



2021 Universal Registration Document

INCLUDING
THE ANNUAL FINANCIAL REPORT OF BFCM

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2021 Universal registration document

including the annual financial
report of BFCM

This overall presentation document was prepared by the Banque Fédérative du Crédit Mutuel (BFCM) in connection with widening its investor base, in order to respond to the specific features of some of the markets in which it operates.

In order to provide the same level of information to all investors on the European continent, in North America and in the Asia-Pacific region, BFCM has decided, for greater clarity and readability, to introduce a single universal registration document containing the financial information of Crédit Mutuel Alliance Fédérale (which offers a complete economic view of the group's activities) and that of BFCM (the issuer). This document will be useful for all BFCM refinancing programs (Euro Medium-Term Notes Program; U.S. Medium-Term Notes Program; Euro Commercial Paper; Negotiable debt securities)

This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer. The English language version of this report is a free translation from the original, which was prepared in French. All possible care has been taken, to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.



The universal registration document was filed on April 13, 2022, with the AMF, as the competent authority under Regulation (EU) 2017/1129, without prior approval, in accordance with Article 9 of the regulation. The universal registration document can be used for the purposes of a public offering of financial instruments or for the admission of financial instruments to trading on a regulated market if it is supplemented by a note on the financial instruments and, where relevant, a summary and all amendments to the universal registration document are included. These are approved by the AMF in accordance with Regulation (EU) 2017/1129.

This universal registration document is a reproduction of the official version of the universal registration document including the 2021 annual financial report which has been prepared in ESEF (European Single Electronic Format) and is available on our website bfc.m.creditmutuel.fr

2021, an exceptional year, serving our customers and society

EDITORIAL NICOLAS THÉRY & DANIEL BAAL

Nicolas Théry
Chairman

After an unprecedented period of health crisis, what is your assessment of 2021?

Once again, Crédit Mutuel Alliance Fédérale has demonstrated its value to its members and customers, and to society in general. This crisis has transformed us. It has led us to fully implement the “results-based mutualism” to which we are committed, as illustrated by the solidarity measures taken over the past two years.

In 2021, we recorded a strong increase in our activity, which reached €15.9 billion in net banking income. Our operational efficiency increased further with a cost/income ratio of 57.4%. In total, our net profit reached €3.5 billion, up by 39%. This performance, the best in our history, was made possible by the dedication of our 72,500 employees and 15,000 elected members. Our thanks go first and foremost to them. Despite the uncertain context, they have succeeded in strengthening our relationships of trust and proximity with our customers and members.

These solid results confirm the relevance of our mutualist model and of our strategic plan, *ensemble#nouveau monde, plus vite, plus loin !* [together#today's world, faster, further!] and our decision to adopt the status of a benefit corporation.

How does this status as a benefit corporation translate into actions?

We have made 14 commitments that concretely illustrate our mutualist and solidarity commitment. They place our customers and members at the heart of our actions, whether it be fighting discrimination, protecting the digital privacy of our customers, acting for the development of the regions or contributing to making society fairer and more sustainable. As of 2021, we have implemented this transformation by being ever more present alongside our members and customers in all regions, proving our ability to constantly adapt. In this respect,

Daniel Baal
Chief Executive Officer



we have taken several strong measures. Last November, Cr dit Mutuel Alliance F d rale became the first insurer to abolish the health questionnaire for its loyal customers when financing their main residence. We believe that health should not be a barrier to home ownership.

Because we are determined to strengthen our proximity to the non-profit world and our support for local initiatives, we have also decided to offer civil liability coverage to the managers of Cr dit Mutuel or CIC customer associations and to make our Pay Asso payment solution available to them for free. We want to support and protect those who get involved.

On the environmental front, Cr dit Mutuel Alliance F d rale was the first bank to announce that it would no longer finance new coal, oil or gas projects. This is a strong initiative that reflects our desire to join the carbon trajectory set by the Paris Climate Agreement as soon as possible.

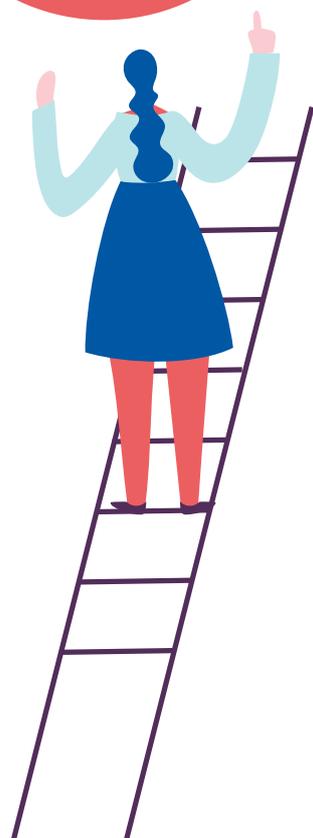
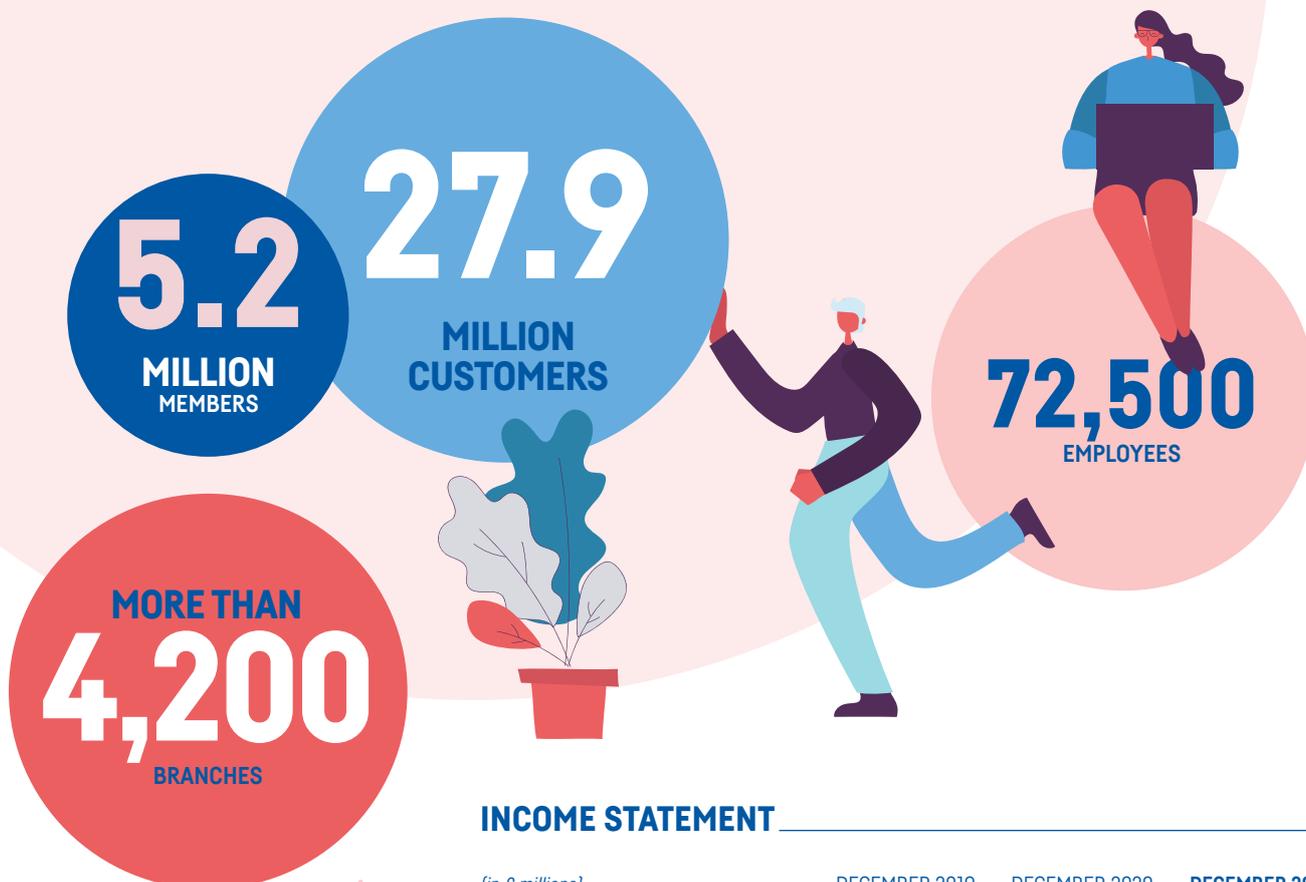
What is your state of mind going into 2022?

In the context of strong geopolitical tensions in Europe at the beginning of 2022, we are mobilized and vigilant. In particular, we will strengthen our support for entrepreneurs impacted by the war in Ukraine. We will also pay special attention to addressing purchasing power issues related to the return of inflation.

Our mutualist culture responds to increasingly deep-seated societal aspirations, which are amplified in times of crisis. Since the beginning of the health crisis, we have actively supported the economy. Today, in this uncertain situation, we remain mobilized to accelerate our commitments for the common good and to build a sustainable future for everyone.

The employees of Cr dit Mutuel Alliance F d rale are fully involved in this project. Their commitment fuels our development and the success of our strategy of diversifying and pooling our resources. We would like to thank them.

2021 Key figures



INCOME STATEMENT

<i>(in € millions)</i>	DECEMBER 2019	DECEMBER 2020	DECEMBER 2021
Net banking income	14,569	14,238	15,923
Gross operating income	5,627	5,371	6,787
Net profit/(loss)	3,145	2,595	3,527
Cost/income ratio	61.4%	62.3%	57.4%

RATINGS

	Standard & Poor's At 12/16/2021	Moody's At 12/10/2021	Fitch Ratings At 11/17/2021*
Issuer / LT Preferred senior debt	A+	Aa3	AA-
Outlook	Stable	Stable	Stable
ST Preferred senior debt	A-1	P-1	F1+

Standard & Poor's :
Crédit Mutuel
group rating.

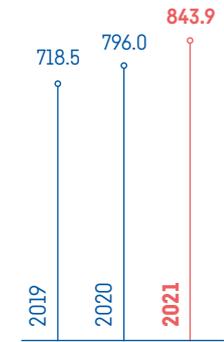
Moody's :
rating for Crédit Mutuel
Alliance Fédérale/BFCM
and CIC.

Fitch Ratings :
Crédit Mutuel Alliance
Fédérale rating.

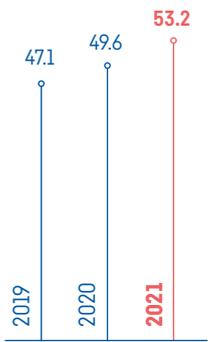
*The "Issuer Default Rating" is stable at A+.



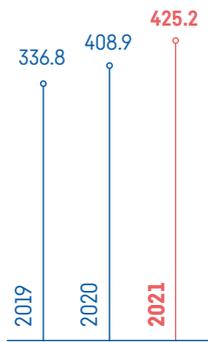
BALANCE SHEET



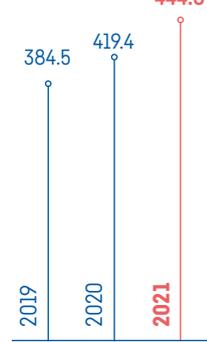
BALANCE SHEET TOTAL
(in € billions)



SHAREHOLDERS' EQUITY
(in € billions)

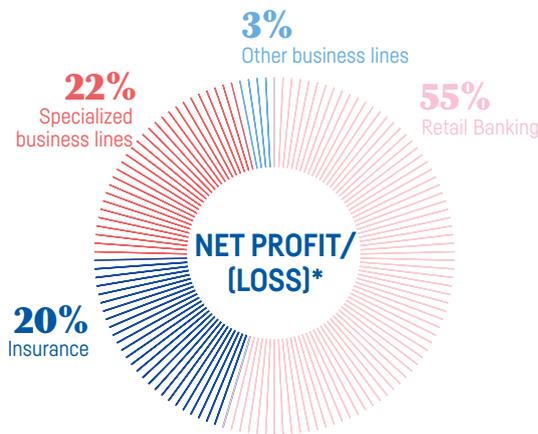
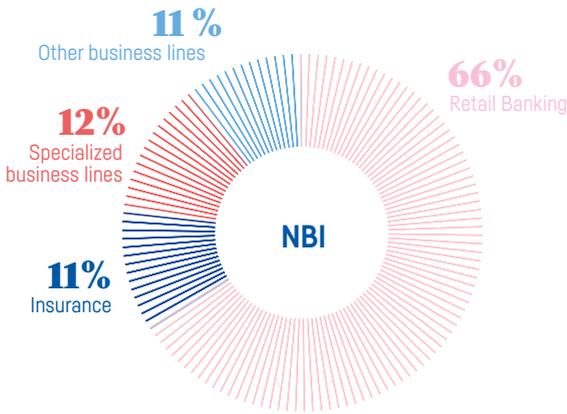


CUSTOMER DEPOSITS
(in € billions)



CUSTOMER LOANS
(in € billions)

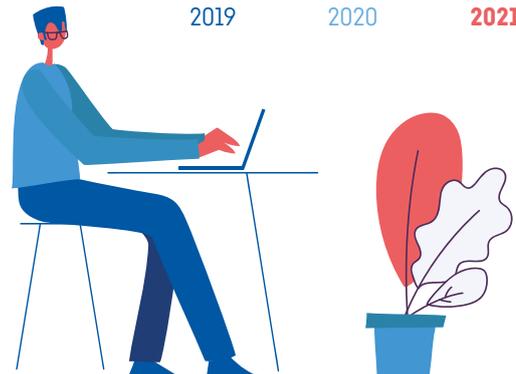
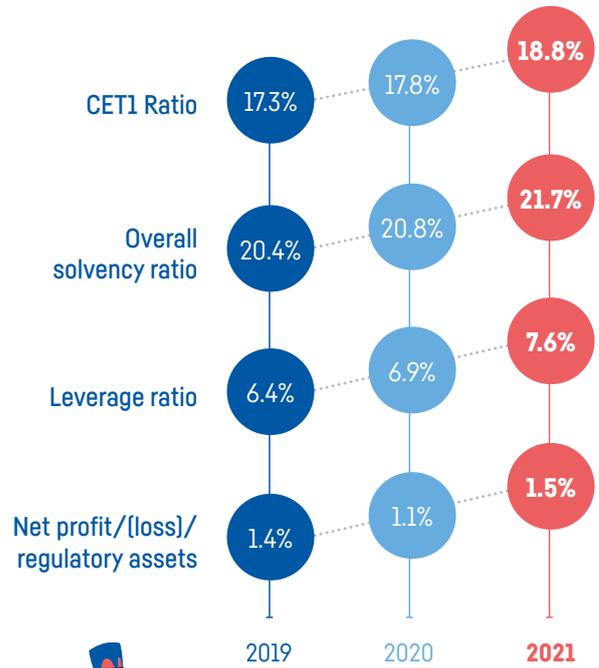
BREAKDOWN OF NBI AND NET PROFIT BY BUSINESS LINE



* Excluding the Holding segment.

CAPITAL

Data calculated without transitional measures.



Our business model

A
RAISON
D'ÊTRE

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE,
BENEFIT CORPORATION

4 strategic priorities 2019 - 2023

OUR RESOURCES AND ASSETS

A solid bank that belongs to its customers

More than **5,230,000** members
15,000 elected members
One member = one vote

A regional and omnichannel bank

More than **4,200** branches
28,000 customer account managers
€3 billion invested in the real economy through private equity

A bank committed to its customers

72,480 employees serving
27,900,000 customers

Powerful brands

Crédit Mutuel, CIC, TARGOBANK, Cofidis

A technological and innovative bank

Euro-Information, a technological subsidiary dedicated to the development of **solutions for today and tomorrow**

A solid bank

CET1 ratio of **18.8%**
€53.2 billion in shareholders' equity

OUR BUSINESS LINES

MULTI-SERVICE
BANKING AND
INSURANCE

RETAIL BANKING

Our networks:
Crédit Mutuel, CIC, BECM, TARGOBANK

Consumer loan:
Cofidis Group

Business line subsidiaries:
Factoring, leasing, asset management, employee savings, real estate

55%⁽¹⁾

INSURANCE

Property and personal insurance,
Life insurance,
Borrower insurance

20%⁽¹⁾

SPECIALIZED BUSINESS LINES

Private banking,
corporate banking,
capital markets,
private equity

22%⁽¹⁾

OUR OTHER BUSINESS LINES

IT,
logistics,
press and holding companies

3%⁽¹⁾

(1) Contribution of the operational business lines to net profit 2021 excluding the "Holding" segment.

(2) Crédit Mutuel and CIC networks.

(3) Global scope. Including intra-group.

(4) Apple and Android stores. March 2021. Panel: French retail banks.

(5) French banking groups.

The data for this business model are at the end of 2021.

“ENSEMBLE, ÉCOUTER ET AGIR”

(LISTENING AND
ACTING TOGETHER)

5 missions that guide our actions on behalf of our members and customers and contribute to the common good.



 Relation

 Commitment

 Innovation

 Solidity

**OUR VALUE
CREATION**
SUSTAINABLE
COLLECTIVE
PERFORMANCE

OUR OFFERS

CONSULTING

Our offer is based on specific advice for each of our customers' needs



FINANCING

Financing adapted to the life and development projects of our customers



INSURANCE

Daily protection for our customers and their families, their assets, their professional activity or their company



SAVINGS & INVESTMENTS

Solutions to anticipate and prepare for the future



MULTI-SERVICE OFFER

Local partner and facilitator of our customers' projects



A long-term commitment to our customers

€444.8 billion in outstanding loans
9 out of 10 loans⁽²⁾ granted

Omnichannel close relations

A dedicated account manager for each customer
219,000 virtual customer appointments

Concrete actions for the climate

Carbon footprint reduction for loan and investment portfolios
Plan for coal phase-out by 2030
End of funding for all new oil and gas projects

A company that acts in the interest of society

77% of NBI generated in France
More than 4,800 hires with open-ended contracts⁽³⁾

A constant innovative approach

11.9 million of contract subscription or management actions digitally validated
Remote banking: 2.3 billion connections
Crédit Mutuel and CIC, among the best rated banking applications in App stores⁽⁴⁾

A sustainable and efficient company

NBI: €15.9 billion
Net profit: €3.5 billion
Industry leading operational efficiency⁽⁵⁾ with a cost/income ratio of 57.4%

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE, THE FIRST **benefit corporation** BANK



A mutualist, ethical, supportive and responsible bank, Crédit Mutuel Alliance Fédérale stands out as a benefit corporation.

Our **5** missions

1

AS A COOPERATIVE AND MUTUALIST ORGANIZATION, WE SUPPORT OUR CUSTOMERS AND MEMBERS WITH THEIR BEST INTERESTS

2

AS A BANK FOR ALL, MEMBERS AND CUSTOMERS, EMPLOYEES AND ELECTED MEMBERS, WE ACT FOR EVERYONE AND REFUSE ANY DISCRIMINATION

3

RESPECTFUL OF EVERYONE'S PRIVACY, WE PLACE TECHNOLOGY AND INNOVATION AT THE SERVICE OF PEOPLE

4

AS A SOLIDARITY-BASED COMPANY, WE CONTRIBUTE TO REGIONAL DEVELOPMENT

5

AS A RESPONSIBLE COMPANY, WE ACTIVELY WORK FOR A FAIRER AND MORE SUSTAINABLE SOCIETY



**“Being a benefit corporation
is about taking concrete action for you” ”**

14

concrete commitments

to be achieved by the end of 2022,
to improve our impact on the environment
around us

- 1 | Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings
- 2 | Guarantee to each customer a dedicated, non-commissioned advisor
- 3 | Give more room to young people and move closer to parity on Boards of Directors from 2022
- 4 | Train all our employees and elected members in the fight against discrimination
- 5 | Recruit 25% of work-study students from priority neighborhoods and rural areas
- 6 | Defend gender pay equality at all levels of the bank
- 7 | Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France
- 8 | Invest productivity gains from artificial intelligence in employment and development
- 9 | Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches
- 10 | Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers
- 11 | Invest 5% of our equity mainly in innovative French companies
- 12 | Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022*
- 13 | Immediately stop funding for new oil and gas projects
- 14 | Insure the real estate loans of our loyal customers without any medical formalities

Commitments assessed and verified by a Mission Committee

The Mission Committee will ensure that Crédit Mutuel Alliance Fédérale implements the means, governance and ambition necessary to progress in its missions. It will draw on the expertise of its nine members to propose avenues of work and possible initiatives for the medium term.



Fleur Pellerin Chairwoman of the Mission Committee of Crédit Mutuel Alliance Fédérale
Founder and CEO of Korelya

"Faced with economic, social and climate challenges, the company must position itself as a true vector of change. I am honored to take on the chairmanship of Crédit Mutuel Alliance Fédérale's Mission Committee to help transition our economies to a more inclusive and sustainable development model."

*Reduction compared to 2018

Our strategic plan

The 2019-2023 strategic plan, *ensemble#nouveaumonde, plus vite, plus loin !* [together#today's world, faster, further!] revised in 2020 in the context of the health crisis, is a major catalyst for development and transformation to achieve sustainable and responsible performance.



RELATION

Be the reference relational bank in an omnichannel world

A **dedicated advisor** with a strengthened role, pivotal to a constantly accelerating omnichannel relationship: physical, telephone or digital, at the customer's discretion

Optimized local networks for a tailored response to customer expectations and increased operational efficiency in each region

Continued development of **proprietary offers** (insurance, leasing, etc.) and the launch of a platform of services offered to customers with partner companies

An even **more efficient** organization to market the multi-service offer

Strengthening synergies between local networks and all of the group's business lines and support functions



COMMITMENT

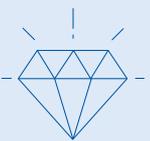
Be a committed bank in tune with a changing world

Strengthened commitments to **support and protect** members and customers weakened by the crisis, and to support regional development players

Strong social, societal and environmental commitments, emphasized in the context of a demanding policy of "social and mutualist responsibility"

Increased training for elected members and employees to support the development of the business lines, in a confident and responsible social dialog

Pooling of resources for greater **collective efficiency**



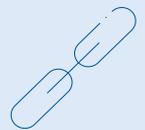
INNOVATION

Be a multi-service innovative bank

Increased **customer orientation** in IT project management

Simplified offers and processes, supported by powerful cognitive tools

Maintaining our **technological lead** in the service of development, security and data protection [digital privacy]



SOLIDITY

Putting solidity to work for the development of the mutualist model

Increased **selectivity** in the allocation of capital and liquidity

Development focused on banking, insurance and financial and technological services in the Eurozone, in particular through its subsidiaries TARGOBANK and Cofidis

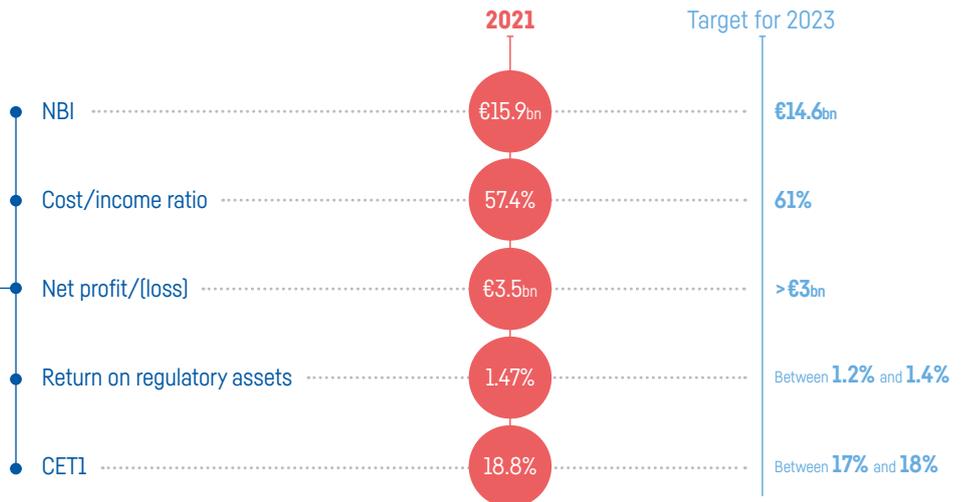
Increased **profitability** through the development of new business synergies that serve networks

Our ambitions for



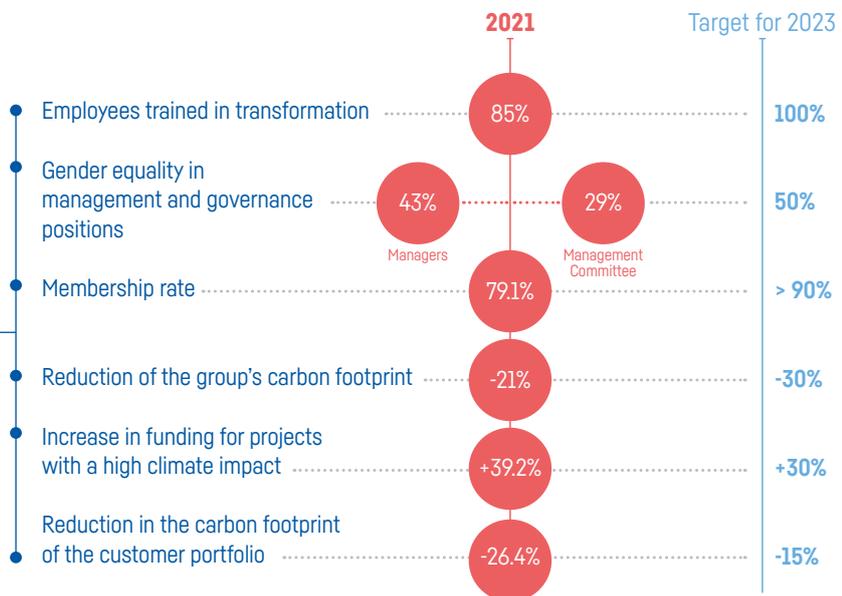
FINANCIAL OBJECTIVES

2021 performance well above 2023 targets



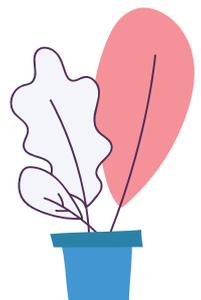
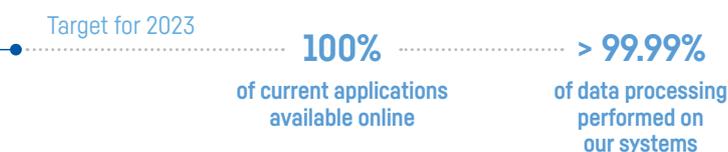
GOALS AND HUMAN AND MUTUALIST DEVELOPMENT

On track at the end of 2021



TECHNOLOGICAL INDICATORS

Technological acceleration for the benefit of the relationship





At the beginning of September 2021, Crédit Mutuel Alliance Fédérale undertook to offer the *Prêt Avance Rénovation* to its members and customers from 2022. Adopted as part of the Climate and Resilience Act of August 22, 2021, the *Prêt Avance Rénovation* will help home owners invest in the energy renovation of their property classified «F» or «G» and accelerate the work of modernization and insulation.



Presentation of Crédit Mutuel Alliance Fédérale and BFCM

1.1	ORGANIZATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE	14	1.3	PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESS LINES	20
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Preamble

As of December 31, 2021, Crédit Mutuel Alliance Fédérale had 27.9 million customers, around 4,200 branches and 72,500 staff.

On January 1, 2022, the Crédit Mutuel Nord Europe federation (CMNE) joined Crédit Mutuel Alliance Fédérale. Crédit Mutuel Nord Europe and Crédit Mutuel Alliance Fédérale have thus completed their merger and strengthened their synergies for the benefit of their customers and members.

A local cooperative bank, Crédit Mutuel Alliance Fédérale is now an alliance of 14 federations and has more than 29 million members and customers. Caisse Fédérale de Crédit Mutuel is the technical and financial cooperative tool shared by 1,512 Crédit Mutuel banks. Thus as at January 1, 2022, Crédit Mutuel Alliance Fédérale is made up of 1 512 local Crédit Mutuel banks, 13 regional banks, 14 federations, Caisse Fédérale de Crédit Mutuel (CFCM), Banque Fédérative de Crédit Mutuel (BFCM) and its subsidiaries.

Crédit Mutuel Alliance Fédérale is affiliated with the Confédération Nationale du Crédit Mutuel, a central body whose purpose is to represent the rights and common interests of the Crédit Mutuel group to the public authorities. The Confédération Nationale du Crédit Mutuel is responsible for ensuring the coherence of the Crédit Mutuel network and the proper functioning of the institutions and companies affiliated with it.

Crédit Mutuel Alliance Fédérale is an important marketing network for the products and services of the specialized subsidiaries directly or indirectly owned by BFCM. The latter reward the business flows brought in through the payment of commissions to the local banks.

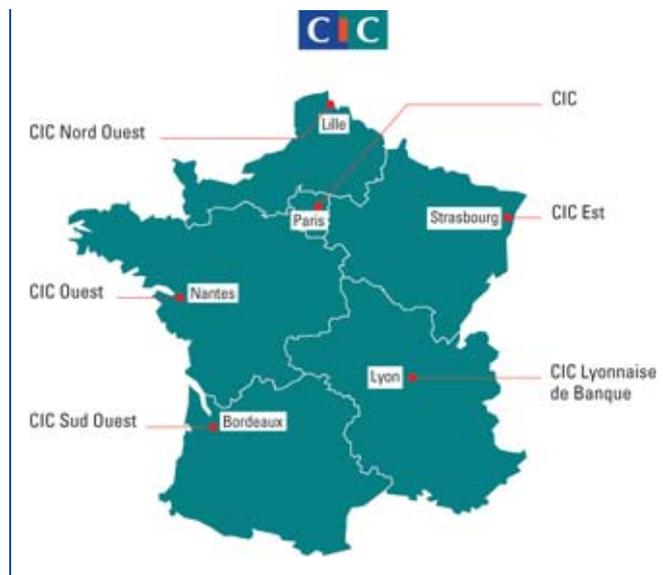
Crédit Mutuel Alliance Fédérale’s consolidated financial statements provide a comprehensive overview of the Group’s activities. They include entities not included in the consolidation scope of BFCM alone, in particular the network of local banks, ACM VIE SAM (mutual insurance company), IT subsidiaries and the GIE Centre de Conseil et de Services (CCS).

1.1 ORGANIZATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

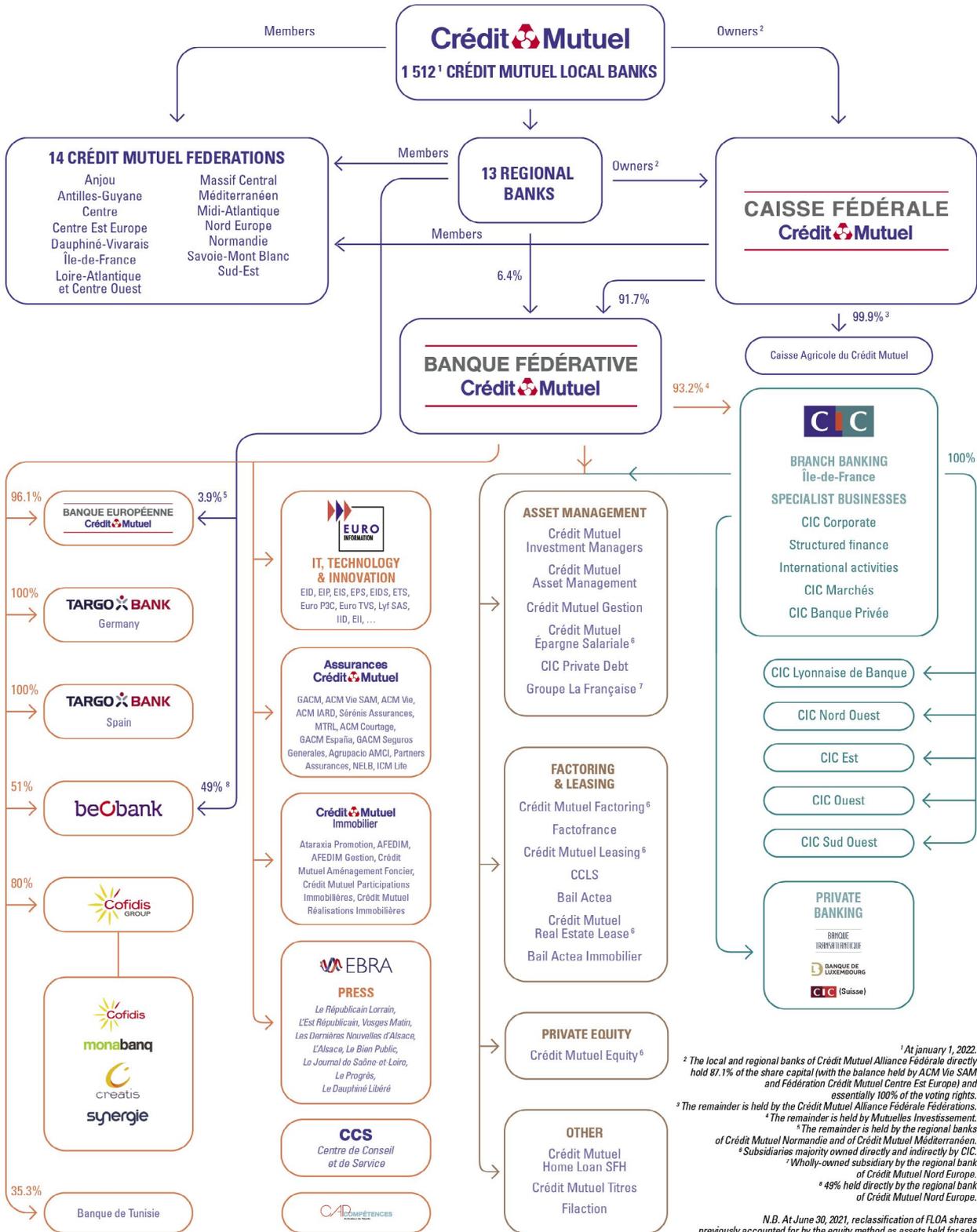
Crédit Mutuel Alliance Fédérale’s organization reflects its status as a cooperative bank and its local presence close to its customers and members.

The territorial network favors at each level – local, regional, national – a greater involvement of employees and elected officials to ensure a high level of responsiveness and better service to customers and members.

It allows for a short decision-making circuit, a good distribution of risks and quality control. The various levels of Crédit Mutuel Alliance Fédérale operate according to the principle of subsidiarity: at the level closest to the member, the local bank is a genuine local player, with the other levels carrying out the tasks that a local bank cannot itself assume.



SIMPLIFIED ORGANIZATION CHART OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE



¹ At January 1, 2022.
² The local and regional banks of Crédit Mutuel Alliance Fédérale directly hold 87.1% of the share capital (with the balance held by ACM Vie SAM and Fédération Crédit Mutuel Centre Est Europe) and essentially 100% of the voting rights.
³ The remainder is held by the Crédit Mutuel Alliance Fédérale Fédérations.
⁴ The remainder is held by Mutuelles Investissement.
⁵ The remainder is held by the regional banks of Crédit Mutuel Normandie and of Crédit Mutuel Méditerranéen.
⁶ Subsidiaries majority owned directly and indirectly by CIC.
⁷ Wholly-owned subsidiary by the regional bank of Crédit Mutuel Nord Europe.
⁸ 49% held directly by the regional bank of Crédit Mutuel Nord Europe.
 N.B. At June 30, 2021, reclassification of FLOA shares previously accounted for by the equity method as assets held for sale

1.1.1 Crédit Mutuel banks or local banks

The banks of Crédit Mutuel, which are either cooperative associations depending on their geographical location (departments 57 – Moselle, 67 – Bas-Rhin, 68 – Haut-Rhin) or cooperative credit companies with variable capital (all other departments), form the basis of Crédit Mutuel Alliance Fédérale. They are credit institutions under the French Monetary and Financial Code.

These local banks are legally autonomous, in compliance with banking regulations, and perform the functions of a retail bank: they collect savings, grant loans and offer various financial services. This autonomy promotes responsiveness and quality of service. Caisse Fédérale de Crédit Mutuel (see below) centralizes all the banks' deposits and ensures their refinancing.

Their capital is held by the members, who are both partners and customers: any customer can subscribe to an A share – amounting to €15 – and thus become a member of the cooperative that is their local bank and vote at its Shareholders' Meeting according to the "one person, one vote" principle. Each member can therefore take part in decisions and elect their representative directors. These elected volunteers, operating at the three levels of Crédit Mutuel – local, regional and national – assume responsibility and control of the Group. They represent the members, are attentive to their needs and their projects.

At December 31, 2021, the banking and insurance network of Crédit Mutuel's banks had 1,379 local banks and 1,919 branches, as well as 7.6 million customers, of which 5.2 million members.

1.1.2 Federations

The federations are entities with the status of associations to which the local banks must belong. Political bodies, they determine the group's main strategic orientations, and organize the solidarity between the banks. They represent Crédit Mutuel in their region.

As at January 1, 2022, Crédit Mutuel Alliance Fédérale had 14 member federations: Crédit Mutuel Centre Est Europe (Strasbourg), Crédit Mutuel Île-de-France (Paris), Crédit Mutuel Midi-Atlantique (Toulouse), Crédit Mutuel Savoie-Mont Blanc (Annecy), Crédit Mutuel Sud-Est (Lyon), Crédit Mutuel Loire-Atlantique et Centre-Ouest (Nantes), Crédit Mutuel du Centre (Orléans), Crédit Mutuel Normandie (Caen), Crédit Mutuel Méditerranéen (Marseille), Crédit Mutuel Dauphiné-Vivarois (Valence), Crédit Mutuel Anjou (Angers), Crédit Mutuel Massif Central (Clermont-Ferrand), Crédit Mutuel Antilles-Guyane (Fort de France) and Crédit Mutuel Nord Europe (Lille).

These federations have gradually established partnerships approved by the supervisory bodies, which have resulted in Caisse Fédérale du Crédit Mutuel Centre Est Europe becoming a joint bank: Caisse Fédérale de Crédit Mutuel (CFCM).

1.1.3 Caisse Fédérale de Crédit Mutuel

Caisse Fédérale de Crédit Mutuel (CFCM) is a corporation with the status of a cooperative banking company (*société anonyme à statut de société coopérative de banque*). It is responsible for all services common to the network and ensures its coordination. CFCM centralizes all the local banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, etc.).

CFCM has used its financial and logistical support resources on behalf of the banks of the 13 other federations through partnership agreements signed between 1993 and 2022.

On a regulatory, technical and financial level, CFCM holds a collective license to operate as a credit institution that benefits all the local banks affiliated to it in line with the French Monetary and Financial Code.

In addition, it is responsible for the solvency and liquidity of the regulatory perimeter and for Group-wide compliance with banking and financial regulations, pursuant to Article R.511-3 of the French Monetary and Financial Code.

In this way, CFCM provides local banks with financial functions such as liquidity management as well as technical, legal and IT services, either directly or through BFCM subsidiaries (insurance, leasing).

CFCM is held jointly by the Crédit Mutuel banks, ACM VIE, SA in mutual form and the federations.

On September 7, 2020, an Extraordinary Shareholders' Meeting approved several statutory amendments, including the adoption of a **raison d'être** and the qualification as a **benefit corporation** in its company purpose.

"*Ensemble, écouter et agir*" (listening and acting together) has become the *raison d'être* for the five missions now included in the articles of association of Caisse Fédérale de Crédit Mutuel and CIC. Crédit Mutuel Alliance Fédérale has thus become the first bank to adopt the status of a benefit corporation.

1.1.4 Banque Fédérative du Crédit Mutuel

BFCM has several key business activities:

- it carries the group's subsidiaries and coordinates their activities. It directly and indirectly holds 100% of Crédit Industriel et Commercial, the holding company of the CIC group and network head which also performs investment, corporate and market activities, a 50.04% stake in GACM SA, which controls the ACM IARD SA and ACM VIE SA companies, and which designs and manages product ranges in property and liability insurance, life insurance and health insurance. Finally it holds specialist banks in France and abroad, in particular Banque Européenne du Crédit Mutuel (BECM), Cofidis Group, TARGOBANK in Germany and Spain, Crédit Mutuel Asset Management, Crédit Mutuel Factoring;
- It also serves as the refinancing facility for Crédit Mutuel Alliance Fédérale and thus acts on the financial markets as an issuer of financial instruments in the short-term and medium long-term. Crédit Mutuel Alliance Fédérale's central cash management is based on appropriate calibration of resources in the short, medium and long terms with the objective of refinancing the group in an efficient and prudent manner. This is ensured *via* public issues and private placements on national and international markets as well as by holding a liquidity reserve that complies with regulatory liquidity ratios and the group's resistance to severe stress. BFCM also hedges interest rate risks on behalf of the Group and its subsidiaries;

In the context of the accession of Crédit Mutuel Nord Europe on January 1, 2022, a partial transfer of assets from Caisse Fédérale du Crédit Mutuel Nord Europe (CFCMNE), subject to the spin-off regime, was carried out for the benefit of BFCM, resulting in the universal transfer of the assets and liabilities concerned. This partial contribution of assets had the effect of transferring the status of issuer to BFCM for all of CFCMNE's bond issues. In accordance with the law, this transaction was carried out after obtaining the required regulatory authorizations, consultations with bondholders and approval by the Extraordinary Shareholders' meetings of CFCMNE and BFCM.

- BFCM acts as custodian mainly for Undertakings for Collective Investment (UCI) of Crédit Mutuel Alliance Fédérale's management companies. The role of the custodian consists in preserving the interest of the unit-holders of UCIs by ensuring the regularity of the management decisions. In this respect, BFCM has three regulatory missions: (i) the custody of assets, *i.e.* the safekeeping and record keeping of other securities (forward financial instruments and other pure registered financial instruments); (ii) ensuring the regulatory compliance of management decisions of UCIs; (iii) cash monitoring. BFCM contractually performs liability management for the UCIs, if the management has been entrusted by the management company;

BFCM is affiliated with Confédération Nationale du Crédit Mutuel.

1.1.5 Governance within Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale does not have one single deliberative body. Each Crédit Mutuel bank appoints a Board of Directors composed of voluntary members elected by the members at a Shareholders' Meeting. From these members, the banks then appoint their representative to the federation level. The Chairman of the Federation (or of a District for the Fédération du Crédit Mutuel Centre Est Europe) may become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary, BFCM.

Bearing these factors in mind, the "Corporate Governance" chapter will present two reports on corporate governance: one for the CFCM as a representative of the consolidating parent company and one for BFCM.

Furthermore, the internal control procedures and those to combat money laundering and the financing of terrorism are homogeneous within Crédit Mutuel Alliance Fédérale.

1.2 THE CRÉDIT MUTUEL GROUP

The Crédit Mutuel group which is a leading supplier of banking and insurance services in France for the Crédit Mutuel network and all its subsidiaries is grouped under the network's umbrella body: Confédération Nationale du Crédit Mutuel (CNCM). CNCM is responsible for defending the interests of the Crédit Mutuel group, whose central bank acts as its financing tool.

Crédit Mutuel is a cooperative bank which is governed by the law of September 10, 1947. It belongs to its members who hold its capital and direct its strategy under a democratic functioning method.

1.2.1 Regional groups

The Crédit Mutuel group comprises the Crédit Agricole et Rural (CMAR) federation – and four regional groups comprising 18 federations:

- Crédit Mutuel Alliance Fédérale comprising 14 regional federations grouped around Caisse Fédérale de Crédit Mutuel;
- the Crédit Mutuel Arkéa group and its two regional federations, together forming Caisse Interfédérale Crédit Mutuel Arkéa: Bretagne (Brest), and Sud Ouest (Bordeaux);
- the Crédit Mutuel Maine-Anjou, Basse-Normandie regional group (Laval);
- the Crédit Mutuel Océan regional group (La Roche-sur-Yon).

This federal bank may be inter-federal, as is the case for Caisse Fédérale de Crédit Mutuel and for Caisse Interfédérale Crédit Mutuel Arkéa. The local banks and the federal bank, in which they are shareholders, are members of the regional federation. The federation is the strategy and control body which represents Crédit Mutuel in its region. The federal bank provides financial functions such as liquidity management and technical and IT services. The federations and the federal banks are managed by boards elected by the local banks.

1.2.2 Confédération Nationale du Crédit Mutuel

Confédération Nationale du Crédit Mutuel (CNCM) is the network's central body in respect of the French Monetary and Financial Code. The 18 regional federations, the Crédit Mutuel Agricole et Rural (CMAR) federation, the Caisse Centrale du Crédit Mutuel (CCCM) are members of the CNCM. The local Crédit Mutuel banks and the BFCM are affiliated to it.

CCCM, a national financial body structured as a credit institution, manages the intervention fund intended to be used in the event that Crédit Mutuel's financial solidarity is called into question. Its capital is held by all of Crédit Mutuel's federal or inter-federal banks.

At the beginning of 2021, the majority of the Crédit Mutuel group's key executives adopted a measure that will help strengthen the mutualist model and the characteristics that make it relevant and strong in the current economic and social situation: the autonomy of Crédit Mutuel's local banks and federations in accordance with the principle of subsidiarity, their closeness to the regions and solidarity, combined with the mobilization of their members, elected members and employees (hereinafter referred to as the "Cohesion" general decision).

1.2.3 Solidarity links within the Crédit Mutuel group and Crédit Mutuel Alliance Fédérale

The Crédit Mutuel solidarity scheme aims to ensure the continuous liquidity and solvency of all establishments affiliated to CNCM, in order to prevent defaults. It is based on a set of rules and mechanisms set up at regional group level and at confederal level.

There is unlimited solidarity between CNCM affiliates including Crédit Mutuel Alliance Fédérale, CFCM and BFCM.

1.2.4 Provisions applicable at regional group level

Crédit Mutuel Alliance Fédérale's solidarity mechanism is based on Article R.511-3 of the French Monetary and Financial Code, independently of the statutory provisions relating to the joint and several liability of members up to the nominal value of the members' shares subscribed by the member.

Each federation must set up a solidarity mechanism between the local banks within its territorial jurisdiction.

This mechanism must enable a local bank to avoid a long-term deficit and/or restructure a deteriorated situation. It ensures the equalization of the earnings of member banks through a federal fund maintained by contributions and subsidies. The obligation to contribute applies to all funds (including the federal or inter-federal fund), or only to funds with positive results, depending on the rules of the relevant federal fund in force. Contributions, which preserve equalization, and subsidies are meant to cover losses recognized during the year and any tax losses carried forward. Equalization subsidies must include the amounts needed to pay for the compensation of shares. Subsidies from the federal fund are normally repayable.

Implementation of restructuring measures at regional group level

A mechanism that is reviewed and updated annually enables the regional group to monitor a number of key indicators included in the risk appetite framework adopted by the CNCM Board of Directors and implement the corrective measures stated in the restructuring plan should the indicators be exceeded.

In the event of difficulty, under the oversight of the CNCM, a regional group may request the assistance of another regional group for the implementation of the restructuring plan and for other reasons.

If no regional solidarity solution has been put in place or has not restored compliance with the key indicators within the timeframe set out in the restructuring plan, or if objective evidence suggests in advance that the implementation of such solutions would prove insufficient, the national solidarity mechanism shall be implemented.

1.2.5 Provisions applicable at national level

Confédération Nationale du Crédit Mutuel is in particular responsible for ensuring the coherence of its network and the proper functioning of the institutions affiliated to it. To this end, it must take all necessary measures, specifically to ensure the liquidity and solvency of each of said institutions, as well as the entire network (Article L.511-31 of the French Monetary and Financial Code).

According to the terms set by the decisions of general nature, interventions required can be decided by the CNCM Board of Directors if ultimately the mechanisms at regional group level are insufficient to deal with the potential difficulties that a group or any CNCM affiliate may face.

1.3 PRESENTATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESS LINES

ORGANIZATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S BUSINESS LINES



CONTRIBUTION OF THE OPERATIONAL BUSINESS LINES⁽¹⁾ TO NET PROFIT

Retail bank

Banking and insurance network

- Crédit Mutuel
- CIC
- BECM (*Banque Européenne du Crédit Mutuel*)
- TARGOBANK

Consumer loan

- Cofidis Group

Business line subsidiaries

- Leasing
- Factoring
- Asset management
- Real estate



Insurance

Groupe des Assurances du Crédit Mutuel



Specialized business lines

Private banking

Corporate banking

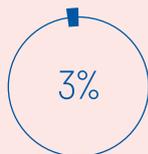
Capital markets

Private equity



Other activities

- Technology (Euro Information)
- Press

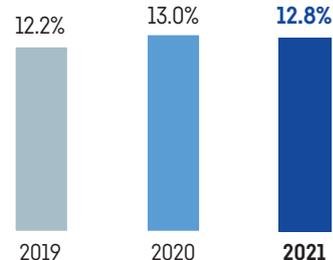


(1) Excluding the Holding segment.

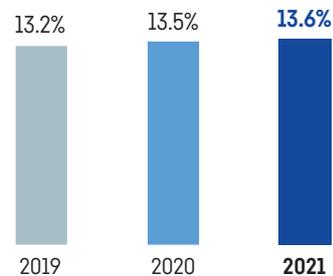
Through the 14 Crédit Mutuel federations that control it, Crédit Mutuel Alliance Fédérale is a member of Confédération Nationale du Crédit Mutuel, the central body whose mission is to represent the group before public authorities, to promote and defend its interests and to exercise control over the federations.

Competitive positioning⁽²⁾ is analyzed in terms of Crédit Mutuel Alliance Fédérale, whose Retail Banking and insurance business lines make it a major player in Retail Banking and insurance in France. Crédit Mutuel Alliance Fédérale's market shares in deposits and bank loans stood at 12.8% and 13.6% respectively. The Crédit Mutuel group has 17.3% market share in bank loans and 16.5% market share in deposits.

MARKET SHARE⁽³⁾



Deposit

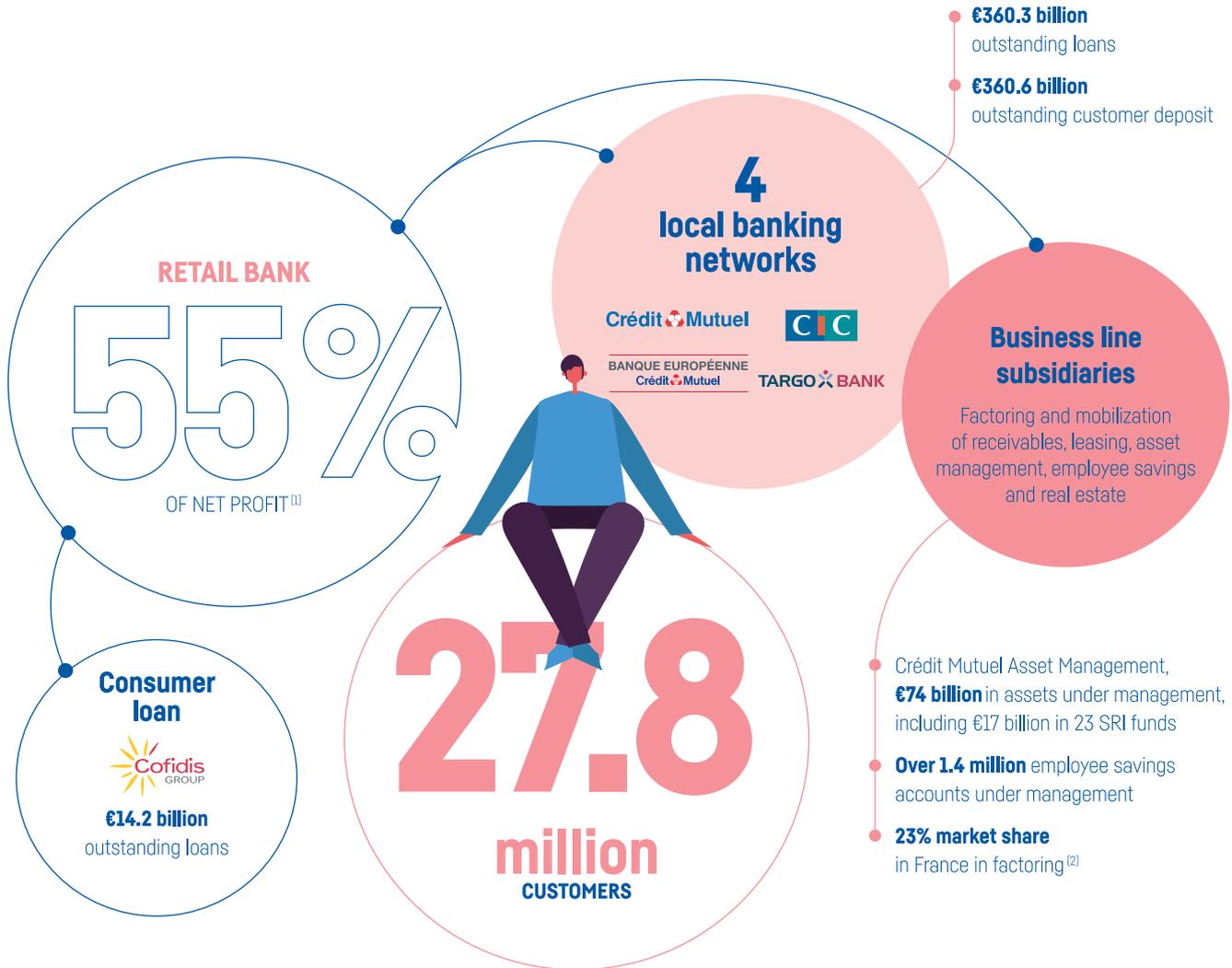


Loans

Source: Centralisations Financières Territoriales - Banque de France.

(2) The sources of the rankings are explicitly mentioned; otherwise, the information is from an internal source.

1.3.1 Retail banking and consumer credit in France and Europe



(1) Share of Crédit Mutuel Alliance Fédérale net profit excluding the Holding segment.
(2) Source: Internal calculations based on the ASF database.

Retail banking is the core business line of Crédit Mutuel Alliance Fédérale and accounted for 66% of its net banking income in 2021. It includes the local Crédit Mutuel banks, the CIC banking and insurance network, Banque Européenne du Crédit Mutuel, the TARGOBANK branches in Germany and Spain, the Cofidis Group and all specialized activities, whose products are marketed by networks dedicated to insurance brokerage, equipment leasing, leasing with a purchase option, real estate leasing, factoring, asset management, employee savings, and real estate sales and management.

In 2021, the business activity of the Retail Banking network was sustained due to strong commercial momentum and cross-selling extended to new products and services to adapt both to customer needs and the continuing low interest rates. The retail bank's commercial activity increased over the year as a whole. €374 billion in funds were collected in 2021. Outstanding loans to customers stood at €407 billion in 2021, up over 10% over a year.

1.3.1.1 Banking networks

1.3.1.1.1 Crédit Mutuel and BECM banking and insurance network

Crédit Mutuel banking and insurance network

The Crédit Mutuel network of 1,379 local banks helps 7.5 million retail customers, businesses, farmers, and voluntary association customers carry out their projects. The retail bank covers all these customers' needs for current accounts, means of payment, savings, financing and insurance. In order to establish a local relationship, 1,919 branches are available to customers, complemented by a dedicated omnichannel system. Access to the services offered can be made at any time by telephone, via the mobile app or from the website.

Outstanding deposits attained €152.6 billion in 2021, an increase of 7.7% from 2020. The search for short-term investments to secure a portion of unconsumed income is illustrated by the increase in current accounts in credit [+12.1%] and passbook accounts [+10.4%] for year end 2020. Outstanding loans increased by 6.6% to €158.4 billion, driven by consumer credit, investment loans up 2.0% and home loans up 8.3%.

Revenue diversification continued during the year, as illustrated by the increase in inventories of complementary services sold. As a result, the number of property and personal insurance policies increased by 2.7%. Mobile telephony contracts increased by 1.0% while, in the remote monitoring segment (Homiris), subscriptions were up by 3.0%.

Retail market

Crédit Mutuel's core business, the retail market meets the demand of non-professional natural persons. Crédit Mutuel offers its 6.5 million individual customers specific products adapted to each stage of their lives, such as financing for their driver's license, renting or buying their first apartment or taking out life insurance. It also meets daily needs with a range of practical services including mobile telephony, internet subscription and remote monitoring.

To meet customers' need for immediacy, Crédit Mutuel offers 24-hour access to accounts and contracts from a computer or smartphone thanks to its online banking service. This offer totaled more than one billion connections over the year, with an increase in consultations from mobile tools (832 million connections, up 14.5%).

2021 was marked by the support of young customers in their career planning via *Objectif Emploi Orientation* and the Option Innovation partnership. As part of its commitment to social and environmental solidarity and its local involvement, Crédit Mutuel gives customers the opportunity to support organizations involved in the social and solidarity economy by making a donation from their sustainable development and solidarity passbook accounts. This concept of social and solidarity economy refers to cooperatives, mutuals, non-profit organizations or foundations whose operation is based on a principle of solidarity and social utility, by adopting democratic and participative management methods.

Professional market

The 587,000 craftsmen, traders and self-employed professionals who make up the professional customers also benefit from dedicated solutions. Crédit Mutuel offers them a complete range of solutions to meet their financing, account management, savings and insurance needs. It also supports their senior management or employees with appropriate protection and health coverage. The protection of business premises can be ensured thanks to Homiris Pro, a remote monitoring solution that includes the on-site intervention of a security officer in the event of a breach.

During the year, the group won new professional customers with a portfolio that increased by 6.4%. Crédit Mutuel meets both cash requirements and financing requests. In 2021, €5.2 billion in investment loans were granted. In addition, the development of products and services to meet the needs of customers and facilitate their daily lives (virtual appointments, digitization of loans, etc.) continued. The service platform, the Service Kiosk, allows them to access a range of trusted and responsible partners. Crédit Mutuel has also taken appropriate measures to support professionals whose activities have been affected by the crisis. Assurances du Crédit Mutuel also continued to develop a range of insurance policies adapted to cover their needs.

In 2021, Crédit Mutuel continued its communication actions and supported its partners in the organization of trade fairs. As a result, many franchisees and business creators have been able to see their projects come to fruition thanks to dedicated support.

Agriculture market

Crédit Mutuel meets the needs of all farmers, thanks to offers specifically adapted to their businesses and risks. It supports farmers from installation to transmission, with specific financing, account management and insurance offers. As a long-standing partner of the agricultural sector, Crédit Mutuel has specialized account managers to advise over 90,000 customers.

The year was marked by the deployment of the digitalization project for ACTIMAT, an equipment financing offer from equipment dealers, and the completion of the digitalization for Crédit Mutuel APPRO, an offer for financing purchases of supplies directly from agro suppliers. These processes make it possible to secure and develop relationships with partners.

Crédit Mutuel continues to support the energy transition, with more than 400 agricultural renewable energy projects financed in 2021.

Non-Profit Market

The retail bank also covers the specific needs of associations, foundations, social and economic committees and non-profit organizations, which together represent 3.8% of its customers. Crédit Mutuel offers them account management, savings, financing, insurance and employee savings solutions. The collection of donations or contributions is also facilitated thanks to the dedicated solutions offered.

Driven by targeted sales momentum, activity in the non-profit market intensified in 2021 with over 289,000 customers. In order to better support them during the crisis, customers with Pay Asso benefited from a total exemption of fees.

Banque Européenne du Crédit Mutuel (BECM)

BECM is the subsidiary of Crédit Mutuel Alliance Fédérale serving the regional economies, the business market and real estate professionals. A bank on a human scale whose values are based on proximity and responsiveness, it brings technical expertise and high added value to all businesses. BECM offers dedicated support to German companies, including those established in France. To the German subsidiaries of French groups, it brings its detailed knowledge of local markets. It operates as a partner for developers and real estate companies on the real estate market.

To support its 20,377 customers, BECM relies on its 428 employees and the services of Crédit Mutuel Alliance Fédérale's business centers. The sales network consists of 55 branches, including 45 in France and 10 in Germany. It is organized by market, with 38 branches for the corporate market, 15 for real estate professionals and two for retail networks. In 2021, BECM has developed its network. Thanks to the cooperation with Crédit Mutuel Antilles Guyane, a branch in Martinique and one in Guadeloupe opened on January 1. In Germany, two new branches were opened, in Essen in June and in Berlin in September. BECM Monaco was transferred to CIC Lyonnaise de Banque in October in order to strengthen the coherence of the retail networks developed by the two brands in the Principality.

Measured as average monthly capital, customer loans were stable at +0.4% to €18 billion. As a result of the implementation of a rebalancing plan, accounting resources fell by 8.2% to €17.8 billion.

In 2021, the transfer of BECM business activities in Germany under the TARGOBANK brand was approved. Work on the sale of the business is underway with the objective of completing the transaction in 2022. In order to support the transformation and risk management, the management of the dedicated teams has been reinforced. The pooling of technical sales functions with the Crédit Mutuel Alliance Fédérale federations and the CIC regional banks is currently being finalized. On the marketing side, the distribution agreement with Bouygues Telecom has boosted sales of telephone fleets to corporate customers.

1.3.1.1.2 CIC banking and insurance network

Retail banking, which is CIC's core trade, includes the banking network (composed of five regional banks and CIC in Île-de-France) and the specialized activities whose product marketing is performed by the network: insurance brokerage, real estate and equipment leasing, factoring, asset management, employee savings plans, and real estate. Supported by the expertise of its employees, the CIC retail bank network services the needs and expectations of a clientele of 5.46 million retail customers, professionals, farmers, non-profit organizations and businesses.

CIC establishes a close relationship with its customers through an efficient, effective and modern omnichannel organization. Customers can therefore choose between obtaining advice at one of the 1,781 branches in France or using more independent technological tools (websites and mobile apps). The CIC business model aims for excellence in customer service, an ambition that is regularly rewarded. In 2020, CIC won six out of six possible awards at the Banking Awards^[1], with the highest score in four categories: Everyday Banking Advisor, Project Advisor, Internet Site and Remote Customer Service.

The network provides continuous support for its customers and their project financing activities. In 2020, the network's commitments increased by nearly 5.6% driven by consumer credit, investment loans and home loans, with the latter increasing by 9.1%. Outstanding deposits grew by 5.9% due to credit accounts, passbook accounts and term deposits, which are mainly held by companies and professionals. In the diversification sectors, sales of products and services to customers continued their commercial momentum. The number of contracts signed rose by 0.7% for online banking, by 4.1% for the Homiris remote monitoring offer and by 2.3% for telephony.

CIC reinforced its offers for each customer segment in 2021:

- the Service Kiosk, a service platform that connects customers with partners to facilitate their daily lives;
- the continued roll-out of the digitization of CICAGRI and CIC-APPRO, which help to secure and develop relationships with partners;
- the launch of new loans to finance corporate relocation projects or to support companies with high growth potential;
- the marketing of new corporate insurance offers.

Throughout the year, CIC has worked to support its sports partners, including the French Cycling Federation, and the French Swimming Federation. This same support approach has resulted in support for its music and culture partners (the Easter Festival in Aix-en-Provence, the Musée de l'Armée at Les Invalides) and its partners working alongside young entrepreneurs (Moovjee, WorldSkills, Union des auto-entrepreneurs).

1.3.1.1.3 Banking networks in Europe

TARGOBANK in Germany

Established in over 250 German cities, TARGOBANK meets the needs of 3.6 million retail customers and businesses by offering banking, insurance, factoring and leasing solutions. With a strong presence in the consumer credit and factoring markets, TARGOBANK combines the advantages of an online bank with those of a network bank. This complementarity offers an efficient and personalized service both remotely and in the 335 branches.

The production of direct amortizable loans will amount to nearly €5 billion in 2021, slightly down on 2020. The corporate sector saw a clear recovery with an increase in the factoring and leasing activity. Outstanding loans increased by 7% to €22.2 billion. The volumes of customer deposits attained €23.7 billion, an increase of 11%.

TARGOBANK launched an automotive leasing offer in 2021 as a pilot project, with a nationwide rollout planned in 2022. In terms of customer relations, TARGOBANK was once again rewarded for the quality of its service. In the *Kundenmonitor barometer*, it was ranked second overall among the network banks. Each year, this indicator collects key figures from customers on satisfaction, identified competitive advantages, recommendation as well as the main consumer trends.

TARGOBANK implements Crédit Mutuel Alliance Fédérale's sectoral policies contributing to the decarbonization of the economy and excluding the financing of certain goods and companies. These conditions are applied in the credit granting process of factoring and leasing in particular. Conscious of its social and societal responsibility, TARGOBANK and its employees have once again supported numerous projects, financially and in the form of volunteer days.

For the 16th time in a row, TARGOBANK has been named a Top Employer by the Top Employers Institute. In particular, the jury recognized the consistency of the actions implemented in terms of quality of life at work and health. In addition, the support for new employees, employee benefits and the communication of the "BANK.ECHT.ANDERS" employer brand were particularly highlighted by the jury.

TARGOBANK in Spain

TARGOBANK in Spain is 100%-owned by BFCM. It is a generalist bank for retail customers, professionals and businesses. It offers a wide range of banking and insurance products and services. The system offers a network of bilingual advisors as well as a mobile app in French for French-speaking customers.

TARGOBANK in Spain has almost 167,000 customers. Specialized advisors are available through 79 branches located in the country's main economic activity areas. Gross loans outstanding amounted to €2.9 billion, up by 15%. Outstanding customer deposits increased by 10% to €2.2 billion.

[1] Study "Les Trophées de la Banque 2022 - Qualité" by MoneyVox.fr

In 2021, TARGOBANK in Spain took a new step in the deployment of its omnichannel banking and insurance model. A new website and a new mobile app were created. A single contact and remote services center, the Digital Hub, was launched for an enhanced customer experience. With this in mind, the everyday banking offering is being expanded with a new PRIME current account that combines a number of services, including an alarm and remote surveillance system. These changes, which have already been well received, should make it possible to accelerate the acquisition of new customers and the granting of home loans, whose performance in 2021 was significant.

Beobank

Beobank is a subsidiary of Crédit Mutuel Nord Europe (CMNE), which joined Caisse Fédérale de Crédit Mutuel on January 1, 2022. Beobank assists 745,000 individual, independent and small business customers with their projects. It offers banking and insurance services in Belgium through 218 branches and outlets.

1.3.1.2 Consumer credit: Cofidis Group

Cofidis Group is Crédit Mutuel Alliance Fédérale's business center specializing in consumer credit and remote financial services. It operates through three commercial brands: Cofidis, Créatis and Monabanq. Established in nine countries in Europe – France, Belgium, Spain, Italy, Portugal, the Czech Republic, Hungary, Slovakia and Poland – Cofidis Group employs 5,500 people to serve its customers.

In 2021, Cofidis Group continued to grow with financing, including payment facilities, up 13% compared to 2019. This growth is due to the diversification of products and acquisition channels initiated in recent years. New products, particularly dedicated to personal loans and buybacks, are marketed. The retail, e-commerce and automotive partnership activities are also developing. Growth is accelerating, particularly in Italy and the four Central European countries.

2021 confirms the success of Cofidis Group's strategy, driven by the ambitions of the Experience First project. Implemented in 2019, it aims to improve customer relations and the employee experience.

Cofidis Group's subsidiaries have received numerous awards testifying to their continuous investment in the quality of customer relations, a major area of differentiation for the Group. Cofidis Spain and Monabanq retained their Customer Service of the Year labels in 2021 for the 7th and 4th time respectively. Cofidis Italy and Portugal also received an award for their customer relations. Cofidis France was awarded the Qualiweb trophy which honors the quality of online customer relations. Finally, Monabanq was awarded the Bank Quality Trophy in the three categories: daily banking advisor, website and mobile application.

In 2021, Cofidis Group continued its work, in conjunction with Euro Information, on its various channels in order to improve the customer and partner experience. The developments concern the redesign of mobile applications, the dematerialization of exchanged documents, electronic signatures and the optimization of acceptance procedures. Omnichannel projects are also being deployed to offer a more interactive and human customer relationship, in particular *via* video meetings or WhatsApp.

Cofidis Group is continually committed to diversity, inclusion and sustainable development. As part of the "1 young person, 1 solution" program, 300 young people have been offered open-ended, fixed-term

or work-study contracts on the Villeneuve d'Ascq campus. As part of the cycling sponsorship, a women's team was created alongside the men's and disabled team. Lastly, as part of the #LikeMyPlanet initiative, many actions around sustainable development have taken shape. For example, new eco-responsible premises have been inaugurated in Portugal and a Green offer has been launched by Monabanq.

1.3.1.3 Business line subsidiaries

1.3.1.3.1 Factoring and receivables

Crédit Mutuel Alliance Fédérale's factoring sector in France consists of two entities: Crédit Mutuel Factoring and FactoFrance. These two complementary distribution models represented a 23% share of the factoring market as of September 30, 2021 (source: internal calculations based on the ASF database). Crédit Mutuel Factoring, the group's long-standing business center, markets its solutions through the Crédit Mutuel and CIC networks. FactoFrance distributes its products directly through dedicated sales representatives and providers such as credit insurance brokers, accountants, etc.

More than 11,000 corporate and professional customers in France and abroad benefited from short-term financing in 2021. With 874 employees, the sector offers factoring and notified business receivables management solutions known as Dailly. These offers are accompanied by additional services in the area of trade receivables (dunning, collection, payment collection and lettering) and guarantees against the risk of insolvency. FactoFrance also has an inventory financing product backed by the factoring contract.

After a drop in activity in 2020 due to the health context, the volume of receivables purchased reached a record level in 2021 at €84.1 billion, up 12%. International business accounts for approximately 30% of overall revenue. Factoring outstandings amounted to €12 billion, up 6%.

According to the latest customer satisfaction survey carried out in December 2021, the satisfaction rate of the sector reached 96% and particularly highlights the availability and responsiveness of the representatives. Another highlight of the period was the sector's increased commitment to supporting the development of SME electronic payment terminals. This takes the form of innovations that simplify offers and services, as well as special partnerships with the Banque de France and its regional offices. Finally, the sector has been able to broaden its scope of international intervention, particularly for multi-jurisdictional transactions. This enhancement makes it possible to further support customers in their development.

1.3.1.3.2 Finance leasing

Equipment Leasing

Crédit Mutuel Leasing and CCLS form the leasing sector of Crédit Mutuel Alliance Fédérale. With a market share of close to 13% ^[1] in France, the sector is a major player in equipment leasing.

For more than 50 years, Crédit Mutuel Leasing has specialized in the financing of capital goods through leasing and rental. It offers leasing solutions adapted to the investment projects of retail customers, non-profit organizations, professionals and businesses. The products are distributed under Crédit Mutuel Leasing brand within the Crédit Mutuel network and under CIC Leasing brand within the CIC network.

[1] Source ASF for market outstandings.

In France, Crédit Mutuel Leasing's organization is largely decentralized. As close as possible to the networks and customers, this subsidiary relies on cutting-edge technology, comprehensive expertise and quality advice. Internationally, it is present in Benelux, Germany and Spain. Abroad, Crédit Mutuel Leasing finances the investments of French companies with local subsidiaries or parent companies. It also meets the needs of foreign companies that have entities or their parent company in France. The bilingual and bicultural teams put their know-how at the service of customers through dedicated rental solutions or through framework agreements.

CCLS specializes in the financing of professional capital goods. This subsidiary works in close collaboration with distribution partners or equipment manufacturers. It enables them to develop their sales thanks to customized financing programs, while maintaining the exclusivity of their commercial relationship. Thanks to its strong sectoral expertise, it generally operates in the office automation, IT, rolling stock, hoisting equipment and medical markets.

In 2021, the sector's activity across the entire scope grew by 16%, reaching €5.4 billion. As a result, the sector's outstandings were up by nearly 3% and stood at €12.3 billion. With nearly €760 million, international production was also up by 19%. Business generated by the Crédit Mutuel Alliance Fédérale's networks offset the slowdown in the activity of short-term rental companies, the main customers of the Group's foreign operations.

In 2021, the subsidiary rolled out the four priorities of the Crédit Mutuel Alliance Fédérale's strategic plan CCLS has finalized a project to overhaul its organization which will be rolled out in early 2022. In this way, management decisions can be made as close to the customer as possible, promoting quality of service and proximity. The resources made available allow us to accelerate the conquest of sales thanks to profiles dedicated to the development of high-potential relationships.

In order to improve the quality of its customer relationship, the leasing sector has launched several satisfaction surveys. On the Crédit Mutuel Leasing side, they were carried out with the Crédit Mutuel and CIC networks. For CCLS, end customers were solicited using a multi-channel approach.

Crédit Mutuel Leasing has carried out several communication actions around its Eco-mobility rental offer, promoting the environmental transition. These communication actions have highlighted the advantages of hybrid and electric vehicles. They are also intended to make customers aware of the changes in mobility policy brought about by the Mobility Orientation Law and the Climate and Resilience Law. Crédit Mutuel Leasing also continued to digitize its service offering by extending the electronic signature to professionals. This offer is accompanied by borrower insurance without medical formalities. In addition, CCLS has developed its service offering. It offers its partners a complete package for marketing its white label rental financing products.

At the same time, the sector has stepped up its investments in technological innovation. Cognitive and robotic solutions (RPA) have been deployed. In day-to-day operations, operational processes are optimized to increase availability for customers.

Finally, the leasing sector is fully involved in Crédit Mutuel Alliance Fédérale's social project. In this context, it has signed a partnership agreement with the Restos du Cœur to help them renew their fleet of utility vehicles.

Real estate leasing

Crédit Mutuel Real Estate Lease is a major player in the French real estate leasing market. It meets the real estate investment needs of Crédit Mutuel Alliance Fédérale customers. It covers companies, professionals, social economy players and institutions. Crédit Mutuel

Real Estate Lease offers adapted financing for the acquisition or construction of commercial buildings. Projects may involve commercial, logistics or industrial premises, as well as healthcare facilities, offices or hotels. The entity relies on the technical, legal, tax, financial and regulatory expertise of its regional specialists. Its financing is distributed under the Crédit Mutuel Real Estate Lease brand in Crédit Mutuel branches and under the CIC Real Estate Lease brand in CIC branches.

Thanks to its expertise and the dynamism of its networks, Crédit Mutuel Real Estate Lease ended 2021 with more than €1 billion in financing granted. Its total outstandings are growing and stand at more than €6 billion. With this historic level of production, Crédit Mutuel Real Estate Lease is once again positioned in 2021 as one of the leading real estate lessors in France.

The development and implementation of digital tools to characterize projects in the banking networks have made it possible to respond quickly to customer expectations. Numerous financing studies are carried out instantaneously, enabling the teams to work as closely as possible with the customers. Continued work on digitalization should accelerate the deployment of electronic signatures for financing offers to all customers.

Finally, Crédit Mutuel Real Estate Lease has integrated the environmental performance of the projects in its analysis of the financing considered and thus favors renovation works and buildings with high energy performances, labeled or with electrical production processes.

1.3.1.3.3 Asset Management

Crédit Mutuel Investment Managers

Crédit Mutuel Investment Managers, launched in early 2020, is Crédit Mutuel Alliance Fédérale's dedicated asset management business center. It brings together the sales teams of all Crédit Mutuel Alliance Fédérale management entities, who are responsible for marketing all the investment solutions offered by these entities. They preserve their management autonomy and independence.

Crédit Mutuel Investment Managers aims to promote, through a "multi-entity" model, the investment solutions of seven Crédit Mutuel Alliance Fédérale management structures. The partner entities of the expertise center are: Crédit Mutuel Asset Management, BLI-Banque de Luxembourg Investments, CIC Market Solutions for CIC's structured products, Cigogne Management, Crédit Mutuel Capital Privé, CIC Private Debt and Dubly Transatlantique Gestion. They totaled €124 billion in outstandings at the end of December 2021.

Crédit Mutuel Investment Managers supports Crédit Mutuel Alliance Fédérale networks, external distributors (private banks, fund selectors, etc.), professional investors and businesses. It offers them a wide range of products and solutions adapted to their needs. With 52 employees, including 32 sales representatives, Crédit Mutuel Investment Managers, based in France and Luxembourg, operates in six countries in Europe.

In 2021, Crédit Mutuel Investment Managers continued its international development. The teams for Belgium and Switzerland have been strengthened and the sales division for Germany has been structured. The creation of adapted investment vehicles, the "passporting" of numerous funds and the referencing with the main platforms allow the teams to distribute a diversified offer in Europe. The outreach teams were responsible for promoting the offer to professional customers. They also supported the deployment of managed securities account management in the retail networks.

Crédit Mutuel Investment Managers also represents producers in the context of savings governance. Communication actions to promote the responsible finance offer of producers have been set up. Jinko, the

structured products brand for wealth management advisors, was also the subject of a communication.

The year 2021 was marked by significant premium income of €3.2 billion in non-money market funds in Europe compared to the outflow of €1 billion for money market funds. Crédit Mutuel Investment Managers is one of the leading players in the French market.

Crédit Mutuel Investment Managers aims to increase assets under management excluding money market funds by €26 billion over the period between 2018 and 2023.

Crédit Mutuel Asset Management

Crédit Mutuel Asset Management is an asset management company of Crédit Mutuel Alliance Fédérale. It offers a wide range of funds and asset management solutions on behalf of third parties for retail customers, businesses and institutions. Present in all listed asset classes and management styles, its strategy is based primarily on the balance between the search for performance and risk control.

A major player in asset management, with €74 billion of assets under management in France, Crédit Mutuel Asset Management offers its customers high-performance, innovative and sustainable investment solutions. It is particularly well known for its short-term flexible cash solutions as an alternative to money market funds, as well as for its long-term conviction solutions in direct bond and equity management in all geographical areas and all capitalization sizes. Its global and specialized expertise in fixed income management, equity management, diversified management and quantitative management is reflected in the management of nearly 400 dedicated funds representing more than €10 billion in assets under management.

Its priority is to implement a responsible and sustainable approach in each of its activities and areas of expertise. Its range of products meets everyone's needs and helps finance virtuous solutions for a fair ecological and energy transition for all. Its management processes and teams of experts affirm its convictions in terms of responsible finance.

Crédit Mutuel Asset Management aims to fully integrate ESG issues at three levels: issuer analysis, investment decisions and portfolio construction. The offer includes a total of 23 SRI funds with nearly €17 billion in assets under management. In 2021, eight additional Crédit Mutuel Asset Management funds received the SRI fund label, including CM-AM Global Climate Change, labeled GreenFin. This fund invests in companies actively involved in the fight against global warming, the energy transition and sustainable development. These offers are also made available to external employee savings plans. In 2021, 89% of Crédit Mutuel Asset Management's actively managed funds were classified as Article 8 or Article 9 under SFDR regulations and Category 1 or Category 2 under French AMF regulations.

In 2021, Crédit Mutuel Asset Management received several awards in recognition of the expertise of its nearly 250 employees, including some 50 managers. It was awarded the "Transparence de la gestion financière" label distributed by *L'Agefi*. *Le Revenu* magazine also awarded it three gold trophies – for the best management company, the best range of funds invested in European equities and the best range of diversified funds. In 2021, several funds were also awarded. CM-AM PME-ETI Actions was awarded a "Globe de la gestion" prize by *Globe de Fortune* magazine and a "Pyramide de la performance" award by *Investissement Conseils* magazine. CM-AM Pierre was awarded three Refinitiv Lipper Fund Awards in 2021 in France, Germany and Austria.

The L'Agefi Asset Management Award was awarded to the CM-AM Flexible Euro fund. Finally, the employee savings plan was awarded the "Corbeille d'or" long term award by the magazine *Mieux Vivre Votre Argent* for its performance over five years.

As a committed player in responsible finance, Crédit Mutuel Asset Management donates part of the investment income from the CM-AM France Emploi fund to the France Active association. This year, an amount equivalent to 50% of the fund's management fees was donated as part of a solidarity-based approach and to give meaning to its customers' savings. In December 2021, Crédit Mutuel Asset Management launched CM-AM Engagement solidaire, its first specialized professional fund invested in socially responsible companies (ESUS-accredited companies). The fund's investment policy aims to support solidarity organizations that serve social and/or environmental objectives in line with those of the UN Millennium Sustainable Development Goals and that are consistent with the values of Crédit Mutuel Alliance Fédérale. In particular, it is about serving/facilitating: integration through employment, access to health, access to a roof over one's head, inclusion through activity, access to training, preservation of the environment and biodiversity, etc. The analysis of investment opportunities includes a complete non-financial section, covering all of the organization's commitments in terms of ESG, CSR, and the entire measurement of Impact. At the end of December 2021, CM-AM Engagement Solidaire had outstandings of €42 million.

In 2021, Crédit Mutuel Asset Management implemented its SMR action plan in line with the ambitions of Crédit Mutuel Alliance Fédérale. Employees were made aware of this through conferences on responsible finance. They also took part in Eco Clean Up Week, which consists of sorting files and emails to free up storage space and reduce energy consumption. Crédit Mutuel Asset Management has published three White Papers for customers and employees. These publications, in line with current issues, contribute to a reflection on the themes of responsible and sustainable finance. The topics covered were hydrogen, biodiversity and CO2 capture.

Crédit Mutuel Asset Management has published new educational videos on LinkedIn and on its website for the network, employees and member customers. They provide an educational approach to the concepts of responsible and sustainable finance.

Crédit Mutuel Gestion

A subsidiary of Crédit Mutuel Asset Management, Crédit Mutuel Gestion is the management company for the federations and banks of Crédit Mutuel Alliance Fédérale. It offers various management services for financial assets held in securities accounts, equity savings plans, life insurance policies or capitalization. Retail customers, professionals, companies or non-profit organizations can benefit from the expertise of Crédit Mutuel Gestion's asset managers. They can opt either for a delegation of the management of their assets *via* discretionary management, arbitrage mandate or dedicated funds, or for an accompaniment of the follow-up of their assets *via* advised management or arbitrage board.

Working in close collaboration with the networks, Crédit Mutuel Gestion has opted for proximity by distributing its 170 employees over six regional divisions to which 21 management centers belong. Crédit Mutuel Gestion also supports the networks in developing their financial offering. For example, it participates in fund selection and allocation advice for certain Assurance de Crédit Mutuel portfolios.

Commercial activity led to the opening of 7,617 new policies, resulting in a gross contribution of €3.3 billion. Thanks to net capital injections of €1.45 billion, assets under management reached €17.8 billion, a historic high.

In 2021, Crédit Mutuel Gestion continued to support members and customers in making more responsible investments. Responsible investment is gradually covering all of Crédit Mutuel Gestion's activities, through an ESG integration system in the selection of financial instruments used. The consideration of ESG criteria alongside financial indicators aims to identify companies that are both efficient and innovative and offer solutions to meet environmental and social challenges.

Crédit Mutuel Gestion also supports the networks in developing their financial offering. It contributed, for example, to the launch of a managed offer on the group's securities account through fund selection and allocation advice.

The tool for subscribing to management mandates and consulting agreements has been deployed in the networks to simplify the process. In addition, asset managers are continuing to diversify the sources of contact with customers and networks by using new remote communication tools such as video conferencing.

La Française

La Française is a management company and a wholly-owned subsidiary of Crédit Mutuel Nord Europe (CMNE), which joined Caisse Fédérale de Crédit Mutuel on January 1, 2022. La Française deploys a multi-boutique model for institutional and wealth management customers in France and abroad. Its activity is organized around two pillars: financial assets and real estate assets.

In addition to its presence in France, La Française has offices in Paris, Frankfurt, Geneva, Hamburg, Hong Kong, London, Luxembourg, Madrid, Milan and Seoul. A committed player, it has a proprietary research center located in London: La Française sustainable investment research which offers SRI-labeled funds.

1.3.1.3.4 Employee savings

Crédit Mutuel Épargne Salariale is Crédit Mutuel Alliance Fédérale's specialized business center for the custody account keeping and management of employee savings accounts. It offers dedicated and personalized support to companies and their employees to assist them set up employee savings and retirement savings plans. The offers are distributed by Crédit Mutuel banks and CIC branches under their own brands, as well as by a network of accounting firms. Crédit Mutuel Épargne Salariale is active on all markets but stands out through its turnkey offer for companies with less than 50 employees.

Crédit Mutuel Épargne Salariale has more than 1.38 million employee savings accounts and nearly 65,000 corporate customers. The total amount of assets under management is €11.1 billion. The distribution of new contracts amounted to 13,457 contracts, of which 9,961 were funded in the first year. Gross premium income reached a new high of €1,516.9 million, up 5.6%, including €231.7 million (+28.3%) for payments on new contracts. Net premium income amounted to €219.1 million. The decrease of 59% compared to 2020 is due notably to a high level of withdrawals.

In terms of activity, the year allowed us to continue supporting customers and networks with the new offers introduced by the PACTE law. The crisis situation has highlighted, for many companies, the

interest in equipping themselves with value-sharing, motivation and loyalty devices for their employees.

In addition to the robo-advisor launched in 2019, human support is now offered to investors to guide them in their fund choices. Proof of the quality of its range of funds, Crédit Mutuel Épargne Salariale was awarded the "Corbeille Long terme Épargne Salariale" by the magazine *Mieux Vivre Votre Argent*.

1.3.1.3.5 Other

Crédit Mutuel Immobilier

Crédit Mutuel Immobilier and its eight subsidiaries^[1] make up Crédit Mutuel Alliance Fédérale's real estate appraisal network. It covers all real estate activities in France and had 340 employees at the balance sheet date.

Crédit Mutuel Immobilier:

- acquires land to develop integrated development zones and produce building land;
- develops and markets real estate programs of main residences and buy-to-let investments;
- carries out real estate programs as a joint developer with the developer customers of Crédit Mutuel Alliance Fédérale's banking networks;
- participates in roundtable meetings concerning development programs;
- sells new real estate assets to Crédit Mutuel Alliance Fédérale customers through AFEDIM, the sector's real estate agency. AFEDIM relies on AFEDIM Gestion for its real estate leasing and management activities. 50% of investors/lessors *via* AFEDIM signed a management agreement with AFEDIM Gestion in 2021;
- sells existing homes through dedicated AFEDIM Transactions agencies. In 2021, 205 sales of properties for Crédit Mutuel Alliance Fédérale's customers were recorded.

The Crédit Mutuel Aménagement Foncier subsidiary has stepped up the marketing of its building sites *via* AFEDIM. A total of 271 reservations were made by AFEDIM, representing 32% of the volume of sales.

This subsidiary, which is dedicated to property development, received an award in the "Challenge de l'Habitat Innovant" (Innovative Housing Challenge) awarded by the Housing division of the Fédération Française du Bâtiment. A gold medal, in the Sustainable Cities and Territories category, was awarded to Vauban eco-district in Besançon. A bronze medal was awarded to the "base de vie" project in L'Houmeau (Charente-Maritime). Crédit Mutuel Aménagement Foncier also received the "Envirobot Grand Est 2021" award for its Les Rives du Bohrie development project in Ostwald (Bas-Rhin).

The Ataraxia Promotion subsidiary received the 2021 "Pyramides d'Argent" Industrial Innovation Award from the Fédération des Promoteurs Immobiliers – Center Val de Loire for its residence Le Renaissance located in Tours (Indre-et-Loire).

AFEDIM's new website, which went online in September, concentrates rental, purchase and investment real estate ads in a single entry point. This change makes it possible to increase the performance of digital marketing systems and the possibilities of synergies with the banking network.

[1] List of eight subsidiaries: development/subdivisions Crédit Mutuel Aménagement Foncier; distribution of real estate property and services: AFEDIM and AFEDIM Gestion; real estate development: ATARAXIA Promotion; real estate co-development: Crédit Mutuel Réalisations Immobilières; financing rounds: Crédit Mutuel Participations Immobilières; real estate valuation: Valorisation Immobilière; distribution of existing properties: AFEDIM Transactions.

Crédit Mutuel Home Loan SFH

Crédit Mutuel Home Loan SFH, a subsidiary of Banque Fédérative du Crédit Mutuel, is responsible for raising funds from international investors. It borrows on the financial markets by issuing residential-mortgage backed securities rated AAA by the rating agencies when they are guaranteed by the network's home loans.

The year 2021 was marked by the persistence of the pandemic and the return of inflation to levels not seen for a long time. This resurgence in inflation is the result of a rebound in the economy, rising commodity prices, persistent bottlenecks and continued fiscal stimulus.

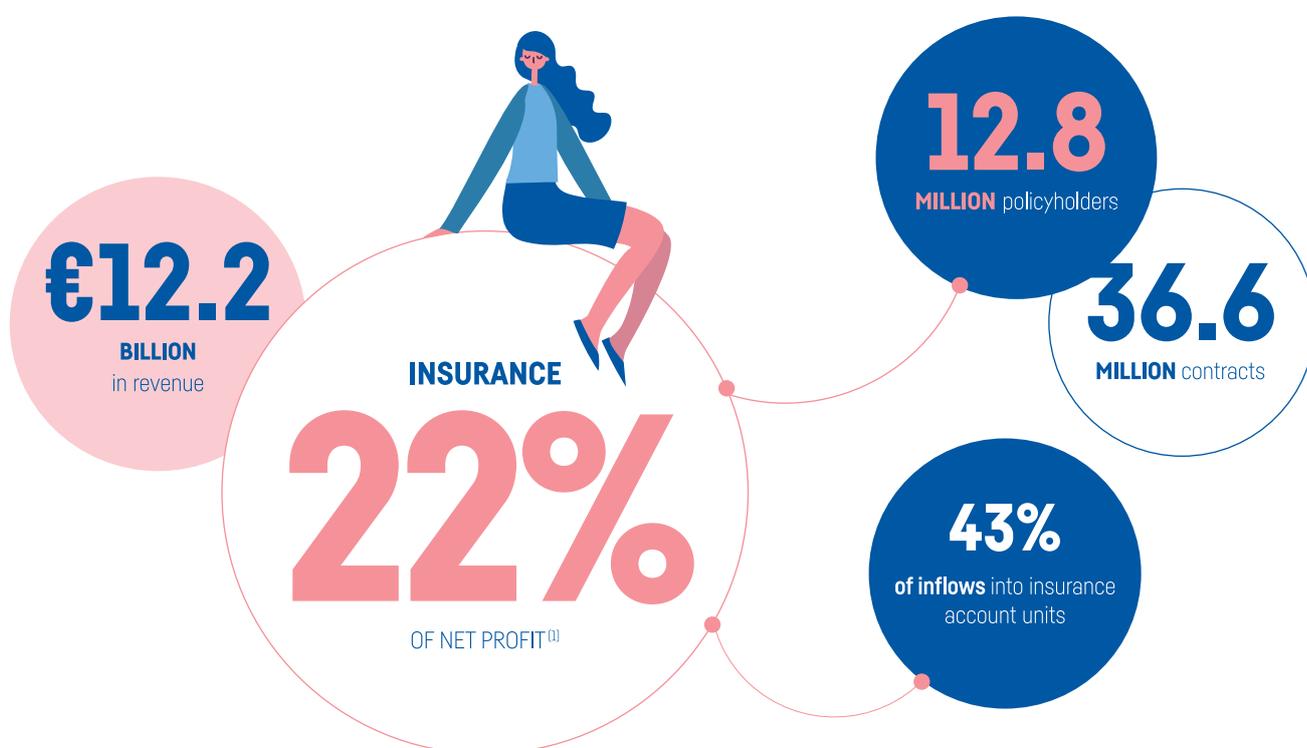
This has led central banks to accelerate the normalization of their accommodative policies and, in particular, to announce the forthcoming end of their asset purchase program and to envisage future rate hikes over 2022 and the following years.

However, for 2021, the bond markets have proven resilient despite some volatility in rates and continue to offer issuers good refinancing conditions

In this context, Crédit Mutuel Home Loan SFH performed two major issues during the year: for an amount of

- In May: €1,250 million at ten years (coupon rate of 0.01%);
- In July: €1,000 million at seven years (coupon rate of 0.01%).

1.3.2 Insurance



[1] Share of Crédit Mutuel Alliance Fédérale net profit excluding the Holding segment.

For 50 years, Insurance has been carried out by Groupe des Assurances du Crédit Mutuel (GACM). A major player in this field in France, it covers the needs of retail, professional and corporate customers. GACM's activity has been fully integrated since it was created from a commercial and technological standpoint in Crédit Mutuel Alliance Fédérale. Distribution is mainly carried out through the Crédit Mutuel, CIC and Cofidis banking networks. Other subsidiaries located in France, Spain, Belgium and Luxembourg are also responsible for marketing.

GACM accompanies its policyholders on a day-to-day basis to protect their families, property, professional activity and their businesses. In life insurance, GACM offers a wide range of products that can be adapted to the customer's objectives: financing projects, preparing for retirement or passing on capital. Customers have a range of management services at their disposal, including packaged formulas, controlled management and arbitrage mandates. As part of its Social and Mutual Responsibility Policy, GACM has been offering, since the end of 2020, the Pack *Environnement 50*, which gives policyholders the opportunity to invest their savings in account units that finance sustainable development.

The property insurance marketed by GACM makes it possible, in particular through property and automotive insurance, to cover property and assets of private individuals. GACM also offers insurance covering all risks related to the activity of professionals and companies: premises, equipment, vehicle, professional civil liability and legal protection.

In personal insurance, the complementary health insurance offer is modular, so as to meet the profile and needs of each customer. In addition, all contracts benefit from access to the *Avance Santé* card for the payment of healthcare costs without immediate debit. GACM offers a complete range of insurance products for retail customers, professionals and businesses.

Lastly, GACM's loan insurance covers the loans contracted by retail customers, professionals and businesses in the event of death, incapacity for work or loss of activity. In 2021, GACM eliminated loan insurance medical formalities for loyal Crédit Mutuel Alliance Fédérale customers when financing their primary residence^[1]. As a result, loyal customers are no longer subject to additional premiums or exclusions related to their state of health. This system is one of Crédit Mutuel Alliance Fédérale's commitments as part of its status as a benefit corporation bank.

In 2021, the insurance activity covered more than 12.8 million policyholders, an increase of 2.2%.^[2] GACM's consolidated revenue amounted to €12.3 billion, up 17.6%. This development was mainly driven by strong growth in gross life insurance premium income, after a sharp decline in 2020 due to the lockdown and volatility of equity markets. The strategy of diversifying investment vehicles is continuing, with account units representing nearly 43% of total premium income, almost doubling in two years.

In property insurance, revenue continued to rise, driven by growth in the automotive and home portfolios, as well as in multi-risk business insurance, under the impetus of the new Multi Pro offer launched in September 2020. Personal insurance also recorded sustained revenue.

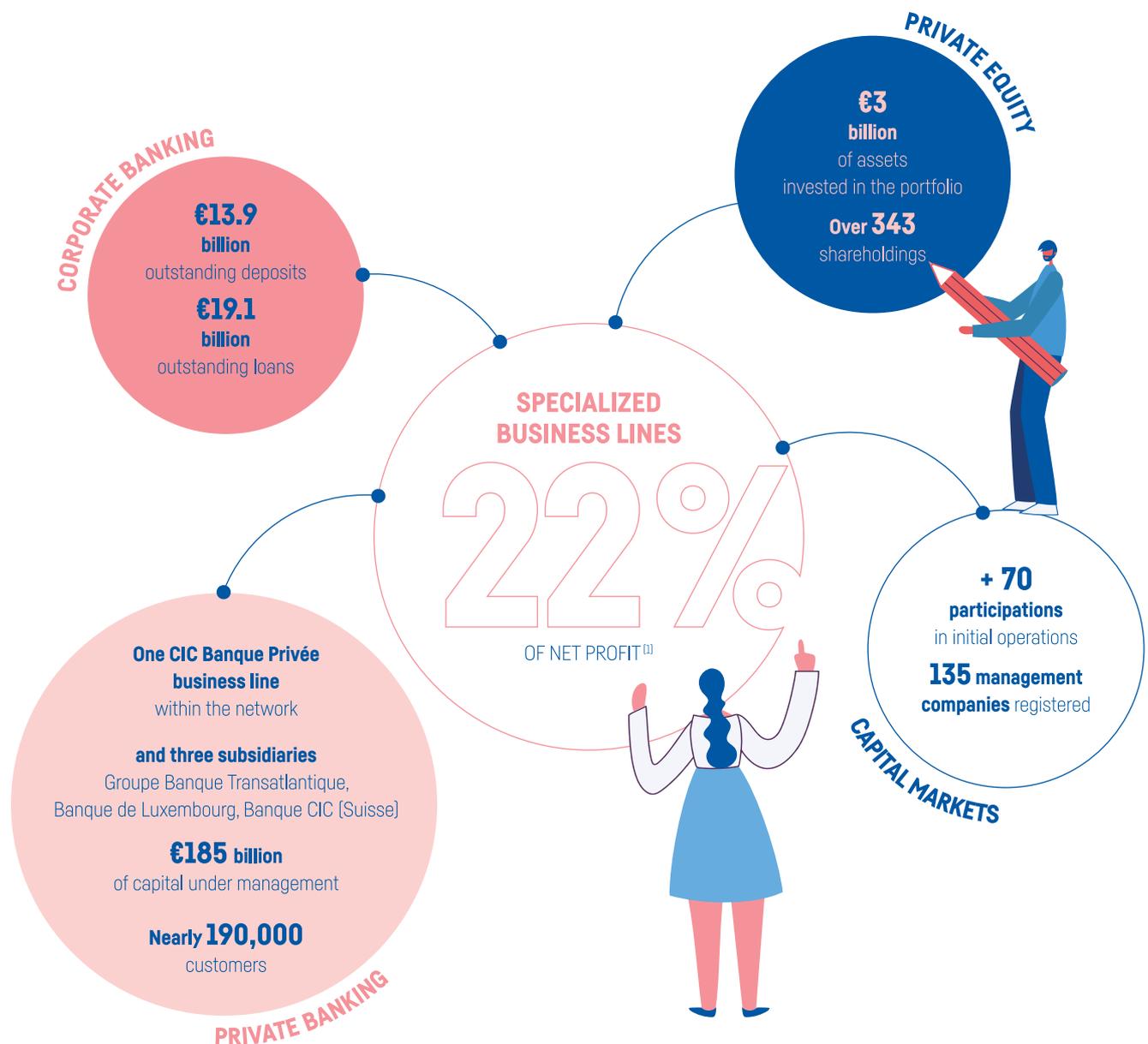
In 2021, GACM continued to equip banking network customers with covering offers and powerful services. In order to accelerate development in the professional and corporate markets, new offers have been deployed in group insurance and for non-profit organizations. GACM has also simplified distribution by providing the networks with a new pre-sales tool and specialized teams to assist account managers in marketing these products. Finally, GACM offers a wide range of e-services to its individual and professional policyholders, including e-declaration, which allows them to declare their automotive, home and work stoppage claims at any time and in a few clicks.

1

[1] Offer subject to cumulative conditions, reserved for the purchase of the main residence, to customers who have domiciled their main income for at least seven years with Crédit Mutuel or CIC, aged less than 62 years, within the limit of an insured capital of €500,000 per borrower, for any first subscription to ACM of a loan insurance policy for their main residence, or for any customer.

[2] Pro forma change, following the update of the number of GACM policyholders in Spain.

1.3.3 Specialized business lines



[1] Share of Crédit Mutuel Alliance Fédérale net profit excluding the Holding segment. Excluding CIC Banque Privée (activity within the CIC network and its five regional banks).

1.3.3.1 Private banking

Crédit Mutuel Alliance Fédérale's Private Banking is focused on providing quality customer service, in accordance with the profession's best practices. It relies on several entities each with a unique positioning. In France, the activity is provided by CIC banque Privée and Banque Transatlantique. CIC Banque Privée, a branch business line integrated into the CIC network, addresses first of all the needs of business owners. Banque Transatlantique offers custom private banking services and stock-options. It also offers services dedicated to French

customers living abroad. Internationally, the group has private banking entities in zones presenting strong growth potential such as Luxembourg, Switzerland and Belgium.

These outlets offer, in France as well as abroad, a large range of services with high added value to nearly 190,000 customers. Depending on its market and its capabilities, each entity may intervene in other customer segments than just the private clientele.

Private Banking^[1] totaled €185 billion in assets under management and €28 billion in loans.

[1] Data on all private banking business (CIC Banque Privée, Banque Transatlantique Group, Banque de Luxembourg and Banque CIC (Suisse)).

1.3.3.1.1 CIC Banque Privée

For more than 150 years, CIC banque Privée has supported wealthy families and business leaders in the development of their personal and professional assets. CIC Banque Privée has more than 300 employees in 45 branches in France who offer high value-added services in the fields of financial and wealth engineering, asset allocation and financial management.

Alongside the wealth management engineers, the private bankers meet with business owners to identify their needs and define their business and wealth strategy. Solutions are then proposed in synergy with the network's business lines, which are experts in supporting companies. CIC banque Privée benefits from the national presence of the CIC network and its representation offices worldwide.

