



Social Bond Allocation & Impact Report

September 2020

ARKEA
SERVICES FINANCIERS

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Key Figures

€500 M
issued maturing
in 2028

100 %
refinancing

3 Categories of assets refinanced



Social
housing



Health



Education

over 11 French regions

Contribution
to the funding of



15,364
housing units



18
health and educational
institutions



corresponding to



10,770
beds (hospitals)

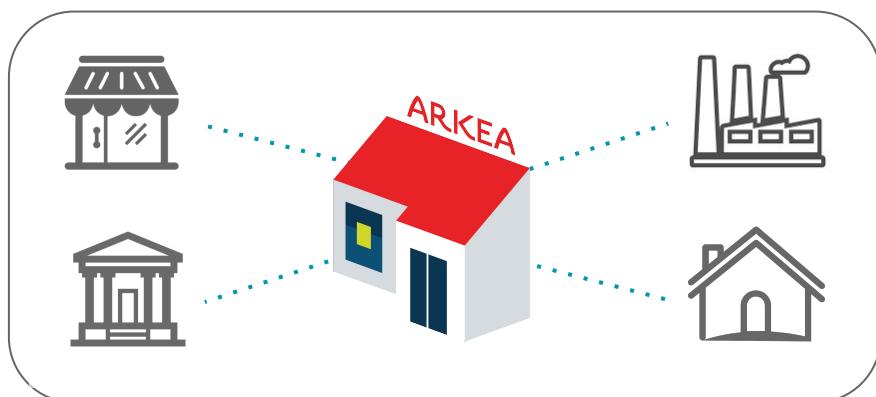
1. Arkéa's social ambition

The Arkéa group places **corporate social responsibility (CSR)** at the heart of its **corporate strategy**. This approach took a **new dimension with the expression of the Group's Raison d'être**. This Raison d'être reveals and enshrines the meaning of Arkéa's actions, what the group has always been and what it wishes to remain, what characterises and distinguishes it. Indeed, this approach based on the Raison d'être has highlighted the fact that Arkéa's performance is not measured solely in terms of its income statement and **that value creation is multifaceted, financial, non-financial and, above all, shared with all of its stakeholders**.



The Arkéa group has a very strong impact on the regions in which it operates and a particular responsibility towards all those who contribute to its development.

A responsibility **that translates into accompanying its customers, partners and territories in societal and environmental transitions**. It is through its financing and investments that the Group has the greatest leverage to support the success of these transitions. By providing its stakeholders with innovative solutions, Arkéa offers them the opportunity to adapt to these challenges and **create value shared with the players in its regions**.



By way of illustration:

As access to housing is a major concern for its customers, the Arkéa group has chosen to contribute to this issue through various types of initiatives that go beyond real estate financing. **The banking services offered by the two federations contribute to the financing of social housing, in particular through a portion of the savings collected in the Crédit Mutuel de Bretagne and Crédit Mutuel du Sud-Ouest savings accounts.** Arkéa Banque Entreprises et Institutionnels works with more than two-thirds of the social funders of more than 10,000 housing units.

Arkéa Banque Entreprises et Institutionnels supports both local public sector players and private players with public interest missions. Its institutional clients include local authorities, in particular municipalities and inter-municipalities with more than 50,000 inhabitants, two out of three departments, 11 out of 13 regions and the 15 most populous metropolitan areas in France. The bank also finances local public institutions, health and medico-social institutions, social housing providers, as well as mutual insurance companies, pension funds and associations.



Arkéa Banque Entreprises et Institutionnels supports

2 out of 3 departments

11 out of 13 regions

the 15 most populous metropolitan
areas in France

In order to encourage and enhance the responsible practices of all stakeholders, Arkéa Banque Entreprises et Institutionnels has been renewing each year since 2017 **a funding envelope dedicated to its customers' CSR projects** (infrastructure, renewable energies, energy efficiency in buildings, clean equipment, etc.). **The aim of this scheme is to encourage customers and prospective customers to implement their responsible development projects by offering them subsidized loan rates.**

In December 2019, **the Arkéa group was approved by the European Investment Fund (EIF) to help farmers finance the transformation of the agricultural model.** Farmers, customers of the Crédit Mutuel de Bretagne et du Sud-Ouest federations, will be able to benefit from loans on preferential terms, particularly in terms of guarantees, to finance projects aimed at moving upmarket, creating added value and transforming production systems. **This fund is also intended to support generational renewal by assisting the installation of new farmers.**

2. Inaugural "social bond" issue

The issue of a first social bond is fully in line with Arkéa's CSR strategy, which aims to support its customers and territories in their social and environmental transition projects.

