The aim of this amendment is to change the definition of the term “significance” in order to clarify it and harmonize it between the conceptual framework and IFRS. Subject to European adoption, information would be material (i.e., relatively significant) if its omission, inaccuracy, or obscuration would reasonably be expected to influence the decisions of key users of general purpose financial statements based on these financial statements, which contain financial information about a given accounting entity.

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

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

ACCOUNTING PRINCIPLES AND VALUATION METHODS

The group has applied IFRS 9 since January 1, 2018 for the recognition of financial instruments for its banking activity. The insurance business continues to apply IAS 39 following the adoption of the temporary exemption from applying IFRS 9, as provided for by the amendment to IFRS 4.

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

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

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

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

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

Accounting principles for the banking business

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

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

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

- Business models

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

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

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

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

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

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

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

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

- Cash flow characteristics

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

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

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

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist mainly of debt securities (fixed- or variable-income) and loans to credit institutions and customers:

- held for trading ("Resale" business model); or
- related to the application of the option made available under IFRS 9 to designate a financial instrument at fair value through profit or loss if doing so eliminates or significantly reduces an accounting treatment inconsistency; or
- whose cash flows do not correspond to those of a basic loan ("non-SPPI" cash flows); UCI (undertaking for collective investment) and mutual fund instruments will be recognized as such.

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

Financial assets at fair value through profit or loss are initially recognized at fair value excluding acquisition costs and including accrued dividends.
The accrued or earned income from fixed-income securities is recognized in the income statement under the heading “interest and similar income” according to the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognized in the income statement under the heading “Net gain (loss) on financial instruments at fair value through profit and loss.”
Changes in fair value during the period, at the reporting date, as well as capital gains or losses on assets in this category are also recognized in "Net gain (loss) on financial instruments at fair value through profit or loss".
No impairment is recognized on the assets at fair value through profit or loss, since the counterparty risk is included in the market value (fair value).

Derivative financial instruments used for trading and hedging purposes – assets and liabilities

In accordance with the option offered by IFRS 9 pending the finalization and adoption of the standard's macro hedging component, the Crédit Mutuel Arkéa group has decided not to adopt the Hedging component of IFRS 9 and continues to apply all the provisions of IAS 39 with regard to hedging.
However, the additional disclosures on hedging required by amended IFRS 7 are presented as of January 1, 2018.

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

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

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

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

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

The CVA is calculated on the basis of the group's expected positive exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the counterparty's probability of default (PD) and by the loss given default (LGD) rate. DVA is calculated on the basis of the group's expected negative exposure to the counterparty, estimated using the so-called Monte Carlo method, multiplied by the group's probability of default (PD) and by the loss given default (LGD) rate.

The calculation methodology uses market data, particularly on the credit default swap (CDS) curves to estimate the PD.

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

An amount of €18.5 million was recognized on the balance sheet for valuation adjustments as at December 31, 2019.

To classify a financial instrument as a hedging derivative, the group prepares formalized documentation of the hedging transaction at inception: hedging strategy, designation of the hedged instrument (or the portion of the instrument), nature of the hedged risk, designation of the hedging instrument, procedures for measuring the effectiveness of the hedging relationship. According to this documentation, the group assesses the effectiveness of the hedging relationship at inception and at least every six months. A hedging relationship is deemed to be effective if:

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

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

Risks hedged:

Micro-hedging is the hedging of part of the risks incurred by an entity on the assets and liabilities its holds. It applies specifically to one or more assets and liabilities with regard to which the entity hedges the risk of a negative change in a given type of risk, using derivatives.

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

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

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

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

Fair value hedging:

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

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

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

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

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

Cash flow hedging:

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

In cash flow hedging transactions, the effective portion of the change in the fair value of the derivative is recorded in a separate line in equity “Gains and losses recognized directly in equity” while the ineffective portion is recognized in the income statement under the heading “Net gain (loss) on financial instruments at fair value through profit or loss.”
As long as the hedge is effective, the amounts recorded in equity are transferred to the income statement under “interest and similar income (expense)” synchronized with the cash flows of the hedged instrument impacting profit or loss. If the hedging relationship is discontinued or is no longer highly effective, hedge accounting ceases. The accumulated amounts recorded in equity as part of the revaluation of the hedging derivative are transferred to the income statement under “interest and similar income (expense)” at the same time as the hedged transaction itself impacts the income statement, or when it has been determined that such transaction will not take place.

The group does not hedge net investments in foreign operations.

Financial assets at fair value through equity

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

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

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

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

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

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

Financial assets at amortized cost

Financial assets at amortized cost meet the following criteria:

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

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

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

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

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

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

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

Customer finance leases

Lease transactions are considered finance leases when all of the risks and rewards incidental to the ownership of the leased property are transferred to the lessee. Otherwise leasing transactions are classified as operating leases.

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

Impairment of financial assets and commitments given

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

The financial assets in question include:

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

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

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

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

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

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

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

▪ Bucket 3: in case of actual credit risk (counterparty default, for example), the loan is classified into bucket 3. A provision for lifetime expected losses is recognized.
Actual loss exists where:

- there are one or more delinquent payments for three months;
- the position of a counterparty presents characteristics such that even in the absence of delinquent payments, we can conclude that there is a known risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganization/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy and liquidation of property, including a summons to appear before an international court.

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, regardless whether guarantees or collateral exist. 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.

- Significant increase in credit risk

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans to assess any significant increase in credit risk:

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing,
- high default portfolios (HDP), for which historical data is used to develop a statistical rating model: mass corporate, retail.

A significant increase in credit risk, which entails transferring a loan out of bucket 1 into bucket 2, is assessed by:

- taking into account all reasonable and justifiable information, and
- comparing the risk of default on the financial instrument at the reporting date with the risk of default at the initial recognition date.

For the group, this entails measuring risk at the borrower level. All the group's counterparties are rated by the rating system. This system is based on:

- statistical algorithms or "mass ratings" based on one or more models, using a selection of representative and predictive risk variables (HDP), or
- manual rating grids developed by experts (LDP).

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

It should be noted that the group applies the principle of symmetry set out in the standard. This means that the criteria for transfer into and out of bucket 2 are the same.

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

➢ Quantitative criteria

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

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

➢ Qualitative criteria

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

- Buckets 1 and 2 – calculation of expected credit losses.

In terms of calculation, the provisioning model takes into account:

- probability of the debtor's default
- loss given the debtor's default
- The Crédit Mutuel Arkéa group's exposure (i.e. loans outstanding with this counterparty on the balance sheet and in commitments given).

Provisions must also take into account past, present and forward-looking information.

Expected credit losses are measured by multiplying the outstanding amount of the loan by its probability of default (PD) and by the loss given default (LGD). The off-balance sheet exposure is converted to an on-balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for bucket 1 and the probability of default at termination for bucket 2.
These parameters are taken from the models developed for prudential purposes and adapted to IFRS 9 requirements. They are used for both assignment to the buckets and the calculation of expected losses.

➢ Probability of default

This is based:

- for high default portfolios, on the models approved under the IRB-A approach,
- for low default portfolios, on an external probability of default scale.

- Loss given default

This is based:

- for high default portfolios, on the flows of collections observed over a long period of time, discounted at the interest rates of the contracts,
- for low default portfolios, on the regulatory levels.

- Conversion factors

These are used to convert off-balance sheet exposure to an on-balance sheet equivalent and are mainly based on the prudential models.

- Forward-looking aspect

The general forward-looking approach adopted has an impact on:

- the bucket allocation of outstanding loans: in effect, the application of forward-looking parameters has an impact on the analysis of significant deterioration and consequently on the allocation by bucket.
- the calculation of expected credit loss (ECL) with parameters that take forward-looking factors into account.

To calculate expected credit losses, the standard requires that reasonable and justifiable information, including forward-looking information, be taken into account. The development of the forward-looking aspect requires anticipating changes in the economy and applying these anticipated changes to the risk parameters. This forward-looking aspect is determined at the group level and applies to all the parameters.

For high default portfolios, the forward-looking aspect included in the probability of default takes into account three scenarios (optimistic, neutral and pessimistic), which will be weighted based on the group's view of changes in the economic cycle over five years. The group mainly relies on macroeconomic data available from well-known national or international statistics agencies. The forward-looking approach is adjusted to include elements that were not captured by the scenarios because:

- they are recent, meaning they occurred a few weeks before the reporting date;
- they cannot be included in a scenario: for example, regulatory changes that will certainly have a significant effect on the risk parameters and whose impact can be measured by making certain assumptions.

The forward-looking aspect for maturities other than one year is derived from the forward-looking aspect for the one-year maturity.

The forward-looking aspect is also included in the LGD by incorporating information observed over a period close to current conditions.

For low default portfolios, forward-looking information is incorporated into the large accounts and bank models, and not into the local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

- Bucket 3: recognition

Impairment reflects the difference between amortized cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans. In practice, future flows are discounted only if the impact of discounting is material compared to their estimated amounts. Consequently, the provisions are discounted. In the income statement, changes in impairment are recorded under “cost of risk” except for reversals related to the effects of the reversal of discounting, which are recorded under “Interest and similar income.”

- Originated credit-impaired financial assets

These are contracts with incurred credit losses on the date of initial recognition or acquisition. These financial assets are subject to specific recognition under the provisions of IFRS 9
At the reporting date, these contracts are identified in an "originated credit-impaired assets" category and provisioned based on the same method used for exposures in bucket 2, i.e. an expected loss over the residual maturity of the contract.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss are divided into those held for trading and those assigned to this category under the option afforded by IFRS 9. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:

- hybrid instruments containing one or more embedded derivatives,
- groups of assets or liabilities measured and managed at fair value,
- substantial elimination or reduction of an accounting treatment inconsistency.

The Crédit Mutuel Arkéa group uses this option to record at fair value through profit or loss issues of liabilities originated and structured on behalf of clients whose risks and any hedging thereof are managed as part of the same whole.

Initially, financial liabilities at fair value through profit or loss are recognized at their fair value excluding acquisition costs and including accrued dividends. At the reporting date, they are measured at fair value and changes in fair value are recognized:

- under “Gains or losses recognized directly in non-recyclable equity”, for the portion corresponding to own credit risk;
- in profit or loss for the period under “Net gain (loss) on financial instruments at fair value through profit or loss”, for the remaining portion.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.
This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit or loss when the following three conditions are met:

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realized and unrealized gains and losses are recognized on the income statement under “Net gain (loss) on financial instruments at fair value through profit or loss”.

Amounts owed to credit institutions and customers

At inception, amounts owed to credit institutions and customers are recognized at fair value. This is normally the net amount received initially less transaction costs that can be directly attributed to the transaction when they are significant. On the closing date, such amounts are valued at their amortized cost according to the effective interest rate method.

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

Related receivables or interest due on amounts due to credit institutions and customers are recorded on the income statement under “Interest and similar expense.”

Debt securities

Debt securities are broken down by type of security (certificates of deposit, interbank market securities and negotiable debt instruments, bonds and similar).

They are initially recognized at fair value i.e. at their issue price less any transaction costs that can be directly attributed to the transaction when they are significant. On the closing date, such amounts are valued at their amortized cost according to the effective interest rate method. Related receivables or interest due on debt securities is recorded in the income statement under “Interest and similar expense.”

Subordinated debt

Subordinated debt includes fixed or indefinite term debt that may or may not be represented by a certificate and that differs from receivables or bonds because in the event of the liquidation of the debtor, repayment will only occur after all secured creditors have been paid. This debt is valued according to the amortized cost method. Related receivables or interest owed on subordinated debt is recorded on the income statement under “Interest and similar expense.”

Renegotiated debt

Renegotiation of a debt with an existing borrower can, depending on the circumstances, be considered to be a modification of the terms of the debt or an extinction of the debt.

Under the standard, when a financial debt is modified because the duration, interest rate or contractual terms and conditions have been adjusted, an assessment must be made of the materiality of said change (10% threshold). This assessment is based on a quantitative test that may be supplemented by a more qualitative test.
The quantitative test consists of comparing the value of the future cash flows under the new terms and conditions discounted at the effective interest rate of the original loan with the discounted value of the residual cash flows of the initial liability.
The quantitative test is supplemented by a qualitative test when the result is less than 10%. In particular, this qualitative test enables a significant change in the debt's risk profile to be taken into consideration (change of currency of the debt, type of interest rate or very substantial extension of the duration of the loan) which the quantitative test does not take into account, and to analyze, if appropriate, the change as an extinction of the debt.

A renegotiated debt that does not result in derecognition must be maintained at its original effective interest rate and the impact related to renegotiation (gain or loss) recognized immediately through profit or loss.

Accounting principles for the insurance business

The insurance activity may defer application of IFRS 9 until 2022, as provided for by the amendment to IFRS 4 as adopted by the European Union.
The financial assets and liabilities of the insurance companies are subject to the provisions of IAS 39, as described below. They are presented under "Investments of insurance activities" and "Liabilities related to contracts of insurance activities", respectively, on the balance sheet.
Income and expenses related to the insurance activities are presented under "Net income from insurance activities" in the income statement, within which:

- Income and expenses recognized in respect of insurance contracts issued are presented under "Other income/expense related to insurance activities".
- Income and expenses relating to the insurance entities’ proprietary activities are recognized under the appropriate line items.

When they are significant, the disclosures required under IFRS 7 are produced separately for the insurance entities.

In accordance with the adoption regulation of November 3, 2017, the group has taken the necessary measures to ensure that there are no transfers of financial instruments that could lead to derecognition, between the insurance segment and the group's other segments, other than those measured at fair value through profit or loss in both segments.

The accounting policies applied to assets and liabilities arising from the issuance of insurance policies are established in accordance with IFRS 4. This standard also applies to reinsurance contracts subscribed and financial contracts that include a discretionary profit-sharing provision.

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

The same assumptions were used in both fiscal years to value assets under insurance contracts and insurance liabilities.

Financial assets at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss are divided into those held for trading and those assigned to this category under the option afforded by IAS 39. This allows financial instruments to be designated at fair value through profit or loss on initial recognition in the following cases:

- hybrid instruments containing one or more embedded derivatives;
- groups of assets measured and managed at fair value;
- substantial elimination or reduction of an accounting treatment inconsistency.

The group uses this option to record the following financial instruments at fair value through profit or loss:

- investments serving as cover for unit-linked life insurance contracts in order to eliminate the inconsistency in accounting treatment with the related insurance liabilities,
- shares of mutual funds whose management company is part of the group,
- certain structured or restructured products (CDOs, convertible bonds),

Financial assets representative of unit-linked insurance contracts include bonds issued by group entities that have not been eliminated through consolidation, in order to maintain the matching of technical provisions on unit-linked contracts with the fair value of the identified assets, which are themselves recognized at fair value. Non-eliminated fixed-income securities totaled €96 million at December 31, 2019. Their elimination would have had an impact of €5 million on net income in the year to December 31, 2019.

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

The accounting treatment described in the banking section also applies to derivatives.

Financial assets at fair value through profit or loss are initially recognized at fair value excluding acquisition costs and including accrued dividends.

The accrued or earned income from fixed-income securities is recognized in the income statement under the heading "Interest and similar income" (insurance activities). Dividends from variable-income securities are recognized in the income statement under the heading "Net gain (loss) on financial instruments at fair value through profit and loss" (Insurance activity).

Changes in fair value during the period, at the reporting date, as well as capital gains or losses on assets in this category are also recognized in "Net gain (loss) on financial instruments at fair value through profit or loss" (insurance activity).

No impairment is recognized on the assets at fair value through profit or loss as the counterparty risk is included in the market value.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, satisfies the definition of a derivative. It is designed to affect certain cash flows, much like a standalone derivative.

This derivative is split off from the host contract and accounted for separately as a derivative instrument at fair value through profit or loss when the following three conditions are met:

- the hybrid instrument that hosts the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and its related risks are not considered to be closely linked to those of the host contract;
- the separate measurement of the embedded derivative to be separated is sufficiently reliable to provide an accurate assessment.

Realized and unrealized gains and losses are recognized on the income statement under "Net gain (loss) on financial instruments at fair value through profit or loss" (insurance activity)

Derivative financial hedging instruments – assets and liabilities

The treatment described in the accounting principles for banking activities also applies to derivative financial hedging instruments.

Available-for-sale financial assets

IAS 39 defines available-for-sale financial assets (AFS) as a residual category containing both fixed- and variable-income securities that are neither financial assets at fair value through profit or loss, financial assets held to maturity nor loans.

Available-for-sale securities are recognized initially at their fair value i.e. the purchase price, including acquisition costs – if they are material – and accrued dividends. At the end of the reporting period, such securities are measured at their fair value, with any changes in value recognized in equity under "Unrealized gains (losses) recognized directly in equity".

Such unrealized gains or losses recognized in equity are only recognized in the income statement if the securities are sold or if there is permanent impairment.

The accrued or earned income from fixed-income securities is recognized in the income statement under the heading "Interest and similar income" (insurance activity) using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the net carrying amount of the financial asset or liability. Dividends from variable-income securities are recognized in the income statement under the heading "Net gain (loss) on financial instruments available-for-sale."

Impairment of securities

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

In the case of equity securities, the group employs a quantitative criterion to identify material and long-term declines: impairment is recognized when a security has lost at least 50% of its value compared with its initial cost or over a period of more than 24 consecutive months. Analysis is performed line by line. Securities that do not meet the aforementioned criteria are nevertheless assessed for impairment if management believes that the amount invested cannot reasonably be expected to be collected in the near future. The loss is recognized in the income statement under "Net gain (loss) on financial instruments available-for-sale". Any subsequent decline in value results in an increase in impairment charged against income. An increase in value does not lead to the provision being reversed through profit.