In 2021, CIC Banque Privée continued its development by offering new structured products and investment funds in unlisted assets. A positive impact fund, WCP Impact Dev# 1, is made available to customers. This fund invests in French companies whose products and services have a positive societal and/or environmental impact, or which are committed to a project with a similar impact. The outperformance commission earned by this fund is paid to Télémaque. This non-profit organization provides professional support to deserving and motivated young people from modest backgrounds. The marketing momentum has enabled CIC Banque Privée to be included in the *Décideurs* magazine rankings in the "Excellent" category of affiliated private banks in 2021.

In addition, the simplification of processes is accelerating. Thus, management operations on life insurance policies will be dematerialized and the asset allocation process will be integrated into the information system. Other projects were carried out as part of the strategic plan and commitments related to the status of a benefit corporation bank. A customer reporting tool has just been deployed and the employee training plan has been completely overhauled.

1.3.3.1.2 Banque Transatlantique

A private bank since 1881, Banque Transatlantique is a subsidiary of Crédit Mutuel Alliance Fédérale. Unique among private banks, Banque Transatlantique has earned the trust of its customers through the specificity of its services and business lines: executive management, large families, expatriates, senior government officials, and tech entrepreneurs.

Demanding in the quality of its know-how, Banque Transatlantique combines a transgenerational and cross-border approach. Its priority is to build a coherent long-term wealth strategy according to the customer's objectives, investor profile and family context. Banque Transatlantique has also positioned itself for a century on the market of diplomats and more generally of French expatriates, present in 170 countries.

Banque Transatlantique is the leader in France in shareholding plan management and its expertise in private banking is well known and recognized. Asset allocation and management are handled by its subsidiaries Transatlantique Private Wealth and Dubly Transatlantique Gestion. In 2021, the latter integrated the new Crédit Mutuel Alliance Fédérale sectoral investment policies and ratified the Principles for Responsible Investment. Banque Transatlantique also supports its customers who wish to give meaning to their money through the Transatlantic Endowment Fund.

Banque Transatlantique continues to expand in France through its ten branches and abroad in Geneva, London, Luxembourg, Brussels, Hong Kong, Singapore, Montreal, New York, Boston and San Francisco. Its 413 employees provide and guarantee local private asset management expertise. Thanks to the sustained development of activities in 2021, the amount of assets under management rose by 15.1% to €55.6 billion.

In 2021, Banque Transatlantique is ranked as a Notable Bank in the Wealth Management – Affiliated Banks category, as well as Excellent in the Wealth Management – Multi-Family Offices category by *Décideurs* magazine. The results of a customer satisfaction survey conducted at the end of the fiscal year revealed a Net Promoter Score of 26. Nearly nine out of ten customers say they are satisfied with Banque Transatlantique's services. At the same time, the 3rd edition of the Banque Transatlantique Expatriation Observatory was launched in partnership with the Union des Français de l'Étranger association and Opinionway. This observatory, based on a survey of a large number of French people living abroad, shows the main trends and reasons for expatriation.

The bank is also continuing its transformation project through 22 projects under the "Nouvel R" program. This project aims to restore the appeal of the registered office premises and rethink workspaces, promoting the autonomy of employees, and facilitating the appropriation by customers of the bank's offer and its expertise.

1.3.3.1.3 Banque de Luxembourg

Founded in 1920, Banque de Luxembourg is one of the largest banks in Luxembourg. With more than 1,000 employees, it serves local and international retail customers, entrepreneurs and professionals in the asset management business.

It offers private customers tailor-made support in the management, valuation and transmission of their assets and the financing of their projects. It also supports families on issues of governance or the implementation of philanthropic projects. It relies on its subsidiary Banque de Luxembourg Investments (BLI) to offer its clients expertise in asset management through a diversified range of investment funds.

Banque de Luxembourg also assists entrepreneurs and real estate developers with project financing and financial management. In addition, as a pioneer in the development of a center of expertise dedicated to investment funds, it provides a wide range of services to fund initiators. Support ranges from the creation of investment vehicles to central administration and international distribution. The independent asset managers benefit from custodian banking services. They can thus delegate their administrative tasks to fully devote themselves to the management and development of their business.

In 2021, Banque de Luxembourg was named Best Private Bank in Luxembourg in the Next Generation category by Euromoney, the leading publication in international finance. It has also received several awards for its asset management and fund performance through its asset management company BLI. It received the 2021 European Funds Trophy awarded by Fundclass in the category of "Best Asset Management Company" in Luxembourg. BLI was also named Fund boutique of the year by *Goldener Bulle* in Germany. BL-Global Flexible EUR was awarded three times as best fund in its category by the Lipper Fund Awards (UK), L'Echo/Tijd Fund Awards (Belgium) and the *Trophée d'Or du Revenu* (France).

In 2021, Banque de Luxembourg launched a 4th private equity fund in collaboration with Ardian and EQT. In addition, discretionary management, the primary investment product, is now enriched with an ESG offer for customers.

Banque de Luxembourg is accelerating the development of digital tools to improve the customer experience. It deploys new technologies such as digital signatures. Electronic document management is now used to achieve efficiencies and better serve customers. A new technological base must be created to optimize account opening. The bank continues to roll out offerings that simplify the banking experience for customers in the area of payments and digital. Itsme, a digital authentication solution in Belgium, and Apple Pay are now available.

On the innovation side, the bank is extending so-called agile practices to the implementation and management of projects. An information management system based on a single, cross-functional and secure data warehouse has been set up. It makes it possible to capitalize on the bank's data.

Finally, as part of its BLU 2025 plan, Banque de Luxembourg places the interests of its stakeholders at the heart of its development strategy through ESG criteria. In 2021, it initiated its request for BC Corp certification. In this context, it has defined its areas of commitment, particularly in the social and societal fields, the concrete actions of which will emerge in 2022.

1.3.3.1.4 Banque CIC (Suisse)

Established for more than 100 years in Switzerland, Banque CIC (Suisse) aims to meet the financial needs of businesses, entrepreneurs and private individuals. This omnichannel bank combines tradition and a spirit of innovation, efficiency and flexibility. Banque CIC (Suisse) sets itself apart from other banks by its commitment to entrepreneurial action, its short decision circuits, its financial stability, its advice focused on added value and its custom-made solutions.

In serving its customers, Banque CIC (Suisse) supports them by giving priority to the human aspect throughout the relationship. Dedicated customer advisors provide personalized support to best meet customer needs. In addition, customers benefit from access to various digital solutions enabling them to interact with the bank 24 hours a day, seven days a week.

In 2021, Banque CIC (Suisse) opened its 10th site in Lucerne, Switzerland. It continues its targeted growth and is now present in central Switzerland, an economically important region. With a balance sheet total of over €12 billion and more than 420 employees, Banque CIC (Suisse) is a long-term component of the Swiss banking landscape. It leverages its omnichannel approach by combining personal support and customer proximity with the eLounge solution.

In order to meet the changing needs of customers and adapt to new consumption patterns, Banque CIC (Suisse) offers Cleverinvest. This digital product for continuous wealth development allows customers to easily invest their money according to their interests. The self onboarding is another innovative digital solution. In five minutes, the customer can open a banking relationship and register without any paperwork.

1.3.3.2 Corporate banking

Corporate banking meets the strategic challenges of Crédit Mutuel Alliance Fédérale's large corporate and institutional customers. It intervenes as part of a global approach to their needs. Its teams are

based both in France and in CIC branches in London, Brussels, New York, Singapore and Hong Kong. Corporate banking offers specialized financing and development solutions adapted to the needs of each customer in France and abroad. It also supports the action of the business' networks for their large customers.

1.3.3.2.1 CIC Corporate: large companies and institutional investors

CIC Corporate is the point of entry and contact for Crédit Mutuel Alliance Fédérale's major customer accounts. It assists large French or foreign industrial companies, whether listed or not, with revenue of more than €500 million. It also offers its solutions to institutional investors such as insurance companies and pension funds. Finally, it meets the needs of public/semi-public organizations such as large non-pro or social organizations.

Organized by economic sector, the CIC Corporate team is made up of sales associates with a customer portfolio. They advise and propose financing solutions adapted to needs or the activity. Employees also draw on the expertise of Crédit Mutuel Alliance Fédérale's various business lines in France and abroad, which they coordinate.

In 2021, a team of four employees, dedicated to structuring and sustainable finance, was created. Responsible for structuring impact financing for customers, it supports CIC Corporate sales staff and the medium and large corporate teams of CIC regional banks. It also responds to requests from BECM, the bond structuring department and the specialized lending department.

1.3.3.2.2 Structured financing

CIC's structured financing department supports the projects of Crédit Mutuel Alliance Fédérale's corporate customers. It comprises four business lines: acquisition financing, project financing, asset financing and securitization. CIC offers support solutions adapted to each type of transaction. The teams operate in France and internationally, with branches in New York, London, Brussels, Hong Kong and Singapore. Finally, the asset management company CIC Private Debt, a subsidiary of CIC, offers third-party management services.

CIC's acquisitions financing business line supports customers' projects for corporate transfer, external growth and development. Its expertise and know-how in structuring allow it to offer customized financing.

In terms of project financing, after performing in-depth analysis of the project, CIC prepares tailor-made financial packages. It draws on the expertise and experience of a dedicated team of project analysts. CIC is notably involved in project financing in the energy and infrastructure fields. It has specific expertise in renewable energies. Financing with a positive climate impact totaled €2.5 billion. Europe continues to dominate the geographical distribution of outstandings with more than 70% of authorizations granted. The other projects originated in Asia Pacific and the Americas.

The asset financing business line offers its expertise in France and abroad. It operates in the aeronautics sector for the financing of aircraft fleets. In maritime transport, it offers to finance transport vessels, passengers and containers. It also covers the energy sector, with the financing of LNG carriers and, since 2019, the rail sector.

The securitization business line is responsible for the sale of marketable securities. Since 2019, CIC has had a "Satellite" securitization vehicle. It refinances the bank's securitization transactions with its corporate customers.

CIC Private Debt is a leading player in disintermediated financing for European SMEs and ISEs. It offers a range of private debt products comprising four financing solutions: Mezzanine and Unitranche, Senior Mid Cap Debt, Senior Large Cap Debt and Infrastructure Debt. With nine funds under management, this entity manages €2.5 billion in assets. In 2021, CIC Private Debt won Private Equity Magazine's Private Debt Lender Award in the smid category.

1.3.3.2.3 International activities and foreign branches

CIC, through its international activities department supports corporate customers in carrying out their international projects. The support of these customers and the development of their activities abroad is achieved thanks to the support of Crédit Mutuel Alliance Fédérale networks in Germany, Spain and Switzerland, CIC branches and representative offices and strategic partnerships.

CIC's five branches in Great Britain, the United States, Hong Kong, Singapore and Belgium aim to support and finance corporate customers in strategic areas of the world. The mission of the 37 representative offices – including the five international development offices located in these branches – is to assist Crédit Mutuel Alliance Fédérale's customers in their development projects. They respond to requests from customers seeking information on markets or looking for a distributor, supplier or sales agent. Locally, these representative offices maintain effective relationships with the customers' banks and subsidiaries. They also work on behalf of other Crédit Mutuel Alliance Fédérale business lines, in close collaboration with the CIC Aidexport subsidiary. International customers support is also based on strategic partnerships: in Canada with Desjardins, in China with Bank of East Asia, in the Maghreb with Bank of Africa BMCE Group and Banque de Tunisie. Overall, through its various networks, more than fifty countries are covered.

The international activities department provides its customers with a full range of offers to address development issues outside France. It offers banking products and services designed to guarantee, safeguard and finance international business transactions. Customers thus have access to documentary letters of credit, international guarantees, cash flow and currency risk management, export financing and working capital requirements.

Managed by a single ISO 9001-certified business center, the processing of international documentary transactions and guarantees is spread across France in five regional hubs to ensure close collaboration with corporate banking branches.

In addition to the traditional roles of trusted intermediary in international business transactions, CIC offers companies international support. Through its specialized subsidiary, CIC Aidexport, customers receive personalized assistance and advice for their international development. Dedicated employees work closely with the network's account managers, branches and representative offices. Their role is to develop multi-market targeting, select partners, assist in the commercial or industrial implantation and offer a detailed and realistic analysis of the target market. In 2021, nearly 425 companies were supported by CIC

Aidexport, an increase of 94% compared to 2020. The teams in the representative offices acted as ambassadors for customers, providing an effective relay during a pandemic that affected travel.

1.3.3.3 Capital Markets

CIC Marchés groups together the market commercial activities – under the CIC Market Solutions brand – for corporate customers and financial institutions, the investment activity as well as the post-market services for these activities.

In July 2021, a new governance structure was implemented within CIC Marchés in order to increase the sharing of expertise and synergies between its various business lines and with the other business lines and entities of Crédit Mutuel Alliance Fédérale.

In a still deteriorating health context, CIC Marchés achieved a very good performance with €379 million in IFRS NBI, compared to €319 million last year. That is, a level of activity not reached since 2016. The results of CIC Marchés contribute to strengthening the Group's equity.

1.3.3.3.1 Commercial activities (CIC Market Solutions)

CIC Market Solutions assists corporate customers with their needs for access to market financing, interest rate, currency and commodity risk hedging and corporate brokerage; and financial institutions with their market access and asset servicing needs. By connecting issuers and investors, CIC Market Solutions enables the successful completion of the financial transactions entrusted to it.

CIC Market Solutions thus advises and accompanies corporate customers and financial institutions in their risk hedging issues in terms of interest rates, exchange rates and commodities. CIC Market Solutions provides both standardized hedging solutions and fully customized solutions adapted to the identified risk issue. In 2021, more than 80,000 hedging transactions were processed on behalf of more than 5,000 customers. CIC Market Solutions operates in the euro interest rate market, foreign exchange markets and the main commodity categories: energy, industrial metals and agricultural commodities. In 2021, the commodities offering was extended to new underlyings (steel, natural gas, ethanol).

CIC Market Solutions carries out transactions on financial instruments for its customers: bonds, equities, ETFs and derivatives on regulated markets.

CIC Primary Market Solutions is the Crédit Mutuel Alliance Fédérale business center for financial transactions in Capital Markets and other financial operations and was involved in 70 primary operations in 2021. CIC Market Solutions supported around fifty French issuers on the bond market and took part in five IPOs and three capital increases, marking a clear rebound after a sluggish year in 2020. CIC Market Solutions also proposes corporate brokerage solutions to businesses (liquidity agreement, share buyback, corporate execution, reclassification of shareholdings), securities services for issuers (keeping the shareholders' register, preparing and holding Shareholders' Meetings, financial services for security transactions), financial communication (financial communication services, sponsor listing) as well as sponsored research, and evaluation and diagnosis.

With €6.7 billion of structured EMTNs outstanding at the end of 2021 (€2.5 billion issued in 2021) and 1,500 products issued, CIC Market Solutions provides Crédit Mutuel Alliance Fédérale's corporate and financial institution customers, through its distribution networks, with an effective range of investment products as part of CIC's issuance program.

CIC Market Solutions also offers range of dedicated services to support and advise financial institutions whether they are asset management companies or institutional investors: investment decision assistance solutions, execution and post-market solutions, custody account keeping and depository solutions for UCIs. With over 135 deposited management companies and over 35,000 administered customer accounts, CIC Market Solutions is the leader on the portfolio management companies and independent UCI's segment for custody account keeping and the depository function. In particular, 2021 saw the strong development of the Table Buy-Side business, a high value-added outsourced execution offer that enables management company customers to improve the performance of their funds while reducing their costs. CIC Market Solutions also supports its customers internationally through its presence in the United States [CIC Market Solutions Inc.].

Drawing on the expertise of its analysts – economic and strategy, equity and credit – and its partners [M.M.Warburg & Co and ESN LLP – European Securities Network], CIC Market Solutions offers a broad equity research coverage of more than 550 European companies. In 2021, CIC Market Solutions' research office was included in the Top five of the Institutional Investor Research France ranking, testifying to the expertise of the equity research and sales teams and confirming the research office's strong position.

In 2021, CIC Market Solutions continued its strategy of digitizing its offering. The financial and strategic analysis videos were viewed more than 60,000 times over the period, an increase of 60% compared to the previous year. This digital content is accessible on the go thanks to the mobile app.

CIC Market Solutions has also developed its range of products and services related to the environmental transition and in line with the strategy of Crédit Mutuel Alliance Fédérale: creation of a Sustainable Research unit to complete the Global Research offering for investor customers, support for issuers in their ESG bond transactions (six Sustainability-Linked Bonds, five Green Bonds and two Social Bonds; *i.e.* 25% of mandates in ESG format by 2021), support for two companies in the transition sector in their IPO, implementation of six EMTN issues indexed on the Solactive France Transition index, completion of the first interest rate swap transaction with an ESG component (Sustainability-Linked Swap).

1.3.3.2 Fixed income-equity-loans business line

The investment activity essentially covers the buying and selling of securities acquired with the intention of holding them long-term, as well as transactions on financial instruments related to them. These transactions performed by CIC Marchés in CIC's balance sheet, give Crédit Mutuel Alliance Fédérale control over the main market products which are necessary for its customers and itself. The investment strategy is to achieve positive performance by limiting the volatility of the financial results from these activities.

The investment business line covers a wide range of financial instruments. It is divided into three desks: rate desk (fixed income), equities desk [M&A special and hybrid operations] and credit desk [ABS/MBS, corporate loans, financial institutions, treasury securities]. These activities are organized into specialties defined by the body of

rules. The teams in charge of these activities conduct these transactions according to a strict framework of limitations. In 2021, these limits were lowered and recurring hedges were put in place to reduce the volatility observed during the first wave of the health crisis.

In 2021, the Investment business line adjusted its portfolios to the changes in Crédit Mutuel Alliance Fédérale's sectoral policies, reflecting the Group's commitment to supporting the environmental transition.

The expertise deployed is also used for Crédit Mutuel Alliance Fédérale's alternative management company, Cigogne Management SA, which CIC provides investment advice for. Cigogne Management SA's outstandings at the end of 2021 amounted to €2 billion.

1.3.3.4 Private equity

Crédit Mutuel Equity groups all Crédit Mutuel Alliance Fédérale's capital investment activities: private equity, capital transmission, capital innovation. For nearly 40 years, this entity has provided capital support to senior management. At all stages of their business development, it gives them the resources and time necessary to implement their transformation projects. Crédit Mutuel Equity is present in France through eight offices: Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse. It is also established internationally through its subsidiaries in Germany, Switzerland and Canada.

In 2021, Crédit Mutuel Equity brings together nearly 350 senior managers of start-ups, SMEs and ISEs, who share their convictions and questions within a real network of entrepreneurs. It offers everyone, whatever the nature of their project, the assurance of benefiting from the experience of others. Crédit Mutuel Equity invests its own capital, which enables it to finance companies' projects according to time horizons adapted to their development strategy.

2021 was marked by very strong business momentum and the resilience of the portfolio, demonstrating great overall strength. A total of €12.9 million was invested in proprietary trading, of which nearly two-thirds in new operations.

In 2021, Crédit Mutuel Equity has made 23 new investments, including: Charles & Alice (*fruit dessert specialist*), Minafin (finished chemicals – pharmaceutical), Activ Medical Disposable (manufacturer of adult incontinence protection), INTM (information system consultant), Groupe Santé Victor Pauchet (health facilities, network of nurseries and senior residences), PKF Arsilon (accounting and CAC firm), Expondo (e-commerce platform), Roth Gerüste (range of scaffolding services), Grain de Sail (coffee roaster and chocolate maker), Maisons Pierre (construction of individual houses).

Crédit Mutuel Equity reinvested in Lim Group (design, manufacture and distribution of high-end saddles and equestrian accessories), Visible Patient (3D image-guided surgery) and Norac (manufacture of pastries and cold catering).

Portfolio rotation is once again very active. Divestments generated a total of historical capital gains of more than €355 million. The main divestments were in NGE (infrastructure, public works and railways), La Compagnie des Vétérinaires (pet cremation), Dodo (manufacture and marketing of comforters, pillows, mattress protectors, etc.), Universign (electronic signature, time-stamping and evidence management solution), Factory Systèmes (software and hardware solutions to manage and optimize industrial and tertiary processes), Edison Software (personal assistant application and e-mail management) and Armafina (construction and public works sector – concrete reinforcements).

At the end of 2021 the proprietary trading portfolio had more than €3 billion of outstandings invested in over 335 diversified interests.

In third-party management, Crédit Mutuel Capital Privé finalized the launch of the Siloé Infrastructures fund, with €500 million in capital. It provides equity financing for infrastructure projects that meet the challenges of ecological, energy, demographic and digital transitions. Its long-term approach makes it possible to respond to the need for structural investments linked to these changes in order to generate positive, concrete and measurable impacts for the benefit of the territories. To this end, the projects supported by Crédit Mutuel Capital Privé *via* Siloé Infrastructures must meet one of these three requirements:

- ensure the transition to low-carbon energy and develop decentralized and flexible electricity production;
- support the aging of the population and facilitate future mobility;
- develop new infrastructures and digital services that promote the economic development of the regions.

At the balance sheet date, more than €100 million had been deployed in these projects, mainly in the energy transition.

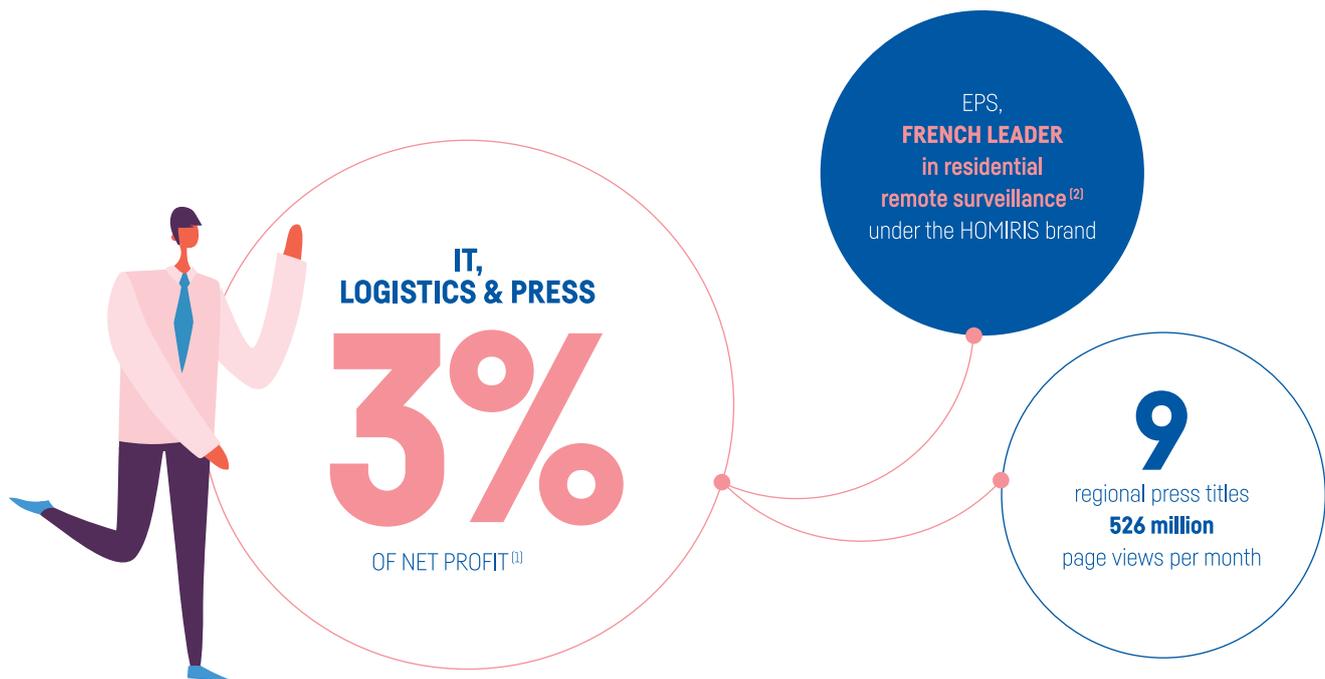
Outstanding funds under management amounted to €199.5 million.

For its part, CIC Conseil completed 23 transactions, enabling it to achieve a record year in commission income.

In 2020, Crédit Mutuel Equity also accelerated the structuring of support for its investments. The objective is to implement a sustainable transformation of the investments in terms of their human values and their economic and environmental approach. This orientation aims to make them more financially and non-financially sound. This requires, in particular, the definition of a responsible and sustainable roadmap using governance as a lever or the implementation of impact monitoring tools.

Finally, in response to the need for companies to rethink their Business Model and innovate in order to sustain their activities, Crédit Mutuel Equity gives them access to a platform dedicated to innovation. This collaborative workspace brings together several thousand start-ups, research centers and incubators. In this way, each manager can identify the best technologies to meet their transformation needs and publish bidding processes related to these themes.

1.3.4 IT, logistics and the press



(1) Share of Crédit Mutuel Alliance Fédérale net profit excluding the Holding segment.

(2) Source: Atlas 2020 en toute sécurité.

This division comprises Crédit Mutuel Alliance Fédérale's IT companies, logistic structures and press activities.

Euro Information

Euro-Information acts as the IT sub-holding company for the group; in particular, it provides financing for all IT and peri-IT investments and for the group's technical subsidiaries.

In 2021, its revenue amounted to €1,422 million.

Euro-Information Développements

Euro-Information Développements is in charge of all the group's IT developments and is responsible for the development of the information system shared by 15 Crédit Mutuel Federations, the CIC banks and the various Crédit Mutuel and CIC business lines.

In 2021, the activity of EID development teams increased significantly: +11.47% of man-days produced in 2021 compared to 2020.

Euro Protection Surveillance (EPS)

Euro Protection Surveillance offers residential and business remote security services under the Homiris brand. The service is mainly marketed through the banking and insurance networks under an "all-inclusive" subscription. EPS is a leader in residential remote surveillance in France^[1] with a market share of around 32% in terms of number of connections.

In 2021, EPS continued its development with the signature of more than 59,700 new contracts and now has more than 532,000 subscribers. During the year, EPS acquired Protection 24, a subsidiary of BNP Paribas with over 73,000 subscribers, which took a non-controlling interest in EPS.

The quality of service provided by EPS through Homiris was rewarded by the *Élu Service Client de l'Année 2022* trophy^[2] in the "Alarm and Remote Surveillance" category, and by the *Meilleure Enseigne de l'Année 2022* label^[3] in the "Remote Surveillance" category awarded by *Capital* magazine.

The Lyf Pay electronic wallet

Lyf is the first French fintech to simplify payment and reinvent the daily shopping experience thanks to cell phones. The associated application, Lyf Pay, integrates more and more innovative and secure services and has over 2.4 million registered users.

Lyf supports major retailers and independent professionals in the digitization of customer relations as well as in streamlining and diversifying the purchasing journey in the omnichannel era. Free and secure, the Lyf Pay application offers a wide variety of payment services. It enables individuals to:

- pay between friends by sending and receiving money or the pooling service;
- pay in-store and online (payment and loyalty are combined and the receipt is digitized);
- pay without going to the cash register with Scan & Go, Click & Collect or pay at the table.

With the health crisis, the need to digitalize the commercial environment has increased in order to respond to new consumer habits, health and distance rules, and staff recruitment issues. Lyf's offer fully meets these needs and several commercial successes and partnerships have confirmed this positioning. For example:

- deployment of the Scan & Go service in Brico-Dépôts stores to make life easier for customers in a hurry and free up "customer service time" for sales staff to better serve customers. This project was rewarded during the 8th Night of Connected Commerce;
- launch of dematerialized tipping for the reopening of restaurants in June 2021;
- establishment of a new partnership with the "Association Française des Maîtres Restaurateurs". The goal is to support restaurant owners in their digital transformation with the deployment of the payment at table service in their restaurants;
- continued deployment of the remote payment solution. The Lyf Pro app simplifies the "nomadic" payment process for professionals.

In order to achieve its development, Lyf is supported in its growth by leading shareholders in the banking, payment and retail sectors such as BNP Paribas, Crédit Mutuel,^[4] Auchan, the Casino group, Mastercard and Oney.

Press

The EBRA group, which brings together the press activities of Crédit Mutuel Alliance Fédérale, is the leading regional daily press group in France with more than 800,000 copies sold every day. Its main titles – *Le Dauphiné Libéré*, *L'Est Républicain*, *Vosges Matin*, *Le Républicain Lorrain*, *Les Dernières Nouvelles d'Alsace*, *L'Alsace*, *Le Progrès*, *Le Journal de Saône et Loire* and *Le Bien Public* – cover information for 23 departments in France. In addition to print, these publications have websites and mobile applications that are increasingly consulted. As an example, in September, more than 4 million daily visits were recorded and 17.5 million pages were viewed per day.

Actively engaged in a socially responsible approach, EBRA became in 2021 the first PQR group to be awarded the Positive Workplace® CSR label. During the year, the Group also made a commitment to the theme of "Living Together" by signing an agreement dedicated to the quality of life at work for employees.

Located in Houdemont in Meurthe-et-Moselle, the start-up of a new printing site makes it possible to print the newspapers *L'Est Républicain*, *Le Républicain Lorrain* and *Vosges matin* in 100% color. The aim of this modernization is to improve the group's industrial performance, reduce fixed costs and environmental impact.

The EBRA Group's digital transformation is intensifying. The number of subscribers to digital editions is increasing and represents 11.6% of the base in December compared to 5.8% at the end of 2019. The new "ASAPP" application dedicated to the young urban public that offers a selection of local information is being tested in two cities: Strasbourg and Lyon. Digitization is also impacting the events market, which has seen the launch of multiple virtual trade shows. The growth of the advertising market is gradually picking up but remains affected by the health crisis and the new rules on consent to personal data that have been put in place.

[1] Source: "Atlas 2021 En toute sécurité".

[2] Category Alarm and remote surveillance – BVA study – Viséo CI – More information on escda.fr.

[3] Online survey conducted by Statista among 20,000 consumers in 2021, and published in *Capital* magazine in November 2021.

[4] Crédit Mutuel Alliance Fédérale (Crédit Mutuel Centre Est Europe, Sud Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique and Centre Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Massif Central and Antilles-Guyane federations), Crédit Mutuel Nord Europe, Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan.

1.4 HISTORY

1.4.1 Origins of Crédit Mutuel

At the end of the 19th century, the farming communities in Germany's Rhineland region were impoverished as a result of usury.

Frédéric-Guillaume Raiffeisen [1818-1888] then developed a new concept to combat poverty. The idea was to arrange loans to finance the resources needed for farming (seeds, livestock, etc.) based on the savings and responsibility of all villagers – the shareholding members. Interest was paid on the savings collected. The foundations of Crédit Mutuel had been laid:

- loans were only granted to shareholding members;
- limited (after originally being unlimited) joint and several liability of shareholding members;
- a democratic organization: one person equals one vote, voluntary membership, no remuneration for directors;
- limited geographic areas;
- no pay-out of financial surpluses;
- indivisible reserves.

Such was the foundation on which Crédit Mutuel was built and which continues to underpin the company to this day.

1.4.2 Main dates

- | | | | |
|-------------|--|-------------|---|
| 1882 | Creation of Crédit Mutuel's first bank in La Wantzenau. | 2002 | Partnership between CMCEE, CMCESE and Crédit Mutuel Île-de-France. |
| 1885 | Creation of the first federations: Basse-Alsace and Haute-Alsace. | 2004 | Creation by Euro-Information, in partnership with Banque de Tunisie, which is 20%-owned by CIC, of two subsidiaries in Tunisia specializing in information systems development (IID) and outgoing calls (Direct Phone Services). |
| 1897 | Creation of the Lorraine federation. | 2006 | Fédération Crédit Mutuel Savoie-Mont Blanc joins the Caisse Interfédérale, bringing the number of member federations to four. |
| 1905 | Creation of the Alsace-Lorraine federation. | 2007 | Acquisition of the Groupe Républicain Lorrain.
Creation of the subsidiary CM-CIC Covered Bonds, and launch of a €15 billion EMTN (Euro Medium Term Notes) program. |
| 1933 | Creation of Banque Fédérative du Crédit Mutuel under the name Banque Mosellane on June 1. | 2008 | Acquisition of 100% of the capital of the French subsidiary of Groupe Banco Popular Español by BFCM.
Acquisition of the majority of the capital in <i>l'Est Républicain</i> by BFCM through France Est by BFCM.
Acquisition of 100% of the capital of Citibank Germany by BFCM. |
| 1958 | Crédit Mutuel obtains legal status at national level. Fédération d'Alsace-Lorraine becomes Fédération du Crédit Mutuel d'Alsace et de Lorraine. Banque Mosellane becomes Banque Centrale des Caisses de Lorraine. In 1966, its name is changed to Banque du Crédit Mutuel Lorrain (BCML). | 2009 | Fédération Crédit Mutuel Midi-Atlantique joins the Caisse Interfédérale, bringing the number of member federations to five.
Acquisition of majority control of Cofidis Participations by BFCM and Trois Suisses International ("3SI"): acquisition of 51% of Cofidis Participations by a holding company jointly owned by BFCM and 3SI and 67%-controlled by BFCM. |
| 1971 | Creation of Assurances du Crédit Mutuel. Opening of the Bischenberg training center. | 2010 | Creation with Banco Popular of a network that strengthens the Group's network in France and neighboring countries particularly in Spain. |
| 1972 | Expansion into Franche-Comté; the group is renamed Fédération du Crédit Mutuel d'Alsace, de Lorraine et de Franche-Comté. | 2011 | The Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel du Centre, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivarais and Crédit Mutuel Méditerranéen Federations join Caisse Fédérale de Crédit Mutuel, bringing the number of member federations to ten.
A partnership between the group and Groupe Casino to market financial products through Banque Casino. |
| 1992 | Restructuring of the head office entities: merger of the former Banque Fédérative du Crédit Mutuel (BFCM) and Expansion Rurale et Urbaine (ERU) to form Caisse Fédérale Centre Est Europe; transfer of the Commercial Banking of the former BFCM to Banque de l'Économie Crédit Mutuel (BECM), of the holding company activity of the former BFCM to Banque du Crédit Mutuel Lorrain (BCML), of the Commercial Banking of BCML to BECM; change of name of BCML to BFCM.
Crédit Mutuel Centre Est Europe (CMCEE) is formed through the merger of two federations – Fédération d'Alsace, de Lorraine et de Franche-Comté and Fédération de Bourgogne-Champagne. | | |
| 1993 | Partnership between CMCEE and Crédit Mutuel du Sud Est (CMSE). | | |
| 1998 | BFCM acquires 67% of CIC's capital for €2 billion. | | |
| 2001 | BFCM acquires the remaining 23% stake in CIC held by Groupama. | | |

- 2012** Fédération du Crédit Mutuel Anjou joins Caisse Fédérale du Crédit Mutuel, bringing the number of member federations to 11.
- 2013** Crédit Mutuel CM11 Group and Mouvement Desjardins – Canada’s leading cooperative financial group – create Monético International.
Signature of several agreements allowing BFCM to directly or indirectly hold 54.63% of the capital of Cofidis Participations.
Partnership agreement, through Euro-Information, with Banco Popular Español SA to create a 50%-owned joint venture to manage a fleet of ATMs in Spain.
- 2014** Increase in Crédit Mutuel CM11 group’s stake in Banque de Tunisie to 34%.
- 2015** Acquisition of Atlantis by Groupe des Assurances du Crédit Mutuel following the consolidation of Agrupació in 2012.
Cofidis Participations Group acquires Banif, a Portuguese company specializing in used car loans and Centax, an Italian company specializing in guaranteeing payments by check or card in the distribution sector.
10th year in the telephony business. New partnership with Bouygues enabling the group’s operator, El Télécom, to be the only mobile virtual network operator to have signed three full MVNO 4G contracts (SFR, Orange and Bouygues).
- 2016** BFCM holds a 51.02% interest in TARGOBANK in Spain.
Sale of Banque Pasche to the Luxembourg bank Havilland.
BFCM acquires, General Electric’s leasing and factoring activities in France under the names “CM-CIC Leasing Solutions” and “Factofrance”, and in Germany under the name “Targo Commercial Finance”.
- 2017** BFCM acquires 16% of Cofidis Participations’ capital, increasing its interest to 70.63%.
Creation of Lyf Pay from the merger of the electronic wallets backed by the Crédit Mutuel CM11 Group (Fivory) and BNP Paribas (Wa!).
BFCM acquires 48.98% of the capital in TARGOBANK in Spain from Banco Popular.
BFCM sells, its entire stake (3.95%) in Banco Popular Español to Banco Santander.
Delisting of the CIC share in August after the company’s takeover by BFCM and Mutuelles Investissement following a simplified tender offer.
Sale by CIC of the Private Banking activity in Asia to the Crédit Agricole Indosuez Wealth Management Group. CIC remains fully present in Asia with its corporate banking, structured financing and institutional services activities.
- 2018** Merger-absorption, on January 1, of Nord Europe Assurances and its subsidiaries by Groupe des Assurances du Crédit Mutuel.
The change of name of Groupe Crédit Mutuel CM11 which becomes Crédit Mutuel Alliance Fédérale on November 9.
Crédit Mutuel Alliance Fédérale launches, its strategic plan for 2019-2023, *ensemble#nouveau monde*, [together#today’s world] jointly constructed with the directors and employees. This plan charts the Group’s course and ambitions by putting members and customers at the heart of its strategy and technology at the heart of its priorities.
- 2019** Completion of a new stage in the strategic plan for 2019-2023 *ensemble#nouveau monde* [together#today’s world] by modifying the brand architecture. The purpose is to increase the visibility of the two main networks, Crédit Mutuel and CIC, and the business lines.
- 2020** Crédit Mutuel Antilles-Guyane and Crédit Mutuel Massif Central join Crédit Mutuel Alliance Fédérale on January 1.
Launch of Crédit Mutuel Investment Managers, Crédit Mutuel Alliance Fédérale’s asset management business center.
BFCM acquires 9.36% of Cofidis Participations’ capital, increasing its interest to 80%.
Adoption by the Chambre Syndicale et Interfédérale (CSI), on June 11, of the *raison d’être* of Caisse Fédérale de Crédit Mutuel (CFdeCM): “*Ensemble, écouter et agir*” [listening and acting together]. On September 7, CFdeCM also adopts the benefit corporation status.
Approval of the revised strategic plan on December 3 *ensemble#nouveau monde, plus vite, plus loin!* [together#today’s world, faster, further!] by the CSI, consistent with the previously adopted *raison d’être* and missions.
Merger of CIC Iberbanco with CIC.
Sale of 100% of the share capital of Euro-Information Télécom to Bouygues Télécom. Establishment of a long-term distribution agreement enabling the local Crédit Mutuel banks and CIC bank branches to distribute Bouygues Telecom’s fixed and mobile products and services.
- 2021** Creation and official launch of Fondation Crédit Mutuel Alliance Fédérale which aims to unite all the networks, subsidiaries, employees and elected representatives around philanthropic actions in two areas: the environment and the territories.
Signing of a long-term partnership agreement with BNP Paribas for:
- The acquisition by Euro Protection Surveillance (Homiris brand) of 100% of the shares of Protection 24, the remote monitoring subsidiary of BNP Paribas,
 - The simultaneous entry of BNP Paribas into the capital of Euro Protection Surveillance (EPS) as a minority shareholder;
 - The implementation of a long-term distribution agreement enabling BNP Paribas to offer EPS Homiris offers to its customers in France and Belgium, *via* its BNP Paribas Fortis subsidiary.
- 2022** Crédit Mutuel Nord Europe (CMNE) joins Caisse Fédérale de Crédit Mutuel on January 1. With 250 branches, CMNE has a solid network of branches in seven departments in the north of France (Aisne, Ardennes, Marne, Nord, Oise, Pas-de-Calais, Somme). Every day, it serves nearly one million customers and members in five markets: individuals, professionals, businesses, agriculture and non-profit organizations. This membership opens up new development prospects for Crédit Mutuel Alliance Fédérale as well as for Crédit Mutuel Nord Europe and its two subsidiaries:
- Beobank, which markets its banking and insurance offers in Belgium through 218 branches and / or outlets for its 745,000 customers;
 - La Française, asset management group organized around two main pillars: financial assets and real estate assets.

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For twenty years, Crédit Mutuel has been involved with many partners in the music world. Under the slogan *Le Crédit Mutuel donne le LA*, it supports nearly 600 musical events in France. The music platform RIFFX by Crédit Mutuel brings together a community of music lovers.



Crédit Mutuel Alliance Fédérale and BFCM business report

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INTRODUCTION

The activity report covers both Crédit Mutuel Alliance Fédérale (point 2.2) and BFCM (points 2.3 and 2.4).

The activity report of Crédit Mutuel Alliance Fédérale - in which BFCM is integrated - provides a more complete economic view of the group's activities. It includes entities not included in the consolidation scope of

BFCM alone such as the network of local banks, ACM Vie SAM (mutual insurance company), IT subsidiaries and the GIE Centre de Conseil et de Services (CCS).

The activity report of the BFCM perimeter is also presented to meet the publication requirements of the annual financial report.

2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN 2021

2.1.1 Economic environment

2021: recovery continues despite inflation and the pandemic

In the wake of the year 2020, 2021 was conditioned by the evolution of the health situation. The period fluctuated between strong economic rebounds thanks to progress in vaccination and slowdowns due to the appearance of new variants. Central banks and governments initially continued their fiscal and monetary support policies to stimulate economic recovery. However, inflation, previously considered transitory, proved to be more persistent than expected, causing concern. Fueled by soaring commodity prices and tensions on supply chains, inflationary pressures have led institutions to react. The Fed, the Bank of England and, to a lesser extent, the European Central Bank (ECB) were less accommodating. However, investors' appetite for risk remained, convinced by the prospects of future growth and an improvement in the health situation thanks to the effectiveness of vaccination. This confidence enabled the equity markets to reach new all-time highs.

In the **eurozone**, the beginning of the year was marked by the resurgence of the epidemic, weighing on growth because of the health restrictions put in place by the countries. However, optimism returned at the end of the spring with the gradual reopening of economies and the resumption of activity, driven in particular by household consumption. The ECB's very accommodating monetary policy largely contributed to maintaining favorable financing conditions in the eurozone. This has enabled States to remain supportive of the economy despite successive epidemic waves. Thanks to the ramp-up of vaccination, the impact of the epidemic on activity is now decreasing despite the appearance of the Omicron variant at the end of the year. However, the health crisis continues to exacerbate inflationary pressures. As a result, the ECB had to begin monetary tightening by confirming that its pandemic-related asset purchase program will end in 2022. This contributed to the rise in European sovereign rates even if

the movement remained limited overall. The European equity markets held up well, in particular the CAC 40, which recorded an increase of +29% in 2021 to reach a new all-time high of 7,153 points at the end of 2021.

The **United Kingdom** began the year with the entry into force of the trade agreement resulting from Brexit. However, the negative consequences of leaving the EU were partly obscured by the health situation, which led Boris Johnson to take strict measures to halt the spread of the epidemic. Vaccination proved its worth, allowing the economy to reopen at the beginning of the summer. However, political tensions related to Brexit and rising inflation have gradually clouded the country's economic outlook. Soaring inflation led the Bank of England to announce a key rate hike. This had the impact of strengthening the appreciation of the pound sterling against the euro, by +7% in 2021.

In the United States, the proactive fiscal policy implemented by Joe Biden at the beginning of the year contributed significantly to the strength of the dollar. The exchange rate strengthened by +7% against the euro and rose against all currencies. With its narrow majority in the Senate, the Democratic Party endorsed a \$1,900 billion recovery plan in response to the epidemic, and approved an infrastructure plan at the end of the year. This support for demand, coupled with the gradual improvement in the health situation, fueled a very rapid economic recovery. Equity markets were able to maintain an upward momentum throughout the year reaching a new all-time high of nearly 4,800 points for the S&P 500. However, supply chain problems, soaring energy prices and the slower-than-expected normalization of the labor market led to an increase in inflation, which the Fed considered worrisome. To curb these inflationary pressures, the Fed announced a reduction in its asset purchases and envisaged increases in key rates in 2022. These announcements had an impact on the rise in US sovereign rates, both on the short and long ends of the curve.

China was one of the first countries to see its health situation improve and return to its pre-crisis level of GDP. This economic momentum gradually faded due to several factors. The zero-covid strategy had a heavy impact on activity. Diplomatic tensions with the United States persisted. The authorities have tightened the regulatory stranglehold on many sectors of activity in order to strengthen the common prosperity policy and thus restore purchasing power to the middle classes. The default of the real estate developer Evergrande also added to this climate of uncertainty. This led to a clear underperformance of Chinese assets compared to the rest of the developed world. Faced with these headwinds, the Chinese authorities have nevertheless sent signals about their determination to contain any risk of contagion from the real estate sector to the rest of the economy. This position was also reflected in the partial recovery of the economy in the fourth quarter.

2.1.2 Regulatory environment

The regulatory measures issued by the various international and European authorities are likely to have a significant impact on Crédit Mutuel Alliance Fédérale in the countries where it operates. Compliance with these rules concerns all of Crédit Mutuel Alliance Fédérale's business lines, activities and geographic markets and requires the mobilization of significant human and material resources.

The year 2021 is marked by numerous regulatory changes impacting various activities. They concern:

Credit risks

The ECB's supervisory priorities for the years 2022 to 2024 have been published. Thus, in order to reduce the negative impact of the COVID-19 pandemic and ensure the resilience of the banking sector, the ECB is strengthening its prudential requirements on credit risk with:

- the monitoring of operational capacity to manage distressed debtors and monitor credit risks in the context of the COVID-19 crisis;
- the strengthening of surveillance and regular monitoring of exposures to the so-called "vulnerable" sectors most affected by the pandemic, in particular commercial real estate;
- the increased monitoring of leveraged finance. The ECB intends to intensify its efforts to avoid the accumulation of gross risks in the area of leveraged finance.

Several developments concerning the review of internal models took place in 2021, including the finalization of TRIM (Targeted Review of Internal Model). These assess the internal models used by the banks. The ECB is encouraging banks to take action to correct the shortcomings identified in their internal models. In addition, the ECB has launched new targeted investigations of internal models as part of the implementation of the European Banking Authority's (EBA) "IRB Repair" program.

In June, the EBA guidance on lending and monitoring went into effect. The EBA is strengthening the loan granting criteria and monitoring parameters in order to prevent the occurrence of non-performing loans.

Since January 1, 2022, the *Haut Conseil de Stabilité Financière* (HCSF), (French High Council for Financial Stability), has made its recommendations on the conditions for granting home loans legally binding. It sets the maximum debt ratio at 35% and raises the maximum loan term to 25 years or 27 years under certain conditions, with a flexibility margin on 20% of the banks' production.

The spread of the Delta variant has posed great difficulties for **emerging countries**, penalized by a shorter vaccination period than in developed countries. Supply issues and accelerating inflation are pushing central banks to raise their key rates. Their responsiveness is all the more rapid as they find themselves constrained by the Fed's monetary tightening.

The year 2021 has been a good year for black gold, with Brent crude oil rising by almost 57%. OPEC+ strengthened its grip on the oil market. This has resulted in a slower increase in production than the recovery in demand. In addition, it has not yielded to US pressure for a rapid increase in supply. Finally, the surge in the price of gas and electricity is explained by tensions over production resources, in a tense geopolitical context between Russia and NATO. This factor is likely to fuel inflation.

IT risks

The Council of the European Union, the European Parliament and the European Commission are continuing their discussions initiated in 2020. This relates to the proposed DORA regulation on digital operational resilience in the financial sector. This regulation aims to improve the IT operational resilience of financial services players by setting up a strengthened governance and internal control framework in this area.

On December 31, the EBA guidelines on outsourcing entered into force. They provide, in particular, for the strengthening of requirements and controls concerning outsourcing agreements with essential service providers.

The ECB's supervisory priorities for the next three years include strengthening the prudential assessment of IT outsourcing risk and cyber resilience.

Climate risks

The European climate package continues to be rolled out. Certain provisions of the Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR), known as Disclosure, regarding sustainability reporting in the financial services sector, have been implemented.

The requirements for monitoring climate risks have also been strengthened with the adoption of delegated acts of the Taxonomy Regulation. A new ratio, the Green Asset Ratio (GAR), which calculates the proportion of a bank's assets invested in sustainable economic activities, as well as a classification of assets according to six sustainability criteria, will be gradually implemented from 2022. These regulations will also strengthen reporting requirements from 2022.

The ECB, in its supervisory priorities for the next three years, includes a strengthening of the prudential assessment of climate risks. In 2022, it will conduct a thematic review on climate in different banks. The ECB will also conduct a prudential climate stress test. This is to assess the readiness of banks to face climate risks.

The fight against money laundering and the financing of terrorism (AML-CTF)

The Decree of January 6, 2021 strengthens the regulatory requirements in terms of AML-CTF and asset freezing. The text increases the measures and the internal control system in terms of AML-CFT as well as the independence of the associated control functions.

On March 1, the EBA guidelines on the assessment of AML-CFT risk factors were published. They set out the factors that institutions must take into account in their AML-CFT risk assessments.

In July, the European Commission presented a legislative package aimed at strengthening the European Union's AML-CFT rules. A new competent European supervisory authority, Anti-Money Laundering Authority (AMLA), should be created.

Governance

The EBA has revised three of its main guidelines concerning internal governance, compensation policies and the assessment of the suitability of senior management and key function managers. The developments concerning this last point are accompanied by the ECB's revision of the Fit & Proper guide and questionnaire. These changes came into effect on December 31, 2021.

The French Decree of February 25, 2021 revised the November 3, 2014 Decree on internal control of banking institutions. The requirements in terms of internal control, governance, risk measurement systems and procedures and IT risk management are strengthened.

The steering capacity of the management bodies is one of the ECB's supervisory priorities. It reinforces its requirements regarding the composition and operation of management bodies.

Insurance activities and financial conglomerate risk

Several regulatory projects initiated in 2021 should continue in 2022 and in the years to come, including:

- the implementation of the new technical implementation standards (ITS) under the Financial Conglomerates Directive (FICOD). This concerns the reporting of intra-group transactions (IGT) and risk concentration (RC);
- preparation for the implementation in 2023 of the IFRS 17 accounting standard, which leads to significant changes in terms of the measurement of insurance liabilities and the results of insurance companies;
- the proposed recast of the Solvency II Directive on the solvency requirements of insurance companies.

In addition, other regulatory exchanges and discussions addressed in 2021 continue into 2022

The Benchmark Regulation (BMR) is due to come into force in 2022 with the operational implementation of the new benchmarks.

The transposition into European law (draft CRR3/CRD6) of the Basel III agreements will continue. An output floor limiting the capital gains of internal models compared to standard models must be put in place. The Fundamental Review of the Trading Book (FRTB) market risk monitoring mechanism will be discussed.

Central banks and several regulatory bodies are continuing their reflections on crypto-assets and central bank digital currencies (CBDC). In particular, they are working on the draft European regulation on crypto-asset markets (MiCA).

Together with the Financial Stability Board (FSB), central banks and other regulatory bodies are continuing their work on the increasing supervision of non-bank financial players and so-called shadow banking activities.

2.2 ACTIVITIES AND RESULTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

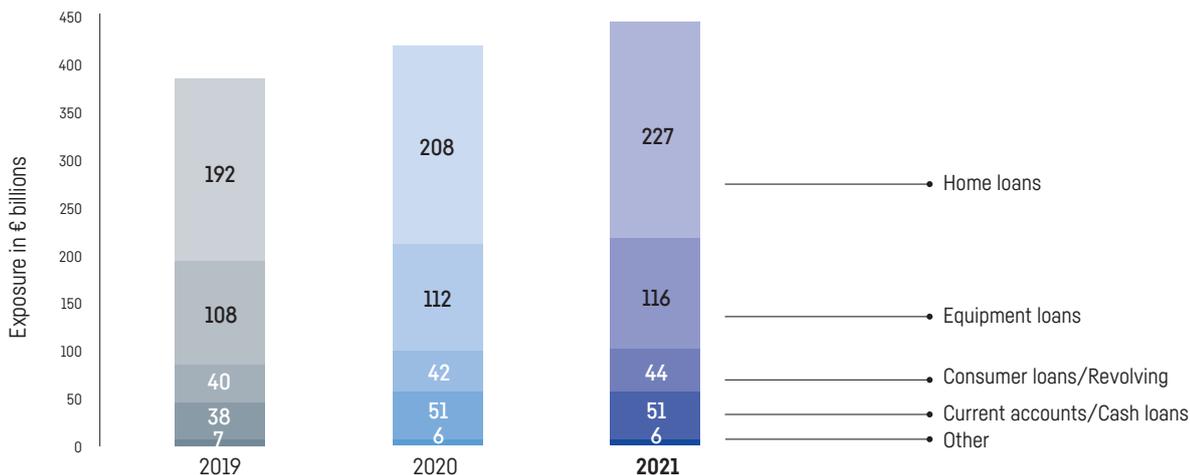
2.2.1 Description of certain factors affecting the results and the financial situation

Structure and sectors of activity

The results and the financial situation of Crédit Mutuel Alliance Fédérale reflect the significant weight of Retail Banking and insurance within its activities. Retail banking regularly contributes more than two-thirds of the net banking income of Crédit Mutuel Alliance Fédérale's operating business lines (66% in 2021). Generally, corporate and investment banking, including proprietary trading, as well as private banking and private equity, represent a lower share of net banking income. In addition, customers in the insurance and private banking sectors are often Retail Banking customers; the group's banking networks market

the group's insurance products, often in connection with the provision of another service by the retail bank or simply through contacts with the banking network. It strives to develop relationships with customers and offer them the maximum amount of services. Thus, the acquisition of customers by these sectors is a means of improving the results of the retail bank through the payment of commissions to the distribution networks and cross sales of products.

Home loans represent half of the total loans granted to customers by Crédit Mutuel Alliance Fédérale. The chart below illustrates the types of loans granted for 2019, 2020 and 2021.



Administrative costs

Crédit Mutuel Alliance Fédérale pays particular attention to controlling its general operating expenses by seeking to industrialize, if possible, the processes used by Retail Banking, in order to achieve improvements in operational efficiency. Almost all Crédit Mutuel Alliance Fédérale entities use the same information system, generating significant efficiency savings. Furthermore, the Retail Banking personnel are encouraged to promote all products and services of the group, rather than specializing by type of product. Due to the efforts made by Crédit Mutuel Alliance Fédérale and despite the unfavorable effects of expenses related to tax and social security regulations, the cost/income ratio improved over the fiscal year. It is below the average of the five largest French banks.

Cost of risk

The cost of Crédit Mutuel Alliance Fédérale's proven risk is relatively limited due to the nature of its economic model based on Retail Banking, its prudent approach in matters of risk-taking and the rigor adopted to manage and monitor risk. In particular, as Crédit Mutuel Alliance

Fédérale's activities are mainly exercised in France, the provisions for country risk are of little significance. Crédit Mutuel Alliance Fédérale's cost of proven risk is also the reflection of the consumer credit activities of TARGOBANK in Germany and Cofidis, which have a cost of risk greater than that of the networks of Crédit Mutuel and CIC.

Capital structure

Due to the status of Crédit Mutuel Alliance Fédérale as a cooperative bank, its capital is held by the local banks, which are held by their members. The net profit/(loss) of Crédit Mutuel Alliance Fédérale is mainly booked to reserves, with the members receiving fixed compensation determined each year for their shares of category B (the "B shares").

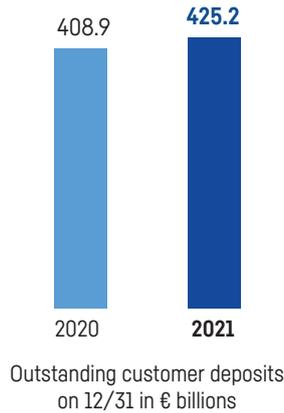
The group encourages regular subscription to new shares through marketing campaigns. The shares represent a means of improving customer loyalty while constituting a regular source of new capital. However, as the group is not listed on the stock market, it cannot raise capital through public offers. Information on the regulatory capital requirements of the group is presented in chapter 5 "Risks and Capital adequacy - Pillar 3".

2.2.2 Activities and results of Crédit Mutuel Alliance Fédérale

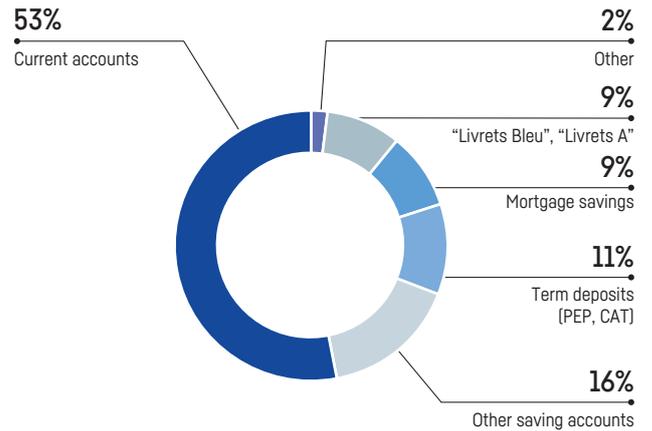
2.2.2.1 Change in activities in 2021

Outstanding deposits amounted to €425.2 billion at the end of 2021, up by 4.0%. This increase should be seen in the context of an exceptional year in 2020 in terms of deposit collection due to increased household availability in a context of precautionary savings, public aid and spending limited by confinements. In 2021, growth in outstanding deposits remains strong on current accounts (+12.2%), while term deposits are in net outflow (-19.5%).

CUSTOMER DEPOSITS



STRUCTURE OF DEPOSITS ON 12/31/2021

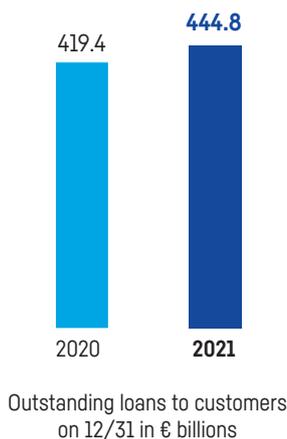


At the end of 2021, outstanding loans reached €444.8 billion, up 6.1% year-on-year. In 2020, the sharp 9.1% increase in outstandings was driven by short-term loans, which tripled following the release of guaranteed loans to businesses.

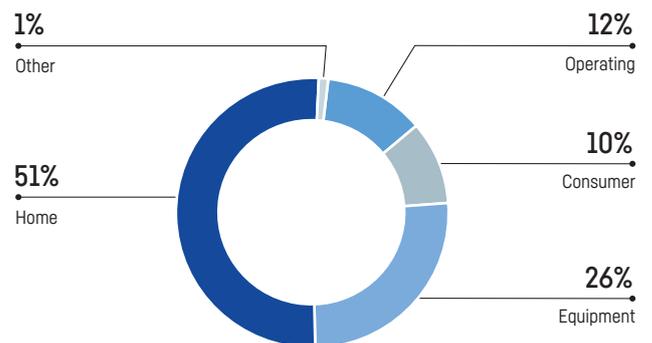
In 2021, activity was very strong in the main loan categories:

- +9.0% for outstanding home loans to €227.1 billion;
- +6.4% for outstanding consumer loans to €44.2 billion;
- +3.1% for outstanding equipment loans to €99.3 billion and +7.1% for leasing to nearly €17 billion in outstandings, reflecting the recovery in activity and the high level of customer support.

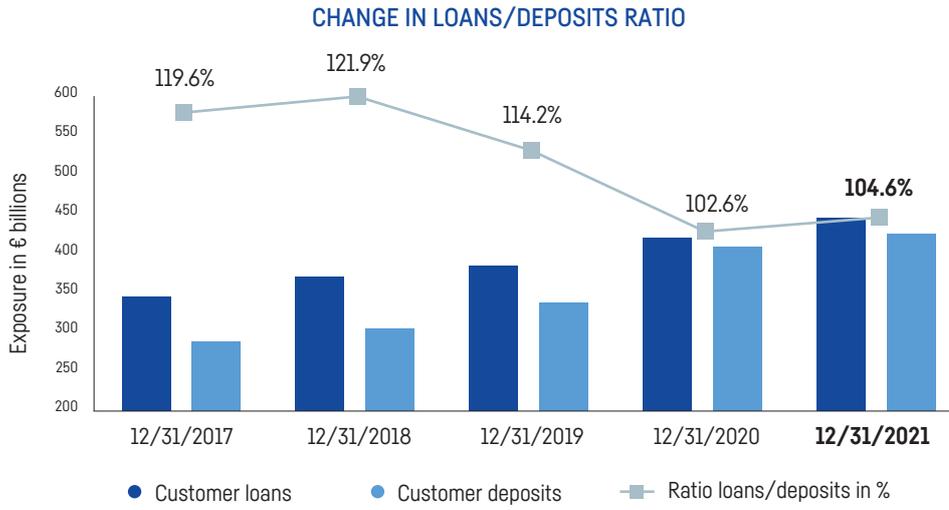
CUSTOMER LOANS



STRUCTURE OF LOANS ON 12/31/2021



In 2021, the growth in outstanding deposits, which was lower than that of outstanding loans (+4.0% versus +6.1%) led to a 2-point increase in the loan/deposit ratio, which stood at 104.6% at the end of December 2021.

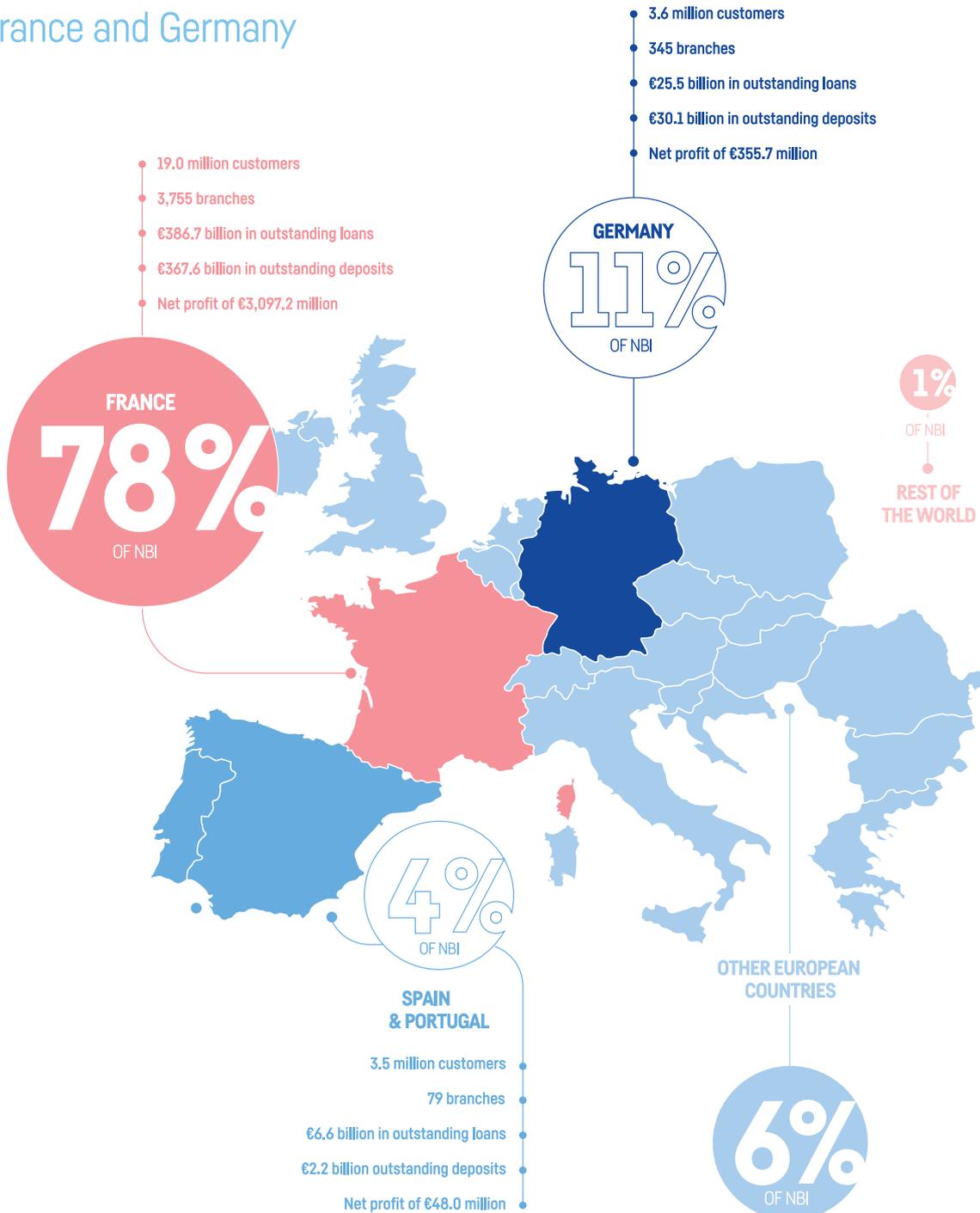


2.2.2.2 Geographical breakdown of revenues

The group's activity in France represents more than three-quarters of the net banking income of the group's commercial business lines (78% in 2021). Internationally, the group has significant activities in Germany and, to a lesser extent, in Spain. CIC also has international subsidiaries in London, Brussels, New York, Hong Kong and Singapore, and representative offices in several other countries. These international activities represent nearly a quarter (22%) of the net banking income of the group's commercial business lines.

GEOGRAPHICAL BREAKDOWN OF NBI ON 12/31/2021

89 % of NBI in France and Germany



Proportion of NBI	France	Abroad
12/31/2021	78%	22%
12/31/2020	75%	25%
12/31/2019	76%	24%
12/31/2018	77%	23%

2.2.2.3 Results of Crédit Mutuel Alliance Fédérale

(in € millions)	2021	2020	change at constant scope ⁽³⁾	2019	change 2021/2019 at constant scope
Net banking income	15,923	14,238	+12.8%	14,569	+8.7%
General operating expenses	-9,136	-8,867	+3.6%	-8,942	+1.7%
<i>including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF⁽¹⁾</i>	-314	-270	+16.3%	-212	+47.2%
Gross operating income/(loss)	6,787	5,371	+28.1%	5,627	+20.0%
Cost of risk	-699	-2,377	-70.5%	-1,061	-34.3%
<i>cost of proven risk</i>	-585	-1,023	-42.5%	-945	-38.2%
<i>cost of non-proven risk</i>	-114	-1,354	-91.6%	-116	-2.7%
Operating income	6,088	2,994	x 2	4,566	+32.6%
Net gains and losses on other assets and ECC ⁽²⁾	-866	570	ns	86	ns
Profit/(loss) before tax	5,222	3,563	+49.4%	4,652	+11.5%
Income tax	-1,703	-968	+78.1%	-1,507	+12.5%
Post-tax gains/(losses) on discontinued operations	9	-	ns	-	ns
Net profit/(loss)	3,527	2,595	+39.0%	3,145	+11.2%
Non-controlling interests	284	306	-7.1%	313	-9.3%
NET PROFIT ATTRIBUTABLE TO THE GROUP	3,243	2,289	+45.3%	2,832	+13.5%

(1) Deposit guarantee fund.

(2) ECC = Equity consolidated companies = share of net profit/(loss) from equity consolidated companies.

(3) Neutralization of the entry of Protection24 in 2021 and the exit of El Telecom at the end of 2020.

Net banking income (NBI)

In 2021, Crédit Mutuel Alliance Fédérale's net banking income (NBI) rose sharply by 12.8% compared to 2020, to €15.9 billion, driven by the good performance of the banking networks (+4.4%) and insurance (+31.4%) as well as by the strong growth of the specialized business lines (+32.1%).

NBI is also nearly 9% higher than its pre-crisis level (€14.6 billion in 2019).

(in € millions)	2021	2020	change at constant scope ⁽¹⁾	2019	change 2021/2019 at constant scope
Retail bank	11,014	10,543	+4.5%	10,537	+3.4%
<i>o/w banking networks</i>	8,965	8,585	+4.4%	8,631	+2.5%
Insurance	1,915	1,457	+31.4%	1,778	+7.7%
Specialized business lines	2,004	1,517	+32.1%	1,557	+26.2%
Private banks	677	626	+8.2%	572	+18.5%
Corporate banking	430	381	+12.8%	383	+12.3%
Capital Markets	379	319	+18.8%	337	+12.3%
Private equity	518	190	x 2.7	265	+80.8%
Press	265	246	+7.6%	274	-3.1%
IT & logistics	1,584	1,565	+9.7%	1,533	+8.3%

(1) Neutralization of the entry of Protection24 in 2021 and the exit of El Telecom at the end of 2020.

Retail Banking NBI, at €11 billion, represents 66% of the NBI of the group's operational business lines. In 2021, it rose by 4.5% thanks to the good activity of the banking networks, which generated an increase of nearly 6% in commissions and a stable interest margin.

After a year marked by strong initiatives such as the mutualist stimulus package, net **insurance** income rose sharply by 31.4%, driven by strong activity and the good performance of the financial markets.

Revenue from **Retail Banking and insurance** totaled €12.9 billion (77% of the operational business lines' NBI), up 7.7% year-on-year.

Private banking, buoyed by dynamic premium income in a context of high valuations, generated NBI of €677 million, up 8.2%.

Net banking income for **corporate banking** rose significantly by 12.8% to €430 million, thanks to a recovery in business, both in structured finance and in support for large companies.

The two **Capital Markets** segments (investment and commercial) performed well in a buoyant environment, particularly in the first half of the year, with annual NBI of €379 million, up nearly 19% year-on-year.

A quality portfolio, a good investment policy and the strong rebound in economic activity have been favorable to the NBI of the **private equity** sector (€518 million compared to €190 million in 2020).

General operating expenses and gross operating income

Operating expenses were up by 3.6% due to salary measures, support for growth, continued investments in the group's digital transformation and a resumption of advertising investments compared to 2020. They were impacted by the continuous increase in contributions to the Single Resolution Fund (+16.9% to €231 million) and contributions to the

<i>(in € millions)</i>	12/31/2021	12/31/2020	12/31/2019
Customer loans (net outstandings on the balance sheet)	444,825	419,413	384,535
Gross loans	454,020	429,024	392,979
Gross non-performing loans	11,723	12,497	12,079
Provisions for impairment of receivables	9,195	9,611	8,444
of which provisions for impairments on non-performing loans (Status 3)	5,949	6,509	6,471
of which provisions for impairments on performing loans (Status 1 & 2)	3,246	3,102	1,973
Share of non-performing loans in gross loans	2.6%	2.9%	3.1%

Other items

The item "Net gains and losses on other assets and ECC" showed a net expense of €866 million in 2021, compared with a net income of €570 million in 2020.

In 2021, an impairment of goodwill of TARGOBANK Deutschland has been recorded in view of the downward revision of its profitability outlook. The net impact on the 2021 financial statements is €775 million.

In 2020, the item had recorded, in particular, the capital gain on the disposal of the mobile telephony subsidiary Euro-Information Telecom.

Deposit Guarantee Fund [DGF: +48.9% to €48 million]. Excluding all contributions to the Single Resolution Fund, supervision fees and contributions to the DGF, the increase in operating expenses was limited to +3.2%. The cost/income ratio stood at 57.4%, ahead of the strategic plan target (61%). Gross operating income increased by 28.1% year-on-year to €6,787 million.

Cost of risk and operating income

The cost of risk fell sharply, to €699 million compared to €2.4 billion in 2020:

- the cost of proven risk stood at €585 million, down by €438 million; the allocations to provisions for the year partly reflect the effects of measures to support economic agents to face the health crisis (sharp decrease in the level of bankruptcies observed in France compared to 2019);
- the cost of non-proven risk was €114 million compared to €1.4 billion in 2020, a year marked by an increase in provisions in anticipation of a future deterioration in risks in the context of the health crisis. In 2021, the IFRS 9 scenario assumptions remained unchanged compared to 2020 and the sectoral provisions, made in 2020, remained at a high level.

The bad debt ratio was down – year-on-year – to 2.6% at the end of 2021 compared to 2.9% at the end of 2020, and the coverage ratio stood at 50.8%, partly linked to the effect of State guaranteed loans.

As a percentage of outstanding loans, the cost of customer risk reached 15 basis points at the end of 2021 compared to 47 at the end of 2020 and 27 at the end of 2019.

Operating income doubled to €6.1 billion.

Profit/(loss) before tax

Profit before tax increased by 49.4% compared to 2020 and amounted to €5.2 billion.

Net profit/(loss)

Net profit stood at a high level of €3.5 billion, up sharply by 39% compared to 2020.

After deducting non-controlling interests (€284 million, mainly on Groupe des Assurances du Crédit Mutuel), net profit attributable to the group amounted to €3.2 billion (+45.3%).

This good performance is in line with the objectives of the 2019-2023 strategic plan.

2.2.2.4 Crédit Mutuel Alliance Fédérale results by business line

2.2.2.4.1 Retail Banking and consumer credit in France and Europe

In 2021, Retail Banking represented 66% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2021	2020	Change
Net banking income	11,014	10,543	+4.5%
General operating expenses	-6,806	-6,487	+4.9%
Gross operating income	4,208	4,056	+3.7%
Cost of risk	-705	-2,070	-66.0%
<i>cost of proven risk</i>	-565	-907	-37.7%
<i>cost of non-proven risk</i>	-140	-1,163	-88.0%
Operating income	3,503	1,986	+76.4%
Net gains and losses on other assets and ECC ^[1]	-5	-2	x 2.7
Profit/(loss) before tax	3,498	1,984	+76.3%
Income tax	-1,089	-718	+51.6%
Post-tax gains/(losses) on discontinued operations	9	-	ns
NET PROFIT/(LOSS)	2,418	1,266	+91.1%

[1] ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

This business line consists of the Crédit Mutuel local banks of the 13 federations, CIC's network, Banque Européenne du Crédit Mutuel (BECM), TARGOBANK branches in Germany and Spain, the Cofidis Group and all of the specialized business lines including those for which products are sold *via* the networks: equipment leasing and lease purchasing, real estate leasing, factoring, asset management, employee savings and real estate sales and management.

Net profit from Retail Banking rose sharply by 91.1% to €2,418 million. This change was the result of good growth in revenue (+4.5%) and a sharp decline in the cost of risk (-66%).

Bank networks

Crédit Mutuel banking and insurance network generated net banking income of €3.3 billion in 2021, up 4.2%. In line with the growth in activity, particularly in loans and insurance, commissions increased by a total of 7.0% (+10.9% for loans and +4.1% for insurance). The increase in loan volumes enabled the interest margin to remain stable.

General operating expenses increased by 4.6% to €2.3 billion. Employee benefit expense rose as a result of salary measures implemented in a context of stabilization of the workforce. The efforts made for IT developments and equipment as well as for communication also explain the increase in general operating expenses.

The sharp decrease in the cost of risk (€52 million in 2021 compared to €279 million in 2020) is a major component of the improvement in results:

- the cost of proven risk decreased by €24 million to -€28 million, provisions for the year fell sharply, reflecting the good quality of the portfolio and the support measures for economic agents to deal with the health crisis;
- the cost of non-proven risk decreased by €203 million to -€24 million compared to -€227 million in 2020, an exceptional year of provisioning in anticipation of a future deterioration in risks in the context of the health crisis.

Net profit amounted to €664 million in 2021, up 35.0% compared to 2020 (€492 million) and up 30.5% compared to its pre-crisis level (€509 million in 2019).

BECM's net banking income (excluding BECM Monaco) was up by 14.0% to €342.9 million and net profit, after the very sharp decrease in the cost of risk, was €167.4 million, 33% higher than its pre-crisis level (€112.5 million in 2019).

CIC's banking network generated net banking income of €3.7 billion in 2021, up 7.2%. Both the interest margin, in a context of increasing loan volumes, and commissions contributed to this increase in revenue.

General operating expenses increased by 4.1% to €2.2 billion. Employee benefit expense rose as a result of salary measures implemented in a context of a decline in the workforce. The efforts made for IT developments and equipment as well as for communication also explain the increase in general operating expenses.

The cost/income ratio improved by 1.8 percentage points to 61.0% and gross operating income increased by 12.4% to €1.4 billion.

The sharp decrease in the cost of risk (€65 million in 2021 compared to €758 million in 2020) is a major component of the improvement in results:

- the cost of proven risk fell by €110 million, with a sharp drop in provisions for the year, reflecting the good quality of the portfolio and the measures taken to support economic agents in response to the health crisis;
- the cost of non-proven risk was a net reversal of €3 million, compared with -€580 million in 2020; an exceptional year of provisioning for non-proven risks in anticipation of a future deterioration of risks in the context of the health crisis.

Net profit amounted to €956 million in 2021, multiplied by 3.3 compared to 2020 (€286 million) and up 25% compared to its pre-crisis level (€766 million in 2019).

Profit before tax from **TARGOBANK's** banking network in **Germany** was €480 million, up 11.9% after a slight decrease in NBI and a sharp decrease in the cost of risk linked to the improvement in the quality of the portfolio.

The net banking income of **TARGOBANK in Spain** increased by 13.1% compared to 2020. The cost of risk has benefited from a clear improvement (divided by three) thanks to the consolidation of the bank's portfolio, making it possible to significantly improve the result.

Consumer credit: Cofidis Group

Profit before tax increased by €23 million (+11.3%) compared to 2020. These good results are explained by the growth in activity, controlled

costs and a low cost of risk with a decrease in arrears and good performance in the recovery of unpaid and non-performing loans. Net profit amounted to €152 million (+12.2%).

Business line subsidiaries

The business line subsidiaries comprise the specialized entities that market their products through their own channels and/or through the local banks or branches of Crédit Mutuel Alliance Fédérale: factoring and receivables management, leasing, fund management, employee savings, and real estate.

2.2.2.4.2 Insurance

In 2021, insurance represented 11% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines. The table below details the elements making up the net profit/(loss) of the Insurance for the fiscal years 2020 and 2021.

<i>(in € millions)</i>	2021	2020	Change
Net insurance income	1,915	1,457	+31.4%
General operating expenses	-670	-629	+6.5%
Gross operating income	1,245	829	+50.2%
Net gains and losses on other assets and ECC ⁽¹⁾	-2	1	ns
Profit/(loss) before tax	1,243	829	+49.9%
Income tax	-358	-286	+25.3%
NET PROFIT/(LOSS)	884	543	+62.8%

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

After a year 2020 marked by the COVID-19 pandemic and the lockdown measures, the activity of the distribution networks will return in 2021 to the commercial dynamics prior to the health crisis. As a result, insurance policy sales are up 9.3% compared to 2020 and GACM's portfolio is up 2.8% to 35.6 million policies at the end of 2021. At €12.1 billion, insurance revenue will return to its 2019 level and shows an increase of 17.9% compared to 2020.

At €884 million, GACM's contributory net profit thus returned to a level comparable to 2019 (€873 million), up sharply compared to 2020 (€543 million). It is also supported by the economic upturn, the recovery of the financial markets and the rise in interest rates.

2.2.2.4.3 Private banking

In 2021, private banking represented 4% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2021	2020	Change
Net banking income	677	626	+8.2%
General operating expenses	-434	-413	+5.1%
Gross operating income	244	213	+14.2%
Cost of risk	-8	-32	-73.8%
Profit/(loss) before tax	236	181	+30.0%
Income tax	-46	-39	+16.3%
NET PROFIT/(LOSS)	190	142	+33.9%

The companies that make up this business line operate in France and internationally through Banque Transatlantique, Banque de Luxembourg and Banque CIC Suisse.

In the private banking market, 2021 was marked by a large number of company disposals, high valuations, excellent financial market performance and an increased search for new investment solutions by customers.

In this context, premium income was dynamic with an increase in savings deposits of 13.5% to €154 billion at the end of 2021. Outstanding loans also grew strongly (+10.3%) to reach €17 billion at the end of 2021.

The net banking income increased by 8.2% to €677 million. General operating expenses increased by 5.1% and the cost of risk fell to -€8 million in 2021 from -€32 million in 2020. Net profit at €190 million improved by 33.8% and exceeded its pre-crisis level by €57 million.

These data do not include the private banking activity within the CIC network and its five regional banks, i.e. €224.1 million in NBI (+20.8%) and €104.5 million in net profit (+48.0%).

2.2.2.4.4 Corporate banking and Capital Markets

In 2021, corporate banking and Capital Markets represented 5% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

<i>(in € millions)</i>	2021	2020	Change
Net banking income	809	700	+15.5%
General operating expenses	-367	-347	+5.6%
Gross operating income	442	353	+25.3%
Cost of risk	35	-272	ns
Operating income	477	80	x 5.9
Net gains and losses on other assets and ECC[1]	-	4	ns
Profit/(loss) before tax	477	85	x 5.6
Income tax	-111	-11	x 10.2
NET PROFIT/(LOSS)	367	74	X 4.9

[1] ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Corporate banking

Corporate banking provides services to large corporate and institutional customers, based on a comprehensive approach to their requirements, with teams based in both France and at CIC's foreign subsidiaries (London, Brussels, New York, Singapore and Hong Kong). It also relies on the action of the "corporate" networks for their large customers and contributes to the development of international business and to the implementation of specialized financing (acquisitions, assets, projects).

Corporate banking outstandings increased by nearly 1% to €55 billion. Outstandings drawn from corporate banking were stable at €20.6 billion.

Net banking income rose by nearly 13% to €430 million. General operating expenses remained under control (+4.0%), enabling a cost/income ratio of 30% to be achieved.

The cost of risk was down sharply compared to 2020: the cost of proven risk was a net reversal (compared to an allocation of €93 million in 2020) and the non-proven risk was also a net reversal of €32 million after the strong allocations to performing loans in 2020.

Net profit at €264 million has doubled compared to its pre-crisis level in 2019 (€133 million).

Capital Markets

CIC Marchés groups together the market commercial activities – under the CIC Market Solutions brand – for corporate customers and financial institutions, the investment activity as well as the post-market services for these activities.

In a still deteriorating health context, CIC Marchés achieved a very good performance with €379 million in NBI (+18.8%), a level of activity not achieved since 2016.

CIC Market Solutions enjoyed solid overall momentum in 2021. Net banking income thus amounted to €127 million compared to €95 million at the end of 2020 (+34%), after €64 million in commission expense to the network. This growth is mainly driven by EMTN issues (with €2.5 billion issued) and the primary equity and bond issuance activities of CIC customers (more than 70 financial transactions supported in 2021).

The Investment business line (including France, the New York and Singapore branches and Cigogne Management SA) generated net banking income of €252 million in 2021 compared to €223 million in 2020. This performance was largely due to the first half of the year, driven by the very accommodative policies of the various central banks, which were more difficult to interpret in the second half of the year.

Net profit from Capital Markets totaled €103 million, up 51.3%.

2.2.2.4.5 Private equity

In 2020, private equity represented 3% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

	2021	2020	Change
Net banking income	518	190	x 2.7
General operating expenses	-77	-65	+18.2%
Gross operating income	442	126	x 3.5
Cost of risk	-21	-1	ns
Profit/(loss) before tax	420	125	x 3.3
Income tax	-4	3	ns
NET PROFIT/(LOSS)	416	128	X 3.2

Crédit Mutuel Alliance Fédérale provides capital financing for start-ups, SMEs and mid-sized companies via its Crédit Mutuel Equity entity, which brings together all of the group's equity business lines: capital innovation, private equity, capital transmission, but also investments in infrastructure projects and mergers and acquisitions. Crédit Mutuel Equity finances development projects mainly in France through its eight sites in the regions – Paris, Lyon, Nantes, Bordeaux, Lille, Strasbourg, Marseille and Toulouse – but also internationally through its subsidiaries in Germany, Switzerland or Canada.

Crédit Mutuel Equity invests Crédit Mutuel Alliance Fédérale's equity and makes a long-term commitment alongside executives to enable them to develop, transform and enrich themselves with experience, know-how and career paths. Proof of this commitment: more than a quarter of its 335 investments have been held for more than ten years. However, the rotation of the portfolio remains very dynamic and reveals the strike force of Crédit Mutuel Equity: more than €1 billion on average are invested and divested every two years.

Fiscal year 2021 was favorable for Private Equity thanks to the strong rebound in economic activity.

The level of investment is up with €613 million invested, of which two-thirds in new projects.

The outstanding invested portfolio exceeds €3 billion, demonstrating the strong momentum of these business lines in all segments.

Revenue, at €518 million compared with €190 million a year earlier, included a very high level of €408 million in capital gains generated. Net profit reached a historic level of €416 million, as a result of sustained

activity in growth opportunities and mergers within the portfolio lines, which were evaluated with great caution, particularly in sectors affected by the crisis. The year 2021 was also a banner year in terms of M&A commissions billed.

2.2.2.4.6 IT, logistics, press and holding company

These activities are composed of two separate sectors.

The first sector IT, logistics and press, includes activities not related to one of the other business lines, such as the group's long-standing investments in press and media companies located in the east of France, Euro Protection Surveillance for home surveillance services under the Homiris brand, and Lyf, the group's electronic wallet. It also includes the information systems, the group's real estate, the services of Centre de Conseil et de Services (CCS), a subsidiary created in May 2008 to centralize and rationalize logistics, payment processes, services platforms and support services intended for members of Crédit Mutuel Alliance Fédérale and the local banks of other federations.

The second sector, Holding company, groups the coordination and carrying activities of the subsidiaries as well as the equity investments and acquisitions of the group (notably amortization of valuation differences and costs of refinancing acquisitions), the start-up expenses of new branches and local banks, and the proportionate share of consolidation using the equity method of entities in which the group holds non-controlling interests. This sector also includes the Group's refinancing activities.

The table below presents the elements constituting the profit/(loss) of the IT, logistics, press business line for the 2020 and 2021 fiscal years.

<i>[in € millions]</i>	2021	2020	change at constant scope ⁽²⁾
Net banking income	2,010	1,618	+34.5%
General operating expenses	-1,803	-1,824	+1.6%
Gross operating income	207	-206	ns
Cost of risk	0	-1	ns
Operating income	207	-207	ns
Net gains and losses on other assets and ECC ⁽¹⁾	-859	567	ns
Profit/(loss) before tax	-653	359	ns
Income tax	-95	83	ns
NET PROFIT/(LOSS)	-748	442	NS

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

(2) Neutralization of the entry of Protection24 in 2021 and the exit of El Telecom at the end of 2020.

The net banking income from the IT, logistics, press and holding business line came to €2,010 million in 2021, versus €1,618 million in 2020.

- the group's IT, logistics, press activity generated net banking income or commercial margins for a total amount of €1,849 million in 2021, up from €1,812 million in 2020, representing an increase of 9.4%. The largest contribution was that of Euro-Information, whose revenue, at €1.3 billion, were up by €165 million; press revenue was also up (+€19 million) with, in particular, a recovery in advertising revenue;

- the Group's Holding activities generated net banking income of €161 million in 2021.

General operating expenses increased by 1.6%.

The "Net gains/(losses) on other assets and ECC" item includes in 2020 the capital gain on the disposal of El Telecom and in 2021 the goodwill impairment of TARGOBANK Deutschland in particular.

The IT, logistics, press and Holding business line recorded a net loss of €748 million in 2021, compared to a profit of +€442 million in 2020.

2.2.2.5 Financial position of Crédit Mutuel Alliance Fédérale

2.2.2.5.1 Balance sheet

The structure of the balance sheet is the reflection of Commercial Banking of Crédit Mutuel Alliance Fédérale and the measures taken by the group to strengthen its financial structure in order to meet the new regulatory requirements that will be applicable in the forthcoming years. In particular:

- Crédit Mutuel Alliance Fédérale finances a greater proportion of customer loans through deposits. This change is an extension of the strategy rolled out in recent years. The loans/deposits ratio has gradually improved: 104.6% as of December 31, 2021 compared to 119.6% in 2017;
- Crédit Mutuel Alliance Fédérale's liquidity risk was strictly managed under a system controlled by BFCM based on a centralized risk management system, described in chapter 5 "Risks and Capital adequacy – Pillar 3". Significant progress was made concerning the Basel III liquidity ratios which are beyond the threshold of 100%; the LCR stood at 181.3% on average over 2021.

On December 31, 2021, shareholders' equity came to €53.2 billion and Common Equity Tier 1 to €46 billion. The ratio of Common Equity Tier 1 without transitional measures stood at 18.8%, one of the best at the European level. The overall ratio without transitory measures stood at 21.7% and the leverage ratio with application of the delegated act without transitory measures at 7.6% compared to 6.9% in 2020.

Assets

Summary. The consolidated assets of the group stood at €843.9 billion on December 31, 2021, up from €796 billion as of December 31, 2020 (up 6%).

This 6% increase in total assets (+€48 billion) mainly derives from the increase in loans and receivables due from customers (+€25.4 billion, *i.e.* +6.1%), cash and central bank outstandings (+€21.6 billion) and loans and receivables due from credit institutions.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss include financial instruments held for trading (including derivative instruments) and certain financial assets designated by the group at fair value through profit or loss on the date of their acquisition (including securities held by Private Equity). These assets are revalued at their fair value during each closure.

The total amount of financial assets at fair value through profit or loss was €22.4 billion at December 31, 2021 compared to €27.8 billion at December 31, 2020. Financial assets at fair value through profit or loss represented 3% of the total assets of the group on December 31, 2021.

Financial assets at fair value through shareholders' equity. Financial assets at fair value through shareholders' equity mainly include bonds and other debt securities for €19.7 billion and government securities for €11.7 billion.

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions are composed of demand deposits, inter-bank loans and securities subject to repurchase agreements. Loans and receivables due from credit institutions reached €60.9 billion as of December 31, 2021, compared to €56.3 billion on December 31, 2020.

Loans and receivables due from customers. Loans and receivables due from customers stood at €444.8 billion on December 31, 2021, versus €419.4 billion on December 31, 2020, a gross increase of 6.1%.

Liabilities (excluding shareholders' equity)

Summary. The group's consolidated liabilities excluding shareholders' equity stood at €790.7 billion as of December 31, 2021, up from €746.4 billion on December 31, 2020 (+5.9%). These liabilities include subordinated debt at €8.1 billion on December 31, 2021 and €7.3 billion on December 31, 2020. The increase in liabilities excluding shareholders' equity recorded in 2021 is mainly due to the increase in debts due to credit institutions of €31.5 billion (+78.1%) and debts due to customers of €16.3 billion.

Financial liabilities at fair value through profit or loss. The total amount of financial liabilities at fair value through profit or loss (held for trading) was €12.1 billion at December 31, 2021, compared with €15.3 billion at December 31, 2020.

Debts due to credit institutions. Debts due to credit institutions rose by €31.5 billion (+78.1%) to €71.8 billion as of December 31, 2021.

Debts due to customers. Debts due to customers are mainly composed of demand deposits, term deposits, regulated savings accounts and securities subject to repurchase agreements. Debts due to customers amounted to €425.2 billion as of December 31, 2021, versus €408.9 billion on December 31, 2020. This increase is mainly due to the increase in current accounts and passbook accounts.

Debt securities at amortized cost. Debt securities are composed of negotiable certificates of deposit and bond issues. Debt securities stood at €121.1 billion as of December 31, 2021, down 4.6% compared to December 31, 2020.

Liabilities related to contracts of Insurance. Liabilities related to contracts of Insurance stood at €131.4 billion as of December 31, 2021, compared to €126.5 billion on December 31, 2020, *i.e.* an increase of 3.9%.

Consolidated equity

The consolidated equity attributable to the group stood at €50.1 billion on December 31, 2021, versus €46.5 billion on December 31, 2020; this change primarily corresponds to net carryover.

Non-controlling interests went from €3,115 million on December 31, 2020 to €3,059 million on December 31, 2021.

2.2.2.5.2 Liquidity and refinancing

The central treasury management of Crédit Mutuel Alliance Fédérale rests on prudent rules and an efficient system to access market resources.

Commercial banking gaps are covered by medium-and long-term resources, while the liquidity buffer makes use of money market refinancing. Crédit Mutuel Alliance Fédérale has a number of well-suited issue programs, providing access to investors in the main regions at the international level through public and private issues. This mechanism is supported by a comfortable liquidity reserve, adapted to comply with regulatory ratios and withstand severe stress.

The year 2021 was marked by the persistence of the pandemic and the return of inflation to levels not seen for a long time. This resurgence in inflation is the result of a rebound in the economy, rising commodity prices, persistent bottlenecks and continued fiscal stimulus.

These factors will lead central banks to accelerate the normalization of their accommodative policies in 2022 and, in particular, to announce the reduction (if not the end) of their asset purchase program and to mention future rate hikes over 2022 and the following years.

However, in 2021, the bond markets proved resilient despite some volatility in interest rates and offered issuers good refinancing conditions.

Through all of its issuance programs, BFCM has therefore benefited from this favorable context.

In total, the outstanding amount of external funding raised on the markets amounted to €144.7 billion at the end of December 2021, a decrease of 1.5% compared to the end of 2020.

Short-term funding (less than one year) totaled €43.1 billion at the end of 2021, down 11.3% year-on-year. It represents 30% of all market funding raised, down 3 points compared to 2020. The significant improvement in the Group's commitment coefficient has enabled the central treasury to continue to reduce its access to short-term funding.

Medium-and long-term funding totaled €101.6 billion at end-2021, up 3.2% on 2020. In 2021, Crédit Mutuel Alliance Fédérale raised €13.9 billion in MLT funds primarily via BFCM, and to a lesser degree via its subsidiary Crédit Mutuel Home Loan SFH, which issues covered bonds and benefits from the best agency ratings. 72.6% of these MLT resources were raised in euros and the balance in foreign currencies [US dollar, yen, pound sterling, Swiss franc and Australian dollar], underscoring the efficiency of the group's investor diversification strategy.

The total liquidity reserves over the consolidated perimeter break down as follows:

Crédit Mutuel Alliance Fédérale (in € billions)	12/31/2021
Cash deposited in central banks	122.2
LCR securities (after LCR haircut)	25.5
<i>o/w HQLA Level1 securities</i>	21.1
Other eligible assets, central banks (after ECB haircut)	42.9
TOTAL LIQUIDITY RESERVES	190.6

The liquidity reserve largely covers market resources due at 12 months.

Targeted refinancing operations

As part of the "Young Farmers & Climate Action" package allocated by the EIB in March 2020 and dedicated to SMEs and mid-sized companies in the agricultural and bio-economy sectors, BFCM carried out, in June 2021, a second drawdown for €50 million over an eight-year period at a fixed rate.

In addition, as part of the "EU PL response to COVID-19 crisis for SME & MIDCAPS" program, the "COVID-19 CRISIS RESPONSE FOR SME & MIDCAP" package, allocated by the EIB in June 2020 for an amount of €350 million was the subject of a single drawdown in June 2021, over a

five-year period at a fixed rate. This unprecedented scheme, dedicated to supporting SMEs and mid-sized companies weakened by the health crisis, complements state-guaranteed loans (SGLs).

2021 refinancing program

In 2021, public issues raised amounted to an equivalent of €12.8 billion and broke down as follows:

- BFCM by way of senior European Medium-Term Notes (EMTN) of which:
 - €750 million in green bonds over seven years issued in June,
 - €3.0 billion in the 5- and 3-year senior format,
 - €900 million at 5 years and over, issued in January and September,
 - CHF 325 million over seven years issued in June and December,
 - \$2 billion over three and five years, issued in October in US144A format,
 - JPY 55.0 billion over five, seven and ten years, issued in October (Samurai format),
- BFCM's 7-year EMTN Non Preferred Senior: €2.5 billion, issued in January and May as part of the management of the MREL,
- Crédit Mutuel Home Loan SFH: €2.25 billion over ten and seven years, completed in May and July.

LCR and liquidity buffer

The liquidity situation of the consolidated scope of Crédit Mutuel Alliance Fédérale was as follows:

- an average LCR of 181.3% for 2021 (165.2% for 2020);
- average high quality liquidity assets (HQLA) totaling €138.7 billion, 85% of which is deposited with central banks (mainly the ECB).

2.2.2.5.3 Solvency

As of December 31, 2021, Crédit Mutuel Alliance Fédérale's shareholders' equity amounted to €53.2 billion, compared to €49.6 billion at the end of 2020, an increase of €3.6 billion due to carryforwards.

At December 31, 2021, Crédit Mutuel Alliance Fédérale had a very solid solvency position, with a Common Equity Tier 1 (CET1) ratio of 18.8% (without transitional measures), up 100 basis points year-on-year. The Tier 1 ratio without transitional measures also stood at 18.8% at the end of December 2021 and the overall solvency ratio reached 21.7%.

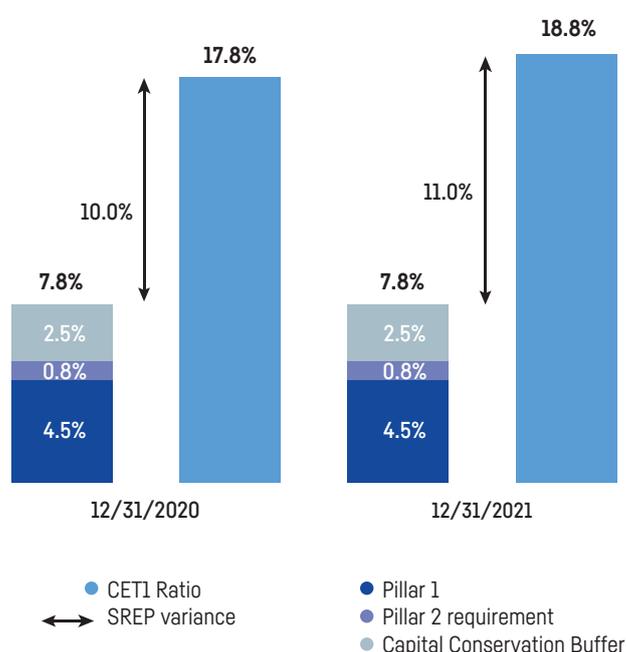
Regulatory capital CET1 reached almost €46 billion, up 10.4% due to retained earnings and the issue of shares.

Groupe des Assurances du Crédit Mutuel (GACM) successfully completed an inaugural issue of redeemable subordinated notes (Tier 2) placed with European, Asian and American institutional investors for a total amount of €750 million.

Risk-weighted assets (RWAs) stood at €245.1 billion on December 31, 2021 (compared to €233.8 billion at the end of December 2020, up 4.8%). RWAs in terms of credit risk accounted for 90% of the total, at €220.7 billion.

The setting aside of almost all of the result enables the CET1 level to be strengthened in relation to the regulatory requirements set by the European banking supervision authorities.

SREP CET1 REQUIREMENTS AND ACTUAL DIFFERENCE (in %)



The leverage ratio (without transitional measures) was 7.6% at December 31, 2021 (6.9% at end-December 2020) after excluding central bank exposures as authorized by the ECB at the end of 2020.

The return on risk-weighted assets (RoRWA) reached a level of 1.47% at the end of December 2021 compared to 1.43% at December 31, 2019 (pre-crisis level).

2.2.2.5.4 External ratings

The solid financial position and suitability of the group's business model are recognized by the three rating agencies that rate Crédit Mutuel Alliance Fédérale and the Crédit Mutuel group:

	LT/ST counterparty**	Issuer/LT Preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating***	Date of most recent publication
Standard & Poor's ¹	AA-/A-1+	A+	Stable	A-1	a	12/16/2021
Moody's ²	Aa2/P-1	Aa3	Stable	P-1	a3	12/10/2021
Fitch Ratings ³	AA-	AA-	Stable	F1+	a+	11/17/2021

* The Issuer Default Rating is stable at A+.

** The counterparty ratings correspond to the ratings of the following agencies: Resolution Counterparty at Standard & Poor's, Counterparty Risk Rating at Moody's and Derivative Counterparty Rating at Fitch Ratings.

***The intrinsic rating corresponds to the Stand Alone Credit Profile (SACP) rating from Standard & Poor's, the Adjusted Baseline Credit Assessment (Adj. BCA) rating from Moody's, and the Viability Rating from Fitch.

¹ Standard & Poor's: Crédit Mutuel group rating.

² Moody's: Crédit Mutuel Alliance Fédérale/BFCM and CIC rating.

³ Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

On June 24, 2021, Standard & Poor's (S&P) raised the outlook for Crédit Mutuel group's ratings from negative to stable, as well as for several French and European banks, considering that the improvement in the economic environment reduced the risk of a significant deterioration in asset quality and capitalization.

On December 16, 2021, S&P upgraded Crédit Mutuel's long-term issuer credit rating from A to A+, with a stable outlook, as a result of an additional notch reflecting an ALAC ratio higher than the threshold required by the agency under its new rating methodology. In addition, S&P decided to confirm the SACP intrinsic rating ["a"], highlighting the recurrence of Crédit Mutuel's results and the strength of its balance sheet.

On October 28, 2021, Fitch Ratings upgraded Crédit Mutuel Alliance Fédérale's outlook from negative to stable, given the resilience of its profitability, asset quality and capitalization indicators in a more favorable economic environment.