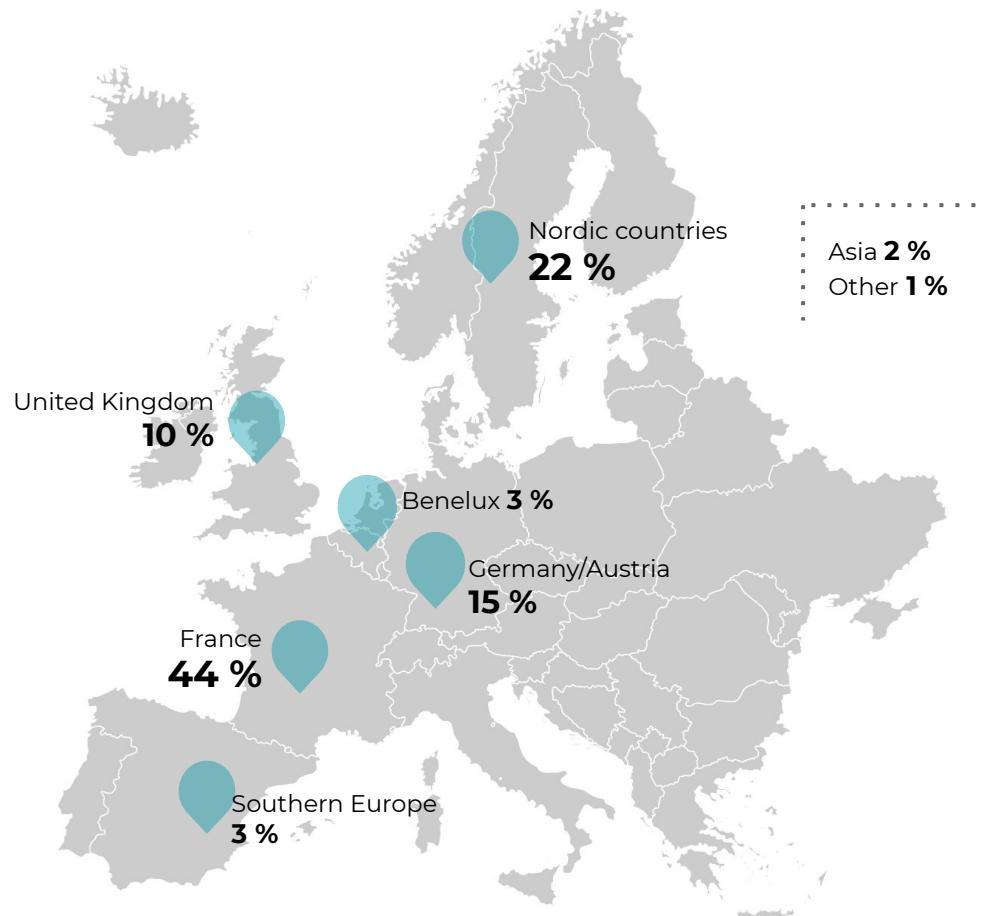
A favourable reception for a first issue

Following investor meetings organised in Europe, the Arkéa group's first social bond issue was carried out for a nominal amount of €500 million and a maturity of 9 years. Investor interest was strong with a final order book of €1.3bn, i.e. an oversubscription of 2.6x.