In the case of on debt securities, impairment is recorded in "Cost of risk," (insurance activity) and may be reversed through profit when the market value of the security has increased due to some objective event that has taken place since the most recent impairment.

Held-to-maturity financial assets

Held-to-maturity financial assets are primarily fixed-income or determinable income securities with a fixed maturity that the insurance entities intend and are able to hold to maturity.
Initially, they are recognized at their acquisition price including acquisition costs – when material – and accrued dividends. At the end of the reporting period, they are valued according to the amortized cost method at the effective interest rate and may be the subject of impairment when necessary.

Loans and receivables due from credit institutions and loans and receivables related to the insurance activities

"Loans and receivables" are financial assets with fixed or determinable payments that are not quoted on an active market. All loans and receivables due from credit institutions and those related to the insurance activities which are not intended for sale from their origination are recognized in the "Loans and receivables" (insurance activity) category.

The treatment of these financial assets (excluding impairment) is identical to the treatment applied to loans and receivables due from credit institutions and from customers at amortized cost under IFRS 9.

Impairment of loans and receivables

Individually impaired receivables

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

- there are one or more delinquent payments for three months;
- the position of a counterparty presents characteristics such that even in the absence of delinquent payments, we can conclude that there is a known risk;
- the counterparty is involved in litigation, including proceedings for overindebtedness, court-ordered reorganization/receivership, court-ordered settlement, court-ordered liquidation, personal bankruptcy and liquidation of property, including a summons to appear before an international court.

Impairment reflects the difference between amortized cost and the present value of discounted estimated future cash flows. Discounting is carried out at the initial effective interest rate of the loan for fixed-rate loans and at the last effective interest rate set according to the contractual terms and conditions for variable-rate loans. In the income statement, impairment loss movements are recorded under the heading “cost of risk” (insurance activities).

Financial liabilities

With regard to financial liabilities, the rules for the accounting treatment of financial liabilities at fair value through profit or loss, liabilities with credit institutions and customers, debt securities and subordinated debt are the same under IAS 39 and IFRS 9 (excluding recognition of renegotiated debts).

Insurance liabilities, representing commitments to policyholders and beneficiaries, are reported on the line “Insurance companies’ technical reserves”. They are valued, recognized and consolidated in accordance with French GAAP.

Technical provisions on life insurance contracts consist primarily of mathematical provisions representing the difference between the present value of the commitments undertaken respectively by the insurer and the policyholders. The risks covered include primarily death, disability and the inability to work (for borrower’s insurance).

Life insurance provisions are estimated conservatively on the basis of contractually-defined technical rates.

Technical provisions on unit-linked contracts are valued at the reporting date, based on the value of the assets used to support these contracts.

Technical provisions on non-life insurance contracts include unearned premiums (portion of premiums issued pertaining to later years), provisions for increasing risks (difference between the present value of the commitments undertaken respectively by the insurer and the policyholder) and claims payable.

Technical provisions are calculated gross of reinsurance, and the reinsurers' share is stated in assets.

Insurance contracts and financial contracts with a discretionary profit-sharing provision are subject to “shadow accounting.” The provision for deferred profit-sharing represents the share of capital gains and losses on assets attributable to the policyholders. This provision is presented on either the liability or the asset side of the balance sheet. On the asset side, it appears as a separate item.

At the reporting date, an adequacy test is performed on the liabilities associated with these contracts (net of other items involving related assets or liabilities, such as deferred acquisition costs and the portfolio securities acquired). A verification is performed to ensure that the liability recorded is adequate to cover the future cash flows projected at that date. Any shortfall in the technical provisions is shown through a loss for the period (and potentially reversed at a subsequent date).

Common accounting principles for banking and insurance activities

Shareholders' equity

Difference between liabilities and equity

A debt instrument or financial liability is defined as a contractual obligation to deliver cash or another financial asset or to exchange financial instruments under potentially unfavorable conditions.
An equity instrument is defined as a contract containing a residual interest in an enterprise after subtracting all its debts (net assets).

Shares

Pursuant to these definitions, the shares issued by the Crédit Mutuel savings banks are considered shareholders' equity within the meaning of IAS 32 and IFRIC 2 and are treated as such in the group's consolidated financial statements.

Measurement of the fair value of financial instruments

Fair value is defined by IFRS 13 as "the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date". Initially, fair value is usually the transaction price.

Financial assets and liabilities measured at fair value are assessed and recognized at fair value as of their first-time consolidation as well as at subsequent measurement dates. These assets and liabilities include:

- financial assets and liabilities at fair value through profit or loss;
- financial assets at fair value through equity;
- available-for-sale financial assets;
- derivatives

Other financial assets and liabilities are initially recognized at fair value. They are subsequently recognized at their amortized cost and are subjected to valuations whose methods are disclosed in the notes to the financial statements. These other financial assets and liabilities include:

- loans and receivables with credit institutions and with customers at amortized cost under IAS 39 and IFRS 9 (including loans and receivables related to the insurance activities);
- debt securities at amortized cost;
- held-to-maturity securities;
- liabilities to credit institutions and customers;
- debt securities;
- subordinated debt.

Assets and liabilities are also classified in three hierarchal levels corresponding to the level of judgment used in valuation techniques to determine fair value.

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

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

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

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

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

This category includes notably the following financial instruments:

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

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

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

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

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

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

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

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

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

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

Thus, for example, equity investments not listed on an official market are measured internally:

- in most cases, these holdings are measured on the basis of their revalued net assets or their carrying amount, on an entity-by-entity basis.

Similarly, the valuation methods used by private equity companies generally include:

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

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

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

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

Use of judgments and estimates in the preparation of financial statements

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

- fair value of financial instruments not quoted on an active market and measured at fair value,
- impairment of financial assets and guarantee and financing commitments subject to impairment,
- impairment tests of intangible assets,
- deferred tax assets,
- provisions.

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

Property, plant and equipment, intangible assets and investment property

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The cash flows used are determined on the basis of each cash generating unit’s business plans made over a specific horizon of between three and five years. The discount rates used correspond to the cost of capital determined using the capital asset pricing model. This method is based on a risk-free interest rate, to which a risk premium is added that depends on the underlying activity of the corresponding CGU. The discount rates used in 2019 ranged between 8.23% and 11.07% while the growth rates to infinity were between 1% 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 result in a 7% overall reduction in the recoverable amounts without precipitating any impairment of a CGU;
- a 50 basis point decrease in the growth rate to infinity would result in a 4.7% overall reduction in the recoverable amounts without precipitating any impairment of a CGU.

Non-current assets held for sale

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

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

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

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

Provisions

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

Provisions for pension obligations

Pension plans include defined contribution plans and defined benefit plans. Defined contribution plans do not give rise to an obligation for the group and consequently do not require a provision. The amount of employer’s contributions payable during the period is recognized as an expense and recognized under “Personnel expenses.” Defined benefit plans are those for which the group has agreed to provide a benefit amount or level. This commitment constitutes a medium- or long-term risk. Obligations related to plans that are not defined contribution plans are fully provisioned under “Provisions.” End-of-service benefits, supplementary retirement plans, time savings accounts and length-of-service benefits are recorded in this item.

The group's pension obligation is calculated using the projected unit credit method based on demographic and financial assumptions. Specifically, the December 2019 calculations used a discount rate of 0.62%, which was determined by reference to the iBoxx corporate AA 10+ euro zone index for corporate bonds. The calculations also include an employee turnover rate of between 0.15% and 7.11% and a salary increase rate of between 2.55% and 3.88% [1]. Commitments are calculated using the TH00-02 and TF00-02 life expectancy tables for the obligation accrual phase and the TGH05 and TGF05 life expectancy tables for the pay-out phase.

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

For the category of other long-term benefits, differences are recognized immediately through profit or loss.

As for post-employment benefits, actuarial differences are recognized under “Gains and losses recognized directly in equity”.

Provisions for home savings accounts and plans

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

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

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

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

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

[1] Arkade and Arkéa-SCD UES rate, representing 96% of the obligation.

CONSOLIDATION PRINCIPLES AND METHODS

CONSOLIDATION SCOPE AND METHOD

Consolidating entity

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

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

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

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

Controlled entities

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

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

Companies under exclusive control are fully consolidated. Full consolidation consists in substituting the value of the shares with the assets and liabilities of each subsidiary. The share of non-controlling interests in shareholders' equity and net income is recorded separately in the consolidated balance sheet and consolidated income statement, respectively.

Investments in associates and joint ventures

An associate is an entity in which the group exercises significant influence. Such influence is characterized by the ability to participate in the entity's financial and operating decisions without necessarily controlling or jointly controlling these policies. Significant influence is presumed if the group holds, directly or indirectly, 20% or more of the voting rights in an entity. If more than 20% of the voting rights are held, the absence of significant influence may be shown through the absence of representation in the governance bodies or the lack of participation in the process for setting policies.

A joint venture is a partnership in which the parties who exercise joint control over the entity have rights to the entity's net assets.

Joint control involves the contractually agreed-upon sharing of control exercised over an entity, which exists only in the event that decisions regarding the relevant activities require unanimous consent of the parties sharing control.

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

Under this method, an investment in an associate or joint venture is initially recognized at its acquisition cost and subsequently adjusted to reflect the group's share of the earnings and other comprehensive income of the associate or joint venture.

An investment is recognized under the equity method starting on the date the entity becomes an associate or joint venture. At the time of acquisition of an associate or joint venture, the difference between the cost of the investment and the group's share of the fair value of the entity's identifiable net assets and liabilities is recognized as goodwill. If the net fair value of the entity's identifiable assets and liabilities exceeds the cost of the investment, the difference is shown through profit.

Gains or losses obtained through the dilution or the sale of investments in associates are accounted for in the profit and loss account, within the "Gains (losses) on disposal – dilution in investments in associates".

Investment in joint ventures

A joint venture is a partnership in which the parties exercising control over the entity have direct rights over the assets and obligations with respect to the liabilities involving this entity.

Main changes in the scope of consolidation

The Leasecom and Leasecom Car subsidiaries were sold to NBB Lease in March 2019.

Crédit Mutuel Arkéa sold its entire interest in Primonial in the second half of the year.

Lastly, on November 21, 2019, Crédit Mutuel Arkéa purchased Budget Insight, a French fintech company that specializes in white-label BtoB financial data aggregation.

The companies included in the Crédit Mutuel Arkéa group's consolidation scope are presented in note 48.

CONSOLIDATION RULES

Closing date

The closing date for all consolidated companies is December 31.

Inter-company transactions

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

Accounting for acquisitions and goodwill

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

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

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

When the group increases its ownership interest in a company that is already controlled, the difference between the purchase price of the shares and the additional share of the consolidated shareholders’ equity that these securities represent on the acquisition date is recognized in shareholders’ equity.
If the group reduces its ownership interest without giving up control, the impact of the change in ownership interest is also recognized in shareholders’ equity.

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

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

Translation of foreign currency denominated financial statements

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

Taxes

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

Deferred taxes

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

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

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

Deferred taxes are not discounted.

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

NOTES TO THE BALANCE SHEET (in thousands of euros)

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

	12.31.2019	12.31.2018
Cash, due from central banks		
Due from central banks	9,942,206	3,104,473
Cash	141,679	132,115
Accrued interest	0	0
TOTAL	**10,083,885**	**3,236,588**
Loans and receivables - credit institutions		
Current accounts	6,906,487	6,017,669
Loans	757,235	1,420,561
Guarantee deposits paid	669,857	400,726
Repurchase agreements	1,397,909	1,099,520
Individually impaired receivables (B3)	0	0
Accrued interest	56,090	50,504
Impairment on performing loans (B1/B2)	(2,191)	(2,147)
Other impairment (B3)	0	0
TOTAL	**9,785,387**	**8,986,833**
of which deposits and demand loans with credit institutions	452,241	1,065,914

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

	12.31.2019	12.31.2018
Assets held for trading purposes	565,109	404,958
Assets classified at fair value option	9,074	16,926
Other assets classified at fair value	906,505	757,379
TOTAL	**1,480,688**	**1,179,263**

Note 2a. Financial assets held for trading purposes

	12.31.2019	12.31.2018
Securities	0	0
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Including UCI	0	0
- Stocks and other variable-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Derivatives held for trading purposes	565,109	404,958
Loans and receivables	0	0
of which repurchase agreements	0	0
TOTAL	**565,109**	**404,958**

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

Note 2b. Assets classified at fair value option

	12.31.2019	12.31.2018
Securities	0	0
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Accrued interest	0	0
Including UCI	0	0
- Stocks and other variable-income securities	0	0
. Listed	0	0
. Unlisted	0	0
Loans and receivables	9,074	16,926
of which guarantee deposits paid	0	0
of which repurchase agreements	0	0
TOTAL	**9,074**	**16,926**

The maximum non-recoverable amount of loans classified at fair value through profit or loss by option was €9,045,000. This amount was not hedged through the use of credit derivatives.

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

	12.31.2019	12.31.2018
Securities	855,646	693,626
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	381,066	306,423
. Listed	0	0
. Unlisted	369,200	298,374
Accrued interest	11,866	8,049
Including UCI	173,483	165,020
- Stocks and other variable-income securities	474,580	387,203
. Listed	1,455	1,978
. Unlisted	473,125	385,225
Loans and receivables	50,859	63,753
of which repurchase agreements	0	0
Guarantee deposits paid	0	0
TOTAL	**906,505**	**757,379**

Note 3. Information relating to hedging
Derivatives used for hedging purposes

12.31.2019

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	1,081,882	31,807,362	239	0
Hedging derivatives - liabilities	1,040,237	21,330,480	3,426	63,000
Change in the fair value of the hedging instrument	46,679		585	
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

12.31.2018

	Fair value hedging		Cash flow hedging	
	Book value	Nominal value	Book value	Nominal value
Interest-rate risks:				
Hedging derivatives				
Hedging derivatives - assets	691,478	26,138,180	1,086	0
Hedging derivatives - liabilities	422,949	13,778,615	4,786	67,500
Change in the fair value of the hedging instrument	(17,529)		517	
Currency risk				
Hedging derivatives				
Hedging derivatives - assets				
Hedging derivatives - liabilities				
Change in the fair value of the hedging instrument				

Note 4. Financial assets at fair value through equity

	12.31.2019	12.31.2018
Treasury bills, notes and government bonds	**3,846,612**	**4,931,080**
Bonds and other fixed-income securities	**5,304,676**	**5,953,599**
- Listed	4,673,995	4,963,447
- Unlisted	610,773	955,927
Accrued interest	19,908	34,225
Subtotal gross value of debt instruments	**9,151,288**	**10,884,679**
Impairment on performing loans (B1/B2)	(6,195)	(6,758)
Other impairment (B3)	0	0
Subtotal net value of debt instruments	**9,145,093**	**10,877,921**
Loans and receivables	**0**	**0**
- Loans and receivables due from credit institutions	0	0
- Loans and receivables due from customers	0	0
Accrued interest	0	0
Subtotal gross value of Loans	**0**	**0**
Impairment on performing loans (B1/B2)	0	0
Other impairment (B3)	0	0
Subtotal net value of Loans	**0**	**0**
Stocks and other variable-income securities	**99,482**	**89,185**
- Listed	84,988	74,727
- Unlisted	14,494	14,458
Accrued interest	0	0
Equity securities held for long-term investment	**410,400**	**356,589**
- Long-term investments	347,309	301,103
- Other long-term investments	62,783	55,282
- Shares in associates	308	204
- Translation adjustments	0	0
- Loaned securities	0	0
Accrued interest	0	0
Subtotal equity instruments	**509,882**	**445,774**
TOTAL	**9,654,975**	**11,323,695**
Of which unrealized capital gains/losses recognized in equity	135,470	88,503
Of which securities sold under repurchase agreements	0	0
Of which listed long-term investments	113,894	101,728

Equity instruments at fair value through equity mainly include investments in associates and the group's other long-term investments.
They are identified on a case-by-case basis and are subject to a validation committee.
The accumulated loss at the time of disposal was €90,000.