For the record, the negative outlooks at Fitch Ratings and S&P had been assigned, between March and April 2020, following the development of the pandemic and as part of grouped rating actions on European banks.

For its part, Moody's confirmed, on October 12, 2021, the ratings and stable outlook of Crédit Mutuel Alliance Fédérale, given its very resilient financial fundamentals in the context of the health crisis.

2.2.2.6 Methodology notes

Changes at constant scope are calculated by neutralizing:

- in fiscal year 2021, the entry of Protection 24 (IT, logistics and press sector);
- for fiscal 2020, data from Euro-Information Telecom (IT, logistics and press sector), a subsidiary sold at the end of 2020.

Crédit Mutuel Alliance Fédérale (in € millions)	2021 excluding changes in scope of consolidation	2020 excluding changes in scope of consolidation	2021/2020 at constant scope
Net banking income	15,913	14,106	+12.8%
General operating expenses	-9,129	-8,811	+3.6%
<i>including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF</i>	-314	-270	+16.3%
Gross operating income/(loss)	6,784	5,295	+28.1%
Cost of risk	-699	-2,372	-70.5%
<i>cost of proven risk</i>	-585	-1,018	-42.5%
<i>cost of non-proven risk</i>	-114	-1,354	-91.6%
Operating income	6,085	2,923	x2
Net gains and losses on other assets and ECC	-866	570	ns
Profit/(loss) before tax	5,219	3,493	+49.4%
Income tax	-1,703	-956	+78.1%
Post-tax gains/(losses) on discontinued operations	9	-	ns
Net profit/(loss)	3,525	2,536	+39.0%
Non-controlling interests	284	306	-7.1%
NET PROFIT ATTRIBUTABLE TO THE GROUP	3,241	2,230	+45.3%

IT and logistics (in € millions)	2021 excluding changes in scope of consolidation	2020 excluding changes in scope of consolidation	2021/2020 at constant scope
Net banking income	1,573	1,434	+9.7%
General operating expenses	-1,386	-1,297	+6.9%
Gross operating income/(loss)	187	137	+36.9%
Cost of risk	0	1	ns
Operating income	187	137	+36.1%
Net gains and losses on other assets and ECC	1	569	-99.8%
Profit/(loss) before tax	188	707	-73.4%
Income tax	-50	-53	-4.4%
NET PROFIT/(LOSS)	138	654	-79.0%

2.2.2.7 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (API) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDANCE (ESMA/20151415)

Name	Definition/calculation method	For ratios, reason for use
Cost/income ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of “employee benefit expense”, “other operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets”) and the “net banking income”	Measure of the bank’s operational efficiency
Overall cost of customer risk related to the outstanding loans <i>(expressed in % or in basis points)</i>	Cost of customer risk from the notes to the consolidated financial statements related to gross outstanding loans at the end of the period	Enables assessment of the level of risk as a percentage of credit commitments on the balance sheet
Cost of risk	The “cost of counterparty risk” item on the publishable consolidated income statement	Measurement of the level of risk
Customer loans	The “loans and receivables due from customers at amortized cost” item in consolidated balance sheet assets	Measurement of customer loan activity
Cost of proven risk	Impaired assets (S3) see note “cost of counterparty risk”	measures the level of proven risk (non-performing loans)
Cost of non-proven risk	12-month expected losses (S1) + expected losses at maturity (S2) see note “cost of counterparty risk”. Application of IFRS 9.	Measurement of the level of non-proven risk (performing loans)
Customer deposits; deposit accounting	The “amounts due to customers at amortized cost” item in consolidated balance sheet liabilities	Measurement of customer activity in terms of balance sheet resources
Insurance savings	Life insurance assets held by our clients ■ management data (insurance company)	Measurement of customer activity in matters of life insurance
Financial savings; managed savings held in custody	Off-balance sheet savings outstandings held by our customers or held in custody (securities accounts, UCITS, etc.) ■ management data (group entities)	Representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
Total savings	Sum of account deposits, insurance savings and bank financial savings	Measurement of customer activity in matters of savings
General operating expenses; management fees	Sum of “general operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets” lines from the publishable consolidated income statement	Measure the level of general operating expenses
Interest margin; net interest revenue; net interest income	Calculated from the items on the consolidated income statement: difference between interest received and interest paid: ■ interest received = “interest and similar income” item of the publishable consolidated income statement ■ interest paid = “interest and similar expenses” item of the publishable consolidated income statement	Representative measurement of profitability
Loan/deposit ratio; commitment coefficient	Ratio calculated on the basis of consolidated balance sheet items: ratio expressed as a percentage between total customer loans and customer deposits	Measurement of dependence on external refinancing
Coverage ratio	Determined by calculating the ratio of provisions for credit risk (S3 impairment) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to individual impairment S3)	This hedge rate measures the maximum residual risk associated with loans in default (“non-performing”).
Share of non-performing loans in gross loans	Ratio between gross outstanding receivables subject to individual impairment (S3) and gross customer loans (calculated from the notes “Loans and receivables due from customers” to the consolidated financial statements: gross receivables + finance leases)	Indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS (API): RECONCILIATION WITH THE FINANCIAL STATEMENTS (in € millions)

Cost/income ratio	2021	2020	2019
General operating expenses	-9,136	-8,867	-8,942
Net banking income	15,923	14,238	14,569
COST/INCOME RATIO	57.4%	62.3%	61.4%
Net profit/(loss)/ average regulatory assets	2021	2020	2019
Total net profit/(loss) (including non-controlling interests)	3,527	2,595	3,145
Average regulatory assets (RWA)	239,460	229,769	219,881
NET PROFIT/(LOSS)/ AVERAGE REGULATORY ASSETS	1.47%	1.13%	1.43%
Loans/deposits	12/31/2021	12/31/2020	12/31/2019
Net customer loans	444,825	419,413	384,535
Customer deposits	425,197	408,901	336,806
LOANS/DEPOSITS	104.6%	102.6%	114.2%
Coverage ratio	12/31/2021	12/31/2020	12/31/2019
Expected losses on impaired assets (S3)	5,949	6,509	6,471
Individually-impaired receivables, gross (S3)	11,723	12,497	12,079
TOTAL COVERAGE RATIO	50.8%	52.1%	53.6%
Rate of non-performing loans	12/31/2021	12/31/2020	12/31/2019
Individually-impaired receivables, gross (S3)	11,723	12,497	12,079
Gross loans to customers	454,020	429,024	392,979
RATE OF NON-PERFORMING LOANS	2.6%	2.9%	3.1%
Cost of customer risk related to outstanding loans	2021	2020	2019
Cost of customer risk	-701	-2,008	-1,071
Gross loans to customers	454,020	429,024	392,979
TOTAL COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	0.15%	0.47%	0.27%

2.2.3 Recent developments and outlook

2.2.3.1 Events after the reporting period

On January 1, 2022, the Crédit Mutuel Nord Europe federation joined Crédit Mutuel Alliance Fédérale. A local cooperative bank, Crédit Mutuel Alliance Fédérale is now an alliance of 14 federations. Crédit Mutuel Nord Europe and Crédit Mutuel Alliance Fédérale have thus completed their merger and strengthened their synergies for the benefit of their customers and members. The group is strengthening its position in France and in Europe, with a strong opening in Belgium (Beobank) and a significant strengthening in asset management (La Française).

Subsequent to the December 31, 2021 closing, the ongoing conflict between Russia and Ukraine is likely to cause a shock to the global economy and a slowdown in activity. This could accentuate certain risks, particularly those related to macroeconomic conditions and potentially unfavorable market trends, as well as cyber security risks. Given the geopolitical, economic, financial and social consequences of this conflict, which are still unclear, and the uncertainties concerning its spread to the various sectors of the world economy, it is not possible at this stage to estimate the exact impact on Crédit Mutuel Alliance

Fédérale and its subsidiaries. Strictly speaking, in terms of risks in Russia and Ukraine, Crédit Mutuel Alliance Fédérale has no direct presence (via a subsidiary or joint venture) in these two countries. Overall, Crédit Mutuel Alliance Fédérale's exposure to these countries is extremely limited.

2.2.3.2 Outlook

Crédit Mutuel Alliance Fédérale, the first corporate bank with a mission, has unveiled its social and environmental project for a more sustainable and caring society. It is based on 14 evidence-based, concrete commitments to be achieved by the end of 2022, aimed at improving the cooperative group's impact on the environment around it. These 14 concrete commitments form the social and environmental project. They reflect the cooperative bank's commitment to ethics and solidarity with its members and customers and the regions. From now on, the nearly 16,000 mutualist elected members and more than 76,000 employees of Crédit Mutuel Alliance Fédérale are mobilizing their skills and energies around this common dynamic.

2.3 BFCM ACTIVITIES AND CONSOLIDATED EARNINGS

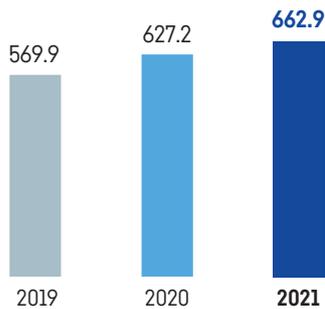
2.3.1 BFCM activities and earnings – consolidated scope

2.3.1.1 Key figures

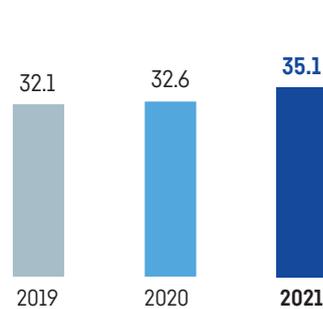
<i>(in € millions)</i>	2021	2020	2019
Net banking income	11,902	10,262	10,865
Operating income	4,906	2,091	3,641
Net profit/(loss)	2,842	1,508	2,663
Net profit attributable to the group	2,487	1,284	2,282
Cost/income ratio*	53.3%	59.2%	57.3%

* General operating expenses as a percentage of net banking income.

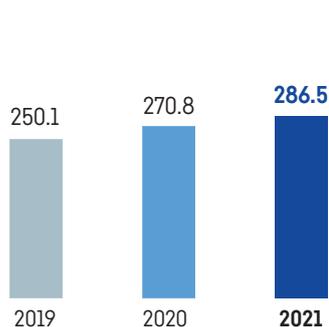
TOTAL BALANCE SHEET
(in € billions at December 31)



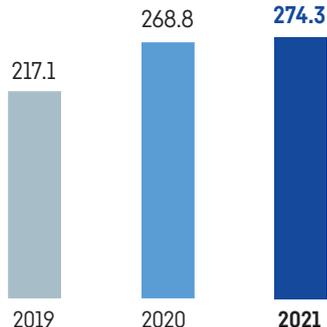
SHAREHOLDERS' EQUITY
(in € billions at December 31)



NET CUSTOMER LOANS
(in € billions at December 31)



CUSTOMER DEPOSITS
(in € billions at December 31)



2.3.1.2 Analysis of the consolidated balance sheet

The total BFCM consolidated balance sheet was €662.9 billion at the end of 2021, compared to €627.2 billion (+5.7%) at December 31, 2020.

Outstanding customer bank deposits amounted to €274.3 billion at the end of December 2021, up 2% compared to 2020. This increase should be seen in the context of a year 2020 marked by strong precautionary savings linked to the start of the pandemic. In 2021, growth in outstanding deposits remains strong on current accounts (+12.1%) while term deposits are in net outflow (-20.5%).

Total net outstanding customer loans stood at €286.5 billion, up 5.8% year-on-year. In 2020, the sharp 8.3% increase in outstandings was driven by short-term loans, which tripled following the release of guaranteed loans to businesses. In 2021, activity was very strong in the main loan categories: +10.0% for outstanding home loans to €103.1 billion; +7.6% for outstanding consumer loans to €37.2 billion; +3.4% for outstanding equipment loans to €77.1 billion and +7.1% for leasing to nearly €17 billion in outstandings, reflecting the recovery in activity and the high level of customer support.

On the liabilities side, the increase came mainly from debts due to credit institutions (up €32 billion).

Financial liabilities measured at fair value through profit or loss amounted to €12.1 billion in 2021, compared to €15.5 billion at December 31, 2020.

Amounts due to credit institutions came to €76.9 billion on the previous year level of €44.8 billion (+€32 billion).

The "Due to customers" item on the liabilities side of the balance sheet is made up of customer savings deposits, including related receivables. These deposits rose 2% to €274.3 billion at the end of 2021. Of this, CIC entities alone accounted for around 79% (€217.6 billion), TARGOBANK in Germany for 9% (€23.6 billion), and BECM for 6% (€17.7 billion).

Issues of securities other than those measured at fair value through profit or loss totaled €121.5 billion, down 4.6% year-on-year. Bonds accounted for most of this, with outstanding amounts of €64.8 billion, followed by interbank market securities and negotiable debt instruments (€49.4 billion). The balance of the item consists of certificates of deposit and related debt.

Liabilities relating to insurance policies, representing commitments to policyholders, amounted to €117.5 billion (+4.4%).

The bulk of non-controlling interests recognized as liabilities (€3.8 billion at the end of 2021) concerned other Crédit Mutuel groups belonging to Groupe des Assurances du Crédit Mutuel (GACM) and external shareholders of the Cofidis Group.

Shareholders' equity attributable to the group totaled €31.3 billion, up 9.7% year-on-year (+€2.8 billion).

On the assets side, investments on the interbank market comprised assets in cash and with the Central Bank in the amount of €120.7 billion and with credit institutions in the amount of €57.1 billion.

Total customer receivables rose from €270.8 billion to €286.5 billion (+5.8%) at the end of 2021.

77% of all loans are granted through CIC entities (€220.6 billion). TARGOBANK in Germany's loan portfolio (€20.7 billion) accounted for 7% of total outstanding loans, followed by BECM (€17.3 billion) and the Cofidis group (€14.2 billion).

Financial assets measured at fair value through profit or loss amounted to €21.9 billion compared to €27.7 billion the previous year.

Goodwill in the amount of €3.1 billion resulted mainly from the acquisition of TARGOBANK Germany securities in December 2008 (€2.0 billion), the acquisition of a stake in the Cofidis Group (€378 million) and Cofidis France (€79 million) at the beginning of March 2009, and the purchase of CIC securities (residual goodwill of €506 million).

2.3.1.3 Analysis of the consolidated income statement

<i>(in € millions)</i>	2021	2020	change	2019	change 2021/2019 at constant scope
Net banking income	11,902	10,262	+16.0%	10,865	+9.2%
General operating expenses	-6,349	-6,077	+4.5%	-6,226	+1.8%
<i>including contribution to the Single Resolution Fund, supervision costs and contributions to the DGF⁽¹⁾</i>	-242	-216	+9.3%	-120	x 2
Gross operating income	5,553	4,185	+32.7%	4,639	+19.0%
Cost of risk	-647	-2,094	-69.1%	-998	-35.2%
<i>cost of proven risk</i>	-557	-966	-42.4%	-884	-37.0%
<i>cost of non-proven risk</i>	-90	-1,128	-92.0%	-114	-21.1%
Operating income	4,906	2,091	x 2.3	3,641	+33.9%
Net gains and losses on other assets and ECC ⁽²⁾	-793	138	ns	145	ns
Profit/(loss) before tax	4,113	2,229	+84.5%	3,786	+7.8%
Income tax	-1,280	-721	+77.4%	-1,124	+13.6%
Post-tax gains/(losses) on discontinued operations	9	-	ns	-	ns
Net profit/(loss)	2,842	1,508	+88.5%	2,663	+5.7%
Non-controlling interests	356	224	+58.8%	381	-6.6%
NET INCOME ATTRIBUTABLE TO THE GROUP	2,487	1,284	+93.7%	2,282	+7.8%

(1) Deposit guarantee fund.

(2) ECC = Equity consolidated companies = share of net profit/(loss) from equity consolidated companies.

Net banking income (NBI)

In 2021, net banking income (NBI) rose sharply by 16.0% compared to 2020, to €11.9 billion, driven by the good performance of the banking networks (+4.5%) and insurance (+33.1%) as well as the strong growth of the specialized business lines.

NBI is also nearly 7% higher than its pre-crisis level (€10.9 billion in 2019).

NBI from **Retail Banking** was €7.7 billion. In 2021, it rose by 4.6% thanks to the good activity of the banking networks.

After 2020, a year marked by strong initiatives such as the mutualist stimulus package, net **insurance** income rose sharply by 33.1%, driven by strong activity and the good performance of the financial markets.

Private banking, buoyed by dynamic premium income in a context of high valuations, generated NBI of €677 million, up 8.2%.

The net banking income for **corporate banking and Capital Markets** rose significantly by 15.5% to €809 million thanks to a recovery in activity, both in structured finance and the support activity for large companies and a buoyant financial market context.

A quality portfolio, a good investment policy and the strong rebound in economic activity have been favorable to the NBI of the private equity sector (€518 million compared to €190 million in 2020).

The bad debt ratio was down – year-on-year – to 3.3% at the end of 2021 compared to 3.7% at the end of 2020, and the coverage ratio stood at 52%.

(in € millions)	12/31/2021	12/31/2020	12/31/2019
Customer loans (net outstandings on the balance sheet)	286,482	270,836	250,142
Gross loans	294,206	278,953	257,340
Gross non-performing loans	9,740	10,451	10,107
Provisions for impairment of receivables	7,724	8,117	7,198
of which provisions for impairments on non-performing loans (Status 3)	5,068	5,576	5,562
of which provisions for impairments on performing loans (Status 1 & 2)	2,656	2,541	1,636
Share of non-performing loans in gross loans	3.3%	3.7%	3.9%

Other items

The “Net gains and losses on other assets and ECC” item showed a net expense of €793 million in 2021. In 2021, an impairment of goodwill of TARGOBANK Deutschland has been recorded in view of the downward revision of its profitability outlook. The net impact on the 2021 financial statements is €775 million.

Profit/(loss) before tax

Profit before tax increased by 84.5% compared to 2020 and amounted to €4.1 billion.

Net profit/(loss)

Net profit stood at a high level of €2.8 billion, up sharply by 88.5% compared to 2020.

After deducting non-controlling interests (€356 million, mainly in GACM), net profit attributable to the group amounted to €2.5 billion, compared with €1.3 billion a year earlier.

General operating expenses and gross operating income

General operating expenses were up by 4.5% due to salary measures, support for growth and continued investments in the group's digital transformation.

They were impacted by the continued increase in contributions to the Single Resolution Fund and supervision costs (+9.3% to €242 million).

The overall cost/income ratio stood at 53.3%.

Gross operating income increased by 32.7% year-on-year to €5.6 billion.

Cost of risk and non-performing loans

The cost of risk fell sharply to €647 million compared to €2.1 billion in 2020:

- the cost of proven risk stood at €557 million, down by €409 million; the allocations to provisions for the year partly reflect the effects of measures to support economic agents to face the health crisis (sharp decrease in the level of bankruptcies observed in France compared to 2019);
- the cost of non-proven risk was €90 million compared to €1.1 billion in 2020, a year marked by an increase in provisions in anticipation of a future deterioration in risks in the context of the health crisis. In 2021, the IFRS 9 scenario assumptions remained unchanged compared to 2020 and the sectoral provisions, made in 2020, remained at a high level.

Transactions with Crédit Mutuel Alliance Fédérale entities

BFCM's consolidated gross operating loss in 2021 was -€302 million related to transactions carried out with Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope (mainly local banks and CFCM).

Net interest income from these transactions totaled €390 million in 2021 compared with €375 million in 2020. Net commissions increased to -€9 million. Net expenses on other activities recognized by these entities stood at €553 million in 2021, compared with €520 million in 2020.

As of December 31, 2021, the outstanding loans granted to the Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope totaled €30.5 billion.

2.3.1.4 Analysis of results by business line

The activities mentioned below correspond to the organizational structure of Crédit Mutuel Alliance Fédérale. The reader may also refer to note 2 to the financial statements “Analysis of income statement by business segment and geographic area” and to note 3 “Consolidation scope”, which presents the business combinations retained.

2.3.1.4.1 Retail Banking

<i>(in € millions)</i>	2021	2020	Change
Net banking income	7,688	7,352	+4.6%
General operating expenses	-4,496	-4,279	+5.1%
Gross operating income	3,192	3,073	+3.8%
Cost of risk	-653	-1,791	-63.6%
<i>cost of proven risk</i>	-537	-855	-37.2%
<i>cost of non-proven risk</i>	-116	-936	-87.6%
Operating income	2,539	1,282	+98.0%
Net gains and losses on other assets and ECC ⁽¹⁾	-8	-4	ns
Profit/(loss) before tax	2,531	1,278	+98.0%
Income tax	-787	-505	+55.9%
Post-tax gains/(losses) on discontinued operations	9	-	ns
NET PROFIT/(LOSS)	1,753	773	X 2.2

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Net banking income from Retail Banking amounted to €7.7 billion (+4.6%).

General operating expenses increased by 5.1% to €4.5 billion.

The cost of risk fell sharply [-64%] to €653 million, of which €537 million for proven risk and €116 million for non-proven risk.

This resulted in net profit of €1.8 billion (x2.2).

2.3.1.4.2 Insurance

<i>(in € millions)</i>	2021	2020	Change
Net insurance income	1,810	1,360	+33.1%
General operating expenses	-649	-603	+7.6%
Gross operating income	1,161	757	+53.4%
Net gains and losses on other assets and ECC ⁽¹⁾	-0	2	ns
Profit/(loss) before tax	1,161	759	+53.0%
Income tax	-326	-251	+30.2%
NET PROFIT/(LOSS)	834	508	+64.2%

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

After a year 2020 marked by the COVID-19 pandemic and the lockdown measures, the activity of the distribution networks will return in 2021 to the commercial dynamics prior to the health crisis. As a result, insurance policy sales are up 9.3% compared to 2020 and GACM's portfolio is up 2.8% to 35.6 million policies at the end of 2021. At €12.1 billion, insurance revenue will return to its 2019 level and shows an increase of 17.9% compared to 2020.

At €834 million, the net profit contributed by GACM was up sharply compared to 2020 (€508 million). It is also supported by the economic upturn, the recovery of the financial markets and the rise in interest rates.

2.3.1.4.3 Private banking

<i>(in € millions)</i>	2021	2020	Change
Net banking income	677	626	+8.2%
General operating expenses	-434	-413	+5.1%
Gross operating income	244	213	+14.2%
Cost of risk	-8	-32	-73.8%
Profit/(loss) before tax	235	181	+30.0%
Income tax	-46	-39	+16.3%
NET PROFIT/(LOSS)	190	142	+33.8%

In the private banking market, 2021 was marked by a large number of company disposals, high valuations, excellent financial market performance and an increased search for new investment solutions by customers

The net banking income increased by 8.2% to €677 million.

General operating expenses increased by 5.1% and the cost of risk fell to -€8 million in 2021 from -€32 million in 2020.

Net profit rose by 33.8% to €190 million.

2.3.1.4.4 Corporate banking and Capital Markets

<i>(in € millions)</i>	2021	2020	Change
Net banking income	809	700	+15.5%
General operating expenses	-367	-347	+5.6%
Gross operating income	442	353	+25.3%
Cost of risk	35	-272	ns
Operating income	477	80	x 5.9
Net gains and losses on other assets and ECC ⁽¹⁾	-	4	ns
Profit/(loss) before tax	477	85	x 5.6
Income tax	-111	-11	x 10.2
NET PROFIT/(LOSS)	367	74	x 4.9

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

Corporate banking

Net banking income rose by nearly 13% to €430 million. General operating expenses remained under control [+4.0%], enabling a cost/income ratio of 30% to be achieved. The cost of risk was down sharply compared to 2020: the cost of proven risk was a net reversal and the non-proven risk was also a net reversal of €32 million after the strong allocations to performing loans in 2020.

Net profit at €264 million has been doubled compared to its pre-crisis level in 2019 (€133 million).

Capital Markets

In a still deteriorating health context, CIC Marchés achieved a very good performance with €379 million in NBI [+18.8%] i.e. a level of activity not reached since 2016.

CIC Market Solutions enjoyed solid overall momentum in 2021. Its growth is mainly driven by EMTN issues (with €2.5 billion issued) and the Equity Capital Market and Debt Capital Market activities (more than 70 financial transactions supported in 2021).

The Investment business line (including France, the New York and Singapore branches as well as Cigogne Management SA) achieved its performance largely in the first half of the year, in line with the very accommodative policies of the various central banks.

Net profit from Capital Markets totaled €103 million, up 51.3%.

2.3.1.4.5 Private equity

<i>(in € millions)</i>	2021	2020	Change
Net banking income	518	190	x 2.7
General operating expenses	-77	-65	+18.2%
Gross operating income	442	126	x 3.5
Cost of risk	-21	-1	ns
Profit/(loss) before tax	420	125	x 3.3
Income tax	-4	3	ns
NET PROFIT/(LOSS)	416	128	X 3.2

The level of investment is up with €613 million invested, of which 2/3 in new projects. The outstanding invested portfolio exceeds €3 billion, demonstrating the strong momentum of these business lines in all segments.

Revenue, at €518 million compared with €190 million a year earlier, included a very high level of €408 million in capital gains generated.

Net profit reached a historic level of €416 million, as a result of sustained activity in growth opportunities and mergers within the portfolio lines, which were evaluated with great caution, particularly in sectors affected by the crisis. 2021 was also a banner year in terms of M&A commissions billed.

2.3.1.4.6 IT, logistics, press and holding company

<i>(in € millions)</i>	2021	2020	Change
Net banking income	488	103	x4.7
General operating expenses	-415	-440	-5.8%
Gross operating income	73	-337	ns
Cost of risk	0	3	ns
Operating income	73	-335	ns
Net gains and losses on other assets and ECC ⁽¹⁾	-785	136	ns
Profit/(loss) before tax	-712	-199	ns
Income tax	-5	81	ns
NET PROFIT/(LOSS)	-717	-118	NS

(1) ECC = Equity consolidated companies = share of net profit/(loss) of equity consolidated companies.

The IT, logistics and press business line generated a net banking income of €267 million in 2021, versus €236 million in 2020. The net profit amounted to €75 million in 2021, compared to a profit of €112 million in 2020.

2.3.1.5 Alternative performance indicators

ALTERNATIVE PERFORMANCE INDICATORS (API) – ARTICLE 223-1 OF THE AMF GENERAL REGULATION/ESMA GUIDANCE (ESMA/20151415)

Name	Definition/calculation method	For ratios, reason for use
Cost/income ratio	Ratio calculated from items of the consolidated income statement: ratio of general operating expenses (sum of “employee benefit expense”, “other operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets”) and the “net banking income”	Measure of the bank’s operational efficiency
Overall cost of customer risk related to the outstanding loans <i>(expressed in % or in basis points)</i>	Cost of customer risk from the notes to the consolidated financial statements related to gross outstanding loans at the end of the period	Enables assessment of the level of risk as a percentage of credit commitments on the balance sheet
Cost of risk	The “cost of counterparty risk” item on the publishable consolidated income statement	Measurement of the level of risk
Customer loans	The “loans and receivables due from customers at amortized cost” item in consolidated balance sheet assets	Measurement of customer loan activity
Cost of proven risk	Impaired assets (S3) see note “cost of counterparty risk”	Measures the level of proven risk (non-performing loans)
Cost of non-proven risk	12-month expected losses (S1) + expected losses at maturity (S2) see note “cost of counterparty risk”. Application of IFRS 9.	Measurement of the level of non-proven risk (performing loans)
Customer deposits; deposit accounting	The “amounts due to customers at amortized cost” item in consolidated balance sheet liabilities	Measurement of customer activity in terms of balance sheet resources
Insurance savings	Life insurance assets held by our clients ■ management data (insurance company)	Measurement of customer activity in matters of life insurance
Financial savings; managed savings held in custody	Off-balance sheet savings outstandings held by our customers or held in custody (securities accounts, UCITS, etc.) ■ management data (group entities)	Representative measure of activity in terms of off-balance sheet funds (excluding life insurance)
Total savings	Sum of account deposits, insurance savings and bank financial savings	Measurement of customer activity in matters of savings
General operating expenses; management fees	Sum of “general operating expenses” and “movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets” lines from the publishable consolidated income statement	Measures the level of general operating expenses
Interest margin; net interest revenue; net interest income	Calculated from the items on the consolidated income statement: difference between interest received and interest paid: ■ interest received = “interest and similar income” item of the publishable consolidated income statement ■ interest paid = “interest and similar expenses” item of the publishable consolidated income statement	Representative measurement of profitability
Loan/deposit ratio; commitment coefficient	Ratio calculated on the basis of consolidated balance sheet items: ratio expressed as a percentage between total customer loans and customer deposits	Measurement of dependence on external refinancing
Coverage ratio	Determined by calculating the ratio of provisions for credit risk (S3 impairment) to the gross outstandings identified as in default in accordance with regulations (gross receivables subject to individual impairment S3)	This hedge rate measures the maximum residual risk associated with loans in default (“non-performing”).
Share of non-performing loans in gross loans	Ratio between gross outstanding receivables subject to individual impairment (S3) and gross customer loans (calculated from the notes “Loans and receivables due from customers” to the consolidated financial statements: gross receivables + finance leases)	Indicator of asset quality

ALTERNATIVE PERFORMANCE INDICATORS (API): RECONCILIATION WITH THE FINANCIAL STATEMENTS (in € millions)

Cost/income ratio	2021	2020	2019
General operating expenses	-6,349	-6,077	-6,226
Net banking income	11,902	10,262	10,865
COST/INCOME RATIO	53.3%	59.2%	57.3%

Loans/deposits	12/31/2021	12/31/2020	12/31/2019
Net customer loans	286,482	270,836	250,152
Customer deposits	274,257	268,802	217,103
COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	104.5%	100.8%	115.2%

Coverage ratio	12/31/2021	12/31/2020	12/31/2019
Expected losses on impaired assets (S3)	5,068	5,576	5,562
Individually-impaired receivables, gross (S3)	9,740	10,451	10,107
TOTAL COVERAGE RATIO	52.0%	53.4%	55.0%

Rate of non-performing loans	12/31/2021	12/31/2020	12/31/2019
Individually-impaired receivables, gross (S3)	9,740	10,451	10,107
Gross loans to customers	294,205	278,953	257,340
RATE OF NON-PERFORMING LOANS	3.3%	3.7%	3.9%

Cost of customer risk related to outstanding loans	2021	2020	2019
Cost of customer risk	-643	-1,749	-991
Gross loans to customers	294,205	278,953	257,340
TOTAL COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	0.22%	0.63%	0.38%

2.3.2 Recent developments and outlook

2.3.2.1 Events after the reporting period

On January 1, 2022, the Crédit Mutuel Nord Europe federation joined Crédit Mutuel Alliance Fédérale. A local cooperative bank, Crédit Mutuel Alliance Fédérale is now an alliance of 14 federations. Crédit Mutuel Nord Europe and Crédit Mutuel Alliance Fédérale have thus completed their merger and strengthened their synergies for the benefit of their customers and members. The group is strengthening its position in France and in Europe, with a strong opening in Belgium (Beobank) and a significant strengthening in asset management (La Française).

Subsequent to the December 31, 2021 closing, the ongoing conflict between Russia and Ukraine is likely to cause a shock to the global economy and a slowdown in activity. This could accentuate certain risks, particularly those related to macroeconomic conditions and potentially unfavorable market trends, as well as cyber security risks. Given the geopolitical, economic, financial and social consequences of this conflict, which are still unclear, and the uncertainties concerning its spread to the various sectors of the world economy, it is not possible at this stage to estimate the exact impact on Crédit Mutuel Alliance

Fédérale and its subsidiaries. Strictly speaking, in terms of risks in Russia and Ukraine, Crédit Mutuel Alliance Fédérale has no direct presence (via a subsidiary or joint venture) in these two countries. Overall, Crédit Mutuel Alliance Fédérale's exposure to these countries is extremely limited.

2.3.2.2 Outlook

Crédit Mutuel Alliance Fédérale, the first corporate bank with a mission, has unveiled its social and environmental project for a more sustainable and caring society. It is based on 14 evidence-based, concrete commitments to be achieved by the end of 2022, aimed at improving the cooperative group's impact on the environment around it. These 14 concrete commitments form the social and environmental project. They reflect the cooperative bank's commitment to ethics and solidarity with its members and customers and the regions. From now on, the nearly 16,000 mutualist elected members and more than 76,000 employees of Crédit Mutuel Alliance Fédérale are mobilizing their skills and energies around this common dynamic.

2.4 BFCM ACTIVITIES AND PARENT COMPANY RESULTS

2.4.1 BFCM business activities

BFCM has several key business activities:

- central refinancing for Crédit Mutuel Alliance Fédérale;
- depository for Crédit Mutuel Alliance Fédérale's undertakings for collective investments;
- parent company of Crédit Mutuel Alliance Fédérale's subsidiaries and coordination of their activities.

Central refinancing

Please refer to section "2.2.2.5.2 Liquidity and refinancing" in this chapter.

Depository for undertakings for collective investment (UCIs)

The custodian implements its system through the following regulatory missions:

- custody of assets: custody (mainly traditional securities) and register-keeping (forward financial instruments and other financial instruments), which are provided by the specialized structures of Crédit Mutuel Alliance Fédérale;
- ensuring the regulatory compliance of management decisions;
- cash flow monitoring.

The contractual liability management mission is generally delegated to it by the management company.

At the end of December 2021, Banque Fédérative du Crédit Mutuel was the custodian of 977 UCIs with total assets of €78.5 billion. The number of UCIs increased (+48 UCIs), with outstanding deposits increasing by 7.5% compared to the end of 2020.

The large majority of UCIs deposited at Banque Fédérative du Crédit Mutuel (81.3% in number, 94.4% in outstandings) are managed by the group's management companies of Crédit Mutuel Alliance Fédérale, Crédit Mutuel Asset Management, Crédit Mutuel Gestion, Crédit Mutuel Capital Privé, CIC Private Debt and Dubly Transatlantique Gestion.

The other deposited UCIs, mainly specialized in private equity, are distributed among some twenty management companies outside Crédit Mutuel Alliance Fédérale.

In 2021, the main points are as follows:

- entering into relationships with new management companies, the targets being in the field of private equity;
- strengthening the supervision of outsourced essential services;
- ISAE 3402 Type 2 certification of custodian supervision for the period from October 1, 2020 to September 30, 2021. The coverage of the control plan reached 100%, no reservations were issued;
- the mission of the audit business line on the organization of the custodian function;
- regular participation in meetings of the Custodian Group and the Legal Observatory of AFTI, the French Association of Securities Professionals.

2.4.2 Management report on BFCM's annual financial statements

2.4.2.1 Balance sheet

The balance sheet adopted on December 31, 2021 totals €230.8 billion, up by 13.6% compared to the previous fiscal year.

On the liability side, the debts to credit institutions totaled €111.8 billion and mainly consisted of term loans to organizations of the group, demand accounts (€27.9 billion) and securities given under repurchase agreements in the context of TLTRO (€43 billion). Term loans to organizations of the group stand at €37.3 billion, the majority of which come from resources collected by the subsidiary Crédit Mutuel Home Loan SFH (€26.6 billion) and by CIC and its regional banks (€9.9 billion).

Amounts due to customers totaled €9.5 billion. This item is mainly composed of demand accounts in credit (€8.3 billion) and term deposits and borrowing from financial customers (€1.2 billion).

Securities liabilities totaled €83.8 billion and are composed of securities in the interbank market (€3.1 billion), negotiable debt instruments (€29.7 billion), bonds and monetary EMTNs (€51 billion).

The amount of deeply subordinated notes was €1 billion. There were no redemptions during the last fiscal year.

The funds for general banking risks, amounting to €61.6 million remained stable from one fiscal year to the other. All of the shareholders' equity and equivalent stood at €14.4 billion on December 31, 2021 (including the 2021 profit of €1,230 million), against €13.2 billion at the end of 2020.

On the asset side, the central treasury of Crédit Mutuel Alliance Fédérale was reflected by receivables held on credit institutions at €124.6 billion. The refinancing granted to Caisse Fédérale de Crédit Mutuel represents €29.6 billion, in order to supply the loans distributed by the Crédit Mutuel banks and to ensure the liquidity of Caisse Fédérale de Crédit Mutuel. The term refinancing activity of BFCM also covers Banque Européenne de Crédit Mutuel (€5.1 billion), CIC and its finance leasing and factoring subsidiaries (€60.7 billion), the Cofidis group (€11.7 billion), the FactoFrance group (€4.5 billion) and other subsidiaries (€4.3 billion). BFCM also refinances €3.5 billion of requirements from other groups of Crédit Mutuel.

Customer transactions totaled €2.0 billion. This amount corresponds to interventions in credit, mainly oriented towards large companies, and to the refinancing of special purpose acquisition entities for BFCM's long-term equity investments. In addition, included in this item is the net amount of non-performing loans of €21.9 million after deducting provisions of €3.1 million.

Short-term investment securities, investment securities and those ancillary to transactions constitute the other uses of cash (€24.3 billion).

Investments in associates, which stand at €16.1 billion, are mainly composed of equity investments in TARGOBANK in Germany (€5.7 billion), CIC (€4.1 billion), FactoFrance (€1.5 billion), Groupe des Assurances du Crédit Mutuel (€1.3 billion) and the Cofidis group (€1.6 billion). The equity investments in listed non-consolidated companies were stable at €0.4 billion.

2.4.2.2 Information on customer and supplier payment terms

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide for specific information on the maturity dates of debts with regard to suppliers and receivables with regard to customers.

In accordance with subparagraph 8 of Article L.441-6 of the French Commercial Code, the maturity dates of debts with regard to suppliers and receivables with regard to customers of our company do not exceed 45 days from the end of the month or 30 days from the date of issue of the invoice.

Given the status as a credit institution, the information communicated relative to payment deadlines specified by Article D.441-4 of the French Commercial Code do not include the bank transactions and ancillary transactions governed by the French Monetary and Financial Code.

Invoices received and not paid on the reporting date of the fiscal year for which the deadline is expired (in €)

There were no outstanding invoices at the end of the fiscal year.

Invoices received that were subject to late payment during the fiscal year (Article D.441-4 § II)

There were no significant transactions that were subject to late payment during 2021.

2.4.2.3 Income statement

Interest and similar income amounted to €2.709 billion (€2.4 billion consisting of transactions with credit institutions) and interest and similar expenses stood at €2.685 billion (€1.7 billion in interest paid to credit institutions and €0.9 billion on securities issued), representing a net interest margin of €23.5 million, against -€41.7 million in 2020.

Income from variable-income securities (shares) for €1.398 billion mainly consists of dividends received from subsidiaries of BFCM (€1.377 billion).

The positive impacts on the trading portfolios for €9.3 million mainly arose from foreign exchange gains on assets denominated in foreign currencies (€22 million) and net reversals of provisions on the swapped bond portfolio (€6 million) related to interest rate changes. On the other hand, the foreign exchange and arbitrage activity on forward financial instruments recorded a loss of -€18.6 million.

Reversals (net of charges) of provisions for impairment (+€154.3 million) and gains from disposals (+€38.7 million) constitute most of the item "profit and loss on short-term investment portfolios" (+€193 million).

After recognition of commissions and other elements related to operation, notably a provision for risks and expenses for the African continent (-€99.5 million), net banking income stood at €1.537 billion, compared to €901.3 million in 2020.

General operating expenses, which were slightly up (+2.3%), totaled €74.4 million (against €72.7 million in 2020).

In 2021, the cost of risk includes an amount (reversal) of €6.3 million relating in part to the transfer of risk (covered by provisions) on a customer loan that has been restructured.

The balance of gains and losses on non-current assets of -€208.2 million is made up of realized and unrealized gains and losses on equity investments, corresponding mainly to valuation adjustments, reversals of provisions and internal disposals agreed as part of the simplification of the organizational structure of press companies.

The corporate income tax item of -€31 million consists mainly of income tax payable (-€24.1 million) and provisions for tax-related risks and expenses (-€6.9 million).

2.4.2.4 The Board's proposals to the meeting

Finally, in 2021 BFCM recorded profit of €1.230 billion.

The appropriation proposed to the Shareholders' Meeting covers the following amounts:

- 2021 profit: €1,299,991,596.22;
- retained earnings: €322,330.50;
- representing a total of: €1,230,313,926.72.

It is, therefore, proposed:

- the payment of a dividend of €6.72 to each of the 33,770,590 shares existing as at December 31, 2021 entitled to dividends over the full year;
- to pay a dividend of €6.72 to each of the 455,004 shares with dividend rights as of January 1, 2022 following the capital increase of January 6, 2022;

Representing a total distribution of €229,995,991.68. These dividends are eligible for the allowance specified by Article 158 of the French General Tax Code (*Code général des impôts* - CGI);

- not to pay any amount into the legal reserve, as it has reached the regulatory minimum of 10% of share capital;
- to allocate €1,000,000,000 to the optional reserve;
- to allocate €317,935.04 to retained earnings.

In accordance with the legal provisions in force, the dividends paid per share for the last three fiscal years were as follows:

	2018	2019	2020
Amount in euros	€3.85	€8.90	3.02€
Dividend eligible for the deduction provided for in Article 158 of the French Tax Code (Code général des impôts - CGI)	Yes	Yes	Yes

2.4.2.5 Financial results of the company over the last five fiscal years

<i>[in €]</i>	2017	2018	2019	2020	2021
1. CAPITAL AT THE BALANCE SHEET DATE					
a) Share capital	1,688,529,500.00	1,688,529,500.00	1,688,529,500.00	1,688,529,500.00	1,688,529,500.00
b) Number of ordinary shares outstanding	33,770,590	33,770,590	33,770,590	33,770,590	33,770,590
c) Nominal value of shares	€50	€50	€50	€50	€50
2. TRANSACTIONS AND PROFIT (LOSS) FOR THE PERIOD					
a) Net banking income, income from the securities portfolio and miscellaneous	593,256,096.24	1,105,048,350.22	1,998,597,811.55	901,303,696.79	1,537,311,765.31
b) Profit/(loss) before tax, employee share ownership and allocations to depreciation, amortization and provisions	451,465,440.48	1,606,289,203.09	1,866,736,070.27	952,920,846.80	738,192,649.26
c) Income tax	-476,290.93 (NB)	1,955,240.36	141,414.89	-70,286.50	-24,027,041.70
d) Employee share ownership due pursuant to the fiscal year	130,512.29	112,693.25	164,089.45	172,342.04	253,920.45
e) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	-162,400,325.59	991,617,934.79	2,003,541,913.11	679,724,686.90	1,229,991,596.22
f) Distributed profit	81,049,416.00*	130,016,771.50	300,558,251.00	101,987,181.80	229,995,991.68 **
3. EARNINGS PER SHARE					
a) Profit/(loss) after tax and employee share ownership but before allocations to depreciation, amortization and provisions	13.38	47.50	55.27	28.21	21.14
b) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	-4.81	29.36	59.33	20.13	36.42
c) Dividend assigned to each share over the full year	2.40	3.85	8.90	3.02	6.72
d) Dividend allocated to the new share issued as part of the capital increase of January 6, 2022					6.72
4. STAFF					
a) Average workforce employed during the fiscal year	68	67	69	71	72
b) Amount of the payroll expense for the fiscal year	8,148,624.87	7,933,548.00	7,815,574.59	8,657,266.62	7,798,169.22
c) Amounts paid pursuant to social benefits for the fiscal year (Social Security, social work)	3,665,236.87	3,528,052.07	3,521,611.95	4,066,721.55	3,665,573.31

* The dividend distributed in 2017 was deducted from reserves.

** 33,770,590 shares with dividend rights for the full year 2021 and 455,004 shares with dividend rights retroactive to 01-01-2022 following the capital increase of January 6, 2022.

NB: The amount of corporate income tax indicated also includes tax due pursuant to the fiscal year, with movements on provisions relating to these taxes. This change results from the application of the principles defined by CRC Regulation No. 2000-03, which applies from the 2001 fiscal year.

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Formation
#RemiseEnSelle

The CIC, a partner of the French Cycling Federation, is committed to soft mobility, particularly in order to improve the quality of life at work. To support and encourage employees to use bicycles for their home-to-work commute, CIC has organized, in partnership with the French Cycling Federation, "Remise en selle" (Get back in the saddle) training sessions to remind them of the rules of good cycling.



Social and Mutualist Responsibility

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3.1 PREAMBLE

Under Article L.225-102-1 of the French Commercial Code, Crédit Mutuel Alliance Fédérale is responsible for preparing, for the 2021 fiscal year, a consolidated non-financial performance statement in accordance with the legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in respect of these risks and the results of these policies.

This statement incorporates information required by Articles L.225-102-1, R.225-105-1 and R.225-105, Articles 70 and 173 of the law pertaining to energy transition for green growth of August 17, 2015, Article 14 of the law pertaining to combating food waste of February 11, 2016, Sapin 2 Law No. 2016-1691 of December 9, 2016, Article L.225-102-4 of the law of March 27, 2017, pertaining to the duty of vigilance by parent companies and sourcing companies, Article 8 of the Taxonomy Regulation 2020/852 (NFRD), SFDR Regulation of December 9, 2019, Article 29 of the French Energy and Climate law.

3.2 PRESENTATION

3.2.1 Crédit Mutuel Alliance Fédérale scope

Grouped under the name Crédit Mutuel Alliance Fédérale, the mutual banking division (or regulatory perimeter) and the capital division (or called BFCM) are complementary and linked. Banque Fédérative du Crédit Mutuel (BFCM) is the group's holding company. Its capital is held by the banks and Caisse Fédérale de Crédit Mutuel. It manages Crédit Mutuel Alliance Fédérale's cash and operates on the financial markets. It works with companies and local authorities in the processing of flows, credit and specialized financing transactions and deals with relations with international partners. It manages the equity investments held in all the specialized subsidiaries that support the banks' operations.

In view of our organization, the information required in the non-financial performance statement is given below in the name of Caisse Fédérale de Crédit Mutuel on behalf of Crédit Mutuel Alliance Fédérale. Caisse Fédérale de Crédit Mutuel holds the collective license (banking code 10 278) for all the affiliated local banks and is the head of the group comprising Banque Fédérative du Crédit Mutuel and its subsidiaries as defined in Articles L.233-3 and L. 233-16 of the French Commercial Code.

Crédit Mutuel Alliance Fédérale includes companies that are not individually obliged to publish a specific report:

- for the regional banks of CIC and CIC, a specific report is published in their annual financial report;
- for the technology division:
 - Euro-Information Services,
 - Euro-Information Développements,
 - Euro-Information Production;

■ for the press division:

- *Le Dauphiné Libéré,*
- *Groupe Progrès,*
- *L'Est Républicain,*
- *Dernières Nouvelles d'Alsace,*
- *Est Bourgogne Médias,*
- *L'Alsace,*
- *Le Républicain Lorrain,*
- *Liberté de l'Est,*

In keeping with Crédit Mutuel Alliance Fédérale's organization, the information relating to the companies in the technology and press divisions is reported separately from the group's other quantified data and provided in specific reports included in this document.

The complete list of Crédit Mutuel Alliance Fédérale companies in the press and technology divisions is at the end of this report.

The scope retained for the collection and consolidation of the data in this report represents 67% of the consolidated scope. In general, entities that are excluded from the scope are those which do not consume energy and have no employees as well as CIC's foreign subsidiaries other than Banque de Luxembourg and Banque de Luxembourg Investments SA.

The federations, Caisse Fédérale de Crédit Mutuel and the subsidiaries

The local banks belong to a federation. Depending on where the local banks are located, the federation is either an association governed by the law of July 1, 1901, or, for those located in the French departments of Haut-Rhin, Bas-Rhin and Moselle, an association subject to the locally applicable Civil Code.

As a strategic planning and control body, the federation represents Crédit Mutuel in its region.

Regarding regulatory, technical and financial aspects, the inter-federal bank, known as Caisse Fédérale de Crédit Mutuel, holds the collective banking license that benefits all affiliated local banks, in accordance with the French Monetary and Financial Code.

Caisse Fédérale de Crédit Mutuel is responsible for the group's solvency and liquidity, as well as its compliance with banking and financial regulations.

On behalf of the local banks, Caisse Fédérale de Crédit Mutuel therefore performs financial functions such as liquidity management and also provides technical, legal and IT services either directly or through insurance, IT or leasing subsidiaries.

Pursuant to the French Monetary and Financial Code, each Crédit Mutuel regional group is organized around a federation, a regional bank and all the local banks that are affiliated to the federation and use the same banking code (CIB) as Caisse Fédérale de Crédit Mutuel.

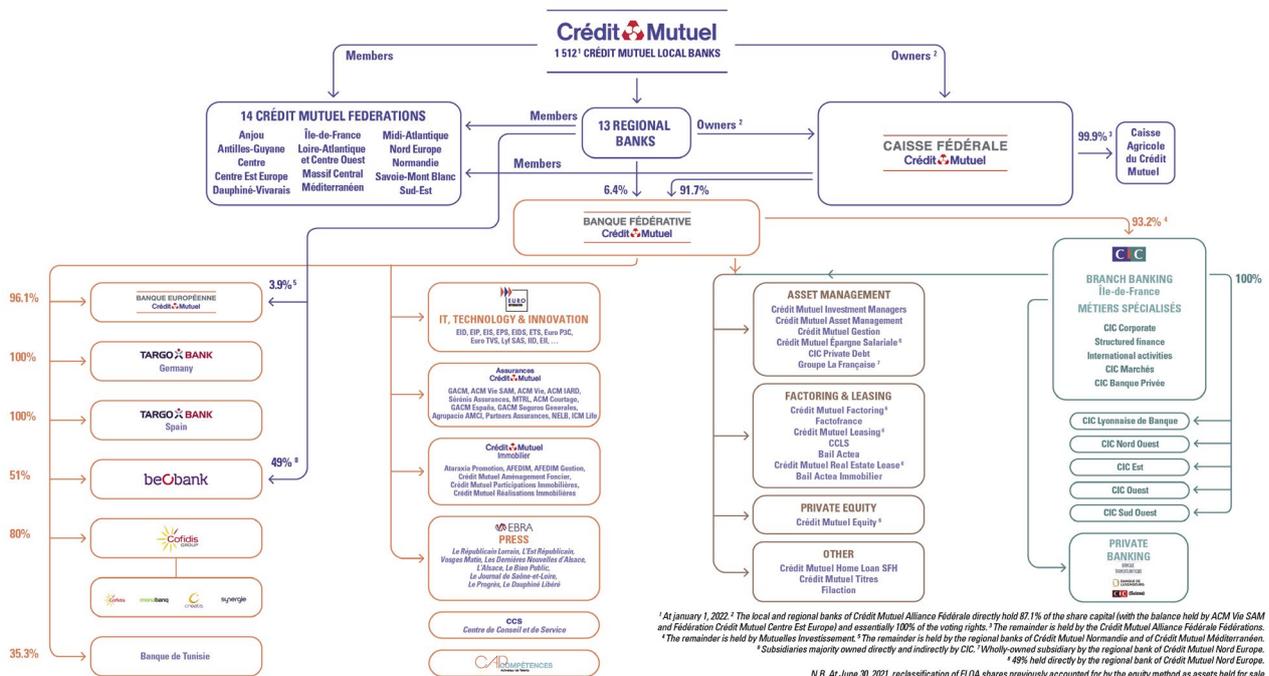
The regulatory perimeter comprises 13 Crédit Mutuel federations^[1] that have forged partnerships authorized by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and grouped within Caisse Fédérale de Crédit Mutuel:

- Crédit Mutuel Centre Est Europe – CMCEE – (Strasbourg);
- Crédit Mutuel Île-de-France – CMIDF – (Paris);
- Crédit Mutuel Midi-Atlantique – CMMA – (Toulouse);
- Crédit Mutuel Savoie-Mont Blanc – CMSMB – (Annecy);
- Crédit Mutuel Sud-Est – CMSE – (Lyon);
- Crédit Mutuel Loire-Atlantique et Centre-Ouest – CMLACO – (Nantes);
- Crédit Mutuel Normandie – CMN – (Caen);
- Crédit Mutuel Méditerranéen – CMM – (Marseille);
- Crédit Mutuel Dauphiné-Vivarois – CMDV – (Valence);
- Crédit Mutuel Centre – CMC – (Orléans);
- Crédit Mutuel Anjou – CMA – (Angers);
- Crédit Mutuel Antilles-Guyane (Fort de France);
- Crédit Mutuel Massif-Central (Clermont-Ferrand).

Each local bank is a member of the federation of its geographic region and each federation is autonomous within its territory.

The scope of Crédit Mutuel Alliance Fédérale corresponds to the definition of the consolidated scope as presented in the Annual Report – Universal Registration Document of Crédit Mutuel Alliance Fédérale.

SIMPLIFIED ORGANIZATION CHART OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE



[1] Since January 1, 2022, a 14th Fédération Crédit Mutuel Nord Europe – CMNE has joined Crédit Mutuel Alliance Fédérale. This federation will be included in the regulatory perimeter in 2022.

3.2.2 Crédit Mutuel Alliance Fédérale's business model

As a cooperative and mutualist bank, Crédit Mutuel Alliance Fédérale is committed to responsibility, proximity and solidarity and demonstrates its ability to build collectively for the common good. Capitalizing on the proven power of technology, Crédit Mutuel Alliance Fédérale's business model is decentralized, relationship-driven and integrated across the regions.

Crédit Mutuel Alliance Fédérale's business model is described on pages 6 to 7 of this universal registration document.

Follow-up on the effects of the COVID-19 health crisis

Faced with the health crisis, Crédit Mutuel Alliance Fédérale continued its actions to support its customers and members by ensuring business continuity and the protection of customers, employees and third parties.

3.2.3 Crédit Mutuel Alliance Fédérale: the first benefit corporation bank

In 2020, Crédit Mutuel Alliance Fédérale adopted a *raison d'être* in line with its values: "*Ensemble, écouter et agir*" [Listening and acting together].

Pursuant to a collaborative initiative launched with its mutualist elected members and employees, it became the first benefit corporation bank, with five long-term commitments that aim to assert its identity and its values, and to mobilize expertise and energy around a shared momentum:

- as a cooperative and mutualist organization, we support our customers and members with their best interests;
- as a bank for all, members and customers, employees and elected members, we act for everyone and refuse any discrimination;
- respectful of everyone's privacy, we place technology and innovation at the service of people;
- as a solidarity-based company, we contribute to regional development;
- as a responsible company, we actively work for a fairer and more sustainable society.

These five missions, grouped around a societal and environmental project, based on 14 evidence-based, concrete commitments to be achieved by the end of 2022, aimed at improving the mutualist group's impact on the environment around it.

The monitoring of the execution of these commitments is entrusted to a Mission Committee which will ensure that the company implements the resources, governance and ambition necessary to advance in its missions. It will draw on the expertise of its members in order to formulate recommendations on areas for work and possible medium-term initiatives.

The Mission Committee will present an annual report attached to the management report to the Shareholders' Meeting. The implementation of social and environmental objectives is verified by an independent third party, which issues an opinion attached to the Mission Committee's report.

These commitments enhance those of Crédit Mutuel Alliance Fédérale's SMR [social and Mutualist Responsibility] approach and, more specifically, commitments #12 and #13 related to the group's climate strategy and its environmental ambition to align its activities with the trajectory of the Paris Agreements^[1].



[1] A cross-reference table between the commitments of the benefit corporation bank, the objectives of the 2019-2023 strategic plan and those of the SMR policy can be found at the end of section 3.3 of this chapter.

THE 14 COMMITMENTS FOR 2022

**MISSION 1**

As a cooperative and shared organization, we support our customers and members in their best interests.

1

Bring democracy to life in the bank **by doubling the number of members voting at Shareholders' Meetings**

2

Guarantee **to each customer a dedicated**, non-commissioned advisor

3

Give more place to young people and move get to parity on boards of directors from 2022

MISSION 2

A bank for all, members and customers, employees and elected representatives, we act for everyone and refuse any discrimination.

4

Train all our employees and elected members in the **fight against discrimination**

5

Recruit 25% work-study students in priority neighborhoods and rural areas

6

Defend **gender equality at all** levels of the bank

MISSION 3

Respectful of everyone's privacy, we place technology and innovation at the service of people.

7

Guarantee the privacy of our customers' data **in processing 99.9% of their information in our infrastructures and systems located in France**

8

Invest productivity gains from artificial intelligence in employment and development

MISSION 4

As a solidarity-based company, we contribute to regional development

9

Anchor decision-making centers in the regions **with more than 90% of our lending decisions taken at banks and branches**

10

Offer the PayAsso digital payment solution to our associations and civil liability **coverage** to their managers

11

Invest 5% of our equity mainly in innovative French companies

MISSION 5

As a responsible company, we actively work for a more fair and sustainable society.

12

Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022

13

Immediately stop funding for new oil and gas projects

14

Ensure the home loan of loyal customers without any medical formalities

3.2.4 Governance and strategic orientation of Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale is a group of strong values. Its CSR policy, deliberately renamed Social and Mutualist Responsibility (SMR) in 2016, is in line with its identity, which consists of democracy, proximity, local economic and social development, mutual assistance and solidarity.

Crédit Mutuel Alliance Fédérale's SMR policy is focused on five goals including 15 commitments. This strategy supplements the group's development goals by incorporating social, societal and environmental issues into the activities of each of its entities.

In order to consolidate the group's SMR strategy, work was undertaken to draw a parallel between these five ambitions and the UN's Sustainable Development Goals (SDGs) adopted in 2015. This work led

to the selection of the SDGs which correspond to the strategic objectives of Crédit Mutuel Alliance Fédérale and those where significant leverage is possible. All of Crédit Mutuel Alliance Fédérale's entities (France perimeter) were asked to participate in this project on a voluntary basis.

The methodology involved creating a questionnaire to correlate the categories of the 17 SDGs with the SMR actions in order to evaluate the contribution made to each SDG.

The results enabled to select six SDGs (numbers 3, 4, 5, 8, 9 and 13), whose challenges correspond to the group's SMR commitments.



3.2.4.1 SMR governance of Crédit Mutuel Alliance Fédérale

Crédit Mutuel Alliance Fédérale's corporate governance system in terms of corporate social responsibility brings together all group functions and relies on the SMR department, which reports to the risk, permanent control and compliance department. This strategic positioning reflects Crédit Mutuel Alliance Fédérale's desire to make sure that social, societal and environmental issues are identified as risk factors which are addressed to ensure the proper execution of its development strategy.

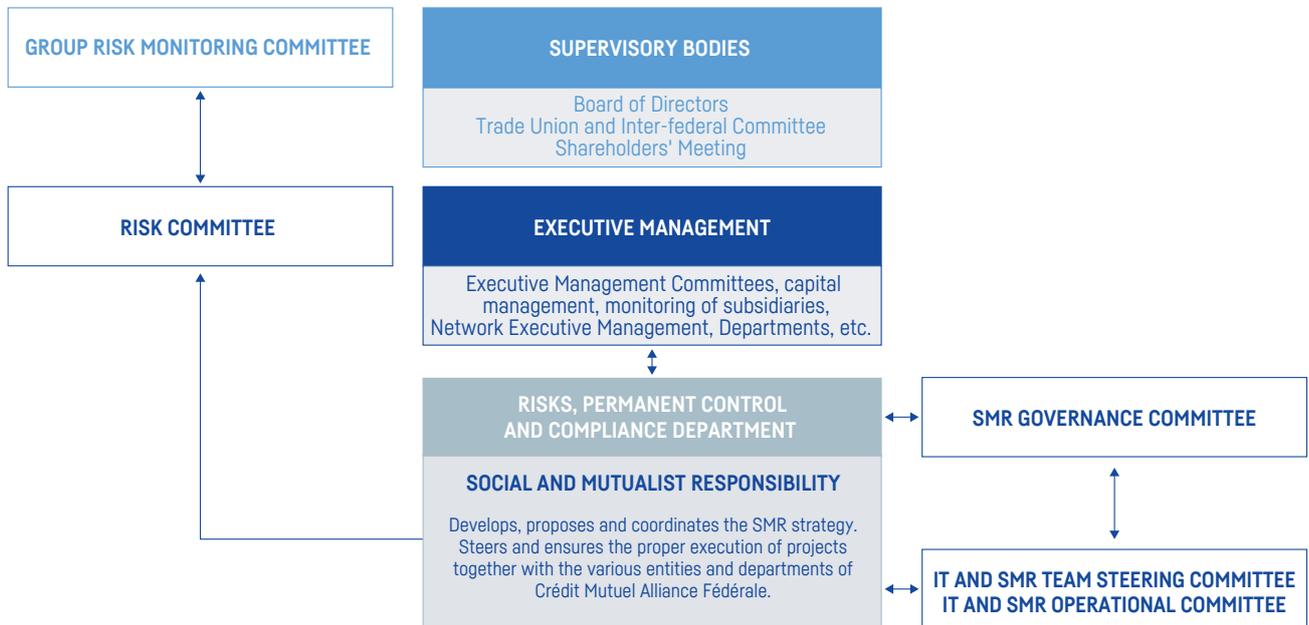
Crédit Mutuel Alliance Fédérale's SMR policy is based on responsible and committed governance. Its volunteer directors actively contribute to the life of the group in accordance with the rules of independence, ethics and integrity. The SMR action plan is validated by a dedicated

working group of the Chambre syndicale et interfédérale, a decision-making body that brings together the elected chairpersons of the local and regional banks and federations, and the managing directors at least twice a year. This working group is presided over by the Chairman of Crédit Mutuel Alliance Fédérale.

In 2021, due to the increasing number of SMR issues, an SMR Governance Committee was set up to strengthen the governance in place. The SMR Governance Committee, coordinated by the risk department, is made up of the group's main senior executives and business managers. It is presided over by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale with the Chairman in attendance as a guest.

This committee recommends strategic orientations, approves the roadmap and ensures its proper execution.

GOVERNANCE STRUCTURE



Role and responsibilities of the SMR division

The main missions and objectives of the SMR division include:

- defining and implementing Crédit Mutuel Alliance Fédérale's SMR policy for all Crédit Mutuel Alliance Fédérale entities and business lines;
- steering Crédit Mutuel Alliance Fédérale's ESG risk management system together with the Confédération Nationale du Crédit Mutuel (CNCM) risk department, in order to meet the prudential regulations and requirements in force, in particular by implementing appropriate procedures for the decision-making and reporting tools and reporting used by group entities (sectoral policies in particular);
- coordinating and ensuring the proper execution of SMR projects alongside of business line experts (HR, logistics, IT, sales, compliance, etc.);
- reporting on the actions carried out to the SMR Governance Committee and to the executive (group Risk Committee) and supervisory (group Risk Monitoring Committee) bodies of Crédit Mutuel Alliance Fédérale;
- attending various specialized committees: Fragile or Vulnerable Customer Committee, Customer Claims Committee, New Products Committee, corporate banking SMR Committee, Operations and Steering Committees with Euro-Information;
- monitoring and ensuring relations with non-financial rating agencies and other stakeholders;
- coordinating the network of SMR contacts responsible, within the various Crédit Mutuel and Alliance Fédérale entities and structures, of disseminating the group's SMR policy among employees and elected members;
- communicating and training group employees to improve the appropriation of policies and action plans related to ESG issues.



3.2.4.2 Structured SMR policy based on five ambitions



- Members and customers ambition;
- Governance ambition;
- Societal ambition;
- Social ambition;
- Environmental ambition.

The SMR policy, which is based on five ambitions comprising 15 commitments, reflects Crédit Mutuel Alliance Fédérale's values and highlights its environmental, social and societal priorities. For this reason, each entity adopts these SMR commitments, adapts them to its business lines and deploys them. By drawing on this collective mobilization based on responsibility and autonomy, the development of the SMR strategy guarantees the coherence of group actions at the regional level.

Crédit Mutuel Alliance Fédérale strengthened its ambitions in the fight against climate change by setting a target to reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15% by 2023. This target, which is part of the review of its *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!) strategic plan, has been added to those already included in the initial strategic plan.

In 2021, Crédit Mutuel Alliance Fédérale is stepping up its commitments to combat global warming and has decided to stop all financing of new exploration, production and infrastructure projects^[1] in oil and gas, as a natural extension to its previous commitments to phase out the coal sector.

Through these various measures and objectives, Crédit Mutuel Alliance Fédérale aims to meet the guidelines of the Paris Climate Agreements, which aim to limit the increase in temperatures by between 1.5 and 2 °C by 2100.

In addition, Crédit Mutuel Alliance Fédérale endorses the commitment signed by Confédération Nationale du Crédit Mutuel to join the Net Zero banking alliance organized by the United Nations^[2], empowered by the strength of the collective actions to carry out in order to support the global transition of the real economy towards net zero emissions.

The SMR policy integrated in the strategic plan, is a vehicle for performance and sustainable solidity that translates into human and mutualist development goals:

- 100% of employees trained in transformation;
- gender equality in management and governance positions;
- membership rate in excess of 90%;
- reduction of more than 30%^[3] in the group's carbon footprint;^[4]
- increase in funding for projects with a high climate impact of 30%;
- reduction in the carbon footprint of customer portfolios^[5] of 15%.

All Crédit Mutuel Alliance Fédérale entities contribute to the achievement of these objectives. In 2021, Crédit Mutuel Alliance Fédérale continued to implement the strategic plan for its human and mutualist development indicators:

- the target of having 100% of employees trained in digital transformation is almost achieved with a rate of 85% as of December 31, 2021;
- the representation of women in management and governance positions is still too low (43% of managers and 29% women members within management committees). In 2022 and 2023, Crédit Mutuel Alliance Fédérale will strengthen its gender equality and diversity policy in order to achieve its objectives;
- the membership rate was 79.1%, lower than the target of 90%, affected in particular by the impacts of the health crisis which affected the organization of mutualist activities.

Strongly committed to respecting the guidelines of the Paris Agreements on Climate change, Crédit Mutuel Alliance Fédérale opted for an ambitious "climate" strategy and has included three ambitious objectives in terms of ecological and climate transition in its strategic plan. At December 31, 2021^[6], the results were as follows:

- the target of reducing the direct carbon footprint (without offsetting) was already -21% (since 2018);
- the target of reducing the corporate portfolio's carbon footprint by -15% was achieved with a decrease in the carbon footprint of -28%;
- the target of funding for projects with a high climate impact was +53%, thereby exceeding the target by +30% for the term of the plan.

[1] Excluding the shipping sectoral policy:

https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

[2] <https://presse.creditmutuel.com/credit-mutuel-devient-la-premiere-banque-mutualiste-francaise-a-rejoindre-lalliance-bancaire-net-zero-organisee-par-les-nations-unies/>

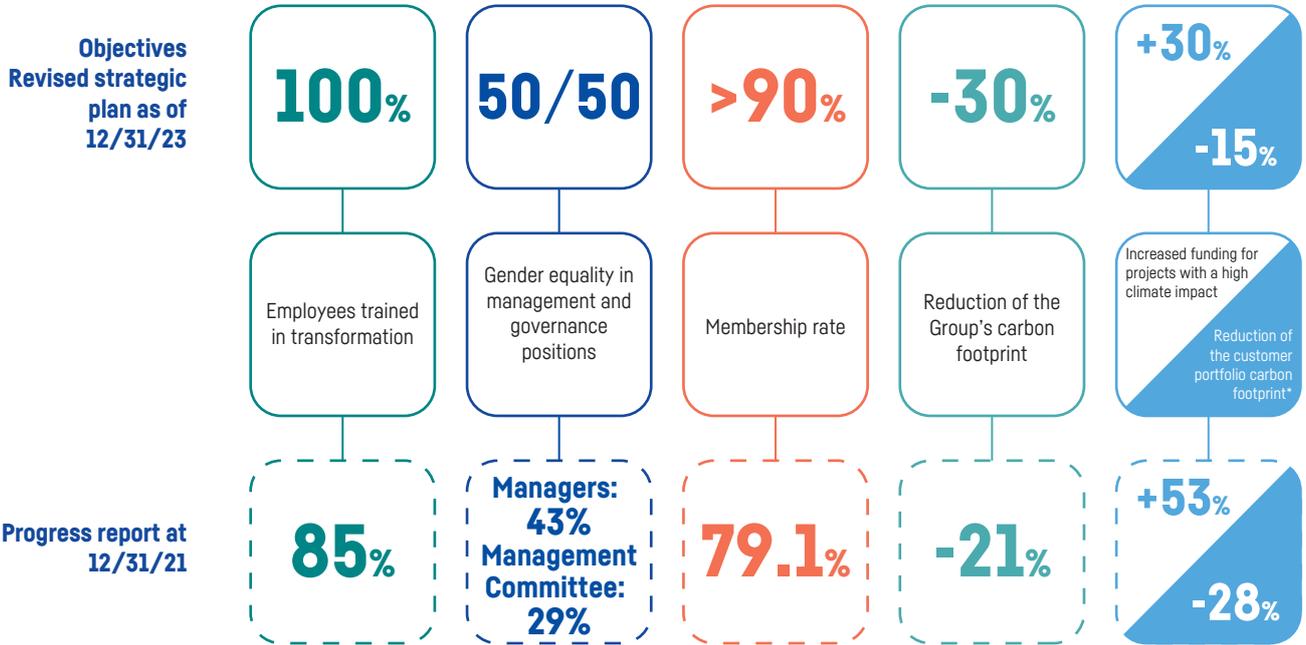
[3] Calculation method: GHG protocol – ISO 14 064 standard.

[4] France scope 1, 2 & 3 energy consumption, refrigerants, non-current assets related to the car fleet and business travel.

[5] Corporate loans and investment portfolios in asset management and insurance.

[6] The objectives are calculated based on the results of the 2018 fiscal year, which is the reference year.

Climate Strategy



*Corporate customer portfolio.

THE SMR POLICY

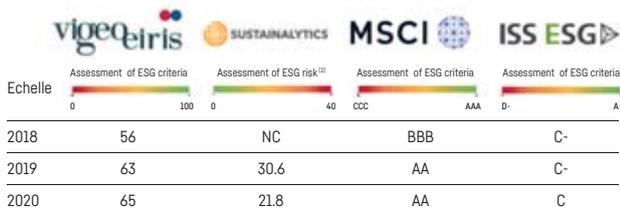
 <p>MEMBERS & CUSTOMERS AMBITION</p>	<ul style="list-style-type: none"> • Listening to Members & Customers • Banking inclusiveness • Risk management 	   
 <p>GOVERNANCE AMBITION</p>	<ul style="list-style-type: none"> • Effectiveness of governance bodies • Strong cooperative governance 	 
 <p>SOCIETAL AMBITION</p>	<ul style="list-style-type: none"> • ESG purchasing policy • Responsible relations • Regional development • Promote local initiatives 	 
 <p>SOCIAL AMBITION</p>	<ul style="list-style-type: none"> • Diversity and equal opportunity • Support careers and mobility • Promote QWL • Promoting strong social dialog 	   
 <p>ENVIRONMENTAL AMBITION</p>	<ul style="list-style-type: none"> • Reduce the environmental impact of the group • Strengthen solutions and high-quality offers and responsible service 	 

Change in non-financial rating

Each year, Crédit Mutuel Alliance Fédérale responds to questionnaires from non-financial rating agencies to assess its environmental and social actions and its governance model following a continuous improvement approach. Since 2020, the group has obtained a C rating

from ISS Oekom and has been awarded the “prime” status reserved for the best-rated companies in their industry. In addition, with a score of 65/100, Vigeo’s assessment confirms Crédit Mutuel Alliance Fédérale’s ranking as the fifth best-rated European bank. Lastly, Sustainalytics consolidated the group’s position with a moderate ESG risk with a score of 21.8.^[1]

NON-FINANCIAL RATING BFCM^[2]



[1] Non-financial rating agencies rate the BFCM and CIC entities taking into account the full scope of Crédit Mutuel Alliance Fédérale.

[2] The rating scale of Sustain Analytics has been modified with a view to favoring a risk analysis methodology (0 to 10: negligible; 10 to 20: low; 20 to 30: medium; 30 to 40: high; >40: severe).

[1] The annual review of Crédit Mutuel Alliance Fédérale’s non-financial ratings had not been finalized by the non-financial rating agencies at the date of writing and will be immediately published on the institutional website as they become known.

[2] Non-financial rating agencies rate the BFCM and CIC entities taking into account the full scope of Crédit Mutuel Alliance Fédérale.

3.3 NON-FINANCIAL RISKS AND OPPORTUNITIES FOR CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Methodology applied to create a mapping of environmental, social and governance risks (ESG)

The risk department has a mapping of group risks that makes it possible to apprehend all of the factors that might affect activities and their performance. This mapping is the starting point for work led by a dedicated team to identify, assess and prioritize the ESG implications for the group. The approach in place established in 2018 (inspired by the CSR Reporting Methodological Guide published by MEDEF), draws on the collaborative work of the group's risks and SMR teams, which consists of identifying risk factors, provided by experts, for each ESG area.

In 2020, the risk rating procedure (provided by experts) had been reviewed based on quantitative indicators common to all Crédit Mutuel Alliance Fédérale entities. This procedure is designed to grade risks based on the probability of their occurrence, their level of impact and the possibility of not detecting them.

Accordingly, climate risks are deliberately included in the mapping of significant ESG risks, upstream of the work on integrating climate risks into the group's general risk mapping, in line with the work carried out at Confédération Nationale du Crédit Mutuel.

The rating scale ranges from one (very significant risk) to five (very low risk). The score achieved may be adjusted upwards or downwards by one notch only and based on expert advice. This quantified methodology was also used to review the ratings of the ESG risk mapping. The results had not led to any changes to the classification of significant ESG risks previously identified.

The mapping of significant ESG risks also features risk prevention and mitigation measures as well as the main performance indicators. It is approved by Crédit Mutuel Alliance Fédérale's Risk Committee (executive body) and the Risk Monitoring Committee (deliberative body).

Note that, reputational risk (like legal risk) is non-quantifiable given that a negative perception of the group may result in a breach of trust that could modify the behavior of its various partners (customers, investors, suppliers, employees, regulators, etc.) and be seen as the consequence of other risks (financial, operational, credit and commercial in particular). Crédit Mutuel Alliance Fédérale manages reputational risk through other risks. However, the threat of damage to reputation may have significant consequences. That is why Crédit Mutuel Alliance Fédérale carefully evaluates the possible consequences of various risks (preventive measures) and ensures proper functioning of a crisis unit when a proven risk to reputation arises.

MAPPING OF SIGNIFICANT ESG RISKS

SUMMARY

Non-financial information category	Significant non-financial risks	Prevention measures
GOVERNANCE		
Lack of training of elected members	<ul style="list-style-type: none"> ■ Risk of decisions incoherent with the strategy of the group 	<ul style="list-style-type: none"> ■ Training plan designed for each profile of elected members
Lack of attractiveness of membership	<ul style="list-style-type: none"> ■ Risk of compromise of the mutualist model 	<ul style="list-style-type: none"> ■ Coordination of cooperative life ■ Encouraging the involvement of elected officials in local life
Lack of advice for customers Unsuitable goods and services sold	<ul style="list-style-type: none"> ■ Risk of losing customers 	<ul style="list-style-type: none"> ■ Regular quality measurements ■ Satisfaction survey ■ Adaptation of offerings
SOCIAL		
Transformation of skills Lack of employee training	<ul style="list-style-type: none"> ■ Risk of non-compliance of banking and insurance operations 	<ul style="list-style-type: none"> ■ Significant training budget (> 6% of payroll expense) ■ Specific training related to insurance products ■ Support for all employees in the digital transformation
Demotivation of staff (management, professional recognition, QLW, etc.)	<ul style="list-style-type: none"> ■ Risk of non-respect of procedures ■ Risk of failure to advise customers/prospects - Loss of NBI 	<ul style="list-style-type: none"> ■ Internal employee support system (regular interviews, group charters and agreements, measures to improve QLW, etc.)
SOCIÉTAL		
Lack of awareness of the ESG issues in the group purchasing policy	<ul style="list-style-type: none"> ■ Risk of non-respect of the vigilance plan 	<ul style="list-style-type: none"> ■ Compliance with the purchasing policy ■ Signing of the supplier charter
Malice in the handling of customer/prospect banking operations	<ul style="list-style-type: none"> ■ Risk of internal and/or external fraud ■ Risk of conflicts of interest ■ Risk of information theft 	<ul style="list-style-type: none"> ■ Strengthening of control procedures for banking and insurance transactions
Breakdown in IT security	<ul style="list-style-type: none"> ■ Risk of downtime in bank IT systems ■ Risk of cybercrime ■ Risk of non-respect of General Regulation on the protection of customer data 	<ul style="list-style-type: none"> ■ IT Security Committee ■ ISO 27 001 certification ■ Employee training on GDPR
FIGHT AGAINST CORRUPTION		
Non-respect of procedures	<ul style="list-style-type: none"> ■ Risk of corruption 	<ul style="list-style-type: none"> ■ Regular employee training ■ Internal control
HUMAN RIGHTS		
Controversies over the non-respect of human rights	<ul style="list-style-type: none"> ■ Risk of exposure through banking and insurance activities ■ Risk of non-respect of the vigilance plan 	<ul style="list-style-type: none"> ■ Contractual clauses ■ Crisis management system ■ Monitoring assisted by a scoring tool ■ Monthly reporting and establishment of a list of excluded securities for asset management ■ Communication of the vigilance plan
ENVIRONMENTAL		
Absence of dedicated SMR governance	<ul style="list-style-type: none"> ■ Regulatory risk (poor application of regulatory texts) 	<ul style="list-style-type: none"> ■ CSR commitments of Crédit Mutuel Alliance Fédérale ■ Approval of decisions by the Boards of Directors of the umbrella bodies ■ Dedicated organization with correspondents in each entity
Lack of consideration for the carbon footprint of the group's entities in the exercise of their activities	<ul style="list-style-type: none"> ■ Risk to reputation ■ Regulatory risk 	<ul style="list-style-type: none"> ■ Carbon footprint offsetting mechanism ■ ISO 50001 certification process (energy management)
Failure to take into account specific rules governing high greenhouse gas-emitting sectors in lending and investment management	<ul style="list-style-type: none"> ■ Risk of losing customers and attractiveness (impact on NBI) 	<ul style="list-style-type: none"> ■ Sectoral policies & inclusion of ESG criteria when granting loans and in investment operations
Absence of prevention measures to reduce the carbon footprint of banking and investment transactions	<ul style="list-style-type: none"> ■ Financial risk (depreciation of controversial securities in the portfolio) 	<ul style="list-style-type: none"> ■ Deployment of the Climate strategy for coal and unconventional hydrocarbon activities
Lack of consideration for risks associated with climate change	<ul style="list-style-type: none"> ■ Transition risk ■ Physical risk 	<ul style="list-style-type: none"> ■ Exploratory approach to climate risk assessment: Implementation of limits by country including climate and ESG risks

[1] Posternak-Ifop barometer: <https://presse.creditmutuel.com/le-credit-mutuel-reste-ndeg1-des-banques-au-barometre-posternak-ifop-1/>.

[2] Change in scope in 2021: the claims recorded are only those of Crédit Mutuel Alliance Fédérale's scope in France, which are the only ones subject to ACPR requirements.

Non-financial information category	Performance indicators
GOVERNANCE	
<ul style="list-style-type: none"> ■ Training rate of elected members (Chapter 3.5.2) 	<ul style="list-style-type: none"> ■ Training rate of local elected members: 70.8%
<ul style="list-style-type: none"> ■ Membership rate (Chapter 3.5.2 – GOUV62; GOUV63; GOUV65) 	<ul style="list-style-type: none"> ■ Membership rate: 79.13% (up 2 points)
<ul style="list-style-type: none"> ■ Posternak Ifop barometer ⁽¹⁾ (Chapter 3.4.1) ■ Complaints monitoring indicator (Chapter 3.4.1) 	<ul style="list-style-type: none"> ■ Complaints monitoring indicator: 45,418 ⁽²⁾ claims recorded in 2021 (69,547 in 2019)
SOCIAL	
<ul style="list-style-type: none"> ■ Training indicators (Chapter 3.7 – SOC46; SOC47; SOC48; SOC50) ■ Percentage of employees who have validated training courses for insurance products ■ Transformation training rate (Chapter 3.7.2.) 	<ul style="list-style-type: none"> ■ Training indicators (i) SOC46: amount of payroll expense invested in training: €149.6 million; (ii) SOC47: percentage of payroll expense dedicated to training: 4.75%; (iii) SOC50: number of hours devoted to training: 2.3 MH. ■ Percentage of employees who have validated training courses for insurance products: 95% of insurance training courses were certified in 2021 ■ Transformation training rate: 85% ⁽³⁾ of employees trained in digital transformation
<ul style="list-style-type: none"> ■ Rate of job rotation (Chapter 3.7) ■ Absenteeism indicator: number of days of absence (Chapter 3.7 – 3.9.1 – 3.10.1 – SOC38; SOC39; SOC40; SOC41) 	<ul style="list-style-type: none"> ■ Rate of job rotation: 4.2% (excluding foreign subsidiaries) ■ Absenteeism indicator – number of days of absence: 785,093
SOCIETAL	
<ul style="list-style-type: none"> ■ Number of supplier charters signed (Chapter 3.6.1) 	<ul style="list-style-type: none"> ■ Number of supplier charters signed: over 4,090 charters were signed by CCS and Euro-Information suppliers.
<ul style="list-style-type: none"> ■ Percentage of total claims for the year related to external fraud or internal fraud (Chapter 3.4.3) 	<ul style="list-style-type: none"> ■ Percentage of total claims for the year related to external fraud or internal fraud: internal and external fraud amounted to €26.3 million and represented 13.48% of total claims. ■ At ACM level: over 1,700 fraudulent files. Fraud accounted for 6% of claims.
<ul style="list-style-type: none"> ■ Availability rate of primary TP applications ⁽⁴⁾ (Chapter 3.9.2) ■ Impact of claims > €1,000 (Chapter 3.11.3.3 – 3.9.2) ■ Rate of training in GDPR (Chapter 3.11.3.3) 	<ul style="list-style-type: none"> ■ Rate of availability of primary TP applications: the rate was 99.72% (99.43% in 2020). ■ Impact of claims > €1,000: 173 claims in 2019 (269 in 2020). ■ Rate of training in GDPR: 63% of employees have completed an e-learning course on the GDPR in its entirety.
FIGHT AGAINST CORRUPTION	
<ul style="list-style-type: none"> ■ Percentage of employees trained in the fight against corruption (Chapter 3.11.3.5) 	<ul style="list-style-type: none"> ■ Percentage of employees trained in the fight against corruption: 79% of training was performed by the employees in question in 2021.
HUMAN RIGHTS	
<ul style="list-style-type: none"> ■ Number of alerts from the “Option to report” tool (Chapter 3.11.3.4 – Audited but unpublished data) 	<ul style="list-style-type: none"> ■ Number of alerts from the “Option to report” monitoring tool: Audited but unpublished data
ENVIRONMENTAL	
<ul style="list-style-type: none"> ■ Three SMR indicators included in the 2019-2023 <i>ensemble#nouveau</i>monde (together#today’s world) strategic plan: Human and Mutualist indicators (Chapter 3.2.4.2) 	
<ul style="list-style-type: none"> ■ GHG emissions: five-year goal of 30% reduction in the group’s carbon footprint (Chapter 3.2.4.2 and 3.8.1) 	<ul style="list-style-type: none"> ■ Percentage change in the group’s office life scope carbon footprint in France concerning energy, refrigerant gas leaks, business travel and vehicle fleets: decrease of 21% between 2018 and 2021 ⁽⁵⁾
<ul style="list-style-type: none"> ■ Growth rate of renewable energy project financing commitments (Chapter 3.8.3) 	<ul style="list-style-type: none"> ■ Percentage change in renewable energy project financing commitments: overall increase of 53% between 2018 and 2021
<ul style="list-style-type: none"> ■ GHG emissions of the corporate asset management and insurance portfolio: five-year target of a 30% reduction in the carbon footprint (Chapter 3.2.4.2 and 3.8.1) 	<ul style="list-style-type: none"> ■ Percentage change in the corporate portfolio’s carbon footprint: 28% decrease between 2018 and 2021
<ul style="list-style-type: none"> ■ Change in outstandings for the group’s coal and non-conventional hydrocarbon activities ■ Hydrocarbons ■ Quarterly monitoring of limits by country 	

(3) Change in the rule for calculating this indicator: the indicator includes employees who have been certified with the digital passport as in 2020, as well as those who have followed training in the digital passport and those who have passed the relationship visa (retail or corporate).

(4) TP: Transaction Processing – Major applications used by the banking network and customers.

(5) The change is partly due to measures taken during the COVID-19 crisis.

Integration of climate risks

Definitions

Climate and environmental risks are commonly considered to include two main risk factors, which are: physical risk and transition risk⁽¹⁾ (source: ECB):

- physical risk refers to direct losses caused by climate change (including the increase in extreme weather events and gradual changes in climate) and environmental deterioration (such as air, water and soil pollution, water stress, biodiversity loss and deforestation);
- physical risk can be described as “acute” when it results from extreme events, such as drought, floods and storms, and as “chronic” when it results from gradual changes, such as rising temperatures, sea level rise, water stress, biodiversity loss and resource scarcity,
- it may have direct consequences, such as damage to property or reduced productivity, or indirect consequences, such as disruption of supply chains;
- transition risk refers to the financial losses that an institution may incur, directly or indirectly, as a result of the process of adapting to a low-carbon economy and more sustainable from an environmental point of view. It may arise, for example, from the relatively sudden adoption of climate and environmental policies, technological progress or changes in market sentiment and preferences.

During the first half of 2021, climate risks were included in Crédit Mutuel Alliance Fédérale’s general risk mapping:

- physical risk: this risk has been classified as level 4 (low risk), because the exposures are generally located in areas deemed to be of low vulnerability with regard to currently available climate change scenarios, mainly in France where there is an effective risk-taking system taking into account natural disasters. Insurance coverage also limits the risk for the bank;
- transition risk: this risk was classified as level 4 (low risk), in view of an estimate of limited losses over the next 2-3 years (forward-looking aspect of the mapping, in line with the ICAAP⁽²⁾).

The assessment of the impacts of climate risks is reviewed annually to ensure that the level selected is consistent with the various updated exposure analyses of these risks in the portfolio.

(1) ECB Guide to climate and environmental risks: Prudential risk management and reporting requirements: <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.fr.pdf>

(2) ICAAP: Internal Capital Adequacy Assessment Process

Projection of climate risks included in Crédit Mutuel Alliance Fédérale’s mapping of significant ESG risks

During the 2021 fiscal year, and according to an expert methodological approach recommended by the Risk and SMR teams of the risk department, an initial exploratory analysis of climate risks was initiated in order to identify the risk factors, risk impacts, their probability of occurrence on a time scale as well as the measures to prevent and

mitigate these risks. This step, necessary for the proper appropriation of climate risks, is a projection of the monitoring indicators to be developed to ensure an appropriate climate risk monitoring system. This recommendation will also be fine-tuned following additional work in connection with that carried out at CNCM during the 2022 fiscal year.

WORK TO IDENTIFY THE IMPACTS OF CLIMATE RISKS: TRANSITION RISK

IDENTIFICATION OF RISK FACTORS	RISK QUALIFICATION AND IMPACTS	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME	RISK MITIGATION MEASURE
<ul style="list-style-type: none"> No definition of the climate trajectory: 			
<ul style="list-style-type: none"> Non-inclusion of climate criteria in lending/investment decisions 	<ul style="list-style-type: none"> Financial risk Impact on equity (regulatory requirements) Solvency, regulatory and reputational risk, operational risk 		<ul style="list-style-type: none"> Coal phase-out plan Stop funding any new oil and gas exploration, production and infrastructure projects Target to reduce the carbon footprint of the corporate, asset management and insurance portfolios by 15% between 2019 and 2023 Application of sectoral policies (analysis grids including non-financial ratings of counterparties and controversies)
<ul style="list-style-type: none"> Financing/investment on a controversial counterparty 	<ul style="list-style-type: none"> Risk of impairment of existing assets for non-compliance with environmental regulations Risk of impact on provisions Credit risk/market risk/liquidity risk 		
<ul style="list-style-type: none"> Lack of environmental products and services offers due to lack of knowledge/skills to structure offers 	<ul style="list-style-type: none"> Loss of customers Strategic risk and financial risk 		<ul style="list-style-type: none"> Creation of a range of loans to promote eco-mobility and the energy transition of professionals, companies, farmers and individuals
	<ul style="list-style-type: none"> Lack of external attractiveness Reputation risk 		
<ul style="list-style-type: none"> Non-application of regulatory and supervisory mechanisms 	<ul style="list-style-type: none"> Regulatory default that could pose a threat to the environment and populations Legal liability risk leading to an operational risk 		<ul style="list-style-type: none"> ISO 50001 AFNOR certification of the Group’s EMS Search for appropriate technical skills in the group’s various business lines
<ul style="list-style-type: none"> Non-compliance with environmental and climate commitments 	<ul style="list-style-type: none"> Failure to meet the environmental objectives of the strategic plan. Reputation risk 		<ul style="list-style-type: none"> Objectives of the climate strategy: Alignment of activities with the climate trajectory
<ul style="list-style-type: none"> Inadaptation of customers’ business models and technology to new climate challenges 	<ul style="list-style-type: none"> Defaults and decrease in value of guarantees Credit risk Impact on provisions Loss of net banking income leading to a decline in financial results Financial risk Devaluation of portfolio value (equities, bonds, etc.) Market risk, liquidity risk 		<ul style="list-style-type: none"> Identification of sectors with exposures sensitive to climate risks Application of sectoral policies. Process for integrating climate risks into the risk mapping and risk appetite framework Integration of ESG criteria in lending decisions and identification of energy performance diagnostics (DPE) on real estate assets

Scale - impact measurement:  Very low  Low  Average  Substantial  Very substantial

IDENTIFICATION OF RISK FACTORS 	RISK QUALIFICATION AND IMPACTS 	MEASUREMENT OF THE RISK IMPACT AND TIMEFRAME 	RISK MITIGATION MEASURE 
<ul style="list-style-type: none"> ■ High exposure to sectors or companies highly exposed to physical risk 	<ul style="list-style-type: none"> ■ Increase in the number of claims and the type of claims in connection with climate change → Insurance risk ■ Self-financing by customers of repairs following a claim → Liquidity risk ■ Loss of NBI due to the reduction in financing (reorientation of the offer policy) and refusal to process certain transactions → Strategic risk ■ Inaccurate pricing of insurance policies → Insurance risk ■ Decline in value of real estate collateral ■ Deterioration of the financial situation of certain customers → Credit risk 	         	<p>Insurance:</p> <ul style="list-style-type: none"> ■ Identification in the portfolio of securities and bonds held in companies most exposed to physical risk ■ Monitoring of the expected evolution of losses related to natural disasters ■ Physical risk mapping of the real estate portfolio
<ul style="list-style-type: none"> ■ Lack of anticipation or inadequate response by the authorities to take this risk into account 	<ul style="list-style-type: none"> ■ Defaults of payment and decrease in value of real estate collateral → Credit risk ■ Impact on accounting provisions ■ Devaluation of portfolios (equities, bonds, government bonds) → Market risk ■ Decrease in financial income ■ Loss of NBI 	 	<ul style="list-style-type: none"> ■ Follow-up of a regulatory watch ■ Work in progress to identify the impact of physical risks by business segment and geographic area
<ul style="list-style-type: none"> ■ High physical exposure of the group due to the frequency and intensity of climatic events (natural disasters) 	<ul style="list-style-type: none"> ■ Supply chain disruptions, unavailability of tools and the production process due to the occurrence of a natural disaster → Operational risks ■ Physical damage to production and processing assets → Operational risks ■ Endangering customers and employees → Operational risks 	 	<ul style="list-style-type: none"> ■ Group internal procedure for business continuity ■ Monitoring of claims related to natural disasters ■ Participation in the ECB stress test 2022

Scale - impact measurement:  Very low  Low  Average  Substantial  Very substantial

Commitments of the benefit corporation mapping of significant ESG risks/ objectives of the 2019-2023 strategic plan – Cross-reference table

The purpose of this exercise is to illustrate the relationship between the benefit corporation’s commitments, the SMR policy, the objectives of the strategic plan, and their performance indicators, which contribute to strengthening the control of significant ESG risks identified within the

risk mapping. This work on consistency also ensures better understanding and clarity of the actions of the benefit corporation bank at the heart of Crédit Mutuel Alliance Fédérale’s business development plan.

ANALYSIS GRID

"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS	COMMITMENTS OF THE SMR APPROACH	SIGNIFICANT ESG RISKS	AMBITIONS – OBJECTIVES	PERFORMANCE INDICATORS
				
Name of the mission	Identification of the SMR commitment in connection with the mission	Identification of ESG risks related to the mission	Articulation of joint actions Mission/SMR/ESG risks	Measurement of indicators Mission/SMR/ESG risks

Measurement of performance indicators:

Strategic plan: Annual measurement. Achievement of the target by 2023.

Benefit corporation: Annual measurement. Achievement of the target by 2022.

MISSION 1: As a cooperative and mutualist organization, support customers and members in their best interests		<ul style="list-style-type: none"> ■ Risk of losing customers (lack of customer advice, unsuitable goods and services sold) 	<ul style="list-style-type: none"> ■ Guarantee to each customer a dedicated, non-commissioned advisor (Commitment #2 - mission 1) 	<ul style="list-style-type: none"> ■ Monitoring of the networks' customer portfolios to meet the objective ■ No commissions paid to advisors
		<ul style="list-style-type: none"> ■ Risk of internal and external fraud (malice in the handling of customer/prospect banking operations) 	<ul style="list-style-type: none"> ■ Process and analyze complaints/satisfaction questionnaires 	<ul style="list-style-type: none"> ■ Number of claims
		<ul style="list-style-type: none"> ■ Risk of downtime in bank IT system (failure of information systems security) 	<ul style="list-style-type: none"> ■ Secur banking transactions ■ Provide quality service 	<ul style="list-style-type: none"> ■ Total internal and external claims for the year ■ Percentage compared to the total amount of claims ■ Rate of availability of primary TP applications
		<ul style="list-style-type: none"> ■ Risk of unattractive membership 	<ul style="list-style-type: none"> ■ Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings (Commitment #1 - mission 1) 	<ul style="list-style-type: none"> ■ Change in the number of members voting at the Shareholders' Meetings of the local banks: x2 compared to 2020
		<ul style="list-style-type: none"> ■ Risk of compromise of the mutualist model 	<ul style="list-style-type: none"> ■ Mobilize members 	<ul style="list-style-type: none"> ■ Membership rate Objective: rate of 90% ■ Number of connections to AGORA
		<ul style="list-style-type: none"> ■ Risk of compromise of the mutualist model 	<ul style="list-style-type: none"> ■ Give more room to young people and move closer to parity on the Boards of Directors from 2022 (Commitment # 3 - mission 1) 	<ul style="list-style-type: none"> ■ Number of young people elected during the year ■ Change in the number of members voting at the Shareholders' Meetings of the local banks → Objective: increase the number of young people X 2 compared to 2020

<p>"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>AMBITIONS – OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 2: As a bank for all, members and customers, act for everyone and refuse any discrimination</p>	 <p>SOCIAL AMBITION</p> <p>DIVERSITY AND EQUAL OPPORTUNITIES</p>		<ul style="list-style-type: none"> Recruit 25% work-study students in priority neighborhoods and rural areas (Commitment #5 - mission 2) 	<ul style="list-style-type: none"> % of work-study students recruited from neighborhoods and rural areas between 2019 and 2024. → Objective: 25% of work study students recruited from neighborhoods and rural areas % of work-study students recruited on permanent contracts
		<ul style="list-style-type: none"> Risks of non-compliance of banking and insurance operations (skills transformation, lack of employee training) 	<ul style="list-style-type: none"> Train all our employees and elected members in the fight against discrimination (Commitment # 4 - mission 2) 	<ul style="list-style-type: none"> % of employees trained in the fight against discrimination → Objective: 100% of employees trained in the fight against discrimination
		<ul style="list-style-type: none"> Risk of non-respect of procedures Risk of failure to advise Loss of NBI (demobilization of employees) 	<ul style="list-style-type: none"> Defend gender pay equality at all levels of the bank (Commitment # 6 - mission 2) 	<ul style="list-style-type: none"> Difference between the average compensation of men and women in France by classification level and by age group → Objective: equal pay for men and women by age group and classification level^[1]
	 <p>SOCIAL AMBITION</p> <p>SUPPORT CAREERS AND MOBILITY</p>		<ul style="list-style-type: none"> Develop the employability and skills of employees through training 	<ul style="list-style-type: none"> % of payroll expense dedicated to training Number hours dedicated to training % of certified insurance training courses % of employees enrolled in the "digital passport" training course are certified → Target 100% of employees
	 <p>SOCIAL AMBITION</p> <p>PROMOTE QWL</p>		<ul style="list-style-type: none"> Implement the framework agreement on quality of life at work and remote work in each entity concerned 	<ul style="list-style-type: none"> Rate of job rotation Number of days of absence Nbr. entities that have set up remote work
	 <p>SOCIAL AMBITION</p> <p>PROMOTING SOCIAL DIALOG</p>		<ul style="list-style-type: none"> Maintain an ongoing dialog with trade unions 	<ul style="list-style-type: none"> Number of group agreements signed during the year
	 <p>GOVERNANCE AMBITION</p> <p>EFFECTIVENESS OF GOVERNANCE BODIES</p>	<ul style="list-style-type: none"> Risk of decisions inconsistent with the group's strategy (lack of training for elected members) 	<ul style="list-style-type: none"> Train all our employees and elected members in the fight against discrimination (Commitment # 4 - mission 2) 	<ul style="list-style-type: none"> Number of mechanisms and training courses available for elected members by level of office (umbrella bodies, local banks, Board Chairs) Number of training hours Training rate of local elected members Percentage of elected members trained in the fight against discrimination. → Target 100%

[1] Average gap strictly less than 3% at the end of 2020 in both directions, for women and for men

<p>"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>AMBITIONS – OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 3: Respectful of everyone's privacy, place technology and innovation at the service of people</p>	 <p>RISK MANAGEMENT</p>	<ul style="list-style-type: none"> Risk of non-respect of General Regulation on the protection of customer data 	<ul style="list-style-type: none"> Guarantee the privacy of our customers' data in processing 99.9% of their information in our infrastructures and systems located in France (Commitment #7 - mission 3) 	<ul style="list-style-type: none"> % of employees trained in GDPR % of information processed on infrastructures and systems located in France and operated by Euro Information → Target: 99.9% of customer information processing on infrastructures and systems located in France
	 <p>LISTENING TO CUSTOMERS</p>		<ul style="list-style-type: none"> Invest productivity gains from artificial intelligence in employment and development (Commitment #8 - mission 3) 	<ul style="list-style-type: none"> Time savings achieved through the use of AI (in number of FTEs) and increase in headcount between 2019 and 2022 % of sales generated with the support of AI and big data in the CM and CIC networks
<p>MISSION 4: As a solidarity-based company, contribute to regional development</p>			<ul style="list-style-type: none"> Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches (Commitment #9 - mission 4) 	<ul style="list-style-type: none"> % of decisions taken at branch-level → Objective: more than 90% of credit decisions taken at banks and branches
	 <p>REGIONAL DEVELOPMENT</p>		<ul style="list-style-type: none"> Support the associative fabric Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers (Commitment #10 - mission 4) 	<ul style="list-style-type: none"> Change in the number of NPO customers Number of multi Asso insurance taken out during the year with legal protection Number of Pay Asso contracts subscribed
			<ul style="list-style-type: none"> Invest 5% of our equity mainly in innovative French companies (Commitment # 11 - mission 4) 	<ul style="list-style-type: none"> % of equity invested in innovative or growing SMEs and mid-sized companies. → Objective: 5% equity invested in innovative or growing SMEs and mid-sized companies
	 <p>PROMOTE LOCAL INITIATIVES</p>		<ul style="list-style-type: none"> Encourage microloans Sign partnerships in favor of projects for education, sport, music, culture, and professional reintegration 	<ul style="list-style-type: none"> Patronage and sponsorship budget

<p>"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>AMBITIONS – OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 5: As a responsible company, actively work for a fairer and more sustainable society</p>	 <p>ENVIRONMENTAL AMBITION</p> <p>REDUCE THE ENVIRONMENTAL IMPACT OF THE GROUP</p>	<ul style="list-style-type: none"> Regulatory risk Risk to reputation 	<ul style="list-style-type: none"> Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022 (Commitment # 12 - mission 5) 	<ul style="list-style-type: none"> Internal carbon footprint → Objective: 20% reduction in the group's internal carbon footprint for the energy leakage of refrigerant gases, vehicle fleet, business travel scope
	<ul style="list-style-type: none"> Regulatory risk Risk to reputation 	<ul style="list-style-type: none"> Reduce of the carbon footprint of corporate insurance portfolios 	<ul style="list-style-type: none"> Carbon footprint of the corporate insurance and asset management portfolios → Objective: 12% reduction in the carbon footprint of the corporate, insurance and asset management portfolios 	
	<ul style="list-style-type: none"> Financial/climate risk 	<ul style="list-style-type: none"> Immediately stop funding for new oil and gas projects (Commitment #13 - mission 5) 	<ul style="list-style-type: none"> Monitoring of exposures eligible for sectoral policies → Objective: no new projects in oil and gas. Totally eliminate the financing of coal 	
	<ul style="list-style-type: none"> Climate risks 	<ul style="list-style-type: none"> Apply exposure limits by country that include climate risks 	<ul style="list-style-type: none"> Quarterly monitoring of limits by country 	
 <p>ENVIRONMENTAL AMBITION</p> <p>STRENGTHEN SOLUTIONS AND HIGH-QUALITY OFFERS AND RESPONSIBLE SERVICE</p>	<ul style="list-style-type: none"> Risk of losing customers 	<ul style="list-style-type: none"> Increase renewable energy financing between 2019 and 2023 	<ul style="list-style-type: none"> Change in outstanding amounts of cumulative renewable energy authorizations through project financing → Objective: 30% increase in renewable energy financing between 2019 and 2023 	
 <p>MEMBERS & CUSTOMERS AMBITION</p> <p>BANKING INCLUSIVENESS</p>		<ul style="list-style-type: none"> Be the bank for all customers: supporting customers in vulnerable situations 	<ul style="list-style-type: none"> Number of customers equipped with the Fragile Customer Offer (OCF) Number of employees trained to handle vulnerable customers Number of customers detected 	
		<ul style="list-style-type: none"> Insure the real estate loans of our loyal customers without any medical formalities⁽²⁾ (Commitment# 14 - mission 5) 	<ul style="list-style-type: none"> Number of customers benefiting from the elimination of the health questionnaire 	

(2) This scheme is reserved for customers whose main income has been with CIC for seven years. The insured amount is up to €500,000 per borrower and the policyholder must be under the age of 62 at the time of subscription.