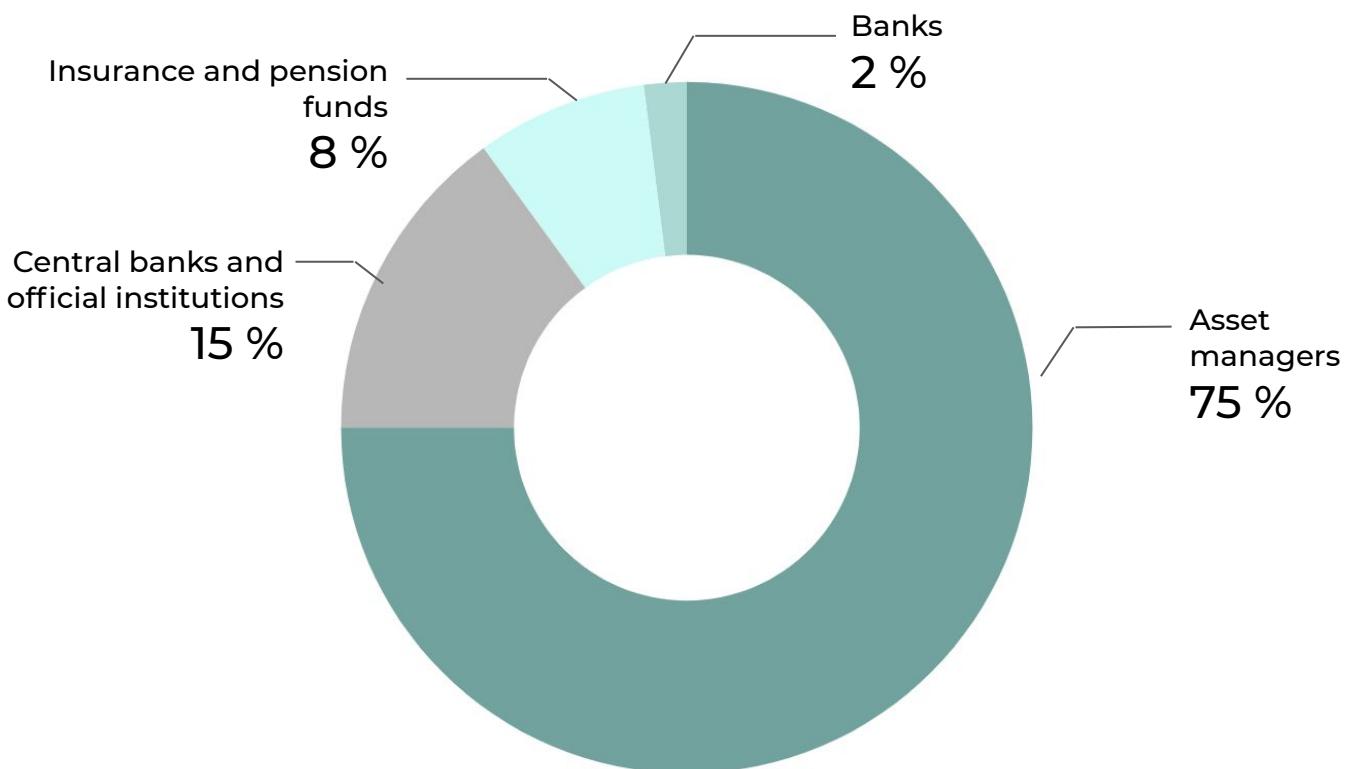
Characteristics of the issue

Issuer	Crédit Mutuel Arkéa
Status	Senior Unsecured, unsubordinated
Issue ratings	Aa3 (Moody's) / A (Fitch)
ISIN	FR0013450822
Currency	EUR
Aggregate nominal amount	500,000,000
Net proceeds	493,945,000
Issue date	03/10/2019
Maturity date	03/10/2028
Interest basis	0.375 per cent. per annum Fixed rate
Reoffer spread (vs. Mid swap)	+70 bp

Breakdown of investors who subscribed to the first social bond issue by geographical origin



Breakdown of investors who subscribed to the first social bond issue by type



3. Allocation of amounts raised

As of the date of this report, the amounts raised have been fully allocated to the refinancing of loans already outstanding on the settlement date of the issue:

Proportion of amounts raised already allocated to date	100%
Share of refinancing	100%
Share of new financing	0%
Proportion of unallocated amounts raised to date	0%

Reminder of eligible asset categories

The Arkéa group's "Green, Social and Sustainability Bond Framework" ("the framework") defines the use of proceeds in section 4.1.