Note 5. Securities at amortized cost

	12.31.2019	12.31.2018
Treasury bills, notes and government bonds	**379,329**	**0**
Bonds and other fixed-income securities	**263,561**	**168,970**
- Listed	224,525	48,700
- Unlisted	37,331	104,380
Accrued interest	1,705	15,890
GROSS TOTAL	**642,890**	**168,970**
of which impaired assets (B3)	6,059	5,542
Impairment on performing loans (B1/B2)	(1,431)	(818)
Other impairment (B3)	(5,970)	(4,203)
NET TOTAL	**635,489**	**163,949**

Note 6. Loans and receivables due from customers

	12.31.2019	12.31.2018
Performing receivables (B1/B2)	60,289,153	53,491,691
. Commercial receivables	130,755	141,490
. Other loans to customers	60,036,416	53,233,100
- Housing loans	33,418,261	29,363,811
- Other loans and various receivables, including repurchase agreements	26,524,867	23,820,462
- Guarantee deposits paid	93,288	48,827
. Accrued interest	121,982	117,101
Individually impaired receivables (B3)	1,393,251	1,360,860
Gross receivables	**61,682,404**	**54,852,551**
Impairment on performing loans (B1/B2)	(249,415)	(231,256)
Other impairment (B3)	(809,439)	(783,459)
Subtotal I	**60,623,550**	**53,837,836**
Finance leases (net investment)	1,790,927	1,706,380
. Movable goods	1,025,516	954,883
. Real property	765,411	751,497
Individually impaired receivables (B3)	68,811	67,387
Gross receivables	**1,859,738**	**1,773,767**
Impairment on performing loans (B1/B2)	(18,923)	(17,066)
Other impairment (B3)	(19,752)	(20,001)
Subtotal II	**1,821,063**	**1,736,700**
TOTAL	**62,444,613**	**55,574,536**
Of which equity loans with no voting rights	9,606	12,165
Of which subordinated debt	0	0

Note 6a. Information on delinquent payments

	Payment arrears			Guarantees relating to payment arrears
	≤ 30 days	> 30 days ≤ 90 days	> 90 days	
Equity instruments	0	0	0	0
Debt instruments	0	0	0	0
Central governments				
Credit institutions				
Other financial companies				
Non-financial companies				
Retail customers				
Loans and advances	333,022	143,343	65,269	233,898
Central governments	18,466	679	0	8,268
Credit institutions	9,961	2,595	409	5,599
Other financial companies	794	520	236	669
Non-financial companies	109,266	53,021	55,430	94,018
Retail customers	194,535	86,528	9,194	125,344
Other financial assets	0	0	0	0
TOTAL	333,022	143,343	65,269	233,898

This table includes outstandings considered performing but on which one or more delinquent payments have been observed. The reported amount consists of the total value of the commitment on which a delinquent payment has been observed, not merely the delinquent payment amount.

The age of the delinquent payment is calculated from the date on which the first delinquent payment was observed on the outstanding amount in question.

Note 6b. Restructured outstandings by type

Restructured outstandings by type as of 12/31/2019	Renegotiation of contract	Total or partial refinancing of outstanding	TOTAL
Performing outstandings	94,372	24,002	118,374
Non-performing outstandings - gross amounts	303,719	99,448	403,167
Restructured non-performing outstandings - impairment loss	(154,150)	(54,699)	(208,849)
Net non-performing outstandings	149,569	44,749	194,318

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

	12.31.2019	12.31.2018
Financial assets at fair value through profit or loss	30,486,386	22,882,853
Available-for-sale financial assets	26,384,069	25,981,518
Loans and receivables - credit institutions	458	22,542
Loans and receivables linked to insurance activities	481,087	499,427
Held-to-maturity financial assets	0	3,534
Investment property	377,727	340,535
Share of reinsurers in technical provisions and other insurance assets	442,721	459,883
TOTAL	58,172,448	50,190,292

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

	12.31.2019	12.31.2018
Financial assets held for trading purposes	**152**	**1**
Derivatives held for trading purposes	152	1
Subtotal I	**152**	**1**
Assets classified at fair value option	**30,486,234**	**22,882,852**
Securities	30,486,234	22,882,852
- Bonds and other fixed-income securities	7,564,659	6,026,576
. Listed	6,735,465	5,464,274
. Unlisted	767,367	505,023
. Accrued interest	61,827	57,279
- Stocks and other variable-income securities	22,921,575	16,856,276
. Listed	13,448,737	9,124,949
. Unlisted	9,447,950	7,709,267
. Accrued interest	24,888	22,060
Subtotal II	**30,486,234**	**22,882,852**
TOTAL	**30,486,386**	**22,882,853**

At December 31, 2019, the fair value of financial assets at fair value through profit or loss whose cash flows resembled those of a basic loan totaled €386 million. The change in the fair value of these assets during the period was €+1 million.

Note 7b. Available-for-sale financial assets

	12.31.2019	12.31.2018
Treasury bills, notes and government bonds	**8,680,139**	**9,272,247**
Bonds and other fixed-income securities	**16,354,854**	**15,496,279**
- Listed	13,372,903	12,480,228
- Unlisted	2,822,274	2,844,693
Accrued interest	159,677	171,358
Subtotal gross value of debt instruments	**25,034,993**	**24,768,526**
Impairment	(651)	(267)
Subtotal net value of debt instruments	**25,034,342**	**24,768,259**
Shares and other variable-income securities	**782,182**	**725,878**
- Listed	314,735	292,968
- Unlisted	462,373	427,167
Accrued interest	5,074	5,743
Equity securities held for long-term investment	**569,604**	**489,612**
- Long-term investments	281,528	268,212
- Other long-term investments	288,076	221,400
- Shares in associates	0	0
Subtotal gross value of equity instruments	**1,351,786**	**1,215,490**
Impairment	(2,059)	(2,231)
Subtotal net value of equity instruments	**1,349,727**	**1,213,259**
TOTAL	**26,384,069**	**25,981,518**
Of which unrealized capital gains/losses recognized in equity	260,433	164,117
Of which listed long-term investments	60,931	54,422

At December 31, 2019, the fair value of available-for-sale financial assets whose cash flows resembled those of a basic loan totaled €21,939 million. The change in the fair value of these assets during the period was €+80 million.

Note 7c. Securities at amortized cost

	12.31.2019	12.31.2018
Treasury bills, notes and government bonds	**0**	**3,534**
Bonds and other fixed-income securities	**0**	**0**
- Listed	0	0
- Unlisted		
Accrued interest	0	0
GROSS TOTAL	**0**	**3,534**
of which impaired assets		
Impairment		
NET TOTAL	**0**	**3,534**

Note 7d. Loans and receivables - credit institutions

	12.31.2019	12.31.2018
Loans and receivables - credit institutions		
Other regular accounts	197	22,291
Loans	0	250
Guarantee deposits paid	0	0
Repurchase agreements	0	0
Accrued interest	261	1
TOTAL	**458**	**22,542**
of which deposits and demand loans with credit institutions	197	22,541

At December 31, 2019, loans and receivables due from credit institutions whose cash flows resembled those of a basic loan totaled €0,5 million.

Note 7e. Loans and receivables linked to insurance activities

	12.31.2019	12.31.2018
Performing receivables	**481,087**	**499,427**
Loans to customers	477,764	495,782
- Housing loans	0	0
- Other loans and various receivables, including repurchase agreements	477,764	495,782
Accrued interest	3,323	3,645
Individually impaired receivables	4	54
Gross receivables	**481,091**	**499,481**
Impairment	(4)	(54)
TOTAL	**481,087**	**499,427**

At December 31, 2019, loans and receivables linked to insurance activities and whose cash flows resembled those of a basic loan totaled €481 million.

Note 7f. Investment property

	12.31.2018	Increase	Decrease	Other	12.31.2019
Historical cost	528,471	53,714	0	0	582,185
Amortization and impairment	(187,936)	(16,522)	0	0	(204,458)
NET AMOUNT	**340,535**	**37,192**	**0**	**0**	**377,727**

The fair value of investment real estate recognized at cost amounted to €783 million at December 31, 2019 compared with €715 million at December 31, 2018.

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

	12.31.2019	12.31.2018
Technical provisions - Reinsurers' share	116,190	87,473
Other insurance assets	326,531	372,410
TOTAL	**442,721**	**459,883**

Note 8. Current taxes

	12.31.2019	12.31.2018
Assets (through profit or loss)	240,252	224,673
Liabilities (through profit or loss)	110,949	127,008

Note 9. Deferred taxes

	12.31.2019	12.31.2018
Assets (through profit or loss)	56,261	73,890
Assets (through equity)	88,701	75,556
Liabilities (through profit or loss)	21,268	29,848
Liabilities (through equity)	129,973	103,717

Deferred taxes by major category

	12.31.2019	12.31.2018
Loss carryforwards	5,429	8,401
Temporary differences on:		
Deferred capital gains or losses on available-for-sale securities	(69,480)	(44,456)
Deferred capital gains or losses on securities at fair value through equity	(18,198)	(14,409)
Change in credit risk of liabilities at fair value through profit or loss by option	289	(2,323)
Unrealized gains or losses on cash flow hedges	943	1,131
Unrealized gains or losses on actuarial differences	45,174	31,896
Provisions for non-deductible contingencies and charges	89,414	84,432
Unrealized reserves of finance leases	(22,901)	(25,728)
Other temporary differences	(36,949)	(23,063)
Total net deferred taxes	**(6,279)**	**15,881**

Note 10. Accruals, prepayments and sundry assets

	12.31.2019	12.31.2018
Accruals – assets		
Receivables collection	301,671	268,077
Foreign currency adjustment accounts	7,005	13,796
Accrued income	109,787	114,256
Miscellaneous accrual accounts	122,273	183,678
Subtotal	**540,736**	**579,807**
Other assets*		
Settlement accounts for securities transactions	65,647	98,289
Various debtors	303,413	187,989
Inventories and similar	1,547	1,748
Other miscellaneous applications of funds	3,223	3,046
Subtotal gross value of other assets	**373,830**	**291,072**
Impairment on performing loans (B1/B2)		
Other impairment (B3)	(2,863)	(3,752)
Subtotal net value of other assets	**370,967**	**287,320**
TOTAL	**911,703**	**867,127**

*Includes "other assets" not specific to insurance within the insurance scope; the "other assets" specific to the insurance activity within the insurance scope are included in note 7g.

Note 11. Investments in associates

	12.31.2019			12.31.2018		
	Associates investments	Share of earnings	Dividends received	Associates investments	Share of earnings	Dividends received
Caisse Centrale du Crédit Mutuel	136,023	2,062	0	137,177	2,753	0
Primonial Holding	0	0	0	5,460	5,460	0
Younited Credit	18,279	(2,920)	0	10,455	(3,987)	0
New Port	33,984	2,284	0	31,262	2,200	0
Other	9,344	(3,263)	0	17,422	(6,177)	0
GROSS TOTAL	**197,630**	**(1,837)**	**0**	**201,775**	**248**	**0**

Supplementary information on main investments in associates (IFRS) at December 31, 2019

	Total assets	NBI	Gross operating income	Net income	OCI	Shareholders' equity
Caisse Centrale du Crédit Mutuel	4,785,981	17,046	9,954	8,222	8,324	667,430
Younited Credit	525,773	36,695	(12,022)	(13,105)	0	80,414
NEW PORT	204,977	7,655	7,424	7,424	43,672	114,755

Note 12. Investment real estate - banking activity

	12.31.2018	Increase	Decrease	Other	12.31.2019
Historical cost	212,047	512	(7,797)	0	204,762
Amortization and impairment	(57,811)	(6,826)	4,090	0	(60,547)
NET AMOUNT	**154,236**	**(6,314)**	**(3,707)**	**0**	**144,215**

The fair value of investment real estate recognized at cost amounted to €217 million at December 31, 2019 compared with €218 million at December 31, 2018.

Note 13. Property, plant and equipment

	12.31.2018	Increase	Decrease	Other	12.31.2019
Historical cost					
Land	22 173	39	(197)	0	22 015
Plant	594 572	17 066	(21 593)	29	590 074
Rights of use - Property (1)	0	10 713	(2 470)	84 806	95 501
Other property, plant and equipment	243 900	30 332	(21 398)	256	253 090
Total	**860 645**	**58 150**	**(45 658)**	**85 091**	**960 680**
Amortization and impairment					
Land	0	0	0	0	0
Plant	(408 017)	(22 432)	20 454	0	(409 995)
Rights of use - Property	0	(12 347)	22	0	(12 325)
Other property, plant and equipment	(194 867)	(18 060)	17 823	(98)	(195 202)
Total	**(602 884)**	**(52 839)**	**38 299**	**(98)**	**(617 522)**
NET AMOUNT	**257 761**	**5 311**	**(7 359)**	**84 993**	**343 158**

(1) Impact of the 1st application of IFRS 16. The amount in “other” is essentially the amount of rights of use as of January 1,2019 (+ €85,6 m).

Note 14. Intangible assets

	12.31.2018	Increase	Decrease	Other	12.31.2019
Historical cost					
Self-produced assets	475,988	58,716	(602)	176	534,278
Acquired assets	740,595	101,542	(59,851)	733	783,019
Software	376,104	17,917	(1,945)	82	392,158
Other	364,491	83,625	(57,906)	651	390,861
Total	**1,216,583**	**160,258**	**(60,453)**	**909**	**1,317,297**
Amortization and impairment					
Self-produced assets	(357,592)	(52,230)	524	(113)	(409,411)
Acquired assets	(423,233)	(30,359)	3,365	(55)	(450,282)
Software	(331,052)	(18,981)	1,016	(138)	(349,155)
Other	(92,181)	(11,378)	2,349	83	(101,127)
Total	**(780,825)**	**(82,589)**	**3,889**	**(168)**	**(859,693)**
NET AMOUNT	**435,758**	**77,669**	**(56,564)**	**741**	**457,604**

Note 15. Goodwill

	12.31.2018	Increase	Decrease	Other	12.31.2019
Gross goodwill	538,461	28,315	0	0	566,776
Impairment	0	0	0	0	0
Net goodwill	**538,461**	**28,315**	**0**	**0**	**566,776**

Allocation by Division

Division	Entity	12.31.2019	12.31.2018
Retail customers	Arkéa Direct Bank	259,757	259,757
Retail customers	Budget Insight	28,315	0
B2B and Specialized Services	CFCAL Banque	38,216	38,216
B2B and Specialized Services	Monext	100,250	100,250
B2B and Specialized Services	Procapital	63,000	63,000
B2B and Specialized Services - Fintech	Leetchi SA Mangopay	25,682	25,682
B2B and Specialized Services - Fintech	Pumpkin	10,974	10,974
Products	Izimmo	17,964	17,964
Products	Schelcher Prince Gestion	11,649	11,649
Products	Suravenir Assurances	10,969	10,969
Net goodwill		**566,776**	**538,461**

Note 16. Central banks - Due to credit institutions

	12.31.2019	12.31.2018
Due from central banks	**0**	**0**
Liabilities to credit institutions	**7,767,767**	**7,117,358**
Current accounts	719,617	403,600
Loans	1,833,290	1,432,850
Guarantee deposits received	295,245	268,466
Other liabilities	64,385	39,829
Repurchase agreements	4,883,045	4,994,676
Accrued interest	(27,815)	(22,063)
TOTAL	**7,767,767**	**7,117,358**
of which deposits and demand loans with credit institutions	1,333,693	493,261

Note 17. Financial liabilities at fair value through profit or loss

	12.31.2019	12.31.2018
Financial liabilities held for trading purposes	**561,824**	**450,009**
.Short selling of securities	0	0
- Treasury bills, notes and government bonds	0	0
- Bonds and other fixed-income securities	0	0
- Stocks and other variable-income securities	0	0
.Payables on securities sold under repurchase agreements	0	0
.Derivatives	561,824	450,009
.Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	**611,326**	**361,062**
Liabilities to credit institutions	2,115	1,895
Liabilities to customers	5,076	6,243
Debt securities	604,135	352,924
Subordinated debt	0	0
TOTAL	**1,173,150**	**811,071**

The settlement value of financial liabilities at fair value through profit or loss was €1,162 million at December 31, 2019 versus €845 million at December 31, 2018.

Note 17a. Fair value option financial liabilities through profit or loss

	12.31.2019			12.31.2018		
	Carrying amount	Amount due at maturity	Difference	Carrying amount	Amount due at maturity	Difference
Liabilities to credit institutions	2,115	2,114	1	1,895	1,868	27
Liabilities to customers	5,076	5,075	1	6,243	6,239	4
Debt securities	604,135	593,487	10,648	352,924	386,420	(33,496)
Subordinated debt	0	0	0	0	0	0
TOTAL	**611,326**	**600,676**	**10,650**	**361,062**	**394,527**	**(33,465)**

Note 17b. Financial assets and liabilities subject to netting, an enforceable master netting agreement or a similar agreement

12.31.2019	Gross amount of financial assets / liabilities recognized	Gross amount of financial assets / liabilities recognized and netted on the balance sheet	Net amount of financial assets / liabilities shown on the balance sheet	Related amounts not netted on the balance sheet			Net amount
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	
Assets							
Derivatives	1,647,382	0	1,647,382	(942,563)	0	(293,940)	410,879
Reverse repurchase agreements of securities, securities	1,548,810	0	1,548,810	0	(1,447,294)	0	101,516
Other financial instruments	0		0	0	0	0	0
Total assets	**3,196,192**	**0**	**3,196,192**	**(942,563)**	**(1,447,294)**	**(293,940)**	**512,395**
Liabilities							
Derivatives	1,719,888	0	1,719,888	(942,563)	0	(694,895)	82,430
Repurchase agreements of securities, securities	5,939,352	0	5,939,352	0	(5,929,413)	(7,554)	2,385
Other financial instruments	0		0	0	0	0	0
Total liabilities	**7,659,240**	**0**	**7,659,240**	**(942,563)**	**(5,929,413)**	**(702,449)**	**84,815**

12.31.2018

	Gross amount of financial assets / liabilities recognized	Gross amount of financial assets / liabilities recognized and netted on the balance sheet	Net amount of financial assets / liabilities shown on the balance sheet	Related amounts not netted on the balance sheet			Net amount
				Impact of master netting agreements	Financial instruments received/given as guarantees	Cash collateral	
Assets							
Derivatives	1,097,523	0	1,097,523	(472,293)	0	(257,564)	367,666
Reverse repurchase agreements of securities, securities	1,183,315	0	1,183,315	0	(1,090,216)	0	93,099
Other financial instruments	0	0	0	0	0	0	0
Total assets	**2,280,838**	**0**	**2,280,838**	**(472,293)**	**(1,090,216)**	**(257,564)**	**460,765**
Liabilities							
Derivatives	980,882	0	980,882	(472,293)	0	(402,833)	105,756
Repurchase agreements of securities, securities	6,305,368	0	6,305,368	0	(6,297,896)	(4,720)	2,752
Other financial instruments	0		0	0	0	0	0
Total liabilities	**7,286,250**	**0**	**7,286,250**	**(472,293)**	**(6,297,896)**	**(407,553)**	**108,508**

Note 18. Debt securities

	12.31.2019	12.31.2018
Certificates of deposit	9,262	7,318
Interbank market securities and negotiable debt securities	2,941,083	2,617,491
Bond issues	12,372,019	9,514,284
Non-preferred senior debt	1,066,808	500,641
Accrued interest	144,716	130,944
TOTAL	**16,533,888**	**12,770,678**

Note 19. Liabilities to customers

	12.31.2019	12.31.2018
Savings accounts governed by special regulations	29,690,093	26,009,281
Sight accounts	24,182,471	20,572,450
Term accounts	5,507,622	5,436,831
Accrued interest on savings accounts	212,467	214,302
Subtotal	**29,902,560**	**26,223,583**
Current accounts	23,721,618	20,145,779
Term accounts and term loans	7,920,139	8,130,328
Repurchase agreements	52,039	0
Accrued interest	50,887	53,967
Guarantee deposits received	53,017	1,506
Subtotal	**31,797,700**	**28,331,580**
TOTAL	**61,700,260**	**54,555,163**

Note 20. Accruals, deferred income and sundry liabilities

	12.31.2019	12.31.2018
Accruals – liabilities		
Blocked accounts for collection operations	394,935	409,600
Foreign currency adjustment accounts	7,410	8,846
Accrued expenses	197,082	184,645
Deferred income	267,887	299,951
Miscellaneous accrual accounts	466,841	314,353
Subtotal	**1,334,155**	**1,217,395**
Other liabilities*		
Lease liabilities - Property	75,245	
Settlement accounts for securities transactions	312,167	312,436
Outstanding payments on securities	7,536	7,510
Miscellaneous creditors	567,541	526,293
Subtotal	**962,489**	**846,239**
TOTAL	**2,296,644**	**2,063,634**

*Includes "other liabilities" not specific to insurance within the insurance scope; the "other liabilities" specific to the insurance activity within the insurance scope are included in note 21d.