<p>"ENSEMBLE, ÉCOUTER ET AGIR" (LISTENING AND ACTING TOGETHER): 5 MISSIONS</p> 	<p>COMMITMENTS OF THE SMR APPROACH</p> 	<p>SIGNIFICANT ESG RISKS</p> 	<p>AMBITIONS – OBJECTIVES</p> 	<p>PERFORMANCE INDICATORS</p> 
<p>MISSION 5: As a responsible company, actively work for a fairer and more sustainable society.</p>	 <p>LISTENING TO CUSTOMERS</p>	<ul style="list-style-type: none"> ■ Risk of corruption (non-compliance with procedures) ■ Risk of exposure through banking and insurance activities ■ Risk of non-respect of the vigilance plan (controversies over the non-respect of human rights) 	<ul style="list-style-type: none"> ■ Fight against corruption ■ Respect human rights 	<ul style="list-style-type: none"> ■ % of employees trained in the fight against corruption ■ Number of alerts
	 <p>ESG PURCHASING POLICY</p>	<ul style="list-style-type: none"> ■ Risk of non-respect of the vigilance plan (lack of awareness of the ESG issues in the group purchasing policy) 	<ul style="list-style-type: none"> ■ Applying the ESG purchasing policy ■ Have suppliers sign the sustainable purchasing charter 	<ul style="list-style-type: none"> ■ Number of supplier charters signed



3.4 MEMBERS AND CUSTOMERS AMBITIONS

3.4.1 Being attentive to members and customers

The group's objective is to create a lasting relationship with its customers and members. The objective is to ensure that members and customers receive the best advice so that they are always offered the products and services they need.

Ensuring the coherence of offers and control of all advertising messages, as well as providing contractual explanations, respecting members' customers' rights in all circumstances and during collection operations and the rules related to canvassing operations and processing complaints, are issues that concern all team members of the group's entities regardless of their profession.

To measure and enhance the quality of customer relations, the teams in the marketing and sales departments carry out analyses *via* a multi-channel, customer-oriented approach, where clients are asked to voice their opinions throughout their customer experience and encouraged to take part in product creation discussions.

A system including a series of customer satisfaction measures has been rolled out across all Crédit Mutuel Alliance Fédérale entities. This system, managed and coordinated by the sales department, is based primarily on two pillars:

- measurement of customer satisfaction *via* multi-year surveys (in 2021, a study on the use and services of bank cards made it possible to carry out more than 3,000 interviews) including the satisfaction survey dedicated to the processing of complaints (in 2021, 22% of respondents are ready to recommend the group after the processing of a complaint) and that related to the quality of the services provided by the account managers of the branch network;
- measurement of customer satisfaction through immediate surveys. After each appointment, customers are asked to answer a single question on the bank's recommendation rating. If the rating obtained is less than 6/10, a call is scheduled to understand the areas for improvement, correct the expected service and thus improve the customer experience. Nearly 300,000 opinions have been collected since the implementation of these surveys. In addition, the network's branches have a dedicated reporting tool which enables to consult

various quantitative indicators, identify problems in the relationship with their customers and implement corrective actions. An additional application is also made available to view customer feedback. These resources deployed in the network's branches serve a single purpose: make quality at top priority in customer relationships.

In addition, the Posternak-Ifop barometer,^[1] a quarterly ranking of companies' corporate image, confirmed Crédit Mutuel's leadership ranking in the banking sector with a score of 47/100 in the fourth quarter of 2021. In addition, the Crédit Mutuel and CIC networks both won awards at the 2022 Bank Quality Awards. CIC stood out in all categories with six awards and the best score in four categories (day-to-day banking advisor, project advisor, website, mobile app).

Listening to members and customers of Assurances du Crédit Mutuel

Assurances du Crédit Mutuel initiated another survey in 2021 on policyholders who have suffered a claim. The satisfaction rate is over 90% across all business units. In addition, a "Voice of the customer" study on the digital services made available to policyholders in the online Insurance Section was rolled out in 2021. This study collected more than 20,000 customer reviews, for an overall score of 4.6/5. The questions covered access to features and the user experience, in particular user friendliness of browsing and usage, speed to report a claim and the simple management of documents required.

Processing of claims

In 2021, Crédit Mutuel Alliance Fédérale recorded 45,418^[2] claims within its entities located in France.

For the 13 federations belonging to Caisse Fédérale de Crédit Mutuel and to CIC banks, the number of claims totaled 32,782 in 2021. Claims handled by level 2 represent 0.52 claims per 1,000 customers.

[1] The Posternak-Ifop barometer was created 21 years ago to help businesses analyze citizen reactions and consumer behavior. <https://presse.creditmutuel.com/barometre-posternak-ifop1-limage-des-entreprises-poursuit-son-redressement-le-credit-mutuel-tou-greatest-banque-preferee-des-francais-2quarter-2021/>.

[2] Change in scope in 2021: the claims recorded are only those of Crédit Mutuel Alliance Fédérale's scope in France, which are the only ones subject to ACPR requirements.

3.4.2 Banking inclusion

Crédit Mutuel Alliance Fédérale is the bank for all customers and is attentive to supporting all those going through difficult life situations, be they structural, social or short-term. The diversity of situations of vulnerability can lead to financial precariousness requiring the implementation of a strategy that is attentive to the populations concerned.

As part of this approach, the entities of Crédit Mutuel Alliance Fédérale undertake, by way of a practical action plan, to respect mutualist values and the professional codes of ethics and compliance. In November 2018, Crédit Mutuel Alliance Fédérale published a policy in favor of fragile or vulnerable customers.

This policy describes all of the specific commitments made by Crédit Mutuel Alliance Fédérale to promote banking inclusion for customers in a situation of fragility and supplements other customer protection measures designed to foster behavior that is respectful of the interests of customers and good business practices.

As in previous years, under the aegis of the Fragile or Vulnerable Customer Committee, the implementation of the recommendations of the OIB – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence performed in 2019 and 2020 concerning vulnerable customers and the cap on bank fees continued as part of the review of the changes having the most impact:

- roll-out of the new mechanism to cap incident fees, making it possible to set the cap the month in which fragility is detected and on the whole third party and not only per account held;
- continuation of the “pilot” system following the signature of a partnership agreement with CRESUS, the aim of which is to promote support for customers in a financially vulnerable situation.

Work is underway to finalize the implementation of a mechanism for the statistical detection of predictive fragility. Customers files identified this way will be handed over to customer relationship managers, *via* the debtor management application, in order to implement the appropriate support measures for the customers identified.

In 2021, Crédit Mutuel Alliance Fédérale entities concerned produced regulatory reports which included quantitative and qualitative data on fragile and vulnerable customers devoted to the ACPR (in the questionnaire on business practices and to OIB as regards customer protection).

In addition, as an extension of this policy, Assurances du Crédit Mutuel decided to not carry out any price increases on any personal, professional and corporate health insurance policies. This measure enables to support the purchasing power of policyholders and to address the economic and social consequences of the health crisis.

In addition, policyholders benefit from services that simplify their procedures:

- the “*Avance Santé*” card prevents Assurances du Crédit Mutuel policyholders from having to pay their healthcare costs up front and thus facilitates access to healthcare. Spouses and children over the age of fifteen, also covered by the contracts, can obtain this card at no additional cost. Thanks to regularly enhanced functionalities, 95% of users are satisfied with this card and contactless payment is now possible up to €50;
- the pure and simple elimination of medical formalities for its loyal customers when taking out borrower insurance for the purchase of the main residence under certain conditions. Customers will no longer be subject to additional premiums or exclusions related to their health. Bank customers who have been depositing their income within the group for at least seven years or who already hold ACM borrower insurance for their main residence are eligible for this solidarity scheme, set up in November 2021.

FIGURES ON ACTIONS IN FAVOR OF FRAGILE AND VULNERABLE CUSTOMERS



3.4.3 Risk management

Crédit Mutuel Alliance Fédérale provides a high level of continuous training to its employees to ensure them an in-depth understanding of prevention measures related to the fight against money laundering and the financing of terrorism and develops technological solutions, in particular cognitive solutions, to make them even more efficient. Added to this is the willingness of the group to prevent the employees concerned from finding themselves in a situation of conflict of interest and/or corruption by knowing the active and/or passive practices of private players and public agents.

In addition to the measures already in place since 2019, Crédit Mutuel Alliance Fédérale has implemented a vigilance plan^[1] to prevent serious violations of human rights and health and safety, and of the security of people and the environment within the framework of its activities. Actions related to the proper application of the vigilance plan are identified in particular with regard to customers (project financing, sectoral policies, etc.), suppliers (group purchasing policy, supplier relations charter, etc.) and employees (internal procedures and preventive measures).

A whistleblowing system and procedure for reporting the existence or occurrence of risks is in place and a monitoring mechanism to analyze actions has been implemented. The monitoring indicator, overseen by the compliance department, is verified by an independent third party, but not published for reasons of confidentiality.

The group's code of conduct

It is implemented by each entity in the group. This registration document, appended to the internal rules, contains the main provisions of applicable agreements, regulations and laws in terms of ethics. It's a reminder of the general principles that must be respected by all group employees in exercising their duties such as:

- the rules and regulations, procedures and internal standards;
- the protection of information (professional secrecy and confidentiality);
- the duty of quality of service to customers (duty to provide advice and information);
- the duty of vigilance in the context of performing transaction for customers;
- integrity and probity;
- the prevention of conflicts of interest;
- the fight against corruption.

It refers to the obligations of employees who hold positions deemed "sensitive", especially in Capital Markets, corporate and investment banking, portfolio management and financial analysis, exposing their holders to possible situations of conflict of interest or to possessing confidential and privileged information. To that extent, they are subject to the rules that regulate and limit their personal transactions on financial instruments.

The latest version of the code of conduct, updated in early 2020, was adopted at the end of the legal consultation process with the trade

unions. Since 2018, the code includes a chapter dedicated to the fight against corruption, which constitutes the code of conduct in this area.

The management is asked to monitor the respect for these principles whose application is subject to regular verification by the control and compliance departments.

Regarding internal and external fraud at Crédit Mutuel Alliance Fédérale, it should be noted that the amount of claims totaled €26.3 million in 2021. The breakdown of claims compared to total claims is 0.6% for internal fraud and 12.6% for external fraud.

Focus on the anti-corruption system

Crédit Mutuel Alliance Fédérale has set up a system for detecting, preventing and combating corruption in accordance with the law No. 2016-1691 of December 9, 2016, on transparency, the fight against corruption and the modernization of economic life (the Sapin 2 Law) which draws on a number of internal procedures and specific actions:

- risk mappings for corruption and conflicts of interest;
- a code of conduct;
- personnel training on respecting good business practices and combating corruption and influence-peddling;
- the obligation to declare gifts and benefits received or given;
- an internal whistleblowing system for employees;
- a system for processing customer claims;
- an internal control and evaluation plan on the application of these measures.

This provision furthermore relies on a disciplinary system incorporated into internal rules and regulations, which allows for sanctioning company employees in the event of violating internal rules.

All employees, customers and business partners are informed of the commitment to combat all kinds of corruption in the group and of the zero tolerance for corrupt behavior. This is set out in the "combating corruption policy" which applies to all employees whether technicians or managers, all senior directors and to external staff seconded to the company.

In 2021, 79% of training courses on rules of conduct, including the fight against corruption and/or the fight against money laundering and the financing of terrorism were completed by Crédit Mutuel Alliance Fédérale employees. The compliance department is responsible in particular for deploying procedures to prevent and combat corruption, verifications to ensure compliance, organizing any investigations, together with the competent services, in the event of suspicion and responding to inquiries by employees about actual or potential situations of corruption. The compliance department which reports to Crédit Mutuel Alliance Fédérale's risk department has the independence and the resources required to carry out its task with complete impartiality.

[1] Details of the vigilance plan are presented in section 3.11 of this Chapter.

Focus on the mechanism for fighting money laundering and terrorism financing

Crédit Mutuel Alliance Fédérale has also implemented a mechanism to combat money laundering and the financing of terrorism in accordance with legal and regulatory requirements and adapted to the risks generated by the various activities exercised across the national territory and abroad. This mechanism, including a set of procedures and tools, is implemented by employees trained to detect suspect operations. It is itself subject to thorough internal controls and is subject to regular evaluation on the part of supervisory authorities.

Crédit Mutuel Alliance Fédérale therefore strives to respect the regulatory requirements in this context which involve:

- knowing customers and their operations better and assessing the risk of money laundering with the aim of avoiding any relationship whose character or activities could be unclear;
- exercising vigilance in proportion to the risks, based on the type of clientele, the installation, the products and distribution channels, on the origin of funds deposited and/or the flow of such funds in order to detect unusual or atypical operations;
- mobilizing all employees in the fight against money laundering through regular training and awareness activities.

Crédit Mutuel Alliance Fédérale prohibits all direct or indirect relationships with offshore domiciliation companies or consulting firms offering offshore structures. It is also prohibited to advise such companies or firms.

Focus on the system to fight tax evasion

Crédit Mutuel Alliance Fédérale implements, both in France and in the foreign countries where it is established, all regulations aimed at improving compliance with tax obligations at the international level and allowing for tax transparency, including Directive 2011/16/EU of February 15, 2011 on administrative cooperation on tax matters ("DAC 1 Directive") as amended, notably, by Directive 2014/107/EU of December 9, 2014 on the automatic exchange of information (AEI) on financial statements according to a common reporting standard ("DAC 2 Directive") and by Directive 2018/822/EU of May 25, 2018 concerning the automatic and mandatory exchange of information on tax matters in relation with cross-border arrangements that must be declared ("DAC 6 Directive").

Crédit Mutuel Alliance Fédérale also implements the American regulation known as FATCA (Foreign Account Tax Compliance Act) under the terms of the intergovernmental agreements (Inter-Governmental Agreement - IGA) signed by the United States with other countries, including the IGA between France and the United States signed on November 14, 2012 to improve compliance with tax obligations at the international level and to implement the law on compliance with tax obligations concerning foreign accounts.

Moreover, Crédit Mutuel Alliance Fédérale has several sectoral policies including a policy for private banking customers,

- i) which reiterates that operations involving structuring customers' assets must not favor the concealment, fraud or evasion of tax and more broadly that cross-border activities, notably advice and commercialization, must be performed in strict compliance with the laws and standards in force in the customer's country of residence; and
- ii) requires the respect of "Know Your Customer" (KYC) procedures which are reinforced for non-resident customers with a requirement for a tax compliance certificate in their country of residence.

Crédit Mutuel Alliance Fédérale also prohibits any dealings with a person who is domiciled in a state which does not implement the automatic exchange of information as stated above, apart from an exception which has been properly validated in accordance with a strictly controlled procedure. New relationships with politically exposed persons (PEP) residing in such a country are not authorized in any case.

No branches in non-cooperative States or territories for tax purposes

Crédit Mutuel Alliance Fédérale has no establishments and does not run any business activity in a non-cooperative State or territory for tax purposes as listed by France under Article 238-0 A of the French General Tax Code and by the European Union.

Respect of transfer pricing regulations

Crédit Mutuel Alliance Fédérale applies all the regulations both in France and in the countries where it is located in relation to transfer pricing, *i.e.* the obligation under the principle established by the OECD of applying a "fully competitive" price to transactions realized between the group's entities in different countries:

- the establishment of the declaration country by country in accordance with OECD standards (see Article 223 *quinquies* C of the French General Tax Code), which the tax authorities can automatically exchange by applying the multilateral agreement signed by France on January 27, 2016;
- annual establishment of transfer pricing documentation in accordance with the OECD's recommendations and the requirements of the tax legislation of the State of establishment (see Article L.13 AA of the French General Tax Code).

Criteria for beginning a new customer relationship

Crédit Mutuel Alliance Fédérale has an internal policy for entering into customer relationships which applies to all its entities in France and abroad. The group supports its customers in the realization of their projects by being attentive to the management of risks, particularly the risk of reputation. In view of this, it refuses on principle any relationship with third parties about which one may reasonably believe they carry out or promote, explicitly or implicitly, illegal practices or practices contrary to the group's values, such as:

- the advocacy or incitement to terrorism;
- the call to hatred, violence or attacks on the human person;
- discrimination, particularly of a racist or homophobic nature;
- pedophilia, pimping;
- active or passive corruption, money laundering;
- undeclared labor or fiscal fraud.

In addition, for the specific risks they create for the bank, relationships with natural or legal persons with ties to certain activities are not acceptable, such as prostitution or pornography, sects, fortune telling or astrology, arms trade, etc.

More generally, the bank does not pursue relationships with third parties when the economic or social interests and/or local or regional proximity does not seem obvious, but also when conditions of transparency or trust are not (or no longer) present.

New relationships and customers of so-called “sensitive” countries

The mechanism that exists in terms of managing operations and customers located in countries deemed “sensitive” has been strengthened since 2016. The compliance department is responsible for identifying, establishing and disseminating within the group lists of countries according to their degree of sensitivity: green (low risk), orange (standard risk) and red (high risk and reinforced procedure). The purpose is to define progressive procedures or bans pertaining to new relationships with customers who reside in the concerned countries.

In addition to the regulatory criteria used under the classification system (countries listed by the FATF, high-risk third countries listed by the EU, etc.), countries that do not automatically exchange information according to OECD standards are classified in the red list. For these countries, new relationships are not authorized with the exception of those duly validated by a strictly controlled procedure. New relationships with politically exposed persons residing in a country on the red list are not authorized in any case.

Representatives of interests

The Sapin 2 Law created a specific regime for representatives of special interests, supervised by the Haute autorité pour la transparence de la vie publique (HATVP – High Authority for Transparency in Public Life), providing for:

- the obligation to apply a strict code of conduct;
- the obligation to report oneself on an *ad hoc* digital directory intended to inform citizens about one's activities;
- the establishment of an annual report.

These provisions entered into force on July 1, 2017. The group's framework procedure pertaining to special interest representatives, established under the aegis of the CNCM, is the registration document, which applies uniformly to all the various regional groups of which it is comprised. Thus, for Crédit Mutuel Alliance Fédérale, some entities are potentially concerned. The general secretariat of the CNCM looks after the registration of entities that meet the required criteria on the digital directory of the HATVP as well as sending the respective annual reports.



3.5 GOVERNANCE AMBITIONS

3.5.1 Effectiveness of the governance bodies

The purpose of the data presented under governance ambitions is to reflect the operating model of Crédit Mutuel Alliance Fédérale. This data is taken from several sources:

- the cooperative reporting, entered from February 1 to March 2, 2022, by the local banks of Crédit Mutuel Alliance Fédérale. The local bank managers enter this information at a Board of Directors' meeting in conjunction with the elected members. The aim of this reporting is to analyze, for the previous year, the institutional issues of the local banks. For information entered in early 2022 corresponding to fiscal year 2021, 1,265 out of 1,377 local banks responded and approved the questionnaire, *i.e.* a response rate of 91.86%;
- the administrative data of elected members: offices, functions, age etc. This data is entered by the local bank managers throughout the year as necessary and notably when terms of office are renewed;
- training of elected members: a common application is used across the 13 federations. It provides data on the training courses taken, including length and attendance. For the federations that do not use this tool, the same data is managed by the General Secretariat's office at each federation. The code of conduct applicable to all the group's elected members and employees stipulates that "elected members and employees must regularly update their knowledge in order to improve their skills and better fulfill their responsibilities." In this respect, a training catalog is available to elected members, with multiple themes, and in particular sessions that reiterate the fundamental duties and responsibilities for the appropriate exercise of their office. A skills development plan for mutualist elected members was put in place to enable the professional and academic careers of elected members to be recognized. This system, set up in 2020, provides each elected member with an extensive and diversified range of training courses adapted to their role and responsibility within the mutualist organization;
- post-Shareholders' Meeting report: the local bank managers are invited to enter information about the organization of their Shareholders' Meeting after it has been held. The information provided pertains to the length and cost of Shareholders' Meetings, the attendance rate and the issues raised, etc.;
- in addition, certain data is gathered from the management control IT system, notably information concerning the number of members.

Membership, voluntary membership

[Source: cooperative reporting + management control, 2021 data]

The percentage of customer shareholders of the 13 federations is up, and represents 79.13% of eligible customers^[1].

In 2021, Crédit Mutuel Alliance Fédérale's banks welcomed 388,930 new members and saw the departure of 211,695 members. These members elect the directors of the various local banks, at the Shareholders' Meeting.

Welcoming new members

When entering into relationships with new members, the mutualist model, a differentiating factor in its mode of operation is explained in 71.54% of cases. At the same time, employees are trained in mutualist governance and 76.28% of bank employees have completed this training.

To increase the number of member customers in the banks, 36.92% of them carry out specific actions such as welcome meetings to present the role and responsibility of a member [3.4%]^[2] and/or send specific information, notably on the information addressed during the Shareholders' Meeting [21.74%].

Boards – Democratic control

In 2021, 636 newly elected members joined the boards of the local banks following the elections at the local banks' Shareholders' Meetings. The average term of an appointment has increased slightly and is eight years and four months for directors on Supervisory Boards and seven years and ten months for Boards of Directors.

This data is entered by the local bank managers throughout the year as necessary and notably when terms of office are renewed. The average age of directors is 59 [57 for women and 61 for men].

In addition, 37.66% of local banks carry out actions to feminize their Boards of Directors and/or Supervisory Boards. For some local banks this is a priority [476 banks].

[1] Definition of the membership rate: number of members / (number of adult individual customers + legal person customers).

[2] The percentage is down sharply due to the health context.

In parallel with the actions identified as part of mutualist reporting and the implementation of the strategic plan, the federations integrate SMR issues into institutional life. The federations produce specific documents to promote the SMR commitments during the Boards of Directors of the local banks and launch projects such as:

- the creation of an internal “Ecological Transition” commission (Crédit Mutuel Centre Est Europe), aimed at raising awareness among members/customers of this issue and encouraging them to become eco-members;
- the setting up of teams combining both elected members and employees in each of the 90 local banks and each department of the Crédit Mutuel Normandie (CMN) head office with the aim of supporting the SMR project and rolling out concrete actions within the networks. The game of the goose concept was revisited to create an awareness-raising exercise among the Boards of Directors of the local banks to enable elected officials to better understand issues associated with the environment, diversity, eco-responsibility, quality of life at work and disability;
- the launch of the recruitment of 244 correspondents bringing together elected members and employees within the various departments of the Crédit Mutuel Loire-Atlantique et Centre-Ouest federation head office in order to implement the SMR policy. Moreover, each of the Federation’s 122 local banks was asked to appoint a training correspondent and a correspondent for the Agora/NPO platform within each Board of Directors.^[1] The role of these correspondents is to organize and host discussions dedicated to the issues related to the training of elected members and the coordination of the Agora collaborative platform in connection with the development of partnerships in the non-profit market;
- the creation of the SMR commission to support the SMR policy. These committees work to strengthen the SMR action plan and formulate propositions associated with the strategy of the Boards of Directors of the local banks. They also study the resources that need to be developed to increase the attendance of members at the Shareholders’ Meetings of local banks to ensure smooth mutualist operations.

In addition, the SMR teams share these various achievements during regular meetings to identify the best actions available and submit them to the federations thanks to collaborative tools available to all Crédit Mutuel Alliance Fédérale’s SMR contacts.

SOCIOPROFESSIONAL CATEGORIES OF ELECTED MEMBERS IN 2021

	2021	2020
Farmers	673	702
Trades people – merchants – business owners	1,717	1,781
Senior executives	3,762	3,896
Intermediary professions	1,626	1,694
Employees	1,423	1,473
Workers	251	282
Retired individuals	4,729	5,229
Other persons not actively employed	319	360

3.5.2 Membership momentum

The smooth running of cooperative activities is underpinned by the wealth of opinions and expectations of the members. The aim is to enhance the attractiveness of mutualist values, particularly among young employees, and to take advantage of the Shareholders’ Meetings of local banks, which is the basis of the democratic mutual model, as real opportunities for dialog and discussion. In addition, the role of the Boards of Directors is to validate the strategic choices of the local banks and to represent the community of members.

The key actions to be carried out are:

- to increase the attractiveness of the Shareholders’ Meetings of the local banks, which are the basis of the democratic model, particularly among young working people, and turn them into genuine opportunities for dialog and discussion; to reinforce the role of the Boards of Directors in choosing the orientations of the local bank and in representing the community of members. To this end, Crédit Mutuel Alliance Fédérale has made a commitment as part of its status as a benefit corporation to increase the representation of young people on the Boards of Directors from 2022.

Thus, in October 2021, Fédération Crédit Mutuel Sud-Est organized a week of meetings with its members, in order to present to them, on

the one hand Crédit Mutuel, its organization, its values, the strength and interests of members and on the other hand, to explain the operations of their local bank. In addition, a morning was dedicated to the development of membership and enhanced relationships thanks to online banking services;

- to promote diversity, in all its aspects, of members and their elected members on the Boards of Directors and Supervisory Boards;
- to develop the skills of elected members by offering differentiated and customizable training programs;
- to promote the involvement of the elected members alongside the manager and employees of the local bank in local events.

To stimulate mutualist life and facilitate interactions between members, in 2020, Crédit Mutuel Alliance Fédérale created Member Agora. Member Agora, a social network and collaborative exchange platform, has the following main objectives:

- promote the operating model of the cooperative bank among customers through the commitment of elected representatives, members and employees;

[1] Exchange platform for Crédit Mutuel Alliance Fédérale members.

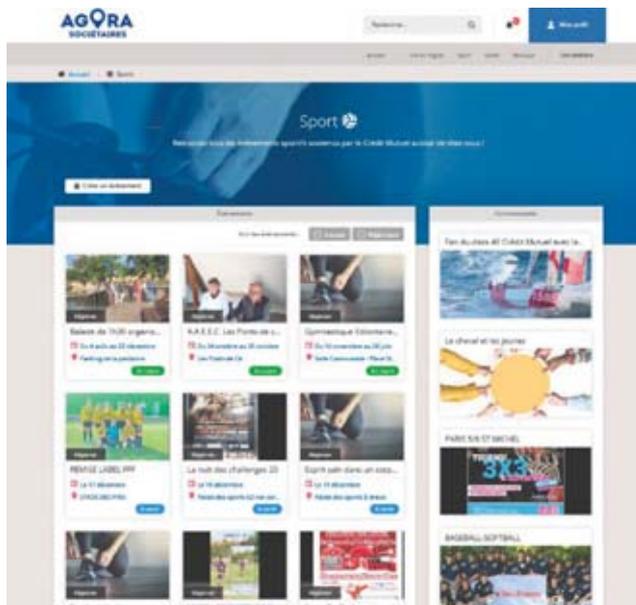
- build relationships based on shared areas of interest and enable members to play an active role in their bank, to support and promote the local actions of their bank;
- inform members, and share and promote local initiatives carried out by the regions around different themes: health, music, good deals, etc.;
- allow each federation to create its own community and run a news feed that is commented on, relayed and shared by members. Likewise, the local banks can create their own communities to boost the role of members by directly involving them in these events;
- offer members the opportunity to test new offers, to give their opinion on projects and to submit ideas for improving the offers and services.

Member Agora was rolled out in 2021 across all Crédit Mutuel Alliance Fédérale federations and nearly 180,000 users shared their opinions and comments on the platform around events or communities related to music, health, local life and sports activities. 570 local bank communities have already been created by elected members to promote the actions of their local bank, the partnerships forged and the support provided to associations and offer direct exchanges with members.

In addition, more than 1,800 events were shared on the Member Agora platform and 1,235 additional communities were created by members and employees of Crédit Mutuelle Alliance Fédérale.

In 2021, Member Agora also brought together members around joint-effort workshops on product and service developments as well as conferences on health.

In order to improve the user experience of elected members and members, the platform benefits from permanent ergonomic improvements based on feedback from members such as the possibility to insert links in publications, to display the number of members who follow a community or to group notifications.



Training courses and support for the elected members

The members of the Boards of Directors and Supervisory Boards of banking institutions are subject to the skills requirements imposed by European banking regulations. In addition to these requirements, Crédit Mutuel Alliance Fédérale ensures that the members of the boards can carry out their duties under the best possible conditions and as such, has adopted a skills development plan for mutualist elected members and directors based on three objectives.

The first aim is to develop the skills of the elected members and provide customized, targeted training programs delivered by mutualist members and employees. These paths must be broken down according to the different levels of office of each elected member, board members of umbrella structures and federations, the chairs of Boards of Directors and/or Supervisory Boards, and elected members of local banks of Crédit Mutuel Alliance Fédérale. These courses are supplemented by themes that reflect the *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!) strategic plan.

The development of elected members' skills structures the second objective, the aim of which is to encourage members to become elected members, to promote diversity among elected members, through multiple educational and digital systems (face-to-face training, webinars, micro-training courses during board meetings, online self-training programs), supplemented by certification modules allowing elected members to showcase their mutualist commitment in a professional context. The group pays particular attention to supporting young elected members during the first years of their term of office by providing in-depth training on the group's activities. The key challenge is to ensure that young members are successfully integrated into mutualist life and to retain them over time.

The third objective is to deliver digital tools to improve and facilitate the experience of elected members in training. Thanks to an information system shared by all the 13 federations, elected members are provided assistance throughout the training process: training catalog, online registration, evaluation of the quality of training, self-training portal, and soon the electronic signature to sign the attendance sheet and the reimbursement of expenses.

These actions are part of a mutualist ecosystem, which aims to build a community plan mobilizing all stakeholders in the training ecosystem for elected members (correspondents in each local bank, federal and inter-federal commissions, elected leaders and employees) and implemented by each federation under the principle of subsidiarity.

In 2021, the percentage of local elected members trained was 70.84% with 32,579 training sessions delivered, up 176% compared to 2020. This increase is due to the effectiveness of the multi-channel strategy adopted for the training of elected members and directors, backed by a high level of participant satisfaction. A university degree was created in partnership with the University of Strasbourg and a first cohort of 69 elected members and directors was launched in October. This diploma aims to recognize the achievements of their volunteer commitment on the Board of Directors or Supervisory Board of a Crédit Mutuel local bank, and to promote their skills in order to support their professional development.

Quantitative data

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
GOUV63	Total number of members	5,230,209	5,052,180
GOUV62	Number of adult individual customers and legal person customers	6,609,964	6,505,017
GOUV65	Percentage of members among adult individual customers and legal person customers	79.13%	77.66%

Boards – Democratic control

COMPOSITION

	Women	Men
Number of elected members in local banks in 2021 – Women/Men distinction	5,661	8,839

	Board of Directors	Supervisory Board
Number of elected members in local banks in 2021 – Board of Directors/Supervisory Board distinction*	10,242	4,258

* Only concerns the CMCEE, CMDV, CMN, CMSE and CMSMB federations. Data at 12/31/2021.

The Shareholders' Meeting (SM)

The Shareholders' Meetings of the local banks are the foundation of mutualist governance, and illustrate the strength of this model thanks to these key moments for exchange, information and expression of mutualist democracy. In 2021, the health crisis obliged the local banks to adapt the organization of Shareholders' Meetings, which for a large part, had to be held in video format on the website www.creditmutuel.fr. As a result, traditional figures (members present and represented at Shareholders' Meetings, attendance rate, average cost, etc.) were not monitored in 2021.

Despite these constraints, the Shareholders' Meetings were able to take place thanks to the implementation of innovative technological tools and an organization entirely dedicated to the exercise of mutualist democracy. Shareholders' Meetings were typically organized as follows:

- firstly, members were invited to visit their local bank to vote on the resolutions of the Shareholders' Meeting;
- the Shareholders' Meeting was subsequently broadcast by video on the website www.creditmutuel.fr.

A total 1,243 digital Shareholders' Meetings were held, watched by 25,191 spectators and totaled 8,790 viewing hours.

The breakdown of the arrangements for holding Shareholders' Meetings^[1] was as follows:

- 7.50% *via* teleconference;
- 2.41% mixed face-to-face/teleconference;
- 0.27% face-to-face;
- 88.76% *via* video streaming.

In anticipation of the Shareholders' Meeting in 2022, Crédit Mutuel Alliance Fédérale's technology teams have developed functionalities enabling members to be informed in advance of the conditions for conducting their Shareholders' Meeting, to have access to all the documents presented and to vote securely on the proposed resolutions thanks to the provision of these elements on the online banking personal space.

[1] Source: "Post-Shareholders' Meeting report" form filed by local banks.

Education and training

MEMBERSHIP DEVELOPMENT

When initiating relationships with new customers, is the mutualist difference presented?	Yes for 905 local banks (71.54%)
Are documents provided?	Yes for 592 local banks (46.80%)
Have you organized a meeting for new members?	Yes for 36 local banks (2.85%)
Have you informed them that they will be invited to the SM?	Yes for 275 local banks (21.74%)

TRAINING OF ELECTED MEMBERS

Training course reports provided at board meetings	Yes for 1,077 local banks (85.14%)
Training courses met expectations	Yes for 1,159 local banks (91.62%)
Are suggestions for new training topics sent to the Chairman of the Elected Members Committee?	Yes for 350 local banks (27.67%)

Intercooperation

ASSOCIATIONS

Association-customers of Crédit Mutuel local banks	Initiatives directed at associations: number of local banks that allocate a budget
226,588	1,110 local banks (88.24% of respondents)

OTHER GOVERNANCE INDICATORS

Indicator	Indicator code	Unit	Value 2021	Value 2020
Number of new directors – local banks	GOUV14	No.	636	872
Number of new women directors – local banks	GOUV15	No.	322	414
Number of director training hours – local banks	GOUV56	No.	29,319	10,510



3.6 SOCIETAL AMBITION

3.6.1 ESG purchasing policy

Purchasing goods and/or services is an act of management and is part of the operational implementation of the strategy. Crédit Mutuel Alliance Fédérale's purchase policy, deployed with all entities, incorporates economic criteria of quality, respect of technical requirements and ESG factors.

3.6.2 Responsible relationships

Crédit Mutuel Alliance Fédérale has reinforced this initiative by requesting that all its suppliers sign a sustainable and responsible purchasing charter incorporating the internal commitments of the purchasing policy to ensure long-term commercial relations with partners committed to a process of compliance with the challenges of sustainable development.

By signing the charter, the supplier undertakes, in the context of activities carried out with Crédit Mutuel Alliance Fédérale entities, to respect the human rights and fundamental freedoms, health and safety of people and the environment, as well as the rights of employees. The supplier undertakes to respect the laws applicable to the protection of

3.6.3 Regional development

The group, which is a leading employer with a strong regional presence due to the stability of its network, bases its strategy on the demand for long-term investment to develop the economic and social ecosystem of each region. It pursues, either directly or in partnership, the distribution of personal and professional micro-loans to foster the development of activities in the regions.

Promote the distribution of personal and professional micro-loans

Crédit Mutuel Alliance Fédérale enables customers in financially fragile situations to benefit from financial support by developing partnerships with associations such as ADIE, Initiative France and France Active to promote the granting of micro-loans. The purpose of granting micro-loans is to create and consolidate jobs for those who are excluded from the job market (job seekers, recipients of the minimum welfare benefits, people with disabilities, etc.).

Crédit Mutuel Alliance Fédérale favors relations with suppliers and/or service providers whose contracts include the specific clauses from the reference texts on human rights and principles of combating all forms of corruption. It fosters long-term, local relations.

personal data and to implement all measures necessary to ensure the security and confidentiality of the information provided by the entities of Crédit Mutuel Alliance Fédérale. The supplier undertakes to implement internal procedures to ensure its activity is in compliance with the laws and regulations relating to the fight against corruption. In addition, suppliers can report any infringements to Crédit Mutuel Alliance Fédérale by using the dedicated email address.

In 2021, 3,882 charters were signed by CCS suppliers (suppliers whose revenue is greater than €5,000) and nearly 210 by Euro-Information suppliers (SOT100) (suppliers whose revenue is greater than €1 million).

Promote job security and the return to employment

Promoting job security and the return to employment are key priorities for Crédit Mutuel Alliance Fédérale in its quest to support people in vulnerable situations. To date, more than 200 regional conventions have been signed throughout the country with social integration association networks such as CCAS, Secours Catholique, UDAF, Secours Populaire, Restaurants du Cœur and county councils to support our customers and receive advice adapted to each situation.

This commitment to foster access to employment in the regions has translated into new partnerships at the national and/or local levels so as to supplement the mechanisms already in place within Crédit Mutuel Alliance Fédérale entities. For example, under the partnership signed with Secours Catholique, 85 projects were signed in 2021 for an amount of €280,177 within Fédération Crédit Mutuel Midi-Atlantique. These loans are intended for professional inclusion (driving license, purchase of means of transport for commuting) and promote the return to employment.

In addition, Fédération Crédit Mutuel Loire-Atlantique et Centre-Ouest, through its "Crédit Mutuel Solidaire" structure, supports professionals with projects that create jobs or maintain employment through the granting of microloans in the form of honorary loans. In 2021, 28 applications were granted for an amount of €350,000 and 118 jobs were created.

In addition, Crédit Mutuel Loire-Atlantique et Centre-Ouest was awarded the “Welcoming Company” label in 2020 to reward its contribution to promoting diversity in companies and strengthening the fight against discrimination in access to employment. In 2021, the federation further developed actions in the region by welcoming more than 150 interns from schools.

3.6.4 Promoting local initiatives

By drawing on its cooperative and mutualist model, the group notably supports customer-member associations by forging partnerships (financial or material) involving elected members and employees. It also participates in patronage and sponsorship operations that promote projects in the fields of education, sports, music, culture and professional reintegration. These actions are carried by the local banks of Crédit Mutuel, the branches of CIC and all the subsidiaries. The overall budget earmarked for patronage and sponsoring was €42.3 million for the 2021 fiscal year (SOT52) and €29 million for the 13 Federations of Crédit Mutuel.

The group aims to support associations in their development and their public interest mission. The new Pay Asso offer rolled out in 2019 gives local associations the opportunity to offer their members the option of paying their membership fees by credit card even if they do not have a website. As in 2020, in 2021, Crédit Mutuel Alliance Fédérale maintained its decision to make the Pay Asso service free of charge for all associations until the end of the fiscal year in order to help associations affected by the health crisis. During this period of membership renewal, the Pay Asso service also enables associations to maintain close relations with their members.

Crédit Mutuel Alliance Fédérale also offers the Lyf Pro mobile app, a secure and dematerialized mobile payment and donation collection solution, which also allows associations to forge and develop relationships with their donors, using mobile phones as a new communication channel, to simplify the organization and management of their events thanks to a solution ranging from ticket sales to collection and payment.

Focus on some of the partnerships of Crédit Mutuel Alliance Fédérale's entities

Fédération de Crédit Mutuel Normandie (CMN)

Fédération de Crédit Mutuel de Normandie, thanks to its Créavenir association, supported the Matulu association with an award of €5,000 for the development of a library truck enabling people from the disadvantaged neighborhoods of Caen to have an easier access to books. Through this action, Fédération CMN contributes to the actions of this association, which fights against illiteracy and exclusion and promotes the creation of links between adults and children through reading.

Fédération CMN also took part in the “OuiLive” initiative bringing together employees around a common action: walking. Through the “OuiLive” app, previously downloaded on their mobile phone, employees were able to record several kilometers of walking over a period of two months. The winning team donated €3,000 to “Manger la vie”, an association which aims to support research on the USP7-Syndrome HAO-FOUNTAIN gene.

Solidarity commissions have also been set up by the Boards of Directors of the local banks to support member-customers in difficulty. Crédit Mutuel Normandie, through its Créavenir association created in 1996, granted ten honorary loans to members in difficulty in 2021 for a total amount of €29,000. The aim of the association is to provide financial support to members experiencing difficult life situations such as unemployment or illness.

Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest (CMLACO)

The CMLACO Federation organized a collection of clothes for La Cravate solidaire, a Nantes-based association, which works to promote access to employment by fighting against discrimination, particularly in relation to appearance. This initiative enabled to help provide appropriate outfits for job interviews. 521 kilograms of clothes and accessories were collected thanks to this campaign.

Fédération du Crédit Mutuel Anjou (CMA)

Fédération CMA signed a partnership with AITA, an association whose mission is to promote access to employment through mobility. It ensures the reception, follow-up and support of unemployed people experiencing social and professional difficulties. The association has set up a car rental system at a solidarity-based rate to enable people in difficulty to get to their workplace. Fédération CMA supported the association through a subsidy of €5,000.

Fédération CMA also supported the “Siel Bleu” association through a partnership for a boat restoration project, organized as part of a therapy. The objective is to help people with a disability and/or in an insecure situation to rebuild themselves through this project. Once renovated, the boat will enable to take on a cruise people who have never had access to this type of leisure activity. Fédération CMA contributed to this project through a subsidy of €3,000 to the association.

Cofidis

In line with its #like approach to fight against exclusion, Cofidis France has chosen to support the “Coaching suspendu” association, which promotes the return to employment of women affected by cancer. Through quality professional and supportive coaching, women are assisted in their return to work after long months of absence. Employees of Cofidis France, Monabanq, Créatis and Synergie mobilized for a walk on the occasion of Pink October to grant a subsidy to the association corresponding to the care of six coaching courses.

Assurances du Crédit Mutuel (ACM)

In 2021, Assurances du Crédit Mutuel forged partnerships with innovative players in France to enable Crédit Mutuel Alliance Fédérale policyholders to benefit from the latest medical technologies. Solutions are made available free of charge such as NeuroCoach to detect risk factors for stroke, and Visible Patient, a 3D organ modeling tool to improve surgical procedures. In addition, to make healthcare accessible in all regions, medical teleconsultations with MédecinDirect and psychological teleconsultations with PSYA are offered.



3.6.5 Actions to develop entrepreneurship over all the territories and to support innovation

Crédit Mutuel and CIC networks undertake to promote the development of innovative companies and start-ups to serve the real economy and the territories. For instance, Fédération du Crédit Mutuel Sud-Est remains a founding partner and the exclusive partner in the banking and insurance sector for H7, Lyon's center for start-ups and innovation. H7's mission is to accompany and accelerate start-ups by providing a federating space open to all entrepreneurs. To consolidate this system, from 2019, a specific dedicated branch for start-ups and innovative businesses was established with account managers trained to support innovation and growth inside the Crédit Mutuel and CIC banking networks including offers and specific measures.

At the national level, 57 dedicated account managers work daily to further the development of customers and members with projects by generating synergies with players in the innovation ecosystem. In 2021, the innovation sector supported 2,500 innovative start-ups, representing an increase of 25% compared to 2020. Two communication systems specific to CIC and Crédit Mutuel have been deployed: "Start innovation CIC" and "Semeur d'innovation" for Crédit Mutuel.

In 2021, Crédit Mutuel launched the 1st edition of the 4S Semeur d'innovation competition, which illustrates the group's desire to be active in innovative projects. Six federations took part in this call for projects with all individuals, entrepreneurs or non-profit managers wishing to participate in this project and a grant totaling €96,000 was awarded to the 24 winners. The participants were invited to present a project relating to the following three themes: the environment, solidarity and regions. CIC also organized the 2nd national edition of the "Start Innovation Business Awards" which is intended solely for start-ups and is a genuine business accelerator for these companies. This call for projects represents overall grants in the amount of €200,000, with 18 regional winners and three national winners for 2021. In addition, a partnership was signed with ABF Décisions, to encourage companies to relocate to France.

QUANTITATIVE DATA

Section	Indicator	Indicator code	Unit	Value 2021	Value 2020
Societal	SRI assets under management	SOT28	€ billions	16.7 ⁽¹⁾	5
	Total assets under management by the management company	SOT28BASE	€ billions	74.3	70.1
	Assets under management in socially responsible employee savings plans	SOT37	€ millions	1,427	1,065
	Number of NPO customers (associations, labor organizations, works councils, etc.)	SOT40	No.	428,926	420,675
	Total budget dedicated to patronage and sponsorship	SOT52	€	42,342,559 ⁽²⁾	37,899,197 ⁽²⁾
	Number of applications processed – ADIE	SOT16	No.	3,854	3,009
	Amount of lines of credit made available – ADIE	SOT17	€ millions	11.3	9.4
	Number of new micro-loans financed – France Active	SOT19A	No.	1,348	Amount published in the CNCM report
	Amount guaranteed – France Active	SOT20A	€ millions	33.39	Amount published in the CNCM report
	Number of additional loans issued – Initiative France	SOT22	No.	Amount published in the CNCM report	
	Amount of additional bank loans granted – Initiative France	SOT23	€ millions	Amount published in the CNCM report	

(1) In 2021, Crédit Mutuel Asset Management continued work to redesign its Responsible Finance range in order to increase the visibility of its offer, both for ESG (Environment, Social, Governance) and SRI (Socially Responsible Investment) integrated management. This classification includes funds with responsible finance certification (SRI, Greenfin, CIES and Finansol). This data includes BLI data.

(2) Crédit Mutuel Alliance Fédérale and CIC scope.

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOT01	Number of Crédit Mutuel Alliance Fédérale sales outlets	4,205 ^[1]	4,313 ^[1]
SOT27	Number of loans on preferential terms (€3,000) granted	1,138,013 ^[2]	1,553,281 ^[2]
SOT26	Amount of loans on preferential terms (€3,000) granted	€991,805,056 ^[2]	€853,179,895 ^[2]
SOT33	Assets under management excl. capitalization of <i>livrets d'épargne pour les autres</i> (savings account that benefits humanitarian organizations)	€205,238,847	€167,344,478
SOT35	Amount from solidarity products paid to associations	€469,827	€364,043
SOT37	Assets under management in socially responsible employee savings plans	€1,427,313,070	€1,065,661,226.25
SOT13	Amount of micro-loans granted	€369,617	€366,965
SOT63	Eco-loans: number of loans granted during the year	14,324	9,784
SOT65	Total amount of interest-free loans granted during the year	€182,138,956	€123,817,992
SOT68	Amount of loans for renewable energy granted to business customers and farmers	€149,100,000	€151,400,000
SOT83	Outstanding customer loans	€448,825,000,000	€419,413,000,000
SOT84	Home loan	€227,097,000,000	€208,265,000,000
SOT85	Consumer loan	€44,184,000,000	€41,542,000,000
SOT52	Total budget dedicated to patronage and sponsorship	42,342,559 ^[3]	€37,899,197 ^[3]

[1] Scope: Federations + CIC.

[2] Scope: Crédit Mutuel Alliance Fédérale + Cofidis France + TARGOBANK in Germany.

[3] Scope: Crédit Mutuel Alliance Fédérale + CIC.



3.7 SOCIAL AMBITION

The information and figures concern Crédit Mutuel Alliance Fédérale entities in France.

3.7.1 Diversity and equal opportunities

Diversity and equal opportunities

Promoting diversity, equal opportunities and inclusion are at the heart of Crédit Mutuel Alliance Fédérale's commitments. A signatory of the PAQTE (*Pacte avec les quartiers pour toutes les entreprises*) since 2018, Crédit Mutuel Alliance Fédérale is strengthening its commitment to neighborhoods and regions.

The PAQTE is a three-year program based notably on four areas of commitment:

1. "Raising awareness": to give young people a better understanding of the business world, entrepreneurship, business lines and professions, with increased access to internships. As a result, secondary school students in attendance under fourth-year undergraduate internships in several Crédit Mutuel Alliance Fédérale structures come from REP and REP+ secondary schools.

To be as close as possible to stakeholders on the ground and to relaunch the social lift for young people, partnerships with associations such as "*Nos Quartiers ont du Talent*", the "Institut Télémaque", "*Sport dans la Ville*" and "*Tous en Stage*" have been signed with Crédit Mutuel Alliance Fédérale entities allowing pupils or students to be mentored on a long-term basis by a company tutor.

2. "Train": facilitate access to work-study programs to enable young people from priority neighborhoods to find work. Crédit Mutuel Alliance Fédérale is committed to work-study programs and internships and has an active inclusion policy.

As part of the *ensemble#nouveau monde, plus vite plus loin!* [together#today's world, faster, further!] strategic plan, Crédit Mutuel Alliance Fédérale has committed to increasing the number of work-study trainees by 40% (from 900 to 1,300 per year) with a proposal for a permanent role at the end of the contract for 80% of them. In addition, special focus is placed on young people from priority areas of the city and municipalities with less than 5,000 inhabitants, with 25% of intern and work-study positions specially reserved for them. In 2021, more than 1,500 work-study students were recruited in France, including just over 38% from priority areas or rural municipalities. In addition, to reinforce its commitment to work-study programs, Crédit Mutuel Alliance Fédérale created an apprenticeship training center.

3. "Recruit": promote non-discrimination recruitment practices. Crédit Mutuel Alliance Fédérale has raised awareness on non-discrimination among all its employees through a video reiterating the group's values. In addition, a "non-discrimination recruitment process" training course for recruiters is available in

the training catalog. To diversify the possibilities of recruiting new employees, Crédit Mutuel Alliance Fédérale benefits from the expertise of *Pôle Emploi* (French unemployment office) as part of a national partnership signed in 2019. This highly operational partnership has made it possible to establish a close relationship between Crédit Mutuel Alliance Fédérale entities and the regional or territorial departments of *Pôle Emploi*.

Human resources teams were thus able to participate in online fairs organized with *Pôle Emploi* in the Paris region, Strasbourg, Nantes and Marseille. Crédit Mutuel Alliance Fédérale is also committed to the "Collectif d'entreprises pour une économie plus inclusive", a French corporate community for a more inclusive economy created in December 2018. Actions to promote the inclusion of young people are carried out in ten regions: Seine Saint Denis, Strasbourg, Lyon, Marseille, Bordeaux Rouen, Lille, Toulouse, Nantes and Grenoble. In each of these regions, representatives of Crédit Mutuel Alliance Fédérale are present to actively participate in a number of initiatives, such as the *Forum pour l'Avenir* held at CIC Est premises in November 2021 to help young people build their future. This open day is an opportunity for young people to meet the human resources departments of the companies in the community and to practice recruitment interviews.

Crédit Mutuel Alliance Fédérale has launched a co-optation process which relies on the Keycoopt platform. It enables employees to recommend people they know and to follow up on these recommendations. Initial feedback has shown the relevance of this approach with very positive results, while developing employee commitment.

Since 2019, Crédit Mutuel Alliance Fédérale has consolidated its commitment to diversity by appointing a diversity and inclusion officer, who is responsible for coordinating the network of diversity officers for each HR team. These correspondents are the closest contacts in the regions for the actions rolled out to promote diversity and inclusion.

With respect to equality, measures have been taken to favor gender equality. The feminization of managerial positions is a major objective of the group which translates into one of the human and mutualist indicators of the revised strategic plan *ensemble#nouveau monde plus vite, plus loin!* [together#today's world faster, further!] The ambition is to achieve equality between men and women by 2023 in management positions (notably executives such as bank manager positions in the banks of the Crédit Mutuel network and/or the branches in CIC network) and governance positions (members of the Management Committees in group entities included the common social base).

Moreover, workplace equality between women and men is one of the major causes supported by the government, which has decided to implement an obligation of results. Since 2020, companies with 50 or more employees must measure and report their situation against a series of indicators, from which an overall rating out of 100 points is obtained; below the 75-point threshold, they must implement corrective measures. For the second consecutive year, nearly three-quarters of the group's companies posted a score of above 85 points. For example, Crédit Mutuel Épargne Salariale and Cofidis achieved scores of 99 and 94 points out of 100, respectively. In 2021, more than half of the companies posted an improved overall score.

Disability

In June 2016, a disability charter was signed. The charter takes the form of regular mobilization actions to facilitate the recruitment and inclusion of workers with disabilities and to ensure that they benefit from conditions identical to those of any other employee.

Subsequently, a national disability officer was appointed within the human resources department of Crédit Mutuel Alliance Fédérale. The officer is responsible for the orientation, information and support of employees with disabilities as well as actions to raise awareness on this subject.

In December 2021, the group's management and trade unions signed an agreement for employees with disabilities and caregiver employees. This agreement reaffirms the shared desire to be part of a positive and ambitious momentum which promotes integration of and job for security of people with disabilities and caregiver employees.

A community of local disability officers bringing together the officers of each Crédit Mutuel Alliance Fédérale company has been set up. The local disability officers have all attended a training session entitled "Being a disability officer at Crédit Mutuel Alliance Fédérale". Crédit Mutuel Alliance Fédérale entities also participated in online forums organized by Hello Handicap.

Several events were held in different entities during the 2021 European Disability Employment Week to raise employee awareness of invisible disability through online workshops, on-site presentations, and specific actions to allow employees to exchange and obtain information in complete confidence. More than 20 group entities took part in the Duoday operation, which provides an opportunity for people with disabilities who are far from working to meet up. These meetings are opportunities to learn more about a profession, to raise awareness on disability and to identify skills.

Cofidis Group also took part in the 9th edition of the "Handi Haut'lympics" which brought together six employees and three people with disabilities in order to take part in sports challenges and collective events adapted to all. The Cofidis Group team ranked #6 out of 12 teams. Fédération Crédit Mutuel Sud-Est carried out an awareness-raising campaign "Ensemble contre l'Handi'férence", aimed at educating employees on the methods and advantages of declaring themselves as a person with disabilities, thus helping to put an end to disability-related stereotypes. At group level, an awareness-raising campaign on the subject of disability with articles and videos was carried out in the internal communication space.

3.7.2 Support career development and mobility

Agreement on the *Gestion des emplois et des parcours professionnels* [GEPP - Management of Jobs and Career Paths] of June 30, 2020

The purpose of the GEPP is to anticipate foreseeable changes in jobs and professions, skills and qualifications, linked to foreseeable economic, demographic and technological changes, with regard to Crédit Mutuel Alliance Fédérale's strategy. In order to strengthen its dynamism and attractiveness, it is essential that Crédit Mutuel Alliance Fédérale entities constantly adapt to changes in the markets and the expectations of member customers. Thus, a constructive GEPP approach represents a real opportunity to support all employees in their professional development while supporting the transformation of the business lines of the bank and its subsidiaries.

Crédit Mutuel Alliance Fédérale's latest agreement signed unanimously in June 2020 by the trade unions is in line with this objective. This agreement is based mainly on the following themes:

- forward-looking management of jobs and skills;
- professional training and career path advisory services;
- internal mobility conditions within the company;
- consideration of diversity in employment management;

- the career development of employees holding appointments or elected offices;
- skills-based sponsorship for employees at the end of their career.

All of these measures aim to ensure professional development for all employees. This strategy for developing employee skills enabled the largest subsidiaries to be unanimously recognized as Top Employers in 2022.



Crédit Mutuel Alliance Fédérale invests heavily in the training of its employees in order to develop their skills and enable them to move into other professions. Even in a context as disrupted as in 2021, 5.60% of the payroll expense^[1] was allocated to the training of Crédit Mutuel Alliance Fédérale employees. To meet the training needs during lockdown periods, 250 modules were adapted for remote training

[1] Human resources scope including Crédit Mutuel Alliance Fédérale federations, CIC banks and social base subsidiaries.

purposes. This educational investment has made it possible to support professional development and to ensure all the certifying training courses which are key in conducting business. In 2021, in order to comply with health constraints, 81% of the 253,000 training days^[1] were carried out in this format.

Crédit Mutuel Alliance Fédérale has a structure that is entirely dedicated to employee training. Career paths are developed by systematically employing a progressive instructive approach to support employees as closely as possible. These customer relationship-focused courses include all the technical and commercial skills required to work in the Banking and Insurance. They alternate scenarios, experimentation and consolidation periods. Their contents and duration are subject to change. Each year, more than 5,000 Crédit Mutuel Alliance Fédérale employees receive career-path training, adapted to their future profession, which serves as a guarantee of their professional development within the company. In addition, all employees have access to a remote training platform, which offers a wider range of modules. A catalog is available on the Intranet.

In addition, many Crédit Mutuel and CIC local bank managers have followed the school of managers' training course (*École des directrices et directeurs*), which is carried out over a period of four to five months, it being specified that candidates for the position of manager are excused from any activity outside of the apprenticeship itself. Through this program, more than 1,200 employees have been trained as managers of local banks or branches.

3.7.3 Promote Quality of Life at Work (QLW)

Crédit Mutuel Alliance Fédérale is committed to a QLW approach fostered by its mutualist values. Reconcile the improvement both in employees' working conditions and the overall performance in a rapidly changing environment remains a priority. This commitment focuses on work-related factors: work content, professional development opportunities and quality of management, customer-member satisfaction and the smooth running of the company. In order to establish such conditions over time, Crédit Mutuel Alliance Fédérale has included these topics in the agenda of the strategic plan *ensemble#nouveau monde, plus vite, plus loin !* [together#today's world, faster, further!] and in the company's technical, social and organizational projects.

In an increasingly complex environment and a context of health crisis, it is becoming increasingly essential to take Quality of Life at Work into account. To this end, in May 2020 Crédit Mutuel Alliance Fédérale sought to engage in new negotiations on Quality of Life at Work, including the introduction of remote working. Indeed, the management of Crédit Mutuel Alliance Fédérale considers that the use of remote working is a factor in the Quality of Life at Work for employees because it can reduce the complications related to the use of transport to get to work, to better reconcile professional and personal life or to acquire more autonomy at work.

Management then proposed to the trade unions to negotiate a framework agreement constituting a common series of measures applicable to all the entities that fall under the group agreement, which must then implement it within their organization through a logic of

The objective of the group's revised strategic plan *ensemble#nouveau monde, plus vite, plus loin !* [together#today's world, faster, further!] is to support 100% of employees in the digital transformation by 2023. Crédit Mutuel Alliance Fédérale created the digital passport in 2019 to enable each employee to gauge his or her level of knowledge of office automation and digital tools. The assessment concerned knowledge of the digital environment, data and information processing, safety in a digital environment, communication and collaboration tools (social networks, online conferencing, online discussions etc.). Employees are therefore able to acquire new skills based on a diagnostic performed using a questionnaire and an in-situ case, and progress at their own pace. This passport also includes a certificate to validate the level attained. This certificate is therefore evidence of the employees' skills and enables Cap Compétences to define actions for improving the employees' mastery in this area.

Furthermore, a relational visa enables the networks' employees to position their level of knowledge of tools such as the electronic signature, email analyzer, chatbots, online banking and video appointments. At the end of December, 85% of registered people benefited from digital transformation support, thanks to the digital passport and relationship visa systems.

proximity and responsibility. The framework agreement on Quality of Life at Work and remote working was signed by the majority of trade unions on October 28, 2020. This framework agreement provides for a series of basic measures that may be supplemented by specific commitments for each group entity. The common measures of the QLW framework agreement are as follows:

- optimize the day-to-day organization of work: regular analysis of tasks, establishment of a constructive dialog with managers on the subject of Quality of Life at Work and, more specifically, the inclusion of workload as a specific topic of appraisal interviews;
- promote health at work: setting up a health platform to simplify and expand existing services, improve the layout of premises and workstations, fight against psycho-social risks and the prevention of depression and encourage sport activities at the workplace;
- improve employees' mobility between home and work: adoption of a "sustainable mobility" package of €400 for all employees, which promotes "soft" modes of transport. This measure is part of Crédit Mutuel Alliance Fédérale's eco-responsible approach;
- encourage the development of a "responsible" management model and encourage employees to get involved, notably through the company social network and commitment surveys and promote employee engagement in solidarity-based activities;
- facilitate work-life balance: promotion of the right to disconnect, development of employee and facilitator services.

[1] Human resources scope including the entities of the common social scope.

In addition to common measures, concrete actions are also implemented within the various group entities to improve the quality of life at work for employees. For example, Fédération de Crédit Mutuel Normandie has initiated several initiatives such as eye yoga, walking and a “Friday as you would do at home” that allow employees to share moments and relax.

Remote work

In addition to the measures described above, the framework agreement provides for the introduction of regular and voluntary remote work according to two possible schemes – a maximum of 22 days of remote

work per year and/or a minimum of one day of remote work per week. This system allows volunteer employees to work remotely either from home or from another Crédit Mutuel Alliance Fédérale site closer to their home.

Many tools are made available to employees and their managers to support them in this new working method. Several implementation methods were left to the entities’ discretion, in particular, the positions eligible for remote working, the applicable remote working arrangements and the resources provided to employees.

Negotiations within the entities began as soon as the framework agreement was signed and have all resulted in the signature of agreements or implementation of charters within the entities.

3.7.4 Promoting strong social dialog

The organization of social dialog, collective bargaining and the procedures for reporting, negotiating and consulting with staff respond to the desire to work in close collaboration with all the company’s stakeholders and to ask the group’s priority questions about the strategic topics.

This commitment is reiterated in our strategic plan, which clearly includes high-quality, local social dialog as a key driver to achieve our goals. Technological changes in the business lines require high-quality social dialog. A certain number of subjects give rise to framework agreements at group level but most of the dialog takes place locally, in a responsible manner and as close as possible to the field. Employee representatives are closely involved in decisions.

Within Crédit Mutuel Alliance Fédérale entities, local social dialog is built mainly with the following bodies and contacts:

- the Social and Economic Committee (SEC) and any commissions, including the CSSCT, dedicated to health, safety and working conditions. The main responsibilities of the SEC are:
 - to ensure that employees voices are heard, that their interests are taken into account at all times in decisions relating to the management and economic and financial development of the company, the organization of work, professional training and production techniques,
 - to promote health, safety and the improvement of working conditions in the company,
 - to present to the employer individual and collective complaints relating to wages, the application of the Labor Code and other legal provisions concerning social protection in particular, as well as conventions and agreements applicable in the company;
- In this respect, the SEC is informed and consulted on the following topics:
 - the company’s strategy,

- the company’s economic and financial position,
- the company’s social policy, working conditions and employment,
- one-off basis on the subjects which come within its remit such as reorganization plans, the introduction of new technologies, the internal rules, collective working hours;
- local representatives set up in various geographies or multi-site entities to maintain proximity to the field. They support the SEC. In particular, they can convey the local concerns of employees and contribute to the resolution of local issues;
- and the union representatives, who are the employer’s preferred contacts for negotiating company agreements.

In addition to all these bodies, union representatives are also appointed within the scope of the entities covered by the group agreement. These are the group union representatives (DSG). They are authorized to negotiate group agreements within the scope of group agreements. Their role is specified in the Group Agreement on trade union rights of December 5, 2018.

In 2021, numerous agreements were signed with the DSGs, proof of a strong social dialog within Crédit Mutuel Alliance Fédérale. These agreements include *inter alia* the following:

- group agreement on profit-sharing;
- group agreement on employee profit-sharing;
- group agreement to support employees with disabilities and caregiver employees;
- amendment to the framework agreement on Quality of Life at Work and remote work;
- amendment to the agreement on the donation of leave days within the group;
- agreement on the payment of a bonus to support purchasing power in 2021.

3.7.5 Employment

Total workforce

Crédit Mutuel Alliance Fédérale had 72,805 employees^[1] at the end of 2021, including nearly 58,000 working in France.

Hires

New hires on open-ended contracts mainly take place in the Crédit Mutuel and CIC networks as well as in the Euro-Information subsidiary. In 2020, the human resources department launched two new websites dedicated to careers to highlight Crédit Mutuel Alliance Fédérale’s job offers, business lines, employee testimonials and human resources

[1] Entities managed by the human resources department including the consolidated and non-consolidated entities of Crédit Mutuel Alliance Fédérale.

commitments. In addition, employer brand communication campaigns support the recruitment process throughout the year.

Since October 2021, the human resources department has launched a new career space dedicated to employees to boost and simplify mobility within the group.

In order to better support employees in the case of intra- and inter-company mobility, Crédit Mutuel Alliance Fédérale's human resources department has signed two framework agreements with MUTER-LOGGER and CSE Executive Relocations. There is no obligation for both the employer and the employee to call on any of these companies, which, as professionals, have experience, recognized competence and know-how in job mobility assistance services.

Quantitative data

WORKFORCE^[1]

Section	Indicator	Indicator code	Unit	Value 2021	Value 2020
Social	Workforce on the payroll	SOC01_BIS	No.	69,981	70,311
	Workforce: Female managers on open-ended contracts – France	SOC01_F201	No.	10,771	10,512
	Workforce: Women non-managers on open-ended contracts – France	SOC01_F202	No.	20,010	20,467
	Workforce: Women managers on fixed-term contracts – France	SOC01_F203	No.	38	41
	Workforce: Women non-managers on fixed-term contracts – France	SOC01_F204	No.	1,539	1,349
	Workforce: Men managers on open-ended contracts – France	SOC01_H211	No.	14,028	13,986
	Workforce: Men non-managers on open-ended contracts – France	SOC01_H212	No.	9,682	9,870
	Workforce: Men managers on fixed-term contracts – France	SOC01_H213	No.	48	55
	Workforce: Men non-managers on fixed-term contracts – France	SOC01_H214	No.	1,328	1,157
	Workforce: women abroad	SOC01_F205	No.	7,039	7,228
	of which: women in managerial functions	SOC01_FM205	No.	896	918
	of which: women without managerial functions	SOC01_FNM205	No.	6,143	6,310
	Workforce: men abroad	SOC01_H215	No.	5,498	5,646
	of which: men in managerial functions	SOC01_HM215	No.	1,309	1,375
	of which: men without managerial functions	SOC01_HNM215	No.	4,189	4,271

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE^[2]

Indicator code	Indicator description	Data at end of 2021	Indicator code	Indicator description	Data at end of 2021
SOC88	Workforce < 25 years old	4,369	SOC89	Female workforce < 25 years old	2,390
SOC90	Workforce 25-29 years old	7,045	SOC91	Female workforce 25-29 years old	4,013
SOC92	Workforce 30-34 years old	8,831	SOC93	Female workforce 30-34 years old	5,220
SOC94	Workforce 35-39 years old	10,012	SOC95	Female workforce 35-39 years old	5,995
SOC96	Workforce 40-44 years old	10,600	SOC97	Female workforce 40-44 years old	6,285
SOC98	Workforce 45-49 years old	9,159	SOC99	Female workforce 45-49 years old	5,082
SOC100	Workforce 50-54 years old	7,704	SOC101	Female workforce 50-54 years old	4,159
SOC102	Workforce 55-59 years old	7,874	SOC103	Female workforce 55-59 years old	4,248
SOC104	Workforce 60 years old and older	4,387	SOC105	Female workforce 60 years old and older	1,974

HIRES^[3]

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC13	Recruitment: Total number of hires	13,481	12,054
SOC15	Women hired	7,135	6,483
SOC16	Hires with open-ended contracts	4,809	4,987

[1] Entities including the consolidated entities of Crédit Mutuel Alliance Fédérale in France and outside France.

[2] Data available for total workforce of Crédit Mutuel Alliance Fédérale.

[3] This indicator includes hires with fixed-term and open-ended contracts.

DISMISSALS

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC19	Number of employees with open-ended contracts that quit the organization	5,412	5,373
SOC20	Number of employees with open-ended contracts that quit the organization (layoffs)	792	779

COMPENSATION AND CHANGES IN COMPENSATION

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC73	Gross payroll expense excluding employers' contributions	€3,157.52m	€3,135.31m
SOC107	Total gross annual compensation of employees with open-ended contracts	€3,052.99m	€3,039.99m
SOC108	Total gross annual compensation of employees with open-ended contracts - non-managerial level	€1,288.70m	€1,312.64m
SOC109	Total gross annual compensation of employees with open-ended contracts - managerial level	€1,764.29m	€1,727.34m
SOC80	Total amount of social security contributions paid	€1,704.99m	€1,678.27m

ORGANIZATION OF WORK TIME

Code	Indicator description	Data at the end of 2021*	Data at the end of 2020*
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	61,633	61,805
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	8,281	8,506

* This data corresponds to the scope of Crédit Mutuel Alliance Fédérale, excluding CIC's foreign subsidiaries. BECM data is not provided in 2021.

ABSENTEEISM

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC38	Total number of days of absence	785,093 ⁽¹⁾	806,090 ⁽¹⁾
SOC39	Number of days of absence due to illness	765,461	789,092
SOC40	Number of days of absence due to workplace accidents	19,632	16,998
SOC41	Number of days of absence for maternity/paternity	331,916	325,456

(1) The data excludes days of absence due to illness and accident.

TRAINING

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC46 *	Payroll expense allocated to training (payroll expense for training)	€149.8m	€122.6m
SOC47 *	Percentage of payroll expense allocated to training	4.75%	3.91%
SOC48 *	Number of employees who received training	65,751	66,355
SOC49 *	Percentage of employees trained	93.96%	94.37%
SOC50 *	Total number of hours allocated to employee training	2,302,635	1,801,447

* Excluding the ACM partners scope and certain press entities.

EQUALITY OF TREATMENT

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
SOC68	Number of workers with disabilities in the total workforce	1,799	1,760
SOC39	Percentage of workers with disabilities in the total workforce	2.57%	2.50%
SOC63	Percentage of women among managerial promotions	43.44%	40.9%



3.8 ENVIRONMENTAL AMBITION

3.8.1 Reduce the direct and indirect environmental impact of the group

Aware of its role in the service of the economy and development, Crédit Mutuel Alliance Fédérale is committed to conducting all of its activities in a responsible manner. Consideration of environmental issues in carrying out its business is one of the principle areas of focus of its sustainable development policy.

Calculation of the office life scope carbon footprint

Crédit Mutuel Alliance Fédérale has committed to reduce its carbon footprint by 30% by the time of the revised 2019-2023 *ensemble#nouveau monde plus vite, plus loin!* (together#today's world faster, further!) strategic plan. The objective relates to emission items (France scope 1, 2 & 3: energy consumption, refrigerants, non-current assets related to the vehicle fleet and business travel) where concrete action levers are possible for the group entities.

In 2018, Crédit Mutuel Alliance Fédérale commissioned a specialized firm to support it and chose to apply the ISO 14064 standard, which provides a framework for accounting and verifying greenhouse gases in the office life scope for all scopes and decided to publish the carbon footprint of the office life scope for the group's entities located in France in a transparent manner. The updating of the emission factors for each item requires the publication of the results with a one-year delay, which explains why the calculation of the carbon footprint for France is based on 2020 data.

During the 2021 fiscal year, the teams continued to work on the reliability of the data and, on the other hand, work on the development of an internal tool for reporting the carbon footprint for each group entity. This new tool will be rolled out in the course of 2022.

Focus areas in connection with the health crisis that continued during the fiscal year

The introduction of remote working in the context of the pandemic has had a significant impact on certain carbon footprint items such as travel, vehicle fleet and upstream freight. Overall, the carbon footprint of Crédit Mutuel Alliance Fédérale's consolidated entities located in France decreased by 13% between 2019 and 2020. The energy item recorded a decrease of 4% between 2019 and 2020.

The health situation led to a 54% reduction in emissions for the business travel item. Other provisions such as the travel policy and the policy in favor of lower-carbon emission vehicles (reduction in fuel and energy emissions) also contributed to this decrease. In addition, commuting and the vehicle fleet generated a decrease in emissions of 21% and 19% respectively.

The number of video-conferences organized increased from 1,847,677 in 2020 to 2,353,730 in 2021, allowing for a reduction of 442 million kilometers travelled. This increase is linked to the massive deployment of remote work during the health crisis.

Business travel policy

The CCS (Centre de Conseil et de Service) subsidiary promotes the energy transition of its members' fleets by choosing to no longer purchase vehicles with a diesel engine. In 2021, the number of kilometers travelled by the diesel fleet decreased by 18%.

The company car charter integrates environmental aspects: consideration in the choice of all vehicles with all types of energy (including electric) of a few hybrid vehicle models, creation of a green "SMR" bonus of €3,000 for any vehicle with alternative energy in addition to the government bonus. The dedicated charter was reviewed in 2020 with the aim of accelerating the acquisition of hybrid and electric vehicles, thereby contributing to achieve the objective of reducing the carbon footprint by 30%. Orders for electric and hybrid vehicles increased from 38.6% in 2020 to 62.9% in 2021. Orders for non-plug-in hybrid vehicles increased by 16.5%. In addition, the company car charter no longer allows the purchase of vehicles with diesel engines.

These decisions have been supported by an internal advertising campaign to encourage a reduction in the number of kilometers traveled notably by producing reports and recommendations to restrict business travel. The travel policy prioritizes public transport and carpooling and encourages the use of bicycles through the introduction of Corporate Travel Plans in certain group entities. It also encourages employees to reduce the environmental impact of their travel by incorporating restrictions on the use of air travel and promoting rail. For journey that can be completed by train, air travel is no longer available on the travel booking platform.

In 2021, the employees of Fédération Crédit Mutuel Sud-Est (CMSE) took part in a mobility challenge aimed at promoting alternative modes of transport rather than individual car use. Thanks to this awareness-raising initiative, the Fédération CMSE promotes best practices in terms of mobility: 46% of employees took part in this challenge and nearly 1,000 kilometers were traveled in alternative modes to the car.

In addition, the Fédération CMSE decided to join the 1st Climate promotion launched by WECOUNT, a Lyon-based start-up, to confirm its commitment to the fight for greenhouse gas emission limitation. Six local banks took part in workshops in the presence of experts to measure the climate impacts of business travel and identify sustainable mobility solutions to promote to employees.

In addition, Crédit Mutuel Alliance Fédérale introduced the sustainable mobility package for its employees, as part of the implementation of remote work, set by the framework agreement on quality of life at work signed in 2020. This system offers a wider choice of mobility solutions (personal bikes, light motorcycles, electric scooters for hire, carpooling) and promotes alternative modes to private cars, thus reducing the environmental impact of commuting. In 2021, the mobility package was paid to 2,859 people.

Carbon contribution policy

Crédit Mutuel Alliance Fédérale is creating a virtuous circle by encouraging its entities to work to reduce their greenhouse gas emissions and developing a mechanism to offset the group's carbon footprint. A contribution is calculated for all entities according to their carbon footprint, based on emission items where improvement actions are possible. These voluntary contributions provide Crédit Mutuel Alliance Fédérale Foundation [created in early 2021] with funds to support in particular the financing of projects with a strong climate impact. In addition, there is a second level of contribution linked to the carbon footprint of the corporate customers, asset management and insurance portfolios. In 2021, Crédit Mutuel Alliance Fédérale foundation supported France Nature Environnement through the deployment of a project for the observation of wetlands and at high altitude.

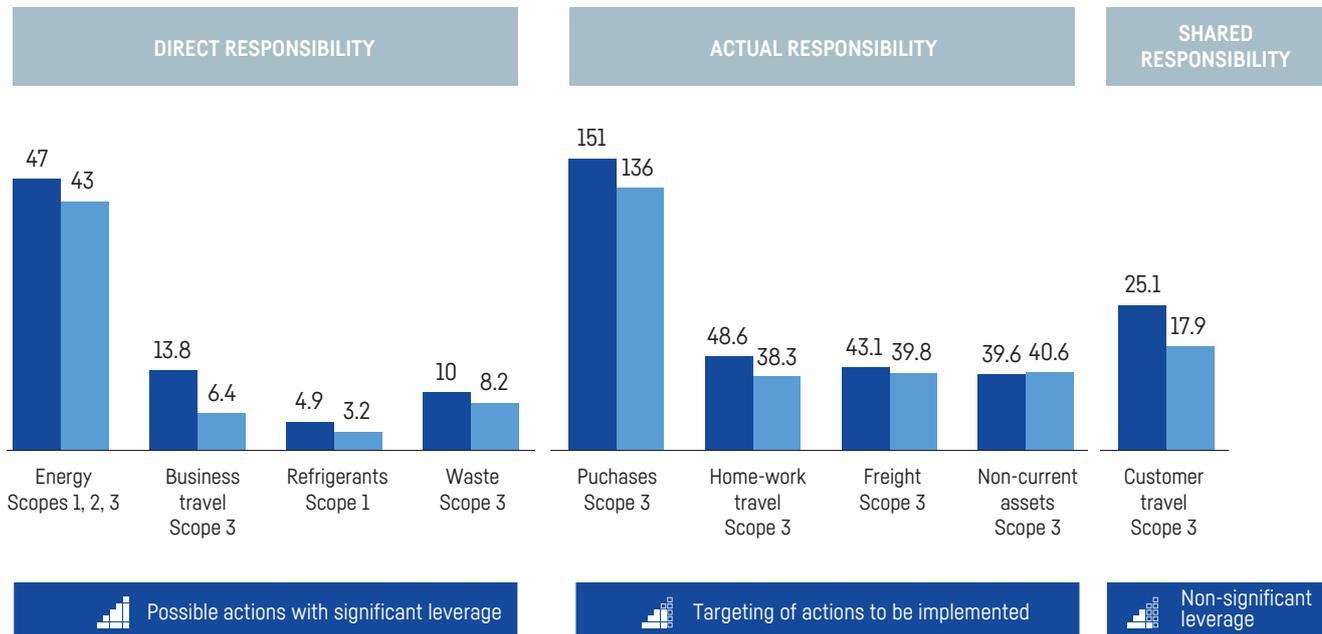
In addition to this initiative, the Cofidis subsidiary continued its #likemyplanet action offering its employees the opportunity to carry out environmental projects. For example, in order to strengthen efforts to reduce CO₂ emissions, Cofidis Group employees were actively involved in a challenge to promote reforestation, the objective of which was to walk as many steps as possible in five days. In total, more than 125 million steps were walked thereby enabling to plant 5,249 trees.



COMPARATIVE ANALYSIS OF FRANCE'S CARBON FOOTPRINT [in kTCO₂eq.], OFFICE LIFE SCOPE



2020: 333 kTCO₂eq
2019: 383 kTCO₂eq



Possible actions with significant leverage

Targeting of actions to be implemented

Non-significant leverage

● 2019 ● 2020

* Due to one-off patronage operations in 2019, the associated expenses are not included in the calculation of the carbon footprint.

Actions to reduce Crédit Mutuel Alliance Fédérale's carbon footprint

ISO 50001 certification

The energy management system, set up by the CCS business line subsidiary and certified ISO 50001 in December 2020, was subject to a verification audit in October 2021. The report of this latest audit confirms that certification has been obtained and attests to the completion of numerous improvement actions, in particular the strengthening of the coordination of the team dedicated to monitoring the project.

The energy management system monitors the continuous improvement cycle provided for by the standard and significant work on the structuring and reliability of the data has been carried out. The annual review took into account the requirements of the Tertiary decree and is in line with Crédit Mutuel Alliance Fédérale's strategy. As a result, meetings were organized with all CIC banks involving CSR players. Particular attention was paid to the most energy-intensive buildings as well as those subject to the Tertiary decree so that each entity includes these buildings in their real estate strategy. In addition, the internal communication proposed to the networks promotes best practices to be adopted and in particular, the application of temperature instructions in offices.

INDOOR TEMPERATURE SETTING

	Winter		Summer	
	Day	Night	Day	Night
	7 a.m.-7 p.m.	7 p.m.-7 a.m. and weekend	7 a.m.-7 p.m.	7 p.m.-7 a.m. and weekend
Office	21°C	16°C	25°C	Temperature drift limited to 30°C
Meeting room	21°C	16°C	25°C	Temperature drift limited to 30°C

Partnership with Voltalia

In 2020, Crédit Mutuel Alliance Fédérale signed a partnership with Voltalia to supply itself with green electricity and signed a long-term contract for the direct purchase of renewable electricity with this green energy producer enabling the construction of a new 10 MW solar plant in France. In practice, Voltalia will supply 5% of Crédit Mutuel Alliance Fédérale's total electricity consumption using green energy. The goal of this exclusive alliance is to reduce energy consumption but also to provide lasting support to Voltalia to build new renewable production capacities.

Management of resources

Selective and participatory sorting for recycling has been set up at all sites with more than 250 employees and this will be extended to sites of less than 250 employees in 2022. This project satisfies the requirements of the law of August 17, 2015, on energy transition for green growth which requires companies to sort and recycle five flows: paper, plastic, metal, wood, glass.

Several group entities have taken significant initiatives. Cofidis Belgium won the Waste Pilot trophy in the Large Companies category thanks to its continuous efforts to reduce waste. This award rewards the actions and innovations of companies in Picardy Wallonia that are committed to this issue. Cofidis Belgium also launched a major initiative by selecting a cleaner energy that is more respectful of the environment:

In 2022, the areas for improvement selected will focus on:

- the improvement of performance indicators;
- enhanced consideration of local factors in the diagnosis of changes in consumption;
- more robust methods for measuring the effectiveness of the improvement actions undertaken.

Recommendations for temperatures and buildings

These recommendations are based on the energy code and the NF EN ISO 7730 standard and will enable more than 90% of employees to be in a comfort zone. To optimize the comfort of occupants, the temperature range can be adjusted by $\pm 2^\circ\text{C}$ using a remote control.

The new recommendations will enable a gain of 1°C on average over the year [by factoring in the possibility of varying by $\pm 2^\circ\text{C}$]. For ADEME, this translates into an energy saving of 7%.

photovoltaics. With the installation of its 2,000 solar panels to cover its energy needs, Cofidis Belgium will prevent the release of more than 3,750 metric tons of CO_2 over the next 25 years. TARGOBANK in Germany intensified its efforts to limit greenhouse gas emissions by selecting a green energy producer and has converted its branches and information desks to using 100% green electricity in 2021, *i.e.* 23 million kilowatt-hours.

A policy for managing emails, paper printing and videoconferencing has been in place since 2019 at all group entities. A procedure on the use of emails was drafted to encourage employees to reduce their number and limit the number of attachments. Software to enable a new method for managing shared peripheral printing equipment has been deployed. The goal is to measure the ecological footprint of prints, encourage users to be more responsible, and limit prints. Gray recycled paper (the most environmentally-friendly, non-de-inked, unbleached paper) is used across all sites.

In 2021, Caisse Fédérale de Crédit Mutuel and Euro-Information continued to organize the Eco Clean-Up Week for all Crédit Mutuel Alliance Fédérale entities. During this operation, which takes place every six months, employees are invited to optimize their digital carbon footprint by reducing and eliminating files and emails. In 2021, the two operations made it possible to delete more than 45 million digital files for approximately 25 million MB, *i.e.* the equivalent of 463 metric tons of CO_2 , which represents an increase of 671% compared to the first edition launched in 2020.

The fight against food waste

Strict management of raw materials and waste from the meals served each day has been set up on the inter-company restaurant on the Wacken site. Bio waste is recovered through composting with a local company. The number of dishes served is also adapted according to various criteria such as seasonality, number of people potentially present, taking into account HR data, including training, holidays and various hazards such as weather or other events likely to reduce the number of visitors to the restaurant.

Raising employee awareness

A universe dedicated to "Being an eco-citizen at work!" This initiative is deployed on all employee workstations to encourage Crédit Mutuel Alliance Fédérale's staff members to take simple and effective actions to protect their environment and participate in reducing the energy footprint. The tool also provides information on all initiatives: launch of gray recycled paper, use of certified envelopes, adoption of eco-friendly checkbooks on mixed FSC paper, calculation of the carbon footprint of printouts per employee, etc. The "Being an eco-citizen" universe is accessible to all elected members.

In addition, the construction of a training program dedicated to CSR knowledge and development issues mobilized the teams during the year. This system, made up of several modules of different duration, must enable SMR contacts and employees of all entities to master environmental topics, including climate, social and governance risks, as well as their strategic implementation within Crédit Mutuel Alliance Fédérale. Nearly 50 CSR/SMR contacts have already followed this eight-hour module.

The training modules are adapted according to the level of expertise desired for the various teams of the group's entities. For 2022, a schedule is in place to provide a significant number of training sessions to accelerate the better understanding of sustainable development issues for employees of the bank's various activities. An e-learning module is under development and will include the mandatory employee training course as soon as it goes into production in 2022. The system will also include modules for Crédit Mutuel Alliance Fédérale elected members as well as a module systematically provided to students in the classes of the School for managers.

In addition, Crédit Mutuel Asset Management has decided to train all its employees in climate fresco, a fun and participatory workshop aimed at reconstructing, with a deck of 42 cards, the causes and effects of global warming.

Pursuing the same objective, at the annual seminar in January 2022, all Crédit Mutuel Alliance Fédérale executives took part in workshops aimed at identifying the right actions and reflexes to reduce their carbon footprint and increase awareness of the daily impacts of eco-gestures.

Actions to reduce Crédit Mutuel Alliance Fédérale's credit portfolios' carbon footprint

The majority of the CO₂ emissions produced by the activities of Crédit Mutuel Alliance Fédérale entities come from the products and/or services offered to its customers. The advantage of calculating the carbon footprint of credit portfolios is to analyze the weight (CO₂

impact) of each financing in the choice of approach to "decarbonize" the economy and focus on the most virtuous companies in this area. Particular focus is placed on segments with high stakes for the energy and climate transition to define the strategies to be deployed.

As part of the revised strategic plan, Crédit Mutuel Alliance Fédérale is strengthening its environmental ambitions and committing to reduce the carbon footprint of its corporate and investment credit portfolio by 15% by 2023. To achieve this objective, Crédit Mutuel Alliance Fédérale calculates the carbon footprint of the financing granted within its financing portfolio. The purpose of this assessment is to integrate "carbon" challenges into investment policies and to measure those with high emissions in order to establish a constructive dialog with the businesses concerned in order to reflect the group's climate strategy.

Crédit Mutuel Alliance Fédérale selects La Française Sustainable Investment Research (LF SIR)^[1] to measure the carbon footprint of its credit portfolios. LF SIR, a subsidiary of Fédération Crédit Mutuel Nord Europe, is a team of sustainable investment research experts that has established a proprietary methodology to quantify carbon emissions.

Analysis methods:

- scope restricted to companies (excluding retail and SCIs);
- exclusions: central governments, local authorities, sovereigns and project financing from *ad hoc* companies;
- outstandings used in the corporate loan portfolio excluding off-balance sheet items.

The scope covered by carbon data, published or calculated by proxy, represents 56% of exposures, *i.e.* nearly 1,500 counterparties for which consolidated financial data were available. The results distinguish three types of carbon indexes expressed in tons of CO₂ per million euros.

The first index, the carbon footprint, provides information on the amount of carbon that the company generates in proportion to the bank's contribution to the amount of loans granted to it by the bank. The second, carbon intensity, gives a relative indication of the quantity of carbon generated per million euros of revenue realized and thus enables the degree of emissions caused by the company, in particular in comparison to its competitors in the sector or in different sectors, to be established. The third, the weighted average carbon intensity, makes it possible to determine the degree of the portfolio's CO₂ emissions according to the weight of assets by counterparty in the portfolio. This indicator allows for a detailed analysis of the financing choices to be made to support certain sectors to invest towards business models that respect the energy transition.

Results:

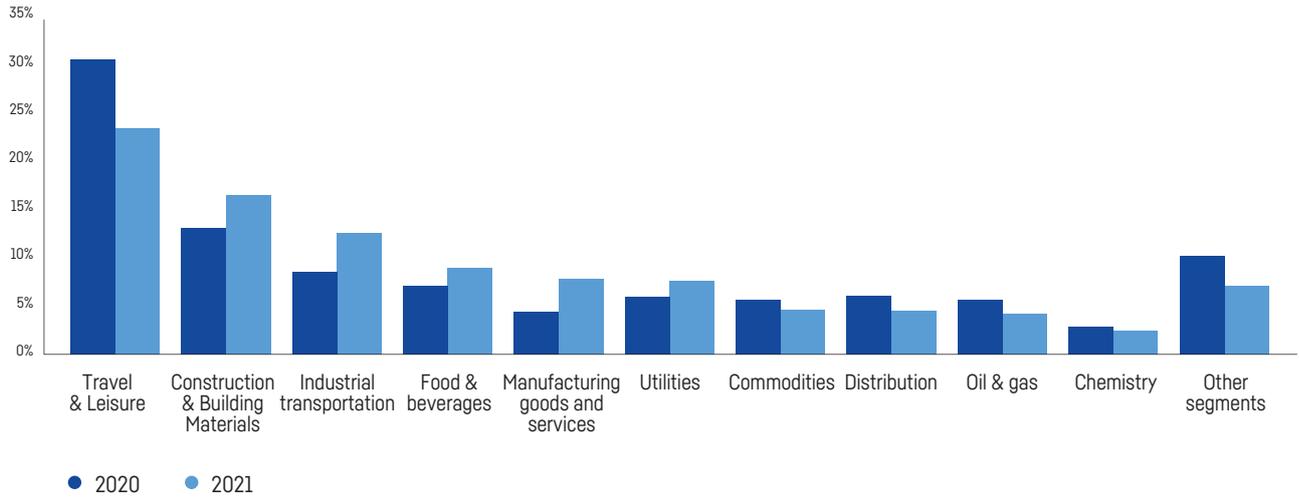
The carbon footprint of financing decreased by 2% between 2020 and 2021 on the basis of a wider scope [+63% of counterparties hedged]. This decrease is due, on the one hand, to an improvement in the coverage of the portfolio by carbon data from low-emission French companies and, on the other, the reduction in credit lines attributed to companies which are identified as being the worst emitters although their business activities are not in fossil fuels (which account for approximately 4% of the carbon footprint). The geographic distribution matches the profile of Crédit Mutuel Alliance Fédérale's corporate customers which is focused on accompanying French companies: 55.6% of the carbon footprint is focused on French companies compared to 52% in 2020.

[1] <https://www.la-francaise.com/fr/nous-connaître/nos-expertises/investissement-durable/>

CARBON FOOTPRINT OF THE CORPORATE FINANCING PORTFOLIO

	2021	2020	2019	2018
Carbon footprint (tCO ₂ /€m lent)	251.3	256.6	286.0	348.6
Carbon intensity of the portfolio (total emissions/total revenue)	175.5	209.3	288.0	351.0
Weighted average carbon intensity (Portfolio weight x Carbon intensity)	281.0	299.1	286.9	387.1

SECTORAL ANALYSIS



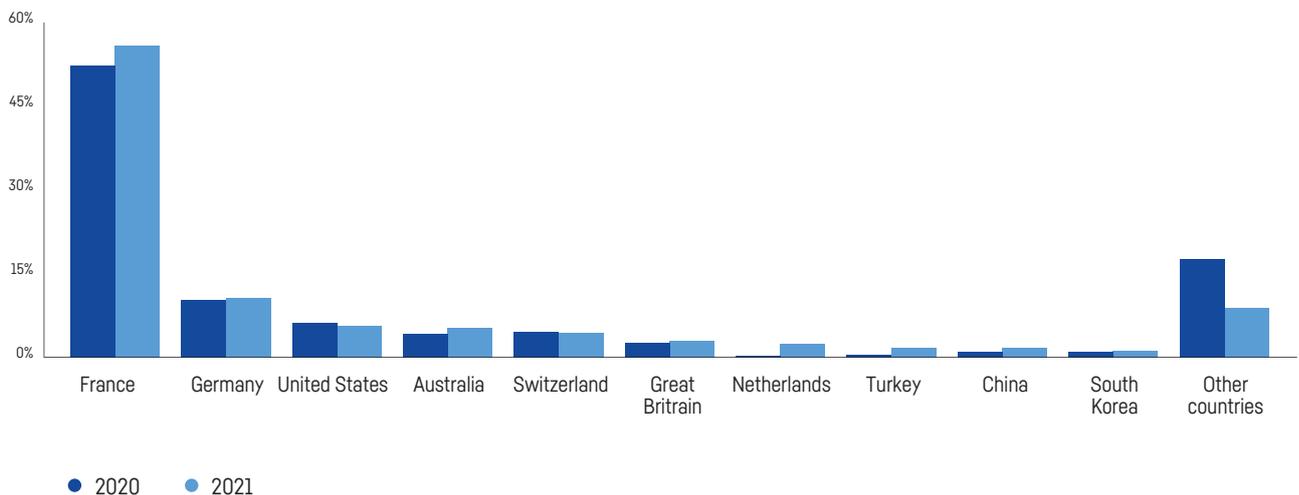
The sectors with the highest emissions are Travel & leisure (including airlines), Buildings and construction materials, and Industrial transportation, which account for 52.6% of the portfolio's carbon footprint. The Oil and gas sector is only in ninth place with a contribution of 4.2%.

The breakdown of the portfolio's carbon footprint in 2021 changed significantly with a decrease in the relative weight of the Travel & leisure business sector by 7.1 points. Conversely, emissions increased in the Building & construction materials and the Industrial transportation business segments, with weightings that increased by 3.4 points and 4 points respectively.

COMPARISON OF THE THREE SECTORS WITH THE HIGHEST EMISSIONS

Segment	% in the hedged portfolio	% in the carbon footprint
Travel & leisure	8.8%	23.5%
Building & construction materials	8.1%	16.5%
Industrial transportation	8.9%	12.6%

GEOGRAPHIC ANALYSIS



Once again this year, the improvement in the coverage of the portfolio mainly benefited French companies. Thus, the share of French companies increased from 52% in 2020 to 55.6% of the carbon footprint of the portfolio analyzed in 2021.

Commitment to decarbonizing the shipping portfolio

CIC, a subsidiary of Crédit Mutuel Alliance Fédérale, is a signatory, since 2019, to the "Poseidon Principles". These provide for the integration of climate assessment criteria in lending decisions in the shipping industry. They help measure their impact and nudge operators towards significantly decarbonizing the shipping industry.

The Poseidon Principles form part of the strategy to reduce greenhouse gas emissions adopted by the Member States of the International Maritime Organization in April 2018. This strategy aims to reduce total greenhouse gas emissions from maritime transport by at least 50% by 2050. Its long-term goal is zero emissions.

CIC has set itself the objective of being below the curve of the International Maritime Organization by 2025, as part of its maritime transport policy, which excludes the financing of all vessels carrying oil and dedicated to the transport of unconventional gas. The portfolio score for the data as at December 31, 2020 was -6.98 below the IMO curve. This analysis was validated by Bureau Veritas.

3.8.2 Reinforce solutions and offer quality and responsible service

The group provides specific offers and financing to support customer-members and businesses in their environmental approach. In addition to zero interest rate eco-loans, short-term and long-term energy saving loans, solidarity savings and the financing of renewable energy projects, Crédit Mutuel Alliance Fédérale offers subsidized loans to encourage growth and development of companies which have adopted a CSR approach or invested in practical measures to support sustainable finance and the energy transition.

Crédit Mutuel Alliance Fédérale has therefore marketed the Eco-Mobility offer for private individuals and professionals since December 1, 2018. The purpose is to accompany our customers and members in the ecological transition and to satisfy their needs for electrical or hybrid mobility but also to enable them to benefit from the subsidies for purchasing an electric vehicle (ecological bonus and/or conversion allowance). Over 126,000 hybrid and/or electrical or low-emission vehicles have been financed by the Crédit Mutuel and CIC networks since the offer was launched.

In addition, the group wishes to underline its commitment to supporting innovative projects in the sustainable development field through its range of Transition loans for businesses by financing investment to help the company transform to a more "responsible" and more efficient economy. The new Transition range satisfies three objectives:

- accelerate the ecological transition of companies. The "Energy Transition Loan" enables companies to finance investments for energy savings, improved energy performance and reduced costs. Companies from all sectors are eligible for these investments (equipment, installation, devices, connected works, new products) which are sources of increased energy efficiency and a positive ecological effect;
- consolidate the CSR initiative of companies. The "CSR Transition Loan" finances all the tangible and intangible investments inherent in a company's social responsibility. It is aimed at companies which have already started to take action (CSR audit required) and finances initiatives to improve employees' working conditions, save energy, transport and, beyond this, any action which is beneficial for the environment;
- help transform economic models. The "Digital Transition Loan" assists customers with their digital transformation by financing investments to digitize the company's activities. Companies can modernize their tools and/or transform their economic model with digital technology including by creating new products or services using new technologies: connected objects, artificial intelligence, robotics, etc.

In summary, the total outstanding loans granted as part of the Transition range amounted to more than €70 million at December 31, 2021.

To strengthen this system, the "Industrial Transition Loan", available since 2021, has been added to the range to finance companies wishing to invest in property, plant and equipment or intangible assets that meet the spirit of the recovery plan initiated by the State based on four areas of focus: (re)locate strategic activities, decarbonize industry, modernize the production system and innovate by supporting investments in research and development. Outstanding loans at December 31, 2021 amounted to €32.7 million.

Crédit Mutuel Asset Management

Crédit Mutuel Alliance Fédérale is confirming its strategy as a responsible investor *via* its asset management subsidiary, Crédit Mutuel Asset Management, by giving a new dimension to its management activities in terms of sustainable financing. This initiative is structured around a proprietary non-financial analysis model which relies on several suppliers of ESG data and climate experts in order to expand its range of SRI funds and ESG integration.

Crédit Mutuel Asset Management is determined to shift all of its asset management to a sustainable and responsible finance approach, backed by its responsible commitment for more than 15 years. These commitments resulted in the certification of five funds in 2021 in addition to the 15 funds already certified. In total, outstandings in the SRI-certified funds range stood at €12.9 billion at the end of the year.

Crédit Mutuel Asset Management assesses the exposure of its portfolios to climate risks, within the framework of Crédit Mutuel Alliance Fédérale's environmental goals, and published a carbon policy in early 2020, which was updated in 2021, setting out the challenges of such an analysis and the methodologies used to calculate the exposure of its portfolios to these risks.

Crédit Mutuel Asset Management was rewarded for its performance. In 2021, it won three gold awards at the award ceremony for the best Open-Ended Investment Companies and Funds organized by Le Revenu magazine: award for best management company, award for the best range of funds invested in European equities, award for the best range of diversified funds.

Finally, bolstered by the informative approach of its asset management company, actions to raise awareness among savers have been set up *via* videos on sustainable and responsible finance. In addition, Crédit

Mutuel Asset Management contributed, alongside the group's training department, to the creation of a kit dedicated to training Crédit Mutuel Alliance Fédérale elected members in responsible finance.



Assurances du Crédit Mutuel

The range of savings offers enables policyholders to invest in financial products that have a positive impact on the environment and society. To this end, more than ten labelled unit-linked products (socially responsible investments, Greenfin, Finansol, etc.) or pursuing a responsible and solidarity-based approach are offered within the financial offer of life insurance and private equity contracts, as well as retirement savings plans (PERs). All these products have been carefully selected for their objectives in favor of the ecological transition, sustainable growth and job creation in France. Policyholders have access to 60 responsible life insurance and retirement savings funds. In addition, policyholders have also had access to a turnkey management offer, the Pack UC Environment 50, 50% of which is invested in ACM's euro funds and 50% in a European SRI-labeled equity fund, CM-AM Objectif Environnement, which aims to play an active role in protecting people and their environment.

In addition, the Funds For Good-Global Flexible Sustainable fund managed by Banque de Luxembourg is offered in life insurance to Assurances du Crédit Mutuel customers. In 2021, this fund donated half of its net profits to the Funds for Good Philanthropy foundation, which aims to combat poverty by offering support to disadvantaged people with a business project.