With regard to the social bonds, the amounts raised will be used to "finance and/or re-finance all or part of the eligible social loans, i.e. loans and/or investments made in France or Europe by Arkéa and/or its subsidiaries up to 36 months prior to any social bond issue and falling within the categories of eligible social loans and meeting the eligibility criteria listed below".

The categories of eligible social loans and the eligibility criteria were reviewed by Vigeo Eiris as part of the work carried out for the issue of a "Second Party Opinion" on the framework.

Definition of eligibility criteria



Social Housing

Loans dedicated to the financing of regulated social housing projects, including:

- Social Accession Loans
- Loans to social landlords



Health & Care

Loans dedicated to the financing of medical care centres, including:

- Public hospitals
- Medical-social centres such as institutions for the elderly



Territorial economic development

Loans to finance the territorial economic development activities of the following local economic actors and/or public interest bodies:

- SMEs
- Local Authorities
- Actors of the Social and Solidarity Economy such as the Communal Centres for Social Action
- Associations
- Philanthropic foundations and structures



Education

Loans for financing primary and secondary schools and vocational training institutions, including:

- Construction and/or renovation of buildings and premises
- Specific programmes, teaching materials, furniture and other equipment

Selection and validation process for eligible loans

Eligible loans were selected in accordance with selection procedures established for each of the Arkéa group entities concerned. The eligibility of the loans selected and refinanced by the inaugural social bond issue was validated by the Arkéa group's Sustainable bonds Committee, whose role is defined in section 4.2 of the framework.

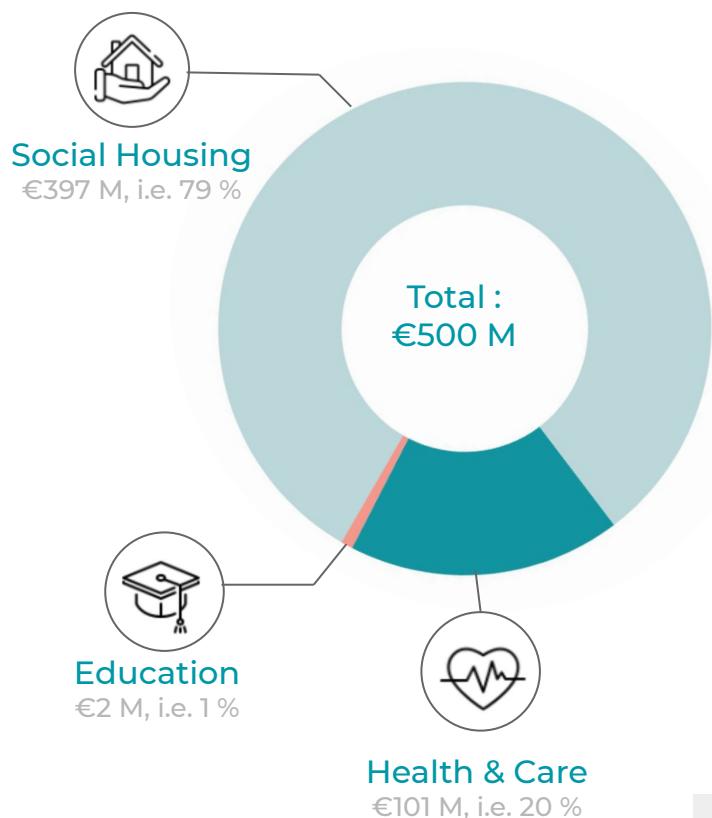
It should be noted that the selection process includes a controversial search for borrowers (legal entities) whose loans have been selected.