Breakdown of lease liabilities according to maturity

12.31.2019

	less than 1 year	1 year to 3 years	3 years to 6 years	6 years to 9 years	more than 9 years	TOTAL
Property	13,127	19,118	21,097	20,809	1,094	75,245
Information technology	0	0	0	0	0	0
Other	0	0	0	0	0	0
Lease liabilities	**13,127**	**19,118**	**21,097**	**20,809**	**1,094**	**75,245**

Within the group, lease liabilities relate only to property contracts.

Note 21. Liabilities - insurance activity

	12.31.2019	12.31.2018
Financial liabilities at fair value through profit or loss	114,401	103,138
Liabilities to credit institutions	1,047,554	1,340,999
Debt securities	0	0
Insurance companies' technical reserves	48,563,719	43,480,679
Other insurance liabilities	5,982,276	3,107,678
Subordinated debt	452	554
TOTAL	**55,708,402**	**48,033,048**

Note 21a. Financial liabilities at fair value through profit or loss

	12.31.2019	12.31.2018
Financial liabilities held for trading purposes	**114,401**	**103,138**
Derivatives	114,401	103,138
Other financial liabilities held for trading purposes	0	0
Fair value option financial liabilities through profit or loss	**0**	**0**
Liabilities to credit institutions	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	**114,401**	**103,138**

Note 21b. Liabilities to credit institutions

	12.31.2019	12.31.2018
Liabilities to credit institutions		
Current accounts	7,256	0
Loans	0	0
Guarantee deposits received from credit institutions	0	0
Other liabilities	0	0
Repurchase agreements	1,040,298	1,340,999
Accrued interest	0	0
TOTAL	**1,047,554**	**1,340,999**
of which deposits and demand loans with credit institutions	7,256	0

Note 21c. Insurance companies' technical reserves

	12.31.2019	12.31.2018
Life insurance, excluding unit-linked contracts	34,511,368	32,012,177
of which profit-sharing	3,122,321	2,129,752
Non-life insurance	505,554	470,912
Unit-linked contracts	13,380,524	10,841,617
Other	166,273	155,973
TOTAL	**48,563,719**	**43,480,679**
Active deferred profit-sharing	0	0
Reinsurers' share	(116,190)	(87,473)
Net technical provisions	**48,447,529**	**43,393,206**

Note 21d. Other insurance liabilities

	12.31.2019	12.31.2018
Security deposits and guarantees received	28,737	27,195
Insurance and reinsurance liabilities	65,079	54,408
Other	5,888,460	3,026,075
TOTAL	**5,982,276**	**3,107,678**

Note 22. Provisions

	12.31.2018	Allocations	Write-backs (used)	Write-backs (unused)	Other	12.31.2019
Provisions for pension obligations	314,075	87,170	(11,419)	0	0	389,826
Provisions for home savings accounts and plans	18,470	40,939	0	0	0	59,409
Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope	43,714	2,303	0	(521)	1	45,497
Provisions for execution of guarantee commitments	0	0	0	0	0	0
Provisions for taxes	9,347	85	(1,677)	(8)	(7,340)	407
Provisions for lawsuits	7,741	4,788	(1,452)	(1,904)	16	9,189
Provisions for contingencies	3,542	403	(360)	(183)	(645)	2,757
Other	26,662	6,172	(4,851)	(4,610)	828	24,201
TOTAL	**423,551**	**141,860**	**(19,759)**	**(7,226)**	**(7,140)**	**531,286**

Note 22a. Pension obligations and similar benefits

Defined benefit pension obligations and other long-term benefits

	12.31.2018	Allocations	Write-backs	Other	12.31.2019
Retirement benefits	61,571	16,287	(3,290)	0	74,568
Retirement pension supplements	134,072	45,957	(6,193)	0	173,836
Length-of-service awards	43,702	8,282	(1,936)	0	50,048
Time savings accounts	74,730	16,644	0	0	91,374
TOTAL	**314,075**	**87,170**	**(11,419)**	**0**	**389,826**

Note 22b. Provisions for regulated savings product risks

Home savings accounts and plans during the savings phase: deposits and provisions

	12.31.2019		12.31.2018	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	5,327,596	59,236	5,160,762	18,144
Under 4 years old	298,598	44	1,045,703	8
Between 4 and 10 years old	3,158,450	23,305	2,252,717	2,834
Over 10 years old	1,870,548	35,887	1,862,342	15,302
Home savings accounts	711,437	0	686,426	1
TOTAL	**6,039,033**	**59,236**	**5,847,188**	**18,145**

Loans granted under home savings accounts and plans: deposits and provisions

	12.31.2019		12.31.2018	
	Deposits	Provisions	Deposits	Provisions
Home savings plans	2,612	6	3,844	13
Home savings accounts	21,684	167	34,076	312
TOTAL	**24,296**	**173**	**37,920**	**325**

Note 22c. Provisions for expected losses on credit risk of off-balance sheet commitments within the banking scope

	12.31.2018	Allocations	Write-backs	Other	12.31.2019
Commitments given					
12-month expected losses	11,992	1,705	0	(400)	13,297
Lifetime expected losses for non-impaired assets	2,928	598	0	401	3,927
Lifetime expected losses for impaired assets (instruments impaired or not at acquisition/creation)	28,794	0	(521)	0	28,273
TOTAL	43,714	2,303	(521)	1	45,497

Note 23. Subordinated debt

	12.31.2019	12.31.2018
Subordinated debt	2,349,061	1,538,910
Equity loans with no voting rights	2,693	2,693
Undated subordinated debt	97,193	97,199
Other liabilities	0	0
Accrued interest	49,112	28,286
TOTAL	2,498,059	1,667,088

Main subordinated debt at December 31, 2019

ISSUER	ISSUE DATE	AMOUNT	CURRENCY	INTEREST RATE	DUE DATE
Crédit Mutuel Arkéa	07.05.2004	97,314	Euro	CMS 10 ans + 0,10	Undated
Crédit Mutuel Arkéa	06.01.2016	500,000	Euro	3.25%	06.01.2026
Crédit Mutuel Arkéa	02.09.2017	500,000	Euro	3.50%	02.09.2029
Crédit Mutuel Arkéa	10.25.2017	500,000	Euro	1.88%	10.25.2029
Crédit Mutuel Arkéa	03.11.2019	750,000	Euro	3.38%	03.11.2031
TOTAL		2,347,314			

Note 24. Share capital and additional paid-in capital - Consolidated reserves

	12.31.2019	12.31.2018
Share capital	2,347,978	2,260,952
Additional paid-in capital	5,438	5,438
Consolidated reserves	4,294,471	3,896,397
Legal reserve	509,793	495,763
Reserves provided for in the by-laws and contractual reserves	2,249,249	2,186,859
Regulated reserves	0	0
Translation adjustments	0	0
Other reserves	1,473,827	1,153,330
Retained earnings	61,602	60,445
TOTAL	6,647,887	6,162,787

The group's share capital consists of shares held by the credit institution’s customer shareholders.

Note 25. Gains and losses recognized directly in equity

	12.31.2019	12.31.2018
Available-for-sale assets	190,953	119,659
Non-recyclable equity instruments at fair value through equity by option	109,872	50,559
Recyclable debt instruments at fair value through equity	21,317	22,740
Change in fair value attributable to credit risk presented in other items of comprehensive income for the liabilities	(613)	4,933
Cash flow hedge derivatives	(2,002)	(2,399)
Real property	0	0
Other	(129,717)	(91,120)
TOTAL	**189,809**	**104,372**

Note 26.a Breakdown of financial liabilities according to maturity - banking activity

	Residual maturity					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	Total
Liabilities at fair value through profit or loss	114,812	162,989	174,328	721,020	0	**1,173,150**
Derivatives used for hedging purposes	0	0	0	0	1,043,663	**1,043,663**
Liabilities to credit institutions	1,185,001	2,398,191	2,577,386	1,607,172	0	**7,767,751**
Liabilities to customers	49,149,902	3,161,506	6,146,527	3,242,324	0	**61,700,259**
Debt securities	1,937,527	5,229,742	4,822,340	4,544,279	0	**16,533,888**
Subordinated debt	0	0	15,518	2,379,555	102,986	**2,498,059**

Note 26.b Breakdown of financial liabilities according to maturity - insurance activity

	Residual maturity					
	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	Total
Derivatives used for hedging purposes					114,401	**114,401**
Liabilities to credit institutions	107,256	940,298	0	0	0	**1,047,554**
Subordinated debt	0	452	0	0	0	**452**

Note 27. Non-current assets held for sale and related liabilities

The group is in the process of selling Linxo Group.

Linxo Group's contribution is accounted for in the consolidated financial statements for the year ended December 31,2019 in accordance with IFRS 5 relating to entities held for sale.

The sale is scheduled to take place in the first half of 2020

The main categories of assets and liabilities reclassified on the two lines of the statement of financial position are presented below:

Assets	12.31.2019
Financial assets	
Financial assets at fair value through profit or loss	
Financial assets at fair value through equity	
Loans and receivables - credit institutions, at amortized cost	
Loans and receivables - customers, at amortized cost	
Other assets	
Investments in associates	5,336
Immobilisations	
Total Assets	**5,336**

Liabilities	12.31.2019
Financial liabilities	
Financial liabilities at fair value through profit or loss	
Due to banks	
Liabilities to customers	
Other liabilities	
Provisions	
Total Liabilities	**0**

Note 28a. Fair value ranking – banking activity

12.31.2019

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	**7,904,691**	**1,441,704**	**308,580**	**9,654,975**
- Treasury bills and similar securities - FVOCI (1)	3,174,059	670,297	0	3,844,356
- Bonds and other fixed-income securities - FVOCI (2) (3)	4,531,750	768,987	0	5,300,737
- Stocks and other variable-income securities - FVOCI	84,988	2,420	12,074	99,482
- Equity investments and other long-term investments - FVOCI	113,894	0	296,198	410,092
- Shares in associates - FVOCI	0	0	308	308
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0
- Loans and receivables due from customers - FVOCI	0	0	0	0
Trading/FVO/Other FVTPL	**11,639**	**781,462**	**687,587**	**1,480,688**
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Other FVTPL	10,184	156,420	214,462	381,066
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	1,455	0	473,125	474,580
- Loans and receivables due from credit institutions - Fair value option	0	2,115	0	2,115
- Loans and receivables due from credit institutions - Other FVTPL	0	50,158	0	50,158
- Loans and receivables due from customers - Fair value option	0	6,959	0	6,959
- Loans and receivables due from customers - Other FVTPL	0	701	0	701
- Derivatives and other financial assets - Trading	0	565,109	0	565,109
Derivatives used for hedging purposes	**0**	**1,082,121**	**0**	**1,082,121**
Total	**7,916,330**	**3,305,287**	**996,167**	**12,217,784**
Financial liabilities				
Trading/FVO	**0**	**1,173,150**	**0**	**1,173,150**
- Amounts due to credit institutions - Fair value option	0	2,115	0	2,115
- Amounts due to customers - Fair value option	0	5,076	0	5,076
- Debt securities - Fair value option	0	604,135	0	604,135
- Derivatives and other financial liabilities - Trading	0	561,824	0	561,824
Derivatives used for hedging purposes	**0**	**1,043,663**	**0**	**1,043,663**
Total	**0**	**2,216,813**	**0**	**2,216,813**

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

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

(3) Transfers from level 2 to level 1 were made in the amount of €211 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.

12.31.2018

Financial assets	Level 1	Level 2	Level 3	Total
FVOCI	**8,652,074**	**2,404,722**	**266,899**	**11,323,695**
- Treasury bills and similar securities - FVOCI (1)	4,201,642	726,173	0	4,927,815
- Bonds and other fixed-income securities - FVOCI (2) (3)	4,273,977	1,676,129	0	5,950,106
- Stocks and other variable-income securities - FVOCI (4)	74,727	2,420	12,038	89,185
- Equity investments and other long-term investments - FVOCI	101,728	0	254,657	356,385
- Shares in associates - FVOCI	0	0	204	204
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0
- Loans and receivables due from customers - FVOCI	0	0	0	0
Trading/FVO/Other FVTPL	**11,922**	**623,997**	**543,344**	**1,179,263**
- Treasury bills and similar securities - Trading	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Treasury bills and similar securities - Other FVTPL	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Other FVTPL (5)	9,944	138,360	158,119	306,423
- Stocks and other variable-income securities - Trading	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	1,978	0	385,225	387,203
- Loans and receivables due from credit institutions - Fair value option	0	1,895	0	1,895
- Loans and receivables due from credit institutions - Other FVTPL	0	63,160	0	63,160
- Loans and receivables due from customers - Fair value option	0	15,031	0	15,031
- Loans and receivables due from customers - Other FVTPL	0	593	0	593
- Derivatives and other financial assets - Trading	0	404,958	0	404,958
Derivatives used for hedging purposes	**0**	**692,564**	**0**	**692,564**
Total	**8,663,996**	**3,721,283**	**810,243**	**13,195,522**
Financial liabilities				
Trading/FVO	**0**	**811,071**	**0**	**811,071**
- Amounts due to credit institutions - Fair value option	0	1,895	0	**1,895**
- Amounts due to customers - Fair value option	0	6,243	0	**6,243**
- Debt securities - Fair value option	0	352,924	0	**352,924**
- Derivatives and other financial liabilities - Trading	0	450,009	0	**450,009**
Derivatives used for hedging purposes	**0**	**427,735**	**0**	**427,735**
Total	**0**	**1,238,806**	**0**	**1,238,806**

(1) Transfers from level 1 to level 2 were made in the amount of €142 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(2) Transfers from level 1 to level 2 were made in the amount of €167 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(3) Transfers from level 2 to level 1 were made in the amount of €4 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(4) Transfers from level 3 to level 2 were made in the amount of €2 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.
(5) Transfers from level 3 to level 2 were made in the amount of €89 million. They concerned mainly innovation funds, venture capital funds and real estate investment vehicles. These are measured using recognized valuation methods (PER multiples, etc) by counterparties (management companies) that are specialized in these methods. In this context, this type of asset has been classified in level 2.

Note 28b. Fair value ranking – insurance activity

12.31.2019

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	**21,976,518**	**2,022,064**	**2,385,487**	**26,384,069**
- Treasury bills and similar securities - AFS	8,680,139	0	0	8,680,139
- Bonds and other fixed-income securities -AFS (1) (2)	12,981,859	1,568,813	1,803,531	16,354,203
- Stocks and other variable-income securities - AFS	253,589	453,251	73,283	780,123
- Equity investments and other long-term investments - AFS	60,931	0	508,673	569,604
- Shares in associates - AFS	0	0	0	0
Trading/FVO	**13,624,456**	**11,017,827**	**5,844,103**	**30,486,386**
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	175,719	6,614,420	774,520	7,564,659
- Stocks and other variable-income securities - Fair value option (3) (4)	13,448,737	4,403,255	5,069,583	22,921,575
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Trading	0	152	0	152
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**35,600,974**	**13,039,891**	**8,229,590**	**56,870,455**
Financial liabilities				
Trading/FVO	**0**	**114,401**	**0**	**114,401**
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	114,401	0	114,401
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**0**	**114,401**	**0**	**114,401**

(1) Transfers from level 1 to level 2 were made in the amount of €15 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(2) Transfers from level 2 to level 1 were made in the amount of €310 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(3) Transfers from level 2 to level 3 were made in the amount of €10 million. They consisted mainly of equities whose characteristics correspond to level 3 criteria.
(4) Transfers from level 3 to level 2 were made in the amount of €1,057 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.