Assurances du Crédit Mutuel also encourages its customers to reduce the carbon footprint of travel with:

- the "Mobility" benefit, which provides free coverage for travel to and from work by public transport or bicycle;
- the "Carpool Taxi" benefit, which promotes eco-sharing by providing policyholders with a taxi that the policyholder can carpool as driver or passenger in the event the vehicle is immobilized.

These benefits are included in the customer's car and home offer. In addition, Assurances du Crédit Mutuel's home insurance offers an environmental benefit to policyholders through the coverage of renewable energy systems through the basic overall guarantee base or as an option for outdoor installations.

3.8.3 Renewable energy financing trends

In 2021, CIC's project financing department^[1] financed 31 projects including:

- 18 renewable energy projects: six onshore wind farm projects, totaling nearly 1,097 MW (five in France and one in the United States), two offshore wind farm projects in Europe representing nearly 1,650 MW (Courseulles-sur-Mer wind farm in France and Dogger Bank C wind farm in the United Kingdom), a biomass project representing nearly 100 MW located in France, a geothermal project representing nearly 135 MW located in the United States and eight solar projects totaling nearly 495 MW according to available data (seven projects in France and one in the United States). The aggregate authorizations for renewable energy projects totaled €2.1 billion at the end of December, an increase of 15% compared to the end of 2020. Excluding sub-participations, the aggregate authorizations for renewable energy projects amounted to €2 billion at the end of December 2021, up 10% compared to the end of 2020. All projects financed strictly comply with the environmental standards of the host country;
- 10 infrastructure projects: four projects in France (a heating network, a fiber network, a waste-to-energy plant, an airport project), three projects in Australia (two hospitals and a tram line), one project in the Netherlands (fiber network), one project in the United Kingdom (rail network) and one project in Singapore (educational infrastructure);
- two telecom projects: one in the Netherlands and one in the United Kingdom;
- one network and storage project: electricity storage battery project totaling nearly 188 MW in France.

The 2019-2023 strategic plan *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!) of the group sets the increase in the financing of projects with a high climate impact at 30%. This objective initially concerns the corporate banking activity, notably through project financing. All projects financed strictly comply with the environmental standards of the host country. This financing is subject to an internal evaluation procedure that includes the ESG criteria described in the compliance plan (paragraph 3.11.3.3). In parallel, the Crédit Mutuel and CIC networks provided financing for over 3,000 renewable energy projects [+41.5% compared to 2020] to assist customers in the professional, private, agricultural and business markets.

In addition, in 2021 Crédit Mutuel Capital Privé continued to roll out Siloé Infrastructures, an investment fund dedicated to infrastructure. This fund aims to provide equity or quasi-equity in projects contributing to the regional development in France, the euro zone, the United Kingdom and Switzerland. The investment strategy of this fund provides for at

least 50% of the capital to be invested in projects related to the energy transition. In addition to the Hexagon Renewable Energy operation carried out at the end of 2020 alongside TTR Energy (development of wind farms with a potential power of more than 770 MW), Siloé has invested in two other wind projects developed by Voltalia (power: 35 MW) and in two photovoltaic power stations developed by TSE (power: 95 MW). For these last two investments, specific measures have been implemented to contribute to the recovery of biodiversity.

Lastly, Siloé is providing capital support to two developers, Solveo in Toulouse on wind and photovoltaic projects representing a green energy potential of 1,200 MW, and TSE in Sophia Antipolis alongside Banque des Territoires *via* a solar project development platform Aphaia, representing a green energy production potential of more than 1,000 MW. All these projects will represent, if all investments are made, a renewable energy production of nearly 3,000 MW. Crédit Mutuel Capital Privé will continue to roll out the Siloé fund in 2022 by maintaining its strategy of supporting projects related to energy, digital and demographic transitions.

Green Bond issue of BFCM

The group has a number of well-adapted issue programs, providing access to investors in the main regions at the international level through public and private issues. As part of Crédit Mutuel Alliance Fédérale's SMR strategy, backed by the goals of the strategic plan, the logical and voluntary decision to be part of a long-term Green Bond issuance program was naturally recorded to meet investors' expectations. After a first inaugural issue in 2020, a second issue was carried out, still focused on green assets (financing of renewable wind and solar projects and new residential buildings under the RT2012 standard). The aggregate amount of these two issues totaled €1.5 billion.

In addition, the team set up for this purpose chose to propose a reference framework defining assets eligible for "green" and social issues, thus enabling BFCM to strengthen its active approach to financing these business segments. Both these issues, whose implementation methods comply with the best market standards and have been recognized for the transparency of the methodologies applied (calculation of emissions avoided, selection of eligible assets, etc.) were a great success among bond investors. As the Green Bond issued in 2020 included in the Bloomberg Barclays MSCI Green Bond Index of December 2020, the one issued in 2021 was included in the Bloomberg Barclays MSCI Green Bond Index of December 2021.

All documents are available on the website dedicated to investors: <https://www.bfcm.creditmutuel.fr/fr/investisseurs/presentation.html>

[1] Including CIC Sud Ouest, which directly manages certain projects.

GREEN, SOCIAL & SUSTAINABLE BOND

Defining eligible categories

1. Green: Financing of wind, solar and biomass projects.
2. Green: Financing of residential housing meeting RT 2012 standards.
3. Social: Financing of companies in departments where the unemployment rate is above the national average.

Financing of electric vehicles for local authorities.

Identifying impact indicators for each category

- 1 & 2. Green: Calculation of avoided emissions.
3. Social: Promoting job retention in disadvantaged areas.

Link with the Sustainable Development Goals.



Drafting the intervention framework

Green & Social Bond: Accurate definition of asset selection criteria in accordance with ICMA, GBP and taxonomic principles.

Presentation of the RSM strategy and objectives.

Methods for calculating performance indicators.

Performance reporting of selected assets.

Audit by a non-financial rating agency

Certification to obtain in order to guarantee investors the selection of assets, the process for calculating monitoring indicators and the quality of reporting.

Investor presentation

Issue
Reporting

QUANTITATIVE DATA

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
ENV05	Total energy consumption	401,153,059 kWh	389,726,065 kWh
ENV06	Electricity consumption	313,717,882 kWh	310,678,560 kWh
ENV07	Gas consumption	63,700,253 kWh	54,523,261 kWh
ENV08	Fuel oil consumption	2,883,702 kWh	3,894,147 kWh

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
ENV32	Number of videoconferences	2,353,730	1,847,677

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
ENV15	Recycled used paper as output (waste)	5,266 metric tons	5,433 metric tons
ENV16	Number of used toner cartridges recycled after use	59,594	61,659

WATER CONSUMPTION

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
ENV04	Water consumption (m ³)	437,343*	505,200*

* All entities excluding TARGOBANK in Germany.

COMMODITY CONSUMPTION

Code	Indicator description	Data at the end of 2021	Data at the end of 2020
ENV09	Total paper consumption	5,761 metric tons	6,668 metric tons
ENV10	Total paper consumption for internal use	1,738 metric tons	1,986 metric tons
ENV11	Total paper consumption for external use	4,023 metric tons	4,682 metric tons
ENV15R	Total recycled paper purchased	1,031 metric tons	1,093 metric tons

3.8.4 Climate risk management

In a world increasingly concerned with combating climate change and environmental degradation, Crédit Mutuel Alliance Fédérale is committed to taking into account climate imperatives in the conduct of all its activities in order to meet the trajectory of the Paris Climate

Change Agreements aimed at limiting the increase in temperatures by 1.5 to 2°C by 2100.

The governance of climate risk management is based on three pillars which are currently being rolled out:

Strategy	<ul style="list-style-type: none"> ▪ Governance at the highest level ▪ Inclusion in financial risk management ▪ Sectoral policies key to the strategy
Organization	<ul style="list-style-type: none"> ▪ Major risk management function in coordination with other departments (legal, sales, etc.) ▪ Dedicated tools and workforce ▪ Integration into risk monitoring in the same way as other critical risks
Tools	<ul style="list-style-type: none"> ▪ Climate strategy performance indicators (emissions, outstandings, etc.) ▪ Integration limits/alert thresholds in the RAF^[1] ▪ Comprehensive, reliable and granular carbon footprint data ▪ Projections via stress tests on the ICAAP^[2] ▪ Appropriate controls and audits

[1] Risk Appetite Framework.

[2] Internal Capital Adequacy Assessment Process.

The management of the risks connected to climate change (physical risk and transition risk) is integrated into Crédit Mutuel Alliance Fédérale's financial risk management system.^[1] All projects developed are presented to the SMR Governance Committee, the Risk Committee (executive body), and then to the Risk Monitoring Committee (deliberative body) of Crédit Mutuel Alliance Fédérale and are part of the strategic monitoring of risks, in direct liaison with the Chairman and Executive Management.

The ambitious objectives of the demanding social and Mutualist Responsibility [SMR] policy contribute to improving long-term collective performance and are based on:

1. financing projects with a significant impact on the climate;
2. assisting companies in transforming their business models;
3. adding more environmental requirements to the rules for providing financing;
4. aligning sectoral policies to combat the use of carbon and conventional and unconventional hydrocarbons by means of the climate strategy;
5. including direct and indirect impacts of climate risk of the group's activities in Crédit Mutuel Alliance Fédérale's risk mapping.^[1]

[1] The system is described in Chapter 3.3 "Non-financial risks and opportunities for Crédit Mutuel Alliance Fédérale".

Qualitative integration of climate risk in the risk appetite framework

The risk appetite framework (RAF) is presented in Chapter 5 of this universal registration document. In the area of environmental and climate-related risks, Crédit Mutuel Alliance Fédérale ensures that these risks are fully integrated into the development of its activities, with a long-term vision. This translates into:

- the integration of the monitoring of environmental and climate risks, as well as their transmission mechanisms to other risks (particularly credit), into the risk management system;
- the implementation of dedicated tools to identify, measure, manage and monitor all of these risks (both physical and transition);
- the deployment of measures to mitigate the impact of environmental risks and measures to adapt to climate change.

Accordingly, risks related to the environment and climate are qualitatively included in Crédit Mutuel Alliance Fédérale's risk appetite framework for the 2022 annual review.

At the same time, working groups and a Steering Committee were set up to define and validate the metrics used to identify indicators relating to climate risk. After an observation period of several quarterly, half-yearly or even annual closings, the governance body may decide on the inclusion of some of these indicators in Crédit Mutuel Alliance Fédérale's risk appetite framework. In the long term, alert thresholds and appetite limits will be set according to Crédit Mutuel Alliance Fédérale's risk appetite. Corrective actions will also be determined if the alert threshold or appetite limit is exceeded.

Climate risks – country limit

In the context of the rise in risks related to climate change that could impact countries and their economies, research on the assessment of climate risks has made it possible to include an ESG component in the definition of these country limits. These limits consist of capping the exposure levels that the group authorizes to take on the counterparties with which it deals in each country. Thus, the calculation of the country limit takes the Notre Dame Global Adaptation Index – or ND-GAIN^[1] limit into account which reflects:

- the vulnerability of the countries to climate change, based on 36 quantitative and qualitative criteria (principal themes: health, food, ecosystems, habitat, access to water and infrastructure);
- the readiness to adapt to these changes, based on nine economic, social and governance criteria.

The limit is affected by a penalty which differs depending on the level of the index. During the 2021 fiscal year, the calculation of country limits taking into account the ND-GAIN index was deliberately not updated. The country ratings of financial agencies increasingly include the environmental aspect. In order not to penalize Crédit Mutuel Alliance Fédérale's country limits using a dual approach, an additional study will be carried out in 2022 to assess the best option to implement.

First climate stress test exercises

In 2020, Crédit Mutuel Alliance Fédérale took part in the first pilot climate stress test exercise proposed by the ACPR and coordinated by Confédération Nationale du Crédit Mutuel. The purpose of this exercise was to raise financial institutions' awareness of climate risk (by 2050), to measure the vulnerabilities of institutions and the cost of non-compliance with the objectives of the Paris Agreement, and to develop methods for monitoring and managing the risk assessment of climate change risks.

Results of the ACPR stress test exercise for Crédit Mutuel Alliance Fédérale

The six main features of the ACPR pilot exercise are as follows:

1. a long-term horizon: 30 years (2020-2050);
2. a bottom-up exercise covering banking and insurance;
3. an international dimension: systematic nature of climate risk and international exposures of major French banking and insurance groups;
4. a granular sectoral approach (55 business segments);
5. two assumptions: "static balance sheet" until 2025 and "dynamic balance sheet" from 2025 to 2050;
6. inclusion of second-round effects to measure the exposure of banks to physical risk.

The exercise covers the transition risk and the physical risks for property damage and health over a 30-year horizon. The fiscal year confirmed a "moderate" overall exposure of banks to transition risks that would adapt by 2050. Overall, the climate risk appears to be underestimated.

Findings

The choice of the orderly transition scenario: the results show a higher cost for the orderly transition scenario in the short term with an increase in the probability of default and consequently the cost of risk (= cost of customer adaptation). Nevertheless, in the long term, the orderly transition scenario proves to be the best choice compared to the delayed and accelerated transition scenarios which show an exponential increase in the costs of risk.

Certain segments of the portfolio are more exposed to the increase in the cost of risk such as agriculture, agri-food, energy and road transportation. These are obviously the segments where the transformation challenges are the most important.

ECB stress test 2022

The methodology used by the ACPR serves as a basis for the 2022 climate stress test for banks directly supervised by the ECB. Since November 2021, a dedicated working group led by Confédération Nationale du Crédit Mutuel has been dedicated to the completion of the three modules proposed for the exercise:

- the first module concerns a qualitative questionnaire relating to the integration of climate risks in stress test exercises;
- the second module concerns the collection of carbon and financial data from the top 15 customers for each of the 22 segments monitored;
- the third module analyzes the impact of transition and physical risks based on four scenarios predetermined by the NGFS (Network of Central Banks and Supervisors for Greening the Financial System).

The ECB will publish the results of the stress test at the end of July 2022.

[1] <https://gain.nd.edu/>

Work on integrating elements relating to the application of the Taxonomy Regulation

Definitions

The Taxonomy regulation^[1] is part of the European Union Green Deal^[2], with the aim of harmonizing standards and directing investments and financing towards sustainable activities.

The European Union taxonomy is a set of sustainability criteria for companies, investors and governments. It identifies economic activities that can be considered sustainable or eco-responsible. Accordingly, it enables financial players and companies to speak the same language and facilitate investments and sustainable financing in order to achieve the net zero carbon objective by 2050 in Europe.

The taxonomy thus proposes a standardized classification to assess the sustainability of nearly 70 economic activities (essentially divided into eight macro-segments: forestry; industry; energy: electricity, gas, steam and air conditioning; water management, sewerage, waste and sanitation, transport; Public Buildings and Works and real estate; information and communication technologies, engineering), accounting for 93% of greenhouse gas (GHG) emissions in the European Union.

For an activity to be classified as sustainable, it must meet four conditions:

- the economic activity must be able to demonstrate that it provides a substantial benefit to at least one of the six environmental objectives: climate change mitigation, climate change adaptation, sustainable use and protection of aquatic and marine resources, transition to a circular economy, pollution prevention and reduction, biodiversity protection and restoration;
- it must do no significant harm to any other environmental objective;
- it must respect the minimum social guarantees;
- it must comply with the technical performance thresholds.

In addition, to meet the objective climate change mitigation, *i.e.* reducing the impact of an organization on the environment, the activity can be classified within three levels of qualification:

- sustainable activities: purely green carbon neutral or low-carbon activities, compatible with the Paris Agreement (example: low-carbon transport);
- transition activities: which contribute to reducing GHG emissions when there are no currently available sustainable alternative activities (example: renovation of buildings);
- enabling activities: those that make it possible to transition, “green” or reduce emissions from other activities/segments (*e.g.* wind turbine manufacturing plant).

Taxonomy and other regulatory texts

In addition, the taxonomy also refers to other major regulatory texts on sustainable finance:

- SFDR (Sustainable Finance Disclosure Regulation) which requires institutional investors to inform their clients of sustainability risks impacting investments and the main negative impacts of their investments on sustainability factors. The taxonomy specifies what is considered a sustainable investment product in the regulations through the disclosure of detailed information on sustainable finance;
- NFRD (Non-Financial Reporting Directive) regulation which regulates the disclosure of a company’s policies in terms of environmental protection, social responsibility, treatment of employees, human rights, anti-corruption and influence peddling. The taxonomy modifies the non-financial information reporting obligations of companies regarding the information in their financial statements pursuant to with the directive. Companies subject to this regulation will have to disclose the percentage of revenue, capital expenditure and operating expenses aligned with the taxonomy in their Non-Financial Performance Statement in 2023 for non-financial companies and in 2024 for financial companies.

Methodology

Crédit Mutuel Alliance Fédérale has implemented an organization enabling to identify the portion of its assets eligible for the first two objectives of the European taxonomy (mitigation and adaptation to climate change).

After studying the regulatory texts, internal work took place to complete Appendix VI to the delegated regulation of July 6, 2021 (format expected for taxonomic information in the NFPS from 2024).

2021 focused on the appropriation of the calculation methodology, the identification of the NACE code by NFRD counterparty (in order to determine the eligibility of the counterparty), the calculation of the numerator and denominator. The eligibility ratio is calculated on the basis of 2021 data. Work will continue in 2022 to fine-tune data collection and improve data quality, integrate the other four environmental objectives and identify the alignment of funded activities with the taxonomy regulation.

Pursuant to European Parliament Regulation (EU) 2020/852, known as the Taxonomy Regulation and Delegated Regulation (EU) 2021/2139, Crédit Mutuel Alliance Fédérale has identified the portion of its assets eligible for taxonomy in its customer portfolio.

In accordance with regulations, only assets eligible for the two environmental objectives were taken into account for this first regulatory disclosure. Crédit Mutuel Alliance Fédérale publishes its ratios in its non-financial performance statement on a so-called mandatory basis, for which exposures to non-financial companies are not included in the calculation, because the available NACE code does not fully reflect the business activity. It is therefore an estimate that is provided on a voluntary basis in the ratios below.

[1] European Parliament and Council Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. Publication in the Official Journal of the European Union on June 22, 2020.

[2] European Green Deal

In order to calculate its ratios, Crédit Mutuel Alliance Fédérale has adopted the following arbitrations:

- the companies included in the scope of the taxonomy are the so-called companies subject to the Non-Financial Reporting Directive. For the sake of comparability and access to data, the European definition of companies has been considered. NFRD companies are European companies whose workforce exceeds 500 employees;
- the NACE codes of companies do not reflect their precise activity. They are in themselves an estimate. As a result, exposures to

non-financial companies are excluded from the mandatory reporting but are subject to voluntary disclosure in order to provide an estimate of the eligibility of the group's banking book. Accordingly, if the NACE code of a company is associated with an activity covered by the taxonomy, then all exposures to this company are recognized as eligible;

- the ratios relating to the eligibility of assets are based on the total assets covered by the taxonomy and not the total assets of the group.

DISCLOSURE OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE ASSET ELIGIBILITY INDICATORS AT DECEMBER 31, 2021 (EXCLUDING INVESTMENT AND INSURANCE)

	2021 Mandatory basis	2021 Voluntary basis
Share, in their assets covered by the GAR ^[1] , of exposures to economic activities eligible for the taxonomy	28.4%	32.4%
Share, in their assets covered by the GAR ^[1] , of exposures to economic activities not eligible for the taxonomy	32.8%	28.8%
Share, in their total assets, of exposures to central governments, central banks, supranational issuers and derivatives	19.1%	19.1%
Share, in their total assets, of exposures to undertakings not required to disclose non-financial information under Article 19 bis or Article 29 bis of Directive 2013/34/EU	24.7%	24.7%
Share of trading book and interbank demand loans in total assets	3%	3%

[1] Assets that exclude outstandings with central governments, central banks and the trading book.

Disclosure of GACM asset eligibility indicators as of December 31, 2021

With the entry into force of European Parliament Regulation (EU) 2020/852 and its delegated acts, GACM is publishing the eligibility indicators of its assets for the European taxonomy. Two sets of indicators are presented: a first set of mandatory indicators, not based on any estimated data, and a second optional set, based on an estimate of the portion eligible for taxonomy investments. For both sets of indicators, the calculation base used is, in accordance with the regulation, the total assets deducted from exposures to central governments, local governments (sovereigns), central banks or supranational issuers.

Mandatory indicators

As the companies in the portfolio have not yet published the portion of their revenue or capital expenditure eligible for the taxonomy, the mandatory indicators of assets eligible for the taxonomy published below only include: real estate assets invested directly or *via* funds. The latter represent 7% of the assets of the calculation base. No data estimated on the eligibility or non-eligibility of business activities for the taxonomy is used. Consequently, the share of exposures to activities not eligible for taxonomy [B] is 0. The difference between the total calculation base [E] and the share of exposure on activities eligible [A] and non-eligible [B] for the taxonomy corresponds to assets for which no data is available and for which we are not able to provide the portion eligible and ineligible for the taxonomy, as well as the assets which do not fall within the scope of calculation, *i.e.* lines [C] and [D].

Mandatory indicators	As a percentage of the calculation basis	In market value as of 12/31/2021 [in € millions]
Share of exposures to activities eligible for taxonomy [A]	7%	6,595
Share of exposures to activities non-eligible for taxonomy [B]	0%	0
Share of exposures to derivatives [C]	0%	0
Share of exposures to companies not subject to the NFRD [D]	Unavailable	Unavailable
Calculation basis [E] = [1] - [2]	100%	92,269
Share of exposures to central governments, sovereigns, central banks or supranational issuers [2]	-	25,884
Total assets excluding account units [1]	-	118,153

Optional indicators (NACE)

In addition, GACM published this second set of optional indicators, in which the share of revenue of companies eligible for the European taxonomy is estimated according to the NACE segment code of each company, whether or not it is subject to the Non-Financial Information Disclosure Directive (NFRD). If the NACE code of a company is associated with an activity covered by the taxonomy, then all

exposures to this company are recognized as eligible. These amounts are added to the amounts of real estate investments already included in the mandatory online indicators (A). Based on these NACE codes, we also calculate the share of exposures to activities not eligible for taxonomy (B). The difference between the calculation base (E) and the amounts (A) and (B) corresponds to assets for which no data is available and for which we are unable to provide the eligible and non-eligible portion for taxonomy.

Optional indicators (NACE)	As a percentage of the calculation basis	In market value as of 12/31/2021 (in € millions)
Share of exposures to activities eligible for taxonomy (A)	28%	25,415
Share of exposures to activities non-eligible for taxonomy (B)	55%	50,553
Share of exposures to derivatives (C)	0%	0
Share of exposures to companies not subject to the NFRD (D)	Unavailable	Unavailable
Calculation basis (E) = (1) - (2)	100%	92,269
Share of exposures to central governments, sovereigns, central banks or supranational issuers (2)	-	25,884
Total assets excluding account units (1)	-	118,153

Disclosure of Crédit Mutuel Asset Management asset eligibility indicators

The objective set is to communicate the results in accordance with the requirement of the implementing decree of Article 29 of the energy-climate law, published on May 27, 2021, which confirms France's strong ambition in terms of sustainable finance, in line with Article 173-VI of the Energy Transition for Green Growth Act.

In this context, and in order to meet this requirement as accurately as possible, the teams are focusing on the development of a dedicated analysis tool based on the creation of a framework of values.

The disclosure of the eligibility indicators of Crédit Mutuel Asset Management's assets is provided for in the framework of the Article 29 report in the first half of 2022.

3.8.5 Crédit Mutuel Alliance Fédérale sectoral policies

Crédit Mutuel Alliance Fédérale, in the conduct of its diversified business activities, may be involved in transactions, including on sensitive segments with social and environmental risks. As a benefit corporation bank, Crédit Mutuel Alliance Fédérale wants to work for a fairer and more sustainable society. As such, the group has undertaken to define sectoral policies the aim of which is to define a scope of intervention and to set criteria and principles for conducting business in areas where the social and environmental impacts are the most significant.

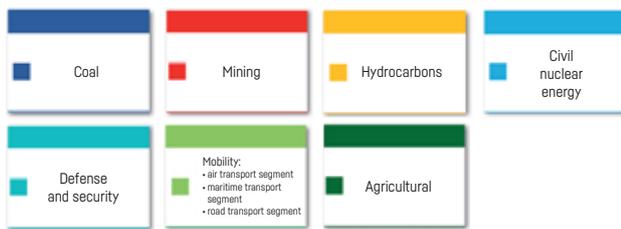
The measures resulting from these policies apply to all entities subject to compliance with the legal and regulatory provisions specific to each entity. They may be revised whenever necessary.

Crédit Mutuel Alliance Fédérale chooses responsible sector policies in line with its mutualist values. Its ambition is to support its customers in the transformation of their business model and thus contribute to the fight against global warming, the reduction of biodiversity and the deterioration of the environment. Sector policies and their changes are systematically submitted to the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM and CIC for approval.

In addition, since the first quarter of 2021, exposures related to sectors eligible for a sector policy are subject to dedicated monitoring. This specific reporting includes the existing risk monitoring system presented to the Risk Committee (executive body) and the group Risk Monitoring Committee (deliberative body). At December 31, 2021, €36.2 billion were eligible for sectoral policies compared to €39.5 billion at the end of 2020, of which €22.7 billion in the Corporate portfolio. In this portfolio, the share of exposures related to the coal and hydrocarbon sectoral policies amounted to 1.18% and 17.09% respectively.

Crédit Mutuel Alliance Fédérale has strengthened its commitment to support the environmental transition of the economy through the strengthening of its hydrocarbon policy and the implementation of an agricultural policy.

SECTORAL POLICIES

*ESG rating and inclusion of criteria when granting financing*

Crédit Mutuel Alliance Fédérale has chosen to strengthen the rules for the application of its sectoral policies by creating specific analysis grids for the business sectors subject to sectoral policies. These documents are to be completed by the teams examining the file and presented to the Commitments Committee. These analysis grids integrate counterparties' non-financial ratings which are analyzed when the decisions to grant banking and financial transactions are taken.

Previously, special attention was paid to certain sectors of activity, these monitored sectors (8 in number) concerned the chemical industries and derived products (including the pharmaceutical industry), the tobacco industry, forestry, agri-food, agricultural commodities, transport, iron and steel industries as well as the building and public works sector.

Today, the group has developed an overall assessment grid to expand its requirements for all sectors that are not part of the sectoral policies, enabling the sales teams to ensure compliance with the commitments of the group's SMR approach. This decision support grid also integrates an analysis of the counterpart's ESG policy as well as the consideration of controversies related to human rights, labor rights, the environment, and the fight against corruption.

In order to obtain a contradictory analysis, the analysts and teams in charge of granting financing have access to ESG data provided by the non-financial rating agency ISS-OEKOM. In addition, the teams have the opportunity to submit the file under review to the corporate banking SMR Committee specially created to deal with issues relating to ESG challenges and analysis of controversies for decision by the Commitments Committee. In 2021, 46 projects were presented to the SMR Committee.

Thus, Crédit Mutuel Alliance Fédérale values ethical business relationships and proposes to supplement the financial analysis of the companies financed with an objective analysis of their non-financial performance and more specifically of their commitment to environmental, social and governance issues. This is a committed approach to financing the environmental transition to promote the non-financial performance of customers as an objective decision-making element. It is also a source of dialog with customers enabling the group to provide them better support in their sustainable growth projects.

In addition, the reputational risk associated with the non-application of its SMR strategy commitments could create a significant financial risk for Crédit Mutuel Alliance Fédérale. The image and integrity of the group could be tarnished by controversies linked to financing and/or investments granted to counterparties that are not in line with the group's SMR policy or its ethical and responsible values, particularly those promoting sustainable development issues.

In 2021, Crédit Mutuel Alliance Fédérale set up a dedicated working group with the regional bank CIC Lyonnaise de Banque to integrate ESG criteria when making the decision to grant financing for the corporate branches of the networks. This working group is working on the system rolled out within the corporate banking scope in order to adapt it to the SMEs and mid-sized companies clientele located in the regions. Using the same procedure, an application grid was prepared including the study of ESG criteria, the analysis of any controversies and eligibility for sectoral policies.

Once again, the completion of the grids is the responsibility of the project managers upstream of the presentation of the file to the Commitments Committee to decide on the granting of financing. This pilot project team is responsible for validating the smooth operational functioning of the system before rolling it out to CIC regional banks and the Crédit Mutuel Alliance federations by 2023.

Focus on sector policies

The sectoral policies enhance Crédit Mutuel Alliance Fédérale's commitments to meet the guidelines of the Paris Agreements on climate change as quickly as possible, which aim to limit the increase in temperatures by 1.5 to 2°C by 2100 and make it possible to support customers in the transformation of their business model.



Coal sectoral policy

1. Companies included in the Global Coal Exit List

- immediate freezing of banking transactions, financing of projects and investments,
- immediate disposal of investments in insurance, asset management and trading room activities;

2. Absolute threshold

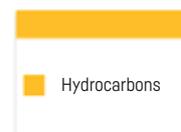
- annual coal production < 10 MT,
- coal-based installed capacities < 5 GW;

3. Relative application threshold

- coal share in revenue < 20%,
- share of coal in the energy mix < 20%.

These criteria are not cumulative. They are intended to totally eliminate the financing of energy derived from coal by 2030. They will be revised every year to become increasingly demanding.

Crédit Mutuel Alliance Fédérale will make the continuity of its financial support to customer companies exposed to the coal sector dependent upon the publication of a dated and detailed plan to close all their coal assets by 2030. These requests may be subject to an escalation procedure with Executive Management.



Hydrocarbons sectoral policy

In October 2021, Crédit Mutuel Alliance Fédérale stopped all financing of new exploration, production or infrastructure projects^[1] (oil pipeline, gas

[1] Excluding the shipping sectoral policy:

https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/assets/articles/rsm-politiques-sectorielles/Politique_Mobilite_Secteur_Maritime.pdf

pipeline and storage units) or processing (oil refineries, gas liquefaction terminals) in oil and gas. This decision reinforces the decision initially taken in February 2020 to no longer finance the financing of unconventional hydrocarbon projects, including projects in the Arctic.

Similarly, Crédit Mutuel Alliance Fédérale will refrain from providing banking and financial services to companies listed in the Global Oil & Gas Exit List (GOGEL) reference list of the NGO Urgewald, whose share of unconventional hydrocarbon production exceeds a defined threshold^[1].

Scope of unconventional hydrocarbons:

- shale oil or shale gas;
- oil from bituminous sands;
- heavy^[2] and extra heavy oil;^[3]
- deep water oil;^[4]
- oil extracted in the Arctic;^[5]
- coal bed methane.

In addition, Crédit Mutuel Alliance Fédérale undertakes to exchange with the companies in its portfolio in order to convince them to give up developing new oil and gas fields within a short deadline, failing which they risk being excluded from future support.

Crédit Mutuel Alliance Fédérale reserves the right to maintain its financing for companies in the fossil energy sector that are publicly committed to a strategy of adapting their activities that promotes the energy transition and in particular through financing and/or investment in setting up renewable energy infrastructure.



Mobility sectoral policy

Policy whose objective is to strictly limit the financing granted to the most low-carbon assets.

It concerns air transport (financing of airlines, financing of aircraft acquisitions), maritime transport (financing of ship building and dismantling activities) and road transport (financing of light commercial and industrial vehicles).

In terms of air transport

Crédit Mutuel Alliance Fédérale and its subsidiaries will reserve their financing solely for the latest generation models from Airbus, Boeing,

ATR, Embraer and Bombardier manufacturers. To ensure renewal within aircraft fleets, and until 2025, only aircraft whose age does not exceed eight years may be financed. Beyond 2025, this age will be reduced to five years. Similarly, Crédit Mutuel Alliance Fédérale limits its financing to companies whose average fleet age does not exceed 15 years, reduced to 12 years from 2025.

In terms of maritime transport

As a signatory of the Poseidon Principles through CIC in 2019, Crédit Mutuel Alliance Fédérale has set itself the objective of dipping below the International Maritime Organization (IMO) curve by 2025, as part of its maritime transport policy.

Crédit Mutuel Alliance Fédérale excludes the financing of all vessels transporting oil and dedicated to the transport of unconventional gas.

In terms of road transport

Crédit Mutuel Alliance Fédérale focuses its financing on the corporate market in leasing, credit and the financing of rail freight and passenger assets on assets with the lowest carbon emissions. Only light commercial vehicles and industrial vehicles meeting at least the Euro 6 standard are eligible for financing.



Agricultural Policy

Policy whose objective is to support efficient, sustainable and low-carbon agriculture through the implementation of a comprehensive system: subsidies to support the completion of a carbon assessment and to support certification procedures, range of subsidized dedicated loans.

These schemes encourage operators to invest to reduce greenhouse gas emissions, improve the potential for carbon storage in the soil and preserve biodiversity.

In addition, an objective analysis of the action plans carried out by farmers in environmental, social and governance matters, based on the condition-based principles of the Common Agricultural Policy (CAP), strengthens the lending decision-making system of banking transactions for the agricultural market.

It is a committed approach promoting the agroecological transition and confirmed through a constructive dialog with farmers to better support them in their projects.

[1] Threshold in the process of being approved.

[2] Density between 22.3° to 10° API (American Petroleum Institute).

[3] Density less than 10° API.

[4] Deep-water oil: deep-water oil, which refers to exploration, development and production operations of offshore, the depth of which exceed 5,000 feet (1,500 m).

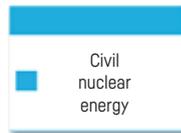
[5] Scope of the Arctic Monitoring and Assessment Program (AMAP) Zone covering eight countries bordering the Arctic Ocean: Canada, Denmark (with Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States (Alaska), with associated marine areas, for a total area of approximately 18 million km2.



Mining policy

Policy applicable to all financial transactions intended for mining companies irrespective of the mining resource and method of extraction employed. This covers the entire sector from ore exploration to shipping.

- Commitment to no longer intervene in the financing or in investments that are directly assigned or related to the development, construction or extension of mining or metallurgical facilities if one of the following characteristics is present: project for asbestos mines, small-scale mines, critical impact on a protected zone or a wet zone that is on the Ramsar list, and Unesco World Heritage sites.



Civil nuclear energy policy

Policy governing operations and advice provided to companies in the civilian nuclear sector. The group ensures that all requests fall within the framework of the laws in force and comply with the standards and/or recommendations issued by independent organizations in the nuclear sector.

- An internal decision-making process is defined and follows a reference framework which notably takes into account the host country, the type of financing of the projects in question and the international financing rules.



Defense and security policy

Sectoral policy relating to transactions with companies in the defense and security sector. It recognizes the existence of conventions, treaties, agreements and regulations specific to the weapons industry.

- The group refuses to take any part in controversial weapon operations and respects drastic principles regarding unconventional weapons as well as countries affected by such funding.

3.8.6 Integration of obligations related to Article 173 of the Energy Transition law of August 17, 2015 for the insurance business of Crédit Mutuel Alliance Fédérale and Crédit Mutuel Asset Management

ACM (report on the energy transition law)^[1]

Committed for several years to sustainable development, Groupe des Assurances du Crédit Mutuel (GACM) confirms its status as a responsible company through its investment policy.

As a selective investor, GACM has an ESG policy that is regularly updated and validated by the Finance Committee, a committee in which the Chief Financial Officer and Chief Executive Officer participate. This policy enables GACM to take into account the sustainability risks on its assets as well as the environmental or social impacts of its investments. It is based in particular on a policy of excluding issuers with a significant ESG risk. In practice, each time a share or bond is purchased, GACM's asset managers have access to an ESG analysis of the issuer thanks in particular to data provided by the ISS company. This analysis constitutes an aid to decision-making in the investment process, in

addition to the financial criteria that are usually analyzed. Accordingly, the GACM ESG policy encourages investment in accordance with the values of Crédit Mutuel Alliance Fédérale in terms of respect for human rights, the environment and the rules of good governance.

In addition, in order to limit its exposure and support to certain activities with a high environmental or social impact, GACM has set up sectoral policies. This is the case in particular for the energy sector: in line with the commitment made in 2020 by Crédit Mutuel Alliance Fédérale, GACM will reduce its exposure to thermal coal to zero by 2030. In 2021, GACM also implemented a sectoral policy excluding the financing of unconventional hydrocarbon infrastructure (oil and gas) through equity and unlisted debt funds. GACM also prohibits any investment in companies in the tobacco sector or any financing of companies involved in the sale of non-conventional weapons (anti-personnel mines, cluster munitions, etc.).

[1] Available at <https://www.acm.fr/fr/notre-actualite/nos-publications/publications-des-assurances-du-credit-mutuel.html>

As an active shareholder, GACM attaches particular importance to shareholder dialog and the exercise of its shareholder rights in the companies in which it invests. In this way, GACM intends to defend the financial interests of policyholders on behalf of which it invests while encouraging the companies it finances in their approach to environmental and social responsibility and good governance. GACM is convinced that compliance with best ESG practices leads to a better long-term valuation of companies.

When investing *via* external funds, *ad hoc* ESG questionnaires are sent to asset management companies to ensure that they have an ESG policy compatible with that of GACM. Lastly, as a committed investor, GACM invests in environmental and social projects. Investments of more than €5.7 billion in the portfolio at the end of 2021 were dedicated to financing activities promoting the transition to a low-carbon economy or projects with a social theme. Investments in these two themes represent nearly 5.6% of the Group's assets, excluding unit-linked products.

Crédit Mutuel Asset Management (report on the energy transition law)^[1]

Crédit Mutuel Asset Management continued its strategic project "Towards Responsible and Sustainable Finance" in 2021, which is fully in line with the medium-term plan *ensemble#nouveau monde, plus vite, plus loin! [together#today's world, faster, further!]* of Crédit Mutuel Alliance Fédérale. In this context, Crédit Mutuel Asset Management is overhauling the classification of its Responsible Finance range to increase the visibility of its offer. From now on, the range is structured according to two aspects:

- ESG integration: comprising all funds whose management is based on non-financial criteria alongside financial criteria, to identify market opportunities while respecting environmental, social and governance principles and limiting risk (physical, financial and market, regulatory and reputation). This system is accompanied by regular dialog with issuers to encourage them to change their practices;
- SRI: comprising funds managed according to the principles of the State SRI label, including being highly selective of the securities in the portfolio and improving transparency through dedicated reports.

Funds are now classified according to the SFDR regulation (Sustainable Finance Disclosure Regulation). This European regulation strengthens communication with holders on sustainability risk^[2] (consideration of environmental, social and governance criteria in the funds' investment strategy). The funds must be classified according to the following categories:

- so-called "Article 6" funds: general communication rule common to all funds in the pre-contractual documentation (prospectus), regarding whether or not sustainability risk is taken into account;

- so-called "Article 8" funds: the funds covered by this article systematically incorporate environmental and social characteristics. They promote these characteristics insofar as the companies in which the investments are made apply best governance practices;
- so-called "Article 9" funds: the funds covered by this article contribute to the achievement of a defined and quantifiable environmental and/or social objective, *e.g.* in terms of carbon emission reduction. They are also products with a social objective, such as impact funds.

This new regulatory framework was an opportunity for Crédit Mutuel Asset Management to redefine its objectives regarding the inclusion of non-financial criteria in the management of its funds. Crédit Mutuel Asset Management's ambition is to classify 100% of open-ended funds under active management^[3] in Article 8 or in Article 9.

Overall and according to the classifications of the European SFDR regulation, Crédit Mutuel Asset Management's outstandings break down as follows at December 31:

- Art. 9 funds – Class AMF I: €117 million;
- Art. 8 funds – Class AMF I and II: €53,264 million.

These classifications represented 71.8% of Crédit Mutuel Asset Management's outstandings at December 31, 2021.

Crédit Mutuel Asset Management's responsible investment policy has been modified to take into account the proposed implementation of the SFDR regulation. Accordingly, responsible investment is gradually covering all of Crédit Mutuel Asset Management's activities through an ESG integration system for most funds and an SRI approach for a range of targeted funds.

In order to make this responsible investment policy effective, Crédit Mutuel Asset Management has made the committed choice to build a proprietary ESG analysis model, alongside selected non-financial rating agencies (ISS ESG, Sustainalytics, Trucost), relating to companies and States.

This model is designed based on a dedicated methodology consisting of 45 indicators within 15 categories reflecting the overall approach adopted by Crédit Mutuel Asset Management, covering all quality governance, societal, social and environmental criteria, including climate. This non-financial quantitative approach, updated on a monthly basis, compares companies within their own business segment to determine which companies are making the most progress in assessing risks (physical, market, financial, regulatory and reputation) and opportunities with regard to sustainable development issues as defined by the 17 United Nations Sustainable Development Goals. In addition, a qualitative analysis (based on dialog with senior executives in particular) is conducted internally by a team of experts on ESG topics. This approach aims to assess in terms of trends, at least over three years, the company's ability to integrate and innovate on the five ESG pillars that make up this approach. Ultimately, the companies in the Crédit Mutuel Asset Management universe are classified into five groups reflecting both their historical and prospective non-financial performance. Managed by a team with more than 20 years of experience in responsible investment, this expertise is made available to all management teams.

[1] Available at

https://www.creditmutuel-am.eu/fr/institutionnels/nos-expertises-et-services/finance-responsable/rapport-article-173_loi-sur-la-transition-energetique.html

[2] <https://www.creditmutuel-am.eu/partage/fr/CSD-CM/CMAM/telechargements/reglementaire/sfdr/sfdr-art3.pdf>

[3] Excluding index-based UCIs or formula funds whose objective is to follow or invest in a given index, regardless of whether sustainability risk is taken into account.

3.9 CSR OF THE TECHNOLOGY DIVISION

3.9.1 Quantitative data

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
ENV04	Water consumption	Cubic meter	35,005
ENV05	Total energy consumption	Kilo Watt Hour	72,238,043
ENV05_01	Steam water in urban networks	Kilo Watt Hour	4,178,173
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	352,634
ENV06	Electrical energy consumption	Kilo Watt Hour	62,562,497
ENV07	Gas energy consumption	Kilo Watt Hour	4,780,269
ENV08	Fuel energy consumption	Liters	36,337.96
ENV09	Total paper consumption	Metric tons	83.24
ENV10	Total paper consumption for internal use	Metric tons	28.73
ENV11	Total paper consumption for external use	Metric tons	54.51
ENV13	Consumption of toner cartridges	Whole number	4,463
ENV15	Recycled used paper as output (waste)	Metric tons	258
ENV15L	Total labelled paper purchased	Metric tons	59.77
ENV15R	Total recycled paper purchased	Metric tons	6.17
ENV16	Used toner cartridges recycled after use	Whole number	3,963
ENV18	Business travel – air	Kilometers	983,257
ENV19	Business travel – train	Kilometers	2,182,008
ENV20	Vehicle fleet of the entity – number of km all vehicles	Kilometers	18,231,553
ENV23	Business travel – employee vehicle	Kilometers	89,244
ENV24	Business travel – collective transport – bus-cars-metro-tram	Kilometers	42,433
ENV25	Business travel – taxi & car rental	Kilometers	378,596
ENV31	Number of videoconferencing equipment	Whole number	319
ENV32	Number of videoconferences	Whole number	546,621
ENV33	Total duration of videoconferences	Centesimal hours	760,340.07
ENV34	Documents digitized (paper avoided)	Metric tons	13.64
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	60
GOUV02	Number of women on the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	16
GOUV09_02	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged < 40 years	Whole number	1
GOUV09_03	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 40-49 years	Whole number	5
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	33
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged ≥60 years	Whole number	21
SOC01	Total workforce in FTE	Full-Time Equivalent	5,337
SOC01_BIS	PPH workforce on the payroll	Natural Persons	5,378
SOC01_FM205	Workforce: women managers abroad	Natural Persons	0
SOC01_FNM205	Workforce: women non-managers abroad	Natural Persons	0
SOC01_F201	Female managers with open-ended contracts in France	Natural Persons	957
SOC01_F202	Female non-managers with open-ended contracts in France	Natural Persons	324
SOC01_F203	Female managers on fixed-term contracts in France	Natural Persons	2
SOC01_F204	Female non-managers with fixed-term contracts in France	Natural Persons	31

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
SOC01_F205	Workforce: women abroad	Natural Persons	0
SOC01_HM215	Workforce: men managers abroad	Natural Persons	0
SOC01_HNM215	Workforce: men non-managers abroad	Natural Persons	0
SOC01_H211	Male managers with open-ended contracts in France	Natural Persons	2,951
SOC01_H212	Male non-managers with open-ended contracts in France	Natural Persons	957
SOC01_H213	Male managers with fixed-term contracts in France	Natural Persons	6
SOC01_H214	Male non-managers with fixed-term contracts in France	Natural Persons	150
SOC01_H215	Workforce: men abroad	Natural Persons	0
SOC02	Total workforce France (Open-ended + Fixed-term contracts) – Natural Persons	Natural Persons	5,378
SOC03	Total workforce with fixed-term + open-ended contracts outside France	Natural Persons	0
SOC04	Total workforce with fixed-term + open-ended contracts – managers	Natural Persons	3,916
SOC05	Total workforce with fixed-term + open-ended contracts – non-managers	Natural Persons	1,462
SOC07	Workforce – Women (individuals)	Natural Persons	1,314
SOC08	Workforce – open-ended contract	Natural Persons	5,189
SOC08_NCADRE	Workforce – open-ended contract – non-managers	Whole number	1,281
SOC08BIS	Workforce – open-ended contract – women	Whole number	1,281
SOC09	Workforce – fixed-term contract	Natural Persons	189
SOC12	% open-ended contract employees	Percentage rate	96.48
SOC13	Total hires	Natural Persons	622
SOC14	Men hired	Natural Persons	470
SOC15	Women hired	Natural Persons	152
SOC16	Hires with open-ended contracts	Natural Persons	471
SOC17	Hires with fixed-term employment contracts	Natural Persons	151
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	227
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	18
SOC27	Turnover (resignations + layoffs + end of probationary period + conventional breach of contract)/(individual workforce)	Percentage rate	2.96
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	5,189
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	189
SOC31	% of full-time employees	Percentage rate	96
SOC32	% of part-time employees	Percentage rate	4
SOC38	Total number of days of absence	Working days	41,001
SOC39	Number of days of absence due to illness	Working days	39,735
SOC40	Number of days of absence due to workplace accidents	Working days	1,266
SOC41	Number of days of absence for maternity/paternity	Working days	9,042
SOC44	Number of declared workplace accidents with medical leave	Whole number	31
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	5,372,911.43
SOC47	% of payroll expense invested in training	Percentage rate	2.22
SOC48	Number of employees who have had at least one training session	Whole number	3,952
SOC49	% of trained employees	Percentage rate	73.85
SOC50	Total number of hours allocated to employee training	Centesimal hours	68,413
SOC52	Number of work-study trainings	Whole number	50
SOC53	Number of work-study trainings with professionalization contract	Whole number	5
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	45
SOC59	Number of women among managerial staff	Whole number	959
SOC60	% of women among managerial staff	Percentage rate	24
SOC61	Number of managers promoted in the year to a higher level of function	Natural Persons	155

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
SOC62	Number of women among managerial promotions	Whole number	34
SOC63	% of women among managerial promotions	Percentage rate	21.9
SOC68	Number of disabled workers in the total workforce	Whole number	95
SOC71	% of disabled workers in the total workforce	Percentage rate	1.76
SOC73	Gross payroll excluding employers' contributions (in €)	Euros	242,084,148
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	45,802
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	32,902
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	50,030
SOC81	Total amount of bonus (profit-sharing and shareholding) (in € – excluding employer contributions)	Euros	28,515,327
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	5,302
SOC88	Workforce < 25 years old	Natural Persons	278
SOC89	Women < 25 years old	Natural Persons	45
SOC90	Workforce 25-29 years old	Natural Persons	554
SOC91	Women 25-29 years old	Natural Persons	140
SOC92	Workforce 30-34 years old	Natural Persons	774
SOC93	Women 30-34 years old	Natural Persons	201
SOC94	Workforce 35-39 years old	Natural Persons	841
SOC95	Women 35-39 years old	Natural Persons	183
SOC96	Workforce 40-44 years old	Natural Persons	781
SOC97	Women 40-44 years old	Natural Persons	191
SOC98	Workforce 45-49 years old	Natural Persons	872
SOC99	of which women 45-49 years old	Natural Persons	234
SOC100	Workforce 50-54 years old	Natural Persons	588
SOC101	Women 50-54 years old	Natural Persons	129
SOC102	Workforce 55-59 years old	Natural Persons	447
SOC103	Women 55-59 years old	Natural Persons	128
SOC104	Workforce 60 years old and older	Natural Persons	243
SOC105	Women 60 years old and older	Natural Persons	63
SOC107	Total gross annual compensation (in €) of employees with open-ended contracts	Euros	237,669,608
SOC108	Total gross annual compensation (in €) of non-managerial employees with open-ended contracts	Euros	42,148,690
SOC109	Total gross annual compensation (in €) of managerial employees with open-ended contracts	Euros	195,520,918

3.9.2 Specific report of the technology division (Euro-Information, EI)

This document brings together the actions of the different entities working in the IT business. After a reduction in the scope following the sale of Euro-Information Télécom at December 31, 2020, the main subsidiaries of Euro-Information in 2021 are:

- Euro-Information Développements (EID) which develops the group's software tools;
- Euro-Information Production (EIP) which manages the group's technical infrastructure and production;
- Euro Protection Surveillance (EPS) which offers remote security services;
- Euro-Information Services (EIS) which installs, maintains and replaces IT equipment (workstations, ATMs, telephone, etc.).

These entities, whose legal form may vary, are all controlled by Crédit Mutuel Alliance Fédérale. As a result, they apply the rules and procedures particularly in their social, ethical and environmental responsibility aspects.

New regulations

In 2019, the regulations in force led Euro-Information to reflect concerning Corporate Social Responsibility in terms of risk, to define a map of ESG risks containing scenarios and to define practical measures in terms of scenarios.

The main scenarios with which Euro-Information may be confronted are:

- the absence of dedicated SMR governance;

- the fact that social and environmental issues are not taken into account in the purchasing policy;
- the failure of the IT systems security mechanism;
- the fact that the increasing greenhouse gas emissions contributing to climate change in the group's business activities are not taken into account;
- at the level of the internal functioning of the group entities: the absence of a policy for reducing the consumption of resources (water + paper related to a tertiary activity);
- at the level of the internal functioning of the group's entities: the absence of a waste prevention and management system.

At the same time, new indicators were defined and implemented, in order to address these scenarios and monitor the management of these risks. This makes it possible for the third time, to assess their relevance, to analyze which trend the group is on and this improve them.

Actions by scenario

The absence of dedicated SMR governance

In 2018, the group defined a new strategic plan, *ensemble#nouveau monde* [together#today's world], which provides a full expression of SMR. The conditions of the health crisis forced Crédit Mutuel Alliance Fédérale to revise this strategic plan with the aim of accelerating its transformation and affirming the relevance of its mutualist model in the face of the crisis. It is now called *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!]. Euro-Information remains part of this strategic plan and has an additional objective aimed at providing the group with the IT resources necessary to this approach.

In addition to this revised strategic plan, Crédit Mutuel Alliance Fédérale has become the first benefit corporation in the banking sector. The group adopted the "*Ensemble, écouter et agir*" [Listening and acting together] *raison d'être* to successfully carry out five missions now integrated into the corporate purpose of Caisse Fédérale de Crédit Mutuel and CIC:

- as a cooperative and mutualist organization, we support our customers and members in their best interests;
- as a bank for all, members and customers, employees and elected members, we act for everyone and refuse any discrimination;
- respectful of everyone's privacy, we place technology and innovation at the service of people;
- as a solidarity-based company, we contribute to regional development;
- as a responsible company, we actively work for a fairer and more sustainable society.

SMR is fully integrated into the group's governance and indicators on human and mutualist development have been defined and will be monitored. The Euro-Information subsidiaries contribute to the shared objective of reducing the carbon footprint by 30%. The Group strengthened its ambitions in the fight against climate change by setting two new targets: increase financing projects with high climate impact by 30% and reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15%.

Group management is carried out by a risk management team. In this context, meetings to exchange on actions with all of Crédit Mutuel Alliance Fédérale's SMR contacts in which the Euro-Information correspondent participates are organized and shared documents were created in 2020 to coordinate, reuse and optimize everyone's actions within the group. Euro-Information has announced the implementation of a responsible digital strategy and is preparing the implementation of indicators, projects and a steering body for this strategy.

The fact that social and environmental issues are not taken into account in the purchasing policy

As a reminder, the "Supplier Management Relationship" process is part of the certified Quality processes ISO 9001 V2015 monitored and audited by AFNOR [of which the last renewal took place in October 2021]. This process also falls within the scope of the ISO 27001 Information Security Management System certification. The process is written, published and shows the different steps of a beginning relationship, contractualization and management of the supplier relationship.

As part of this process, suppliers have been classified by category, the main one being "Critical and/or Sensitive Suppliers". This classification is made within the framework of the rules relating in particular to the identification of the outsourcing of services according to the rules defined by the group. For the bidding process and in regular fashion, purchasing teams ask these suppliers to provide documents that can attest to their CSR procedures (or to provide the link to the document on the Internet) in order to know the content. This operation is applied in the purchasing process of equipment or software, but also in the context of buying immaterial computer services vis-à-vis IT services suppliers. This process is regularly updated.

In addition, a sectoral purchasing policy has been developed for the group. It was implemented in 2017 and makes CSR practices easier to understand when it comes to purchasing. Euro-Information has taken this sectoral purchasing policy into account in its procedures. The purchasing policy includes the signing of a charter with suppliers. The group has decided to initiate this process with major current suppliers. This process of affiliation started at the beginning of September 2018, with the charter being sent to the suppliers concerned. Signing the charter is now also part of the policy of beginning a new relationship. Some suppliers refuse to sign the charter, sending us a "similar" internal policy. This charter replaces the collection of documents formalizing their CSR approach, except for suppliers of services (SSII).

In addition, a new version of the internal rules issued at the end of 2018 recalls a certain number of elements concerning the Euro-Information policy with regard to relations with suppliers. A delegation of authority was signed by the buyers reminding them of the respect related to obligations in terms of sectoral purchasing policy. A "Suppliers follow-up" Committee ensures:

- the implementation and updating of procedures for entering into relations with suppliers;
- the monitoring thereof;
- the recovery of ratings (contract quality and quality of services) for essential and sensitive suppliers;
- the gathering of "financial ratings" for essential and sensitive suppliers established in France; this was expanded in 2019 to foreign suppliers;
- the retrieval or updating of CSR reports for these same suppliers, even though this functioning was abandoned in 2020 due to the signature of the charter by the suppliers;
- the consistency of practices used within other Euro-Information subsidiaries, *i.e.* EIS, EPS, ETVS, EP3C and EIDS, for any specific purchases.

The legal, purchasing, operational risks, periodic control and permanent control teams are represented on the Suppliers Monitoring Committee, with a person from the Euro-Information internal audit department as a regular guest. Euro-Information's management is informed of the "Suppliers follow-up" Committee work. Two developments took place in 2020:

- the quality of services, the quality of service rating form (Appendix 7 under the process) has changed with escalation criteria and/or action plans to be carried out according to the scores obtained;
- the identification of services (named Appendix 5 under the process), two "CSR Risk" criteria were included in the risk analysis, "CSR reputation risk" and "CSR non-compliance risk" (linked with sector policies).

In 2021, these two forms were slightly modified and a quality of service form was created for intra-group services, in particular for Euro-Information, CCS and a few other community entities. This is a specific version of Appendix 7.

The financial and quality ratings as established above are carried out each year.

A CINT check makes it possible to ensure, for critical and sensitive suppliers, through a quality rating, that the work has been carried out in accordance with the contractual commitments and that the ratings granted contribute to the overall quality of the IS.

In addition, the review of new versions of equipment (workstations, printers, scanners, copiers) includes a CSR approach to energy consumption since 2013. The deployment of increasingly energy-efficient equipment continues. The constant renewal of the fleet (see section of equipment life-cycle) therefore contributes to reducing energy consumption.

A working group on the life cycle of equipment was launched at the end of 2021. The findings of this work will have an effect on the purchasing process next year if necessary. In addition, Crédit Mutuel Alliance Fédérale decided, through its subsidiary Euro-Information, to donate just over 500 laptops to various associations and universities (Les Restos du Cœur, Emmaüs, etc.) in order to take action, alongside with these associations, to support people in difficulty.

The fact that the increasing greenhouse gas emissions contributing to climate change in the group's business activities are not taken into account and at the level of the internal functioning of the group's entities: the absence of a waste prevention and management system

These two scenarios are taken into account in several parts of Euro-Information's activities. Here are the major actions.

Digital modernization strategy

At the end of 2019, CIGREF decided to set up a working group called *GT Sobriété Numérique*. It considers that awareness of digital energy and environmental issues is only just starting to become apparent, even though it is increasing and the growing impact of digital services on greenhouse gas emissions is becoming alarming. Euro-Information took part in the creation of this working group and participated in the discussions undertaken in 2020. These discussions resulted in a

summary document as well as a reference document to support companies in their digital transformation efforts called "The 100 best practices for digital sobriety". These documents provide a methodological guide to guide companies in the implementation of practical measures. They focus on the main areas of the company (strategy, HR, purchasing, infrastructure, risks, etc.). The analysis of practices confirms that Euro-Information is already carrying out a lot of actions in the area of digital sobriety, without these, however, being communicated.

Many best practices are in place, such as:

- promote the reuse (second life) of equipment (EIS/Circuit Broker);
- where a second life is not possible, ensure an appropriate recycling or destruction process;
- optimize the architecture and layout of datacenter rooms;
- virtualize servers and storage units;
- define archiving and data cleaning rules in line with the GDPR.

In 2021, work of the digital modernization WG continued. The main objective of this WG is to define the associated metrics. Indeed, it emerged that to target strategic objectives in this area, it is necessary to define and monitor metrics. Currently, there are still few metrics. The CIGREF framework was extended at the end of 2021, with the presentation of deliverables regarding the work carried out on metrics and also on software and hardware obsolescence, which was the subject of a cross-functional working group. In 2022, the Digital Modernization WG will become the Digital Sobriety Circle (*Cercle Sobriété Numérique*) and Euro-Information will continue to be involved in the latter.

The positioning of Euro-Information in relation to the 100 best digital sobriety practices led to the launch of a responsible digital strategy. After consideration, it was decided to promote this approach as a priority through the following areas:

- responsible purchasing and life cycle: equipment is a major item in the carbon footprint;
- digital services: the use of IT resources has a significant impact in view of the number of group employees;
- infrastructure: an issue already identified which we must continue to address using the same strategy;
- projects: all new projects must contain a digital sobriety dimension.

For each of the topics, working groups were set up in the fourth quarter of 2021. The first quarter of 2022 will enable to achieve the first objectives of each of the working groups:

- define management indicators for each of the priorities;
- develop a digital sobriety roadmap.

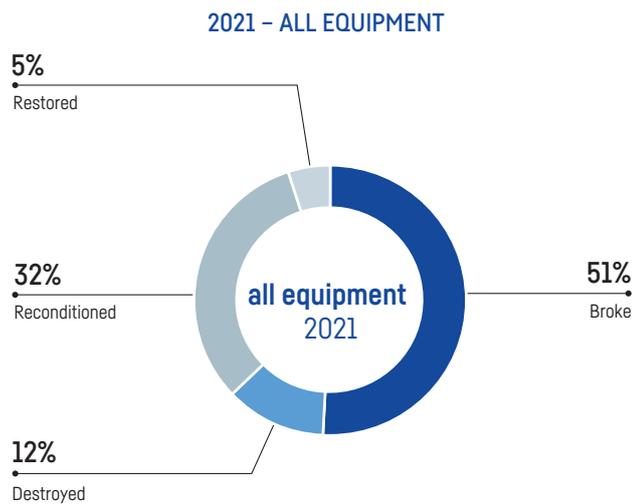
2022 will see the start of the various action plans put in place by each of the working groups. These actions are part of a continuous improvement process. The aim is to achieve rapid and measurable short-term environmental gains. In the long term, the aim is to anchor the digital sobriety strategy within the Group in order to achieve the environmental objectives of the coming years.

Equipment circuit

On behalf of Euro-Information, Euro-Information Services (EIS) provides installation and maintenance services for IT equipment and associated logistics services. In 2021, more than 14,800 days/man were dedicated to replacing end-of-life products (printers, workstations, laptops, inverters, PLCs, electronic payment terminals, etc.). Nearly 154,321 defective products were processed by the repair shop, 48,514 uninstalled products were reconditioned and 56,298 were directed to our broker.

EIS pursued regular technical discussions with the group's call structures (SAM and STU) to have accurate diagnoses (by setting up a Diagnostic Assistance Tool called "DAT") to avoid unnecessary travel. In addition, in order to optimize the travel of its technicians, EIS continues to monitor an initial resolution indicator (RPC in French), the objective of which is to troubleshoot from the first intervention. This approach saved more than 19,200 trips in 2021 compared to 2011. In addition, the decrease in the percentage of recurrence in the area of ATMs saved 3,827 interventions compared to 2010.

Here are the findings:

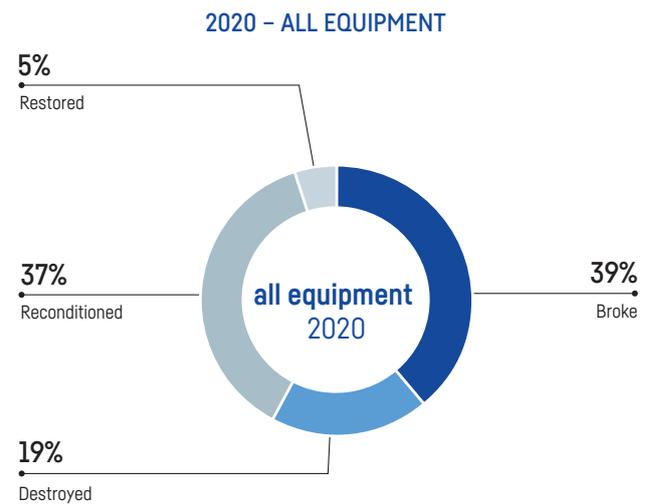


A focus on the 2021 portfolio shows a change in processing. The breakdown of the Reconditioned/Destroyed fleet, which represents 44% of the fleet, has changed with a reduction in the percentage of destruction by 7% between 2020 and 2021. The share of reconditioned products decreased by 5 points and represents 32% of the equipment removed from the fleet. The percentage transferred to the broker increased from 39% in 2020 to 51% in 2021. The analysis highlights the sharp increase in transfers to the broker, mainly due to the decrease in equipment destroyed. This change concerns smartphones and telephones (from 38% to 70% sent to the broker and from 29% to 16%

The activity of trading in used computer equipment (broke) continues to evolve and thus makes it possible to avoid destruction of the equipment as far as possible. To monitor this activity and its development, statistics were put in place in 2015 to monitor what happens to the installed base following an intervention. A device that is no longer in place is in one of following four states:

- restored (initial state);
- reconditioned (if repaired to be returned to the customer circuit);
- broke (resold);
- destroyed (if beyond repair or resale).

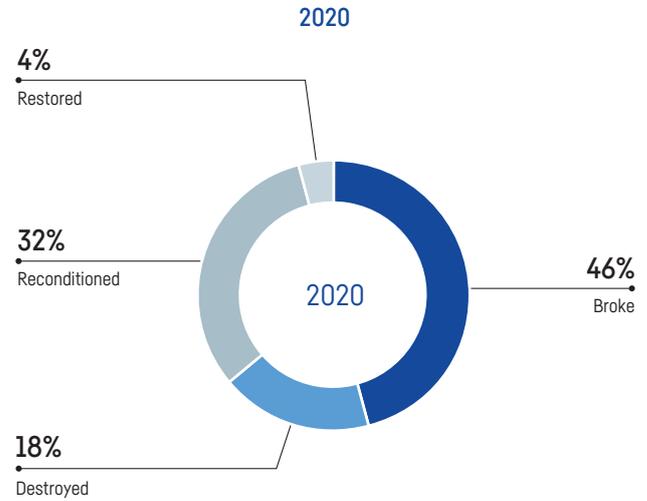
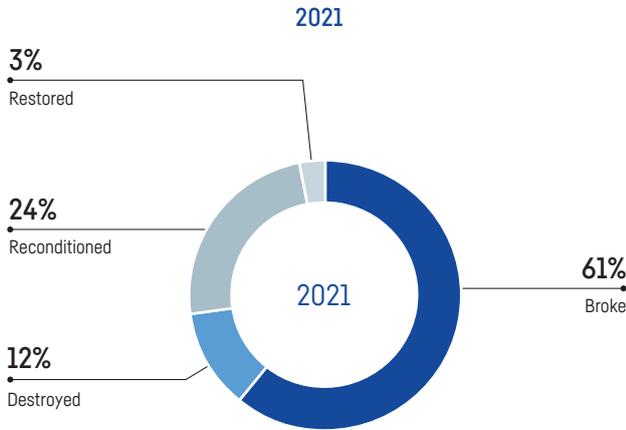
The goal is to reduce the time in the "restored" state and to send, where appropriate, to the broker, as soon as possible to allow reuse. This analysis can be done by product family and by customer entity since January 2014. It is therefore possible to compare the last five years and see what will happen after two, three, four or five years. Customer entities may also perform their own analysis. However, this vision is partial and based on the stages of the physical circuit. The new EIS management site in Mulhouse will make it possible to refine this monitoring and take advantage of the introduction of new processes and tools.



destroyed), screens (from 45% to 53% sent to the broker and from 21% to 11% destroyed) as well as workstations and laptops (from 53% to 60% sent to the broker and 9% to 5% destroyed).

The trend for large families of equipment (monitors, workstations and laptops, printers, smartphones and telephones), which represented 64% of the movements in 2021, follows this logic. In 2021, the share of equipment sent to the broker increased from 46% to 61%, reconditioning from 32% to 24%, and destruction was down to 12% compared to 18% in 2020.

BREAKDOWN OF THE HARDWARE FAMILY: MONITORS, WORKSTATIONS AND LAPTOPS, PRINTERS, SMARTPHONES AND TELEPHONES



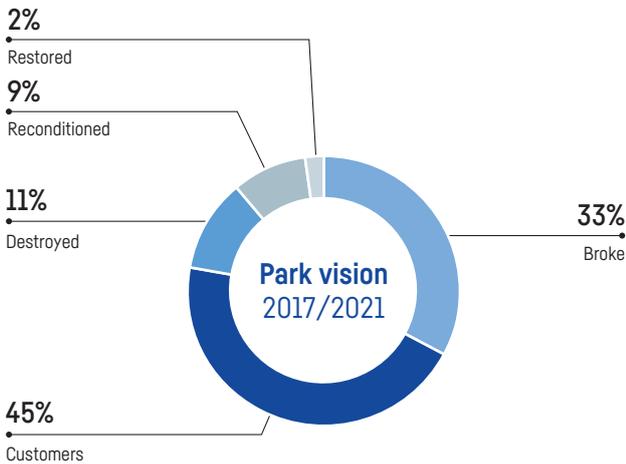
Since 2018, the analysis of historical data allows us to understand the future of a fleet in five years and therefore to compare two generations. Out of an installed base of 665,500 references in 2016, the situation in 2020 was:

- 48.8% were renewed;
- 57% sold to brokers;
- 22% were destroyed;
- 16% were reconditioned.

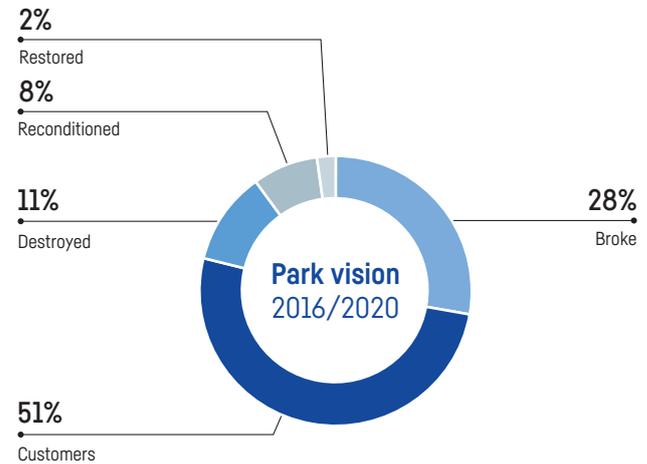
When comparing both historical data, the following should be noted:

- a regular increase in the installed base under management (initial installed base of 665,500 in 2016, 703,123 in 2017 compared to an installed base of 888,639 in 2021);
- stable volumes destroyed and reconditioned (11% and 2%);
- significant change between the installed base and the broker base mainly due to the shift to soft telephony in 2021, involving the disposal of a large part of the IP telephone base [-32% in the installed base and +19% in the broker base].

PARK VISION 2017-2021



PARK VISION 2016-2020



There is a change across the major product families, in line with the useful life and depreciation of the equipment. For workstations and laptops, major tools of the employees, 81% were renewed in the five-year period with 70% to the broker, 6% reconditioned and therefore only 5% destroyed. The average useful life is between five and six years depending on the type of equipment. Conversely, for the screens and printers family, only 40% of the installed base is renewed, with 24% going to the broker, 9% for reconditioning and 7% for destruction. The useful life of this family is close to ten years. A uniform 2% of products are in the reconditioned state, which corresponds to equipment in the process of assignment to its new category.

In 2020, an additional recycling channel for keyboards and mouse devices was set up. The banks, branches and head offices can now

return these items to EIS for recycling. This system relies on the group's existing shuttles and will facilitate the recovery of used equipment. In 2021, this process led to an increase in the proportion of recycled products and made the end-of-life management processes easier for the WEEE of these accessories.

The group destroys WEEE in accordance with regulations with the help of an accredited partner. The monitoring of quantities makes it possible to see the actual change in volumes. In 2021, 208 tons of waste were sent to the WEEE recycling channel. In 2020, the volume was much lower (183 tons) than in previous years because the overall breakdown and repair activity had significantly slowed down due to the health crisis.

	2017 Qty	2018 Qty	2019 Qty	2020 Qty	2021 Qty
TOTAL WEEE (in kg)	256,096	251,125	244,683	183,107	208,050

IP phone management

Several years ago, Euro-Information signed a partnership with CONNEXING for the purchase of fixed IP telephones. This company resells recycled used IP telephones and has a strong eco-responsible approach (company with a B-Corp certified mission). Indeed, it builds on the "AFIBERIA" project provided by the NGO Planète Urgence and undertakes to plant one tree per eco-recycled phone bought or per phone restored to its customers. In addition, EIS works with CONNEXING for the repair and reconditioning of IP telephones in order to extend their service life.

CONNEXING has defined three levels of eco-recycled partnership:

- Silver, for 100 trees planted;
- Gold, for 200 trees planted;
- Platinum, for 500 trees planted.

For four years, the Group obtained Platinum level: 3,854 in 2020, 3,850 in 2019, 3,848 in 2018 and 3,598 in 2017, which represented 36,305 kg of CO₂ saved in 2020. In 2021, the CO₂ subsidy of CONNEXING was only 66 kg. This very sharp decrease in 2021 is linked to the implementation of softphony, thereby putting an end to purchases of IP telephones.

Evolution of datacenters using the best ecological practices of the market

The development of the group requires constant IT developments and therefore a processing and storage capacity that is constantly evolving. The extension of the Euro-Information site in Lille with the construction of a new machine room was delivered in September 2021 and is being deployed in confinement mode. The main equipment of the new Datacenter at this site uses new techniques, in particular those of confinement (disappearance of hot spots by better separating the bays and creating cold aisles) and free chilling (adaptation of the cooling method depending on the outside temperature) which are currently being finalized. For historical rooms, insulation optimizations were carried out.

The next project will be to replace the machine rooms in Strasbourg with a new Datacenter which will also deploy the latest innovations in energy optimization. This new Datacenter will be in line with the European code of conduct for energy best practices. Land plots were acquired around Dijon to carry out this new project and will therefore be operational by 2023/2024. All these projects will use the techniques of free chilling and confinement. For the Lille site, this represents savings of 3,800,000 kWh for a load of 1,000 W/m² (approximately €280,000 per year).

The implementation of these changes should make it possible to obtain a PUE (Power Usage Effectiveness) of less than 1.6 for these new rooms in northern France. Where possible, these methods will be applied to other existing datacenters.

Energy optimization in the approach to real estate

Euro-Information has a role in the group's energy saving policy. Euro-Information is included in the scope with ISO 50001 certification obtained at the end of 2020, under the supervision of CCS. This project, launched in 2019, targets banks and branches, head offices and datacenters. Euro-Information is concerned by the last two scopes.

The scope of Crédit Mutuel Alliance Fédérale's EMS covers all of the real estate portfolio, *i.e.* 1.85 million square meters spread over more than 3,800 buildings with more than 5,000 meters, as well as the entire fleet of nearly 3,300 vehicles. At Euro-Information level, this certification targets datacenters, buildings occupied by EI staff and subsidiaries, the vehicle fleet (company and service vehicles) and all IT equipment. This certification will serve as a basis for the implementation of the Tertiary decree targeting a gradual reduction in energy consumption of buildings by 2050. For example, this certification made it possible to capitalize on the one-degree increase in the temperature at Osny, representing an estimated savings of 196,399 kWh per year. Similarly, it will have made it possible to formalize the temperature instructions which apply for the technical premises of the group's agencies.

The renewal audit, which took place in early October 2021, was successful and the ISO 50001 standard was renewed by AFNOR. Significant work was carried out in 2021 on the energy measurement of datacenters together with the EIP and CCS teams. This made it possible to make the measurements more reliable and to define indicators in addition to the PUE, in order to be able to measure the operating efficiency and compare consumption with the IT operations of the datacenters.

Two indicators will therefore be implemented in early 2022, one on the number of transactions of IBM Z machines linked to the energy consumption of the IT and a second linked to the volume of storage compared to the energy consumption of the IT. Energy consumption is also improved in the context of recurring work, with the deployment of LED lighting both in the administrative offices and machine rooms of datacenters.

Setting up videoconferencing facilities to avoid travel

For several years, Euro-Information has been carrying out a unified communication project to enable meetings *via* videoconferencing with people from different regions and different countries without travel. The ramp-up continued with training courses and by using this method for customer and member relationships. The group is continuing to develop this solution that makes it possible to make video appointments with customers using Skype web or mobile with the following challenges:

- propose an additional channel for communication with customers;
- adapt ourselves to new communication habits, with the image of a modern bank 2.0;
- keep contact with customers who have less availability;
- regularly meet customers who are not local or who have reduced mobility;
- assist customers in their procedures on our online banking sites;
- facilitate three-party meetings: Client-Advisor-Business Expert (Real Estate, Flows, Asset Management, etc.) remotely to increase availability and reduce travel (agility, costs, risks);
- reduce the carbon impact by reducing physical travel.

Figures for video appointments at banks/branches in 2021 are:

- the entire Crédit Mutuel Alliance Fédérale and group network is operational;
- 236,264 videoconferencing appointments, *i.e.* 20,000 per month on average.

Euro-Information is continuing to roll out new services to simplify access to videoconferences. For example, the introduction of new equipment in the meeting rooms at banks and branches will facilitate weekly staff meetings thanks to the Polycom Trio tool, which makes communication easier with a large number of people in the same room.

The use of these new means has also increased significantly following the measures to combat COVID-19. YouTube has also been used to hold important meetings such as Crédit Mutuel Shareholders' Meetings and staff meetings. This solution has morphed into a streaming solution created by Euro-Information to broadcast video in real time. Face-to-face training has been largely replaced by remote training since June 2020.

Remote working resulted in a priority given to the deployment of Softphony (workstation telephony without a physical phone), allowing users to stay in touch *via* their landline number regardless of where they are working. At the time of this deployment, 100% of group employees were equipped with headsets and microphones.

Shutdown of workstations at night

Euro-Information has been deploying a solution for shutting down workstations at night in local banks and branches for several years. A new version was rolled out in 2018 to be more precise in the shutdown schedule. Indeed, the tool is connected with the local bank/branch office repository which contains the actual attendance times. This tool works every day and more than 45,000 workstations are involved. At the same time, a head-office version was put in place from the second half of 2018 (7,300 workstations by the end of 2018) and deployed on almost all of the scope in 2019, targeting more than 30,000 workstations. This version is accompanied by the construction of a report for better understanding the impact of this shutdown and for measuring developments in consumption according to the actions carried out. The measures show that the maximum saving possible is about 60% of the time for the local bank/branch office workstations and about 45% for the head office workstations. The actual gain ranges between 35% and 40%. For 2021, the group's cumulative gain is estimated to be €252,124 in electricity, corresponding to approximately 408.7 metric tons of CO₂ not produced.

The pandemic, the lockdown and the implementation of a QLW agreement on remote working have consequences that will have to be analyzed and detailed. Several new parameters must be taken into account:

- electricity consumption during the remote working period was the group's initiative, but the impact of shutting down workstations is reflected in the consumption of employees' homes. Actual consumption on the group's sites is therefore virtually zero during such days;
- remote automatic shut-down and restart is complex to perform and monitor;
- the consumption-focused approach is very different because employees who do not have a permanent place at home tend to start/stop their workstations manually, which is beneficial but, as indicated previously, is more difficult to monitor.

In 2022, it is planned to extend this system to the entities of the group's press division. A pilot phase for administrative workstations is currently being rolled out.

Reduction and processing of non-electronic waste

Euro-Information is gradually coming into compliance and line with the regulations on the disappearance of plastic in accordance with group directives and is improving its treatment of waste:

- recyclable cups in the drinks vending machines;
- napkins made of recycled paper;
- supplies of cups and/or glass bottles;
- centralized waste sorting terminals with recycling circuit.

The implementation of these measures continued in 2021 at the various head offices and branches. However, the continued COVID-19 pandemic has weakened these changes with the need to individualize certain services (e.g. collective catering with the provision of individual meal trays). Accordingly, several initiatives were set up at Euro-Information's Strasbourg, Paris and Nantes sites: special bins have been deployed to collect and recycle employees' used masks.

In 2021, Euro P3C, one of Euro-Information's subsidiaries, introduced bank cards made of 85.5% recycled PVC for the Crédit Mutuel network. This roll-out is still underway to make said bank cards available to all banks within the network. The long-term objective is to offer 100% recycled PVC cards. The carbon footprint of one kilogram of PVC is estimated at 4.1 kg of CO₂ equivalent compared to 2.1 kg of CO₂ for recycled PVC. At the same time, a used card collection circuit was set up in 2021 to recycle the PVC from these cards upon destruction.

Managing the impacts of sectoral policies and ESG regulations in the banking business

As part of the group's objective of reducing CO₂ emissions linked to its client portfolio by 15%, Euro-Information has made a significant contribution by making several technical advances available:

- in the context of the coal, oil and gas phase-out, Euro-Information made it possible to identify third parties pursuing the development of activities related to coal, oil and gas, by setting up dedicated risks. This will enable to better manage changes in the customer portfolio, and to analyze, in early 2022, the situation of outstandings of our customers concerned by polluting emissions;
- in 2021, the non-financial ESG rating of the ISS provider was integrated into the information system. This rating will be used by several applications of the Euro-Information system;
- the collection of the Energy Performance Assessment (EPA) of the real estate assets insured became mandatory, initially for the purposes of reporting. Euro-Information made it possible to reprocess the data made available by ADEME. The systematic collection of EPA data in the information system is scheduled for 2022, so that it can be used for commercial purposes. The aim is to assist customers by providing improvement measures to be taken to bring their homes into line with environmental standards and also to meet regulatory reporting requirements.

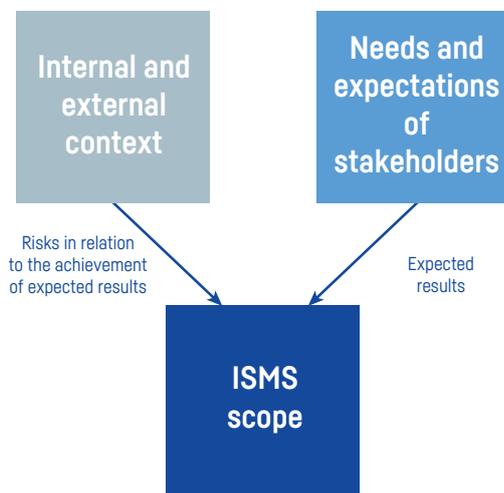
Breakdown in IT security

Several actions help to address this scenario, both in terms of security in the broad sense and the availability or security of data.

Security of the IS

Considering the processing of sensitive banking data and the numerous offers of services proposed by Euro-Information, very special attention is paid to all aspects of the IT system, which evolves each year to adapt to new risks and strengthen our defenses. All means are implemented to secure the community system. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of our production sites described above. This ISO 27001:2013 standard constitutes a recognized certification reference system. It provides a framework for implementing, maintaining and improving an Information Security Management System over time. The ISMS takes into account:

- the external context;
- the internal context;
- needs and expectations of stakeholders.



The ISMS challenges are:

- to bring tangible improvements to the security of the Information System by:
 - putting in place an operational governance of security,
 - adopting a risk approach to manage security,
 - defining security rules,
 - ensuring the application of these rules;
- to continuously improve the security of the Information System by:
 - measuring the security levels achieved,
 - performing a security watch,
 - taking into account new threats and developments in the IS,
 - reducing the impact and frequency of security incidents.

This ISMS enables to:

- increase trust among stakeholders (shareholders, supervisory authorities, banks, federations, partners, suppliers, personnel of Euro-Information);
- have a competitive advantage when responding to the bidding process;

- systematically treat IT security risks in the areas concerned;
- control security by means of indicators and not by measuring effort (cost, time, number of people, etc.).

In accordance with the commitments made as part of the 2014 medium-term plan, Euro-Information successfully passed the ISO/IEC 27001: 2013 certification audit in 2017. This certification was confirmed during the 2018 and 2019 surveillance audits and renewed in 2020 as part of a first combined ISO 9001 (quality management system) – ISO 27001 (information security management system) audit. This certification (no. 2017/77568.10) thus validates the Information Security Management System implemented on our IT production centers.

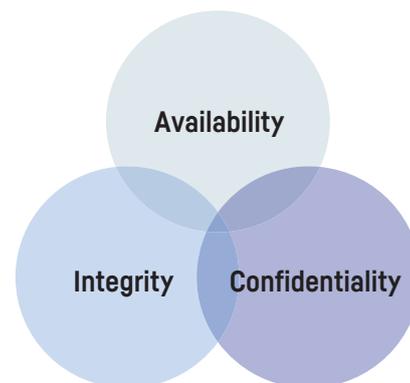
The validity of this certificate can be checked using the following QR code:



2020 was therefore the beginning of a new three-year cycle which confirmed the ISMS-QMS synergy. The combination of these two management systems, by integrating security measures into the mapping of business processes, enables to ensure that they are included at the early stages of products and services supply. This methodology will make it possible to extend the ISMS to development activities, by adapting the processes, the assessment and treatment of risks, the control plan, training and awareness-raising actions.

The extension of the ISMS scope to development activities was part of the *ensemble#nouveau monde, plus vite, plus loin!* (together#today's world, faster, further!) strategic plan with the aim of having the ISO 27001 management system applied in 2022 and certified in 2023 through the new certification cycle. The basic principles remain the following:

- availability: provide a reliable system with permanent accessibility;
- confidentiality: secure access, processing and data;
- integrity: guarantee reliability of data.



In addition to these basic principles:

- traceability: knowing from where the information is coming, where it has been and where it is going;
- identification/authentication: the security of information and access to it also involves the identification of those who access it, and their authentication (proving that a person is who they claim to be).

Security is monitored through the security control tower whose missions can be summed up in three words:

- anticipation;
- detection;
- response.

To cover these missions, the security control tower consists of:

- a single point of contact for Security (Security SPOC);
- a Security Operations Center (SOC), a true “radar” of IT security in charge of all aspects related to the detection of non-compliance;



- the CERT Crédit Mutuel Euro-Information to manage the resolution of security incidents, monitor and inform about threats.



The CERT CM EI is also responsible for cyber threat intelligence. As such, it is the preferred point of contact for external entities wishing to warn the group of a threat to itself or its customers.

Security control tower publishes a *Sécurité* newsletter every week. It presents the past week’s news on topics related to security generally and/or to news about bank security. The newsletter is available every Wednesday (excluding operational constraints) in French, English, Spanish and German.

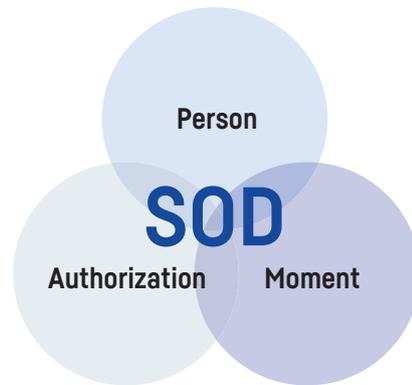


Human Resources and organization security is based primarily on:



- reinforced and clear security governance with a specialized team around the Information System Security Network and a network of security correspondents in the group’s entities and business centers;
- permanent security awareness of the entire Euro-Information staff in e-learning and/or face-to-face training;
- a user charter associated with the internal rules. This charter illustrates the professional, respectful and responsible behavior that every employee of Euro-Information must display when using the resources of the Information System;
- an annual training plan guaranteeing the maintenance of Euro-Information’s staff’s skills in security matters;
- management of user access rights by powerful tools with regular and formal reviews.

The security works on the principles of the SOD (Segregation of Duties) concept that meet the requirements of the legal standards and obligations (SOX, Basel II, ISO 27000, COBIT, ITIL, ISACA, CRBF 97-02, etc.) and based on the adequacy of three elements:



Since April 2020, Euro-Information has set up a Red Team. This team is tasked with simulating attacks to assess the overall security of the company by testing its various means of protection, whether technical, physical or human. Red Team Campaigns, in addition to assessing the overall level of security of an information system, also enable to assess and improve the actions and responses of the Blue Team in the face of any intrusion detection. This team, in addition to assessing security and compliance with company requirements, therefore works closely with the Blue Team to improve and test our means of detecting and responding to security incidents.

All elements of our security system allow the commercial payment solution, Monetico Paiement, to be certified each year since November 2007, at PCI/DSS level 1 (the highest level of security). This certification guarantees customers the quality of performance of this solution on our technological infrastructure to store, process and transmit payment card information.



Monetico Paiement

The group has decided to increase the scope of certification. This ambitious and innovative project resulted in a first success on April 30, 2019 with the certification of batch 1.0 (acquisition scope), the result of a five-year project involving the work of more than 70 Euro-Information teams and aimed at making this new environment available to nearly 300 users. The installation of this new environment of nearly 500 machines (including two mainframe partitions) and 170 applications makes it the largest PCI/DSS certified scope in France and one of the largest in Europe.

This first success was followed, on April 30, 2020, by the achievement of a new milestone with the renewal of the certification of batch 1.0, as well as the certification of the extension to batch 1.1 (still within acquisition scope) and batch 1.2 in 2021. The environment has been extended to more than 530 machines and 208 applications. This dedicated environment is only accessible with very restrictive means of access. The applications and systems are subject to draconian rules on the review of code, review of machine configurations, review of accesses, etc.

The next stages will be:

- add the remaining acquisition applications to this environment (last batch 1.3 for 2022). Self-Service Banking (LSB) will probably not join the PCI platform at this time, but some interactions between LSB and acquisition may switch to PCI;
- continue to standardize the processes and working methods of the PCI/DSS Service Monetico Paiement scope with the PCI/DSS Acquiring and Central Acceptance scope (acquisition);
- keep the environments compliant over time in order to renew the PCI/DSS certifications each year.

To reach these objectives, Euro-Information has set up an internal "PCI Office" team, the purpose of which is in particular to make sure, by challenging the teams throughout the year, that everything remains compliant for the annual renewal of the certifications.

A new PCI 3DS certification audit on 3D/Secure processing, which is carried out by Euro-Information on behalf of the banks and customers of the group, was implemented. Following a mock audit and constraints related to the various moratoria at the end of 2020, including those relating to Prime Day and Black Friday, the certification took place in April 2021. Another audit, PCI PIN, is also under preparation by the electronic payment teams. It could take place in the second quarter of 2022. It will probably be followed in 2022 by the PCI P2PE certification and the gap analysis will take place in the first quarter of 2022.



PROJECT INITIATED



PROJECT BEING STUDIED

These new audits generate additional activity for the PCI Governance team (ZS30) with the organization of audits and support for the teams, but also to the PCI Office for monitoring the compliance of these new scopes. The design of a new information security awareness module as part of PCI DSS was also carried out. The actions undertaken in the field of information security are led and coordinated by the information systems security manager:

- raising awareness on security among the group's IT staff and users of information systems operated by Euro-Information (e-learning, best practice sheets, etc.);
- security governance;
- a centralized operational security control tower;
- specialized and specific teams for the security of servers, data transport networks, and for the BRP^[1];
- creation of a Red Team whose main missions are to identify potential security breaches, to test the means of detection and response to attacks, and to bring the vision of "ethical hackers" to the development teams;
- conducting penetration tests and source code reviews by external companies based on an annual plan;
- PCI/DSS certification of our merchant payment platform (Monetico Paiement) and our centralized acquisition and acceptance platform;
- ISO 27001 certification;
- periodic reviews, 43 overall, mainly based on Annex A of ISO 27001, the description and the results of which are recorded in an internal control portal.

[1] BRP: Business Resumption Plan.

In 2021, Euro-Information continued actions already started in 2020 in five categories:

- annual recurring activities;
- the management of ongoing projects resulting from previous commitments;
- improvements to existing systems;
- the launch of new projects;
- awareness-raising.

The outcome of the most significant actions in the annual recurring activities category are as follows (2021 campaign):

- the performance of intrusive tests, whose statistics to date are:
 - 7 DMZ (DeMilitarized Zone: zone containing the servers accessible from the Internet),
 - 3 infrastructure tests,
 - 23 mobile applications,
 - 171 web applications,
 - 2 source code audits;
- the Red Team conducted:
 - 23 infrastructure tests,
 - 25 web applications,
 - 24 vulnerability analyses;
- in addition, the SOC:
 - scanned 91 websites,
 - scanned 12,846 devices,
 - and ensured the monitoring of technical vulnerabilities.

Fake phishing email campaigns were also carried out. Other actions carried out in 2021 included:

- participation in the crisis exercise organized on June 15 by Banque De France to prepare for a large-scale cyberattack (22 financial market participants and nearly one hundred Crédit Mutuel group employees mobilized);
- as part of its digital finance strategy, the European Commission presented a draft regulation aimed at strengthening digital operational resilience in the financial sector. Dora (Digital Operational Resilience Act) targets a wide range of players within the financial sector, *i.e.* credit institutions, investment firms, payment institutions, electronic money institutions, digital asset service providers, asset management companies, insurance and reinsurance companies, etc. Euro-Information will closely monitor the developments of this draft regulation, and its impacts on the group, through its participation in working groups with the FBF and the FFA. The Dora regulation would supersede the NIS directive for the financial sector. Its release is scheduled for 2023 with a compliance period of 12 months;
- several awareness-raising actions were carried out:
 - the publication of best practice sheets regarding:
 - phishing,

- nomadism,
- messaging,
- sensitive data,

- the continuation of the e-learning course under Formad,
- the on-boarding guide,
- a cyber security webinar organized with CIC Ouest for corporate customers,
- recurring communication actions featured on Pixis, based on current events or on request:
 - spam – phishing,
 - suspicious LinkedIn profiles,
 - video conferencing solutions: security rules,
 - reminders of safety rules during the lockdown period,
 - use of USB keys,
 - reminders of security rules for online purchases during sales periods,
- participation in the drafting of the guide for remote working employees (Security chapter),
- creation of a specific e-learning course for EID and another for EIP,
- planning of legal training for security teams as a priority for CERT and SOC;
- changes also took place in the coordination of the network of security correspondents with:
 - the setting up of regular meetings,
 - presentation of security topics and activities,
 - provision of documents,
 - sending targeted communications according to security updates,
 - the appointment of new correspondents,
 - appropriate support to address compliance and contractual issues.

Monitoring of cyber security during the pandemic

The level of threat observed in 2021 remained high. The main elements of the year included:

- malicious emails targeting our employees, in particular *via* the activity of the EMOTET or TR/SquirrelWaffle group of hackers, which are major threats;
- denial of service attacks, more sophisticated over the period and in particular with a better thought out and more precise approach;
- several partners and customers compromised, leading to investigations to ensure that the information system was not compromised and the implementation of precautionary measures during the incident response. This raises fears of a resurgence of this operating mode, which could potentially result in a Supply Chain Attack;

- major vulnerabilities, with several very critical vulnerabilities that were dealt with on an all-out basis but with no compromise identified. The case of log4shell vulnerability in particular, was unprecedented.

Despite this high level of threat, no significant incidents were noted apart from a few compromised workstations which were very quickly identified, isolated from the network and reinstalled.

Installation of the new Z15 technology from IBM

In 2021, two new IBM machines in Z15 technology were implemented at the Strasbourg (one Z15 dedicated to production) and Lille sites, and the last Z14 in Lille should soon be replaced. These machines must provide better security, resilience and agility through:

- systematic encryption: data protection and confidentiality guarantee in hybrid multi-Clouds. Data access control *via* rules-based controls, with the option to revoke access rights beyond the Z15 part;
- cloud native development: simplifying the task of developers to increase their flexibility. Easier integration of IBM Z15 into a hybrid cloud using agile deployment. Simplified application modernization;
- instant resumption: IBM Z15 offers optimal levels of stability and availability, ensuring continuous execution of vital business applications. The instant resumption function of IBM Z15 should halve the time necessary to return to pre-shutdown SLA commitments.

In particular, these developments simplify projects based on technology of the blockchain type or artificial intelligence.

IBM also communicates on the control of the energy consumption of its Z range (subject included in its strategic objectives). Each new generation must have better energy efficiency than the previous one. Tests by certain bodies show savings of 14% between Z14 and Z15 (savings are 51% between Z13 and Z15). IBM announces a new range of machines, the Z16. This machine should replace the last Z14 in the Lille Datacenter in 2022. Euro-Information will be one of the first ten customers worldwide to deploy this machine. IBM will provide the information relating to energy savings as part of its relationship with the group.

ZEC12, Z13 AND Z15 ENERGY CONSUMPTION OVER FIVES YEARS

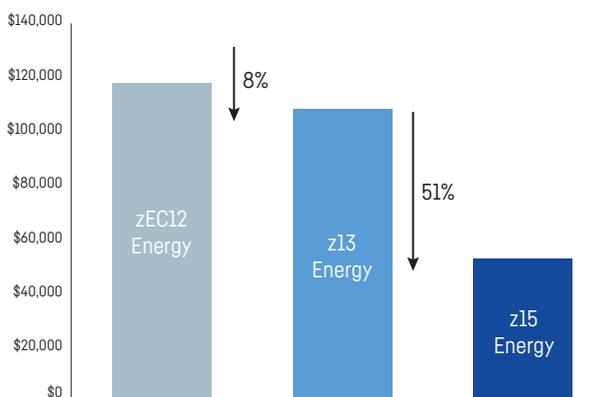


Figure 4: Total energy costs over five years for zEC12, z13 and z15

TIER-4 certification of new machine rooms

In 2019, Euro-Information obtained official Tier-4 Design certification for the new computer rooms in Lille, the first part of the certification. It was published on the Uptime website on April 24, 2019. The decision was also taken in early 2020 at Euro-Information level to launch the study of the Tier-4 operation sustainability certification of the new generation of datacenters. The first Steering Committee meetings for this project have taken place and the project is currently under approval process. The proposals of the maintainers, who are stakeholders in the project for which they must ensure the operational implementation, are being studied jointly by CCS and Euro-Information. A design office was selected to support it and the first workshops with the Uptime Institute (certifying body) have started.

At the end of 2021, with the end of its extension project, the Lille Datacenter obtained Uptime Tier-4 Facility certification. This certification guarantees an availability level of 99.995%, corresponding to an average annual unavailability of 0.4 hour, as well as a redundancy of 2N+1 (an installation double compared to what is necessary to operate plus a backup).

Project for securing personal data

Since 2018, Euro-Information has been involved in bringing member entities into compliance with the Community information system under the new European GDPR regulation. The regulation aims to better protect the Personal Data (PD) of customers, prospects and employees and increases their control over their own data. This has created new obligations and requirements on customer information with respect to the collection, registration and storage of personal data.

In response to the requirements of the regulation, the implementation of the GDPR program started in 2018 and was in the course of being finalized at the end of 2021. The program consists of 15 projects covering the entire scope. On the organizational aspect, Data Protection Officers (DPOs) and Data Protection correspondents (CPDs) were appointed in 2018 for each of the banks, federations and subsidiaries. GDPR correspondents in Euro-Information's development sectors have also been appointed.

For processing management, a compliance framework has been implemented. The definition of data retention periods resulted in the deletion of a significant amount of data, in particular third-party customers and prospects. The stored data was processed for the majority of business entities for which the deletion and monthly archiving process is carried out on a regular basis. The clean-up concerns production data, data from the decision-making system, for third parties and associated data, including documents stored in the Electronic Document Management (EDM) system. Accordingly, several million customer and prospect references have been deleted from the systems since 2019.

The proposed improvement in the control of the localization of personal data is in progress *via* the deployment of a data dictionary. An analysis of the office files stored on the servers is being tested, making it possible to detect the presence of personal data with a view to their deletion at the end of their retention period. Lastly, consent management has been implemented on the nearly 400 websites hosted by Euro-Information.

Regarding the rights of individuals, requests from customers and prospects are processed according to a defined procedure, with statistical monitoring of the number of requests. An e-learning training course was delivered to all Euro-Information employees and to the School for directors to better inform them of this new regulation and encourage them to be more responsible. This training was extended to all employees of the Crédit Mutuel and CIC networks. For communications, a monthly newsletter on the GDPR has been published since 2020 to continue awareness-raising/training.



At the level of the internal functioning of the group entities: the absence of a policy for reducing the consumption of resources (water + paper related to a tertiary activity)

Follow-up on the group's paper policy

WWF regularly establishes a barometer to assess the paper policy of large companies established in France, in order to encourage them to improve their environmental performance. The group examined the PAP50 Banking and Insurance scope. As part of this study, several data were analyzed:

- paper consumption;
- the environmental responsibility of paper;
- sorting and selective collection of used paper;
- commitments to improve the policy.

During the last study in 2014, Crédit Mutuel, CIC and Cofidis were considered separately and were therefore poorly ranked in the final report. Accordingly, Crédit Mutuel Alliance Fédérale voluntarily participated in the 2020 survey in order to ascertain the actual situation on these issues. In 2020, Crédit Mutuel Alliance Fédérale and its subsidiaries occupied the fourth place in the final ranking and first bank of the ranking. The score increased from 22 to 79 (out of 100). 2021 will have enabled, based on the recommendations formulated by *Riposte Verte*, to discuss with the various players concerned in order to improve the score for 2020. The actions are being implemented gradually and should make it possible to at least maintain this score.

Reduction of paper consumption

The use of electronic signatures continued to grow in 2021 with 20 million signatures compared to 10.5 million in 2020. This corresponds to approximately 17 million contracts (including contracts with multi-signatories), compared to 8 million in 2020. The increase in 2021 was significant with the roll-out of the electronic signatures to new group entities and many new scopes. In 2021, approximately 16 million documents were signed electronically.

This deployment has an indirect impact on energy consumption (Scope 3) because paper documents no longer need to be circulated to scanning centers by shuttle.

Euro-Information is continuing to roll out projects to limit paper documents by increasing the scope of electronic signatures, online subscription and by facilitating/securing the exchange of electronic documents. Thus, the volume of EDM documents exceeded 6.44 billion in 2021 compared to 5.3 billion in 2020. The electronic signature was deployed as part of High Availability for partners (Amazon), the Paperless project for TARGOBANK in Spain, home loans, etc. For example, the ENM Agri/viti project resulted in a reduction of 0.5 tons of CO₂ in six months through the digitization of contracts and the elimination of the physical paper contracts.

Projects such as dynamic docking of the tablet to the workstation, and new recovery mechanisms have been put in place.

Future projects in 2022 concern the integration of authentication *via* mobile confirmation (this solution will make it possible to avoid sending SMS to customers with a solution integrated into the application), the implementation of DocuSign as a backup for Logalty, Connective integration for Beobank and generic upgrades for Cofidis (HU, SK, FR), etc.

At the end of 2021, more than 30,000 tablets were installed in the networks compared to approximately 29,000 in 2020. The rate of use of tablets is 58% for eligible contracts the target being 70%. A project to compress images before their integration into the EDM system has been initiated by Cofidis. This compression allows in particular a significant storage gain, without affecting the quality of the images. This project will be presented to the other group entities to see if they wish to be part of this approach.