Summary of the allocation of amounts raised at issue

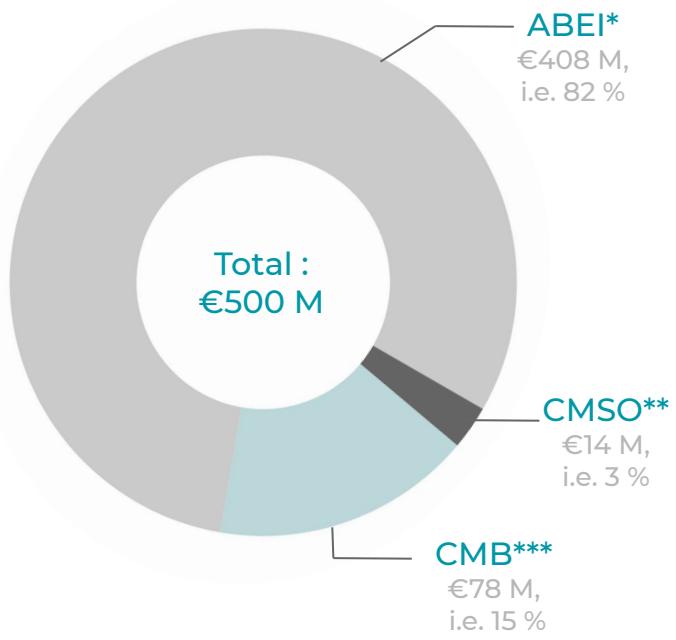
On 28 May 2020, the Sustainable Bonds Committee approved the following allocation of the funds raised from the social bond issue:

Asset Class	No. of projects	Amounts
Social housing	1,020	€397 M
Health	14	€101 M
Education	2	€2 M
Total	1,036	€500 M

Breakdown of amounts allocated by type of eligible loan



Breakdown of loans refinanced by lending entity



*Arkéa Banque Entreprises et Institutionnels

**Crédit Mutuel du Sud-Ouest

*** Crédit Mutuel de Bretagne

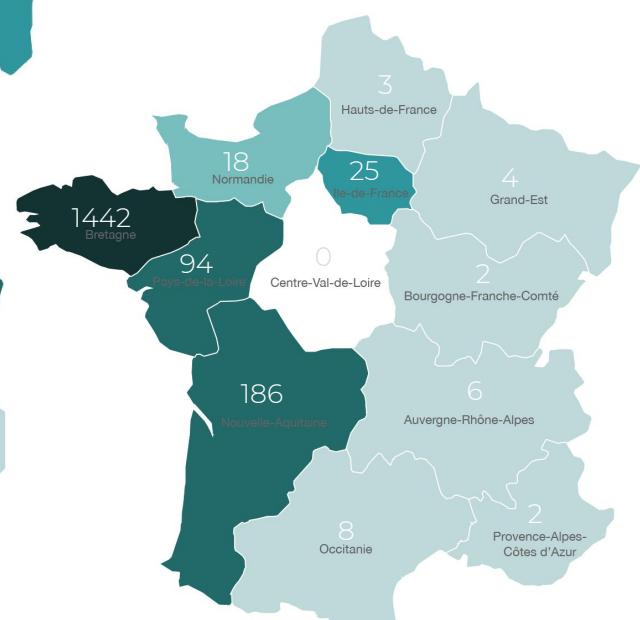
Breakdown of loans refinanced by type of borrower

Type of borrower	Remaining capital due	Number of loans
Social housing players (public housing offices and private housing organisations)	€ 304,057,683	26
Other social housing players	€ 12,500,000	1
Hospitals	€ 91,836,634	10
Individuals (Social Accession Loans)	€ 88,881,126	1,748
Schools and education	€ 2,121,319	2
Other health care institutions	€ 603,259	3
Overall Total	€ 500,000,020	1,790