12.31.2018

Financial assets	Level 1	Level 2	Level 3	Total
Available-for-sale assets	**21,368,477**	**2,579,812**	**2,033,229**	**25,981,518**
- Treasury bills and similar securities - AFS	9,272,247	0	0	9,272,247
- Bonds and other fixed-income securities -AFS (1) (2)	11,813,936	2,160,922	1,521,154	15,496,012
- Stocks and other variable-income securities - AFS (3)	227,872	418,890	76,885	723,647
- Equity investments and other long-term investments - AFS	54,422	0	435,190	489,612
- Shares in associates - AFS	0	0	0	0
Trading/FVO	**9,703,406**	**8,307,266**	**4,872,181**	**22,882,853**
- Treasury bills and similar securities - Fair value option	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	104,878	5,411,545	510,153	6,026,576
- Stocks and other variable-income securities - Fair value option (4) (5)	9,598,528	2,895,720	4,362,028	16,856,276
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0
- Derivatives and other financial assets - Trading	0	1	0	1
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**31,071,883**	**10,887,078**	**6,905,410**	**48,864,371**
Financial liabilities				
Trading/FVO	**0**	**103,138**	**0**	**103,138**
- Amounts due to credit institutions - Fair value option	0	0	0	0
- Debt securities - Fair value option	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	103,138	0	103,138
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**
Total	**0**	**103,138**	**0**	**103,138**

(1) Transfers from level 2 to level 1 were made in the amount of €149 million. They consisted mainly of bonds whose characteristics correspond to level 1 criteria.
(2) Transfers from level 1 to level 2 were made in the amount of €213 million. They consisted mainly of bonds whose characteristics correspond to level 2 criteria.
(3) Transfers from level 3 to level 2 were made in the amount of €412 million. They consisted mainly of equities whose characteristics correspond to level 2 criteria.
(4) Transfers from level 2 to level 1 were made in the amount of €18 million. They consisted mainly of equities whose characteristics correspond to level 1 criteria.
(5) Transfers from level 3 to level 2 were made in the amount of €2,865 million. They concerned mainly innovation funds, venture capital funds and real estate investment vehicles. These are measured using recognized valuation methods (PER multiples, etc) by counterparties (management companies) that are specialized in these methods. In this context, this type of asset has been classified in level 2.

Note 28c. Fair value ranking – details of level 3 - banking activity

	Opening balance	Purchases	Issues	Sales	Repayments	Transfers	Gains and losses through profit or loss	Gains and losses in equity	Other changes	Closing balance	Transfers L1, L2 => L3	Transfers L3 => L1, L2
Financial assets												
FVOCI	**266,922**	**13,860**	**1,300**	**(7,951)**	**(100)**	**0**	**0**	**34,429**	**119**	**308,579**	**0**	**0**
- Treasury bills and similar securities - FVOCI	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - FVOCI	0	0	0	0	0	0	0	0	0	0	0	0
- Stocks and other variable-income securities - FVOCI	12,038	0	0	0	0	0	0	36	0	12,074	0	0
- Equity investments and other long-term investments - FVOCI	254,657	13,680	1,300	(7,951)	0	0	0	34,393	119	296,198	0	0
- Shares in associates - FVOCI	227	180	0	0	(100)	0	0	0	0	307	0	0
- Loans and receivables due from credit institutions - FVOCI	0	0	0	0	0	0	0	0	0	0	0	0
- Loans and receivables due from customers - FVOCI	0	0	0	0	0	0	0	0	0	0	0	0
Trading/FVO/Other	**543,344**	**161,109**	**5,140**	**(52,857)**	**(3,825)**	**0**	**34,686**	**0**	**(10)**	**687,587**	**0**	**0**
- Treasury bills and similar securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Treasury bills and similar securities - Other FVTPL	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Other FVTPL	158,119	67,762	5,140	(15,863)	(3,825)	0	3,139	0	(10)	214,462	0	0
- Stocks and other variable-income securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Stocks and other variable-income securities - Other FVTPL	385,225	93,347	0	(36,994)	0	0	31,547	0	0	473,125	0	0
- Loans and receivables due from credit institutions - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Loans and receivables due from credit institutions - Other FVTPL	0	0	0	0	0	0	0	0	0	0	0	0
- Loans and receivables due from customers - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Loans and receivables due from customers - Other FVTPL	0	0	0	0	0	0	0	0	0	0	0	0
- Derivatives and other financial assets - Trading	0	0	0	0	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	810,266	174,969	6,440	(60,808)	(3,925)	0	34,686	34,429	109	996,166	0	0
Financial liabilities												
Trading/FVO	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- Amounts due to credit institutions - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Amounts due to customers - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Debt securities - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	0	0	0	0	0	0	0	0	0	0	0	0

Note 28d. Fair value ranking – details of level 3 - insurance activity

	Opening balance	Purchases	Issues	Disposals	Repayments	Transfers	Gains and losses through profit or loss	Gains and losses in equity	Other changes	Closing balance	Transfers L1, L2 => L3	Transfers L3 => L1, L2
Financial assets												
Available-for-sale assets	**2,033,229**	**488,974**	**0**	**0**	**(156,896)**	**0**	**(10,313)**	**30,366**	**127**	**2,385,487**	**0**	**0**
- Treasury bills and similar securities - AFS	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - AFS	1,521,154	413,613	0	0	(151,094)	0	0	19,731	127	1,803,531	0	0
- Stocks and other variable-income securities -AFS	76,885	0	0	0	0	0	0	(3,602)	0	73,283	0	0
- Equity investments and other long-term investments - AFS	435,190	75,361	0	0	(5,802)	0	(10,313)	14,237	0	508,673	0	0
- Shares in associates - AFS	0	0	0	0	0	0	0	0	0	0	0	0
Trading/FVO	**4,872,181**	**2,221,986**	**0**	**(220,459)**	**(44,484)**	**(1,047,618)**	**62,497**	**0**	**0**	**5,844,103**	**9,538**	**(1,057,156)**
- Treasury bills and similar securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Treasury bills and similar securities - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Bonds and other fixed-income securities - Fair value option	510,153	299,241	0	0	(39,349)	0	4,475	0	0	774,520	0	0
- Stocks and other variable-income securities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
- Stocks and other variable-income securities - Fair value option	4,362,028	1,922,745	0	(220,459)	(5,135)	(1,047,618)	58,022	0	0	5,069,583	9,538	(1,057,156)
- Derivatives and other financial assets - Trading	0	0	0	0	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0	0	0	0	0	0	**0**	0	0
Total	**6,905,410**	**2,710,960**	**0**	**(220,459)**	**(201,380)**	**(1,047,618)**	**52,184**	**30,366**	**127**	**8,229,590**	**9,538**	**(1,057,156)**
Financial liabilities										0		
Trading/FVO	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- Amounts due to credit institutions - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Debt securities - Fair value option	0	0	0	0	0	0	0	0	0	0	0	0
- Derivatives and other financial liabilities - Trading	0	0	0	0	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes	0	0	0	0	0	0	0	0	0	**0**	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note 29a. Fair value ranking of financial assets and liabilities recognized at amortized cost - banking activity

12.31.2019

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**75,283,026**	**72,865,489**	**2,417,537**	**470,080**	**9,967,719**	**64,845,227**
Financial assets at amortized cost						
Loans and receivables due from credit institutions	9,788,104	9,785,387	2,717	0	9,788,104	0
Loans and receivables due from customers	64,820,956	62,444,613	2,376,343	0	0	64,820,956
Securities	673,966	635,489	38,477	470,080	179,615	24,271
Liabilities	**89,632,630**	**88,499,974**	**1,132,656**	**0**	**27,912,217**	**61,720,413**
Liabilities to credit institutions	7,802,927	7,767,767	35,160	0	7,802,927	0
Liabilities to customers	61,720,413	61,700,260	20,153	0	0	61,720,413
Debt securities	17,326,335	16,533,888	792,447	0	17,326,335	0
Subordinated debt	2,782,955	2,498,059	284,896	0	2,782,955	0

12.31.2018

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**65,607,962**	**64,725,318**	**882,644**	**0**	**9,019,929**	**56,588,033**
Financial assets at amortized cost						
Loans and receivables due from credit institutions	9,019,929	8,986,833	33,096	0	9,019,929	0
Loans and receivables due from customers	56,427,084	55,574,536	852,548	0	0	56,427,084
Securities	160,949	163,949	(3,000)	0	0	160,949
Liabilities	**76,866,614**	**76,110,287**	**756,327**	**0**	**22,312,031**	**54,554,583**
Liabilities to credit institutions	7,181,152	7,117,358	63,794	0	7,181,152	0
Liabilities to customers	54,554,583	54,555,163	(580)	0	0	54,554,583
Debt securities	13,490,397	12,770,678	719,719	0	13,490,397	0
Subordinated debt	1,640,482	1,667,088	(26,606)	0	1,640,482	0

Note 29b. Fair value ranking of financial assets and liabilities recognized at amortized cost - insurance activity

12.31.2019

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**481,545**	**481,545**	**0**	**0**	**458**	**481,087**
Loans and receivables due from credit institutions	458	458	0	0	458	0
Other loans and receivables linked to insurance activities	481,087	481,087	0	0	0	481,087
Held-to-maturity financial assets	0	0	0	0	0	0
Liabilities	**1,048,006**	**1,048,006**	**0**	**0**	**1,048,006**	**0**
Liabilities to credit institutions	1,047,554	1,047,554	0	0	1,047,554	0
Debt securities	0	0	0	0	0	0
Subordinated debt	452	452	0	0	452	0

12.31.2018

	Market value	Carrying amount	Unrealized capital gains and losses	Level 1	Level 2	Level 3
Assets	**525,503**	**525,503**	**0**	**3,534**	**22,542**	**499,427**
Loans and receivables due from credit institutions	22,542	22,542	0	0	22,542	0
Other loans and receivables linked to insurance activities	499,427	499,427	0	0	0	499,427
Held-to-maturity financial assets	3,534	3,534	0	3,534	0	0
Liabilities	**1,499,350**	**1,499,350**	**0**	**0**	**1,341,553**	**157,797**
Liabilities to credit institutions	1,340,999	1,340,999	0	0	1,340,999	0
Liabilities to customers	157,797	157,797	0	0	0	157,797
Debt securities	0	0	0	0	0	0
Subordinated debt	554	554	0	0	554	0

NOTES TO THE INCOME STATEMENT (in thousands of euros)

Note 30. Interest and similar income/expense

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Credit institutions and central banks	132,735	(176,744)	114,890	(124,552)
Customers	1,340,521	(528,720)	1,441,804	(590,575)
- of which leasing	175,979	(117,815)	151,343	(102,647)
- of which rental debts		(863)		
Securities at amortized cost	2,211	0	2,191	0
Financial assets at fair value through profit or loss	11,634	(1,157)	11,912	(854)
Derivatives used for hedging purposes	330,054	(286,739)	278,894	(221,051)
Financial assets at fair value through equity	3,973	0	(5,502)	0
Debt securities	0	(236,870)	0	(227,688)
TOTAL	**1,821,128**	**(1,230,230)**	**1,844,189**	**(1,164,720)**

Note 31. Fee and commission income/expense

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Credit institutions	8,402	(23,853)	8,190	(10,820)
Customers	109,060	(252)	92,821	(344)
Derivatives	11,579	(958)	8,773	(1,112)
Foreign exchange	5,006	0	5,250	(53)
Financing and guarantee commitments	713	(2,732)	562	(2,576)
Securities and services	483,954	(122,845)	507,044	(127,494)
TOTAL	**618,714**	**(150,640)**	**622,640**	**(142,399)**

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

	12.31.2019	12.31.2018
Instruments held for trading	60,995	(10,633)
Fair value option instruments	(51,577)	14,988
Change in fair value attributable to credit risk presented in net income for the liabilities	0	0
Other instruments at fair value through profit or loss	59,009	81,216
Including UCI	21,088	29,412
Hedging ineffectiveness	2,215	(751)
cash flow hedges	(4)	1
fair value hedges	2,219	(752)
. change in fair value of hedged items	(112,404)	16,777
. change in fair value of hedges	114,623	(17,529)
Foreign exchange gains (losses)	86	166
TOTAL OF CHANGES IN FAIR VALUE	**70,728**	**84,986**

Note 33. Net gain (loss) on financial instruments at fair value through equity

12.31.2019

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		23,723	23,723
Bonds and other fixed-income securities		4,304	4,304
Loans - Credit institutions		0	0
Customer loans		0	0
Stocks and other variable-income securities	4,859		4,859
Equity securities held for long-term investment	6,139		6,139
TOTAL	10,998	28,027	39,025

12.31.2018

	Dividends	Realized gains/losses	Total
Treasury bills, notes and government bonds		16,335	16,335
Bonds and other fixed-income securities		650	650
Loans - Credit institutions			0
Customer loans			0
Stocks and other variable-income securities	5,398		5,398
Equity securities held for long-term investment	9,252		9,252
TOTAL	14,650	16,985	31,635

Note 34. Net gain (loss) on financial instruments at amortized cost

Financial assets	Profit or loss recognized on the derecognition of assets as at December 31, 2019	Profit or loss recognized on the derecognition of assets as at December 31, 2018
Treasury bills, notes and government bonds	0	0
Bonds and other fixed-income securities	0	1
Loans - Credit institutions	0	0
Customer loans	0	0
Financial liabilities		
Liabilities to credit institutions	0	0
Liabilities to customers	0	0
Debt securities	0	0
Subordinated debt	0	0
TOTAL	0	1

Note 35. Net income from insurance activities

	12.31.2019	12.31.2018
Interest and similar income/expense	40,476	41,565
Fee and commission income/expense	(88,411)	(74,764)
Net gain (loss) on financial instruments at fair value through profit or loss	7,149	3,885
Net gain (loss) on available-for-sale financial instruments	22,935	28,631
Net gain (loss) on financial assets/liabilities at amortized cost	0	0
Other income/expense from insurance activities	754,056	687,727
TOTAL	736,205	687,044

Note 35a. Interest and similar income/expense

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Credit institutions and central banks	918	(2,853)	2,818	(2,361)
Customers	0	0	0	0
Held-to-maturity financial assets	134	0	256	0
Financial assets/liabilities at fair value through profit or loss	0	0	0	0
Available-for-sale financial assets	42,277	0	40,852	0
Debt securities	0	0	0	0
Subordinated debt	0	0	0	0
TOTAL	**43,329**	**(2,853)**	**43,926**	**(2,361)**

Note 35b. Fee and commission income/expense

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Credit institutions	0	(34)	0	(31)
Customers	0	0	551	0
Derivatives	0	0	0	0
Foreign exchange	0	0	0	0
Financing and guarantee commitments	0	0	0	(2)
Securities and services	64,256	(152,633)	63,386	(138,668)
TOTAL	**64,256**	**(152,667)**	**63,937**	**(138,701)**

Note 35c. Net gain (loss) on financial instruments at fair value through profit or loss

	12.31.2019	12.31.2018
Instruments held for trading	(96)	(39)
Fair value option instruments	7,286	4,287
Other instruments at fair value through profit or loss	0	0
Foreign exchange gains (losses)	(41)	(363)
TOTAL OF CHANGES IN FAIR VALUE	**7,149**	**3,885**

Note 35d. Net gain (loss) on available-for-sale financial instruments

	12.31.2019			12.31.2018		
	Dividends	Realized gains/losses	Total	Dividends	Realized gains/losses	Total
Treasury bills, notes, government bonds, bonds and other fixed-income securities	0	359	**359**	0	1,101	**1,101**
Stocks and other variable-income securities	21,879	0	**21,879**	24,692	0	**24,692**
Equity securities held for long-term investment	697	0	**697**	2,838	0	**2,838**
Other	0	0	**0**	0	0	**0**
TOTAL	**22,576**	**359**	**22,935**	**27,530**	**1,101**	**28,631**

Note 35e. Other income/expense from insurance activities

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Insurance business	12,999,844	(12,233,849)	6,334,766	(5,645,324)
Investment property	0	(16,522)	5,258	(16,197)
Other income and expense	10,772	(6,189)	12,848	(3,624)
TOTAL	**13,010,616**	**(12,256,560)**	**6,352,872**	**(5,665,145)**

Note 35f. Gross margin on insurance activities

	12.31.2019	12.31.2018
Premiums earned	5,485,631	5,052,761
Cost of claims and benefits	(209,667)	(195,674)
Change in provisions	(9,431)	175
Other technical and non-technical income and expenses	(5,898,393)	(4,900,828)
Net investment income	1,397,855	733,008
TOTAL	**765,995**	**689,442**

Note 36. Income/expense from other activities

	12.31.2019		12.31.2018	
	Income	Expense	Income	Expense
Investment property	5,103	(6,946)	13,718	(14,835)
Other income and expense	255,929	(60,740)	243,813	(60,343)
TOTAL	**261,032**	**(67,686)**	**257,531**	**(75,178)**

Note 37. Gains (losses) on disposal - dilution in investments in associates

	12.31.2019	12.31.2018
Gains or losses on disposal/dilution on joint ventures	0	0
Gains or losses on disposal/dilution on associates	205 071	76
TOTAL	**205 071**	**76**

The amount of gains (losses) on disposal - dilution in investments of associates includes capital gain on the sale of the Primonial group for €194 million.