Dematerialization of the electronic payslip for the entire group has been generalized. In 2021, it increased slightly, with 96% (95% in 2019) of the group's employees receiving the electronic payslip (96% in the Euro-Information subsidiaries). The remaining percentage corresponds to employees who have refused the electronic payslip and have retained the paper option.

In one year, from September 2019 to September 2020, 4.4 million documents were printed and sent by internal mail (to the networks and head offices). These documents are not necessarily useful or used by recipients. A working group was set up to optimize these mail items (reduction, elimination) to save on paper, printing and mail shuttle. In 2021, this project, validated as an E#NM project, delivered significant results with a 15% reduction year-on-year, representing savings of around 600,000 documents. This project continued with the implementation of a second E#NM project which is in the early stage, the documents representing 80% of the shipments have been identified. The project will continue in 2022.

At the end of 2021, the level of paper documents for internal use within the group continued to decline, from 0.43% to 0.29% of total production. This came with a 31.48% decrease in volume during 2021. In addition, the volume of customer envelopes decreased by 7.96% over the same period. In order to rationalize resources, the Carquefou publishing center closed at the end of 2021. The activity of this center was completely transferred at the end of 2021 to the Lille and Strasbourg centers.

Printing on MFPs (multi-function printers for printing, photocopying, scanning, fax, etc.) through virtual mailboxes

Printing on MFPs using virtual mailboxes is a new approach to network printing (printing remains in the printer's memory until unlocked by the user). This process increases the level of security and saves paper by avoiding print jobs that people do not pick up, or those more voluminous than expected, that the user can interrupt while in progress. This operation is based on a Watchdoc tool, which also has a statistical approach to printing to allow optimization of the resources required. This tool will raise awareness and make users more responsible of the environmental and economic impacts of their prints, by specifying their consumption. Watchdoc is deployed to enable secure printing on all group sites.

In 2021, a project began to streamline printing resources and replace local printers in each office with shared network printers. This solution is now operational for all types of printing (office, intranet, 3270, etc.). Some 20 branches are already equipped. At the end of May 2021, two entities were designated as pilots for this project: Crédit Mutuel Normandie and CIC Ouest. This phase consists of testing the procedure for collecting the equipment requirements of each branch.

The pilot phase of the “Centralization and security of Network Printing” project was completed in November 2021, and the first EIS interventions began to be scheduled in the scope of the entities that were our pilots. The industrialization process is now validated. The project will enter the industrialization stage from 2022. It concerns around 2,760 branches and front-offices of voluntary banks and federations, spread over four batches, over a national geographical scope (1,006 branches for batch 1). The objective is to ensure a standardization consistent with the EIS resources by region. The distribution/volume of the batches has been designed in so as to enable EIS to absorb an additional charge, in the event that new entities volunteer. The roll-out will take place gradually for each entity over two years (2022-2023).

Centralized secure printing is the standard in the implementation of new organizations within the network and at the head office. A project will have to be carried out to deploy this solution in all existing headquarters. Statistical tools allow to accurately assess the savings made with two-sided printing and securing but also the residual potential gain. The figures for 2021 reflect approximately 88% double-sided printing, with an increase of approximately 28% since the end of 2020. Gains due to final non-printing more than doubled between 2020 and 2021. This gain certainly increased due to the pandemic context with remote working. Employees click on print because they are used to doing so; even when they are unable to pick up documents because they are at home.

Unbleached recycled paper

The willingness to use unbleached recycled paper is part of Crédit Mutuel Alliance Fédérale’s CSR policy. A new type of paper integrating the technical and functional constraints and in line with the cost approach was validated in the first quarter of 2018 and added to the catalog. The decision on whether or not to use it is currently left for the assessment of the companies; the volumes are still low. However, this represents 35,940 reams corresponding to approximately 90 tons of paper in 2021 compared to 120 tons in 2020. This could be attributable to the strong downward trend in paper consumption in the group representing -23% in 2021.

The results of the PAP50 study mentioned above will be taken into account to continue progress.

Local bank and Service bulk management

In one year, from September 2019 to September 2020, 4.4 million documents were printed and sent by internal mail (to the networks and head offices). These documents are not necessarily useful or used by recipients. A working group was set up to optimize these mail items (reduction, elimination) to save paper, printing and mail shuttle. In 2021, this project, validated as an E#NM project, delivered significant results with a 15% reduction year-on-year, representing savings of around 600,000 documents. This project continued with the implementation of a second E#NM project which is in the early stage. The documents that represent 80% of the shipments have been identified. The project will continue in 2022.

Actions carried out in addition to the scenarios of the various Social, Governance and Societal components managed by the group

Home/Work travel

For several years, the group has been using OPTIMIX, which optimizes the management of carpooling in the Strasbourg region. OPTIMIX is not entirely satisfactory, particularly regarding its extension to other cities.

A study was carried out using a more comprehensive tool: “7th SENS”. This system is based on the exact route taken by drivers who offer seats in their vehicles. This software package includes a Geographic Information System which enables to locate addresses and those of public transportation hubs (stations, airports, subways, train service linking Paris to the suburbs). It offers users a multi-criteria search as well as a presentation of carpooling proposals based on routes. This research also takes into account various factors inherent to each professional or personal situation, such as the management of shift schedules (shifts), the nature of the journey (return or one-way), the possibility of offering a seat for passengers with reduced mobility, the reason for travel (home-work, training, seminar, etc.) and/or the frequency of travel (daily frequency for home-work, etc.). The implementation of this new tool will begin with a pilot phase from mid-January 2022 within the bank CIC Ouest. Its launch at group level is scheduled for 2022. The link to this website will be automatically indicated in all invitations to face-to-face training sessions and to the group’s major events.

As part of the calculation of the group’s carbon footprint, a project began at the end of 2021 to improve the collection of commuting data. This project will make it possible, in several stages, to refine the carbon footprint calculations by recording the days of presence on site and remote working and will directly calculate the distance between home and work. In the long term, it will make it possible to retrieve the main mode of transport of each employee in line with the evolution of QLW agreements on the mobility bonus.

Euro-Information also took part in the group’s discussions to promote/manage new modes of transport and roll out remote working. New possibilities have been offered for remote working with several adaptations, particularly in terms of capacity of use. This capacity was stepped up significantly in the context of the COVID-19 pandemic and to ensure the redundancy of the equipment concerned.

The new agreements signed on QLW were accompanied by the deployment of standard remote working configurations designed and validated to facilitate the setting-up of equipment at employees’ homes. One or two screens are currently provided as needed as well as the communication kit (web camera, headsets or speaker phones depending on the job position) and a basic kit (keyboard and mouse). A larger screen is being studied to improve the visual comfort of employees in need of space; this should be rolled out within the group during 2022.

Remote working has also highlighted printing issues for the staff of the banks/branches. Projects have been launched to harmonize processes (printing, electronic signature, generation of PDF documents) and make it possible to eliminate the need for physical printers. In early 2021, this resulted in the implementation of a major update to enable the generation a PDF in all cases. Other projects in terms of EDM and electronic signature are currently underway.

Deployment of company objectives

Euro-Information actively participates in the implementation of the objectives set by Crédit Mutuel Alliance Fédérale as part of the benefit corporation bank. In 2022 and for Mission 4 “As a solidarity-based company, we contribute to regional development”, the insurance team plans to take part in the work on the legal protection guarantee offered to the directors of associations. For Mission 5 “As a responsible company, we actively work for a more fair and sustainable society”, the insurance team of Euro-Information Développement was mobilized to implement the elimination of medical formalities in the context of borrower insurance in 2021. Work will continue in 2022.

CSR tools for reporting and group carbon assessment monitoring tool

Euro-Information contributes to the development of the CSR reporting tool every year, as well as to the calibration of the reporting scope. This tool is the basis for the group’s NFPS indicators related to SMR.

Teams worked on the SMR statement for SOFEDIS, in order to use the existing version of the former GENERIX software on the internal Euro-Information tools for the version in use as of January 1, 2020. We included certain properties necessary to the SMR declaration in the product information sheet and we are working on the processing of declarations that will enable SOFEDIS to automatically provide the necessary information to its customers. This version was rolled out in 2020 and was therefore used for the 2021 reporting.

The monthly rather than annual input of videoconference statistics and SOFEDIS data has been set up in order to better monitor the increase in videoconferences and changes in paper consumption. In addition to this reporting tool intended for experts, a process began in 2020 to create a new tool for banks, local banks and branches. It will enable to generate a detailed carbon footprint report, grouped by SCOPE (which can be found in the carbon footprint) for each group entity.

After the calculation of the 2018 footprint performed with Carbone 4, Euro-Information participated in the calculation of the carbon footprint for 2019 and 2020 internally. Both these experiences will make it possible to build this tool, which will involve all Crédit Mutuel Alliance Fédérale players and enable us to better understand the carbon footprint of each entity. Its purpose is to enable each branch, bank and entity to act at its own level. In 2021, this project was included in the E#NM projects. It is now available for the administrative teams. The launch of the deployment of the part intended for branch managers will take place at the beginning of 2022.

Accessibility of applications

As part of the provision of web applications and apps, Euro-Information ensures that its interfaces are accessible. At the end of 2019, Euro-Information committed to an action plan to include accessibility in the practices, documents, tools and training of the processes of the development teams as well as for the digital processes of the entities participating in the Euro-Information information system, in order to comply with the legal requirements of Decree No. 2019-768 of July 24, 2019. All actions are monitored by a project group.

The group works in collaboration with the accessibility correspondents from the group’s entities and Euro-Information, with the diversity and inclusion division of the group HR department, the local disability correspondents and the group’s employees on a voluntary basis. Euro-Information coordinates the digital accessibility correspondents of the entities (four to six meetings per year), manages internal and external audits (32 have been carried out or are ongoing) as well as the monitoring of the improvements to be implemented.

The Accessibility portal on the Ergonomics website provides access to documentation on accessibility, legal obligations, solutions and tools made available to the development teams and the entity’s Webmasters.

Accessibility on ATMs has been taken into account for more than ten years. It is possible to make a withdrawal with voice assistance through the “rapid withdrawal” function (withdrawal from the account associated with the card), available to any holder with a headset at ATMs equipped with a headset jack (possible in French and English in France for example).

Eco Clean Up Week

In 2020, as part of the Sustainable Development Week, Crédit Mutuel Alliance Fédérale took part for the first time in a digital cleaning operation for the first time, through the “Eco Clean Up Week” initiative in order to involve employees in the goal of reducing the digital footprint. The objective of this operation was to delete (and to count the size of) all the files considered not useful and to determine how much CO₂ was eliminated by deleting this data. The action also included the cleaning of personal mailboxes. The savings achieved were of the order of 77.5 metric tons of CO₂ for files and 25.7 metric tons of CO₂ for the elimination of emails.

In 2021, this operation was renewed twice in March and October. The operation of March 2021 was extended to shared files and U drives, this time the results were more significant. In total, deleted files represented 9,086 GB, *i.e.* savings of 173 tons of CO₂ equivalent. This operation was successful within the group and hence the 3rd edition that took place in early October was extended to the press scope. It enabled the following results:

- 3,718,999 files deleted at workstation level;
- 2,387,519 emails deleted;
- 7,364,461 files in shared folders deleted;
- 2,097,772 files from U drives deleted.

This operation enabled to save the equivalent of 290 tons of CO₂ by deleting 15,270 GB of data. In addition, a specific operation at the head offices was organized on behalf of CIC Sud Ouest in July and August 2021 as part of an SMP operation on paper. A second action was carried out for Cofidis France in November 2021. The next edition of this operation in 2022 could be extended to many of the group’s international entities, particularly TARGOBANK in Germany and Cofidis.

Inclusion of workers with disabilities

Significant action has been taken for several years to integrate people with disabilities. A partnership was concluded with the organization COMPETHANCE with the award of two grants to train people with Asperger's syndrome, who wish to become programmers. As part of this partnership, Euro-Information Développement has welcomed since the beginning of this partnership:

- two people at the Lille sites in 2020;
- one person at the Strasbourg site who arrived in 2021;
- a work-study student at the Lyon site who arrived in 2021.

Euro-Information also includes workers with disabilities through partners. For example, for waste collection at the Lyon site, a partnership has been set up with Tribü, an association that employs disabled workers. In 2021, this partnership was extended and the share of waste collected by Tribü increased.

Eco Conduite at EIS

Since 2012, EIS has implemented a specific mechanism to promote eco-driving. This process continued in 2021 and the following actions were to be reported:

- eco-driving training: six sessions in 2021, *i.e.* 32 participants;
- eco-driving reminders on the following topics:
 - driving in rainy weather,
 - speed: regulations and penalties,
 - eye-sight and driving,
 - tips for preparing your vehicle for winter;
- monitoring of fuel consumption (6.70 in 2012 at launch):
 - average 6.14 l/100 km in 2017,
 - average 6.10 l/100 km in 2018,
 - average 6.02 l/100 km in 2019,
 - average 6.19 l/100 km in 2020,
 - average 6.20 l/100 km in 2021.

The increase in consumption of 0.2 l observed over the past two years is partly linked to the increase in the diesel engine power of Partners from 75 to 100 HP imposed by the manufacturer since 2018 and for the other half, to the introduction into the fleet of 208 gasoline Partners, which consume one to two liters more.

AGORA – Collaborative platform of members of Crédit Mutuel Alliance Fédérale

At the end of a first roll-out stage to the networks of both Fédération CMA and CMSE from September to December 2020, the application is moving into wide-spread roll-out at the banks of the other 11 Fédérations Crédit Mutuel Alliance Fédérale, from January 11, 2021. It has now been extended to the entire group since May 2021. AGORA is:

- a collaborative and exchange platform for Crédit Mutuel Alliance Fédérale members, aimed at federating them around shared areas of interest, through events, themes and local, regional and national communities. Each Member can interact, participate, "like" and comment on events and communities;

- a social network accessible to employees of the banks, to employees who have a link with the AGORA and to all individual members and associations using remote banking;
- a tool for communication, commitment and renewal of membership.

Since its creation, this tool has evolved to offer an increasing number of functionalities to the group's member customers and employees. Host functions for back office teams were added and the management of votes in conversations was implemented. This tool is constantly improving thanks to feedback from employees and member customers. Some figures to illustrate this project:

- more than 187,500 different members have accessed the Agora since the launch;
- 1,302 communities have been created and 1,922 events have been published since the platform was set up.

Green project (Monabanq): Carbon analysis of expenses

In 2021, Monabanq offered its customers a quarterly newsletter, including an analysis of the carbon footprint of their expenses. Euro-Information is currently working on automating this action to make it easier and interactive through the budget management tool. The objective is to offer customers a CO₂ equivalent of their expenses by analyzing the category of the user's expenses. This tool is being developed for the smartphone application as well as the website and is currently in the acceptance phase. A pilot reserved for a selection of Monabanq users is planned for February 2022.

Subsequently, it is planned to develop a documentation and/or recommendations area in order to enable customers to better understand and acknowledge their carbon footprint and to act accordingly. This tool can be set up on each of the apps and websites of the group's entities which so request.

Implementation of the Nutri-Score in a company restaurant

The Lyon site, in partnership with Elior, which runs the inter-company restaurant, has begun to include the Nutri-Score on the restaurant's menus. Elior is the first company restaurant operator in France to deploy this indicator on its menus and therefore allows this inter-company restaurant to be the first inter-group restaurant to implement this system.

The Nutri-Score was developed by independent international research teams composed of scientists, doctors and nutritionists, to make nutritional information easier to decipher. To classify each product, the Nutri-Score takes into account, for 100 grams of product, the content:

- in healthy nutrients and foods: fiber, protein, fruits and vegetables, beans, etc.;
- in nutrients to limit: calories, saturated fat, sugars, salt, etc.

After calculation, the score obtained by a product is used to assign a letter and a color ranging from the most healthy product from a nutritional perspective (classified A) to the least healthy product (classified E). To take into account the specificities of certain food families, such as added fats (butter, oil, etc.), cheeses and drinks, the score calculation method has been adapted.



Relations with the company La Poste

La Poste is an important partner of Crédit Mutuel Alliance Fédérale and mainly of Euro-Information. As a company heavily involved in the ecological transition, La Poste, in conjunction with the mail delivered, offset 3,581 t of CO₂ equivalent in 2019 to achieve carbon neutrality. This neutrality is certified by an organization and a carbon neutrality certificate was granted to Euro-Information in 2020 and 2021. The awarding of this certificate was the occasion to start discussions between the two groups on the developments of their respective CSR initiatives.

Since then, a project for the implementation of a new industrial mail management offer has been studied and will be rolled out in March 2022. This new solution allows better monitoring of mail but also reductions in carbon emissions, waste and consumables:

- fewer trips for trucks thanks to the optimization of filling;
- less undistributed mail (NPL) transported thanks to address diagnostics;
- simplification of deposit rules;
- less ink used for postage;
- less paper used (digital acknowledgment, fewer envelope references, etc.).

Indicators

To monitor the group's actions, a review has been carried out since 2019 to define relevant indicators. Concerning the security approach of the Information System, three angles are considered:

- **Availability angle:** the Euro-Information system is reliable and the QMS [ISO 9001] letter determines a target of 100% operation, seven days a week and 24 hours a day. The primary applications are monitored with a target of more than 99%. Availability was very high throughout the year, with an annual average of 99.76%.

Euro-Information has achieved very high levels of availability. The annual average is higher than in 2020 (+0.33%). The change in this indicator since the start of its monitoring in 2019 has remained stable overall, with an increase of +0.22% (2019 value: 99.54%).

RATE OF AVAILABILITY OF PRIMARY TP APPLICATIONS

Granularity	2020-12	2021-01	2021-02	2021-03	2021-04	2021-05	2021-06	2021-07	2021-08	2021-09	2021-10	2021-11	2021-12
Global	99.96%	99.97%	99.58%	99.71%	99.74%	99.53%	99.59%	99.84%	99.82%	99.95%	99.89%	99.82%	99.72%

- **Claims angle:** processing by Euro-Information must be reliable and the malfunctions must be the least impacting possible. All IT incidents are monitored, including claims with a financial impact of more than €1,000 for the Crédit Mutuel group. The Euro-Information loss experience ratio was 298 in 2019, 269 in 2020 and 173 in 2021. The number of claims decreased significantly in 2021, it being specified that this number includes five claims related to the COVID-19 pandemic. These five claims have a financial impact of 67% of the amounts related to the claims. There were 38 claims impacting banking activities in 2021 compared to 48 in 2020, with a decrease of 35% in net value.
- **Security angle:** the information system is constantly subjected to attacks to test its strength. Again, incidents arising from attacks should be limited in number if the cause is internal (the external volume is not controlled) with the lowest possible impacts. Ten categories of security incidents have been defined based on the standards of ENISA (European Network and Information Security Agency) with, for example:
 - **Intrusion** (exploitation of vulnerabilities, compromised accounts or applications): This category is intended to classify all security incidents concerning the detection of intrusion in the systems or in the premises. This concerns, for example:
 - the discovery of a new account not known by the administrators of a machine,
 - the exploitation of vulnerabilities,
 - operations detected which are not explained (no associated AGATE, no planned intervention).
 - **Breach of availability** (DDoS, theft, sabotage, etc.): The purpose of this category is to classify all security incidents that concern the breach of the logical or physical availability of one of the systems. This concerns, for example:
 - the theft of a portable computer,
 - a distributed denial of service (DDoS) attack on our networks,
 - the sabotage of a room or a system.

In 2018, 175 "impaired availability-type" attacks and 57 "attempted intrusion-type" attacks were recorded. In 2019, 277 "impaired availability-type" attacks and 27 "intrusion attempts" were identified. In 2020, there was only one intrusion attempt and 244 impaired availability-type attacks. In 2021, no intrusion attempts and 261 impaired availability-type attacks were identified. These two security indicators confirm the necessity of being equipped to counter DDoS-type attacks and the robustness of the surveillance and defense system.

3.10 CSR POLICY OF THE PRESS DIVISION

3.10.1 Quantitative data

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
ENV01P	Newsprint	Metric tons	44,750
ENV02P	of which labelled paper	Metric tons	31,540
ENV03P	Aluminum plates	Metric tons	296
ENV04	Water consumption	Cubic meter	27,536
ENV04P	Newspaper ink and prints	Metric tons	619.06
ENV05	Total energy consumption	Kilo Watt Hour	42,480,790
ENV05_01	Steam water in urban networks	Kilo Watt Hour	1,122,623
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	766,021
ENV05P	Packaging	Metric tons	214.18
ENV06	Electrical energy consumption	Kilo Watt Hour	27,968,075
ENV06P	Waste – reel start and end	Metric tons	1,387.57
ENV07	Gas energy consumption	Kilo Watt Hour	12,321,846
ENV07P	Waste – fall of white paper from rotating machines	Metric tons	1,244
ENV08	Fuel energy consumption	Liters	30,132
ENV08P	Waste – print returns	Metric tons	5,216
ENV09	Total paper consumption	Metric tons	118
ENV09P	Waste – inserts	Metric tons	725
ENV10	Total consumption of paper for internal use	Metric tons	81
ENV11	Total paper consumption for external use	Metric tons	36
ENV13	Consumption of toner cartridges	Whole number	2,122
ENV15	Recycled used paper as output (waste)	Metric tons	88.99
ENV15L	Total labelled paper purchased	Metric tons	90.53
ENV15R	Total recycled paper purchased	Metric tons	6.94
ENV15RP	Recycled newspaper	Metric tons	39,289
ENV16	Used toner cartridges recycled after use	Whole number	3,023
ENV18	Business travel – air	Kilometers	72,850
ENV19	Business travel – train	Kilometers	828,165
ENV20	Vehicle fleet of the entity – number of km all vehicles	Kilometers	15,521,880
ENV23	Business travel – employee vehicle	Kilometers	2,501,652
ENV25	Business travel – taxi & car rental	Kilometers	14,569
ENV29P	Transport – transalliance	Metric tons	45,823
ENV30	Fugitive emissions of frigorific gases	Kilograms	164.76
ENV30P	Transport – La Poste	Metric tons	2,036
ENV31	Number of videoconferencing equipment	Whole number	7
ENV32	Number of videoconferences	Whole number	173
ENV33	Total duration of videoconferences	Centesimal hours	497
ENV34	Documents digitized (paper avoided)	Metric tons	58.20
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	49
GOUV02	Number of women on the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	15
GOUV09_02	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged < 40 years	Whole number	4
GOUV09_03	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 40-49 years	Whole number	7
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	14
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged ≥60 years	Whole number	24

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
SOC01	Total workforce in FTE	Full-Time Equivalent	3,723
SOC01_BIS	PPH workforce on the payroll	Natural Persons	5,698
SOC01_F201	Female managers with open-ended contracts in France	Natural Persons	879
SOC01_F202	Female non-managers with open-ended contracts in France	Natural Persons	1,632
SOC01_F203	Female managers on fixed-term contracts in France	Natural Persons	19
SOC01_F204	Female non-managers with fixed-term contracts in France	Natural Persons	159
SOC01_H211	Male managers with open-ended contracts in France	Natural Persons	1,186
SOC01_H212	Male non-managers with open-ended contracts in France	Natural Persons	1,582
SOC01_H213	Male managers with fixed-term contracts in France	Natural Persons	27
SOC01_H214	Male non-managers with fixed-term contracts in France	Natural Persons	214
SOC02	Total workforce France (Open-ended + Fixed-term contracts) - Natural Persons	Natural Persons	5,698
SOC04	Total workforce with fixed-term + open-ended contracts - managers	Natural Persons	2,111
SOC05	Total workforce with fixed-term + open-ended contracts - non-managers	Natural Persons	3,587
SOC07	Workforce - Women (individuals)	Natural Persons	2,689
SOC08	Workforce - open-ended contract	Natural Persons	5,279
SOC08_NCADRE	Workforce - open-ended contract - non-managers	Whole number	3,214
SOC08BIS	Workforce - open-ended contract - women	Whole number	2,511
SOC09	Workforce - fixed-term contract	Natural Persons	419
SOC12	% open-ended contract employees	Percentage rate	92.64
SOC13	Total hires	Natural Persons	3,406
SOC14	Men hired	Natural Persons	2,087
SOC15	Women hired	Natural Persons	1,319
SOC16	Hires with open-ended contracts	Natural Persons	482
SOC17	Hires with fixed-term employment contracts	Natural Persons	2,924
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	821
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	147
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	3,141
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	2,557
SOC38	Total number of days of absence	Working days	101,600
SOC39	Number of days of absence due to illness	Working days	91,602
SOC40	Number of days of absence due to workplace accidents	Working days	9,998
SOC41	Number of days of absence for maternity/paternity	Working days	6,044
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	2,598,281.01
SOC47	% of payroll expense invested in training	Percentage rate	1.48
SOC48	Number of employees who have had at least one training session	Whole number	2,482
SOC49	% of trained employees	Percentage rate	43.55
SOC50	Total number of hours allocated to employee training	Centesimal hours	26,235
SOC52	Number of work-study trainings	Whole number	67
SOC53	Number of work-study trainings with professionalization contract	Whole number	40
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	27
SOC59	Number of women among managerial staff	Whole number	898
SOC60	% of women among managerial staff	Percentage rate	42.53
SOC61	Number of managers promoted in the year to a higher level of function	Natural Persons	236
SOC62	Number of women among managerial promotions	Whole number	104
SOC63	% of women among managerial promotions	Percentage rate	44
SOC68	Number of disabled workers in the total workforce	Whole number	181

Indicator code	Indicator description	Unit of expression	Quantity collected 2021
SOC71	% of disabled workers in the total workforce	Percentage rate	3.17
SOC73	Gross payroll excluding employers' contributions (<i>in €</i>)	Euros	176,137,401
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	31,758.11
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	15,576.47
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	56,943.48
SOC81	Total amount of bonus (profit-sharing and shareholding) (in € – excluding employer contributions)	Euros	862,971.01
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	2081
SOC88	Workforce < 25 years old	Natural Persons	243
SOC89	Women < 25 years old	Natural Persons	111
SOC90	Workforce 25-29 years old	Natural Persons	312
SOC91	Women 25-29 years old	Natural Persons	131
SOC92	Workforce 30-34 years old	Natural Persons	289
SOC93	Women 30-34 years old	Natural Persons	152
SOC94	Workforce 35-39 years old	Natural Persons	414
SOC95	Women 35-39 years old	Natural Persons	216
SOC96	Workforce 40-44 years old	Natural Persons	526
SOC97	Women 40-44 years old	Natural Persons	254
SOC98	Workforce 45-49 years old	Natural Persons	712
SOC99	Women 45-49 years old	Natural Persons	351
SOC100	Workforce 50-54 years old	Natural Persons	903
SOC101	Women 50-54 years old	Natural Persons	423
SOC102	Workforce 55-59 years old	Natural Persons	1,074
SOC103	Women 55-59 years old	Natural Persons	527
SOC104	Workforce 60 years old and older	Natural Persons	1,225
SOC105	Women 60 years old and older	Natural Persons	524
SOC107	Total gross annual compensation (<i>in €</i>) of employees with open-ended contracts	Euros	167,651,081.7
SOC108	Total gross annual compensation (<i>in €</i>) of non-managerial employees with open-ended contracts	Euros	50,062,779.57
SOC109	Total gross annual compensation (<i>in €</i>) of managerial employees with open-ended contracts	Euros	117,588,302.1

3.10.2 Specific report of the press division

Crédit Mutuel's press division, the EBRA group, includes around thirty companies, including eight companies publishing nine regional and departmental daily newspapers and two companies publishing three regional weekly newspapers. With around 3,500 employees, the group's companies cover information on 23 departments in eastern France, with more than 800,000 copies sold per day. The EBRA group also has four advertising agencies serving publishers as well as a new shared services center, operational since January 1, 2021, which provides the business expertise necessary for the production of the newspapers. As part of the commitments and missions pursued by Crédit Mutuel, the first benefit corporation bank, the EBRA group companies are continually seeking to improve by implementing new rules and procedures, particularly regarding social, ethics and environmental responsibility aspects.

Restructuring operations

2021 was marked by a major project: the commissioning, at the end of June, of the new printing site located in Houdemont. This new infrastructure makes it possible to print the newspapers *L'Est Républicain*, *Le Républicain Lorrain* and *Vosges Matin* in full color,

improve the group's industrial performance, reduce its fixed costs and its environmental impact.

Obtention of the CSR POSITIVE WORKPLACE® label

In order to meet the societal and environmental challenges facing our planet, the EBRA Group has decided to strengthen its commitments by launching the CSR POSITIVE WORKPLACE® certification program. This international label made in France brings together companies that want to play a role in a more sustainable economy. Each year, the label computes a national ranking of the most responsible and sustainable companies. To obtain the label, newspapers were audited to assess their levels of CSR maturity through five themes: environmental protection, governance responsibility, human capital development and positive impact on the ecosystem and the territory and sustainability in the conduct of business. At the same time, an anonymous survey campaign was launched among the company's stakeholders: employees, customers and advertisers.

On December 8, 2021, the EBRA Group became the first daily press group in France to be awarded the CSR POSITIVE WORKPLACE® label with a star. The national daily press agency, 366, which had undertaken a similar approach, also obtained the 1st level of recognition of the program. The report issued by POSITIVE WORKPLACE® will enable the group to plan and guide its next CSR initiatives in 2022 and 2023. Today, the EBRA group is looking to initiate a new dynamic within the media and the regional daily press, in particular by sharing practices in line with the five themes of the CSR POSITIVE WORKPLACE® label as well as by sending a positive message to shareholders, employees, suppliers and readers.

Extended Producer Responsibility (EPR)

In an effort to reduce their environmental impact, EBRA group companies are continuing the actions initiated in 2018 to reduce the production of plastic packaging and promote kraft paper and heat-sealing packaging.

In addition, due to their commitment to more sustainable forest management, the newspapers printed in the group's four printing centers have obtained and renewed PEFC certification (Program for the Endorsement of Forest Certification). This certification attests, on the one hand, best practices in the management of its paper supplies, and, on the other, provides consumers with a guarantee that they are buying a product from responsible and sustainable forest management. In accordance with the Energy Transition for Green Growth Act, publishing companies report annually on the tonnage of paper marketed to Citeo, a non-profit company created by the merger of Eco-emballages and Ecofolio. In addition, in accordance with its responsible purchasing charter, the EBRA group also gives the priority to local paper suppliers.

Lastly, the group's printing centers once again obtained the right to use the *Imprim'Vert* label, thus reinforcing the EBRA group's commitment to reducing its environmental impact caused by the printing activity.

Socially responsible commitments

In order to best protect its employees, the EBRA group has implemented various measures to combat the spread of COVID-19 by adapting the health instructions relating to barrier gestures and physical distancing. The EBRA group also continued its socially responsible approach on the theme of "Living together" by signing on December 1, 2021 an agreement whose objective is to contribute to the quality of life at work of employees. The group is looking to improve working and employment conditions in order to promote employee engagement, well-being and motivation.

EBRA Académie, the group's academy, supports all employees by offering various adapted remote and face-to-face training courses. Due to the health crisis, some of these training courses initiated in 2020 continued in 2021. In 2021, 2,344 employees benefited from new courses: two in e-learning and three face-to-face, the latter representing 44 days of training programs. In addition, the EBRA group's Executive Committee observes gender parity in order to set an example in undertaking this approach at the level of the various departments of group companies.

Ethics

Sensitive to ethical issues, the EBRA group is committed to the deployment of a program to prevent and detect corrupt behavior. In this

respect, the group's companies have adopted a code of conduct as well as various dedicated procedures, and set up an internal whistleblowing system to strengthen the confidence of readers, employees and business partners. In addition, EBRA group employees were made aware of the issues regarding the Sapin 2 Law through an online training course dedicated to the fight against corruption.

Continuation of the steps taken in previous years

In 2021, the companies of the EBRA group pursued the following initiatives:

- in terms of working conditions, by developing consistent actions to prevent psychosocial risks as well as actions to raise awareness of risks at work (musculoskeletal disorders, workstation ergonomics, health crisis, etc.);
- in terms of buildings, by continuing thermal and sound insulation work in premises and by modernizing the lighting and heating systems, thereby optimizing energy consumption;
- in terms of the use of raw materials and other consumables, by significantly reducing the use of paper, ink, cleaning products and plates that are essential for the production of a newspaper;
- in terms of transport, by deploying specific infrastructure for electric vehicles and by encouraging the use of bicycles through communication campaigns;
- in reducing the carbon and digital footprint, by multiplying eco-responsible actions. The strong employee participation in the "Put your PC away!" Campaign, the aim of which was to delete files and emails that had become unnecessary or obsolete, made it possible to achieve estimated savings of 41 tons of CO₂, *i.e.* the equivalent of 20 Paris-New York round-trips;
- by renewing the various environmental initiatives: advertising in favor of selective sorting, publication of a supplement dedicated to the environment and recycling ("Here we act" – ten issues), local events, etc.

In addition, the EBRA group participates in Crédit Mutuel's SMR initiatives by jointly deploying eco-responsible operations. The partnership with Véolia ensures the sorting and processing of recyclable and non-recyclable materials from printing plants or construction work, thus promoting a short circuit *via* local factories and recycle waste paper (white paper, etc.), unsold newspapers and other waste.

With regard to inks and other chemical products, the publishing companies are continuing their research to use products that are less harmful to humans and the environment. One of the group's printing plants is experimenting with new solutions based on vegetable-based inks. At the same time, the companies are continuing to modify the machines in order to be able to eliminate the use of nylon from postal packaging processes as of this year.

Upcoming operations

In 2022, the EBRA group plans to renew successful eco-responsible projects such as "Christmas without waste" and "Put your PC away!". A report on greenhouse gas emissions will also be carried out for all group companies.

3.11 VIGILANCE PLAN

3.11.1 Introduction

The law No. 2017-399 of March 27, 2017, pertaining to the responsibility of parent companies and initiating companies is the law known as “duty of vigilance”. This law obliges large companies to establish and implement a “vigilance plan”, intended to prevent serious harm to human rights and the environment as part of their activities and those of subcontractors or suppliers with which they have a lasting business relationship. This obligation, which applies to companies (subsidiaries included) employing at least 5,000 employees in France or at least 10,000 employees in France and abroad, concerns in particular Crédit Mutuel Alliance Fédérale and the entities which comprise it.

The vigilance plan is submitted to the Control and Compliance Committee and Auditing and Accounting Committee, which represents the supervisory authority of Crédit Mutuel Alliance Fédérale. It may be subject to modifications as the group makes progress in the matter and incorporates the particularities of certain professions.

The vigilance plan and its implementation are made public through the non-financial performance statement (NFPS), which can be consulted on the dedicated website^[1].

3.11.2 Presentation of the vigilance plan

3.11.2.1 Definition of the vigilance plan

“The plan contains reasonable vigilance measures adequate to identify risks and prevent serious harm to human rights and the fundamental freedoms, health and safety of persons as well as the environment, resulting from the company’s activities and those of the companies it controls within the meaning of II of Article L.233-16, directly or indirectly, as well as the activities of subcontractors or suppliers with which there is an established commercial relationship, when these activities are related to this relationship” [See Article 1 of law No. 2017-399].

The vigilance plan is part and parcel of the Social and Mutualist Responsibility process which has been implemented for several years by Crédit Mutuel Alliance Fédérale. This approach was strengthened in 2020 by the adoption of a *raison d’être*, “*Ensemble, écouter et agir*” [Listening and acting together], supplemented by the benefit corporation status of Caisse Fédérale de Crédit Mutuel and CIC.

3.11.2.2 Scope of the vigilance plan

The vigilance plan makes it possible to identify risks and prevent serious harm in the following areas:

1/ Human rights and fundamental freedoms

There are several categories:

- **inherent human rights:** meaning equality, freedom, property, safety and freedom from oppression;
- **rights that are aspects or consequences of the preceding:**
 - from the principle of equality, for example, ensues universal suffrage, gender equality, and also equality before the law, employment, taxes, justice, access to culture,
 - the principle of freedom elicits the existence of the individual freedom, of opinion, of expression, of assembly, of worship, of the right to unionize and to strike,

- the right of property implies the freedom to dispose of personal property and entrepreneurial freedom,
- the right to safety justifies the preclusion of arbitrariness, the presumption of innocence, respect for the rights of defense, the protection of individual freedom by justice;
- **social rights**, meaning services that are the responsibility of the collectivity: we can cite the right to work, protection of health, free public education;
- **rights related to the environment**, which affirm the right of everyone to live in a balanced environment that’s respectful of health and which enshrine the notion of sustainable development and the precautionary principle.

The vigilance plan covers infringements on human rights and fundamental freedoms generated by the activities of Crédit Mutuel Alliance Fédérale or its partners (suppliers and intermediaries) on their stakeholders within the context of established commercial relationships.

2/ Health and safety of individuals

a) Definitions

- The WHO defines health as “the complete state of physical, mental and social well-being, which does not only consist of the absence of illness or infirmity”,
- Safety designates all of the provisions intended to ensure the protection of persons and property in a manner such that the situation in which one finds his or herself has an acceptable level of risk.

b) Examples of risks to safety and health at work

Physical activity (working on a screen, lumbago, etc.), noise, occupational cancers, chemical risks (asbestos, etc.), travel, psycho-social risks (aggression, external violence, occupational exhaustion or burn out, harassment and internal violence, stress, suicide), etc.

[1] <https://www.bfcm.creditmutuel.fr/fr/investisseurs/information-financiere-reglementee.html>

c) The vigilance plan covers infringements of health and safety inside and outside the company

- Internally, the employer should ensure safety and protect the health of employees. The employer should take the necessary preventive measures against occupational risks and inform and train employees about these risks. The employer should also respect certain rules in the layout and utilization of the work premises,
- Externally, the employer should also ensure that the company's activities like those of its suppliers do not have negative repercussions on the health and safety of the supplier's employees, customers or any other persons.

3/ Environment

Risks related to the environment are industrial or technological risks generated by the group or partners, which have an impact on the environment: water, air, sites and soils, noise, etc. Risks related to financing and investment activities are also included, the goal being to reduce as much as possible the environmental consequences resulting from these activities. They concern:

- the vitality of the ecosystem (protection of the ecosystem, resource management, pollution),
- management of water, agricultural, fishing and forest resources, but also climate change and biodiversity and the air,

3.11.3 Measures of the vigilance plan

In accordance with the law, it includes the following five principal measures:

- a mapping of risks intended to identify, analyze and prioritize them;
- regular assessment procedures of the situation of subsidiaries, subcontractors or suppliers with which there is an established commercial relationship, in terms of the mapping of risks;
- appropriate measures to mitigate or prevent serious harm;
- a whistleblowing system and procedure for reporting the existence or occurrence of risks;
- a mechanism to monitor any measures put in place and to assess their effectiveness.

3.11.3.1 Mapping of social and environmental risks

The mapping of risks covers the areas evoked above based on an awareness of employees' work situation, relationships with customers and partners, activities exercised by the company and those of subcontractors and suppliers.

- environmental health (impact of the environment on human health).

3.11.2.3 People concerned by the vigilance plan

All those people likely to be affected by a risk or an infringement of a social or environmental nature are those who are involved in the context of the group's activities or in the context of a commercial relationship, particularly with suppliers and subcontractors. That means employees, temporary workers, staff (detached or not) of suppliers, subcontractors, customers and any other persons involved. These people may be the cause of a violation of social or environmental rights; they may also be accomplices (active or passive) or even victims. Put simply, it is necessary to distinguish:

- the risks generated by the entity/subsidiary on employees;
- the risks generated by the entity/subsidiary of customers *via* activities, financing granted, investments made, products and services offered;
- the risks generated by the entity/subsidiary on its partners (suppliers and subcontractors, intermediaries, etc.) and third parties;
- the risks generated by partners (suppliers, intermediaries, etc.) with which the entity/subsidiary has an established commercial relationship, when activities are related to this relationship, on their employees and third parties.

The objectives sought consist of:

1/ Identifying the risks

This means identifying all the dangers to which employees (of the company or suppliers), customers or third parties may be exposed.

2/ Analyzing the risks

The risk incurred for each situation identified as dangerous is to be defined and evaluated based on:

- the nature of the danger;
- the means of prevention already existing (technical, organizational, human).

3/ Classifying the risks

The classification of risks is designed to:

- determine the priorities of the action plan based on the potential seriousness and probability of occurrence;
- implement preventive measures.

For each area (human rights, fundamental freedoms, health and safety of people, environment), work has been done to identify the primary risks. These risks were the subject of analysis (by experts) leading to a two-part assessment based on the concepts of gross risk and then that

of residual risk. Gross risk^[1] considers the probability of the risk's occurrence and its frequency as well as the impact that the particular case may have on the entity's activities and services it provides to customers. Scoring is established based on the five following levels:

Scoring	1	2	3	4	5
Degree of risk	Very substantial	Substantial	Average	Low	Very low

For each case, residual risk is then valued according to the extent to which there is coverage for the observed risk based on the existence and relevance of preventive or mitigation measures in place. Its scoring is established based on the five following levels of risk:

Scoring	1	2	3	4	5
Degree of risk coverage	Inadequate coverage: Risk not covered and remedial measures need to be quickly implemented.	Insufficient coverage: Risk partially covered with significant points for improvement identified.	Average coverage: Risk covered but with one or more points for improvement identified.	Satisfactory coverage: Risk covered by a suitable mechanism (organization, procedures, controls, etc.).	Very satisfactory coverage: Risk covered by a controlled mechanism.

On this basis, Crédit Mutuel Alliance Fédérale has identified the following primary potential risks:

- concerning human rights and fundamental freedoms: discrimination, undermining equality, breach of a person's right to respect for their private and family life; the right to strike, the right to freedom of assembly and of association as well as on the freedom of expression;
- concerning the health and safety of individuals: health risks, non-respect for legal working conditions, infringement on the safety of workers and inequality of access to the right to health;
- concerning the environment, the risk of pollution: undermining the fight against global warming, biodiversity and the management or waste.

The mapping is likely to evolve as progress is accomplished in each area.

3.11.3.2 Assessment procedures concerning the status of suppliers and subcontractors

Regular assessment of the status of subcontractors and suppliers, particularly external, with which there is a commercial relationship is conducted with the help of various operational procedures within Crédit Mutuel Alliance Fédérale.

1/ Bidding process procedures

Most purchases are made by the business line centers. Certain business lines have defined procedures for the bidding process in view of the importance of negotiations. At Euro-Information, suppliers are listed in categories, the main ones being "essential suppliers" and/or "sensitive suppliers" (economic or strategic importance for Euro-Information or for its customers). For the bidding process and in regular fashion, purchasing teams ask these suppliers to provide documents that can attest to their CSR procedures (or to provide the link to the document on the Internet) in order to know the content. This operation is applied in the purchasing process of equipment/software, but also in the context of buying immaterial computer services from DSC (Digital Services Companies) suppliers. Euro-Information conducts a regular review of it.

The assessment of suppliers is also done through policies established by the group (sectoral policies, purchasing policy and charter with suppliers, essential outsourced services; see below). For example, Euro-Information includes the supplier charter in its bidding process procedures.

2/ Collection of documentation and information on external suppliers

Numerous elements that make it possible to check on the identity of the supplier, its reputation and the quality of service provided are collected as part of the group's procedures.

Information collected on suppliers and service providers are the following:

- with regard to combating undeclared labor (Article L.8222-5 of the Labor Code), vigilance obligations required of all suppliers with revenues in excess of €5,000 include a Kbis extract (certificate of incorporation), an URSSAF (French social security contributions collections agency) declaration, an URSSAF authentication, the list of foreign workers (LNTE) and a certificate of vigilance;
- other documents requested by certain business line centers depending on their activity: E&O insurance, proof of ten-year liability insurance, license for domestic transport, CNAPS^[2] approval for private security companies, professional licenses of security agents, etc.;
- INSEE (French National Institute of Statistics and Economic Studies) files and legal information that may be consulted with the BILI (companies, associations, sole traders) app;
- for accredited suppliers in the CONTRAT application: contracts, maintenance records, operational elements, etc.;
- the supplier charter which is signed by every new entry in relation with internal business line centers;
- the regulatory data from the supplier (legal structure, address, SIRET number, NAF code, legal category, etc.) are reported in the application – PIEFOU – a management tool for supplier invoices;
- when the supplier is also a customer, elements related to the fight against money laundering and the financing of terrorism (AML/CFT) are requested of the supplier or service provider.

[1] Gross risk is defined without taking into account the control environment.

[2] National Council on Private Security Activities (Conseil national des activités privées de sécurité).

3/ Selection of intermediaries and collection of information

- For retail banking, the PRESC application for IOBSPs (intermediaries in banking operation and payment services) makes it possible to identify the following documents: ORIAS (France's official register of insurance, banking, and finance intermediaries) registration, civil liability insurance, financial security, mandate, etc.;
- In addition, each retail bank or specialized business line, establishes a referencing procedure for IOBSPs, which allows for the formalizing of the collection of required information and the implementation of certain controls;
- For Capital Markets, a policy is implemented for the selection of financial institutions or other intermediaries to which customer orders are entrusted for execution on French or foreign markets. The chosen entities must dispose of procedures and mechanisms to execute orders that correspond to the objectives set in the group's execution policy (available on the Internet) and particularly to certain criteria (rules of good conduct, terms and conditions of transmission and execution, security of processing). The selection of intermediaries may be modified depending on the evaluation grid and controls carried out;
- In addition, each retail bank or entity concerned (management companies in particular) is responsible for the approval of the financial instrument brokers they deal with and for monitoring their relationship with them. In this regard, the entity:
 - formalizes a procedure for initiating a new relationship, including, in particular, combating money laundering,
 - establishes and keeps current a formal list of authorized brokers who are authorized to work with it,
 - established an evaluation grid of brokers, which allows for regular assessment based on qualitative criteria.

4/ Outsourcing of critical or material services

The framework procedure for controlling the outsourcing of the "critical or material" activities drawn up by the Compliance department of Crédit Mutuel Alliance Fédérale includes the policy, procedure and its annexes. These documents are updated as needed.

This framework procedure states that each entity which sets up a subcontracting mechanism establishes a written contract with the service provider. When dealing with critical or material services, the entity must ensure that the contractual commitment covers the regulatory requirements notably concerning the level of quality, backup mechanisms, the protection of entrusted data, ACPR (or AMF) access to information connected to the outsourcing, and generally complies with the laws and regulations which apply to the entity.

Each entity must ensure that the supplier charter (CSR/SMR requirements) is signed for each essential outsourced activity. The outsourcing section of the internal control report is updated every year.

3.11.3.3 Actions to mitigate and prevent risks

A set of measures aimed at reducing and preventing these risks is implemented vis-à-vis customers, suppliers and employees. These measures are presented below.

[1] General Data Protection Regulation.

1/ In customer relations

a) Relationships based on ethics and the code of conduct

Rules of proper conduct exist to prevent risks to which customers could be subject. They are defined by internal rules that apply to all Crédit Mutuel Alliance Fédérale entities and to which are appended the security charter, the code of conduct and the charter on preventing and combating harassment and violence in the workplace. This mechanism is supplemented by the code of conduct which is a public document.

b) Protection of personal data

Knowing customers and the relationship they have with the bank requires gathering, using and storing a certain amount of information about them. The collection, use and processing of this data are protected and also covered by professional secrecy:

- Crédit Mutuel Alliance Fédérale entities concerned comply with the principle of relevance and proportionality of the data collected regarding the purpose of data processing, in order to comply with legal provisions;
- customer information is handled in a clear and instructional manner, particularly concerning:
 - the identity of the person responsible for processing,
 - the purpose of data processing, avoiding unduly generic wording,
 - the obligatory or optional nature of answers and the consequences of failure to reply,
 - the recipients of this information,
 - the right of access, to object and to correct.

Information on the protection of personal data is disseminated to customers who use remote banking as well as account opening agreements.

On April 27, 2016, the European Parliament and the Council adopted the regulation on the protection of natural persons with regard to the processing of personal data and the free movement of such data. This regulation, which was enforceable beginning from May 25, 2018, strengthens protection of personal data.

Crédit Mutuel Alliance Fédérale has adapted its tools and guidelines to incorporate the regulatory changes stemming from the GDPR^[1]. These adjustments concern the following points:

- creation of a register of data processing activities;
- realization of an impact analysis for data processing likely to present an elevated risk to the rights and freedoms of private individuals;
- implementation of internal mechanisms and procedures that show respect for rules pertaining to data protection;
- establishment of a data protection officer;
- application of the principle of protection of personal data in the design of the processing operation;
- the rights of individuals.

In addition, Crédit Mutuel Alliance Fédérale has adopted a security charter concerning personal data management, which is published on its website. In 2021, 63% of Crédit Mutuel Alliance Fédérale employees completed a e-learning course on the GDPR and the CNIL.

c) IT security management system

Considering the processing of sensitive banking data and the numerous offers of services proposed, Euro-Information (the IT subsidiary of Crédit Mutuel Alliance Fédérale) pays very special attention to all aspects of the IT system. It is updated each year to adapt to new risks and strengthen security. All means are implemented to secure the community system. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites. This standard provides a framework for implementing, maintaining and improving an Information Security Management System over time.

The ISMS takes into account the external context, the internal context, and the needs and expectations of concerned parties. Its challenges are:

- to bring tangible improvements to the security of the Information System by:
 - putting in place an operational governance of security,
 - adopting a risk approach to manage security,
 - defining security rules,
 - ensuring the application of these rules;
- to continuously improve the security of the Information System by:
 - measuring the security levels achieved,
 - performing a security watch, taking into account new threats and developments in the IS,
 - reducing the impact and frequency of security incidents.

Euro-Information's certification was renewed in 2020 as part of a first combined ISO 9001 (Quality Management System) – ISO 27001 (Information Security Management System) audit. This certification (No. 2017/77568.10) thus validates the Information Security Management System implemented on the IT production centers. The basic principles remain the following:

- availability: provide a reliable system with permanent accessibility;
- confidentiality: secure access, processing and data;
- integrity: guarantee reliability of data.

To which the following have been added:

- traceability of information;
- identification/authentication of people accessing the information.

In 2020 and in 2021, the pandemic resulted in an increased number of cyber attacks. Security has been strengthened, both through actions to raise employee awareness on current risks, technical detection and protection measures, as well as organizational measures within the security teams. A Red Team whose main missions are to identify potential security breaches, to test the means of detection and response to attacks, and to bring the vision of "ethical hackers" to the development teams;

Various monitoring indicators have been implemented, such as:

- the rate of availability of primary TP applications^[1], which is close to 100% in 2021 as in 2020 (SOT102);
- the number of IT claims costing more than €1,000. The latter was down in 2021 with 173 claims (including 39 related to the COVID-19 pandemic) compared to 269 in 2020 (SOT103).

[1] TP: Transaction Processing – major applications used by the banking network and customers.

Employees are also informed of and educated on security, the most common frauds and the ethics rules applicable especially when using IT tools and email. An Infos Sécurité (security information) tab on the homepage of the Intranet provides information on the security of bank transactions, people and property, IT security, "Fraud" alerts, warnings, etc. A newsletter on security was also published by Euro-Information for all the group's employees *via* the intranet.

d) Customer protection in the design of new products and services

Crédit Mutuel Alliance Fédérale's entities have specific procedures to examine the compliance of new products or major transformations to existing products, including a written opinion from the head of compliance or a designated representative, as well as for any system which is intended to advise or assist customers. New products can be examined by Crédit Mutuel Alliance Fédérale's New Products Committee or delegated to the entity concerned after informing the compliance department.

The opinion of Crédit Mutuel Alliance Fédérale's New Products Committee must be sought for a new product that is to be marketed in the network or by several entities. When marketing is restricted to a single business line, the business line's assessment is communicated to Crédit Mutuel Alliance Fédérale's New Products Committee for information. The committee may, if it sees fit, issue its own recommendations. Crédit Mutuel Alliance Fédérale's New Products Committee validates the business line's control processes beforehand.

e) Fragile or vulnerable customers

Crédit Mutuel Alliance Fédérale has structured its banking inclusiveness system to ensure that the relevant legislation and related commitments are properly implemented:

- by adopting a commitment policy for fragile or vulnerable customers: it describes the ongoing actions together with those within Crédit Mutuel Alliance Fédérale since the end of 2017 to promote banking inclusion, to protect fragile and financially vulnerable customers (especially protected adults) and to highlight how they are assisted in response to the requirements of the public authorities (Observatory of banking inclusion – Banque de France – ACPR);
- by setting up a dedicated central governance body, the Fragile or Vulnerable Customer Committee, to ensure that the legislative obligations and best practices to protect fragile or vulnerable customers and to promote banking inclusion are properly implemented.

As in previous years, under the aegis of the Fragile or Vulnerable Customer Committee, the implementation of the recommendations of the OIB – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence performed in 2019 and 2020 concerning vulnerable customers and the cap on bank fees continued. Review of the changes with the greatest impact:

- roll-out of the new mechanism to cap incident fees, making it possible to set the cap the month in which fragility is detected and on the whole third party;
- following the signature of a partnership agreement with CRESUS, the pilot system continued in three departments. The aim is to support customers in a financially vulnerable situation.

Work is underway to finalize the implementation of a mechanism for the statistical detection of predictive fragility, the customer files thus detected will be proposed to the customer service managers, *via* the debtor management application, in order to implement the appropriate support measures.

In 2021, Crédit Mutuel Alliance Fédérale entities concerned produced regulatory reports which included quantitative and qualitative data on fragile and vulnerable customers devoted to the ACPR (in the questionnaire on business practices and to OIB as regards customer protection).

f) Accessibility of banking services

In the context of regulations on the accessibility of establishments open to the public (ERPs) to persons with disabilities, a public accessibility register (RPA) exists in all branches in order to inform the public about the level of accessibility of the location as well as provisions made to allow all persons, especially those with disabilities, to benefit from branch services. In addition, Crédit Mutuel Alliance Fédérale has nearly 5,900 ATMs installed in all the regions where it operates, of which 97.6% are accessible to the visually impaired. Account statements in Braille are available.

Crédit Mutuel Alliance Fédérale has been committed for several years to an accessibility approach to make its sites and applications accessible to everyone, including seniors or people with disabilities or functional limitations, on any type of medium (computer, smartphone, tablet, etc.). Thus, a remote interpretation service in sign language is available to hearing-impaired customers. Operators assist customers for free, by chat or by videoconference link with the services they need. Customers can use this assistance from the mobile app during discussions in the branch. Moreover, deaf or hearing-impaired customers with telephone Crédit Mutuel Alliance subscriptions can now take advantage of one free hour per month of translation, in accordance with regulations.

Simultaneously, regular technology watch is conducted on technical devices and raising awareness about accessibility was incorporated into internal training courses taken by the teams in charge of IT development. Certain employees are now experts on accessibility. They help with projects at all stages, audit sites or applications upon request and process customer feedback. The level of accessibility of the [creditmutuelalliancefederale.fr](https://www.creditmutuelalliancefederale.fr) website is shown on the home page. In another area, Crédit Mutuel Alliance Fédérale respects the generic terms of primary banking fees and services defined in the Order of March 27, 2014, which aims at simplifying consumer access to fee-related information.

g) Processing of customer claims

Crédit Mutuel Alliance Fédérale offers its customers a three-level complaint processing system for filing a claim.

In the event of dissatisfaction, the customers are invited to contact:

- their advisor or the manager of their bank/branch (level 1) in order to find the solution best suited to their situation;
- the customer relationship department (level 2) if they are not satisfied with the answer provided at level 1;
- the mediator (level 3), only after all internal remedies have been investigated by the bank and provided that the dispute falls within its remit.

The means proposed for filing a complaint through levels 1 and 2 have been diversified since 2019: online form accessible after authentication *via* the online banking service, complete online form for non-holders of a remote banking contract, email, mail, face-to-face and single telephone number dedicated to complaints.

Comprehensive information on claims specifying the contacts persons, the means and possible remedies is provided to customers through:

- the claims page of the Crédit Mutuel and CIC websites;
- claim information leaflets available at branches.

The group has chosen a unique tool for entering and managing claims, which enables to monitor them and trace the audit information. Since December 2020, this tool uses the new classification system for claims, making it possible to precisely fill in the new ACPR Banking and Insurance questionnaires.

Customer satisfaction is a top priority in all circumstances, thereby reflecting Crédit Mutuel Alliance Fédérale's key focus on the continuous improvement of the customer claim process and monitoring. This is why in January 2019 Crédit Mutuel Alliance Fédérale created the "group complaints" department, which reports directly to the Deputy Chief Executive Officer of Crédit Mutuel and the Deputy Chief Executive Officer of CIC, in order to manage complaints and coordinate the customer relationship departments of the various entities. In early 2020, this system was strengthened by the creation of a Crédit Mutuel Alliance Fédérale customer claims committee. The main mission of this committee is to define the actions to be implemented on the one hand based on a comprehensive qualitative and quantitative analysis of the claims, and on the other hand based on a summary of the areas of improvement identified in the processing of claims.

Lastly, since the end of April 2021, a satisfaction survey is sent to each customer at the end of their claim procedure in order to know what they think about the processing of their claim and how it could be improved.

h) Mediation process [SOT74 to SOT78]

Consumer mediation, in force since January 1, 2016, resulted in the introduction of a dedicated website, featuring the mediation mechanism and providing customers with online access (at the address: <https://www.lemediateur-creditmutuel.com>). The mediator's annual report is also available to view. The mediator is registered on the list of mediators; the European Commission is notified by the Assessment and Mediation Control Commission.

In 2017, the group's mediator and the AMF's mediator signed an agreement giving customers the possibility of presenting any claim within the scope of the AMF to either the AMF mediator or the group mediator, with the understanding that the choice is irrevocable.

i) Integration of ESG criteria in the business lines [SOT88]

Sectoral policies

As a benefit corporation bank, Crédit Mutuel Alliance Fédérale wants to work for a fairer and more sustainable society. In this respect, the group wishes to strictly regulate transactions in sensitive sectors involving social and environmental risks. To ensure that these issues are taken into account in a responsible manner, it undertook to define sectoral policies that aim to determine a scope of intervention and to set criteria and principles for the exercise of its activities and thus contribute to the ecological transformation and social progress.

Since 2015, sectoral policies have been formalized to define the methods of intervention in the coal, hydrocarbon, mobility, defense and security, civil nuclear energy and mining sectors. All of these policies are regularly reviewed to take into account the various commitments made by Crédit Mutuel Alliance Fédérale, notably with a view to aligning its activities which aim to promote the fight against global warming. To this end, in 2021, Crédit Mutuel Alliance Fédérale strengthened its commitment to support the environmental transition of the economy through the strengthening of its hydrocarbon policy and the implementation of an agricultural policy:

- hydrocarbons policy: Crédit Mutuel Alliance Fédérale strengthened its commitments on October 26 through a press release aimed at stopping the financing of all new oil and gas exploration, production and infrastructure projects. In addition, Crédit Mutuel Alliance Fédérale undertook to exchange with the companies in its portfolio in order to convince them to give up developing new oil and gas fields within a short deadline, failing which they risk being excluded from future support;
- agricultural policy: Through this policy, Crédit Mutuel Alliance Fédérale is strengthening its environmental ambitions and supporting its farming customers towards a sustainable agroecological operating model. Thus, Crédit Mutuel Alliance Fédérale has put in place a document to help with customer knowledge, when making the decision to grant financing, incorporating ESG criteria. These ESG criteria, based on the conditions for CAP aid, allow an objective analysis and a better understanding of the actions carried out by farmers in order to support them in their efforts. Accordingly, to support farmers in their environmental approaches, Crédit Mutuel Alliance Fédérale proposes two strong measures:
 - a €200 subsidy to finance the remainder of the cost of the carbon assessment proposed as part of the *France Relance* plan,
 - a support bonus of €500 to finance the certification costs for HVE level 3 environmental labels of excellence and organic agriculture.

The group has also decided to reinforce the rules for applying its sectoral policies by developing specific analysis grids for each business sector. These analysis grids integrate counterparties' non-financial ratings which are analyzed (environmental, social and governance criteria) when the decisions to grant banking and financial transactions are taken.

An overall analysis grid has been implemented for all segments that are not subject to sectoral policies.

In 2021, a pilot project on the integration of ESG criteria in the decision-making process to grant financing within the networks and branches was launched with CIC Lyonnaise de Banque. An application grid was established including the ESG criteria and the criteria related to the various sectoral policies in order to analyze the ESG commitment of SMEs and large companies.

Other policies related to private banking, consumer loans, purchasing and supplier relations and even the commitment policy supporting fragile or vulnerable customers complete this list. They can all be consulted on CIC and Crédit Mutuel Alliance Fédérale websites.

Project financing^[1]

CIC has an internal assessment methodology based on the "Equator Principles" classification scale.

- category A projects – Projects presenting serious potential adverse environmental and social risks, and/or likely to generate mixed, irreversible and unprecedented impacts. These projects are subject to stricter environmental and social due diligence. The objective of the assessment process is to analyze the environmental and social impacts and risks associated with the proposed project, and to propose measures to minimize, mitigate and compensate the risks and adverse impacts in a manner that is relevant and appropriate to the nature and scale of the proposed project;
- category B projects – Projects presenting limited negative social or environmental impacts, less numerous, generally specific to one site, largely reversible and easy to address with mitigation measures;
- category C projects – Projects presenting minimal or no negative social or environmental impacts.

Any new project financing is subject to external due diligence, including a component relating to its environmental impact. The latter is also monitored as part of the annual portfolio review.

Projects are selected on the basis of a set of criteria including social, environmental and mutualist criteria, depending on the business segments and countries selected. Much attention is thus paid to criteria of social utility (for example, the more or less strategic nature of the project for a country, the alignment of the interests of the various stakeholders, the overall economic rationality), local acceptability (for example, known opposition from environmental groups or the local population, noise pollution, impact on the landscape, etc.) and compliance with environmental criteria (compliance with current and foreseeable standards).

In the energy segment, CIC supports its customers in financing the energy transition and is committed to reducing greenhouse gas emissions through its financing choices.

With regard to the fight against corruption, the outflow which takes place after the successful completion of KYC procedures, and upon certification issued by a trusted third party (independent technical expert), is an effective way of keeping expenditure compliance under control. The department's internal strategy is to focus on sectors with which it is familiar and whose collective utility is based on meeting basic needs (supply or production of energy, means of communication, telecommunication, public service concessions).

The department typically funds projects in countries where the political and solvency risks are contained (*i.e.* "designated countries" within the meaning of the Equator Principles). When the department intervenes in the most fragile countries, both politically and in terms of environmental standards, it is in consideration of the project's economic necessity and in participation with banks that have signed the Equator Principles or multilateral bodies. In each of these projects, the social and environmental impacts are not only taken into account when the operation is chosen, but also throughout the life of the project (for example: obligation of monitoring the construction phase and its environmental impact by an independent engineer if the size of the project warrants it, contractual obligation of the borrower to comply with standards and any changes to them throughout the life of the project).

[1] "Project funding" is understood here as a very specific category of corporate financing, called specialized financing (defined in particular by Article 147.8 of European Regulation No. 575/2013) and which meets very specific criteria. These criteria, such as approved by the ACPR in October 2012, are used to set eligibility for deals in CIC Project Financing portfolio.

Private equity and ESG criteria

The social responsibility of Crédit Mutuel Equity, which covers all capital investment activities is included in its investment doctrine. An assessment questionnaire on the policy in terms of corporate social responsibility is submitted to the companies in its portfolio. This questionnaire is used for any new investment project review. Identified points of improvement are subject to monitoring during the detention period of participation. In 2021, a study on the overhaul of the entire questionnaire was launched and a new version should be available in 2022.

Committed to a harmonious regional development approach, Crédit Mutuel Capital Privé has adopted a responsible investor charter in line with the ambitions of Crédit Mutuel Equity and the Social and Mutualist Responsibility commitments of Crédit Mutuel Alliance Fédérale.

Responsible and sustainable finance

On March 10, 2020, the European SFDR regulation came into force, requiring asset managers to provide information on the environmental, social and governance risks of their investments, and their impact on society and the planet. The funds are classified in one of the three categories, Articles 6, 8 or 9, depending on the sustainability objective:

- Article 6: transparency article, with the prospectus specifying whether or not the fund includes sustainability risk;
- Article 8: products that promote environmental and social sustainability by integrating sustainability in a binding way;
- Article 9: impact funds that set non-financial objectives (sustainable investment or reduction of carbon emissions).

This regulation aims to provide greater transparency and a comparison grid for the offering of investment funds, in terms of their environmental, governance and social (ESG) approach. In this way, investors can more easily identify products and have access to non-financial documentation with minimum standards at European level.

For asset management companies, the implementation of the SFDR regulation is an opportunity to confirm their commitments and strong actions to promote responsible finance.

Responsible investment is being gradually extended to all Crédit Mutuel Asset Management's activities, through an ESG integration system for most funds and an SRI approach for a range of funds specifically designed for customers. Today, it aims for the majority of its open-ended funds to comply with the criteria of Article 8 or Article 9 of the European SFDR Regulation.

BLI – Banque de Luxembourg Investments has strengthened the place of ESG within its investment solutions offering. The classification provided by the SFDR regulation is part of this dynamic and formalizes existing practices. Several funds in the BLI range already meet the requirements of Article 8 or 9 of the SFDR regulations. The aim is for most of the range to be included in these classifications in the future.

2/ In the relationship with subcontractors and suppliers (SOT81)**a) Group purchasing policy**

A purchasing policy applies to all purchases by entities of Crédit Mutuel Alliance Fédérale.

The purchasing of goods and/or services is an act of management and is part of the operational implementation of the group's strategy. This policy incorporates economic, quality and respect of technical requirements criteria as well as ESG factors.

All contracts with suppliers and/or service providers include a clause dedicated to respect for provisions in force in terms of labor law. In the context of the charter of supplier relations, suppliers and/or service providers are committed to respecting the reference texts on human rights and labor law.

Other measures supplement this policy and promote responsible behavior by suppliers and/or service providers. Thus, the group favors relationships with suppliers and/or service providers, though equal on the technical and financial services level, which adopt an environmental approach that incorporates ESG criteria and which respect a social policy combating discrimination.

A delegation of authority was signed by the buyers of Euro-Information reminding them of the respect linked to obligations in terms of sectoral purchasing policy.

b) Charter on supplier and service provider relations for sustainable procurement

This charter describes all of the commitments, notably in terms of human rights, vigilance (access to the "Option to report") and the fight against corruption, to be respected by suppliers and service providers contracting with one or more Crédit Mutuel Alliance Fédérale entities. Particular attention is paid to respecting best practices in professional ethics and in particular to strictly respecting principles pertaining to corruption under any form, notably concerning practices in terms of gifts and other benefits.

c) Supplier professions centers

A large part of purchases is done by the group's supplier professions centers, such as CCS, SOFEDIS and Euro-Information.

Incorporation of CSR criteria in the relationship of CCS's general resources department with suppliers is materialized by:

- inclusion of the company's obligations of vigilance and CSR policy in drafting specifications for a bidding process;
- existence of an analysis grid for responses to bid solicitation, which prescribes the weight of responses by companies on environmental and social aspects in the overall rating by type of activity (household, recycling, hospitality);
- incorporating into the program reviews of accounts that monitor and audit social aspects under the French Labor Code (especially in the context of combating undeclared labor);
- inclusion of *ad hoc* paragraphs on CSR aspects in standard contracts;
- annual obligation for all managers in the central services sector having decision-making authority regarding suppliers, to declare gifts of any amount whatsoever.

Supplier relationship management within the Euro-Information structure is part of the certified Quality ISO 9001 V2015 processes monitored and audited by AFNOR. In addition, this process also falls within the scope of the ISO 27001 Information Security Management System certification.

In addition, a Supplier Monitoring Committee ensures:

- the implementation and updating of procedures for entering into relations with suppliers;
- the monitoring thereof;
- the recovery of ratings (contract quality and quality of services) for essential and sensitive suppliers;
- the gathering of “financial ratings” for essential and sensitive suppliers established in France and expanded to foreign suppliers in 2019;
- the gathering/updating of CSR reports from service providers (the signing of the supplier charter replacing the collection of these documents for other suppliers since 2020);
- the consistency of practices used within other Euro-Information subsidiaries, *i.e.* EIS, EPS, ETVS, EP3C et EIDS, for any specific purchases.

The legal, purchasing, operational risks, periodic control and permanent control teams are represented on the Suppliers Monitoring Committee, with a person from the Euro-Information internal audit department as a regular guest. Euro-Information’s management is informed of the “Suppliers follow-up” Committee. A form is used to rate the quality of the service. Since 2020, it has included escalation criteria and/or action plans to be carried out based on the scores obtained.

As part of the process of identifying services, CSR reputation risk and the risk of CSR non-compliance (in connection with sectoral policies) have also been included in the risk analysis since 2020. Financial and quality ratings are carried out each year. Euro TVS, subsidiary of Euro-Information, dedicated to the digitalization and computer processing of documents and means of payment, also introduced environmental management and is certified ISO 14001.

3/ In the relationship with employees

Relationships based on ethics and the code of conduct

Crédit Mutuel Alliance Fédérale promotes certain values and principles such as solidarity, freedom, responsibility and protection of the environment, and asserts its commitments as well as the rules of good behavior and good conduct resulting from them.

This culture which is common to all employees is implemented across a set of actions involving:

- the fundamental principles in terms of rules of good conduct, which are set out in the internal rules and its three appendices, including the code of ethics;
- the new code of conduct, which entered into force on December 5, 2019. It sets the rules and principles to be followed by all employees, including those of CIC, in the performance of their duties and highlights the group’s values and commitments:
 - acting as a socially responsible company, for a more united society, committed to the preservation of the environment,
 - fighting against discrimination and promoting gender equality and diversity,
 - listening to customers, advising them, helping them with their projects and difficulties,
 - supporting fragile customers,

- establishing ethical governance of personal data,
- fighting against tax fraud and corruption;
- the report on the application of the code of conduct, which is intended, *inter alia*, for branch managers as well as a certain number of heads of Crédit Mutuel Alliance Fédérale’s head offices and business lines. Since 2020, its scope has been extended to all Crédit Mutuel Alliance Fédérale entities in France and abroad. In 2020, the questionnaire used to support this report was revised and adapted to the new code of conduct. ETHIK, the dedicated tool, was completely transformed and made more comprehensive and user-friendly. It was enhanced in 2021 with a focus on the fight against corruption;
- Crédit Mutuel Alliance Fédérale’s training program complements and enhances the culture of employees in terms of respect for human rights, in particular:
 - the new ethics module, intended for all employees, rolled out in 2019/2020,
 - the “Work well together/fight discrimination” module,
 - the modules on “invisible disability”.

Measures implemented

There are multiple procedures and preventive measures depending on the type of risk (infringement of Human Rights, risk to the environment and health and safety risks) that employees may suffer or that they may cause in the context of their activity.

a) Prevention of infringement to employees’ rights and measures put in place:

- Violence and harassment: internal rules and the “charter on preventing and fighting harassment and violence in the group”;
- Health and safety: CSSCT (Health, Safety and Working Conditions Committee), occupational physician, signing of a framework agreement on quality of life at work in October 2020, etc.;
- Group agreement on supporting employees in the use of digital tools and the right to disconnect;
- Incivilities: procedure for combating incivilities and INCIV application;
- Assaults and hold-ups: “armed robbery” procedure;
- Trade union freedoms: the group’s agreement on union negotiations, the bank’s collective agreement, etc.;
- Labor law: labor legislation, the bank’s collective agreement, etc.;
- Right to notify: “Option to report” procedure;
- Protection of personal data: the group’s code of conduct, procedures pertaining to CNIL;
- Protection of private life: protocols for recordings and phone tapping, protocol for video surveillance, GDPR, etc.;
- Corruption and influence peddling: the group’s internal anti-corruption mechanism;
- Fight against discrimination: charter on the fight against discrimination, the promotion of diversity and the inclusion and retention in employment of workers with disabilities within the group.

b) Prevention of direct environmental impact generated by the activity of employees within the company

Crédit Mutuel Alliance Fédérale is committed through its 2019-2023 strategic plan *ensemble#nouveau monde, plus vite, plus loin! (together#today's world, faster, further!)* to reduce its internal carbon footprint in France by 30%. Accordingly, a methodical energy management approach was put in place (ISO 50001 certification issued by AFNOR in 2020 and confirmed in 2021). Based on its activity, the prevention measures essentially address reduction of paper consumption and waste recycling:

- paper waste: dematerialization of numerous documents (simulation of credit or estimates and subscription to products online, electronic signature, electronic messaging, etc.);
- waste management: "collection of used printer cartridges" procedure, selective sorting mechanism (paper recycling, recovery of used batteries, etc.);
- reduction of digital consumption: in 2020 and 2021, completion of the Eco Clean Up Week operation contributed to reducing the carbon footprint of employees through the deletion of obsolete files and the clean-up of electronic mailboxes. In 2021, nearly 25,000 gigabytes were eliminated, representing 463 tons of CO₂.

3.11.3.4 Option to report (SOT109)

The "Option to report" is an occupational warning system available to internal, external or occasional staff, which encourages them, in addition to the entity's normal warning methods, to report to their employer any serious failure to respect professional or legal obligations.

Reporting extends to all areas (corruption, fraud, etc.) and particularly to human rights and fundamental freedoms, personal health and safety as well as the environment.

In accordance with rules and regulations, this procedure guarantees strict confidentiality of the identity of the originators and of persons targeted by the reporting. The whistleblower runs no risk of sanction when the reporting is done in good faith. Moreover, the rules provide for recourse to outside authorities in an emergency situation. This mechanism is overseen by the compliance department, which ensures regular reporting.

3.11.3.5 Monitoring mechanism

Monitoring actions that have been implemented hinge on all the indicators and on the collection of figures touching on the previously mentioned themes.^[1]

2021 assessment of the application of the ETHIK code of conduct

The 2021 results were marked by sustained participation of 97.8% of the 3,825 managers concerned, despite a slight decrease (98.7% in 2020). It made it possible to verify that the rules of good conduct set out in the code of ethics [respect for values and texts, duty of confidentiality, duty of discretion, respect for individuals, prevention of conflicts of interest, etc.] were met, with ratings ranging from 4.4 to 5 on an increasing scale from 0 to 5 and an overall average of 4.7 out of 5. It highlighted the relative difficulties regarding implementation that

could be encountered on certain themes such as protection and respect for the environment or training (adequacy and management of agendas) and enabled to identify possible areas for improvement.

The rules discussed in the report are as follows:

- respect for people;
- gender balance and openness;
- protection and respect for the environment;
- duty of good management;
- duty of confidentiality and data protection;
- duty of reserve;
- duty of training;
- conflicts of interest and independence of elected members;
- respect of values and texts.

In addition, a focus makes it possible to develop a theme related to one of these rules. For 2021, it is dedicated to the fight against corruption.

Monitoring of self-training modules

In addition, in 2021, Crédit Mutuel Alliance Fédérale employees completed 79% of e-learning courses on professional ethics, in which the fight against corruption is mentioned. In addition, in the effort to combat money laundering and the financing of terrorism, 82% of training courses were completed by Crédit Mutuel Alliance Fédérale employees.

Processing of claims and mediation

The group's system for processing claims enables customers to submit all types of claims, whether they concern the operation of accounts, savings or non-financial matters.

For the 13 federations belonging to Caisse Fédérale de Crédit Mutuel and to CIC banks, the number of claims totaled 32,782 in 2021. Claims handled by level 2 represent 0.52 claims per 1,000 customers.

With regard to mediation, the proportion of eligible cases remained stable, representing 21.3% of proceedings in 2021 (21% in 2020).

Fragile customers

The quarterly monitoring carried out by Crédit Mutuel Alliance Fédérale lists the number of third parties identified and the number of packages subscribed. In 2021, the number of customers benefiting from the basic banking offer was 18,637 and the number of customers equipped with the fragile customer offer (OCF) amounted to 44,927, an increase of nearly 12% compared to 2020.

Other indicators (non-exhaustive list)

Supplier charter

3,882 charters were signed by CCS suppliers and more than 200 by Euro-Information suppliers (SOT100) at the end of December 2021.

Project financing

Among the 31 projects financed in 2021, 25 are classified in category B, six in category C and none in category A.

[1] The monitoring indicator, overseen by the compliance department, is verified by an independent third party, but not published for reasons of confidentiality.

SRI

Overall and according to the classifications of the European SFDR regulation, Crédit Mutuel Asset Management's outstandings break down as follows at December 31, 2021:

- Art. 9 funds – Class AMF I: €117 million
- Art. 8 funds – Class AMF I and II: €53,264 million.

These classifications represented 71.8% of Crédit Mutuel Asset Management's outstandings at December 31, 2021.

The SRI label enables to indicate to savers significantly committed products that meet demanding specifications not only in terms of transparency and quality of ESG management but also in terms of demonstrating the concrete impact on the environment or society. Crédit Mutuel Asset Management has 20 SRI-certified funds, including five obtained in 2021:

- CM-AM GLOBAL SELECTION SRI;
- CM-AM EUROPE DIVIDENDES;
- CM-AM OBLI CORPO ISR;

- CM-AM CASH;
- CM-AM SELECTION RESPONSABLE ISR.

Overall, SRI-certified funds represent 17.4% of Crédit Mutuel Asset Management's outstandings. These funds totaled €12,914 million at December 31, 2021, an increase of €10.5 billion over the year.

As regards the funds managed by BLI (Banque de Luxembourg Investments), the SRI fund BL Sustainable Horizon has the ESG LuxFLAG label awarded by the non-profit organization based in Luxembourg and obtained the French SRI label in 2020. The BL Equities Europe and BL Equities America funds also received the SRI label in early 2021. At the end of December 2021, outstandings with BLI label totaled €3.8 billion.

The assets under management with BLI break down as follows at December 31, 2021:

- Art. 9 funds: 421 million;
- Art. 8 funds: 3,721 million.

3.11.4 Report on the effective implementation of the vigilance plan

The SMR team of the risk department draws up the vigilance plan and its monitoring system in conjunction with the various stakeholders: compliance department, business centers, etc. The vigilance plan and its report are included in group risk management and monitoring system.

In 2021, Crédit Mutuel Alliance Fédérale continued to strengthen its risk prevention, mitigation and management systems.

In the relationship with customers, the main measures concern risk management in the business lines:

- the formalization of an agricultural sectoral policy based on support for the agroecological transition and the integration of ESG criteria in the granting of financing;
- launch of a pilot project within CIC Lyonnaise de Banque to create an analysis grid incorporating ESG criteria for financing requests from corporate and network customers;
- the review of the hydrocarbon sector policy;
- the creation of a SMR Operational Committee with a social and mutual benefit (the "committee") at the level of corporate banking, whose role is to issue opinions on matters that raise or are likely to raise social, environmental and/or governance issues in order to secure decision-making when granting financing or renewing credit lines. It also aims to optimize SMR analysis methods for corporate banking projects;
- the distribution of the ISS platform user guide to complete the sectoral policy analysis grids.

In the relationship with employees, the actions carried out were as follows:

- regarding the code of conduct: the ETHIK application is now available in five languages. In addition to French and English, three new languages have been available since 2021: Spanish, German and Belgian Dutch. Moreover, a history has been created in order to be able to consult the previous reports since the 2020 fiscal year. And from 2021, additional questions are asked on a different topic each year, related to one of the rules of conduct. This year, the focus of the ETHIK report is on the rule relating to the duty of good management and in particular the fight against corruption;
- the signing of the framework agreement on Quality of Life at Work, health at work (psychosocial risks, etc.) and related subjects (organization, transport, responsible management, etc.);
- the implementation at the level of the entities of the framework agreement signed in 2020, the signing of a group agreement to support employees with disabilities and caregiver employees.

In the relationship with subcontractors and suppliers:

- creation of a service quality form for intra-group services, in particular for Euro-Information and CCS;
- work in progress on better understanding of suppliers and subcontractors with integration of data into the tools planned for 2022.

DOCUMENTS AVAILABLE ON THE INTERNET

Title	Ref/link
Law No. 2017-399 of March 27, 2017 pertaining to the responsibility of parent companies and initiating companies	https://www.legifrance.gouv.fr/eli/loi/2017/03/27/2017-399/jo/texte
Sectoral policies	https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html

3.12 METHODOLOGICAL NOTE

For details regarding the composition of the sub-groups, please refer to the reports published by the reporting entities.

The technology division includes the following entities: Euro-Information Services, Euro-Information, Euro-Information Production, Euro-Information Développements, Euro-Information Télécom, Euro-Protection Surveillance.

The press division includes the following entities: Affiches d'Alsace Lorraine; Alsacienne de Portage DNA; Est Bourgogne Médias; Groupe Républicain Lorrain Imprimerie (GRLI); Groupe Dauphiné Média; Groupe Progrès ; Groupe Républicain Lorrain Communication (GRLC); La Liberté de l'Est; La Tribune; Le Dauphiné Libéré; Le Républicain Lorrain; Les Dernières Nouvelles d'Alsace; L'Est Républicain; Médiaportage; Presse Diffusion; Publiprint Province no. 1; Républicain Lorrain – TV news; Républicain Lorrain Communication; SAP Alsace; SCI Le Progrès Confluence; Société d'édition de l'hebdomadaire du Louhannais et du Jura (SEHLJ); Société d'investissements Médias (SIM), Ebra Events, Ebra Media Alsace, Ebra Media Lorraine Franche Comté, Ebra Services.

3.12.1 Indicator scope

Unless otherwise specified in the report and in the table below, all indicators are collected and consolidated for the entire reference scope [see appendix].

Theme	Indicator	Methodological note
SOC01bis	PPH workforce	Data missing for: CIC foreign subsidiaries excluding Banque du Luxembourg and Banque du Luxembourg Investments
SOC13	Recruitment: Total number of hires	
SOC19 SOC 20	Number of employees with open-ended contracts that quit the organization	
SOC38	Total number of working days of absence	
SOC46	Payroll invested in training	
SOC48	Number of employees who received training	
SOC50	Training: Total number of hours	Missing data for certain press entities
SOC107	Total gross annual compensation (<i>in €</i>) of open-ended contract employees	
SOC108	Total gross annual compensation (<i>in €</i>) – non-managerial open-ended contracts	
SOC109	Total gross annual compensation (<i>in €</i>) – managerial open-ended contracts	
GOUV14	Number of local banks	This indicator concerns: the 13 Crédit Mutuel Alliance Fédérale federations
GOUV15	Number of new women directors – local banks	
GOUV56	Training hours provided to directors (federation level; Alliance Fédérale except Crédit Mutuel Normandie)	
SOT27	Amount of loans on preferential terms (< €3,000) granted	This indicator concerns: the 13 Crédit Mutuel Alliance Fédérale federations TARGOBANK in Germany Cofidis France
SOT28	SRI assets under management	Crédit Mutuel Asset Management data
SOT28 BASE	Assets under management by the management company	
SOT37	Assets under management in socially responsible employee savings plans	
SOT40	Number of NPO customers (associations, labor organizations, works councils, etc.)	This indicator concerns: the 13 Crédit Mutuel Alliance Fédérale federations CIC regional banks in France BECM Banque Transatlantique
SOT52	Total budget dedicated to patronage and sponsorship*	This indicator concerns: the 13 Crédit Mutuel Alliance Fédérale federations CIC excluding foreign subsidiaries except Banque du Luxembourg and Banque du Luxembourg Investment

* This indicator may include budgets allocated in 2021, but not fully disbursed over the year.

The measurement and reporting methodology, developed in 2006, has been progressively extended to cover the entire banking-insurance scope of Crédit Mutuel Alliance Fédérale. The corresponding indicators underwent an in-depth revision in 2018 in order to make the collection procedure more reliable with all the correspondents of the group.

This methodology organizes the rules for collecting, calculating and consolidating indicators, their scope, and the controls performed. It is intended for the national collectors of Crédit Mutuel Alliance Fédérale federations and subsidiaries contributing to reporting. It formalizes the audit pattern for both internal and external audits.

The reference period of the data collected (social, societal and governance) corresponds to the 2019 calendar year.

3.12.2 Scope of entities

Level	Company
ACM	ACM GIE
	ACM IARD
	ACM SERVICES
	ACM VIE SA
	Agrupacio AMCI d'Assegurances I Reassegurances
	Agrupacio Serveis Administratius
	AMDIF
	GACM Seguros Generales Compañía De Seguros Y Reaseguros
	Asesoramiento en Seguros y Prevision Atlantis
	Assistencia Avancada Barcelona
	Atlantis Asesores
	Atlantis Correduria de Seguros y Consultoria Actuarial
	ATLANTIS VIDA, Compañía de Seguros y Reaseguros
	GACM ESPAÑA
	Groupe des Assurances du Crédit Mutuel (GACM)
	ICM LIFE
	MTRL
	Partners
	ACM Courtage
	Serenis Assurances
	ACM VIE SAM
	Targopensiones entidad gestora de fondos de pensiones

Level	Company
CIC	Banque de Luxembourg
	Banque Transatlantique (BT)
	CIC Est
	CIC Lyonnaise de Banque
	CIC Nord Ouest
	CIC Ouest
	CIC Sud Ouest
	Crédit Mutuel Leasing
	Crédit Mutuel Leasing Spain
	CIC Conseil
	Crédit Mutuel Épargne Salariale
	Crédit Mutuel Factoring
	Crédit Mutuel Innovation
	Crédit Mutuel Equity
	Crédit Mutuel Equity SCR
	Crédit Mutuel Real Estate Lease
	Crédit Industriel et Commercial
	Dubly Transatlantique Gestion
	Crédit Mutuel Capital
	Cofidis
Cofidis Espagne	
Cofidis France	
Cofidis Hongrie	
Cofidis Italie	
Cofidis Portugal	
Cofidis République tchèque	
Cofidis SA Pologne	
Cofidis SA Slovaquie	
Creatis	
Synergie	
Monabanq	

Level	Company
	Euro-Information Production
	Euro Protection Surveillance
	Euro-Information
	Euro-Information Développements
	Euro-Information Services
Federations	Caisse Fédérale de Crédit Mutuel
	Caisse Régionale CMAG
	Caisse Régionale CMA
	Caisse Régionale CMC
	Caisse Régionale CMDV
	Caisse Régionale CMIDF
	Caisse Régionale CMLACO
	Caisse Régionale CMM
	Caisse Régionale CMMA
	Caisse Régionale CMN
	Caisse Régionale CMSE
	Caisse Régionale CMSMB
	Caisses CMMC
	Caisses CMAG
	Caisses CMA
	Caisses CMC
	Caisses CMCEE
	DRBC
	DRN
	DRO
	DRS
	Caisses CMDV
	Caisses CMIDF
	Caisses CMLACO
	Caisses CMM
	Caisses CMMA
	Caisses CMN
	Caisses CMSE
	Caisses CMSMB
	Fédération CMMC
	Fédération CMAG
	Fédération CMC
	Fédération CMCEE
	Fédération CMDV
	Fédération CMIDF
	Fédération CMLACO
	Fédération CMM
	Fédération CMMA
	Fédération CMN
	Fédération CMSE
	Fédération CMSMB
	Fédération CMA

Level	Company
Subsidiaries	Banque Européenne du Crédit Mutuel (BECM)
	Banque Fédérative du Crédit Mutuel (BFCM)
	BECM Francfort
	Crédit Mutuel Asset Management
	Crédit Mutuel Gestion
	Crédit Mutuel Immobilier
	Crédit Mutuel Caution Habitat
	Centre de Conseil et de Service
	CCLS
	Factofrance
	Targo Deutschland GmbH
	Targo Dienstleistungs GmbH
	Targo Factoring GmbH
	Targo Finanzberatung GmbH
	Targo Technology GmbH
	Targo Technology GmbH Singapore Branch
	Targo Leasing GmbH
	TARGOBANK AG
	TARGOBANK in Spain
Press	Affiches d'Alsace Lorraine
	Alsacienne de Portage – DNA
	Est Bourgogne Médias
	Groupe Républicain Lorrain Imprimeries (GRLI)
	Groupe Dauphiné Media
	Groupe Progrès
	Groupe Républicain Lorrain Communication (GRLC)
	<i>La Liberté de l'Est</i>
	<i>La Tribune</i>
	<i>Le Dauphiné Libéré</i>
	<i>Le Républicain Lorrain</i>
	<i>Les Dernières Nouvelles d'Alsace</i>
	<i>L'Est Républicain</i>
	Média portage
	Presse Diffusion
	Publiprint Province no. 1
	Républicain Lorrain – TV news
	Républicain Lorrain Communication
	SAP Alsace
	SCI Le Progrès Confluence
	Société d'édition de l'hebdomadaire du Louhannais et du Jura (SEHLJ)
	Ebra Events
	Médias Alsace
	EBRA services
	Ebra Médias Lorraine Franche Comté
	Société d'Investissements Médias (SIM)

3.12.3 Main management rules

The 2021 data collection process began in September 2020 in order to mobilize all the departments concerned and organize reporting levels and consistency checks. Data collection was broken down into the search for qualitative and quantitative information.

The CSR indicators selected are based notably on:

- Article 225 of the Grenelle 2 law;
- greenhouse gas assessments;
- Order No. 2011-829 of July 11, 2011;
- the mutualist reporting;
- the “Energy Transition law for Green Growth”, passed on August 18, 2015;
- Article 173 of the Energy Transition law enacted on December 31, 2015;
- the transposition of Directive No. 2014/95/EU of the European Parliament and of the Council of October 22, 2014 amending Directive No. 2013/34/EU as regards disclosure of non-financial and diversity information [Order No. 2017-1180 of July 19, 2017 and Order No. 2017-1265 of August 9, 2017];
- the Sapin 2 Law on anticorruption adopted on November 8, 2016;
- the “duty of diligence” law adopted on February 21, 2017.

Governance indicators

Some of these indicators concern the cooperative governance of the group and the network of local banks. Most of this data is collected from a computer database used to manage elected-member offices and functions [entered by Crédit Mutuel local ban managers as corporate changes are made to their boards] and from cooperative reporting [entered into an application by bank managers between mid-January and the end of February to report on corporate actions and events carried out during the previous year]. Other data, notably that which is related to membership, are supplied by the group management-control information system.

Social indicators

The workforce data relates to the salaried employees on the payroll as at December 31, excluding trainees, temporary workers and external service providers. The data relating to days of absence includes all the absences of employees under permanent and short-term contracts and those on work-study programs in respect of the following: indemnified sick leave, non-indemnified sick leave, sick leave without a medical certificate, workplace accidents, special leave, leave to care for a sick child, prolonged unpaid leave (more than one month), sabbatical leave and work inability leave. It does not include paid leave or days off under collective agreements (compensatory time, seniority, marriage, etc.) or maternity or paternity leave. Lastly, the percentage of payroll expense spent on training does not include Fongecif subsidies. Regarding the group’s French entities, the training indicators include the hours of face-to-face training and the online hours prerequisite for face-to-face hours. As of fiscal year 2018, the number e-learning training hours are also counted.

Societal indicators

Most of the social indicators come from the group “management control” information system. The criteria and parameters are computerized to ensure greater reliability and traceability of the information provided. On the other hand, the social indicators are for the most part supplemented by qualitative indicators underscoring the actions carried out by Crédit Mutuel Alliance Fédérale entities in their respective region.

Environmental indicators

Given the nature of the group’s activities, noise, soil and other forms of pollution from discharges into the air, water and soil which seriously affect the environment at its operating sites do not appear to be significant. In addition, the group does not have a major impact on biodiversity. However, these aspects have been reintegrated into its overall CSR approach but are not included in this report. Crédit Mutuel has not recognized any provisions in its accounts in respect of environmental risk.

As information on the monitoring of energy and water consumption is not available for all Crédit Mutuel Alliance Fédérale branches, a CCS Consulting and Services Center has developed a calculation system for estimating this consumption when necessary.

For foreign entities that are not integrated into the group’s IT system, data was collected manually and then imported into the CSR consolidation application. This mainly concerns the press, the non-French entities of Cofidis group, the non-French entities of GACM, TARGOBANK in Germany and TARGOBANK in Spain.

Most of the consumption data reported for Crédit Mutuel Alliance Fédérale (networks, head offices and subsidiaries) are taken from water and energy bills. Data:

- consumption of hot and cold water supplied by urban networks was gathered from data provided by suppliers;
- electricity and gas consumption: consumption data were provided by suppliers. Only the data concerning control rooms are still entered manually into the CONSOS collection tool and an extrapolation made for water consumption and other energies;
- consumption of water and other energies: as information relating to the monitoring of the consumption of certain forms of energy and water consumptions is not available for all buildings, a calculation system was deployed by CCS making it possible to estimate consumption levels when necessary. This information is extrapolated to complete:
 - missing monthly consumption data (in proportion to the number of months entered in the CONSOS tool),
 - consumption data missing from some meters (average consumption at m2 multiplied by the surface area of the building). In most cases, published data covers the period from November 1, 2018 to June 30, 2019; the data collection period was changed in 2019 to enable better coverage to be ensured;



- consumption of paper for internal use: this is the combination of information provided by Sofedis (the central purchasing agency of Crédit Mutuel Alliance Fédérale), CCS for reprographics, as well as external suppliers if necessary and the service in charge of magazine subscriptions for Crédit Mutuel Alliance Fédérale;
- consumption of paper for external use: data, except for Sofedis, is provided by the entities of the group's IT segment: Euro-Information Production and Euro P3C (consignments of checkbooks, credit cards and bank statements) and other suppliers, particularly for the preparation of documents for communication purposes;
- travel: the number of kilometers travelled by car fleets and the number of liters of diesel fuel and gasoline consumed by those fleets are estimated based on the information provided by CCS in charge of fleet management, on the basis of data obtained from fuel payment cards or on the basis of the internal monitoring of the consuming entities.

52 indicators are subject to a publication review, a data audit (on-site or remote) based on analytical reviews, substantiation tests on a sampling basis, comparison with sector performance ratios, interviews and an insurance report testifying to the existence of the information and expressing an opinion on its fairness, issued by the statutory auditors designated as an independent third party. These indicators mainly concern the entire reference scope, except for certain specific indicators, as detailed in the table below.

3.13 INFORMATION ON REGULATORY REQUIREMENTS

Information on the recently treated topics under the NFPS and excluded from the cross-reference table:

- fight against food insecurity: not applicable;
- animal welfare and responsible, fair and sustainable nutrition: not applicable;

- actions to fight tax fraud: in view of the late publication of the law (October 23, 2018), there are no details on this topic in the document. On the other hand, Crédit Mutuel Alliance Fédérale complies with its regulatory obligations in tax matters and ensures greater vigilance in the tax compliance of its customers.

Presentation of the business model	3.2.2 – Crédit Mutuel Alliance Fédérale's business model
Presentation of the main non-financial risks	3.3 – Non-financial risks and opportunities of Crédit Mutuel Alliance
Presentation of policies and indicators	3.2.4 – Governance and strategic orientation of SMR

3.14 REPORT OF THE INDEPENDENT THIRD PARTY ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT

Year ended December 31, 2021

To the Shareholders' Meeting

In our capacity as an independent third party ("third party"), accredited by COFRAC (Accréditation COFRAC Inspection, n° 3-1681, scope available on www.cofrac.fr) and member of the network of one of the statutory auditors of your cooperative (hereinafter "entity"), we have carried out work designed to provide a reasoned opinion expressing a conclusion of moderate assurance on the compliance of the consolidated non-financial performance statement for the year ended December 31, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Reporting Criteria"), presented in the management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" section, and on the information we obtained, nothing has come to our attention that causes us to believe that the consolidated statement of non-financial performance is not in compliance with the applicable regulatory requirements and that the information, taken as a whole, is presented fairly in accordance with the Reporting Criteria.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability across entities and over time.

Therefore, the Information should be read and understood with reference to the Reporting Criteria, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

As stated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and in the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The Entity's responsibility

The Board of Directors is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, moreover, the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy); and
- for implementing such internal control procedures as it determines are necessary to enable it to produce information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Reporting Criteria as mentioned above.

Responsibility of the independent third party

Based on our work, our role is to formulate a reasoned opinion expressing moderate assurance as to:

- the Statement's compliance with the provisions stipulated in Article R.225-105 of the French Commercial Code;
- the truthfulness of the historical (recognized or extrapolated) information provided in application of paragraph 3 of sections I and II of Article R.225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions relating to the main risks.

It is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to express an opinion on:

- the Entity's compliance with any other applicable legal and regulatory provisions, particularly those concerning the information provided by Article 8 of the regulation (EU) 2020/852 (green taxonomy), anticorruption and combating tax evasion;
- the fairness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of the products and services with the applicable regulations.

Regulatory requirements and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Articles A.225-1 et seq. of the French Commercial Code, the professional doctrine of the *Compagnie nationale des commissaires aux comptes* relating to this intervention taking into account the verification program and the international standard ISAE 3000 (amended)^[1].

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the profession's code of ethics. Furthermore, we implemented a quality control system that includes documented policies and procedures intended to ensure compliance with professional standards and applicable regulations and legislation, ethical rules and the professional doctrine of the *Compagnie nationale des commissaires aux comptes* (CNCC) relating to this activity.

Means and resources

Our work was conducted by a skilled team of six persons, took place between November 2021 and March 2022 and lasted for approximately fifteen weeks.

To assist us in carrying out our work, we called on our specialists in sustainable development and social responsibility. We carried out approximately ten interviews with the persons responsible for preparing the Statement representing in particular the departments in charge of defining policies, deploying them and collecting information.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

We believe that the procedures we conducted in the exercise of our professional judgment enable us to provide a moderate assurance engagement:

- we took due note of the activities of all the entities included in the consolidation scope and of their exposure to the main risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and comprehensibility, taking into account, if applicable, best practices in the sector;
- we verified that the Statement covers each category of information provided for in section III of Article L.225-102-1 on social and environmental matters as well as the information concerning the respect for human rights, anticorruption and combating tax evasion;
- we verified that the Statement contains the information provided in section II of Article R.225-105 of the Commercial Code where relevant to the main risks and that it includes, where applicable, an explanation of the reasons why the information required by the 2nd subparagraph of section III of Article L.225-102-1 is not included;
- we verified that the Statement presents the business model and the main risks related to the activity of all the entities included within the consolidation scope, including, whenever relevant and proportionate, the risks created by its business relations, products or services as well as the policies, procedures and results, including key performance indicators;
- we consulted documentary sources and conducted interviews to:
 - assess the identification, ranking and validation process for the main risks and the consistency of the results, including the key performance indicators selected with respect to the main risks and policies presented, and
 - corroborate the qualitative information (actions and results) that we considered most significant, as presented in Appendix I. For the risks: failure to take into account climate change risks and failure to take into account specific rules on sectors that emit large amounts of greenhouse gases in granting loans and managing investments, our work was carried out at the level of the consolidating entity; for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: Crédit Mutuel Sud Est and CIC Est;

[1] ISAE 3000 (amended) – Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement covers the consolidation scope, *i.e.* all the entities included in the scope of consolidation in accordance with Article L.233-16 if applicable within the limits specified in the Statement;
- we took due note of the procedures for internal control and risk management implemented by the entity and assessed the collection process aimed at ensuring the completeness and veracity of the Information;
- for the key performance indicators and the other quantitative results that we considered to be the most significant presented in Appendix 1, we implemented:
 - analytical procedures consisting of verifying the correct consolidation of collected data as well as the consistency of changes to them, and
 - detailed tests based on sampling or other selection methods, consisting of verifying the proper application of definitions and procedures, and of reconciling data with supporting documents. This work was conducted with a selection of contributing entities listed below and covers 7.5% of the workforce and 7.3% of the group's energy consumption;
- we assessed the overall consistency of the Statement in relation to our knowledge of all of the entities included in the consolidation scope.

The procedures performed for a moderate assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional doctrine; a higher level of assurance would have required more extensive audit work.

Paris-La Défense, April 5, 2022
 Independent third-party body
 EY & Associés
 Caroline Delérable
 Partner, Sustainable Development



Appendix 1: Information considered to be the most important

SOCIETAL AND GOVERNANCE INFORMATION

Quantitative information (including key performance indicators) <ul style="list-style-type: none"> ■ Number of claims 	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Actions taken to make membership more attractive ■ Actions implemented to process customer claims
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SOCIAL INFORMATION

Quantitative information (including key performance indicators) <ul style="list-style-type: none"> ■ Workforce on permanent contracts at 12/31/2021 ■ Employee turnover rate ■ Percentage of women in management and governance positions ■ Share of employees trained in digital transformation ■ Average number of training days per employee trained ■ Total number of days of absence 	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Employee digital training plan, including the Digital Passport ■ Actions taken to promote gender equality ■ Actions to encourage employee engagement
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ENVIRONMENTAL AND BUSINESS INFORMATION

Quantitative information (including key performance indicators) <ul style="list-style-type: none"> ■ Building energy consumption ■ Amount of financing authorizations for renewable energy projects 	Qualitative information (actions or results) <ul style="list-style-type: none"> ■ Reduction of the carbon footprint of the group's buildings ■ Sectoral policies for the integration of non-financial rules when financing ■ Actions to integrate ESG ratings when granting financing ■ Actions to take into account climate risk in investments
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3.15 MISSION COMMITTEE REPORT

In 2020, Crédit Mutuel Alliance Fédérale adopted a *raison d'être* in line with its values, "*Ensemble, écouter et agir*" (Listening and acting together) and became the first benefit corporation bank. In line with the provisions of the PACTE Act, Crédit Mutuel Alliance Fédérale has set up a Mission Committee to ensure that the company has the necessary resources, governance and ambition to progress in its missions. This Committee will draw on the expertise of its members to propose possible medium-term initiatives and new commitments.