Total amount of loans refinanced by administrative region



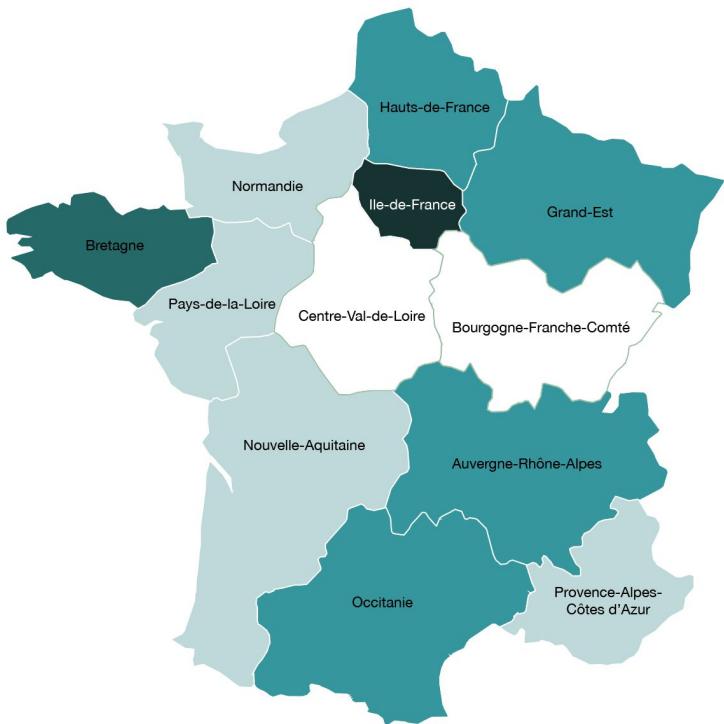
Number of projects by administrative region



Total amount of loans refinanced by administrative region



Social housing



Health & Care



Education



LEGEND

- < €20 M
- Between €20 M and €40 M
- Between €40 M and €80 M
- > €80 M

4. Impact indicators

key figures



2,500 people with modest incomes were able to buy a home



1,350 students eligible for funded education projects



Co-financing of health care institutions with more than **10,000 beds**

Social Bond impacts



Social housing



Alignment with UN Sustainable Development Goals (SDGs) :

10 REDUCED INEQUALITIES



10.2 By 2030, **empower all people and promote their social, economic and political integration**, regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status.

11 SUSTAINABLE CITIES AND COMMUNITIES



11.1 By 2030, **ensure access for all to adequate, safe and secure affordable housing and basic services for all**, and clean up slums.

Social Accession Loans (PAS) :

→ **994 real estate projects completed**, financed by **1,748 loans** (full financing) and benefiting **2,500 people**

→ On average, **2.5 people** occupy the **dwellings concerned**

→ These real estate projects are spread over **24 departments** and **6 major French regions**

→ Social Accession Loans are granted to **people with modest income**. A ceiling is set according to the number of people in the household and the location of the dwelling (see www.pret-accession-sociale.com/beneficiaires-pret-accession-sociale.html). The median household income ceiling for funded Social Accession Loans is 42,000 euros.

Loans to social funders :

Majority share¹ in full financing

- 11,275 beneficiaries
- 4,902 housing units

Minority interests¹ in full financing

- 21,776 beneficiaries
- 9,468 housing units

¹ See methodology on p.15



Education

Alignment with UN Sustainable Development Goals (SDGs) :

4 QUALITY EDUCATION



4.a Build or adapt schools that are child-friendly, gender-sensitive and accessible to children, persons with disabilities and both sexes, and provide an effective learning environment that is safe, violence-free and accessible to all.

Full financing of **the construction and/or refurbishment of school buildings and premises:**

→ Creation of **new classrooms to accommodate more than 100 additional students within 3 years** in a school with 389 pupils (primary education)

Full financing of **specific programmes, teaching materials, furniture and other equipment for schools:**

→ Creation of a **new sports hall** in a school and a new Documentation and Information Centre in a high school/college with 1,250 pupils.



Health and Care

3 GOOD HEALTH AND WELL-BEING



3.d Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

Public Hospitals

→ **Majority interests¹ in construction or renovations:**

- Creation of a crèche for nursing staff with 59 cradles following the expansion of a hospital
- Creation of a training institute for nurses
- Creation of a training institute for nurses' assistants

→ **Minority interests¹ in construction or renovation work**

- Construction of a new intermunicipal hospital facility with a capacity of 317 additional patients
- Renovation of a hospital to accommodate 642 new patients
- Redevelopment of a hospital for an additional 1,693 patients

→ **Minority interests¹ in investment budgets**

- For a 1,315-bed hospital
- For a 2,542-bed hospital

¹ See methodology on p.15



Full funding of **medical-social centres such as institutions for the elderly :**