Note 38. Operating expense

	12.31.2019	12.31.2018
Personnel expenses	(910,165)	(871,654)
Other expense	(535,745)	(522,557)
TOTAL	**(1,445,910)**	**(1,394,211)**

Note 38a. Personnel expenses

	12.31.2019	12.31.2018
Salaries and wages	(516,803)	(476,107)
Payroll taxes	(218,052)	(229,854)
Mandatory and optional employee profit-sharing	(107,025)	(96,796)
Taxes, levies and similar payments on compensation	(68,285)	(68,886)
Other	0	(11)
TOTAL	**(910,165)**	**(871,654)**

Note 38b. Average number of employees

	12.31.2019	12.31.2018
Employees	4,379	4,373
Management and supervisors	5,597	5,390
TOTAL	**9,976**	**9,764**

Note 38c. Post-employment benefits

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

The main defined contribution post-employment benefit plans include mandatory social security and the Agirc and Arrco retirement plans, as well as the supplementary retirement plans established by some entities and for which they are only required to make contributions.

In 2019, expenses related to these plans totaled €80,167,000 compared with €77,804,000 in 2018.

Defined benefit plans and other long-term benefits

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

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

Change in actuarial liability

	Post-employment benefits		Other long-term benefits (1)	TOTAL 12.31.2019	TOTAL 12.31.2018
	Supplementary plan	Retirement benefits			
Gross actuarial liability at the beginning of the period	**138,667**	**61,571**	**118,431**	**318,669**	**275,547**
Cost of services rendered during the period	7,806	4,155	2,883	14,845	11,947
Net interest	2,239	997	1,951	5,187	4,193
Modification/ reduction/ liquidation of the plan		(769)		(769)	0
Acquisition, disposal (change in consolidated scope)				0	633
Benefits paid	(6,193)	(2,515)	(2,127)	(10,835)	(19,352)
Actuarial gains/losses	35,066	11,128	20,285	66,479	45,700
of which actuarial gains/losses due to changes in demographic assumptions	3,280	2,130	463	5,873	21,773
of which gains/losses related to changes in financial assumptions	32,049	8,924	15,256	56,229	11,111
of which actuarial gains/losses due to differences between estimates and actual experiences	(262)	74	4,566	4,377	12,816
Gross actuarial liability at the end of the period	**177,584**	**74,569**	**141,422**	**393,575**	**318,669**

(1) Other long-term benefits relate to long-service awards and time savings accounts.

Expense recognized on the income statement

	Post-employment benefits		Other long-term benefits	TOTAL 12.31.2019	TOTAL 12.31.2018
	Supplementary plan	Retirement benefits			
Cost of services rendered during the period	(7,806)	(4,155)	(2,883)	(14,845)	(11,645)
Net interest	(393)	(308)	(1,594)	(2,295)	(1,595)
Impact of any reduction or liquidation of the plan				0	0
Actuarial gains/losses			(20,459)	(20,459)	(13,824)
of which actuarial gains/losses due to changes in demographic assumptions recognized on the income statement			(463)	(463)	(2,945)
of which gains/losses due to changes in financial assumptions recognized on the income statement			(15,431)	(15,431)	(3,129)
of which actuarial gains/losses due to differences between estimates and actual experiences			(4,566)	(4,566)	(7,749)
Expense recognized on the income statement	**(8,199)**	**(4,463)**	**(24,937)**	**(37,599)**	**(27,064)**

Change in fair value of plan assets and reimbursement rights

	Post-employment benefits		Other long-term benefits	TOTAL 12.31.2019	TOTAL 12.31.2018
	Supplementary plan	Retirement benefits			
Fair value of assets at the beginning of the period	116,794	43,618	22,008	182,421	170,984
Net interest	1,846	689	357	2,891	2,535
Employer contributions		14,896		14,896	24,165
Acquisition, disposal (change in consolidated scope)				0	0
Benefits paid	(6,193)	(2,293)	0	(8,486)	(12,744)
Actuarial gains/losses	(1,022)	214	(174)	(983)	(2,521)
of which actuarial gains/losses due to changes in demographic assumptions				0	0
of which actuarial gains/losses on plan assets due to changes in financial assumptions	(1,022)	214	(174)	(983)	(2,521)
of which actuarial gains/losses due to differences between estimates and actual experiences	0			0	0
Fair value of assets at the end of the period	111,425	57,124	22,191	190,740	182,420

Net position

	Supplementary plan	Retirement benefits	Other long-term benefits	TOTAL 12.31.2019	TOTAL 12.31.2018
Actuarial liability at the end of the period	177,584	74,569	141,422	393,575	318,669
Fair value of assets/reimbursement rights	(111,425)	(57,124)	(22,191)	(190,740)	(182,420)
NET POSITION	66,160	17,444	119,232	202,835	136,249

Items recognized immediately in comprehensive income

	12.31.2019	12.31.2018
Actuarial differences generated on post-employment benefit plans	(52,038)	(37,153)
Adjustments to the asset ceiling	0	0
Total items recognized immediately during the year	(52,038)	(37,153)
Aggregate actuarial differences at the end of the year	(174,891)	(122,853)

Information regarding plan assets

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

At December 31, 2019, the weighted average term of defined benefit obligations was 13.4 years, unchanged from 2018.

The employer contributions to be paid for 2020 in respect of defined benefit post-employment benefits are estimated at €3,923,000.

Composition of hedging assets

12.31.2019

Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	108,660	7,600	683	0
Assets not listed on an active market	40,712	885	10,009	0
Total	149,372	8,485	10,692	0

12.31.2018

Fair value of plan assets	Debt securities	Equity instruments	Real property	Other
Assets listed on an active market	106,502	7,113	356	0
Assets not listed on an active market	36,429	888	9,126	0
Total	142,931	8,001	9,482	0

(As a % of the item measured)	Supplementary plan	Retirement benefits	Length-of-service awards	Time savings account
	12.31.2019			
+0.5% change in discount rate				
Impact on present value of obligations as of December 31	(6%)	(6%)	(5%)	(5%)
+0.5% change in net salary				
Impact on present value of obligations as of December 31	6%	6%	6%	6%

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

Note 38d. Share-based payments

IFRS 2 "Share-based Payment" requires the measurement of share-based payment transactions in the company's income statement and balance sheet.

This standard applies to transactions with employees and more specifically to:
- Equity-settled share-based payment transactions;
- Cash-settled share-based payment transactions.

For equity-settled transactions, an expense is charged against equity. This expense is spread over the vesting period.

The group mainly has cash-settled transactions. For these transactions, the fair value of the liability, measured initially on the grant date, must be re-measured on each closing date until the settlement date of the liability. Fair value changes are recognized as expenses or income on the income statement until the liability is settled.

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7
Type of plan	Cash settled	Cash settled	Cash settled	Cash settled	Cash settled	Cash settled	Cash settled
Award date	10.15.2015	09.18.2015	06.30.2015	11.29.2017	07.2017	11.2017	11.2019
Exercise period	Q1 2018 /Q1 2020	HY1 2021	Q4 2020	Q1 2021	Q3 2020	Q1 2020 / Q1 2023	2022/2024
Valuation method	Net position + Multiple of outstandings	Multiple of revenue	Discounted cash flow	% of net income - Group share	Customer conquest	EBITDA multiple	Multiple of revenue
Impact 2019 income	523	852	(929)	(794)	(1,092)	(2,586)	(379)
Liabilities on the balance sheet	5,565	4,745	23,847	6,789	1,706	4,344	6,327

Note 38e. Other expenses

	12.31.2019	12.31.2018
Taxes other than on income	(78,749)	(78,971)
Rentals	(55,755)	(62,519)
- short term rentals of assets or low / substantial values	(51,615)	(57,594)
- other rentals	(4,140)	(4,925)
External services	(401,168)	(380,780)
Other miscellaneous expenses	(73)	(287)
TOTAL	**(535,745)**	**(522,557)**

	12.31.2019			12.31.2018		
	Mazars	Deloitte network	Total	Mazars	Deloitte network	Total
Auditing, certification, examination of individual and consolidated accounts	1 763	1 730	3 493	1 589	1 459	3 048
Crédit Mutuel Arkéa	650	706	1 356	576	330	906
Consolidated subsidiaries	1 113	1 024	2 137	1 013	1 129	2 142
Services other than account certification	330	521	851	397	630	1 027
Crédit Mutuel Arkéa	217	443	660	359	569	928
Consolidated subsidiaries	113	78	191	38	61	99
TOTAL	2 093	2 251	4 344	1 986	2 089	4 075

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 €336,000 in respect of 2019 versus €329,000 at 2018.

Note 39. Depreciation, amortization and impairment of property, plant and equipment and intangible assets

	12.31.2019	12.31.2018
Amortization	**(135,746)**	**(119,358)**
Property, plant and equipment	(52,657)	(39,051)
- of which rights of use - Property	(12,347)	0
Intangible assets	(83,089)	(80,307)
Impairment	**2,796**	**44**
Property, plant and equipment	447	44
- of which rights of use - Property	0	0
Intangible assets	2,349	0
TOTAL	**(132,950)**	**(119,314)**

Note 40. Cost of risk

Note 40a. Cost of risk - banking activity

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2019
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	**(84,542)**	**67,413**				**(17,129)**
- Loans and receivables due from credit institutions	(911)	870				(41)
- Loans and receivables due from customers	(68,014)	52,661				(15,353)
- of which finance leases	(2,316)	1,300				(1,016)
- Financial assets at amortized cost - Fixed income securities	(756)	205				(551)
- Financial assets at FVOCI - Fixed income securities	(4,731)	5,256				525
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(10,130)	8,421				(1,709)
- Other assets	0	0				0
Lifetime expected loss	**(85,795)**	**80,460**				**(5,335)**
- Loans and receivables due from credit institutions	0	0				0
- Loans and receivables due from customers	(82,422)	77,706				(4,716)
- of which finance leases	(1,743)	815				(928)
- Financial assets at amortized cost - Fixed income securities	(105)	44				(61)
- Financial assets at FVOCI - Fixed income securities	(30)	69				39
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(3,238)	2,641				(597)
- Other assets	0	0				0
Impaired assets	**(329,565)**	**307,852**	**(48,758)**	**(9,600)**	**3,834**	**(76,237)**
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(306,236)	291,643	(48,627)	(9,600)	3,821	(68,999)
- of which finance leases	(4,135)	2,033	(1,347)	(460)	0	(3,909)
- Financial assets at amortized cost - Fixed income securities	(1,450)	(300)	0	0	0	(1,750)
- Financial assets at FVOCI - Fixed income securities	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	0	0	0	0	0	0
- Off-balance sheet	(21,735)	16,223	0	0	0	(5,512)
- Other assets	(144)	286	(131)	0	13	24
Total	**(499,902)**	**455,725**	**(48,758)**	**(9,600)**	**3,834**	**(98,701)**

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2018
			Provisioned bad debt	Unprovisioned bad debt		
12-month expected losses	**(79,995)**	**70,718**				**(9,277)**
- Loans and receivables due from credit institutions	(983)	481				(502)
- Loans and receivables due from customers	(65,742)	56,524				(9,218)
- of which finance leases	(1,302)	3,572				2,270
- Financial assets at amortized cost - Fixed income securities	(155)	42				(113)
- Financial assets at FVOCI - Fixed income securities	(4,788)	2,709				(2,079)
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(8,327)	10,962				2,635
- Other assets	0	0				0
Lifetime expected loss	**(88,965)**	**87,600**				**(1,365)**
- Loans and receivables due from credit institutions	0	56				56
- Loans and receivables due from customers	(86,235)	83,257				(2,978)
- of which finance leases	(1,472)	1,429				(43)
- Financial assets at amortized cost - Fixed income securities	0	567				567
- Financial assets at FVOCI - Fixed income securities	(69)	182				113
- Financial assets at FVOCI - Loans	0	0				0
- Off-balance sheet	(2,661)	3,538				877
- Other assets	0	0				0
Impaired assets	**(216,817)**	**225,937**	**(60,400)**	**(8,125)**	**6,349**	**(53,056)**
- Loans and receivables due from credit institutions	0	0	0	0	0	0
- Loans and receivables due from customers	(201,523)	215,322	(60,365)	(8,125)	6,349	(48,342)
- of which finance leases	(14,631)	10,781	(1,582)	(3,864)	0	(9,296)
- Financial assets at amortized cost - Fixed income securities	(4,252)	49	0	0	0	(4,203)
- Financial assets at FVOCI - Fixed income securities	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	0	0	0	0	0	0
- Off-balance sheet	(4,642)	6,266	0	0	0	1,624
- Other assets	(6,400)	4,300	(35)	0	0	(2,135)
Total	**(385,777)**	**384,255**	**(60,400)**	**(8,125)**	**6,349**	**(63,698)**

Note 40b. Cost of risk - insurance activity

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2019
			Provisioned bad debt	Unprovisioned bad debt		
- Credit institutions	0	0	0	0	0	0
- Insurance business	0	0	0	0	0	0
- Available-for-sale assets	0	0	0	0	0	0
- Held-to-maturity assets	0	0	0	0	0	0
- Other	0	51	0	0	0	51
Total	**0**	**51**	**0**	**0**	**0**	**51**

	Allocations	Write-backs	Irrecoverable debts		Collection of receivables written off	12.31.2018
			Provisioned bad debt	Unprovisioned bad debt		
- Credit institutions	0	0	0	0	0	0
- Insurance business	0	0	0	0	0	0
- Available-for-sale assets	0	0	0	0	0	0
- Held-to-maturity assets	0	0	0	0	0	0
- Other	0	19	0	0	0	19
Total	**0**	**19**	**0**	**0**	**0**	**19**

Note 40c. Banking activities - Information regarding changes in outstanding loans subject to provisions for expected losses for credit risk

	12.31.2018	Acquisition /production	Sale/repayment	Transfers between buckets	Other	12.31.2019
Financial assets at amortized costs - loans and receivables due from credit institutions	**8,988,980**	**1,753,661**	**(956,394)**	**0**	**1,331**	**9,787,578**
- 12-month expected losses	8,988,980	1,753,661	(956,394)	0	1,331	9,787,578
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Financial assets at amortized costs - loans and receivables due from customers	**56,626,318**	**12,889,037**	**(5,973,213)**	**0**	**0**	**63,542,142**
- 12-month expected losses	52,773,663	12,862,077	(5,586,158)	(711,905)	0	59,337,677
- Lifetime expected losses - non-impaired assets	2,424,408	0	(180,351)	498,346	0	2,742,403
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	1,213,898	0	(169,203)	213,559	0	1,258,254
Lifetime expected losses - assets impaired as from acquisition/creation	214,349	26,960	(37,501)	0	0	203,808
Financial assets at amortized cost - Securities	**168,970**	**563,479**	**(89,559)**	**0**	**0**	**642,890**
- 12-month expected losses	143,113	557,183	(89,559)	(517)	0	610,220
- Lifetime expected losses - non-impaired assets	20,315	6,296	0	0	0	26,611
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	5,542	0	0	517	0	6,059
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	**10,884,679**	**79**	**(1,733,470)**	**0**	**0**	**9,151,288**
- 12-month expected losses	10,852,953	79	(1,701,767)	(28,153)	0	9,123,112
- Lifetime expected losses - non-impaired assets	31,726	0	(31,703)	28,153	0	28,176
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	**0**	**0**	**0**	**0**	**0**	**0**
- 12-month expected losses	0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0
Total	**76,668,947**	**15,206,256**	**(8,752,636)**	**0**	**1,331**	**83,123,898**

Note 40d. Banking activities - Information regarding changes in provisions for expected losses for credit risk

	12.31.2018	Allocations	Reversals	Transfers	Change of method	Other	12.31.2019
Financial assets at amortized costs - loans and receivables due from credit institutions	**(2,147)**	**(911)**	**867**	**0**	**0**	**0**	**(2,191)**
- 12-month expected losses	(2,147)	(911)	867	0	0	0	(2,191)
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
Financial assets at amortized costs - loans and receivables due from customers	**(1,051,782)**	**(671,703)**	**625,956**	**0**	**0**	**0**	**(1,097,529)**
- 12-month expected losses	(113,225)	(67,995)	76,458	(23,798)	0	0	(128,560)
- Lifetime expected losses - non-impaired assets	(135,097)	(82,387)	65,022	12,684	0	0	(139,778)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(665,736)	(519,205)	470,572	11,114	0	0	(703,255)
Lifetime expected losses - assets impaired as from acquisition/creation	(137,724)	(2,116)	13,904	0	0	0	(125,936)
Financial assets at amortized cost - Securities	**(5,021)**	**(2,627)**	**247**	**0**	**0**	**0**	**(7,401)**
- 12-month expected losses	(342)	(755)	99	105	0	0	(893)
- Lifetime expected losses - non-impaired assets	(476)	(105)	148	(105)	0	0	(538)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(4,203)	(1,767)	0	0	0	0	(5,970)
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
- Financial assets at FVOCI - Fixed income securities	**(6,758)**	**(4,761)**	**5,324**	**0**	**0**	**0**	**(6,195)**
- 12-month expected losses	(6,689)	(4,731)	5,255	0	0	0	(6,165)
- Lifetime expected losses - non-impaired assets	(69)	(30)	69	0	0	0	(30)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
- Financial assets at FVOCI - Loans	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- 12-month expected losses	0	0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets	0	0	0	0	0	0	0
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	0	0	0	0	0	0	0
Lifetime expected losses - assets impaired as from acquisition/creation	0	0	0	0	0	0	0
Commitments given	**(43,714)**	**(37,896)**	**36,113**	**0**	**0**	**0**	**(45,497)**
- 12-month expected losses	(11,992)	(9,733)	8,428	0	0	0	(13,297)
- Lifetime expected losses - non-impaired assets	(2,928)	(3,640)	2,641	0	0	0	(3,927)
- Lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	(28,794)	(24,523)	25,044	0	0	0	(28,273)
Other assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- 12-month expected losses		0	0	0	0	0	0
- Lifetime expected losses - non-impaired assets		0	0	0	0	0	0
- of which expected losses measured according to the simplified method		0	0	0	0	0	0
Lifetime expected losses for impaired assets (whether impaired or not at acquisition/creation)		0	0	0	0	0	0
- of which expected losses measured according to the simplified method		0	0	0	0	0	0
Total	**(1,109,422)**	**(717,898)**	**668,507**	**0**	**0**	**0**	**(1,158,813)**