Article 210-10 of the French Commercial Code provides for the annual publication of a Report of the Audit Committee, attached to the

management report, and verified by an independent third party. The 1st report of the Mission Committee established in April 2022 is presented below, as well as the related report of the ITO.

This Mission Committee Report is published as a separate document on the Crédit Mutuel Alliance Fédérale website.

To facilitate the reading of this Report, the following table presents the pagination correspondence within this universal registration document:

	Pagination in the URD
Shaking things up: a cross interview with Nicolas Théry and Daniel Baal	182
A participatory and collaborative approach	183
What is the purpose of a benefit corporation?	184
A committed Mission Committee: the choice of collective utility	186
Proof of mutual action: fourteen concrete and measurable commitments	188
Monitoring of commitments	204
Opinion of the independent third party	207



MISSION COMMITTEE'S REPORT

April 2022

A results-based mutualist
company to build a fairer
and more sustainable society



EDITORIAL

A pioneering and innovative approach

Faced with economic, social and climate challenges, the company must position itself as a real driver of change. Innovation, experimentation, generalization, this is the triptych that makes it possible to transform, with the ambition to contribute to the common good.

The business models of yesterday are no longer those of today: **in addition to economic performance, the company must now develop a real social and environmental project.** With its status as a benefit corporation, Crédit Mutuel Alliance Fédérale clearly shows its desire to participate in the transition of our economies towards a more inclusive and sustainable development model.

I am very honored to take part in this major project by chairing Crédit Mutuel Alliance Fédérale's Mission Committee. In addition to the role of monitoring and verification overseen by the legislator, **our committee is part of a collective and permanent progress approach.** We want to be a source of proposals and contribute to the solid success of Crédit Mutuel Alliance Fédérale as a benefit corporation.

On January 19, 2022, the Mission Committee met for the first time. We were able to compare our points of view and build our roadmap for the year 2022. **I am convinced that the plurality of backgrounds and the expertise of each member will provide a valuable openness to the coming discussions and debates on future commitments.**

This report from the Mission Committee presents an innovative approach, developed over more than two years, in which we are pleased to participate. In this report, you will find a detailed progress update for the end of 2021 on the 14 concrete commitments that Crédit Mutuel Alliance Fédérale has set for 2022. Next year, we will take stock of these commitments in our second report.

Fleur Pellerin

Chairwoman of the Mission Committee of Crédit Mutuel Alliance Fédérale



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SHAKING THINGS UP

Joint interview with **Nicolas Théry** and **Daniel Baal**

Chairman and Chief Executive Officer of **Crédit Mutuel Alliance Fédérale**

Why be a benefit corporation¹?

Nicolas Théry: "Democracy and solidarity are the two pillars of our mutualist DNA. They make us a recognized corporate citizen bank. But, faced with the acceleration of social and environmental transformations, what do our customers expect from us? What concrete contribution can we make?"

Daniel Baal: "To these two questions, our response was to initiate a participatory reflection in 2019 on benefit corporations with our elected members and employees. Building on this collective desire, in 2020 we naturally adopted our *raison d'être* "*Ensemble, écouter et agir*" (Listening and acting together), and the status of a benefit corporation with five missions². This makes it possible to drive and structure a dynamic of change."

In practice, what does it mean to be a benefit corporation?

Nicolas Théry: "While our primary mission is to serve our customers and members according to their needs and to protect their savings, we are convinced that the performance of the company can no longer

be limited to financial performance alone. We must act faster against global warming, go further in regional development and in the fight against social inequalities. It is the alliance of economic performance and the common good that will guarantee the sustainability of companies."

Daniel Baal: "This status allows us to question and challenge our mutualist model internally to give more meaning to our actions, in terms of innovation, proximity and relationships. It unites our elected members and employees around a shared common ambition and strengthens collective pride. It is also a real source of attractiveness for our customers, prospects or young candidates."

What does being a benefit corporation actually change?

Nicolas Théry: "Let's take the example of the ecological transition and the reduction of carbon emissions. We started from an observation: what will our balance sheets be worth with a three degree increase? Looking at things in this way, after ending the financing of coal and unconventional hydrocarbons, we decided to end the

Key figures

Crédit Mutuel Alliance Fédérale

72,480 employees

14,600 cooperative elected members

27,9 million customers

4,205 points of sale

As of December 31, 2021

financing of new oil and gas projects. This exemplary commitment, made at the end of 2021, is indicative of our desire to fight against global warming."

Daniel Baal: "The fight against discrimination is also one of our priorities. It seemed unacceptable to us that customers suffering from chronic diseases such as diabetes, or customers who had overcome disease, could not access property ownership. So we decided to insure the real estate loans of our loyal customers for their main residence, without any medical formalities. This pioneering choice to eliminate the medical questionnaire has enabled us to take an additional step towards a fairer society. Today, more than 125,000 of our customers are already benefiting from this commitment."

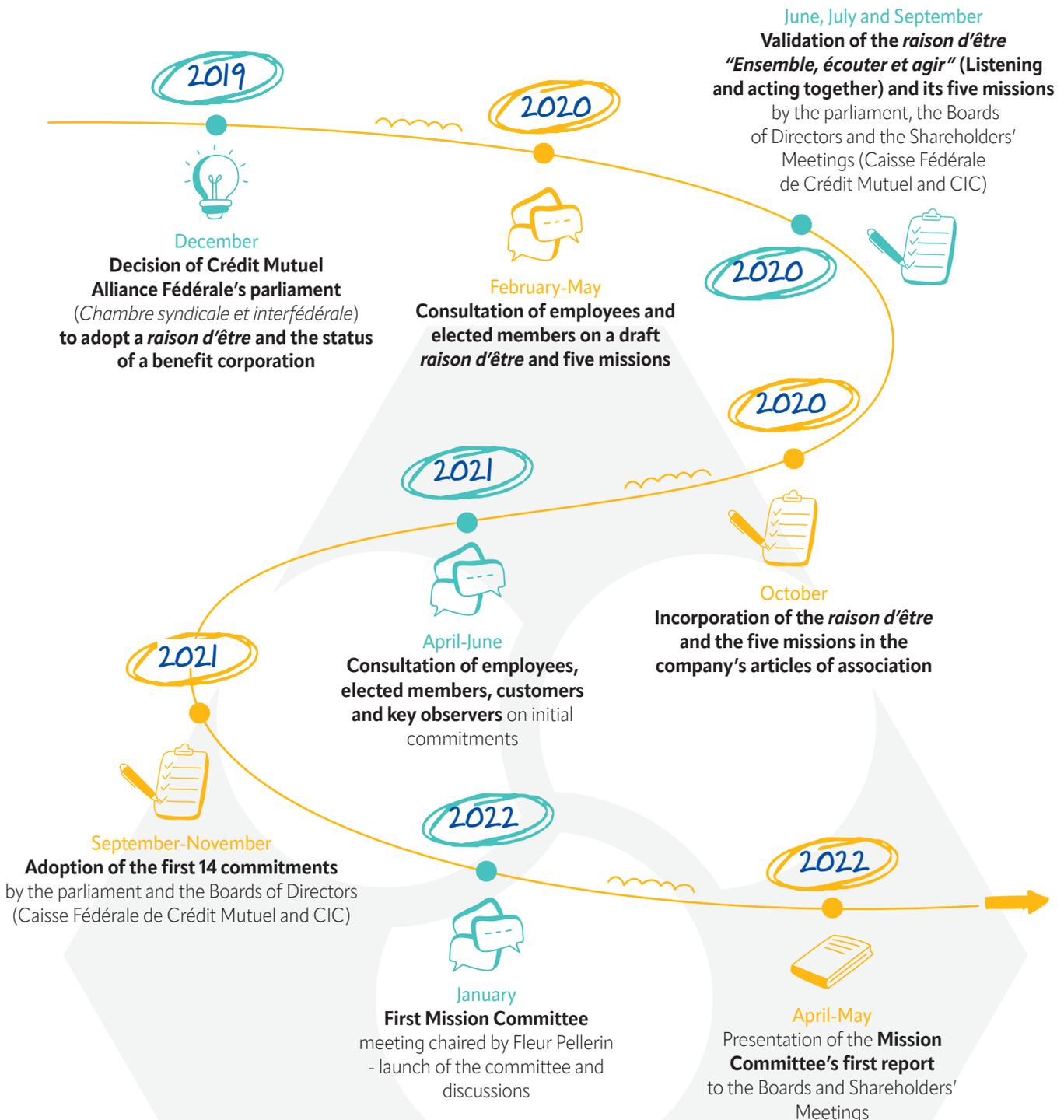
¹ In the whole Report, benefit corporation is used for "société à mission" in the sense of the French PACTE law.

² The five missions are detailed on page 7.

Key dates

A participatory and collaborative approach

By adopting the status of a benefit corporation, Crédit Mutuel Alliance Fédérale has opted for long-term collective action. All employees and elected members, as well as customers and "key observers" of the company, were consulted at each decisive stage of the project: definition of the *raison d'être*, its missions and concrete commitments.



WHAT IS THE PURPOSE OF A BENEFIT CORPORATION?

Rethinking the place of companies in society

Adopted in April 2019, the Pacte law (Action Plan for the Growth and Transformation of Companies) aims to rethink the place of companies in society. It thus enables companies to include clear and sustainable social and environmental ambitions in their articles of association.

The highest level of commitment defined by law is to become a benefit corporation. For this, companies must comply with several conditions:

- Adopt a *raison d'être* and include it in their articles of association;
- Specify in their articles of association several social and environmental objectives in line with this *raison d'être*;
- Create a Mission Committee to oversee the progress made in achieving these objectives;
- Appoint an independent third party to verify the proper execution of the mission.

Reaffirming the group's identity and *raison d'être*

Following a participatory discussion with its elected members and employees, at the end of 2020 Crédit Mutuel Alliance Fédérale* adopted the *raison d'être* "**Ensemble, écouter et agir**" (Listening and acting together) and the status of a benefit corporation. This *raison d'être* is intended to guide strategic and operational decisions.

Together, because collective action has been in the DNA of Crédit Mutuel Alliance Fédérale since its creation.

Listening, because Crédit Mutuel Alliance Fédérale is open and attentive to major changes in the world and to the needs of its members and customers.

Acting, to transform the collective ability to listen into action and serve the life trajectories and ambitions of everyone, from individuals to companies.

Nearly two out of three French people believe that companies have the power to improve the world in which we live. **70% of people under the age of 35 think so** (2020 ELABE survey for the *Institut de l'Entreprise*). **Beyond the search for profit, companies should be a place where value is both created and shared.**



Nicolas Théry
Chairman of Crédit Mutuel Alliance Fédérale

"A benefit corporation simply means knowing how to sustainably create an effective, innovative and differentiating results-based mutualist company."

"The benefit corporation is a collective and concrete approach to develop and virtuously transform our company, as closely as possible to the expectations of our customers and society."



Daniel Baal
Chief Executive Officer of Crédit Mutuel Alliance Fédérale

*The various scopes concerned are shown in the commitment monitoring table on page 26.

Transforming the company and the world around it

By becoming the first benefit corporation bank, Cr dit Mutuel Alliance F d rale is demonstrating its irreversible desire to dedicate the strength of its mutualist model to the transformation of the company and the world around it. Five missions are now part of its corporate purpose. They reflect what Cr dit Mutuel Alliance F d rale is: a mutualist, inclusive, ethical, supportive and responsible group.

Through these missions, Cr dit Mutuel Alliance F d rale reaffirms not only its historical mutualist values but also their relevance to meeting the major challenges of tomorrow. To give life to these five major ambitions, 14 concrete commitments applicable from 2022 have already been made.



AN ENGAGED MISSION COMMITTEE: THE CHOICE OF COLLECTIVE UTILITY

Nine complementary areas of expertise make up the Mission Committee: one-third experts, one-third directors and elected members and one-third employee representatives.

The tripartite composition of the Mission Committee (representatives of member customers, employees and independent experts) makes it possible to share perspectives and enrich discussions. The Chair of the Mission Committee was entrusted to someone from outside the company, Fleur Pellerin. The nine members of the Mission Committee were selected for their complementary expertise and their sensitivity to social, environmental and technological issues. They all share the same desire to contribute to the success of Crédit Mutuel Alliance Fédérale's virtuous approach.



From left to right: Nicolas Théry, Chairman of Crédit Mutuel Alliance Fédérale, Fleur Pellerin, Chairwoman of the Mission Committee, and Daniel Baal, Chief Executive Officer of Crédit Mutuel Alliance Fédérale in Paris on January 19, 2022, during the first Mission Committee meeting.

Three independent experts

Three independent experts provide an external and complementary perspective on the commitments made and those to be made:

- **Fleur Pellerin**, former minister, founder and CEO of Korelya Capital,
- **Christophe Robert**, Delegate General of the Fondation Abbé Pierre,
- **Xavier Jaravel**, professor at the London School of Economics (LSE) and member of the Conseil d'Analyse Economique (CAE).

Three directors

Three directors sit on the Mission Committee. As representatives of Crédit Mutuel Alliance Fédérale's customers and members, they put their expectations - and those of the company more broadly - at the heart of the Mission Committee's discussions and debates. Their duties on the Boards of Directors and the Mission Committee ensure a proper connection between these governance bodies:

- **Marie-Jean Boog**, Chairwoman of the Sarrebourg district (Fédération Crédit Mutuel Centre Est Europe),
- **Jean-Louis Maitre**, Chairman of Fédération du Crédit Mutuel Savoie-Mont Blanc,
- **Sandrine Pelletier**, Chairwoman and Chief Executive Officer of the APLIX Group and director of CIC Ouest.

Three employees

Crédit Mutuel Alliance Fédérale wanted a fair balance by appointing three employees. Their in-depth knowledge of the company provides relevant insight into the discussions:

- **Audrey Hammerer**, director representing the employees of Caisse Fédérale de Crédit Mutuel (SNB),
- **Laurent Torre**, director representing the employees of Caisse Fédérale de Crédit Mutuel (CFDT),
- **Ségolène Denavit**, director representing the employees of CIC (FO).

The Mission Committee



Fleur Pellerin



Christophe Robert



Xavier Jaravel



Sandrine Pelletier



Jean-Louis Maitre



Marie-Jean Boog



Laurent Torre



Audrey Hammerer



Ségolène Denavit

Monitor and guide the approach

The status of a benefit corporation implies the creation of a governance body: the Mission Committee. This committee has two ambitions:

- **Verifying the proper fulfillment of the commitments** made by Crédit Mutuel Alliance Fédérale. In concrete terms, the Mission Committee must monitor the evolution of the indicators and ensure that the company puts in place the necessary means to progress and live up to the ambitions set.
- **Supporting Crédit Mutuel Alliance Fédérale in its strategic thinking and choices relating to the status of a benefit corporation.** The role of the Mission Committee is to question the strategy and actions implemented by the company, as part of a continuous improvement process. The wealth of expertise of its members should enable the Mission Committee to steer Crédit Mutuel Alliance Fédérale towards new initiatives and avenues of work.

Regular interactions with the group's governance

To carry out its duties, Crédit Mutuel Alliance Fédérale's Mission Committee will meet in plenary session at least three times a year. The Chairman and the Chief Executive Officer

will be invited to attend. The Mission Committee will present its thoughts and proposals to the group's Strategy Board and parliament (*Chambre syndicale et interfédérale*). The Boards of Directors of Caisse Fédérale de Crédit Mutuel and CIC will be kept regularly informed of the progress of the work. Each year, a report from the Mission Committee will be submitted to the Boards and Shareholders' Meetings of Caisse Fédérale de Crédit Mutuel and CIC.

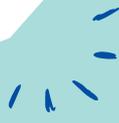
2022 roadmap

The Mission Committee met for the first time in Paris on **January 19, 2022** in the presence of Nicolas Théry and Daniel Baal. This meeting allowed everyone to introduce themselves, then to review the work in progress and associated schedules. **The Committee reviewed the progress on the first 14 commitments and approved its roadmap for 2022.** On this occasion, the nine members of the committee opened discussions on new commitments. They first discussed equal opportunities, gender equality, discrimination and banking inclusion. Their discussions then focused on climate, environment and biodiversity; technology, innovation and the digital divide. Lastly, they discussed regional development and mutualism; young people and their perspective on banking. The next committee will meet in June 2022 with proposals for new ways to achieve results. In the meantime, interim work and discussions will continue with the committee.



A RESULTS-BASED MUTUALIST COMPANY: 14 CONCRETE AND MEASURABLE COMMITMENTS

By becoming a benefit corporation, Crédit Mutuel Alliance Fédérale has opted for a results-based mutualist company by setting itself 14 concrete initial commitments, applicable from 2022. Results that put its customers and members at the heart of its daily action, to fight against all forms of discrimination, to put technology at the service of people, to act in favor of regional development and to contribute to a fairer and more sustainable society.



2022 commitments

- ① Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings.
- ② Guarantee to each customer a dedicated, non-commissioned advisor.
- ③ Give more room to young people and move closer to parity on Boards of Directors from 2022.
- ④ Train all our employees and elected members in the fight against discrimination.
- ⑤ Recruit 25% of work-study students from priority neighborhoods and rural areas.
- ⑥ Defend gender pay equality at all levels of the bank.
- ⑦ Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France.
- ⑧ Invest productivity gains from artificial intelligence in employment and development.
- ⑨ Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches.
- ⑩ Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers.
- ⑪ Invest 5% of our equity mainly in innovative French companies.
- ⑫ Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022*.
- ⑬ Immediately stop funding for new oil and gas projects.
- ⑭ Insure the real estate loans of our loyal customers without any medical formalities.

All banking networks, subsidiaries and business lines are involved in the implementation and operational breakdown of the indicators. For each commitment, a specific action plan is put in place: definition of the indicator, scope, management system, phasing over time and monitoring.

*Reduction compared to 2018

#1

BRING DEMOCRACY TO LIFE IN THE BANK BY DOUBLING THE NUMBER OF MEMBERS VOTING AT SHAREHOLDERS' MEETINGS

Because every vote counts for **Crédit Mutuel Alliance Fédérale**, the mutualist bank undertakes to double the number of voters at the Shareholders' Meetings of their local bank.

The Annual Shareholders' Meetings of the local banks are one of the pillars of democratic life and the mutualist dynamic. Real moments of discussion and direct dialogue between members, elected members and employees, they allow participants to approve the results of their bank and to be informed of the strategic orientations taken by their bank. It is therefore necessary to encourage members to participate and express their views at these essential events.

To facilitate participation in Shareholders' Meetings, **Crédit Mutuel Alliance Fédérale** is conducting specific communication initiatives and extending voting methods: from 2022, each member will be able to vote remotely or vote on a tablet at their local bank.

An unusual year in 2022

In view of the changes in the health situation at the beginning of the year, the **Crédit Mutuel Alliance Fédérale** Crisis Committee meeting of January 13, 2022 strongly recommended that the Shareholders' Meetings of the local banks be held remotely, and not face-to-face as was customary. These unprecedented measures will necessarily impact the results of this commitment.

RESULTS

→ In 2022, the launch of **remote voting** on smartphones and tablets at local banks

ONGOING

→ **Creation of the mutualist and cooperative life department**

"Our Shareholders' Meetings fully embody our mutualist model. They enable our members to get together to better understand their bank, its results and its ambitions. These are special moments of sharing and discussion that we want to open up to as many people as possible."



Marie-Jean Boog
Chairwoman of the Sarrebourg district,
member of the Mission Committee.

#2

GUARANTEE TO EACH CUSTOMER A DEDICATED, NON-COMMISSIONED ADVISOR

Because customers expect personalized advice and solutions adapted to their needs, **Crédit Mutuel Alliance Fédérale** guarantees them a dedicated advisor, operating without commission. This historic commitment is reaffirmed as part of the new status of a benefit corporation.

The relationship of trust based on listening and proximity makes **Crédit Mutuel Alliance Fédérale** the reference relationship bank. The changing needs of customers mean we have to go further in terms of proactivity and the quality of advice and services. Without commercial incentives, without individual variable compensation, the advisor meets the needs of their clients in the clients' best interests. **Crédit Mutuel Alliance Fédérale** is thus convinced that collective performance to serve its customers is worth more than the sum of individual performance. Employees of the **Crédit Mutuel** and **CIC** networks thus receive a fixed salary, with no variable compensation.

People remain a strong marker of trust for customers. To obtain a precise answer to a particular need, seven out of ten customers prefer to contact their usual advisor, whom they trust, rather than a more specialized expert who does not know their personal profile.

Source: 2020 Deloitte "Bank-Customer Relations" survey

"Having a dedicated advisor allows us to build and maintain a lasting relationship with all our clients. Thanks to the absence of a commission system, this relationship is based on trust from the outset. Our expertise is valued because our approach is that of consulting. This credibility really marks our difference."

Audrey Hammerer
Director representing employees,
member of the Mission Committee.



RESULTS

→ Out of more than 13 million **Crédit Mutuel** and **CIC** customers,

99%

had a dedicated advisor
as of December 31, 2021

→ **0** **commission paid in 2021**
to advisors in the **Crédit Mutuel**
and **CIC** networks

#3

GIVE MORE ROOM TO YOUNG PEOPLE AND MOVE CLOSER TO PARITY ON BOARDS OF DIRECTORS FROM 2022

Because diversity and gender balance are major levers for action and innovation, **Crédit Mutuel Alliance Fédérale** encourages young people and women to stand as candidates on the Boards of Directors.

Based on the principle of "one person = one vote", all members can elect their representatives at Shareholders' Meetings. Without shareholders, **Crédit Mutuel Alliance Fédérale** places its committed members at the heart of its governance, including them at all levels of decision-making.

Because **Crédit Mutuel** is the bank for all, the Boards of Directors of local banks must reflect the diversity of society by being more open to women and young people. **Crédit Mutuel Alliance Fédérale** thus encourages their candidacy from 2022, by strengthening its communication and with the support of the Chairmen of the Boards of Directors of the local banks as well as by the creation of the new mutualist and cooperative life department.

Particular attention is paid to the recruitment of young people under the age of 35, who are currently under-represented on **Crédit Mutuel Alliance Fédérale** bodies.

"A true moment of discussion and debate, the Board of Directors of a local bank, elected by all the members, takes on its full meaning when its members reflect the plurality of society. By making our boards younger and increasing the number of women, we can meet the challenges of tomorrow's world while remaining connected to the expectations of our member customers today. The diversity of profiles is an asset for everyone."



Jean-Louis Maître
Chairman of the Fédération du Crédit Mutuel Savoie-Mont Blanc, Member of the Mission Committee.

RESULTS

→ **39,04%** women out of the 14,600 elected members as of December 31, 2021

ONGOING

→ **Creation of the mutualist and cooperative life department**

#4

TRAIN ALL OUR EMPLOYEES AND ELECTED MEMBERS IN THE FIGHT AGAINST DISCRIMINATION

Because being a mutualist means acting for a more inclusive world, in 2022, Crédit Mutuel Alliance Fédérale will train 100% of its employees and elected members in the fight against discrimination.

From 2022, Crédit Mutuel Alliance Fédérale will set up more comprehensive and educational training against discrimination (adapted content: representations and stereotypes, behavior, etc.). This training module will be mandatory for all employees. It is part of the group's "Diversity and Inclusion"* policy. Specific modules will also be offered to human resources experts and managers.

A new training course will also concern elected members and will complement the awareness-raising sessions led by the chairmen of local banks. By the end of 2022, all boards will be required to organize an awareness-raising session on the fight against discrimination.

In addition to this training, actions will be carried out to overhaul the whistleblowing and monitoring system. A whistleblowing system will be installed on the business lines' desktop, enabling witnesses or victims to report any situation of discrimination, harassment or human rights violations.

"The strength of a company lies in its ability to welcome and promote all talents, to make differences a complementarity, a wealth and a lever of creativity. Equal opportunities and the fight against all forms of discrimination remain major pillars of our corporate strategy."



- **Mandatory training** for all employees and elected members
- **Overhaul of the whistleblowing system**



Laurent Torre
Director representing employees,
member of the Mission Committee.

*See 2021 Non-Financial Performance Statement for a detailed description of the actions taken

#5

RECRUIT 25% WORK-STUDY STUDENTS FROM PRIORITY NEIGHBORHOODS AND RURAL AREAS

Because we need everyone to build the future, **Crédit Mutuel Alliance Fédérale** recruits at least 25% of work-study students from urban priority neighborhoods and rural areas.

Deeply rooted in the regions, **Crédit Mutuel Alliance Fédérale** is committed to equal opportunities, diversity and access to employment. As such, it is a signatory of the PAQTE (Pact with Neighborhoods for All Companies), which aims in particular to increase the share of work-study students.

In 2022, **Crédit Mutuel Alliance Fédérale** will recruit at least 25% of new work-study students from urban priority neighborhoods and rural areas.

In addition, 10,000 young people have benefited from the Fondation **Crédit Mutuel Alliance Fédérale** "youth plan" in partnership with numerous associations (*Chemins d'Avenirs*, *Nos Quartiers ont du Talent* and *L dans la ville*, etc.).

"In a complicated economic context, young people sometimes have difficulty finding an internship or work-study contract. **Crédit Mutuel Alliance Fédérale** demonstrates its confidence in young people and consolidates its positioning as a bank anchored in the heart of the regions by strongly committing to various partnerships."

RESULTS

→ **38.2%** of work-study students recruited (580 young people) from priority urban neighborhoods and rural areas as of December 31, 2021

→ **10,000** young people supported by Fondation **Crédit Mutuel Alliance Fédérale**

Jean-Louis Maître
Chairman of the Fédération
du **Crédit Mutuel**
Savoie-Mont Blanc,
Member of the Mission
Committee.



#6

DEFENDING GENDER PAY EQUALITY AT ALL LEVELS OF THE BANK

Because it defends equality and merit, Crédit Mutuel Alliance Fédérale makes gender pay equality a priority at all levels of the bank.

In accordance with its status as a benefit corporation and its strategic plan *ensemble#nouveau monde, plus vite, plus loin !* (together#today's world, faster, further!), Crédit Mutuel Alliance Fédérale makes women's careers a central element of its action.

Today the banking network's school of directors does not commence courses without gender balance in the classroom. For all appointments to senior management and executive positions, women candidacies are examined, with the aim of rapidly achieving parity. In the space of one year, 30 women joined the group's Management Committees.

As part of the group agreement negotiated with representatives of the trade unions in 2021, and following an analysis of the existing situation concerning pay differentials carried out in 2021, Crédit Mutuel Alliance Fédérale will correct the collective wage differentials between women and men. In addition to these measures, substantive medium- and long-term actions will continue: sourcing of potential talent, support for talent by accelerating certain careers, monitoring of new positions (coaching, mentoring, immersion), leadership program, etc.

"Gender parity at Crédit Mutuel Alliance Fédérale is not only based on reducing wage inequalities. It is above all a sum of long-term commitments to promote and support the careers of women."

Ségolène Denavit
Director representing employees,
member of the Mission Committee.



RESULTS

→ More women in management positions
in 2021: 43% women managers,
33% women Chief Executive Officers
and 26% women members
of an Executive Committee

ONGOING

→ 0.5% of payroll
dedicated to correcting gender pay gaps
in 2022

#7

GUARANTEE THE PRIVACY OF OUR CUSTOMERS' DATA BY PROCESSING 99.9% OF THEIR INFORMATION IN OUR INFRASTRUCTURES AND SYSTEMS LOCATED IN FRANCE

Because all data is not for moneymaking, Crédit Mutuel Alliance Fédérale guarantees the privacy of its customers' data and is committed to processing, by the end of 2022, 99.9% of their information in its infrastructures and systems located in France.

Crédit Mutuel Alliance Fédérale acts as a trusted third party to its customers and members by guaranteeing the protection of their data and by undertaking not to sell it. Through its technology subsidiary Euro-Information, it is investing heavily in its IT infrastructure via highly secure data centers and a private cloud.

Two new data centers in Côte-d'Or will complement existing sites to meet the needs generated by the development of activities. Meeting the best environmental and security standards, they will enable the group to have an integrated and efficient private cloud platform and thus process 99.9% of customer information on its own sites in France.

"In an increasingly digital world, data protection is a major concern for society. Faced with this, Crédit Mutuel Alliance Fédérale is taking concrete action and focusing on a short digital circuit. It gives itself the technical and financial resources to preserve the integrity and confidentiality of the data entrusted to it, thanks to an infrastructure that is managed completely in-house and based in France."

ONGOING

→ 99.9% of processing performed on the infrastructures hosted in the company's data centers by the end of 2022

→ Establishment of two new IT data centers owned exclusively by Euro-Information, a subsidiary of Crédit Mutuel Alliance Fédérale

Fleur Pellerin
Chairwoman of the
Mission Committee.



INVEST PRODUCTIVITY GAINS FROM ARTIFICIAL INTELLIGENCE IN EMPLOYMENT AND DEVELOPMENT

Because technology must always serve people, Crédit Mutuel Alliance Fédérale measures the productivity gains resulting from technology and artificial intelligence and is committed to investing them in employment and development.

Technological innovation is at the heart of Crédit Mutuel Alliance Fédérale's strategy. It is deployed with two imperatives: efficiency and added human value for employees. It is a way of freeing up administrative time for advisors who can thus focus on where their added value is essential: supporting clients in their projects.

To do this, Crédit Mutuel Alliance Fédérale develops technological solutions that assist advisors on a daily basis in listening, expertise and proactivity and which enable them to establish an "enhanced" relationship with their customers: email analyzer, interactive voice server, virtual assistant, optical character recognition, etc. The resulting productivity gains (900 FTEs in 2021) also enable the group to improve working conditions and customer relations.

In addition, as part of its HR policy, the group intends to keep all its employees in employment through skills training and internal promotion. The recruitment of new expertise regularly complements the group's various components. As such, in 2021, the group recruited 1,600 employees* on permanent contracts.



→ **900** FTE: productivity gains from the use of technology in 2021

→ **1,600** permanent contract hires in 2021

"Innovation is a driver for employment. Whether technological or organizational, for example, innovation contributes to the company's performance. Reinvesting these productivity gains in employment then triggers a virtuous circle favorable to the sustainability and competitiveness of the company."



Xavier Jaravel
Professor at the London School of Economics, member of the Mission Committee.

*Social base scope

#9

ANCHOR DECISION-MAKING CENTERS IN THE REGIONS WITH MORE THAN 90% OF OUR LENDING DECISIONS TAKEN AT BANKS AND BRANCHES

Because customers expect rapid responses tailored to their needs, Crédit Mutuel Alliance Fédérale is committed to ensuring that more than 90% of credit decisions will be made in branches by 2022.

Crédit Mutuel Alliance Fédérale is based on a decentralized organization that relies on a network of 4,200 points of sale and the expertise of its 20,000 advisors. This organization allows each decision to be made as close as possible to the field.

This short decision-making circuit is a real asset on a daily basis, for managers and employees as well as for customers. An agreement sent quickly to the customer, accompanied by quality advice, greatly facilitates the choice of banking partner.



→ 91.3% of credit decisions were made locally within the Crédit Mutuel and CIC networks in 2021.

"Today, the customers of a banking institution appreciate the quality of service with regard to the performance of the digital tools at their disposal. But technology is not everything, they also want an expert and responsive advisor. By guaranteeing decision-making at the heart of its branches by its advisors, Crédit Mutuel Alliance Fédérale is giving itself all the means to forge and maintain lasting commercial relationships."



Ségolène Denavit
Director representing employees,
member of the Mission Committee.

#10

OFFER THE PAY ASSO DIGITAL PAYMENT SOLUTION TO OUR ASSOCIATIONS AND CIVIL LIABILITY COVERAGE TO THEIR MANAGERS

Because those who make a commitment must be protected, Crédit Mutuel Alliance Fédérale offers civil liability cover to the managers of associations as well as the free digital payment solution Pay Asso.

In the context of the health crisis, Crédit Mutuel Alliance Fédérale wanted to strengthen its support for associations. The Pay Asso dematerialized payment solution - which makes it possible to pay memberships, subscriptions, tickets, donations and sell the association's items and services directly online by credit card - was made free at the start of the pandemic. This free service was made permanent in early 2022.*

In addition, the banking group has decided to offer civil liability coverage* to the managers of sports and cultural associations in order to protect them from the financial consequences of bodily injury, property damage and immaterial damage caused to third parties in the event of the occurrence of a potential incident or accident in such a framework.

Crédit Mutuel Alliance Fédérale thus wishes to support those who bring its regions alive through their sports, cultural and associative projects. These schemes enrich a range of products and services adapted and dedicated to associations.

"The associations and Crédit Mutuel have a long history and shared values of proximity, solidarity and regional development. As the leading banking partner of associations, Crédit Mutuel Alliance Fédérale is strengthening its commitment to those who develop the life of associations and the vitality of the regions."

RESULTS

→ 100% of sports and cultural associations can benefit from the **Pay Asso solution***

→ **Free civil liability insurance***



Marie-Jean Boog
Chairwoman of the Sarrebourg district, member of the Mission Committee.

*See monitoring of commitments on page 28

#11

INVEST 5% OF OUR EQUITY MAINLY IN INNOVATIVE FRENCH COMPANIES

Because a mutual bank must be the driving force of the French economy, **Crédit Mutuel Alliance Fédérale** is committed to investing, 5% of its equity in 2022 mainly in innovative French companies.

Innovation is decisive in the development and competitiveness of companies. It is not just technological. It is also commercial, social, organizational or environmental.

As of December 31, 2021, €2.7 billion had been invested in nearly 300 interests in long-term strategic value-creating projects. The innovative nature of each investment is assessed and monitored according to a grid based on **five levels of innovation maturity**:

- "Under pressure" (regulatory, digital, etc.)
- "Customers" (response to a specific need)
- "Anticipated" (identified projects)
- "Organized" (monitoring and R&D set up and coordinated)
- "Integrated" (strategic vision guaranteeing a sustainable approach to innovation within the organization).

Sandrine Pelletier
Director of CIC Ouest, member
of the Mission Committee.



RESULTS

→ **5.05%** of the group's equity invested mainly in innovative French companies (within the meaning of the maturity levels indicated opposite), as of December 31, 2021

→ Implementation of a dynamic mapping of innovative companies covering **94%** of the scope

"A company cannot grow without innovating. Its sustainability is at stake. Crédit Mutuel Alliance Fédérale, through its subsidiary Crédit Mutuel Equity, supports innovative initiatives and projects for sustainable growth. This commitment, amounting to 5% of its equity, contributes to the economic development of our regions."

#12

REDUCE THE GROUP'S CARBON EMISSIONS BY 20% AND THE CARBON FOOTPRINT OF OUR INVESTMENT PORTFOLIOS BY 12% BY THE END OF 2022

Because energy efficiency is a priority, Crédit Mutuel Alliance Fédérale is reducing its carbon emissions (group) by 20% and the carbon footprint of its investment portfolios by 12% by the end of 2022.

Strongly committed to respecting the carbon trajectory of the Paris Agreements by limiting warming to +1.5 °C, Crédit Mutuel Alliance Fédérale has set itself ambitious objectives in terms of ecological and climate transition as part of its 2019-2023 strategic plan.

In addition, Crédit Mutuel Alliance Fédérale has sectoral policies governing transactions offered to companies operating in sectors that emit high amounts of greenhouse gases, as well as with social, environmental or health impacts. To date, there are seven sectoral policies, the most recent concerning agriculture. More generally, Crédit Mutuel Alliance Fédérale offers its customers a range of green products: the eco-mobility offer, the transition range, the sustainable development and solidarity passbook, energy credit, as well as a socially responsible investment offering. Banque Fédérative du Crédit Mutuel offers a green, social and sustainable bond program.

RESULTS

→ 27.9% reduction in the carbon footprint of the corporate loan portfolio between June 2018 and June 2021*

→ 21% reduction in the group's carbon footprint (scope: energy - refrigerants - vehicle fleet - business travel, between the end of 2018 and the end of 2020)*

"Crédit Mutuel Alliance Fédérale's climate strategy is in line with the Paris Climate Agreement. It is our responsibility as a benefit corporation to take strong, concrete and ambitious measures for future generations and the continuity of our business today and tomorrow."



Audrey Hammerer
Director representing employees,
member of the Mission Committee.

*See the 2021 Non-Financial Performance Statement

☀️ Commitment

#13

IMMEDIATELY STOP FUNDING FOR NEW OIL AND GAS PROJECTS

Because the climate is everyone's business, Crédit Mutuel Alliance Fédérale is now stopping funding for new oil and gas projects.

With the acceleration of climate change calling for the mobilization of all, Crédit Mutuel Alliance Fédérale has chosen to be a pioneer in this area by voluntarily renouncing revenues from the most polluting sectors.

Hailed in February 2020 by non-governmental organizations for its decision to completely phase out funding and investments in coal and unconventional hydrocarbons (shale gas and oil, arctic), Crédit Mutuel Alliance Fédérale continued its climate transition policy in 2021. On October 26, 2021, during Climate Finance Day, Crédit Mutuel Alliance Fédérale announced that it would not finance any new oil and gas exploration, production and infrastructure projects likely to lead to an increase in carbon emissions.

At the same time, it is stepping up its investments in renewable energies.

"Faced with climate change, the transition to a low-carbon economy is imperative. Business models must undergo profound changes for the economy and its companies to successfully meet the challenges of the energy transition."

RESULTS

→ 0 new funding for oil and gas projects since October 2021

→ €2.1 billion in cumulative authorizations for renewable energy projects at the end of 2021

Fleur Pellerin
Chairwoman of the
Mission Committee.



#14

INSURE THE REAL ESTATE LOANS OF OUR LOYAL CUSTOMERS WITHOUT ANY MEDICAL FORMALITIES

Because health should not be a barrier to home ownership, Crédit Mutuel Alliance Fédérale insures its loyal customers' real estate loans for their main residence, without any medical formalities.

One of the essential missions carried out by Crédit Mutuel Alliance Fédérale is based on solidarity, which favors the pooling of risks over consumerist measures. More than ever, since the start of the pandemic, Crédit Mutuel Alliance Fédérale has remained close to its customers and members by launching the one-off recovery bonus to support craftspeople, retailers, professionals and SMEs in order to offset part of the losses in their incomes.

As a benefit corporation, Crédit Mutuel Alliance Fédérale is committed to promoting access to home ownership for as many people as possible. As of November 2021, it eliminated the health questionnaire and medical formalities for borrower insurance for the main residence of its loyal customers*, and put an end to health-related discrimination: it ended tariffs based on pathologies or a client's body mass index, or exclusions of specific risks for these same health reasons. A borrower's state of health is no longer a specific exclusion or pricing criterion (additional premium) for borrower insurance.

Crédit Mutuel Alliance Fédérale has thus contributed to a change in legislation for more inclusive and solidarity-based insurance.

RESULTS

→ **91,000** customers and members benefited from an increase in their coverage and/or removal of additional premiums as of December 1, 2021

→ **No** medical formality (up to €500,000 per borrower and for policyholders under the age of 62)

"The removal of the health questionnaire is a perfect illustration of the leverage available to companies vis-à-vis public authorities. By getting the law changed, Crédit Mutuel is shifting the insurance approach of individualization of risk towards one of risk pooling. It thus contributes to ending health-related discrimination in home ownership. I am delighted that companies such as Crédit Mutuel Alliance Fédérale are committed to a solidarity and responsible performance approach."



Ségolène Denavit
Director representing employees,
member of the Mission Committee.

*See monitoring of commitments on page 28

MONITORING OF COMMITMENTS

Methodological reminder: the objectives of the 14 commitments have been set for the end of 2022. The scopes concerned are those of the entities that have adopted the status of benefit corporation, namely Caisse Fédérale de Crédit Mutuel and CIC. The figures below, audited by KPMG in February-March 2022, constitute a progress report as of December 31, 2021 in the implementation trajectory. At this stage, they do not constitute the final results. The final results as of December 31, 2022 will be published in early 2023 in the second report of the Mission Committee.

Summary table Progress report as of December 31, 2021

1 Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings		
Means: <ul style="list-style-type: none"> • Launch of remote voting on smartphones and tablets in 2022. • Implementation of specific communication initiatives. • Creation of the cooperative and mutualist life department. 	Indicators: <ul style="list-style-type: none"> • 2019: 5.4% voting members (248,126 people) • 2020: NS (COVID situation) • 2021: NS (COVID situation) • 2022: ongoing 	Scope: Crédit Mutuel local banks.
2 Guarantee to each customer a dedicated, non-commissioned advisor		
Means: <ul style="list-style-type: none"> • Human resources policy: no commercial incentives or individual variable compensation. 	Indicator: <ul style="list-style-type: none"> • 99% of clients assigned to a dedicated advisor in 2021. <i>This data covers all policyholders, professionals and individuals, adults and minors, including inactive.</i> 	Scope: French banking network (Crédit Mutuel banks, Crédit Mutuel regional banks, CIC branches and corporate business centers).
3 Give more room to young people and move closer to parity on Boards of Directors from 2022		
Means: <ul style="list-style-type: none"> • Improved communication with the support of the Chairmen of the Boards of Directors of the local banks. • Creation of the mutualist and cooperative life department. 	Indicators: <ul style="list-style-type: none"> • Gender parity: 39.04% women on the Boards of Directors of the local banks as of December 31, 2021. • Young people: indicator to be calculated in 2022 following the renewal of the Boards of Directors of the local banks. 	Scope: Crédit Mutuel local banks.
4 Train all our employees and elected members in the fight against discrimination		
Means: <ul style="list-style-type: none"> • Mandatory training module in 2022 for all employees. • Mandatory awareness-raising session for Boards of Directors in 2022. • Overhaul of the whistleblowing and monitoring system. 	Indicator: <ul style="list-style-type: none"> • To be implemented in the first half of 2022. 	Scope: <ul style="list-style-type: none"> • Labor base - around 45,000 employees in France / global scope of the group Agreement • Local banks - all elected members.

5

Recruit 25% of work-study students from priority neighborhoods and rural areas

Means:

- Participation in dedicated “job dating” sessions.
- Strengthening partnerships with associations.
- Testing of new measures to develop integration actions.

Indicator:

- **38.2%** of work-study students recruited in 2021 come from urban priority neighborhoods and rural areas.

Scope:

Labor base - around 45,000 employees in France / global scope of the group Agreement.

6

Defend gender pay equality at all levels of the bank

Means:

- Negotiation of a group agreement with representatives of the trade unions.
- Inventory of pay gaps.
- 0.5% of payroll allocated to correcting the gender pay gap in 2022.

Indicator:

- Average pay gap (less than 3%) for the same classification level and the same age bracket.

Checkpoint: June 2022.

Scope:

Labor base - around 45,000 employees in France / global scope of the group Agreement.

7

Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France

Means:

- Strong growth in investments in the group's IT infrastructures, via highly secure data centers and a private cloud.
- Establishment of two new IT data centers owned exclusively by Euro-Information, a subsidiary of Crédit Mutuel Alliance Fédérale.

Indicator:

- Indicator under construction.

Scope:

Bancassurance activities in France concerning the processing of customer data.

8

Invest productivity gains from artificial intelligence in employment and development

Means:

- High-growth investments in technology and artificial intelligence.
- Social policy that favors training, career development and job creation.

Indicators:

- Productivity gains as of December 31, 2021 = 900 FTEs: indicator taking into account the time savings related to projects under development (estimated gains) and projects deployed (actual gains in 2021).
- Recruitment: 1,596 permanent contracts in 2021.

Scope:

- Scope of FTE gains: France network.
- Scope of recruitment: labor base.

9

Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches

Means:

- Decentralized organization with predominantly local lending decisions.

Indicator:

- **91.3%** of credit decisions made locally in 2021.

Scope:

Crédit Mutuel and CIC networks.

10

Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers

Means:

- Free use of the Pay Asso solution for associations governed by the law of July 1, 1901 or under the local law of Alsace-Moselle, with an exclusively sporting or cultural purpose and non-profit, with an annual budget of less than €500,000, current account holders with Crédit Mutuel.
- Free civil liability coverage for managers of sports and cultural customer associations, up to a maximum annual coverage of €50,000.

Indicators:

- **Pay Asso:** 100% of sports and cultural associations have benefited from the Pay Asso solution since January 2022.
- **Civil liability coverage:** 100% of managers of sports and cultural customer associations are eligible for free coverage.

Scope:

France Network (Crédit Mutuel banks and CIC branches).

11

Invest 5% of our equity mainly in innovative French companies

Means:

- Dedicated capital structure.
- Implementation of a dynamic mapping of investments.

Indicator:

- **5.05%** of the group's equity invested mainly in French companies that have been subject to an innovation maturity analysis.

Scope:

Crédit Mutuel Equity.

12

Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022

Means:

- Sectoral policies (coal, mobility, agriculture, hydrocarbons, etc.).
- Green products (eco-mobility offer, transition range, sustainable development and solidarity passbook, energy credit, etc.).

Indicators:

- **279%** reduction in the carbon footprint of the corporate loan portfolio between June 2018 and June 2021
- **21%** reduction in the group's carbon footprint (energy scope - refrigerants - vehicle fleet - business travel between the end of 2018 and the end of 2020).

Scope:

See scope and methodological notes concerning these indicators in the group's 2021 Non-Financial Performance Statement.

13

Immediately stop funding for new oil and gas projects

Means:

- Coal and non-conventional hydrocarbon sector policy.
- Acceleration of investments in renewable energy projects.

Indicator:

- 0 funding for new oil & gas exploration, production and infrastructure projects since October 2021.

Scope:

Crédit Mutuel Alliance Fédérale group scope.

14

Insure the real estate loans of our loyal customers without any medical formalities

Means:

- Elimination of the health questionnaire for loyal customers.
- End of pricing based on the client's pathology or body mass index.
- End of exclusions of specific risks.

Indicator:

- No more medical formalities required since December 1, 2021.
Eligibility: customers who have domiciled their main income for seven years; amount insured up to €500,000 per borrower for the purchase of their main residence; policyholder aged under 62 at the time of subscription.

Scope:

France Network (Crédit Mutuel banks and CIC branches).

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REPORT BY THE INDEPENDENT THIRD PARTY ON THE VERIFICATION OF THE EXECUTION OF SOCIAL AND ENVIRONMENTAL OBJECTIVES

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

3

For the year ended December 31, 2021

To the Annual General Meeting,

In our capacity as independent third party ("third party") of your company (hereinafter "entity"), having filed an application for accreditation whose admissibility was accepted by the accreditation body¹, we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) related to the execution of the social and environmental objectives that your entity has set on the scope concerned by the quality of mission-led company² as presented in the report of the Mission Committee for the period from January 1 to December 31, 2021, including in the entity's management report pursuant to the requirements of Article L.210-10 of the French Commercial Code.

Conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that would call into question, for the scope concerned by the quality of mission-led company and at the end of the period covered by our audit:

- the fact that the entity has achieved the operational objectives³ that it has defined for each social or environmental objective pursuant to paragraph 2 of Article L.210-10 and included in its articles of association, and
- consequently, Crédit Mutuel Alliance Fédérale complies with each of the social and environmental objectives that it has set itself the task of pursuing, in accordance with its *raison d'être* and activities and with regard to its social and environmental challenges.

Comments:

Without modifying our conclusion above, we make the following comments:

- as indicated in the Mission Committee's report, the results relating to the operational objective "Double the number of members voting at the Shareholders' Meetings of Crédit Mutuel banks" will probably be impacted in 2022 by the restrictions imposed by the health crisis;

- the scope of each of the operational objectives has been adapted in relation to the strict scope of the mission-led company, depending on the nature of the commitments made or resulting from the historical management of certain objectives before the adoption of the quality of mission-led company by Crédit Mutuel Alliance Fédérale. The scopes relating to each operational objective are presented in the methodological note of the Mission Committee's report;
- as indicated in the Mission Committee's report, the indicators relating to the objectives "Reduce the group's carbon emissions by 20% by the end of 2022 compared to 2018" and "Reduce the carbon footprint of our investment portfolios by 12% by the end of 2022 compared to 2018" are presented for a non-calendar civil year, respectively for the year ended December 30, 2020 and June 30, 2021.

Preparation of information related to the execution of social and environmental objectives

The absence of a commonly used generally accepted reporting framework or of established practices on which to draw to evaluate and measure the information related to the execution of social and environmental objectives allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, information related to the execution of social and environmental objectives needs to be read and understood together with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Report of the Mission Committee (or available on request at the entity's registered office).

Inherent limitations in preparing the information related to the execution of the social and environmental objectives

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to the methodological choices, assumptions and/or estimates used to prepare it. In particular, certain information is presented on a different scope compared to the scope concerned by the quality of mission-led company, as indicated in the Mission Committee's report.

¹ Pursuant to article 5 of the decree of 2nd January 2020 regarding mission-led companies ("sociétés à mission")

² "Mission-led company" in this report by the independent third party refers to the "société à mission" quality as defined in the French "PACTE Law"

³ Presented in the Appendix of this report

Responsibility of the entity

The entity is responsible for:

- setting up a Mission Committee responsible for preparing an annual report in accordance with the provisions of Article L.210-10 of the French Commercial Code;
- selecting or establishing appropriate criteria and procedures to prepare the entity's Guidelines;
- designing, implementing and maintaining internal control over the information relevant for the preparation of the Mission Committee's report as well as implementing the internal control that it deems necessary for the preparation of information related to the execution of social and environmental objectives that is free from material misstatements, whether due to fraud or error;
- preparing information related to the execution of social and environmental objectives in accordance with the Guidelines and made available to the Mission Committee.

It is the responsibility of the Mission Committee to prepare its report on the basis of the information related to the execution of the social and environmental objectives provided by the entity and carrying out any verification it deems appropriate.

This report is attached to the Board of Directors' management report.

Responsibility of the independent third party

Pursuant to the provisions of Article R.210-21 of the French Commercial Code, it is our responsibility, on the basis of our work, to issue a report expressing a limited assurance conclusion on the entity's respect of the social and environmental objectives that it set for itself on the scope concerned by the quality of mission-led company.

As it is our responsibility to provide an independent conclusion on the information related to the execution of the social and environmental objectives, we are not authorized to help prepare said information, as that could compromise our independence.

Regulatory provisions and applicable professional doctrine

Our work described below was carried out in accordance with the provisions of Article R.210-21 of the French Commercial Code and the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relating to this intervention in lieu of a verification program.

Means and resources

Our work was carried out by a team of four people and between February and April 2022 and took a total of seven weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about twenty interviews with the people responsible for preparing the information related to the execution of the social and environmental objectives.

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement was likely to arise regarding the information relating to the execution of the social and environmental objectives that the entity has set itself the mission of pursuing on the scope concerned by the company's quality as a mission-led company.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion.

We obtained an understanding of the entity's activities in the scope concerned by the quality as a mission-led company, the formulation of its *raison d'être* as well as its social and environmental issues.

Our work focused:

- on the one hand, on the consistency of the social and environmental objectives adopted pursuant to paragraph 2 of Article L.210 10 and included in its articles of association, and the *raison d'être* of the entity specified in its articles of association (hereinafter: "*raison d'être*") and its activity with regard to its social and environmental issues;
- on the other hand, on the execution of these objectives.

Concerning the consistency of the entity's objectives, *raison d'être* and activity with regard to its social and environmental issues:

- we conducted interviews to assess the commitment of the entity's management and members of governance with regard to the expectations of the main internal or external stakeholders affected by the entity's activity.
- we assessed the processes implemented to structure and formalize this approach by relying on:
 - the information available in the entity (for example, minutes of Board meetings, discussions with the Social and Economic Committee, minutes or documentation for meetings with internal or external stakeholders, risk analyses);
 - the roadmap of the mission-led company and the last report of the Mission Committee;
 - where applicable, its publications (for example, sales brochures, management report, integrated report, non-financial performance statement, on the website).
- we thus assessed, considering the activity of the entity with regard to its social and environmental issues, the consistency between:
 - the information collected;
 - the *raison d'être* and
 - the social and environmental objectives set out in the articles of association.

With regard to the execution of social and environmental objectives, we investigated the existence of operational objectives and key monitoring and measurement indicators to assess their achievement by the entity at the end of the period covered by the verification for each social and environmental objective, and we verified whether the operational objectives had

been achieved with regard to the trajectories defined by the entity on the scope concerned by the quality of mission-led company.

To do this, we carried out the following procedures:

- we obtained an understanding of the documents prepared by the entity to report on the implementation of its mission, in particular the provisions specifying the operational objectives and the related monitoring procedures, as well as the report of the Mission Committee;
- we investigated the Mission Committee's assessment of the execution of the social and environmental objectives, and we corroborated the information collected with the perception that the stakeholders have of the effects and impacts of the entity.

In addition, we reviewed the analysis presented in the Mission Committee's report and the end results achieved for the operational objectives in relation to their defined trajectories, to enable us to assess respect of the social and environmental objectives;

- we asked the entity's Executive Management about the financial and non-financial resources implemented to meet the social and environmental objectives;
- we verified the presence in the Mission Committee's report of indicators consistent with the operational objectives and able to demonstrate the positioning of the operational objectives on their defined trajectories;
- we assessed the appropriateness of the resources implemented to meet operational objectives in relation to their trajectories, in view of the development of business over the period;
- we verified the fairness of all these indicators, and in particular, we:
 - assessed the appropriateness of the entity's Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
 - verified that the indicators cover the entire scope concerned by the quality of mission-led company;
 - obtained an understanding of the internal control procedures implemented by the entity and assessed the collection process aimed at ensuring the fairness of these indicators;
 - implemented controls and analytical procedures to verify the proper consolidation of the data collected and the consistency of any change in those data ;
 - performed tests of details, using sampling techniques or other selection methods, in order to verify the proper application of definitions and procedures and reconcile the data with the supporting documents. This work was carried out on site at the entity's registered office and covers 100% of the data used to calculate the indicators;
 - assessed the overall consistency of the Mission Committee's report with regard to our knowledge of the entity and the scope concerned by the quality of mission-led company.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, April 8, 2022
KPMG S.A.



Anne Garans
Sustainability Services
Partner



Arnaud Bourdeille
Associate

Appendix

1. Bring democracy to life in the bank by doubling the number of members voting at Shareholders' Meetings
2. Guarantee to each customer a dedicated, non-commissioned advisor
3. Give more room to young people and move closer to parity on Boards of Directors from 2022
4. Train all our employees and elected members in the fight against discrimination
5. Recruit 25% of work-study students from priority neighborhoods and rural areas
6. Defend gender pay equality at all levels of the bank
7. Guarantee the privacy of our customers' data by processing 99.9% of their information in our infrastructures and systems located in France
8. Invest productivity gains from artificial intelligence in employment and development
9. Anchor decision-making centers in the regions with more than 90% of our lending decisions taken at banks and branches
10. Offer the Pay Asso digital payment solution to our associations and civil liability coverage to their managers
11. Invest 5% of our equity mainly in innovative French companies
12. Reduce the group's carbon emissions by 20% and the carbon footprint of our investment portfolios by 12% by the end of 2022 compared with 2018
13. Immediately stop funding for new oil and gas projects
14. Insure the real estate loans of our loyal customers without any medical formalities

Caisse Fédérale de Crédit Mutuel, *société coopérative à forme de société anonyme* (cooperative company with the status of a corporation (French Limited Company)) and capital of €5,458,531,008, 4 rue Frédéric-Guillaume Raiffeisen, 67913 Strasbourg Cedex 9, Strasbourg Trade and Companies Register B 588 505 354 - ORIAS no.: 07 003 758. Bank governed by Articles L.511-1 et seq. of the French Monetary and Financial Code. • **Design and production:** Caillé Associés • **Photo credits:** Crédit Mutuel Alliance Fédérale, Nicolas Reitzbaum, Antoine Doyen, Julien de Fontenay April 2022 • **Printed in France on certified paper.**



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The Crédit Mutuel 4S Innovation competition, organized by Crédit Mutuel Alliance Fédérale, rewards innovative projects based on major themes: the environment, solidarity, the territory and, since 2022, culture. The winners benefit from a financial endowment, coaching sessions and networking to accelerate their project.



Corporate governance

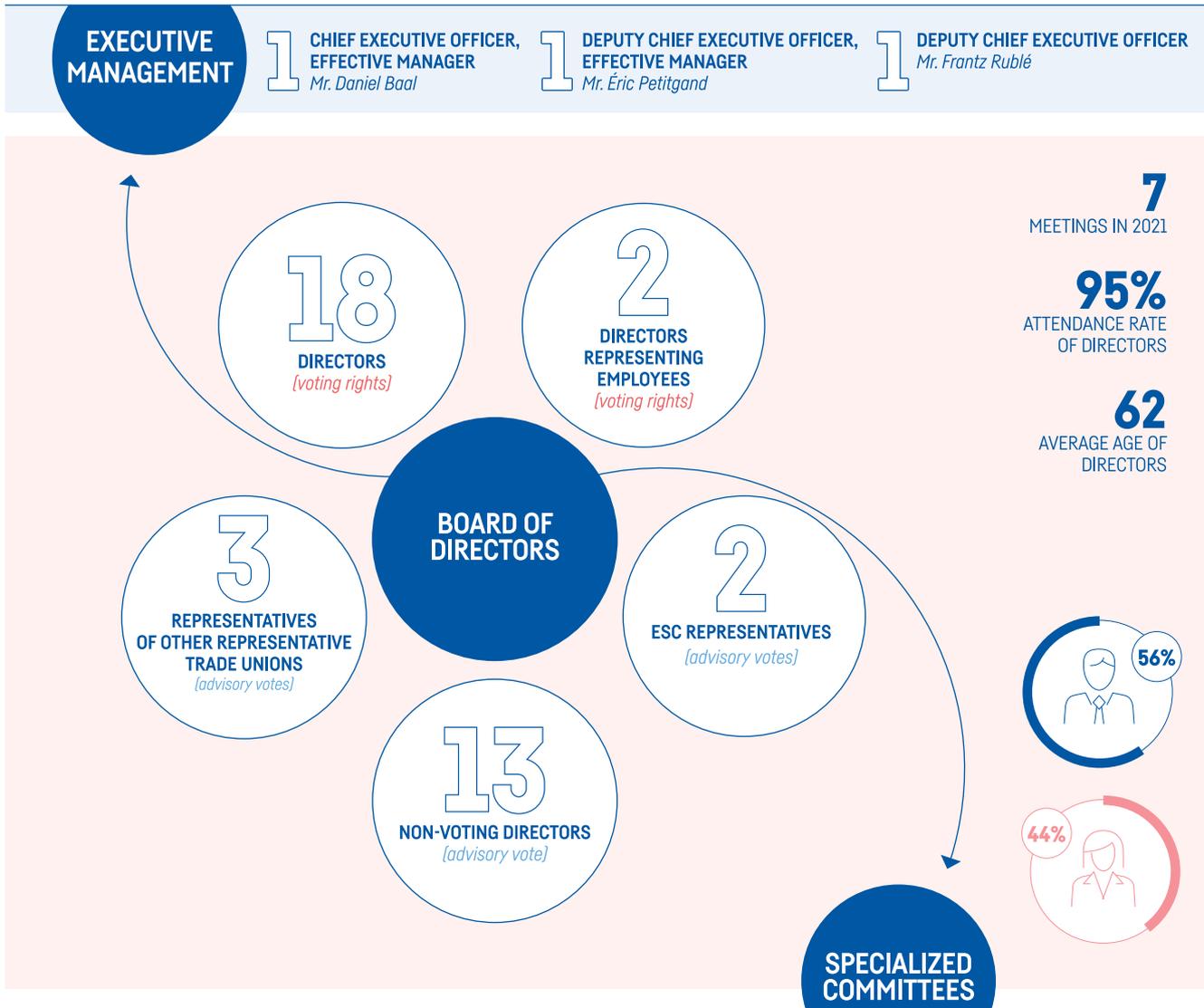
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Preamble

Crédit Mutuel Alliance Fédérale does not have one single deliberative body. Each Crédit Mutuel bank appoints a Board of Directors composed of voluntary members elected by the members at a Shareholders' Meeting. The banks then elect their representative at the federation level from among these members. The Chairman of the Federation (or of a District for the Fédération du Crédit Mutuel Centre Est Europe) may become a member of the Board of Directors of Caisse Fédérale de Crédit Mutuel and its subsidiary, BFCM.

Bearing these factors in mind, the "Corporate Governance" chapter presents two reports on corporate governance: one for the Caisse Fédérale de Crédit Mutuel as a representative of the consolidating parent company and one for BFCM.

4.1 CAISSE FÉDÉRALE DE CRÉDIT MUTUEL – CORPORATE GOVERNANCE REPORT



COMPENSATION COMMITTEE	APPOINTMENTS COMMITTEE	GROUP AUDITING AND ACCOUNTING COMMITTEE	COMITÉ DE SUIVI DES RISQUES GROUPE
<p>5 MEMBERS + 1 ASSOCIATE MEMBER REPRESENTING A FEDERATION</p> <p>4 MEETINGS</p> <p>88% ATTENDANCE RATE OF MEMBERS</p>	<p>4 MEMBERS + 2 ASSOCIATE MEMBERS REPRESENTING FEDERATIONS</p> <p>11 MEETINGS</p> <p>89% ATTENDANCE RATE OF MEMBERS</p>	<p>4 MEMBERS + 13 ASSOCIATE MEMBERS REPRESENTING FEDERATIONS</p> <p>5 MEETINGS</p> <p>97% ATTENDANCE RATE OF MEMBERS</p>	<p>4 MEMBERS + 11 MEMBRES ASSOCIÉS REPRESENTING FEDERATIONS</p> <p>8 MEETINGS</p> <p>90% ATTENDANCE RATE OF MEMBERS</p>

Scope of attendance rate and average age: directors including employee directors. Average age at 12/31/2021.
Parity scope: directors excluding employee directors.
Committee attendance rate scope: members and associate members.

4.1.1 Introduction

The provisions of Article L.225-37 of the French Commercial Code state that the Board of Directors shall present to the Ordinary Shareholders' Meeting a corporate governance report alongside the management report.

In accordance with Articles L.225-37-4 and L.22-10-10 of the French Commercial Code, this report shall include:

- a list of all of the terms and duties exercised in any company by each corporate officer during the fiscal year;
- the composition of the Board and the conditions for the preparation and organization of its work;
- agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former within the meaning of Article L.233-3, with the exception of agreements relating to current transactions and entered into under normal conditions;
- a summary table of the current delegations of authority granted by the Shareholders' Meeting in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2, showing the use made of these delegations during the fiscal year;
- at the time of the first report or in the event of any change, the method elected between the two options for Executive Management provided for in Article L.225-51-1;
- a description of the diversity policy applied to the members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, and a description of the objectives of such a policy, its implementation procedures and the results obtained during the past fiscal year. This description shall be supplemented by information on the manner in which the company seeks a balanced representation of women and men within the committee established, if any, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender balance in the 10% of positions with the highest level of responsibility; if the company does not apply such a policy, the report shall include an explanation of the reasons for not doing so;
- any restrictions that the Board of Directors may impose on the powers of the Chief Executive Officer;
- where a company voluntarily refers to a Corporate Governance Code drawn up by a professional organization, the provisions that have been disregarded and the reasons why, as well as the place where this code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to refer to it, as well as, where applicable, the rules adopted in addition to the requirements laid down by law.

As it is not a company whose shares are admitted to trading on a regulated market, Caisse Fédérale de Crédit Mutuel does not refer to the Afep-Medef Code.

Caisse Fédérale de Crédit Mutuel complies with the corporate governance regulations applicable to credit institutions. In this respect, it is recalled that the European Banking Authority (EBA) has issued guidance on internal governance (EBA/GL/2021/05) as well as guidance on the assessment of the suitability of members of the

management body and holders of key positions (EBA/GL/2021/06) dated July 2, 2021. In its compliance notices of December 7, 2021, the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) declared itself compliant with the guidance on internal governance and partially compliant with the guidance on suitability assessment.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

“This notice specifies the paragraphs of EBA guidance EBA/GL/2021/06 with which the ACPR (i) intends to comply: i.e. paragraphs 1 to 162; 164 to 171; 174 to 176; 178 to 207 of the guidance and (ii) therefore expects the aforementioned institutions to comply with those paragraphs. Indeed, the ACPR does not intend to comply with the provisions of paragraphs 172 and 173 (assessment of the suitability of the heads of internal control functions and of the Chief Financial Officer by the competent authority) as well as paragraphs 163 and 177 (transmission to the competent authority of the results and documentation relating to the internal assessment of the heads of internal control functions and the Chief Financial Officer). This statement does not call into question the procedures already in place, which will continue to apply for the assessment of persons responsible for internal control at approval and in the event of a change of control.

In addition, the ACPR intends to apply the guidelines relating to attendance and the definition of independent members with two interpretative qualifications:

- *the formal independence of the members of the management body and of the members of the Risk Committee and the Appointments Committee does not constitute a criterion of suitability under current French laws and regulations, which would be enforceable in the context of the examination of an individual application. In French law, the implementation of the guidelines cannot therefore result in the rejection on this sole basis of an individual application for “fit and proper” reasons; [...] the ACPR considers the presence of independent members on supervisory bodies and other specialized committees to be good practice and not a legal or regulatory requirement;*
- *as a matter of law, failure to meet one or more of the criteria listed in the guidelines (paragraph 89) does not constitute a presumption that a member is not independent. Non-compliance with these criteria does not exhaust the notion of independence and the analysis of this quality must also take into account other measures, in particular those developed by French institutions within the framework of the laws and regulations in force and which could make it possible to achieve the same objective of independence.*

Pursuant to paragraph (88)(b) of the suitability assessment guidance, the ACPR also intends not to require independent members in relevant institutions that are wholly owned by a relevant institution, and in investment firms that meet the criteria set out in Article 32(4)(a) of Directive 2019/2034/EU or other criteria laid down by a relevant Member State in accordance with Article 32(5) and (6) of Directive No 2019/2034/EU.”

This corporate governance report explains how Caisse Fédérale de Crédit Mutuel has implemented the guidelines in accordance with the ACPR Notice and its own interpretation.

The report was also prepared in accordance with Annex I of Delegated Regulation 2019/980 of March 14, 2019.

4.1.2 Composition of the management bodies as of December 31, 2021

Presentation of the Board of Directors as of December 31, 2021

COMPOSITION OF THE BOARD OF DIRECTORS

	Age ⁽¹⁾	Gender	Start of term of office	End of term of office	Committees ⁽²⁾	Attendance at board
Nicolas THÉRY <i>Chairman</i>	56	H	2014	2022	GRMC	100%
Chantal DUBOIS <i>Vice-Chairwoman</i>	69	F	2017	2023	-	100%
Gérard CORMORECHE	64	H	1995	2022	GAAC	100%
Bernard DALBIEZ	63	H	2019	2022	Appointments	100%
Étienne GRAD	69	H	2018	2024	GAAC	100%
Nicolas HABERT	59	H	2020	2024	GRMC	100%
Véronique HEMBERGER	70	F	2018	2024	GAAC	100%
Christine LEENDERS	65	F	2017	2023	GRMC Compensation	100%
Mireille LEFEBURE <i>Deceased in 2021</i>	69	F	2017	2021	-	83%
Jean-Louis MAÎTRE	64	H	2019	2022	-	100%
Elia MARTINS	51	F	2018	2024	-	100%
Laurence MIRAS	56	F	2017	2023	Appointments	100%
Gérard OLIGER	70	H	2018	2022	Appointments Compensation	86%
Frédéric RANCHON	55	H	2018	2024	-	100%
Agnès ROUXEL	63	F	2017	2023	Appointments	86%
Daniel SCHOEPF	66	H	2018	2023	GRMC	100%
Annie VIROT	66	F	2017	2023	Compensation	100%
Alex WEIMERT	67	H	2020	2023	-	71%
Audrey HAMMERER <i>Director representing employees</i>	43	F	2016	2022	Compensation	86%
Laurent TORRE <i>Director representing employees</i>	54	H	2020	2022	-	71%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 12/31/2021.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

NON-VOTING DIRECTORS

	Age ⁽¹⁾	Gender	Start of term of office	End of term of office	Committee ⁽²⁾	Attendance at board
Bernard BASSE	69	H	2005	2023	GRMC	86%
Jean-Pierre DELCASSO	74	H	2020	2023	-	43%
Philippe GALLIENNE	65	H	2019	2022	Compensation	100%
Charles GERBER	67	H	2020	2023	GAAC	100%
Jean-François JOUFFRAY					GAAC GRMC Appointments Compensation	
	73	H	2001	2023		86%
Damien LIEVENS	51	H	2017	2023	-	43%
Gérard LINDACHER	70	H	2017	2023	-	86%
Philippe RAGE	60	H	2020	2023	-	29%
Ghislaine RAVANEL	69	F	2020	2023	-	86%
Thierry REBOULET	59	H	2021	2024	GRMC	100%
Alain TÊTEDOIE	57	H	2017	2023	-	86%
Philippe TUFFREAU	66	H	2017	2023	-	86%
Didier VIEILLY	64	H	2015	2024	-	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age at 12/31/2021.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

In 2021, the terms of office of Lucien Miara and Michel Vieux as non-voting directors ended.

THE FOUR SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Compensation Committee		Appointments Committee		Group Auditing and Accounting Committee		Group Risk Monitoring Committee	
5 members and 1 associate member representing a federation		4 members and 2 associate members representing federations		4 members and 13 associate members representing federations		4 members and 11 associate members representing federations	
4 meetings	88% attendance	11 meetings	89% attendance	5 meetings	97% attendance	8 meetings	90% attendance

Attendance rate applies to members and associate members.

Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity;
- The articles of association of Caisse Fédérale de Crédit Mutuel also state that three representatives of representative trade union organizations, other than those that have appointed directors representing the employees, shall attend the meetings of the Board of Directors in an advisory capacity.

Executive Management

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Mr. Frantz Rublé, Deputy Chief Executive Officer.

4.1.3 Positions and functions held by the members of the management bodies

Directors

Nicolas Théry

Born on December 22, 1965

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He helped create the Inter-union Committee for employee savings schemes and the Vigeo rating agency created by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade, before joining the directorate general for Enterprise and becoming director in the directorate general for the Environment where he worked on climate change. In 2009, he joined Crédit Mutuel after holding various positions within the banking group. He was Chairman and Chief Executive Officer of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. Finally, on September 1, 2021, he became Chairman of the French Banking Federation for one year.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the “Liberty, Equality, Fraternity” class – and holds a Master’s Degree in law, economics, management with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee
First appointed to the Board: 2014
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Centre Est Europe

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

Banque CIC Est

Assurances du Crédit Mutuel VIE SA

Assurances du Crédit Mutuel VIE SAM

ACM IARD SA

Chairman of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Banque Européenne du Crédit Mutuel

Chairman

Fédération bancaire française – French Banking Federation

Director

Caisse de Crédit Mutuel Strasbourg Vosges

Musée Rodin

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board

Euro-Information

Member

Defense Ethics Committee

Terms of office expired over the past five fiscal years

Member of the Management Board

Euro-Information

Chairman of the Board of Directors

Banque CIC Nord Ouest

Director

TARGOBANK in Spain

Chantal Dubois

Born on October 8, 1952

Nationality: French

Business address:

10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

Chantal Dubois made her career at Legrand before retiring in 2012.

In 1985 she became a director of Caisse de Crédit Mutuel de Limoges Bénédictins and was elected Chairwoman of this local bank and of Caisse de Crédit Mutuel de Limoges Jourdan Colisée in 2004. In 2010, she was appointed director of Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest and became Vice-Chairwoman in 2021. She has been Chairwoman of Fondation du Crédit Mutuel de Loire-Atlantique et Centre-Ouest since 2017.

Vice-Chairwoman of the Board of Directors

First appointed to the Board: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman

Fondation du Crédit Mutuel Loire-Atlantique – Centre-Ouest

Vice-Chairwoman of the Board of Directors

Fédération du Crédit Mutuel Loire-Atlantique et du Centre-Ouest

Caisse régionale du Crédit Mutuel Loire-Atlantique et du Centre-Ouest

Director

Caisse de Crédit Mutuel de Limoges Centre

Terms of office expired over the past five fiscal years

Permanent representative of Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest, director

DOM'AULIM ESH

Gérard Cormorèche

Born on July 3, 1957

Nationality: French

Business address:

8 rue Rhin et Danube
69009 Lyon

Summary of main areas of expertise and experience

Holder of an Engineering degree from the École Supérieure d'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL, specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud-Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Director

Member of the Group Auditing and Accounting Committee

First appointed to the Board: 1995

Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est

Caisse de Crédit Mutuel du Sud-Est

Caisse Agricole Crédit Mutuel (CACM)

CECAMUSE

Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Agricole et Rural

MTRL

Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director

Assurance du Crédit Mutuel Vie SAM

SICA d'habitat Rural du Rhône et de la Loire

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA CORMORÈCHE Jean-Gérard

SARL CORMORÈCHE

Terms of office expired over the past five fiscal years

Non-voting director

Crédit Industriel et Commercial

Bernard Dalbiez

Born August 7, 1958

Nationality: French

Business address:

494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A high school graduate, Bernard Dalbiez was a train engineer and instructor for SNCF before retiring in 2008. Alongside his primary employment, he was an officer in the French air force reserves, serving until June 2019. In 2010, he was elected Chairman of the Crédit Mutuel de Marseille Pelletan local bank. In 2018, he became District Chairman and Vice-Chairman of Fédération du Crédit Mutuel Méditerranéen. Since 2021, he has been Chairman of Fédération et Caisse Régionale de Crédit Mutuel Méditerranéen and Chairman of the Supervisory Board of Centre de Conseil et de Service.

Director
Member of the Group Appointments Committee
First appointed to the Board: 2019
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Caisse Régionale du Crédit Mutuel Méditerranéen

Caisse de Crédit Mutuel Marseille Pelletan

Director

Caisse de Crédit Mutuel de Lunel

Caisse de Crédit Mutuel de Saint Cyr sur Mer

Caisse de Crédit Mutuel de Nice Saint Isidore

Chairman of the Supervisory Board

Société Actimut

Centre de Conseil et de Service

Representative of Caisse Régionale du Crédit Mutuel Méditerranéen, director

Assurance du Crédit Mutuel Vie SAM

Non-voting director

Caisse Centrale du Crédit Mutuel

Confédération Nationale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Étienne Grad

Born on December 26, 1952

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

A graduate of the Karlsruhe Chamber of Commerce and Industry in Germany, Étienne Grad is Chairman of Étienne Grad Conseil et Développement.

He began his career at Technal as manager of the East region before going on to Sopromal as sales manager. In 1992, he founded Bureau d'Études Étienne Grad before creating the company Étienne Grad Conseil et Développement in 2011.

In 1992 he was appointed Chairman of the Board of Directors of Caisse de Crédit Mutuel du cours de l'Andlau. Since 2010 he has been Chairman of the Communauté Urbaine de Strasbourg District of Fédération du Crédit Mutuel Centre Est Europe

Director
Member of the Group Auditing and Accounting Committee
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2021

Chairman

SAS GRAD Étienne Conseil et Développement

Chairman of the Board of Directors

Caisse de Crédit Mutuel Cours de l'Andlau

Vice-Chairman of the Board of Directors and Chairman of the District of the Urban Community of Strasbourg

Fédération du Crédit Mutuel Centre Est Europe

Director

Crédit Industriel et Commercial

Terms of office expired over the past five fiscal years

Director

Banque Fédérative du Crédit Mutuel



Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:

6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training centre for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.

In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director and Chairman of the Supervisory Board of Cautionnement Mutuel de l'Habitat. In May 2020, he was appointed Chairman of Caisse Régionale and Fédération Crédit Mutuel Midi-Atlantique.

Director

Member of the Group Risk Monitoring Committee

First appointed to the Board: 2020

Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique

Caisse Régionale du Crédit Mutuel Midi Atlantique

Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Banque Fédérative du Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique

Assurance du Crédit Mutuel Vie SAM

Permanent representative of Marsovalor, director

Banque CIC Sud Ouest

Non-voting director

Confédération Nationale de Crédit Mutuel

Caisse centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Véronique Hemberger

Born on December 24, 1951

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a degree in Education from the Académie de Strasbourg, Véronique Hemberger worked as a teacher and then as the principal of a kindergarten before joining the Association départementale de la coopération at the École du Bas-Rhin in 1996 and taking retirement in 2005.

Since 2014, she has been Chairwoman of Caisse de Crédit Mutuel Enseignant 67 as well as of UNCME since 2017. In 2018 she was named Chairwoman of the Federal Commission and the Interfederal Commission for the training of elected members of Crédit Mutuel Alliance Fédérale.

Director

Member of the Group Auditing and Accounting Committee

First appointed to the Board: 2018

Term expires: 2024

Other offices held as of December 31, 2021

Chairwoman

UNCME

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Enseignant 67

Permanent representative of BFCM, director

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Nil

Christine Leenders

Born on February 21, 1956
Nationality: French

Business address:
1 place Molière
49000 Angers

Summary of main areas of expertise and experience

With a BTS degree in Tourism and completion of courses in Coaching and Mentoring, Christine Leenders is a senior manager of Haras des Landes.

In 2001, she was appointed a director of Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir, before being elected Chairwoman of that local bank in 2003.

Since 2006, she has been a director of Caisse de Crédit Mutuel Agricole et Rural de l'Anjou and of Fédération and Caisse Régionale du Crédit Mutuel Anjou since 2010. Since 2017, she has been a member of the Board of Caisse Fédérale de Crédit Mutuel.

Director
Member of the Group Risk Monitoring Committee and the Compensation Committee
First appointed to the Board: 2017
Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman

Le pied à l'étrier

Écurie le mors aux dents

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Durtal-Seiches-sur-le-Loir

Director

Fédération du Crédit Mutuel Anjou

Caisse Régionale du Crédit Mutuel d'Anjou

Caisse de Crédit Mutuel Agricole et Rural de l'Anjou

Manager

Les Landes

Terms of office expired over the past five fiscal years

Nil

Jean-Louis Maître

Born on February 26, 1957
Nationality: French

Business address:
99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

Trained as an independent accountant, Jean-Louis Maître had a career in public accountancy for 39 years, including 26 as director of a ten-person firm, before retiring March 1, 2017.

Elected to the Board of Directors of Caisse locale de Crédit Mutuel de Bourg Saint Maurice on March 15, 1989, as Vice-Chairman of the Board of Directors of that same local bank on March 16, 1994 and then as Chairman on March 16, 2000. In 2000, he became a director of Fédération du Crédit Mutuel Savoie-Mont Blanc. Non-voting director of Confédération Nationale and Caisse Centrale du Crédit Mutuel since May 16, 2018. Director at Caisse Fédérale de Crédit Mutuel since May 10, 2019. Since 2020, he is Chairman of Fédération and Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc.

Director
First appointed to the Board: 2019
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Savoie-Mont Blanc

Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc

Caisse de Crédit Mutuel de Bourg Saint-Maurice

Permanent representative of Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil



Élia Martins

Born on June 4, 1970

Nationality: Portuguese

Business address:

18 rue de la Rochefoucauld
75009 Paris

Summary of main areas of expertise and experience

Holder of a DEA in European law from Université Paris 1 and a CAPA from EFB Paris, Elia Martins has been a lawyer at the L'Oréal Group since 2006. Previously, she worked on the staff of the Pierre Haïk law firm.

In 2013, she was elected Chairwoman of the Board of Directors of Caisse de Crédit Mutuel Paris 8 Europe. Since 2017, she has been a member of the Board of Directors of Fédération du Crédit Mutuel Île-de-France.

Director

First appointed to the Board: 2018

Term expires: 2024

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Paris 8 Europe

Vice-Chairwoman

Fédération du Crédit Mutuel Île-de-France

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Laurence Miras

Born on April 4, 1965

Nationality: French

Business address:

130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Holder of Master's in Law from the Law Faculty of Aix-Marseille and a diploma as a French Notary, Laurence Miras has held a variety of positions in notary offices as a clerk and then as a notary for ten years before becoming a free-lance landscape gardener in 2013.

In 2014, she was elected Chairwoman of the Board of Directors of Caisse de Crédit Mutuel Agriculture de Valréas and is a member of the Board of Directors of Fédération and Caisse Régionale of Crédit Mutuel Dauphiné-Vivarais.

Director

Member of the Appointments Committee

First appointed to the Board: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Agriculture de Valréas

Director

Fédération du Crédit Mutuel Dauphiné-Vivarais

Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais

Terms of office expired over the past five fiscal years

Nil

Gérard Oliger

Born on July 7, 1951

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Bachelor's in History from the Arts Faculty of Strasbourg, Gérard Oliger worked as a teacher for the board of education of Nancy Metz for some 30 years before retiring in 2011.

In 1995 he became a director of a Crédit Mutuel local bank. In 2006, he was appointed Chairman of the District de Sarreguemines of Fédération du Crédit Mutuel Centre Est Europe. He holds offices at both the local and regional level. He has been Chairman of the Appointments Committee of Caisse Fédérale de Crédit Mutuel since 2018.

Director
Chairman of the Appointments Committee and member of the Compensation Committee
First appointed to the Board: 2018
Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Pays de Bitche

Director and Chairman of the Sarreguemines District

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

Assurances du Crédit Mutuel VIE SA

Terms of office expired over the past five fiscal years

Nil

Frédéric Ranchon

Born on June 22, 1966

Nationality: French

Business address:

61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

A graduate of the pharmacy school of Chatenay-Malabry, Frédéric Ranchon began his career as a pharmaceutical salesman in 1988 before receiving training in entrepreneurship at the ESC of Clermont Ferrand and ESSEC Paris and taking over management of a shop, Orchestra, in 2003.

From 2005 to 2019 he was key accounts manager for ABBOT/ABBVIE Laboratories (large hospital accounts).

He has been Chairman of Fédération du Crédit Mutuel Massif Central since 2017 as well as Chairman of Caisse Régionale du Crédit Mutuel Massif Central since 2016.

Director
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Director

Caisse de Crédit Mutuel Chamalières

Permanent representative of Caisse Régionale du Crédit Mutuel Massif Central, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

SAXO

MAM

SAXO MOD

FARGES

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Agnès Rouxel

Born on April 20, 1958

Nationality: French

Business address:

17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

Agnès Rouxel has a university degree in Adult Education. She is General Manager of JP2A and GENESE, two international consulting and human performance training firms.

Together with her main occupation, she chairs the Commission of Elected Representatives of the Seine Estuary Chamber of Commerce and Industry (la Chambre de Commerce et d'Industrie Seine Estuaire), is a member of the Seine Estuary MEDEF and the European Council of Business and Commercial Women (Seine Estuaire et du Conseil Européen Femmes Entreprises et Commerce).

Since 2018 she has been Chairwoman of Caisse de Crédit Mutuel Sainte-Adresse and member of the Board of Directors of Caisse Régionale du Crédit Mutuel Normandie.

Director

Member of the Appointments Committee

First appointed to the Board: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Sainte-Adresse

Permanent representative of Caisse de Crédit Mutuel de Sainte-Adresse, director

Caisse Régionale du Crédit Mutuel Normandie

Technical advisor

Chambre de Commerce et d'Industrie Seine Estuaire

Member of the Board

Conseil européen des entreprises et commerce – Conseil du commerce de France

Manager

JP2A

Genèse

Terms of office expired over the past five fiscal years

Director

MEDEF Seine Estuaire

Member and Chairwoman of the Commission of Elected Representatives

Chambre de Commerce et d'Industrie Seine Estuaire

Daniel Schoepf

Born on March 9, 1955

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Recipient of a BTS in Commercial Operations and of multiple training courses in IT and management, Daniel Schoepf made his career in the IT sector for nearly 40 years before his retirement in 2015.

In 1996 he was elected Chairman of the Union des Caisses de Crédit Mutuel du District de Saverne de la Fédération du Crédit Mutuel Centre Est Europe.

In 2014, he was elected Chairman of Caisse de Crédit Mutuel Dettwiller. He has been Chairman of the Group Risk Monitoring Committee since 2016.

Director

Chairman of the Group Risk Monitoring Committee

First appointed to the Board: 2018

Term expires: 2023

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel Dettwiller

Director and Chairman of the Saverne District

Fédération du Crédit Mutuel Centre Est Europe

Director

Éditions des Dernières Nouvelles d'Alsace

SAP L'Alsace

Permanent representative of BFCM, director

Assurance du Crédit Mutuel Vie SAM

Terms of office expired over the past five fiscal years

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Annie Virot

Born on March 6, 1955

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a CAPES in Mathematics from the Université de Reims, Annie Virot taught mathematics for some 20 years before working as a consultant and then as a trainer. In 2007, she was elected Chairwoman of Caisse de Crédit Mutuel de Dijon Darcy. She has been Chairwoman of the District of Bourgogne-Champagne of Fédération du Crédit Mutuel Centre Est Europe since 2018. In 2021, she became a director of Confédération Nationale du Crédit Mutuel.

Director
Chairwoman of the Compensation Committee
First appointed to the Board: 2017
Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Dijon Darcy

Vice-Chairwoman of the Board of Directors and Chairwoman of the District of Bourgogne-Champagne

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Alex Weimert

Born on May 23, 1954

Nationality: French

Business address:

Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a diploma in Agro-economics and a post-graduate degree in Advanced Studies, Alex Weimert began his career as director of Coopérative Fruitière de Guyane before becoming a technical and educational adviser at the Ministry of Youth and Sports. In 1984 he founded IFODES, a vocational training organization and then in 1988, he founded Guyane Technologies Systèmes, an IT services company. Mr. Alex Weimert is now retired. In 1992, he became Chairman of the Crédit Mutuel de Guyane local bank before becoming Chairman of Crédit Mutuel Antilles-Guyane in October 2016. In 2021, he joined Confédération Nationale du Crédit Mutuel as a director.

Director
First appointed to the Board: 2020
Term expires: 2023

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Caisse de Crédit Mutuel Le Crédit Populaire Guyanais

Director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Antilles-Guyane, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

Guyane Technologies Systèmes

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel



Directors representing employees

Audrey Hammerer

Born on January 8, 1978

Nationality: French

Business address:

8 avenue Alsace Lorraine
38000 Grenoble

Summary of main areas of expertise and experience

Holder of a Bachelor's in History & Geography and in Insurance, Banking & Finance, Audrey Hammerer joined Crédit Mutuel in 2002 as a customer receptionist and today serves as a customer relationship manager in the Grenoble professional division of Crédit Mutuel Dauphiné-Vivarais.

Since 2016, she has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board.

Director representing employees
Member of the Compensation Committee
First appointed to the Board: 2016
Term expires: 2022

Other offices held as of December 31, 2021

Nil

Terms of office expired over the past five fiscal years

Nil

Laurent Torre

Born on May 5, 1967

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Master's Degree in Private Law, Laurent Torre is head of legal affairs at Caisse Fédérale de Crédit Mutuel. He began his career in 1995 as a lawyer at Assurances du Crédit Mutuel before joining Caisse Fédérale de Crédit Mutuel in 2000.

Since January 2020, he has been a director representing the employees of Caisse Fédérale de Crédit Mutuel on the Board.

Director representing employees
First appointed: 2020
Term expires: 2022

Other offices held as of December 31, 2021

Nil

Terms of office expired over the past five fiscal years

Nil

Directors whose terms of office expired in 2021

Mireille LEFEBURE ^[1]

Born on October 27, 1952

Nationality: French

Business address:

105 Faubourg Madeleine
45920 Orléans

Summary of main areas of expertise and experience

Holder of a Bachelor's Degree in English and a DESS in SME Management, Mireille Lefebure has held posts as chief administration and finance officer and later Deputy Chief Executive Officer at École Supérieure de Commerce de Tours/Poitiers/Orléans, before retiring in 2013. In 1991, she became a director of Crédit Mutuel Tours Halles, which she has chaired since 2014. Since 2017, she has been a member of the Board of Directors of Fédération du Crédit Mutuel du Centre and of that of Caisse Fédérale de Crédit Mutuel.

Director

First appointed to the Board: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel Tours Halles

Director

Fédération du Crédit Mutuel du Centre

Terms of office expired over the past five fiscal years

Nil

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was Deputy Chief Executive Officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organization from 2001 to 2004. In 2004, he became manager of Caisse Fédérale de Crédit Mutuel Centre Est Europe before being appointed Chief Executive Officer of Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed Deputy Chief Executive Officer of Confédération Nationale du Crédit Mutuel, then Deputy Chief Executive Officer of Crédit Industriel et Commercial in 2014 and Chief Executive Officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, Chief Executive Officer of Banque Fédérative du Crédit Mutuel, Chief Executive Officer of Crédit Industriel et Commercial, Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer

First appointed: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Banque Fédérative du Crédit Mutuel

Crédit Industriel et Commercial

Member of the Executive Board

Groupe des Assurances du Crédit Mutuel

Chairman of the Supervisory Board

Cofidis

Cofidis Group

Euro-Information Production

Vice-Chairman of the Board of Directors

Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman

SAS Les Gâtines

Chairman of the Board of Directors

CIC Sud-Ouest

CIC Ouest

Chairman of the Supervisory Board

CIC Iberbanco

Vice-Chairman of the Supervisory Board

Targo Deutschland GmbH

TARGOBANK AG

Targo Management AG

Director

Fivory SA

Fivory SAS

Permanent representative of Caisse Régionale du Crédit Mutuel Île-de-France, member of the Management Board

Euro-Information

[1] Passed away on September 8, 2021.



Éric Petitgand

Born February 4, 1964

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Éric Petitgand began his career in 1987 as a back-office manager of cash operations at BTP and later Renault Crédit International. In 1992, he joined the Caisse Centrale du Crédit Mutuel as back-office manager of markets. In 1996, he was a special assistant to the Chief Executive Officer and sale director at Crédit Mutuel Centre Est Europe. In 1999, he was named regional executive of the Fédération du Crédit Mutuel Centre Est Europe before being named Chief Executive Officer of the Fédération and the Caisse Fédérale de Crédit Mutuel Savoie-Mont Blanc in 2003, then Vice-Chairman and head of operations of the shared services centre of the Desjardins network of local banks in 2013.

Since 2016, he has been Deputy Chief Executive Officer of Caisse Fédérale de Crédit Mutuel and Deputy Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe. Since 2017, he has also been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel Antilles-Guyane and Fédération du Crédit Mutuel Antilles-Guyane.

Éric Petitgand holds a DESS in management control and auditing from the IAE of the Université Paris 1 Panthéon – Sorbonne.

Deputy Chief Executive Officer and effective manager

First appointed: 2016

Unlimited term

Other offices held as of December 31, 2021

Chairman and permanent representative of Banque Fédérative du Crédit Mutuel

Bischenberg

Deputy Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Chief Executive Officer

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Fédération du Crédit Mutuel Antilles-Guyane

Chairman of the Board of Directors

CIC Sud Ouest

LYF

Permanent representative of Caisse régionale du Crédit Mutuel, member of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board

Euro-Information

Member of the Supervisory Board

Centre de Conseil et de Service – CCS

Director

Fédération du Crédit Mutuel Agricole et Rural

Terms of office expired over the past five fiscal years

Vice-Chairman

Monetico International

Director

Cautionnement Mutuel de l'Habitat

Member of the Supervisory Board

Euro-Information Production

Member of the Management Board

Euro-Information Direct Services

Euro-Information Télécom

Permanent representative of Placinvest, director

Crédit Mutuel Investment Managers

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board

Euro-TVS

Euro-Information Épithète

Permanent representative of CIC Associés, director

Crédit Mutuel Asset Management

4.1.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

Nil

4.1.5 Preparation and organization of the work of the Board

4.1.5.1 Operation of the Board of Directors

Rules of operation of the Board of Directors

The work of the Board of Directors is governed by Articles 13 to 17 of the articles of association and is supplemented by internal rules approved by the Board of Directors on February 20, 2019 updated on November 25, 2021.

Missions of the Board of Directors

The Board of Directors' missions include, but are not limited to, the following areas: strategic orientations; governance, internal control and accounts; risk management; communication; compensation; recovery and resolution.

Composition of the Board of Directors

The company is administered by a Board of Directors comprised of no fewer than three and no more than 18 members who may be natural persons or legal entities that represent members.

The Board of Directors also includes two directors representing employees in accordance with the French Commercial Code.

The term of office of directors is three years.

The Board of Directors may appoint non-voting directors for three-year terms. They participate in the deliberations of the Board of Directors in an advisory capacity. They may, by a decision of the majority of non-voting directors present or represented, request a second deliberation by the Board.

Age limit

The individual age limit is set at seventy for directors and seventy-five for non-voting directors. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday for the directors and at the Board meeting following the anniversary date for the non-voting directors.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries (with the exception of employee directors, who are not affected by the rules for combining a directorship with an employment contract).

Director skills and training

Caisse Fédérale de Crédit Mutuel attaches great importance to the skills of its directors. To hold the position of director or non-voting director on Caisse Fédérale de Crédit Mutuel's Board of Directors, each

candidate must have experience as an elected member and as Chairman or Vice-Chairman of the Board of Directors or Supervisory Board of a Crédit Mutuel local bank, participate in the bodies and work of his Crédit Mutuel district or federation, and take part in the training courses for elected members.

In accordance with the joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) and the provisions of the French Monetary and Financial Code, and with a view to continuously strengthening governance mechanisms, a new regulatory training program was introduced in 2019.

This course was redesigned and supplemented in 2020 by a skills development plan for Crédit Mutuel Alliance Fédérale's elected members and directors. This plan is centered on four core challenges:

- **skills** necessary for elected members to fulfill roles through training delivered by elected members and employees;
- **diversity** promoted by instructive and digital tools in line with individual professional situations;
- **digitalization** by facilitating and improving training experience while controlling our carbon footprint;
- **the cooperative ecosystem** that mobilizes all stakeholders around a shared plan.

The skills development plan includes a number of courses to support each director in the fundamentals of his or her term of office, and in particular the "Initiation and regulatory training" course designed to support elected members of the umbrella structures, including Caisse Fédérale de Crédit Mutuel in their role. For elected members and directors who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be rolled-out or completed remotely in the form of personalized support organized by the training department for elected members. This course is supplemented by periodic training courses and webinars, delivered by senior managers or experts, depending on current events and strategic orientations.

As part of this plan, a "Mutualist Bank director" university degree, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg, was created in 2021. The plan enables to train a balanced and diversified class (men/women, age groups, geographic area, experience) of 60 to 70 mutualist elected members per year on the legal, regulatory, strategic and mutualist challenges of a bank director and recognize their expertise through a certified diploma, within a professional context and within their role as director. The first class of 69 mutualist elected members began on October 22, 2021 and will graduate on May 24, 2022.

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to Caisse Fédérale de Crédit Mutuel and its private interests and/or other duties.

Members of the Board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the key executives, directors and non-voting directors of Caisse Fédérale de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

In addition, the functioning of the Board is governed by its internal rules, which state that “the Board members shall endeavor to avoid any conflict that may exist between their moral and material interests and those of Caisse Fédérale de Crédit Mutuel and Crédit Mutuel Alliance Fédérale. Accordingly, they undertake not to directly or indirectly favor their personal or professional interests or those of a related person to the detriment of the interests of Crédit Mutuel as a whole or of one of its entities. They shall inform the Board of any conflict of interest, including potential, in which they may be directly or indirectly involved and, in this case, they shall refrain from participating in discussions and decision-making on the subjects concerned.”

Service contracts

As of December 31, 2021, there are no service contracts linking any member of the Board of Directors or Executive Management to, and providing benefits to, Caisse Fédérale de Crédit Mutuel or any of its subsidiaries.

Statement as to legal and criminal sanctions

During the past five years, no member of the Board of Directors has been convicted of fraud, no member of Executive Management has gone into bankruptcy or been associated with a court-ordered protection, receivership or liquidation procedure; and no charge or official public sanction has been upheld against a member of the Board of Directors or Executive Management by statutory or regulatory authorities (including designated professional bodies). Furthermore, during the past five years, no member of said boards has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities or from acting in the management or business dealings of any issuer of securities.

Diversity of the Board of Directors

■ Gender balance

The Copé-Zimmermann Law [law No. 2011-103 of January 27, 2011, as amended in 2014] is applicable to Caisse Fédérale de Crédit Mutuel and has been implemented *via* the appointment of eight female directors in 2017 and 2018.

In 2021, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 44%.

■ Regional representation

The directors of Caisse Fédérale de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

■ Representation of society

The diversity of the directors of Caisse Fédérale de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of customers and society.

■ Strategic plan

The work launched as part of Crédit Mutuel Alliance Fédérale’s strategic plan, *ensemble#nouveau monde, plus vite, plus loin!* (together#today’s world, faster, further!), reaffirms the group’s ambition to strengthen diversity in the composition of its governance, in particular with the objective of achieving equal representation of men and women in management and governance positions.

Independence of directors

Some members of the Board of Directors may be classified as independent after a review of their situation by the Appointments Committee.

This review must verify that there is no relationship between the director and Caisse Fédérale de Crédit Mutuel, whether financial, family or personal:

- more specifically, a director can be classified as independent only if he or she meets the following conditions: he or she has not been a voting or non-voting director of the Board of Directors of a federation, an umbrella banking entity of Crédit Mutuel Alliance Fédérale or the Confederation for more than 12 years;
- he or she has not received an indemnity or compensation, in any form whatsoever (excluding reimbursement of expenses), within the Crédit Mutuel group in excess of an annual amount set in the charter governing the exercise of office of members of the Boards of Crédit Mutuel Alliance Fédérale and in the provisions set forth by Confédération Nationale du Crédit Mutuel.

Caisse Fédérale de Crédit Mutuel has determined the proportion of independent members in accordance with EBA guidelines, which considers the presence of independent members to be good practice and therefore does not impose a number of independent directors.

In the light of these rules, of the 17 directors of Caisse Fédérale de Crédit Mutuel at December 31, 2021, 8 directors, *i.e.* 47% of the directors (excluding directors representing employees), are considered to be independent.

Assessment of the Board of Directors and its committees

The Board of Directors of Caisse Fédérale de Crédit Mutuel and its committees conduct an annual assessment of their operations and composition under the responsibility of the Appointments Committee.

Each of the members of the regulatory committees annually carries out their own individual self-assessment on the basis of an *ad hoc* questionnaire. This self-assessment covers both a self-assessment of the member’s individual skills and the functioning of the committee. At the end of this self-assessment, the members of the committees submit their assessments to the Chairman of the committee of which they are members, who draws up a summary and forwards it, together with the individual assessments, to the chair of the Appointments Committee and the chair of the Board of Directors.

The Appointments Committee is then responsible for preparing a collective assessment and issuing an opinion for submission to the Board of Directors, which carries out the assessment under the authority of its Chairman.

The functioning of the evaluation of the Board of Directors and the summary of the last evaluation are presented in the section on the Appointments Committee.

4.1.5.2 Work of the Board in 2021

The Board of Directors meets at least four times a year according to a pre-established schedule.

Each item on the agenda has its own separate file or presentation, depending on its size, to better inform the members of the Board. The minutes give a detailed record of deliberations, decisions and votes.

Meeting of February 17, 2021

The Board of Directors meeting of February 17, 2021 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2020;
- update on ALM, interest rate and liquidity risk;
- Group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- report from the Group Risk Monitoring Committee;
- validation of coal, non-conventional hydrocarbon and mobility sectoral policies;
- operational risks and non-compliance risks: 2020 summaries;
- approval of the CIC Marchés body of rules, the Group Treasury body of rules, the emergency liquidity plan and Crédit Mutuel Alliance Fédérale management guidelines;
- approval of the update of the Preventive Recovery Plan;
- Compensation Committee and Appointments Committee reports;
- savings, loans, insurance, services;
- development plan;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- perpetuation of a cap on incidental expenses for all individuals
- presentation of financial statements as of December 31, 2020;
- approval of the annual comprehensive and consolidated financial statements as of December 31, 2020;
- general operating expenses in 2020 – final figures;
- regulated agreements;
- extension of the scope of the Appointments Committee and amendment of the internal rules of the Board of Directors;
- contribution of Caisse Fédérale de Crédit Mutuel to Crédit Mutuel Alliance Fédérale foundation

Meeting of April 9, 2021

The Board of Directors meeting of April 9, 2021 focused on the following topics in particular:

- regulatory mail;
- exceptional claims;
- information letter on the code of conduct for Board members;
- report of the Auditing and Accounting Committee of March 29, 2021, including the evaluation of the key functions of permanent control, periodic control and compliance;
- presentation and review of the annual report on internal control;
- approval of the AML/CFT annual internal control report;

- report of the Group Risk Monitoring Committee of March 25, 2021 including the presentation of the assessment of the key risk management function;
- report of the Compensation Committee of April 7, 2021 and validation of the report on compensation policy and practices for 2020. Approval of the list of risk-takers and the overall compensation package paid to risk-takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- Appointments Committee report of March 11, 2021 and April 6, 2021, including presentation of summary of regulatory committee assessments;
- presentation of the assessment of Executive Management, approval of all assessments of committees and recording of the assessments of the key functions;
- reappointment of a non-voting director;
- proposed appointment to the Board of CNCM;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 12, 2021;

Meeting of June 10, 2021

The Board of Directors meeting of June 10, 2021 notably focused on the following topic:

- projected sale of Visa Monde shares by BFCM.