- **Construction of an EHPAD** (accommodation facility for dependent elderly people) to accommodate 100 new people
- **Construction of a psychiatric hospital** to accommodate 300 new people
- **Purchase of medical beds, patient lifts and shower trolleys** to accommodate additional disabled patients
- **Renovation and extension of the premises of an association for autistic children**, increasing its capacity by 40%.
- **Purchase and renovation of a building** to accommodate additional disabled patients

Methodology

The impact data presented are those indicated at the time of implementation of the funding: since then, changes may have taken place and led to a modification of these data, compared to the initial project.

For example, in financing housing projects, the number of people in the household may have changed without the knowledge of the lending bank.

Majority and minority shareholdings

The Arkéa group's retail banking networks (CMB, CMSO and ABEI) operate collectively with other players in the banking world. In this way, Arkéa provides leverage: by lending, it contributes to the project as a whole. This is why the impact figures reported concern the entire project and not just the portion financed by Arkéa entities.

The participation in the financing of the project is defined as a majority stake if the loans granted by Arkéa exceed 50% of the total amount of the project.

Details on Social Accession Loans (PAS)

Location of the project

The location of the project is determined by the postal code of the dwelling.

Loans and projects

Sometimes several loans are used to finance the same project: it is then normal that the number of loans exceeds the number of projects.

Ceiling

Social Accession Loans are real estate loans regulated by the State since 1993, promoting access to home ownership for families with modest income.

In order for a household to benefit from the Social Accession Loan, its total income must be below a ceiling determined according to the location of the project (see <https://www.pret-accession-sociale.com/beneficiaires-pret-accession-sociale.html>). The ceiling for each loan was thus defined to determine the median ceiling for the different projects.

Number of persons occupying the dwelling

The number of persons occupying the dwelling corresponds to the actual average number of persons making up the household at the time the social access loan file is drawn up. This number may have changed between the date the file was drawn up and the date of issue of the Social Bond.

Details on loans to social funders

The number of beneficiaries of financed housing was calculated by multiplying the number of housing units financed by the average number of occupants of a dwelling in France (main residence), i.e. 2.3 according to INSEE (figure for 2013, date of the last housing survey, see <https://www.insee.fr/fr/statistiques/1287961?sommaire=1912749>).

Appendix

CREDIT MUTUEL ARKEA

Attestation from of one of the statutory auditors
of Crédit Mutuel Arkea on the information
related to the allocation, as of 3rd October 2019,
of funds raised through the « Social bonds »
issued on October 3, 2019.

MAZARS

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DIRECTOIRE ET CONSEIL DE SURVEILLANCE

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CREDIT MUTUEL ARKEA

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Attestation from of one of the statutory auditors
of Crédit Mutuel Arkea on the information
related to the allocation, as of 3rd October 2019,
of funds raised through the « Social bonds »
issued on October 3, 2019.

This is a free translation into English of the attestation from one of the statutory auditors issued in the French language and is provided solely for the convenience of English speaking readers. The document must be read in conjunction and construed in accordance with French law and the guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes).

Attestation from of one of the statutory auditors of Crédit Mutuel Arkea on the information related to the allocation, as of 3rd October 2019, of funds raised through the « Social bonds » issued on October 3, 2019.

To the Chairman,

In our capacity as statutory auditor of Crédit Mutuel Arkea (the “**Company**”) and in accordance with your request, we have prepared this attestation on the information related to the allocation, as of 3rd Octobre2019, of funds raised through the« Social bonds » issued on October 3, 2019 which amounts to €500 million (the “**Issue**”), contained in the attached document “ Appendix 1: synthesis of allocated projects, and prepared pursuant to the conditions of the final terms signed on October 1st , 2019 (the “**Final Terms**”).

This document Appendix 1“, prepared for the purposes of informing the Social Bond debt securities holders, was prepared under, Anne-Katell Quentric-Roth, Head of Crédit Mutuel Arkéa's CSR Sustainable Development Mission Department, responsibility. It presents an allocation of the funds raised from the Issue to eligible projects as defined on the “Green, Social & Sustainability Bond framework” (the “**Eligible Assets**”) fully allocated to the refinancing of loans already outstanding as at October 3, 2019 and identified on the basis of outstanding loans as of September 30, 2019.