Note 40e. Banking activities - gross carrying amount of loans and receivables due from customers by credit risk category

At 12.31.2019

Risk categories: PD at 1 year	Subject to 12-month expected losses	Subject to lifetime expected losses	Subject to lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	Subject to expected losses for assets impaired at the closing date and when acquired/created
< 0,1	26,412,396	2,530	0	0
[0,1;0,25]	11,537,001	5,773	0	0
[0,26;0,99]	11,673,626	186,673	0	0
[1;2,99]	3,855,243	535,423	0	0
[3;9,99]	5,716,654	1,079,741	0	0
>=10	142,757	932,263	1,258,254	203,808
Total	**59,337,677**	**2,742,403**	**1,258,254**	**203,808**

At 12.31.2018

Risk categories: PD at 1 year	Subject to 12-month expected losses	Subject to lifetime expected losses	Subject to lifetime expected losses for assets impaired at the closing date but not impaired when acquired/created	Subject to expected losses for assets impaired at the closing date and when acquired/created
< 0,1	17,364,026	2,237	0	0
[0,1;0,25]	10,615,563	15,446	0	0
[0,26;0,99]	13,311,691	137,475	0	0
[1;2,99]	6,126,258	429,605	0	0
[3;9,99]	5,128,971	954,486	0	0
>=10	227,154	885,159	1,213,898	214,349
Total	**52,773,663**	**2,424,408**	**1,213,898**	**214,349**

Note 41. Gains (losses) on other assets

	12.31.2019	12.31.2018
Property, plant and equipment and intangible assets	**(2,759)**	**1,590**
Capital losses on disposals	(6,791)	(726)
Capital gains on disposals	4,032	2,316
Expenses related to business combinations	**(2,179)**	**3,239**
More or less transfer values on consolidated securities	**23,450**	**0**
TOTAL	**18,512**	**4,829**

Note 42. Income tax

	12.31.2019	12.31.2018
BREAKDOWN OF TAX EXPENSE		
Current tax expense	(125,333)	(153,389)
Net deferred tax expense or revenue	(6,350)	(2,306)
NET INCOME TAX EXPENSE	**(131,683)**	**(155,695)**
Income before taxes, badwill and income contribution from associates	643,504	573,430
EFFECTIVE TAX RATE	**20.46%**	**27.15%**

ANALYSIS OF EFFECTIVE TAX RATE	12.31.2019	12.31.2018
Statutory tax rate	34.43%	34.43%
Permanent differences	2.17%	0.66%
Income taxed at a reduced rate or exempt	(15.11%)	(4.54%)
Change of tax rate	(1.32%)	(0.98%)
Impact of fiscal losses	0.73%	(0.30%)
Tax credits	(0.37%)	(1.27%)
Special	0.65%	(0.16%)
Other	(0.73%)	(0.68%)
EFFECTIVE TAX RATE	**20.46%**	**27.15%**

Régulation n° 2019-759, published on July 24, 2019, as well as the 2020 finance act, provide modifications in the gradual reduction of the corporate taxe rate initially planned by the 2018 finance act. The tax rate for the fiscal year 2019 is therefore 34.43%; this rate will be reduced from 34.43% to 25.83% over the 2019-2022 period.

Taxes must be measured based on the rates in effect at the closing date.

In case of a change in rates, deferred taxes must be adjusted, based on the symmetry principle, through profit or loss, unless they relate to items recognized outside profit or loss (other comprehensive income (OCI) or directly in equity).

The impact of this change in the tax rate has been taken into account in the calculation of deferred taxes for Crédit Mutuel Arkéa.

IN EQUITY (in thousands of euros)

Note 43a. Information on the recycling to profit or loss of gains or losses recognized directly in equity

	Changes in 2019	Changes in 2018
Revaluation of debt instruments at fair value through equity	(1,406)	(28,869)
- Reclassification to profit or loss	(26,513)	(11,141)
- Other changes	25,107	(17,728)
Revaluation of available-for-sale financial assets	71,294	(49,440)
- Reclassification to profit or loss	73	(107)
- Other changes	71,221	(49,333)
Revaluation of hedging derivatives	397	252
- Reclassification to profit or loss	3	0
- Other changes	394	252
Share of recyclable gains and losses of equity-accounted entities recognized directly in equity	(16)	(399)
Items to be recycled to profit or loss	**70,269**	**(78,456)**
Actuarial gains and losses on defined benefit plans	(38,582)	(34,928)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	(5,546)	4,947
Revaluation of equity instruments at fair value through equity (sold and not sold during the year)	51,839	(7,942)
Share of non-recyclable gains and losses of equity-accounted entities recognized directly in equity	7,470	(13,198)
Items not to be recycled to profit or loss	**15,181**	**(51,121)**
TOTAL	**85,450**	**(129,577)**

Note 43b. Tax on each component of gains or losses recognized directly in equity

	12.31.2019			12.31.2018		
	Gross	Tax	Net	Gross	Tax	Net
Revaluation of recyclable debt instruments at fair value through equity	(2,720)	1,314	(1,406)	(44,986)	16,117	(28,869)
Revaluation of available-for-sale financial assets	96,316	(25,022)	71,294	(95,709)	46,269	(49,440)
Revaluation of hedging derivatives	585	(188)	397	517	(265)	252
Share of gains and losses of equity-accounted entities recognized directly in equity	(249)	233	(16)	(609)	210	(399)
Items to be recycled to profit or loss	**93,932**	**(23,663)**	**70,269**	**(140,787)**	**62,331**	**(78,456)**
Actuarial gains and losses on defined benefit plans	(52,016)	13,434	(38,582)	(37,156)	2,228	(34,928)
Revaluation of credit risk specific to financial liabilities recognized at fair value through profit or loss by option	(8,158)	2,612	(5,546)	7,277	(2,330)	4,947
Revaluation of equity instruments at fair value through equity	56,945	(5,106)	51,839	(10,338)	2,396	(7,942)
Share of gains and losses of equity-accounted entities recognized directly in equity	7,709	(239)	7,470	(13,866)	668	(13,198)
Items not to be recycled to profit or loss	**4,480**	**10,701**	**15,181**	**(54,083)**	**2,962**	**(51,121)**
Total changes in gains and losses recognized directly in equity	98,412	(12,962)	85,450	(194,870)	65,293	(129,577)

OTHER NOTES (in thousands of euros)

Note 44a. Commitments given and received - banking activity

	12.31.2019	12.31.2018
Commitments given	**14,669,854**	**14,077,950**
Financing commitments	**9,805,932**	**9,669,199**
to credit and similar institutions	9,350	13,750
to customers	9,796,582	9,655,449
Guarantee commitments	**4,217,217**	**3,761,510**
to credit and similar institutions	515	1,012
to customers	4,216,702	3,760,498
Securities commitments	**646,705**	**647,241**
repurchase agreements	0	0
other commitments given	646,705	647,241
Commitments received	**49,021,969**	**45,330,560**
Financing commitments	**10,497,553**	**11,272,071**
from credit and similar institutions	10,490,432	11,264,184
from customers	7,121	7,887
Guarantee commitments	**38,181,778**	**33,580,476**
from credit and similar institutions	224,711	209,899
from customers	37,957,067	33,370,577
Securities commitments	**342,638**	**478,013**
Reverse repurchase agreements	0	0
Other commitments received	342,638	478,013

Financing commitments given include the €9,350,000 cash advance made to Caisse de Refinancement de l'Habitat to fund it.

	12.31.2019	12.31.2018
Receivables pledged as collateral	**13,606,632**	**14,568,978**
Banque de France	11,694,485	12,601,162
European Investment Bank	648,276	547,314
Caisse de Refinancement de l'Habitat	260,602	369,929
Caisse des Dépôts et Consignations	1,001,270	1,048,574
Other	2,000	2,000
Loaned securities	**0**	**0**
Deposits on market transactions	**708,950**	**400,856**
Securities sold under repurchase agreements	**4,883,045**	**4,994,676**

For its refinancing activity, the group entered into repurchase agreements of debt and/or equity securities. This results in the transfer of ownership of securities which the recipient may in turn lend. The coupons or dividends benefit the borrower. These transactions are subject to margin calls.

Note 44b. Commitments given and received - insurance activity

	12.31.2019	12.31.2018
Commitments given	-	-
Commitments received	1,378,515	959,106

Note 45. Segment information

	Banking		Insurance and asset management		Group	
	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Internal income (1)	263,759	267,456	(263,759)	(267,456)	0	0
External income (2)	1,257,014	1,355,084	841,262	790,645	2,098,276	2,145,729
Net banking income	**1,520,773**	**1,622,540**	**577,503**	**523,189**	**2,098,276**	**2,145,729**
Gains (losses) on disposal - dilution	205,071	(35)	0	111	205,071	76
Net banking income including gains (losses) on disposal - dilution	**1,725,844**	**1,622,505**	**577,503**	**523,300**	**2,303,347**	**2,145,805**
General operating expenses and depreciation and amortization	(1,393,150)	(1,347,463)	(185,710)	(166,062)	(1,578,860)	(1,513,525)
Gross operating income	**332,694**	**275,042**	**391,793**	**357,238**	**724,487**	**632,280**
Cost of risk	(99,286)	(64,453)	636	774	(98,650)	(63,679)
Operating income	**233,408**	**210,589**	**392,429**	**358,012**	**625,837**	**568,601**
Share of income of companies carried under equity method	(1,099)	(1,601)	(738)	1,849	(1,837)	248
Other	18,512	24,367	0	11	18,512	24,378
Recurring income before tax	**250,821**	**233,355**	**391,691**	**359,872**	**642,512**	**593,227**
Income tax	(4,046)	(42,143)	(127,637)	(113,552)	(131,683)	(155,695)
Net income	**246,775**	**191,212**	**264,054**	**246,320**	**510,829**	**437,532**
O/w non-controlling interests	66	207	26	37	92	244
Net income, group share	**246,709**	**191,006**	**264,028**	**246,282**	**510,737**	**437,288**

	12.31.2019	12.31.2018	12.31.2019	12.31.2018	12.31.2019	12.31.2018
Segment Assets and Liabilities	**97,318,252**	**83,429,111**	**59,823,672**	**51,491,191**	**157,141,924**	**134,920,302**

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

Segment reporting is based on two business lines:

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

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

Note 46. Information on related parties

Crédit Mutuel Arkéa group related parties include the consolidated companies and associates. Transactions between the group and related parties are conducted on arm's length terms at the time the transactions are completed.

The list of companies consolidated by Crédit Mutuel Arkéa group is presented in note 48. Intercompany transactions and outstanding balances between fully consolidated companies are completely eliminated during the consolidation process. As a result, only the portion of the data that is not eliminated in the consolidation process and that relates to reciprocal transactions is presented in the following table, provided such data involve companies over which the group exercises a significant influence (associates).

	12.31.2019	12.31.2018
	Companies under the equity method (1)	Companies under the equity method (1)
Assets		
Loans and receivables - credit institutions, at amortized cost	717,878	735,394
Loans and receivables - customers, at amortized cost		0
Assets at fair value through profit or loss		0
Financial assets at fair value through equity		0
Securities at amortized cost		83,192
Derivatives used for hedging purposes		0
Other assets		39,159
Liabilities		
Liabilities to credit institutions	32,229	14,845
Derivatives used for hedging purposes		0
Liabilities at fair value through profit or loss		0
Liabilities to customers		27,219
Debt securities		0
Subordinated debt		0
Other liabilities		10,501

(1) CCCM + Younited

	12.31.2019	12.31.2018
	Companies under the equity method (1)	Companies under the equity method (1)
Interest and similar income		8,241
Interest and similar expense	(3,877)	(3,062)
Fee and commission income		2,071
Fee and commission expense		0
Net gain (loss) on financial instruments at fair value through profit or loss		0
Net gain (loss) on financial instruments at fair value through equity	866	874
Net gain (loss) on available-for-sale financial instruments		
Net gain (loss) on derecognition of financial instruments at amortized cost		0
Net income from insurance activities		(27,981)
Income from other activities		0
Expense from other activities		0
Net banking income	**(3,011)**	**(19,857)**

(1) CCCM + Younited

	12.31.2019	12.31.2018
	Companies under the equity method	Companies under the equity method
Financing commitments		
Financing commitments given	0	0
Financing commitments received	0	0
Guarantee commitments		
Guarantees given	0	0
Guarantees received	0	0
Securities commitments		
Other securities to be received	0	0
Other securities to be delivered	0	0

Relations with the main corporate officers of Crédit Mutuel Arkéa group

The Board of Directors of Crédit Mutuel Arkéa currently consists, at December 31, 2019, of 21 members appointed for three-year terms:

- 16 directors representing customer shareholders, elected by the Shareholders' Ordinary Meeting;
- 2 independent directors;
- 2 directors representing employees, appointed by the Central Employee Works Council.
- 1 non-voting member

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

The total compensation paid to members of Crédit Mutuel Arkéa's Board of Directors in 2019 was €2,050,000 (compared with €1,986,000 in 2018).

The total compensation paid to the group's key corporate officers in 2019 was €3,528,000 (compared with €3,528,000 in 2018).

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.

The provisions recorded by the group in 2019 pursuant to IAS 19 for post-employment benefits, other long-term benefits and termination benefits totaled €477,000 (compared with €414,000 in 2018).

Note 47. Investments in unconsolidated structured entities

12.31.2019	Securitization vehicles	Asset management (mutual funds/real estate investment funds)	Other structured entities
Total assets	322,194	3,935,441	-
Carrying amount of financial assets (1)	82,410	1,011,814	-
Carrying amount of financial liabilities (1)	-	-	-
Maximum exposure to risk of loss	82,410	1,011,814	-

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa group recognizes with respect to the structured entities

Investments in unconsolidated entities are investments held through unit-linked life insurance policies over which Crédit Mutuel Arkéa does not exercise control. They consist mainly of mutual fund investments.