Our role is to report on:

- the compliance, in all material respects, of the refinanced loans presented in the attached document, with the eligibility criteria defined by the Company and approved by Vigeo Eiris, as defined in the Final Terms;
- the agreement of the amount of funds allocated to eligible projects under the Final Terms on October 3, 2019 with the accounting and data underlying the Company's accounts;
- the agreement of the amount of treasury and treasury equivalents available on the account (segregation section) used to collect the funds in the balance sheet of the Company on the date of issue, with the Company's accounts.

However, we have no responsibility:

- for challenging the eligibility criteria defined in the Final Terms and, in particular, to give an interpretation of the terms of the Final Terms;
- to express an opinion on the effective use of the allocated funds to refinanced loans after such funds have been allocated.

Our engagement, which constitutes neither an audit nor a review, was performed in accordance with by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes). For the purpose of this attestation, our work consisted, using sampling techniques or other methods of selection, in:

- understanding the procedures implemented by the Company in order to produce the information contained in the attached document related to the Issue;
- checking the agreement of the amounts allocated to refinanced loans as of 3rd October 2019 with data underlying the accounting records;
- checking the correct segregation of funds raised from the Issue and their exclusive allocation to refinanced loans;
- verify that the separate amount of treasury and treasury equivalents, remaining to be allocated, declared by the management is the one recorded in the segregation section of the Company , and that it is consistent with the data from the accounting for the same period.

On the basis of our work, we have no matters to report on:

- the compliance, in all material respects, of the refinanced loans presented in the attached document, with the eligibility criteria defined by the Company and approved by Vigeo Eiris, as defined in the Final Terms
- the agreement of the amount of funds allocated to refinanced loans on 3rd, October 2019, under the Final Terms with the accounting documents and data underlying the Company's accounts;
- the agreement of the amount of treasury and treasury equivalents available on the account (segregation section) used to collect the funds in the balance sheet of the Company on the date of issue, with the Company's accounts.

This attestation has been prepared solely for your attention within the context described above and may not be used, distributed or referred to for any other purpose.

La Défense, 30th June 2020

The Statutory Auditor

MAZARS SA



Franck BOYER
Partner



Edwige REY
CSR & Sustainable Development Partner

Appendix 1: synthesis of allocated projects

Social Loan Categories	Number of projects	Amounts
Affordable housing	1020	397 M€
Health and care	14	101 M€
Education	2	2 M€
Total	1036	500 M€

Disclaimer

This report has been prepared and is distributed by Crédit Mutuel Arkéa (the "Company", "Crédit Mutuel Arkéa" or "Arkéa") for information purposes only and does not constitute or relate in any way to a recommendation, solicitation, offer or invitation to purchase or subscribe for any shares, securities, bonds and/or securities (together, as the case may be, the "Securities") to be issued by the Company.

Each recipient of this report must make his own assessment of the relevance of the information contained therein and must, to the extent he deems necessary, consult his own legal, regulatory, tax, commercial, economic, financial and accounting advisers and make his own investment decisions based on his own judgement and, to the extent necessary, on the advice provided by such advisers and not on the basis of any opinion expressed in this report.

No representation or warranty, express or implied, is made as to the objectivity, accuracy, completeness or correctness of the information and opinions contained in this report. Furthermore, information relating to parties other than Crédit Mutuel Arkéa or coming from external sources has not been independently verified. The Company reserves the right to make any changes to this report.

Neither the Company, nor its subsidiaries or shareholders, boards or representatives shall be liable (whether in negligence or otherwise) for any loss caused by the use of this report or its contents or otherwise related to this document.

It is specified that the allocation of the amounts raised has been audited by Mazars (61 rue Henri Régnault, 92400 Courbevoie, France). The impact data was not audited and was obtained from the various Crédit Mutuel Arkéa entities concerned, or established according to the methodology described in the report.

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