12.31.2018	Securitization vehicles	Asset management (mutual funds/real estate investment funds)	Other structured entities
Total assets	285,469	3,969,456	-
Carrying amount of financial assets (1)	73,769	983,853	-
Carrying amount of financial liabilities (1)	-	-	-
Maximum exposure to risk of loss	73,769	983,853	-

(1) Carrying amount of assets and liabilities that Crédit Mutuel Arkéa group recognizes with respect to the structured entities

Note 48. Scope of consolidation

Last name	Country	Sector / Activity	% control		% equity interest	
			12.31.2019	12.31.2018	12.31.2019	12.31.2018
Crédit Mutuel Arkéa + Fédérations et Caisses du Crédit Mutuel de Bretagne, du Sud-Ouest et du Massif Central	France	Banking / Mutual banking	consolidating entity			
Fully consolidated companies						
ARKEA BANKING SERVICES	France	Banking / Banking services	100.0	100.0	100.0	100.0
ARKEA BANQUE ENTREPRISES ET INSTITUTIONNELS	France	Banking / Corporate banking	100.0	100.0	100.0	100.0
ARKEA BOURSE RETAIL	France	Banking / Holding	100.0	100.0	100.0	100.0
ARKEA CAPITAL	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
ARKEA CAPITAL INVESTISSEMENT	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL MANAGERS HOLDING SLP	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CAPITAL PARTENAIRE	France	Banking / Private equity	100.0	100.0	100.0	100.0
ARKEA CREDIT BAIL	France	Banking / Finance leasing	100.0	100.0	100.0	100.0
ARKEA DIRECT BANK	France	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
ARKEA FONCIERE	France	Banking / Real estate	100.0	100.0	100.0	100.0
ARKEA HOME LOANS SFH	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA PUBLIC SECTOR SCF	France	Banking / Refinancing entity	100.0	100.0	100.0	100.0
ARKEA SCD	France	Banking / Services	100.0	100.0	100.0	100.0
BUDGET INSIGHT (1)	France	Banking / Banking services	100.0	/	100.0	/
CAISSE DE BRETAGNE DE CREDIT MUTUEL AGRICOLE	France	Banking / Mutual banking	93.3	93.2	93.3	93.2
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANK (branch) (1)	Belgium	Banking / Asset holding company	100.0	/	100.0	/
CREDIT FONCIER ET COMMUNAL D'ALSACE ET DE LORRAINE BANQUE	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
FCT COLLECTIVITES	France	Banking / Securitization fund	57.8	57.8	57.8	57.8
FEDERAL EQUIPEMENTS	France	Banking / Services	100.0	100.0	100.0	100.0
FEDERAL FINANCE	France	Insurance and asset management / Private banking and asset management	100.0	100.0	100.0	100.0
FEDERAL FINANCE GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
FEDERAL SERVICE	France	Banking / Services	97.8	97.8	97.8	97.8
FINANCO	France	Banking / Specialized networks banking	100.0	100.0	100.0	100.0
GICM	France	Banking / Services	100.0	100.0	97.8	97.8
IZIMMO	France	Banking / Real estate	100.0	100.0	100.0	100.0
IZIMMO HOLDING	France	Banking / Holding	100.0	100.0	100.0	100.0
KEYTRADE BANK (branch)	Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
KEYTRADE BANK Luxembourg SA	Luxembourg	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
LEASECOM (2)	France	Banking / Finance leasing	/	100.0	/	100.0
LEASECOM CAR (2)	France	Banking / Finance leasing	/	100.0	/	100.0
LEETCHI SA	France	Banking / Services	100.0	100.0	100.0	100.0
MANGOPAY SA	Luxembourg / France	Banking / Services	100.0	100.0	100.0	100.0
MONEXT	France	Banking / Services	100.0	100.0	100.0	100.0
NEXTALK	France	Banking / Services	100.0	100.0	100.0	100.0
NOUVELLE VAGUE	France	Banking / Services	100.0	100.0	100.0	100.0
NOVELIA	France	Insurance and asset management / Insurance brokerage	100.0	100.0	100.0	100.0
PROCAPITAL	France / Belgium	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
PUMPKIN	France	Banking / Services	100.0	100.0	100.0	100.0
SCHELCHER PRINCE GESTION	France	Insurance and asset management / Asset management	100.0	100.0	100.0	100.0
SOCIETE CIVILE IMMOBILIERE INTERFEDERALE	France	Banking / Real estate	100.0	100.0	100.0	100.0
SMSPG	France	Insurance and asset management / Holding	100.0	100.0	100.0	100.0
SMSPG 2 (4)	France	Insurance and asset management / Holding	/	100.0	/	100.0
STRATEO (branch)	Swiss	Banking / Financial and stock market intermediation	100.0	100.0	100.0	100.0
SURAVENIR	France	Insurance and asset management / Life insurance	100.0	100.0	100.0	100.0
SURAVENIR ASSURANCES	France	Insurance and asset management / Non-life insurance	100.0	100.0	100.0	100.0

Last name	Country	Sector / Activity	% control		% equity interest	
			12.31.2019	12.31.2018	12.31.2019	12.31.2018
Companies consolidated using the equity method						
AVIAFUND FUND FACILITY MANAGEMENT GMBH (2)	Germany	Insurance and asset management / mutual funds	/	25.3	/	25.9
AVIAFUND FUND SOLUTION SERVICES GMBH (2)	Germany	Insurance and asset management / mutual funds	/	25.3	/	25.9
AVIARENT CAPITAL MANAGEMENT SARL (2)	Luxembourg	Insurance and asset management / mutual funds	/	25.3	/	25.9
AVIARENT INVEST AG (2)	Germany	Insurance and asset management / mutual funds	/	25.3	/	25.9
CAISSE CENTRALE DU CREDIT MUTUEL	France	Banking / Mutual banking	20.6	21.0	20.6	21.0
CODABEL MANAGEMENT (2)	Belgium	Insurance and asset management / mutual funds	/	10.4	/	10.7
DS INVESTMENT SOLUTIONS SAS (2)	France	Insurance and asset management / mutual funds	/	23.8	/	24.4
FINANSEMBLE	France	Insurance and asset management / Asset management	30.4	30.4	30.4	30.4
HALLES A FOURAGES SCCV (2)	France	Insurance and asset management / mutual funds	/	17.8	/	18.3
JIVAI (2)	France	Insurance and asset management / Insurance brokerage	/	32.4	/	32.4
LA COMPAGNIE FRANCAISE DES SUCCESSIONS	France	Insurance and asset management / Asset management	32.6	32.6	32.6	32.6
LA FINANCIERE DE L'ECHIQUIER (2)	France	Insurance and asset management / mutual funds	/	11.9	/	12.2
LEEMO (2)	France	Insurance and asset management / mutual funds	/	11.9	/	12.2
LINK BY PRIMONIAL (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
LINXO GROUP	France	Banking / Services	29.8	29.8	29.8	29.8
MARSEILLE FURNITURE SARL (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
MATA CAPITAL (2)	France	Insurance and asset management / mutual funds	/	11.9	/	12.2
NEW PORT	France	Banking / Holding	29.9	31.0	29.9	31.0
NEW PRIMONIAL HOLDING (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
OIKO GESTION (EX AIBO GESTION) (2)	France	Insurance and asset management / mutual funds	/	15.2	/	15.5
PFP (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL HOLDING (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL IMMOBILIEN GMBH (EX-EC ADVISORS GMBH) (2)	Germany	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL LUXEMBOURG (2)	Luxembourg	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL LUXEMBOURG FUND SERVICES (2)	Luxembourg	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL LUXEMBOURG REAL ESTATE (2)	Luxembourg	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL MANAGEMENT (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL MANAGEMENT 2 (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL PARTENAIRES (EX-PATRIMMOFI) (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
PRIMONIAL REIM (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
SEFAL PROPERTY (2)	France	Insurance and asset management / mutual funds	/	29.4	/	30.1
SPORTINVEST (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
UPSTONE SAS (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
VIVIENNE INVESTISSEMENT	France	Insurance and asset management / Asset management	34.4	34.4	34.4	34.4
VOLTAIRE CAPITAL (2)	France	Insurance and asset management / mutual funds	/	29.7	/	30.5
YOMONI	France	Insurance and asset management / Asset management	34.0	34.5	34.0	34.5
YOUNITED CREDIT	France / Italy / Spain / Germany	Banking / Services	22.3	25.8	22.3	25.8

Last name	Country	Sector / Activity	% control		% equity interest	
			12.31.2019	12.31.2018	12.31.2019	12.31.2018
Companies consolidated using the shortcut method						
AIS MANDARINE ACTIVE	France	Insurance and asset management / mutual funds	78.2	77.2	78.2	77.2
AIS MANDARINE ENTREPRENEURS	France	Insurance and asset management / mutual funds	80.1	73.4	80.1	73.4
AIS MANDARINE MULTI-ASSETS	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
ARKEA CAPITAL 1	France	Banking / mutual funds	100.0	100.0	100.0	100.0
ARKEA CAPITAL MANAGERS (3)	France	Banking / mutual funds	/	100.0	/	100.0
AUTOFOCUS CROISSANCE JANVIER 2017 (3)	France	Insurance and asset management / mutual funds	/	97.2	/	97.2
AUTOFOCUS CROISSANCE JUIN 2015	France	Insurance and asset management / mutual funds	94.0	93.9	94.0	93.9
AUTOFOCUS CROISSANCE MAI 2017	France	Insurance and asset management / mutual funds	97.2	97.3	97.2	97.3
AUTOFOCUS CROISSANCE MARS 2015	France	Insurance and asset management / mutual funds	84.8	78.6	84.8	78.6
AUTOFOCUS CROISSANCE NOVEMBRE 2018 (1)	France	Insurance and asset management / mutual funds	80.0	/	80.0	/
AUTOFOCUS CROISSANCE + SEPTEMBRE 2017 (3)	France	Insurance and asset management / mutual funds	/	99.3	/	99.3
AUTOFOCUS JANVIER 2016 (3)	France	Insurance and asset management / mutual funds	/	92.4	/	92.4
AUTOFOCUS RENDEMENT JANVIER 2018 (1)	France	Insurance and asset management / mutual funds	99.3	/	99.3	/
AUTOFOCUS RENDEMENT JUIN 2018 (1)	France	Insurance and asset management / mutual funds	98.4	/	98.4	/
AUTOFOCUS RENDEMENT DECEMBRE 2014	France	Insurance and asset management / mutual funds	93.4	93.6	93.4	93.6
AUTOFOCUS RENDEMENT MARS 2015	France	Insurance and asset management / mutual funds	93.0	93.1	93.0	93.1
AUTOFOCUS RENDEMENT MARS 2017	France	Insurance and asset management / mutual funds	97.1	97.3	97.1	97.3
AUTOFOCUS SEPTEMBRE 2016 (3)	France	Insurance and asset management / mutual funds	/	96.6	/	96.6
BREHAT (1)	France	Insurance and asset management / mutual funds	98.6	/	98.6	/
BREIZH ARMOR CAPITAL (1)	France	Banking / mutual funds	50.0	/	50.0	/
DIAPAZEN CLIMAT SEPTEMBRE 2016	France	Insurance and asset management / mutual funds	97.7	97.8	97.7	97.8

FCT MERIUS SURAVENIR (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT OBLIGATION BAUX AC 2019 (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT RESIDENTIAL DUTCH MORTGAGE FUND LARGO D (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT SCOR SURAVENIR EURO LOANS (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT SP EUROCREANCES	France	Insurance and asset management / mutual funds	43.4	43.4	43.4	43.4
FCT SPG DETTE PRIVEE (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT SUR PRIV DEBT II	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FCT SURAVENIR CONSO FUND (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FCT SURAVENIR PRIVAT	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FEDERAL AMBITION CLIMAT (1)	France	Insurance and asset management / mutual funds	99.3	/	99.3	/
FEDERAL APAL	France	Insurance and asset management / mutual funds	71.6	74.4	71.6	74.4
FEDERAL CAPITAL INVESTISSEMENT	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FEDERAL CONVICTION GRANDE ASIE	France	Insurance and asset management / mutual funds	81.8	83.9	81.8	83.9
FEDERAL CROISSANCE	France	Insurance and asset management / mutual funds	91.4	90.5	91.4	90.5
FEDERAL ESSOR INTERNATIONAL	France	Insurance and asset management / mutual funds	42.9	45.0	42.9	45.0
FEDERAL IMPACT TERRITOIRES (EX FEDERAL MULTI PME)	France	Insurance and asset management / mutual funds	57.0	67.5	57.0	67.5
FEDERAL INDICIEL JAPON	France	Insurance and asset management / mutual funds	64.4	66.7	64.4	66.7
FEDERAL INDICIEL US	France	Insurance and asset management / mutual funds	53.5	56.0	53.5	56.0
FEDERAL MULTI ACTIONS EUROPE	France	Insurance and asset management / mutual funds	73.8	74.0	73.8	74.0
FEDERAL MULTI L/S	France	Insurance and asset management / mutual funds	56.4	63.2	56.4	63.2
FEDERAL MULTI OR ET MATIERES 1ERES	France	Insurance and asset management / mutual funds	89.5	89.4	89.5	89.4
FEDERAL MULTI PATRIMOINE	France	Insurance and asset management / mutual funds	90.5	91.4	90.5	91.4
FEDERAL OPPORTUNITE EQUILIBRE ESG	France	Insurance and asset management / mutual funds	99.8	99.9	99.8	99.9
FEDERAL OPPORTUNITE MODERE ESG	France	Insurance and asset management / mutual funds	98.5	98.5	98.5	98.5
FEDERAL OPPORTUNITE TONIQUE ESG	France	Insurance and asset management / mutual funds	99.1	99.0	99.1	99.0
FEDERAL OXYGENE (1)	France	Insurance and asset management / mutual funds	94.2	/	94.2	/
FEDERAL STRATEGIES ACTIVES	France	Banking / mutual funds	/	99.8	/	99.8
FEDERAL SUPPORT COURT TERME ESG	France	Insurance and asset management / mutual funds	38.3	/	38.3	/
FEDERAL SUPPORT MONETAIRE ESG	France	Insurance and asset management / mutual funds	46.0	/	46.0	/
FORMUL'ACTION SECURITE (3)	France	Insurance and asset management / mutual funds	/	93.7	/	93.7
FPS SURAVENIR ACTIONS INTERNATIONALES PROTECT	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS LOW VOL	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS MID CAPS (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FPS SURAVENIR ACTIONS PROTECT	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR ACTIONS PROTECT II	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
FPS SURAVENIR OVERLAY LOW VOL ACTIONS (1)	France	Insurance and asset management / mutual funds	100.0	/	100.0	/
FSP / COMPARTIMENT 5	France	Insurance and asset management / mutual funds	/	42.4	/	42.4
KALEIDOSCOPE (3)	France	Insurance and asset management / mutual funds	/	98.5	/	98.5
OPCI CLUB FRANCE RET	France	Insurance and asset management / mutual funds	46.3	46.3	46.3	46.3
OPCI PREIM DEFENSE 2	France	Insurance and asset management / mutual funds	37.5	37.5	37.5	37.5
OPCI PREIM EUROS	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
OPCI PREIM EUROS 2	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
OPCI PREIMIUM	France	Insurance and asset management / mutual funds	75.5	89.5	75.5	89.5
OPCI SOFIDY PIERRE EUROPE	France	Insurance and asset management / mutual funds	/	84.5	/	84.5
OPCI TIKEHAU RET PRO	France	Insurance and asset management / mutual funds	39.3	39.3	39.3	39.3
OUESSANT (1)	France	Insurance and asset management / mutual funds	37.0	/	37.0	/
PRIMO ELITE	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
PRO FEDERAL LIQUIDITES (4)	France	Insurance and asset management / mutual funds	/	63.3	/	63.3
S.C.I PROGRES PIERRE	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
S.C.I SURAV PIERRE	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
SCI CLOVERHOME	France	Insurance and asset management / mutual funds	50.0	50.0	50.0	50.0
SCI LE VINCI HOLDING	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
SCI PR2 PREIM RET 2	France	Insurance and asset management / mutual funds	38.0	38.0	38.0	38.0
SCI SOFIDY CONV IMMO	France	Insurance and asset management / mutual funds	/	52.0	/	52.0
SCI USUFRUIMMO	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
SCPI PIERRE EXPANSION	France	Insurance and asset management / mutual funds	57.0	57.0	57.0	57.0
SCPI PRIMOFAMILY	France	Insurance and asset management / mutual funds	41.3	55.7	41.3	55.7
SCPI PRIMONIA CAP IMMO	France	Insurance and asset management / mutual funds	35.8	40.1	35.8	40.1
SP CONVERTIBLES (1)	France	Insurance and asset management / mutual funds	20.8	/	20.8	/
SP CONVERTIBLES ISR EUROPE (4)	France	Insurance and asset management / mutual funds	/	26.6	/	26.6
SP HAUT RENDEMENT	France	Insurance and asset management / mutual funds	41.1	38.3	41.1	38.3
SP NS FAMILLE	France	Insurance and asset management / mutual funds	45.3	43.1	45.3	43.1
SP OPPORTUNITES EUROPEENNES	France	Insurance and asset management / mutual funds	35.7	31.2	35.7	31.2
SURAVENIR INITIATIVE ACTIONS	France	Insurance and asset management / mutual funds	100.0	100.0	100.0	100.0
SYNERGIE FINANCE INVESTISSEMENT	France	Banking / mutual funds	100.0	100.0	100.0	100.0
WE POSITIVE INVEST	France	Banking / mutual funds	100.0	100.0	100.0	100.0
WEST WEB VALLEY	France	Banking / mutual funds	35.4	35.4	35.4	35.4
YOMONI ALLOCATION (1)	France	Insurance and asset management / mutual funds	47.5	/	47.5	/
YOMONI MONDE (1)	France	Insurance and asset management / mutual funds	44.0	/	44.0	/

(1) Companies first-time consolidated in 2019
(2) Property
(3) Liquidation
(4) Merger of assets and liabilities

The simplified method of accounting (called shortcut method) is based on using the fair value option for all assets held under the mutual fund to be consolidated.
The shortcut method entails:

- recognizing the fund shares in assets at fair value on the basis of 100%
- establishing a corresponding liability (financial liability) for the amount of the share not held by the group (non-controlling interests).

ANC Regulation No. 2016-09 (ANC, the French Accounting standard setter) requires companies that prepare their consolidated financial statements in accordance with international standards to publish additional information relating to companies not included in their scope of consolidation as well as significant equity interests. This information is available on the Group website, within the regulatory information section.

Note 49. Business combinations

Lastly, on November 21, 2019, Crédit Mutuel Arkéa purchased Budget Insight, a French fintech company that specializes in white-label BtoB financial data aggregation.

The following table contains key information about these business combinations:

(In € thousands)	Budget Insight
DATE OF ACQUISITION	**11/21/2019**
Acquisition price	**29,400**
Net IFRS position (100%)	**862**
Goodwill (100%)	0
Related deferred taxes (100%)	0
Other (100%)	223
NET ASSETS + GOODWILL	**1,085**
Consolidation method	Full consolidated
Goodwill recognized on the balance sheet (full goodwill)	**28,315**
Contribution to the Group's 2019 profit/loss	**(379)**

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 50. Events after the reporting period

On September 5, 2019, Crédit Mutuel Arkéa signed a memorandum of understanding with Caisse Fédérale de Crédit Mutuel and the Crédit Mutuel Massif Central federation to define the terms of the separation of the Crédit Mutuel Massif Central federation.
The separation became effective on January 1, 2020.
This transaction is neither a sale nor a distribution. It is a special transaction among shareholders in the mutual and cooperative sector. It does not fall within the scope of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

The main impacts of the withdrawal of the CMMC network are estimated at:
Customer loans: €1.451 billion
Due to customers: €1.180 billion
Contribution to the group's equity: €119 million