Meeting of June 29, 2021

The Board of Directors meeting of June 29, 2021 notably focused on the following topic:

- approval of the convergence of Crédit Mutuel Nord Europe with Crédit Mutuel Alliance Fédérale and its contractual and institutional implications;
- notice of the Extraordinary Shareholders' Meeting of September 30, 2021.
- amendment of the internal rules of the Board of Directors.

Meeting of July 27, 2021

The Board of Directors meeting of July 27, 2021 focused on the following topics in particular:

- projected sale of FLOA shares by BFCM.

Meeting of July 29, 2021

The Board of Directors meeting of July 29, 2021 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2021;
- presentation of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2021;
- report of the Group Auditing and Accounting Committee of July 26, 2021;
- observations of the statutory auditors;
- report of the Group Risk Monitoring Committee of April 21, June 24 and July 23, 2021 including: breaches of alert thresholds and limits of the risk appetite framework and exceptional claims;



- relations with regulators;
- risk mapping;
- ICAAP/ILAAP;
- corporate unit limits;
- report of the Appointments Committee of May 19, June 1, July 9 and July 26, 2021, including the assessment of the Board of Directors of Caisse Fédérale de Crédit Mutuel;
- report of the Compensation Committee of July 27, 2021;
- Equal Pay Policy;
- savings, loans, insurance, services;
- operating conditions;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- report from the Fragile or Vulnerable Customers Committee;
- approval of Crédit Mutuel Alliance Fédérale consolidated financial statements as of June 30, 2021;
- Mission Committee;
- composition of the Group Auditing and Accounting Committee and the Group Risk Monitoring Committee;
- recognition of the resignation of Lucien Miara as non-voting director;
- affiliation of a new Crédit Mutuel bank;
- Board preparation time and training time for employee directors.

Meeting of November 25, 2021

The Board of Directors meeting of November 25, 2021 focused on the following topics in particular:

- update on press activities;
- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements;
- report of the Group Auditing and Accounting Committee of September 22, 2021;
- summary of the Group Risk Monitoring Committee of September 30, 2021 and November 18, 2021 including: breaches of alert thresholds and limits of the risk appetite framework and exceptional claims;
- summary of relations with regulators;
- validation of the general framework for crisis management and business continuity;
- presentation of Crédit Mutuel Alliance Fédérale's anti-corruption system;
- reports of the Appointments Committee of September 27, October 28 and November 23, 2021;
- report of the Compensation Committee of November 23, 2021;

- validation of the new compensation policy of Crédit Mutuel Alliance Fédérale;
- validation of the charter for the protection and use of personal data of customers and members;
- information on the application for exemption on an individual basis from prudential capital ratio requirements;
- savings, loans, insurance, services;
- operating conditions: Increase in the five-year authorization limit for the issuance of B shares;
- customer relations management plan – Objectives – Budget;
- development plan budget;
- Interest Rate and Financial Policy Committee; recommendation of the rate of return on B shares;
- accreditation, municipal loans and special credits;
- general operating expenses in 2021/general operating expenses budget in 2022;
- interest rate and liquidity risk management at the end of September 2021;
- replacement of a non-voting director;
- compensation for the position of Chairman of the inter-federal committee for the training of elected members;
- appointment of members and Chairwoman of the Mission Committee;
- composition of the Group Auditing and Accounting Committee and Group Risk Monitoring Committee;
- validation of the commitments made within the framework of the benefit corporation;
- extension of the scope of the Appointments Committee – update of the internal rules of the Board of Directors;
- affiliation of a new Crédit Mutuel bank.

4.1.5.3 Committees of the Board of Directors

The Board of Directors has set up four specialized committees within the scope of Crédit Mutuel Alliance Fédérale: the Compensation Committee, the Appointments Committee, the Group Auditing and Accounting Committee and the Group Risk Monitoring Committee. The provisions which define the composition, functioning, regulatory framework and duties of the regulatory committees of Crédit Mutuel Alliance Fédérale are set out in the internal rules of the Board of Directors updated on November 25, 2021.

The committees are made up of three to six members of the Board of Directors of Caisse Fédérale de Crédit Mutuel appointed by the Board of Directors on the proposal of the Chairman of the Board for the duration of their term of office as directors, to which may be added associate members. One of the members of the Compensation Committee must be an employee director.

Compensation Committee

Composition of the Compensation Committee at December 31, 2021

As of December 31, 2021, the Compensation Committee was composed of a Chairman, four members including one employee director and one associate member.

Members	Status	Attendance rate in 2021
Annie Virost	Chairwoman	100%
Christine Leenders	Member	100%
Gérard Oligier	Member	75%
Philippe Gallienne	Member	100%
Audrey Hammerer	Member	100%
Jean-François Jouffray	Associate member	50%

Duties of the Compensation Committee

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the ACPR on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Compensation Committee in accordance with Article L.511-89 of the French Monetary and Financial Code.

The committee's scope of competence is:

- all credit institutions and finance companies;
- Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale which, by virtue of their size, internal organization and the nature, scale, complexity and cross-border nature of their activity fall within the scope of consolidation by decision of the Board of Directors;
- with the exception of entities which, because of their activity, size or specific nature, have committees that comply with legal and regulatory provisions. In this case, these individual committees report to the Caisse Fédérale de Crédit Mutuel umbrella committees on the work performed and the information communicated.

The Compensation Committee prepares the decisions that the Board of Directors takes concerning compensation, in particular compensation of employees that has an impact on risk and risk management.

It conducts an annual review of:

- the principles of the compensation policy of Crédit Mutuel Alliance Fédérale;
- the compensation, indemnities and benefits of any kind granted to corporate officers;
- the compensation policy and the level of allocations, specific categories of employees also known as risk takers: actual managers, persons exercising a control function, persons whose professional activities have a significant impact on the risk profile of the company or Crédit Mutuel Alliance Fédérale as well as any employee who, in view of his or her overall income, is in the same compensation bracket as risk takers and managers.

It analyzes and controls:

- compensation of senior executives in the risk, compliance, permanent control and periodic control functions;
- the list of compensation exceeding a certain amount as well as the compensation of the population of employees identified as risk takers in all Crédit Mutuel Alliance Fédérale's activities;

- the terms and conditions of allocation, individual allocation and payment and, in particular, compliance with the deferral rules set forth in the compensation policy.

It regularly, at least annually, makes proposals on the compensation of the executive body and corporate officers.

The Compensation Committee reviews the annual audit report on compensation policy and/or the follow-up report on audit assignments.

In addition, the Compensation Committee verifies with Executive Management that the risk, control and compliance departments have been consulted by the human resources department for the definition and implementation of the compensation policy.

It shall also make any proposals to improve the effectiveness of the various procedures and the overall system or to adapt them to new circumstances and regulatory changes.

The Compensation Committee reports to the Board of Directors on its work and presents its proposals to the Board. It shall issue in its minutes such opinions and recommendations as it deems appropriate.

To carry out these tasks, the Compensation Committee relies on market practices by any means it deems appropriate.

In order to ensure consistency within Crédit Mutuel Alliance Fédérale, a coordination process for changes in the compensation of Executive Management/Chief Executive Officers of Crédit Mutuel Alliance Fédérale entities was adopted by the Board of Directors on February 26, 2016.

For the Chief Executive Officers of the federations, the chairmen of the federations are involved in this process and give their opinion in an advisory capacity.

For the compensation of the Chief Executive Officers of federations or regional banks that are partners of Crédit Mutuel Alliance Fédérale, the compensation is set by the Board of Directors of the federation or regional bank, on the proposal of the Chairman. Before deciding on its proposal, the Chairman of the federation or regional bank consults the Chairman and the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel.

For the compensation of the other members of the Executive Management of Crédit Mutuel Alliance Fédérale, a coordination and consultation process led by the human resources department involves the Chairman and the Chief Executive Officer of Caisse Fédérale de Crédit Mutuel upstream.

The Compensation Committee delivers its opinion at the end of the coordination process. The Compensation Committee reports to the Board of Directors.

Appointments Committee

Composition of the Appointments Committee as of December 31, 2021

As of December 31, 2021, the Appointments Committee was composed of a Chairman, three members and two associate members.

Members	Status	Attendance rate in 2021
Gérard Oligier	Chairman	100%
Bernard Dalbiez	Member	100%
Laurence Miras	Member	82%
Agnès Rouxel	Member	82%
Mireille Gavillon	Associate member	91%
Jean-François Jouffray	Associate member	82%

Duties of the Appointments Committee

The Appointments Committee issues opinions on appointment or renewal and prepares the decisions to be taken by the Board of Directors.

Under the responsibility of the Board of Directors and in accordance with the provisions of the French Monetary and Financial Code, the Appointments Committee is responsible for:

- identifying and recommending to the Board candidates suitable for the exercise of the functions of director, non-voting director, executive officer who may have the status of an effective manager (Chief Executive Officer, Chief Operating Officer, Deputy Chief Executive Officer and other senior executives), to propose their candidacy to the competent body;
- assessing the balance and diversity of knowledge, skills and experience available individually and collectively to the members of the Board of Directors;
- specifying the missions and qualifications required for the functions performed on the Board and assess the time to be devoted to those functions;
- setting a target to be achieved for the balanced representation of women and men on the Board and develop a policy to achieve that target;
- preparing periodically, and at least once a year, an assessment of the structure, size, composition and effectiveness of the Board of Directors with respect to the tasks assigned to it, and submit it to the Board of Directors together with any useful recommendations;
- assessing periodically, and at least once a year, the knowledge, skills and experience of the members of the Board of Directors, both individually and collectively, and report thereon to the board;
- reviewing periodically the policies of the Board of Directors with respect to the selection and appointment of the persons mentioned in Article L.511-13, the Chief Operating Officers and the head of risk management and make recommendations in that respect;
- ensuring that the Board is not dominated by one person or a small group of people under conditions that are detrimental to the interests of the bank.

Assessment of the Board of Directors

In accordance with the provisions of the French Monetary and Financial Code and the guidelines issued by the EBA, an evaluation questionnaire prepared by the Appointments Committee is sent to the members of the Board of Directors each year.

The questionnaire is structured in two parts, a first part relating to the evaluation of the body and a second part relating to the self-evaluation of each person. It also contains a section on strengths, weaknesses and areas for improvement.

On the basis of the questionnaires received, the committee produces a summary, presented to the Board of Directors, and proposes areas for improvement.

The summary of the results of the evaluation questionnaires of the members of the Board of Directors for 2020 was presented to the Board of Directors of Caisse Fédérale de Crédit Mutuel on July 29, 2021. The result was a very positive overall assessment. Two major strengths have been identified within the Board:

- the transparency of the exchanges which take place with an appreciated freedom of speech;
- and diversity of members.

The areas for improvement identified are parity and the large number of subjects requiring good organization of work and exchanges between Board members. On this last point, the health crisis had a strong impact and slowed down this possibility of exchange, which the members of the Board particularly lack. It is proposed to continue the work of reinforcing the training of members, ensuring that key subjects are studied in depth. The development of skills and the integration of new members must be a permanent concern in order to ensure cohesion and a good understanding by all of the group's challenges. Lastly, the resumption of face-to-face meetings is particularly expected to facilitate discussions.

Group Auditing and Accounting Committee

Composition of the Group Auditing and Accounting Committee at December 31, 2021^[1]

As of December 31, 2021, the Group Auditing and Accounting Committee was composed of a Chairman, three members and thirteen associate members.

Members	Status	Attendance rate in 2021
Jean-François Jouffray	Chairman	100%
Gérard Cormorèche	Member	100%
Étienne Grad	Member	100%
Véronique Hemberger	Member	100%
Jean-Pierre Bertin	Associate member	100%
Didier Belloir	Associate member	100%
Christian Fouchard	Associate member	100%
Patrice Garrigues	Associate member	100%
Charles Gerber	Associate member	100%
Jean-Claude Lordelot	Associate member	100%
Yves Magnin	Associate member	100%
Alexandre Martial	Associate member	80%
Bich Van Ngo	Associate member	100%
Jean-François Parra	Associate member	100%
Franck Emery	Associate member	60%
René Schwartz	Associate member	100%
Stéphane Servantie	Associate member	100%

Duties of the Auditing and Accounting Committee

The Auditing and Accounting Committee is responsible for all matters relating to internal and external control, as well as the preparation of financial statements and financial information. It also periodically examines Crédit Mutuel Alliance Fédérale's exposure to risks of all kinds that may affect its various activities.

The missions of the GAAC include the following:

- internal and external control:
 - ensures the existence of a document describing the organization and operation of the various control and compliance functions,

[1] During 2021, the terms of office of Mr. Alain Pupel and Mr. Patrick Morel as associate members came to an end.

- examines the internal audit plan once a year and asks for any additional work for the periodic audit,
- ensures good coverage of internal control through permanent control and compliance,
- ensures the adequacy of the resources of the various control and compliance functions,
- reviews a summary of the main tasks of the periodic control as well as the results of the permanent and compliance controls,
- receives communication of the annual report and the half-yearly internal control report,
- ensures that the implementation of the recommendations made by the internal audit is effective,
- is informed of the conclusions of the controls performed by the supervisory authorities and monitors the implementation of the recommendations made by those authorities,
- examines the questions asked, if any, by the financial authorities or any other regulatory or judicial authority and the answers provided,
- ensures the existence of rules of good conduct in matters of ethics,
- ensures that the control, compliance and risk monitoring functions complement each other,
- ensures that there is a whistleblowing process open to employees, members and third parties,
- ensures that internal data collection and control procedures guarantee the quality of the information provided,
- reviews the outcome of the annual periodic control assessment process;
- financial statements and financial information:
 - ensures that the process for producing accounting and financial information complies with the legal requirements, the recommendations of regulatory authorities and the internal procedures,
 - reviews significant changes in accounting policies,
 - reviews the changes, appropriateness and relevance of the scope of consolidation,
 - reviews the accounting treatment of significant transactions,
 - reviews the estimates used in the impairment tests,
 - periodically reviews significant litigation and off-balance-sheet commitments,
 - reviews the financial statements (balance sheet, income statement and notes),
 - reviews the main items of financial communication relating to the financial statements,
 - meets with the finance department's representatives prior to the distribution of financial communication,
 - periodically holds discussions with the external auditors, within the limits of the law on professional secrecy,
 - reviews the financial communication relating to the financial statements (in particular the assumptions and estimates used by Executive Management if the company communicates on forecasts or trends),
 - submits its recommendations to the competent Boards for the selection and reappointment of statutory auditors,
 - periodically reviews engagement letters relating to non-audit work entrusted to statutory auditors,
 - reviews the conclusions of the statutory auditors' due diligence,
 - reviews any significant disagreements between the statutory auditors and Executive Management,
 - reviews the additional reports to the Group Auditing and Accounting Committee prepared by the statutory auditors for the EIPs that have delegated this regulatory provision to the Committee,
 - reviews the statutory auditors' letters of recommendations and the status of implementation of the recommendations,
 - ensures compliance with the legal and regulatory provisions relating to the incompatibility of statutory auditors' assignments,
 - ensures the independence of the statutory auditors;
 - risks:
 - reviews at least twice a year the cost of risk, the group's exposures, market and credit concentration limits, risk measurement methodologies, risk-taking policies and crisis management policies,
 - ensures the existence of a procedure for identifying and monitoring risks and the suitability of those procedures to changes in the external environment and/or activity,
 - reviews the risk mapping and action plans,
 - reviews the potential impact of significant risks, as estimated by the risk department,
 - ensures the existence of a risk dashboard that describes the risk exposure in detail,
 - ensures that procedures are in place to ensure compliance with the legal and regulatory obligations,
 - ensures that there is a process in place to identify and handle incidents and anomalies,
 - reviews the insurance program.

The GAAC shall, where appropriate, propose to the various affected supervisory bodies the improvements and decisions of a prudential nature that it deems necessary in relation to the findings that it has reviewed, whether they come from internal or external audits.

Group Risk Monitoring Committee

Composition of the Group Risk Monitoring Committee at December 31, 2021⁽¹⁾

As of December 31, 2021, the Group Risk Monitoring Committee was composed of a Chairman, three members and eleven associate members.

Members	Status	Attendance rate in 2021
Daniel Schoepf	Chairman	100%
Nicolas Habert	Member	100%
Christine Leenders	Member	87.5%
Nicolas Théry	Member	87.5%
Gilles Berrée	Associate member	87.5%
Bernard Basse	Associate member	100%
Didier Benonie	Associate member	100%
Hubert Chauvin	Associate member	100%
Patrick Hoche	Associate member	75%
Jean-François Jouffray	Associate member	100%
Claude Levêque	Associate member	62.5%
Laurent Benoît	Associate member	87.5%
Pascal Tissot	Associate member	100%
Marc Taieb	Associate member	50%
Thierry Reboulet	Associate member	NA ⁽¹⁾

⁽¹⁾ In 2021, the terms of office of Mr. Bernard Dalbiez and Mr. Michel Vieux came to an end.

⁽²⁾ Not applicable due to appointment after the last committee meeting of the year.

Duties of the Risk Monitoring Committee

The Risk Monitoring Committee issues opinions and advice in preparation for decisions made by the Board of Directors on general policy, thresholds and limits in matters of risk management.

The missions and attributes of Crédit Mutuel Alliance Fédérale Risk Monitoring Committee include the following:

- financial risks:
 - conduct an exhaustive review of the risks and exposures (quality, ratings, concentration, impairment) to which Crédit Mutuel Alliance Fédérale is exposed. Exhaustiveness is observed both in terms of types of risk and in terms of the businesses carried out by the group's banking and non-banking entities both in France and abroad,
 - analyze short- and medium-term liquidity ratios and monitor changes to them, in particular as part of the ILAAP procedure,
 - examine changes to the main regulatory (solvency and leverage) and operating ratios, in particular those relating to capital consumption, by business lines and entities, as well as compliance with the amounts of capital allocated by the supervisory bodies, in particular as part of the ICAAP procedure,
 - review changes in results in perspective with changes in risks, results and capital consumption,

- assess the quality of monitoring and control of all risks set forth in the Order of November 3, 2014, in particular credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks, for all group entities (in particular banks and insurance companies),
- assist the supervisory body in its task of supervising the application of risk policies and strategies by Executive Management that constitute the group's executive body. In this context, compliance with the limits of the risk indicators and any overruns are observed,
- advise the supervisory body on current and future risk strategies and risk tolerance. In this context, the Committee may propose to the supervisory body changes to the risk management system (addition and modification of indicators and/or limits), specific reports or comments on particular issues or risks, whether specific or general,
- review risk-taking policies, overall risk management strategies, limits, cost of risk and associated controls, provisioning policies, risk measurement methodologies, and crisis management policies including the Preventive Recovery Plans (PRPs),
- propose to Executive Management any measures that may be necessary concerning the system of limits or alert thresholds for the main counterparties, economic sectors or geographical areas, as well as limits or alert thresholds for interest rate, liquidity and market risks;
- non-financial risks and controls:
 - review changes in the financial or non-financial ratings of external agencies,
 - review the results of controls relating to compliance mechanisms, including the anti-money laundering and anti-terrorist financing mechanism,
 - review the significant alerts or incidents brought to its attention and the reduction measures implemented, with follow-up, in particular Information System Security;
 - review risk mapping and related control plans on an annual basis;
 - review the Emergency and Business Continuity Plan (EBCP) on an annual basis,
 - review, as part of its mission, whether the prices of the products and services mentioned in Books II and III of the French Monetary and Financial Code offered to customers are compatible with Crédit Mutuel Alliance Fédérale risk strategy. If these prices do not correctly reflect the risks, it informs the Board of Directors and gives its opinion on the action plan to remedy the situation;
- governance:
 - ensure that the nature, scope coverage, granularity, form and frequency of the risk information provided to the committee is adequate,
 - focus, twice a year, on the risks of the CIC New York's activity as part of a US Risks Committee as requested by the local supervisory authorities,

⁽¹⁾ In 2021, the terms of office of Mr. Bernard DALBIEZ and Mr. Michel VIEUX came to an end.

- ensure the adequacy of resources allocated to the risk management, permanent control and compliance functions,
- review, on a quarterly basis, the monitoring of the recommendations issued by the Crédit Mutuel group audits assigned to the risk management function,
- monitor the progress of regulatory projects that impact Crédit Mutuel Alliance Fédérale,
- review and discuss follow-up letters received from various supervisors and review the responses to these letters,
- ensure the proper integration of acquired subsidiaries into Crédit Mutuel Alliance Fédérale risk management system,
- be informed of the conclusions of the control missions conducted by the various supervisors and monitor the implementation of the recommendations made by those supervisors,
- examine, without prejudice to the missions of the Compensation Committee, whether the incentives stated by the compensation policy and practices are compatible with the situation of the company with regard to the risks to which it is exposed and of its capital, its liquidity and the probability and timing of expected profits.

Main duties of the head of risk management

- the head of risk management reports on changes in the main risks as listed in the Order of November 3, 2014 on the internal control of companies in the banking, payment services and investment services sector, in particular credit, market, overall interest rate, intermediation, settlement, liquidity, operational and compliance risks;
- the head of risk management informs the Committee of the monitoring of any changes to or excesses of limits and alert thresholds, comments on regulatory developments and the supervisory missions of ACPR and JST (Joint Supervisory Team). He or she reviews the group's developments in its markets in France and abroad.

4.1.5.4 Ethics

Code of conduct

Crédit Mutuel Alliance Fédérale's code of conduct was approved in June 2018.

This registration document, which includes all regulatory and legal requirements relating to conduct, reiterates the principles that each entity and employee of the group should abide by in the exercise of their activities. It is part of the group's overall objectives in terms of quality of customer service, integrity and rigor in the processing of transactions and compliance with regulations. It applies to all group entities in France and abroad, in accordance with local regulations.

In particular, the code of conduct contains provisions on preventing conflicts of interests, combating corruption and rules applicable to persons in possession of inside information.

The code of conduct is circulated to all employees and must be consulted by all on the Intranet of each group entity.

This code is supplemented by another code of conduct, which applies to all elected representatives and employees as well as to all Crédit Mutuel Alliance Fédérale entities. Its purpose is to introduce the group's commitments and the resulting rules of behavior in terms of respect for the individual, parity and openness, protection of and respect for the environment, the duty of good management, the duty of confidentiality and data protection, the duty to act in a reserved manner, the duty to educate, conflicts of interest, and the duty to abide by the group's values and regulations.

Ethics and Compliance Committee

An Ethics and Compliance Committee was established on a community basis by the Chambre Syndicale on December 9, 2006 to monitor the application of the code of conduct within Crédit Mutuel Alliance Fédérale entities.

It is made up of representatives of all the federations that belong to Crédit Mutuel Alliance Fédérale. It proposes guidelines to consolidate the exemplary nature of Crédit Mutuel Alliance Fédérale and to effectively implement the objectives of social and cooperative responsibility that it has set itself.

The Committee presents its conclusions and guidelines once a year to the Chambre syndicale et interfédérale.

4.1.5.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-58 of the French Monetary and Financial Code, Caisse Fédérale de Crédit Mutuel has opted for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer. The effective management of the institution, which is carried out by at least two people, has all the powers attached to it by banking and financial laws and regulations, both internally and with regard to third parties.

Composition of Executive Management

The Executive Management of Caisse Fédérale de Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Éric Petitgand, Deputy Chief Executive Officer and effective manager;
- Mr. Frantz Rublé, Deputy Chief Executive Officer.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but internal rules define the cases in which prior approval of the Board of Directors is required, *i.e.* planned acquisitions or disposals of equity investments (excluding financial investments) of more than €100m.

4.1.6 Compensation principles and rules for the identified individuals [Articles L.511-71 et seq. of the French Monetary and Financial Code]

The compensation policy of Crédit Mutuel Alliance Fédérale, which belongs to its customers and members, is designed primarily to be sound and responsible and gives priority to aligning the interests of Crédit Mutuel Alliance Fédérale with those of its employees and to protecting the interests of its members and customers. It therefore takes its duty to advise very seriously.

Crédit Mutuel Alliance Fédérale believes that a company's compensation policy is an important aspect of consistency in its strategy and risk management. Against this backdrop, Crédit Mutuel Alliance Fédérale has remained true to its mutualist values and has defined a policy whose principles are in accordance with the regulatory requirements and with industry practices, with the aim of:

- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking and avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;
- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair pay for work and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- ensuring equal pay for men and women, based on classification, and more broadly fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

The compensation policy builds on Crédit Mutuel Alliance Fédérale risk appetite framework, which states that the compensation of employees must not encourage excessive risk-taking and aims to avoid all conflicts of interest.

In that context, the overall compensation policy does not encourage risk-taking in excess of the level of risk defined by Crédit Mutuel Alliance Fédérale. It is, therefore, guided by the principles of restraint and prudence implemented by Crédit Mutuel Alliance Fédérale, including for risk-takers.

Variable compensation is strictly limited to a few business lines and functions and is not an incentive for employees to take risks that would not be in line with the guidelines from Executive Management and the Board of Directors, in particular for those employees whose activities are likely to have a significant impact on the institution's risk exposure.

The Board of Directors of Caisse Fédérale de Crédit Mutuel approved Crédit Mutuel Alliance Fédérale compensation policy, including the overall compensation policy for staff whose professional activities are likely to have a significant impact on the institution's risk profile.

This general policy takes account of the Order of November 3, 2014, Articles L.511-71 et seq. of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) No. 2021/923 of March 25, 2021, which sets out the appropriate qualitative and quantitative criteria for identifying these categories of staff.

The latest version of the note on the compensation policy for risk takers was approved by the Board of Directors on November 25, 2021.

The federations to which Caisse Fédérale de Crédit Mutuel belongs are committed to the principle of voluntary directorship within the various bodies that make up Crédit Mutuel Alliance Fédérale. The corollary of this principle is to ensure that the directors have the necessary resources to perform their responsibilities, with the sole aim of ensuring the development, durability and respect of the values of Crédit Mutuel. A charter governing the exercise of offices of the members of the Boards of Directors or Supervisory Boards has been in place since January 1, 2019. It sets the terms and conditions for the application of the principle of voluntary work by the elected representatives of Crédit Mutuel Alliance Fédérale, in particular by strictly defining the terms and conditions under which indemnities are allocated to ensure the exercise of certain strategic functions in the federations and umbrella entities of Crédit Mutuel Alliance Fédérale. It supplements the code of conduct that applies to all elected officials.

For all persons at Crédit Mutuel Alliance Fédérale who meet the above criteria, the overall amount of compensation for 2021 as set out in the aforementioned Article L.511-73 was €147,580,214.

The report on the compensation policies and practices referred to in Article 266 of the Order of November 3, 2014 concerning the internal controls of companies in the banking, payment services and investment services sector is published every year.

It gathers the approved quantitative information mentioned in Article 450 h) and 450 g) of EU Regulation 575/2013.

A strict limit for fixed compensation, with variable compensation to a few specialized activities

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. It incorporates its constant concern for sustainable development and employee career advancement into its policy.

For most of Crédit Mutuel Alliance Fédérale's employees, in particular all those who work for the networks, Crédit Mutuel Alliance Fédérale has decided not to set individual targets for customer sales that might generate variable compensation.

Generally speaking, the components of additional compensation (benefits in kind, variable compensation, etc.) are subject to restrictions and concern only specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, Private Banking and consumer credit.

Organization of the Compensation Committee within Crédit Mutuel Alliance Fédérale

At its meeting of February 21, 2018, the Board of Directors of Caisse Fédérale de Crédit Mutuel approved the integration into its scope, as of fiscal year 2018, of the entities covered by the AIFM and UCITS V Directives as well as those subject to the Solvency II Directive.

Article L.511-91 of the French Monetary and Financial Code, established by Article 3 of order No. 2014-158 of February 20, 2014, states that when a credit institution is part of a group subject to supervision by the ACPR on a consolidated basis, the Board of Directors of such institution may decide that the functions assigned to the regulatory committees (Risk, Appointments, Compensation) be performed by the Committee of the credit institution at which level supervision is exercised on a consolidated or sub-consolidated basis.

Within Crédit Mutuel Alliance Fédérale, all Boards of Directors of the entities – regardless of their activities and the applicable regulations, in France and abroad – delegate their authority related to compensation matters to the “umbrella” committee (Caisse Fédérale de Crédit Mutuel). This includes the federations and regional banks (which “control” Caisse Fédérale), the consumer credit activity, the asset management activity and the insurance entities (which are in the consolidated accounting scope), the private equity, services and/or IT activities, the economic interest groups and the international Private Banking and subsidiary activities (including Banque Transatlantique, Banque de Luxembourg, CIC Suisse, TARGOBANK in Germany and TARGOBANK in Spain).

The scope therefore goes beyond just the regulatory monitoring scope of the banking activity.

The “umbrella” committee reports on its work to the Board of Directors of Caisse Fédérale de Crédit Mutuel, and to the Boards of Directors of the entities for the information that is relevant to them.

As part of the convergence between Crédit Mutuel Nord Europe and Crédit Mutuel Alliance Fédérale, the Board of Directors of Caisse Fédérale du Crédit Mutuel Nord Europe (which became a regional bank on January 1, 2022) decided at its meeting of November 29, 2021 to approve the membership of Caisse Régionale du Crédit Mutuel Nord Europe and the Federation in the regulatory Committees of Caisse Fédérale de Crédit Mutuel. The various regulatory Committees of the Caisse Fédérale de Crédit Mutuel thus established must inform the Board of any information relating to the Caisse Régionale du Crédit Mutuel Nord Europe.

Coordination process for changes in the compensation of Crédit Mutuel Alliance Fédérale’s Executive Management

To ensure consistency, in the absence of a mechanism for the subject, a coordination process for changes in the compensation of Executive Management/Chief Executive Officers of the entities was adopted at the Board of Directors meeting of February 26, 2016. For the Chief Executive Officers of the federations, the chairmen of the federations are involved in this process and give their opinion in an advisory capacity. This system involves the Chairman of Caisse Fédérale de Crédit Mutuel, the Executive Management of Caisse Fédérale de Crédit Mutuel, the human resources department, the risk management department and the General secretariat.

The Compensation Committee gives its opinion on a proposal for the coordination process. The Compensation Committee reports to the Board of Directors.

4.1.7 Principles for determining the compensation granted to corporate officers

Guiding principles

Caisse Fédérale de Crédit Mutuel does not refer to the Afep-Medef Code, which is unsuitable in its case for a certain number of recommendations, given the structure of the shareholder base, which is made up entirely of Crédit Mutuel Alliance Fédérale entities. Crédit Mutuel Alliance Fédérale is not affected by the Say on pay system.

The non-executive corporate officers, *i.e.* all directors other than the Chairman of the Board of Directors, do not receive compensation. The federations to which Caisse Fédérale de Crédit Mutuel belongs are committed to the principle of voluntary directorship within the various bodies that make up Crédit Mutuel Alliance Fédérale. The corollary of this principle is to ensure that the directors have the necessary resources to perform their responsibilities, with the sole aim of ensuring the development, durability and respect of the values of Crédit Mutuel. A charter governing the exercise of offices of the members of the Boards of Directors or Supervisory Boards has been in place since January 1, 2019.

Implementation

The officers concerned are the Chairman of the Board of Directors and the Chief Executive Officer.

On February 20, 2019, the Board of Directors of Caisse Fédérale du Crédit Mutuel decided, on the proposal of the Compensation Committee of February 18, 2019, to allocate:

- for Mr. Nicolas Théry, as compensation for his appointment as Chairman of the Board of Directors, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

It was also decided to change the termination benefit to two years’ compensation as a corporate officer instead of one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office, and subject to the absence of reprehensible conduct or proven misconduct.

For that term of office, the benefits set above are without prejudice to the benefits he may receive as an employee pursuant to the contractual provisions in force within the group.

To that end, it should be noted that Nicolas Théry has been an employee of the group since September 1, 2009 and that his employment contract was suspended with effect from November 14, 2014.

- For Mr. Daniel Baal, as compensation for his appointment as Chief Executive Officer, an annual compensation of €880,000 starting June 1, 2019. Said compensation shall be paid by Caisse Fédérale de Crédit Mutuel.

It was also decided to change the termination benefit to two years' compensation as a corporate officer instead of one year previously, calculated on the basis of the average of the last twelve months preceding the end of his term of office.

The payment of these benefits is subject to the achievement of a performance condition relating to an increase in the overall consolidated equity of the group for the period from January 1, 2019 to the date of termination of his term of office. For that term of office, the benefits set above are without prejudice to the benefits he may receive as an employee pursuant to the contractual provisions in force within the group.

To that end, it should be noted that Daniel Baal was an employee of Caisse Fédérale du Crédit Mutuel from July 1, 1979 to September 30, 2001, then from February 2, 2004 to this day, and that his employment contract was suspended effective June 1, 2017.

At its meeting on February 17, 2021, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2021.

The other positions and functions of the Chairman of the Board of Directors and the Chief Executive Officer within the entities of Crédit Mutuel Alliance Fédérale are exercised on a voluntary basis as of that date.

The compensation received by both corporate officers is detailed in the tables below.

During the fiscal year, they also benefited from the group's collective insurance and supplementary pension plans.

On the other hand, the two corporate officers of Caisse Fédérale de Crédit Mutuel did not benefit from any other specific variable compensation, in accordance with the principles of the compensation policy of Crédit Mutuel Alliance Fédérale.

No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or the CIC was allocated to them. In addition, they do not receive attendance fees because of their office, whether in group companies or in other companies, but because of their functions within the group.

The group's key executives may hold assets or loans with the group's banks, under the conditions offered to all employees.

As of December 31, 2021, only Nicolas Théry held loans of this nature.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2021

2021 <i>(in €)⁽¹⁾</i>	Origin	Fixed portion ⁽²⁾	Variable portion	Benefits in kind ⁽³⁾	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	880,000.08		12,341.94	8,664.24	901,006.26
Daniel Baal	Crédit Mutuel	880,000.05		4,769.40	8,664.24	893,433.72

(1) These are gross amounts corresponding to amounts paid during the fiscal year.

(2) Company cars and/or senior executive insurance policy (GSC).

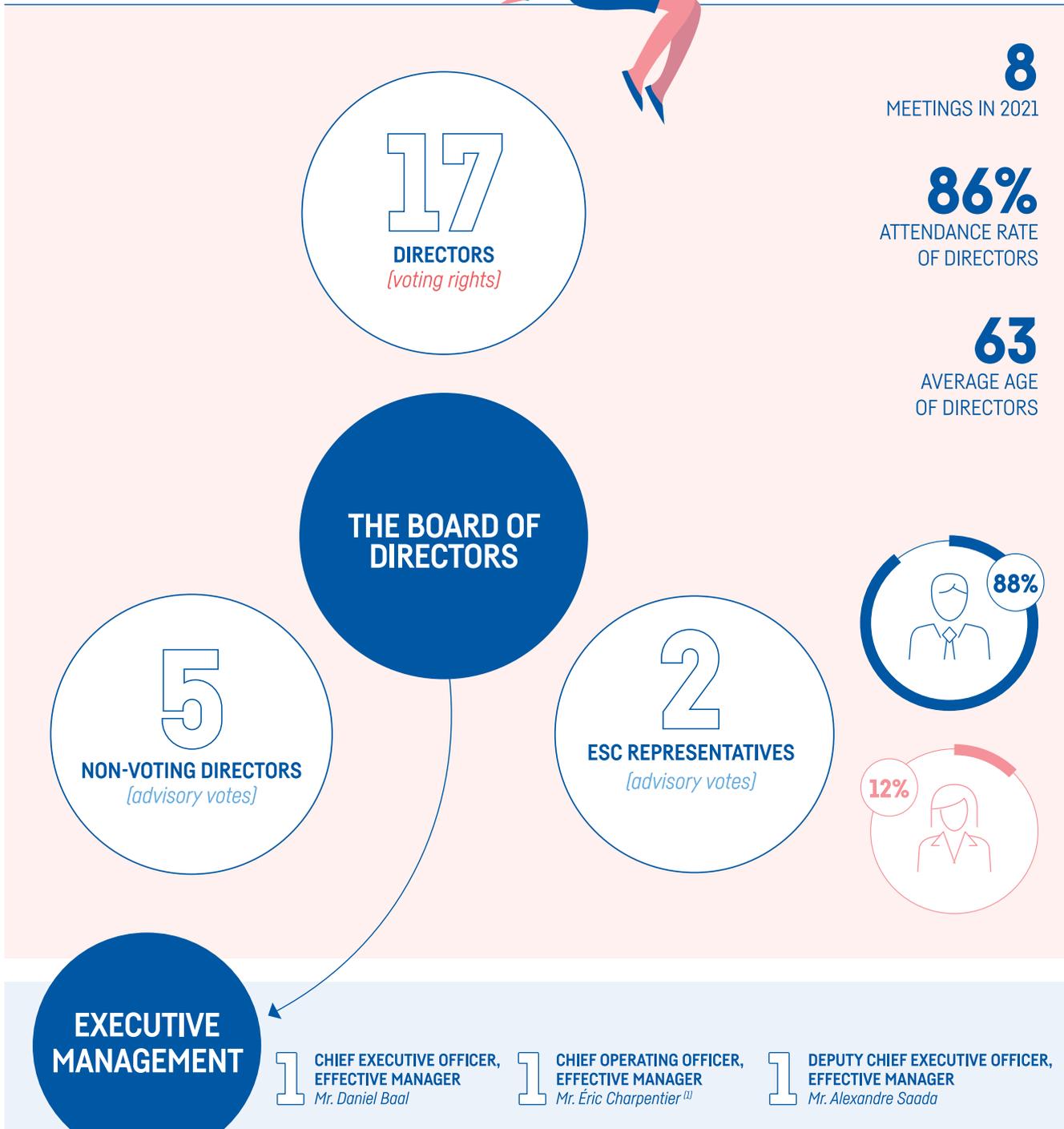
2020 <i>(in €)⁽¹⁾</i>	Origin	Fixed portion ⁽²⁾	Variable portion	Benefits in kind ⁽³⁾	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	836,000.07		11,441.14	9,589.80	857,031.01
Daniel Baal	Crédit Mutuel	836,000.07		3,684.99	9,589.80	849,274.86

(1) These are gross amounts corresponding to amounts paid during the fiscal year.

(2) The difference between the projected envelope in 2020 and the amount paid on the fixed portion is related to a personal decision by the two officers, in connection with the health crisis, to withhold 20% over a three-month period.

(3) Company cars and/or senior executive insurance policy (GSC).

4.2 BFCM – CORPORATE GOVERNANCE REPORT



Scope of attendance rate and average age: director including employee directors. Average age at 12/31/2021
Parity scope: directors excluding employee directors.

[1] Eric Charpentier was appointed on November 25, 2021 effective as of January 1, 2022.

4.2.1 Introduction

The provisions of Article L.225-37 of the French Commercial Code state that the Board of Directors shall present to the Ordinary Shareholders' Meeting a corporate governance report alongside the management report.

In accordance with Articles L.225-37-4 and L.22-10-10 of the French Commercial Code, this report shall include:

- a list of all of the terms and duties exercised in any company by each corporate officer during the fiscal year;
- the composition of the Board and the conditions for the preparation and organization of its work;
- agreements entered into, directly or through an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights of a company and, on the other hand, another company controlled by the former within the meaning of Article L.233-3, with the exception of agreements relating to current transactions and entered into under normal conditions;
- a summary table of the current delegations of authority granted by the Shareholders' Meeting in respect of capital increases, pursuant to Articles L.225-129-1 and L.225-129-2, showing the use made of these delegations during the fiscal year;
- at the time of the first report or in the event of any change, the method elected between the two options for Executive Management provided for in Article L.225-51-1;
- a description of the diversity policy applied to the members of the Board of Directors with regard to criteria such as age, gender or qualifications and professional experience, and a description of the objectives of such a policy, its implementation procedures and the results obtained during the past fiscal year. This description shall be supplemented by information on the manner in which the company seeks a balanced representation of women and men within the committee established, if any, by Executive Management to assist it regularly in the performance of its general duties and on the results in terms of gender balance; in the 10% of positions with the highest level of responsibility; if the company does not apply such a policy, the report shall include an explanation of the reasons for not doing so;
- any restrictions that the Board of Directors may impose on the powers of the Chief Executive Officer;
- where a company voluntarily refers to a Corporate Governance Code drawn up by a professional organization, the provisions that have been disregarded and the reasons why, as well as the place where this code can be consulted, or, in the absence of such a reference to a code, the reasons why the company has decided not to refer to it, as well as, where applicable, the rules adopted in addition to the requirements laid down by law.

As it is not a company whose shares are admitted to trading on a regulated market, Banque Fédérative du Crédit Mutuel does not refer to the Afep-Medef Code.

Banque Fédérative du Crédit Mutuel complies with the corporate governance regulations applicable to credit institutions. In this respect, it is recalled that the European Banking Authority (EBA) has issued guidance on internal governance (EBA/GL/2021/05) as well as guidance on the assessment of the suitability of members of the

management body and holders of key positions (EBA/GL/2021/06) dated July 2, 2021. In its compliance notices of December 7, 2021, the ACPR declared itself compliant with the guidance on internal governance and partially compliant with the guidance on suitability assessment.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

"This notice specifies the paragraphs of EBA guidance EBA/GL/2021/06 with which the ACPR (i) intends to comply: i.e. paragraphs 1 to 162; 164 to 171; 174 to 176; 178 to 207 of the guidance and (ii) therefore expects the aforementioned institutions to comply with those paragraphs.

Indeed, the ACPR does not intend to comply with the provisions of paragraphs 172 and 173 (assessment of the suitability of the heads of internal control functions and of the Chief Financial Officer by the competent authority) as well as paragraphs 163 and 177 (transmission to the competent authority of the results and documentation relating to the internal assessment of the heads of internal control functions and the Chief Financial Officer). This statement does not call into question the procedures already in place, which will continue to apply for the assessment of persons responsible for internal control at approval and in the event of a change of control.

In addition, the ACPR intends to apply the guidelines relating to attendance and the definition of independent members with two interpretative qualifications:

- *the formal independence of the members of the management body and of the members of the Risk Committee and the Appointments Committee does not constitute a criterion of suitability under current French laws and regulations, which would be enforceable in the context of the examination of an individual application. In French law, the implementation of the guidelines cannot therefore result in the rejection on this sole basis of an individual application for "fit and proper" reasons; [...] the ACPR considers the presence of independent members on supervisory bodies and other specialized committees to be good practice and not a legal or regulatory requirement;*
- *as a matter of law, failure to meet one or more of the criteria listed in the guidelines (paragraph 89) does not constitute a presumption that a member is not independent. Non-compliance with these criteria does not exhaust the notion of independence and the analysis of this quality must also take into account other measures, in particular those developed by French institutions within the framework of the laws and regulations in force and which could make it possible to achieve the same objective of independence.*

Pursuant to paragraph (88)(b) of the suitability assessment guidance, the ACPR also intends not to require independent members in relevant institutions that are wholly owned by a relevant institution, and in investment firms that meet the criteria set out in Article 32(4)(a) of Directive 2019/2034/EU or other criteria laid down by a relevant Member State in accordance with Article 32(5) and (6) of Directive No 2019/2034/EU.

This corporate governance report explains how Banque Fédérative du Crédit Mutuel has implemented the guidelines in accordance with the ACPR Notice and its own interpretation.

The report was also prepared in accordance with Annex I of Delegated Regulation 2019/980 of March 14, 2019.

4.2.2 Composition of the management bodies as of December 31, 2021

Presentation of the Board of Directors

	Age ⁽¹⁾	Start of term of office	End of term of office	Committees ⁽²⁾	Attendance at Board
Nicolas THÉRY <i>Chairman</i>	56	2014	2023	GRMC	100%
Philippe TUFFREAU <i>Vice-Chairman</i>	66	2021	2024	/	88%
Jean-Marc BUSNEL <i>Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director</i>	62	2018	2024	/	100%
Gérard CORMORÈCHE <i>Director</i>	64	2001	2022	GAAC	88%
Claude COURTOIS <i>Director</i>	67	2019	2022	/	88%
Philippe GALLIENNE <i>Director</i>	65	2019	2022	Compensation	100%
Charles GERBER <i>Director</i>	67	2020	2023	GAAC	100%
Olivier GUIOT <i>Director</i>	54	2020	2023	/	100%
Elio GUMBS <i>Director</i>	60	2020	2023	/	0%
Nicolas HABERT <i>Director</i>	59	2020	2024	GRMC	100%
Albert MAYER <i>Director</i>	66	2018	2024	/	100%
Bich Van NGO <i>Director</i>	65	2021	2024	GAAC	83%
Ghislaine RAVANEL <i>Director</i>	69	2019	2022	/	75%
Thierry REBOULET <i>Director</i>	59	2021	2024	GRMC	83%
René SCHWARTZ <i>Director</i>	64	2018	2024	GAAC	100%
Francis SINGLER <i>Director</i>	65	2018	2024	/	88%
Alain TÊTEDOIE <i>Director</i>	57	2007	2024	/	75%
Michel ANDRZEJEWSKI <i>Non-voting director</i>	70	2018	2024	/	75%
Christian GUILBARD <i>Non-voting director</i>	63	2021	2024	/	100%
Jean-Claude LORDELOT <i>Non-voting director</i>	67	2018	2024	GAAC	88%
Christian MULLER <i>Non-voting director</i>	64	2018	2024	/	75%
Jacques SIMON <i>Non-voting director</i>	65	2018	2024	/	100%

(1) Age at 12/31/2021.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Compensation: Compensation Committee – Appointments: Appointments Committee.

During 2021, the terms of office of Michel Vieux and Dominique Trinquet as well as the terms of non-voting directors of David Pascal and Jean-Louis Bazille came to an end.



Other participants

- In accordance with Article L.2312-72 of the French Labor Code, two representatives of the Social and Economic Committee attend the meetings of the Board of Directors in an advisory capacity;

Executive Management

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Alexandre Saada, Deputy Chief Executive Officer and effective manager.

It should be noted that Eric Charpentier was appointed Chief Operating Officer and effective manager on November 25, 2021 effective as of January 1, 2022.

4.2.3 Positions and functions held by the members of the management bodies

Directors

Nicolas Théry

Born on December 22, 1965

Nationality: French

Business address:

4 rue Frédéric Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Nicolas Théry began his career in the financial inspection department in 1989 before joining the treasury department in 1993. From 1997 to 2000, he was an adviser in the office of the Minister of the Economy and Finance in charge of monetary and financial topics and then international and European topics. In 2000, he became director of the Private Office of Florence Parly, Secretary of State for the Budget. From 2000 to 2002, he was Confederal Secretary of the CFDT in charge of economic issues. He helped create the Inter-union Committee for employee savings schemes and the Vigeo rating agency created by Nicole Notat. From 2002 to 2009, he worked at the European Commission as director of cabinet of Pascal Lamy, Commissioner for International Trade, before joining the directorate general for Enterprise and becoming director in the directorate general for the Environment where he worked on climate change. In 2009, he joined Crédit Mutuel after holding various positions within the banking group. He was Chairman and Chief Executive Officer of CIC Est from 2012 to 2016.

Since 2014, he has been Chairman of Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Crédit Industriel et Commercial. Since 2016, he has been Chairman of Confédération Nationale du Crédit Mutuel and Fédération du Crédit Mutuel Centre Est Europe. He also chairs the Supervisory Board of Groupe des Assurances du Crédit Mutuel. Finally, on September 1, 2021, he became Chairman of the French Banking Federation for one year.

Nicolas Théry is a graduate of Science Po Paris and of the École Nationale d'Administration (ENA) – top of the “Liberty, Equality, Fraternity” class – and holds a Master’s Degree in law, economics, management, with a specialization in Business law.

Chairman of the Board of Directors
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2014
Term expires: 2023

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Centre Est Europe

Caisse Fédérale de Crédit Mutuel

Crédit Industriel et Commercial

Banque CIC Est

Assurances du Crédit Mutuel VIE SA

Assurances du Crédit Mutuel VIE SAM

ACM IARD SA

Musée Rodin

Chairman of the Supervisory Board

Groupe des Assurances du Crédit Mutuel

Banque Européenne du Crédit Mutuel

Chairman

Fédération bancaire française – French Banking Federation

Director

Caisse de Crédit Mutuel Strasbourg Vosges

Permanent representative of Groupe des Assurances du Crédit Mutuel, director

ACM GIE

Permanent representative of Fédération du Crédit Mutuel Centre Est Europe, member of the Management Board

Euro-Information

Member

Defense Ethics Committee

Terms of office expired over the past five fiscal years

Member of the Management Board

Euro-Information

Chief Executive Officer

Banque CIC Est

Chairman of the Board of Directors

Banque CIC Nord Ouest

Chairman of the Executive Board

Groupe des Assurances du Crédit Mutuel

Director

TARGOBANK in Spain

Banque Publique d'investissement

Permanent representative of BECM, director

Fédération du Crédit Mutuel Centre Est Europe

Permanent representative of GACM, director

ACM IARD SA



Philippe Tuffreau

Born on May 24, 1955

Nationality: French

Business address:

1, place Molière
49006 Angers

Summary of main areas of expertise and experience

Holder of a Master's degree in Private Law, a post-graduate Degree (DESS) in Juridical Sciences and professional lawyer accreditation, Philippe Tuffreau is Chairman of the Fédération and Caisse Régionale du Crédit Mutuel d'Anjou.

In 1995, he founded Exaequo, a firm specializing in business law. At the same time, he is involved in life at the bar. In 1998, he was elected president of the Bar of Angers for two years. In 2003, he became a member of the French National Bar Council. He was Vice-Chairman of this institution from 2006 to 2008, and became the Chancery's regular contact. Soon after he was promoted Knight of the National Order of Merit and Knight of the Order of the Legion of Honor. From 1995 to 2017, he was Vice-Chairman of the law firm Oratio.

In 1991, he became Chairman of a Crédit Mutuel local bank and held various offices before terminating his office due to his other activities. In 2014, he was appointed Chairman of a Crédit Mutuel local bank before becoming federal director of Crédit Mutuel d'Anjou in 2015 of which he became Chairman in 2017. He has been a confederal director since 2020.

Vice-Chairman of the Board of Directors

First appointed to the Board: 2021

Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Anjou

Caisse Régionale du Crédit Mutuel d'Anjou

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Angers Saint Laud

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

GIEMAT

Multifinancière de l'Anjou

SPL ALTEC

Permanent representative of Caisse Régionale du Crédit Mutuel d'Anjou, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Banque Fédérative du Crédit Mutuel

Non-voting director

Banque Fédérative du Crédit Mutuel

Jean-Marc Busnel

Born on April 25, 1959

Nationality: French

Business address:

43 boulevard Volney
53083 Laval

Summary of main areas of expertise and experience

Jean-Marc Busnel holds a Post-graduate Degree (DESS) in Business Administration and Management. He began his career with ACOME as a technician and then as a senior manager in 1980. He then held various positions from operations director (2002) to industry, purchasing and supply chain director (2008) before becoming branch director (2015) and then industrial director (2018) before retiring in 2021.

In 1994, he was elected director of the Crédit Mutuel de Saint Hilaire du Harcouët local bank. Today, he holds offices at the local level as well as at the federal and confederal levels. Since 2018, he has been Chairman of Caisse Fédérale and Fédération du Crédit Mutuel de Maine-Anjou Basse-Normandie.

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
First appointed to the Board: 2018
Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie

Caisse de Crédit Mutuel de Saint-Hilaire du Harcouët

Caisse de Crédit Mutuel Solidaire

Résidence Foyer les Hirondelles

Creavenir

Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Vice-Chairman of the Supervisory Board

SODEREC

Vice-Chairman of the Board of Directors

Union régionale des Scop de l'Ouest

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director

Assurances du Crédit Mutuel VIE SAM

ACM IARD SA

Permanent representative of the Fondation d'entreprise du Crédit Mutuel de Maine-Anjou et Basse-Normandie

Association des résidences Escalys

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

IDEA OPTICAL

Director

ACOME SA



Gérard Cormorèche

Born on July 3, 1957
Nationality: French

Business address:
8 rue Rhin et Danube
69009 Lyon

Summary of main areas of expertise and experience

Holder of an Engineering Degree from the École Supérieure d'Agricultures d'Angers, Gérard Cormorèche is the manager of a cereal and vegetable farm and of CORMORÈCHE SARL specializing in the processing of red beetroot. He was awarded the insignia of Knight of Agricultural Merit in 1999.

In 1993, he was elected Chairman of a local Crédit Mutuel bank. He holds offices within Crédit Mutuel at local, regional and national levels. Since 1995, he has been Chairman of Fédération and Caisse de Crédit Mutuel du Sud-Est. He has also been Chairman of the Board of Directors of Caisse Agricole du Crédit Mutuel since 2004 and Vice-Chairman of CNCM (Confédération Nationale du Crédit Mutuel).

Director

Member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel

First appointed to the Board: 2001

Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel du Sud-Est

Caisse de Crédit Mutuel du Sud-Est

Caisse Agricole Crédit Mutuel (CACM)

CECAMUSE

Caisse de Crédit Mutuel Neuville-sur-Saône

Vice-Chairman of the Board of Directors

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Fédération du Crédit Mutuel Agricole et Rural

MTRL

Assurances du Crédit Mutuel pour l'éducation et la prévention en santé

Director

Caisse Fédérale de Crédit Mutuel

Crédit Industriel et Commercial

Permanent representative of Caisse de Crédit Mutuel du Sud-Est, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

CIC Lyonnaise de Banque

Managing partner

SCEA CORMORÈCHE Jean-Gérard

SARL CORMORÈCHE

Terms of office expired over the past five fiscal years

Non-voting director

Crédit Industriel et Commercial

Claude Courtois

Born on January 6, 1954
Nationality: French

Business address:
494 avenue du Prado
13008 Marseille

Summary of main areas of expertise and experience

A graduate of the École Nationale de Police de Cannes-Ecluse, Claude Courtois has worked as a police inspector in two active services of the French National Police.

In 1998, he was elected member of the Supervisory Board of a local Crédit Mutuel bank. In 2014, he became federal director and Chairman of the Western District of Fédération du Crédit Mutuel Méditerranéen.

Director

First appointed to the Board: 2019

Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Montpellier Antigone

Caisse de Crédit Mutuel Bassin de Thau

Caisse de Crédit Mutuel de Lunel

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Méditerranéen

Director

Caisse Méditerranéenne Financement

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel Frontignan

Director

Caisse de Crédit Mutuel de Perpignan Kennedy

Caisse de Crédit Mutuel de Montpellier Alco

Non-voting director

Banque Fédérative de Crédit Mutuel

Philippe Gallienne

Born on June 17, 1956

Nationality: French

Business address:

17 rue du 11 novembre
14052 Caen

Summary of main areas of expertise and experience

A graduate of the École de Management de Normandie, Philippe Gallienne was partner in charge of the association and social management sector of the Le Havre office of Mazars from 1990 to April 2019.

In 1995, he was elected founding Chairman of Caisse de Crédit Mutuel du Havre Sanvic. In 1998, he became Chairman of Caisse de Crédit Mutuel du Havre Hôtel de Ville and was elected federal director the same year. He was appointed Vice-Chairman of Fédération du Crédit Mutuel de Normandie in 2003 before being appointed Chairman of Fédération and Caisse Régionale du Crédit Mutuel de Normandie in 2019.

Director

Member of the Compensation Committee of Caisse Fédérale de Crédit Mutuel

First appointed to the Board: 2019

Term expires: 2022

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Normandie

Caisse Régionale du Crédit Mutuel Normandie

Caisse de Crédit Mutuel Le Havre Hôtel de Ville

Member of the Supervisory Board

Banque Européenne du Crédit Mutuel

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Permanent representative of Caisse Régionale de Crédit Mutuel de Normandie, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Charles Gerber

Born on June 3, 1954

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate degree in General Mechanics and a diploma in Management and Recruitment from the Comité d'Action Économique du Haut-Rhin, Charles Gerber began his career as a master sergeant in the French army. He then worked for 10 years in the mechanical field, for 20 years as manager of a production site and for 10 years as manager of high volume purchasing at the same company before retiring in 2009. In 1991 he was first appointed member of the Board of Directors of a Crédit Mutuel local bank, before being appointed Chairman of the Board of Directors in 2012.

Director

Associate member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel

First appointed to the Board: 2020

Term expires: 2023

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel de la Largue

Director and Chairman of the District of Altkirch-St-Louis

Fédération du Crédit Mutuel Centre Est Europe

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel



Olivier Guiot

Born on July 21, 1967

Nationality: French

Business address:

61 rue Blatin
63000 Clermont-Ferrand

Summary of main areas of expertise and experience

Holder of a technical proficiency certificate in Accounting, Olivier Guiot worked as a logistics technician before he was elected mayor of the municipality of Saint-Hilaire in the Allier department in 2001.

In 1999, he became a director of Fédération du Crédit Mutuel Massif Central. From 2018 to 2020, he was a director on several provisional Boards of Directors (CCM Montferrand, CCM Cebazat, Vice-Chairman of CCM Yzeure). In 2020, he became Chairman of Caisse de Crédit Mutuel d'Yzeure.

Director

First appointed to the Board: 2020

Term expires: 2023

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel d'Yzeure

Director

Fédération du Crédit Mutuel Massif Central

Caisse Régionale du Crédit Mutuel Massif Central

Terms of office expired over the past five fiscal years

Vice-Chairman of the Board of Directors

Caisse de Crédit Mutuel de Moulins

Director

Caisse de Crédit Mutuel de Cebazat

Caisse de Crédit Mutuel de Montferrand

Elio Gumbs

Born on November 23, 1961

Nationality: French

Business address:

Rue du Prof Raymond Garcin
97201 Fort de France

Summary of main areas of expertise and experience

Holder of a DUT in Civil Engineering, Elio Gumbs has been central group head at Electricité de France since 2001. In 1983, he began his career as a technology teacher before joining Electricité de France in 1984. He has been Chairman of a construction company since 2020.

In 2008, he became a director of a Crédit Mutuel local bank and was appointed Chairman in 2017. Since 2005, he has been Vice-Chairman of the Boards of Directors of Fédération and Caisse Régionale de Crédit Mutuel Antilles-Guyane.

Director

First appointed to the Board: 2020

Term expires: 2023

Other offices held as of December 31, 2021

Chairman

Howlite Concept

Chairman of the Board of Directors

Caisse de Crédit Mutuel de Saint-Martin

Vice-Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles-Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Terms of office expired over the past five fiscal years

Nil

Nicolas Habert

Born on April 27, 1962

Nationality: French

Business address:

6 rue de la Tuilerie
31130 Balma

Summary of main areas of expertise and experience

A graduate of ISEP and ESSEC and holder of an Actuarial degree, Nicolas Habert has been an independent consultant with NH Consulting since 2007. He began his career in 1987 at the Banque Nationale de Paris as customer relationship manager before joining Caisse des Dépôts et Consignations in 1989 and then Caisse Centrale de Crédit Mutuel in 1993. From 1988 to 2012 he worked as a part-time trainer for various entities at the training centre for the banking profession and the Purpan engineering school from 1996 to 2007, where he taught management, finance and international commerce.

In 2001, he became a director of a new Crédit Mutuel local bank and was appointed Chairman in 2010. Since 2017, he has been a federal director and Chairman of the Supervisory Board of Cautionnement Mutuel de l'Habitat. In May 2020, he was appointed Chairman of Caisse Régionale and Fédération Crédit Mutuel Midi-Atlantique.

Director
Member of the Group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2020
Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Midi Atlantique

Caisse Régionale du Crédit Mutuel Midi Atlantique

Caisse du Crédit Mutuel de Toulouse Purpan

Chairman of the Supervisory Board

Cautionnement Mutuel de l'Habitat

Director

Caisse Fédérale de Crédit Mutuel

Permanent representative of Caisse Régionale du Crédit Mutuel Midi-Atlantique, director

Assurances du Crédit Mutuel VIE SAM

Permanent representative of Marsovalor, director

Banque CIC Sud Ouest

Non-voting director

Confédération Nationale de Crédit Mutuel

Caisse centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Albert Mayer

Born on September 17, 1955

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Albert Mayer holds certificates of Higher Accounting Studies and has been the Chairman of the firm Albert Mayer Expertise et Audit Comptable since 2009. Albert Mayer has also been a member of the Metz Association of statutory auditors since 1994 and is a legal expert with the Metz Court of Appeal.

In 1993 he was appointed Chairman of a Crédit Mutuel local bank. Since 2018, he has been Chairman of the Saint-Avold District of Fédération du Crédit Mutuel Centre Est Europe.

Director
First appointed to the Board: 2018
Term expires: 2024

Offices held at December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel Freyming Hombourg-Haut

Chairman

Mayer Albert Expertise et Audit Comptable

Director and Chairman of the Saint Avold District

Fédération du Crédit Mutuel Centre Est Europe

Managing partner

Secogem expertise comptable

Pôle d'expertise comptable

Terms of office expired over the past five fiscal years

Nil

Bich Van Ngo

Born on July 21, 1956

Nationality: French

Business address:

18, rue de La Rochefoucauld
75439 Paris

Summary of main areas of expertise and experience

A chartered accountant, with a master's degree in economics from the University of Paris Dauphine and corporate director certification from Sciences-Po Paris, Bich Van Ngo has been Chairwoman and CEO of NGO Audit et Conseil since 2018.

She began her career in 1979 and worked in various groups as Chief Financial Officer and then Chairwoman and Chief Executive Officer. In 1995, she created the accounting and auditing firm Audit et Conseil Europe, which she managed until 2018.

In 2013, she was appointed to the Board of Directors of Caisse de Crédit Mutuel de Verrières le Buisson before becoming its Chairwoman in 2015. She has been a member of the Board of Directors of the Fédération du Crédit Mutuel Île-de-France since 2018, of the Group Auditing and Accounting Committee of Crédit Mutuel Alliance Fédérale since 2020 and of the Board of Directors of Banque Fédérative du Crédit Mutuel since 2021.

Director
Associate member of the Group Auditing and Accounting Committee of Caisse Fédérale de Crédit Mutuel
First appointed to the Board: 2021
Term expires: 2024

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Crédit Mutuel de Verrières le Buisson

Director

Fédération du Crédit Mutuel Île-de-France

Chairwoman – Chief Executive Officer

NGO Audit et conseil

Terms of office expired over the past five fiscal years

Nil

Ghislaine Ravanel

Born on September 30, 1952

Nationality: French

Business address:

99 avenue de Genève
74054 Annecy

Summary of main areas of expertise and experience

A graduate of École Pigier de Nice, Ghislaine Ravanel is mayor of the municipality of Houches. She worked for the Chamonix Town Hall and then for the Communauté de Communes Pays du Mont-Blanc before retiring in 2013.

She has been Chairwoman of a local Crédit Mutuel bank since 2008 as well as Chairwoman of the District Arve/Genevois and member of the Board of Directors of Fédération du Crédit Mutuel Savoie-Mont Blanc since 2017.

Director
First appointed to the Board: 2019
Term expires: 2022

Other offices held as of December 31, 2021

Chairwoman of the Board of Directors

Caisse de Crédit Mutuel de Chamonix

Director and Chairwoman of the District Arve/Genevois

Fédération du Crédit Mutuel Savoie-Mont Blanc

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

Thierry Reboulet

Born on August 3, 1962

Nationality: French

Business address:

130-132 avenue Victor-Hugo
26009 Valence cedex

Summary of main areas of expertise and experience

Holder of a Technology University Degree in Business Management and Administration, Thierry Reboulet served as General Manager of Services at the town hall of Tain l'Hermitage for 17 years (36 years of service).

In 1998 he was appointed Vice-Chairman of a Crédit Mutuel local bank. In 2001, he became a director of Fédération du Crédit Mutuel Dauphiné-Vivarais. He became Chairman of Caisse de Crédit Mutuel de Tain l'Hermitage in 2014. Since 2021, he has chaired the Fédération and Caisse Régionale du Crédit Mutuel Dauphine-Vivarais.

Director

First appointed to the Board: 2021

Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Fédération du Crédit Mutuel Dauphiné-Vivarais

Caisse régionale du Crédit Mutuel Dauphiné-Vivarais

Caisse de Crédit Mutuel Tain l'Hermitage

Permanent representative of Caisse Régionale du Crédit Mutuel Dauphine-Vivarais, director

Assurances du Crédit Mutuel VIE SAM

Non-voting director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse Fédérale du Crédit Mutuel

Terms of office expired over the past five fiscal years

Nil

René Schwartz

Born on January 14, 1957

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of a Masters' degree in law and a DESS in Business Administration, René Schwartz, until his retirement as of June 30, 2019, worked as a lawyer specializing in tax law at the Société Fiduciaire d'Alsace et de Lorraine in Mulhouse.

From 1992 onward, he was elected Chairman of Caisse de Crédit Mutuel du Nouveau Monde in Bollwiller.

Since the end of 2018, he has been Chairman of the Union des Caisses de Crédit Mutuel of the Mulhouse District and a director of Fédération Centre Est Europe and Banque Fédérative du Crédit Mutuel.

Director

Associate member of the Group Auditing and Accounting Committee

of Caisse Fédérale de Crédit Mutuel

First appointed to the Board: 2018

Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel du Nouveau Monde

Director and Chairman of the Mulhouse District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Director

CARPA Mulhouse



Francis Singler

Born on July 18, 1956

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Holder of an Industrial Methods Technician degree, Francis Singler is retired. He spent his career with APF Entreprises Alsace, holding positions as production manager and then IT manager before retiring in 2018.

In 2001, he was appointed director of a local Crédit Mutuel bank. He was Chairman of the training commission for elected representatives of the Sélestat District from 2006 to 2018. Since 2018, he has been Chairman of the Sélestat District of Fédération du Crédit Mutuel Centre Est Europe and Chairman of the Board of Directors of the Ried Centre Alsace bank.

Director

First appointed to the Board: 2018

Term expires: 2024

Other offices held as of December 31, 2021

Chairman of the Board of Directors

Caisse de Crédit Mutuel Ried Centre Alsace

Member of the Supervisory Board

Euro-Information Production

Director and Chairman of the Sélestat District

Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

Nil

Alain Têtedoie

Born on May 16, 1964

Nationality: French

Business address:

10 rue de Rieux
44040 Nantes

Summary of main areas of expertise and experience

A graduate in Horticulture, Alain Têtedoie is Chairman and Chief Executive Officer in the agri-food sector.

In 1991, he became a director of a local Crédit Mutuel bank. He has been Chairman of Fédération and Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest since 2006 and has also been a confederal director since 2004.

Director

First appointed to the Board: 2007

Term expires: 2024

Other offices held as of December 31, 2021

Chairman

Thalie Holding

Chairman of the Board of Directors

Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Caisse régionale du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest

Chairman of the Supervisory Board

Crédit Mutuel Immobilier

Vice-Chairman of the Supervisory Board

Banque Européenne du Crédit Mutuel

Permanent representative of Fédération du Crédit Mutuel de Loire-Atlantique et du Centre-Ouest, Chairman

Investlaco

Director

Confédération Nationale du Crédit Mutuel

Caisse Centrale du Crédit Mutuel

Caisse de Crédit Mutuel de Loire Divatte

Permanent representative of EFSA, director

Banque CIC Ouest

Permanent representative of Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest, director

Assurances du Crédit Mutuel VIE SAM

SODEREC

Representative of Thalie Holding, Chairman

La Fraiseriaie SAS

Representative of Thalie Holding, Managing partner

SCEA La Fraiseriaie

Managing partner

GFA La Fraiseriaie

Non-voting director

Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director

Caisse Fédérale de Crédit Mutuel

Chairman of the Supervisory Board

Centre de Conseil et de Service [CCS]

Group's key executives

Daniel Baal

Born on December 27, 1957

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Daniel Baal began his career in 1979 as a credit records manager at the head office of Banque Fédérative du Crédit Mutuel in Strasbourg and went on to hold various head office and network positions in Strasbourg, Colmar and Mulhouse. In 1995, he became director of commitments at the Southern Regional Division of Caisse Fédérale du Crédit Mutuel Centre Est Europe, then director of Caisse de Crédit Mutuel Mulhouse-Europe in 2001. He was Deputy Chief Executive Officer of Société du Tour de France and director of "cycling" activities for Sport Amaury Organization from 2001 to 2004. In 2004, he became manager of Caisse Fédérale de Crédit Mutuel Centre Est Europe before being appointed Chief Executive Officer of Fédération and Caisse Régionale du Crédit Mutuel Île-de-France. Then, in 2010, he was appointed Deputy Chief Executive Officer of Confédération Nationale du Crédit Mutuel, then Deputy Chief Executive Officer of Crédit Industriel et Commercial in 2014 and Chief Executive Officer of Caisse Centrale de Crédit Mutuel in 2015.

Since 2017, he has been Chief Executive Officer of Caisse Fédérale de Crédit Mutuel, Chief Executive Officer of Banque Fédérative du Crédit Mutuel, Chief Executive Officer of Crédit Industriel et Commercial, Chief Executive Officer of Fédération du Crédit Mutuel Centre Est Europe and a member of the Executive Board of Groupe des Assurances du Crédit Mutuel.

Daniel Baal is a graduate of EDC Paris Business School, majoring in Financial Management.

Chief Executive Officer and effective manager

First appointed: 2017

Term expires: 2023

Other offices held as of December 31, 2021

Chief Executive Officer

Fédération du Crédit Mutuel Centre Est Europe

Caisse Fédérale de Crédit Mutuel

Crédit Industriel et Commercial

Chairman of the Supervisory Board

Cofidis

Cofidis Group

Euro-Information Production

Member of the Executive Board

Groupe des Assurances du Crédit Mutuel

Vice-Chairman of the Board of Directors

Banque de Luxembourg

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors

CIC Sud Ouest

CIC Ouest

Chairman of the Supervisory Board

CIC Iberbanco

Vice-Chairman of the Supervisory Board

Targo Deutschland GmbH

TARGOBANK AG

Targo Management AG

Director

Fivory SA

Fivory SAS

Permanent representative of Caisse Régionale du Crédit Mutuel Île-de-France, member of the Management Board

Euro-Information

Alexandre Saada

Born on September 5, 1965

Nationality: French

Business address:

4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Alexandre Saada began his career in London in 1992 at SG Warburg (merged into UBS Investment Bank in 1995) in the corporate finance department, specializing in the financial institutions sector before working as a managing partner at S Capital from 2002 to 2010. In 2010, he joined Société Générale as head of Mergers & Acquisitions for the financial institutions sector for France and Benelux. In 2015, he became Executive Management advisor and then Chief Financial Officer of Crédit Mutuel Nord Europe.

Since June 2017, he has been Deputy Chief Executive Officer of Banque Fédérative du Crédit Mutuel and Chairman of the Board of Directors of Crédit Mutuel Home Loan SFH. He has also been Chairman of the Board of Directors of CIC Ouest since 2018 and director of the "Finance Division" of Crédit Mutuel Alliance Fédérale since 2021.

Alexandre Saada is a graduate of Sciences Po Paris (1988 – Economics and Finance section), holds a Master of Science in Management (1987), a DEA in International Economics and Finance (1988) from Université Paris Dauphine and a Master of Science in Finance (1989 – Jean Monnet scholarship) from Lancaster University (UK).

Deputy Chief Executive Officer and effective manager

First appointed: 2018

Term of office with unlimited term

Other offices held as of December 31, 2021

Director, Finance Division

Caisse Fédérale de Crédit Mutuel

Chairman of the Board of Directors

CIC Ouest

Crédit Mutuel Home Loan SFH

Vice-Chairman of the Supervisory Board

Cofidis

Cofidis Group

Permanent representative of BFCM, director

Banque de Tunisie

Member of the Supervisory Board

TARGOBANK AG

Targodeutschland GmbH

Terms of office expired over the past five fiscal years

Permanent representative of Marsovalor, director

Crédit Mutuel Investment Managers

Permanent representative of BFCM, director

Opuntia (LUXE TV) SA

Non-voting director

Cofidis

Cofidis Group

4.2.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

Nil

4.2.5 Preparation and organization of the work of the Board

4.2.5.1 Operation of the Board of Directors

Rules of operation of the Board of Directors

The work of the Board of Directors is governed by Articles 14 to 18 of the articles of association.

Powers of the Board of Directors

The Board of Directors sets the course of the company's business and ensures its implementation. Subject to the powers expressly granted by law to Shareholders' Meetings and within the limits of the corporate purpose, it tackles any issues concerning the smooth running of the company and regulates those matters concerning it *via* its deliberations.

Composition of the Board of Directors

The company is administered by a Board of Directors comprising no fewer than three and no more than 18 members elected for renewable three-year terms, who maybe natural persons or legal entities.

The Board of Directors may appoint non-voting directors for three-year terms. They participate in the deliberations of the Board of Directors in an advisory capacity. They may, by a decision of the majority of non-voting directors present or represented, request a second deliberation by the board.

Age limit

The age limit is set at seventy for directors and seventy-five for non-voting directors. When those ages are reached, terms of office shall end at the Shareholders' Meeting following the date of the birthday for the directors and at the Board meeting following the anniversary date for the non-voting directors.

Cumulative validity with an employment contract

No director shall have an employment contract with the company and its controlled subsidiaries.

Director skills and training

Banque Fédérative du Crédit Mutuel attaches great importance to the skills of its directors. To hold the position of director or non-voting director on Banque Fédérative du Crédit Mutuel's Board of Directors, each candidate must have experience as an elected member and as Chairman or Vice-Chairman of the Board of Directors or Supervisory Board of a Crédit Mutuel local bank, participate in the bodies and work of his Crédit Mutuel district or federation, and take part in the training courses for elected members.

In accordance with the joint guidelines of the European Banking Authority (EBA) and the European Securities and Markets Authority

(ESMA) and the provisions of the French Monetary and Financial Code, and with a view to continuously strengthening governance mechanisms, a new regulatory training program was introduced in 2019.

This course was redesigned and supplemented in 2020 by a skills development plan for Crédit Mutuel Alliance Fédérale's elected members and directors. This plan is centered on four core challenges:

- **skills** necessary for elected members to fulfill roles through training delivered by elected members and employees;
- **diversity** promoted by instructive and digital tools in line with individual professional situations;
- **digitalization** by facilitating and improving training experience while controlling our carbon footprint;
- **the cooperative ecosystem** that mobilizes all stakeholders around a shared plan.

The skills development plan includes a number of courses to support each director in the fundamentals of his or her term of office, and in particular the "Initiation and regulatory training" course designed to support elected members of the umbrella structures, including Banque Fédérative de Crédit Mutuel, in their role, thanks to the support of distance learning. For elected members and directors who are subject to an individual training requirement within a time limit set by a supervisory authority (ACPR/BCE), this course can also be rolled-out or completed remotely in the form of personalized support organized by the training department for elected members. This course is supplemented by periodic training courses and webinars, delivered by senior managers or experts, depending on current events and strategic orientations.

As part of this plan a "Mutualist Bank director" university degree, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg, was created in 2021. The plan enables to train a balanced and diversified class (men/women, age groups, geographic area, experience) of 60 to 70 mutualist elected members per year on the legal, regulatory, strategic and mutualist challenges of a bank director and recognize their expertise through a certified diploma, within a professional context and within their role as director. The first class of 69 mutualist elected members began on October 22, 2021 and will graduate on May 24, 2022.

Conflicts of interest concerning the administrative, management and supervisory bodies

To date, there has been no mention of potential conflicts of interest between the duties of any of the members of the Board of Directors and Executive Management with respect to Banque Fédérative du Crédit Mutuel and its private interests and/or other duties.

Members of the Board of Directors and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. All senior managers, directors and non-voting directors of Banque Fédérative de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale as described in its code of conduct. The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

Service contracts

As of December 31, 2021, there are no service contracts linking any member of the Board of Directors or Executive Management to, and providing benefits to, Banque Fédérative du Crédit Mutuel or any of its subsidiaries.

Statement as to legal and criminal sanctions

During the past five years no member of the Board of Directors has been convicted of fraud, no member of Executive Management has gone into bankruptcy or been associated with a court-ordered protection, receivership or liquidation procedure; and no charge or official public sanction has been upheld against a member of the Board of Directors or Executive Board by statutory or regulatory authorities (including designated professional bodies). Furthermore, during the past five years no member of said Boards has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer of securities or from acting in the management or business dealings of any issuer of securities.

Diversity of the Board of Directors

■ Gender balance

Banque Fédérative du Crédit Mutuel is not subject to the provisions of Article L.225-18-1 of the French Commercial Code. However, Crédit Mutuel Alliance Fédérale aims to increase the number of women members of its supervisory and management bodies.

■ Regional representation

The directors of Banque Fédérative de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

■ Representation of society

The diversity of the directors of Banque Fédérative de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of the customers and society.

■ Strategic plan

The work launched as part of Crédit Mutuel Alliance Fédérale's strategic plan, *ensemble#nouveaumonde, plus vite, plus loin!* (together#today'sworld, faster, further!), reaffirms the group's ambition to strengthen diversity in the composition of its governance, in particular with the objective of achieving equal representation of men and women in management and governance positions.

Independence of directors

Some members of the Board of Directors may be classified as independent after a review of their situation by the Caisse Fédérale de Crédit Mutuel Appointments Committee.

This review must verify that there is no relationship between the director and BFCM, whether financial, family or personal.

- More specifically, a director can be classified as independent only if he or she meets the following conditions: he or she has not been a voting or non-voting director of the Board of Directors of a federation, an umbrella banking entity of Crédit Mutuel Alliance Fédérale or the Confederation for more than 12 years;
- He or she has not received an indemnity or compensation, in any form whatsoever (excluding reimbursement of expenses), within the Crédit Mutuel group in excess of an annual amount set in the charter governing the exercise of office of members of the Boards of Crédit Mutuel Alliance Fédérale and in the provisions set forth by Confédération Nationale du Crédit Mutuel.

BFCM has determined the proportion of independent members in accordance with the guidelines of the EBA, which considers the presence of independent members as a good practice and therefore does not impose a number of independent directors.

Under these rules, ten directors, *i.e.* 59%, are considered independent within the Board of Directors of BFCM.

Assessment of the Board of Directors and its committees

Crédit Mutuel Alliance Fédérale umbrella committees conduct an annual assessment of their operations and composition under the responsibility of the Caisse Fédérale de Crédit Mutuel Appointments Committee.

4.2.5.2 Work of the board in 2021

The Board of Directors meets at least four times a year according to a pre-established schedule.

Each item on the agenda has its own separate file or presentation, depending on its size, to better inform the members of the Board. The minutes give a detailed record of deliberations, decisions and votes.

Meeting of February 17, 2021

The Board of Directors meeting of February 17, 2021 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2020;
- update on ALM, interest rate and liquidity risk;
- Group Auditing and Accounting Committee report;
- observations of the statutory auditors;
- report from the Group Risk Monitoring Committee;
- validation of coal, non-conventional hydrocarbon and mobility sectoral policies;
- non-compliance risks: 2020 summary;
- approval of the CIC Marchés body of rules, the Group Treasury body of rules, the emergency liquidity plan and Crédit Mutuel Alliance Fédérale management guidelines;
- approval of the update of the Preventive Recovery Plan;
- report of the Compensation Committee;
- report of the Appointments Committee;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale;
- renewal of authorizations for issues;
- update on merger and acquisition activities;

- update on the activities of the subsidiaries;
- presentation of the parent company and consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2020;
- approval of the parent company and consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2020;
- general operating expenses in 2020 – final figures;
- regulated agreements;
- contribution of BFCM to Crédit Mutuel Alliance Fédérale foundation.

Meeting of April 9, 2021

The Board of Directors meeting of April 9, 2021 focused on the following topics in particular:

- exceptional claims;
- information letter on the code of conduct for Board members;
- report of the Group Auditing and Accounting Committee of March 29, 2021;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- report of the Group Risk Monitoring Committee of March 25, 2021;
- report of the Compensation Committee of April 7, 2021;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Boards of Directors;
- report of the Appointments Committee of March 11, 2021 and April 6, 2021;
- effective management;
- management reports and corporate governance reports;
- preparation and convening of the Ordinary Shareholders' Meeting of May 12, 2021;

Meeting of June 10, 2021

The Board of Directors meeting of June 10, 2021 notably focused on the following topic:

- projected sale of Visa Monde shares by BFCM.

Meeting of June 29, 2021

The Board of Directors meeting of June 29, 2021 notably focused on the following topic:

- convergence of Crédit Mutuel Nord Europe to Crédit Mutuel Alliance Fédérale.

Meeting of July 27, 2021

The Board of Directors meeting of July 27, 2021 focused on the following topics in particular:

- projected sale of FLOA shares by BFCM.

Meeting of July 29, 2021

The Board of Directors meeting of July 29, 2021 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2021;

- presentation of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2021;
- report of the Group Auditing and Accounting Committee of July 26, 2021;
- observations of the statutory auditors;
- report of the Group Risk Monitoring Committee of April 21, June 24 and July 23, 2021: breaches of alert thresholds and limits of the risk appetite framework and exceptional claims;
- relations with regulators;
- risk mapping;
- ICAAP/ILAAP;
- corporate unit limits;
- report of the Appointments Committee of May 19, June 1, July 9 and July 26, 2021;
- report of the Compensation Committee of July 27, 2021;
- Equal Pay Policy;
- approval of Banque Fédérative du Crédit Mutuel consolidated financial statements at June 30, 2021;
- update on merger and acquisition holding activities;
- subsidiaries and equity investments;
- press division;
- appointment of Mr. Philippe TUFFREAU as Vice-Chairman;
- recognition of the resignation of Mr. Jean-Louis Bazille as non-voting director and appointment of Mr. Christian GUILBART as non-voting director;
- renewal of Mr. Jean-Claude LORDELLOT as non-voting director;
- affiliation of a new Crédit Mutuel bank.

Meeting of September 30, 2021

The Board of Directors meeting of September 30, 2021 focused on the following topics in particular:

- transactions related to the convergence of Crédit Mutuel Nord Europe with Crédit Mutuel Alliance Fédérale.

Meeting of November 25, 2021

The Board of Directors meeting of November 25, 2021 focused on the following topics in particular:

- update on press activities;
- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements;
- report of the Group Auditing and Accounting Committee of September 22, 2021;
- summary of the Group Risk Monitoring Committee of September 30, 2021 and November 18, 2021 including: breaches of alert thresholds and limits of the risk appetite framework and exceptional claims;
- summary of relations with regulators;
- validation of the general framework for crisis management and business continuity;
- presentation of Crédit Mutuel Alliance Fédérale's anti-corruption system;
- reports of the Appointments Committee of September 27, October 28 and November 23, 2021;
- report of the Compensation Committee of November 23, 2021;

- validation of the new compensation policy of Crédit Mutuel Alliance Fédérale;
- validation of the charter for the protection and use of personal data of customers and members;
- information on the application for exemption on an individual basis from prudential capital ratio requirements;
- general operating expenses in 2021/general operating expenses budget in 2022;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale;
- external growth/disposals: Information on the sale of Bail Actéa to CCLS;
- subsidiaries and equity investments;
- information on the Extraordinary Shareholders' Meeting of January 6, 2022;
- appointment of a Chief Operating Officer, effective manager;
- renewal of non-voting directors;
- affiliation of a new Crédit Mutuel bank.

4.2.5.3 Regulatory committees of Crédit Mutuel Alliance Fédérale

Since the Banque Fédérative du Crédit Mutuel Board of Directors meeting of November 17, 2017, Banque Fédérative du Crédit Mutuel has been a member of the Appointments and Compensation Committees of Caisse Fédérale de Crédit Mutuel and, more broadly, of all Crédit Mutuel Alliance Fédérale regulatory committees, the umbrella committees of Crédit Mutuel Alliance Fédérale report on their work to the Banque Fédérative du Crédit Mutuel Board of Directors [see Section 4.1.5.3 of the corporate governance report of Caisse Fédérale de Crédit Mutuel relating to the regulatory committees of Caisse Fédérale de Crédit Mutuel].

4.2.5.4 Ethics

Crédit Mutuel Alliance Fédérale's code of conduct was approved in June 2018.

This registration document, which includes all regulatory and legal requirements relating to conduct, reiterates the principles that each entity and employee of the group should abide by in the exercise of their activities. It is part of the group's overall objectives in terms of quality of customer service, integrity and rigor in the processing of transactions and compliance with regulations. It applies to all group entities in France and abroad, in accordance with local regulations.

In particular, the code of conduct contains provisions on preventing conflicts of interests, combating corruption and rules applicable to persons in possession of inside information.

The code of conduct is circulated to all employees and must be consulted by all on the Intranet of each group entity.

This code is supplemented by another code of conduct, which applies to all elected representatives and employees as well as to all Crédit Mutuel Alliance Fédérale entities. Its purpose is to introduce the group's commitments and the resulting rules of behavior in terms of respect for the individual, parity and openness, protection of and respect for the environment, the duty of good management, the duty of confidentiality and data protection, the duty to act in a reserved manner, the duty to educate, conflicts of interest, and the duty to abide by the group's values and regulations.

4.2.5.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-58 of the French Monetary and Financial Code, Banque Fédérative du Crédit Mutuel has opted for the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer. The effective management of the institution is carried out by at least two people and has all the powers attached to it by banking and financial laws and regulations, both internally and with regard to third parties.

Composition of Executive Management

The Executive Management of Banque Fédérative du Crédit Mutuel is composed of:

- Mr. Daniel Baal, Chief Executive Officer and effective manager;
- Mr. Alexandre Saada, Deputy Chief Executive Officer and effective manager.

It should be noted that Eric Charpentier was appointed Chief Executive Officer and effective manager on November 25, 2021 effective from January 1, 2022.

Prerogatives of Executive Management

The articles of association do not provide for any particular limitation on the powers of the effective managers but a decision of the Board of Directors on February 20, 2019 defines the cases in which prior approval by the Board is required, namely, plans to acquire or dispose of equity interests (excluding financial investments) in an amount exceeding €100m.

4.2.6 Compensation principles and rules for the identified individuals (Articles L.511-71 et seq. of the French Monetary and Financial Code)

Banque Fédérative du Crédit Mutuel applies the principles and rules of compensation for identified individuals decided by Caisse Fédérale de Crédit Mutuel, which are presented in its report on corporate governance.

4.2.7 Principles for determining the compensation granted to corporate officers

As part of the implementation of a compensation and termination benefit system within Caisse Fédérale de Crédit Mutuel for the Chairman and Chief Executive Officer, as of June 1, 2019, the Board of Directors of BFCM on February 20, 2019 decided that the terms of office of Chairman of the Board of Directors and Chief Executive Officer would no longer be remunerated as of June 1, 2019.

For the guiding principles, implementation and compensation received, see paragraph 4.1.7 of the Caisse Fédérale de Crédit Mutuel's corporate governance report on the principles for determining the compensation paid to corporate officers.



Since 2018, Crédit Mutuel has been a partner of skipper Ian Lipinsky. In 2021, he sailed the CIC Channel Race, *Les Sables-Horta-les Sables* and the *Transat Jacques Vabre* aboard the Class40 Crédit Mutuel. In November 2022, Ian Lipinsky will sail from Pointe-à-Pitre to Saint Malo during the *Route du Rhum*.



Risks and capital adequacy – Pillar 3

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INTRODUCTION

Pursuant to Article 4.1 of CRBF Regulation No. 2000-03 of September 6, 2000 on consolidated prudential supervision and additional supervision, BFCM, which is included in the consolidation scope of Crédit Mutuel Alliance Fédérale, is not subject to compliance on a sub-consolidated basis with management ratios.

As a result, all the data presented in this chapter relate to the Crédit Mutuel Alliance Fédérale scope.

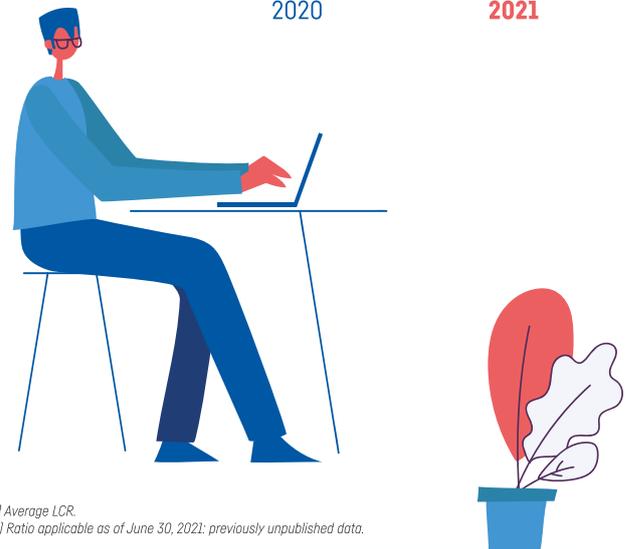
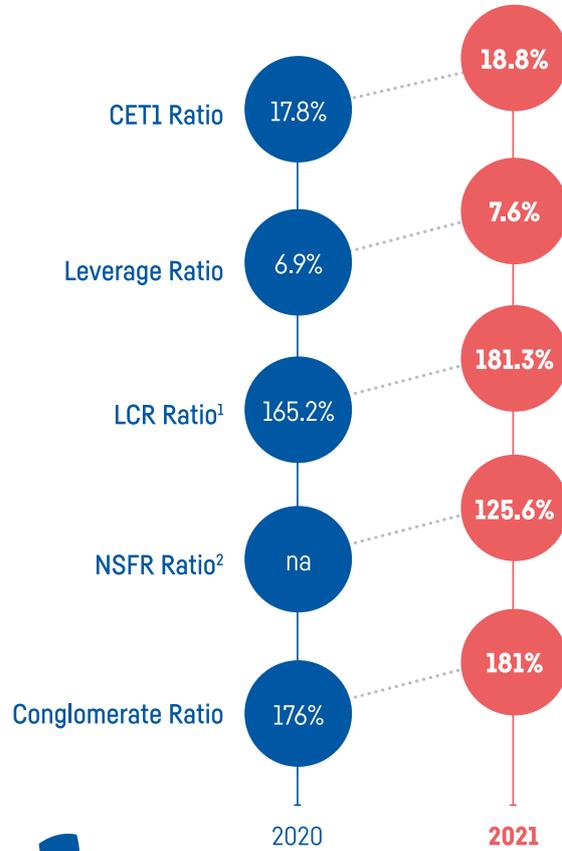
The purpose of Crédit Mutuel Alliance Fédérale's Pillar 3 report is to supply information supplementary to the minimum regulatory requirements concerning capital and risks called for in Pillars 1 and 2 of the Basel Accords, in the form of additional data concerning capital and risks. These supplements meet the guidelines relating to the publication requirements under section 8 of Regulation [EU] No. 575/2013 of June 26, 2013 and Regulation [EU] No. 2019/876 [CRR2] of May 20, 2019, amending Regulation [EU] No. 575/2013.

Crédit Mutuel Alliance Fédérale, through its Pillar 3, provides relevant, consistent and comparable regulatory information to interested parties. This is done in compliance with the five principles laid down by the Basel Committee: clear, comprehensive, relevant information for users, consistent over time and comparable from one bank to another.

Since January 1, 2022, Crédit Mutuel Nord Europe has been affiliated with Crédit Mutuel Alliance Fédérale. Thus, Pillar 3 of Crédit Mutuel Alliance Fédérale, in its capacity of absorbing entity, presents specific and relevant elements relating to CMNE for 2021. In addition, the CMNE Pillar 3 tables for 2021 are published in their entirety on the BFCM website.

Crédit Mutuel Alliance Fédérale is continuing its prudential momentum by strengthening its capital and its ability to withstand any crisis regardless of its origin: financial, economic, health, etc. This is reflected in the constant strengthening of the risk measurement and monitoring system, as evidenced by the items listed in this section on "Pillar 3".

This section includes in particular the disclosures required by IFRS 7 "Financial instrument disclosures" on credit risk, Capital Markets and Asset-Liability Management.



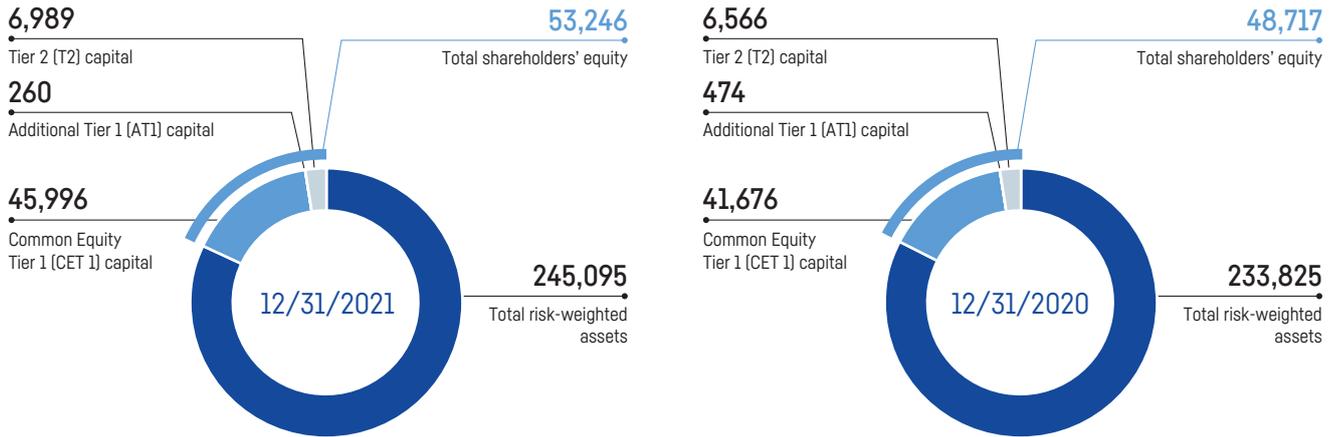
(1) Average LCR.
(2) Ratio applicable as of June 30, 2021; previously unpublished data.

5.1 KEY FIGURES

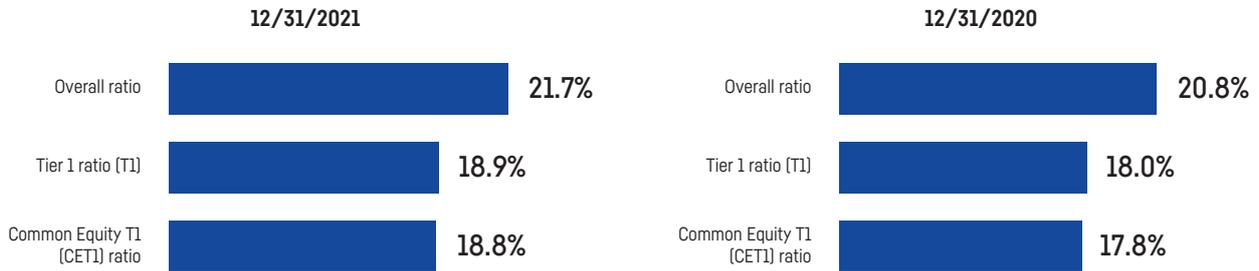
5.1.1 Solvency

Solvency ratio

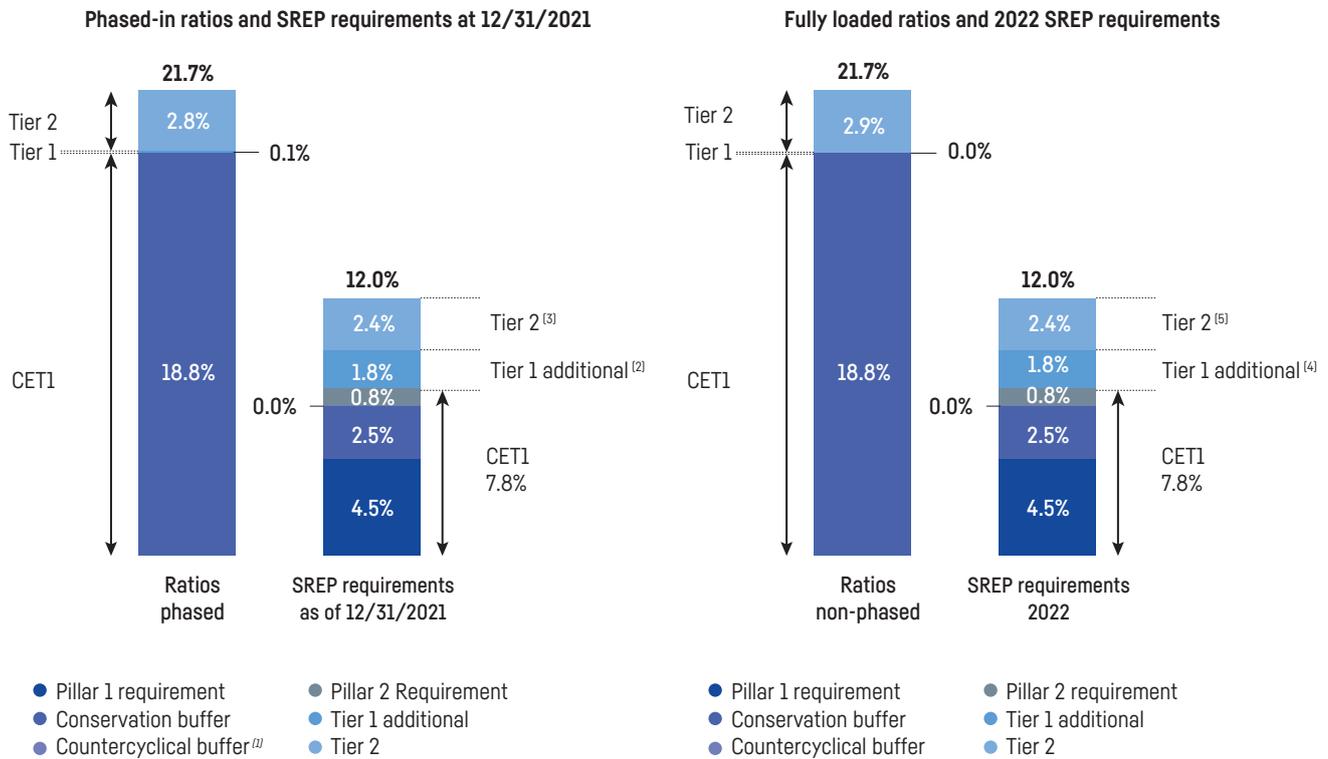
GRAPH 1: REGULATORY CAPITAL AND WEIGHTED RISKS (in € millions)



GRAPH 2: SOLVENCY RATIOS



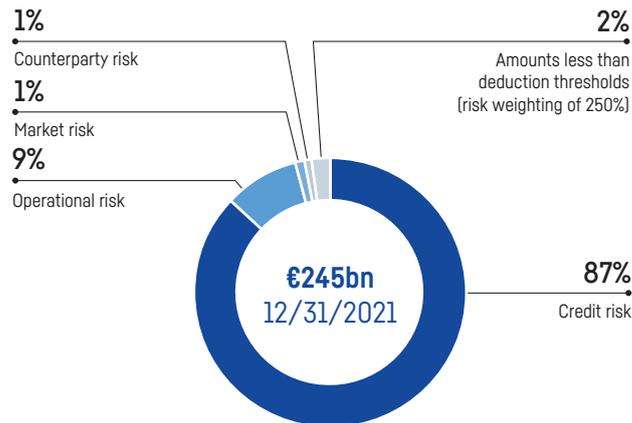
GRAPH 3: REGULATORY REQUIREMENTS AND SOLVENCY RATIOS



[1] according to the decision of HCSF, the BaFin and the BNB to fully release the buffer of counter-cyclical bank shareholders' equity, as a consequence of the crisis related to COVID-19.
[2] of which 0.3% for Pillar 2 Requirement.
[3] of which 0.4% for Pillar 2 Requirement.

[4] Of which 0.3% for Pillar 2 Requirement.
[5] Of which 0.4% for Pillar 2 Requirement.

GRAPH 4: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK (percentage)



Credit risk

CHART 5: EXPOSURE AT DEFAULT (EAD) BY CATEGORY (percentage)

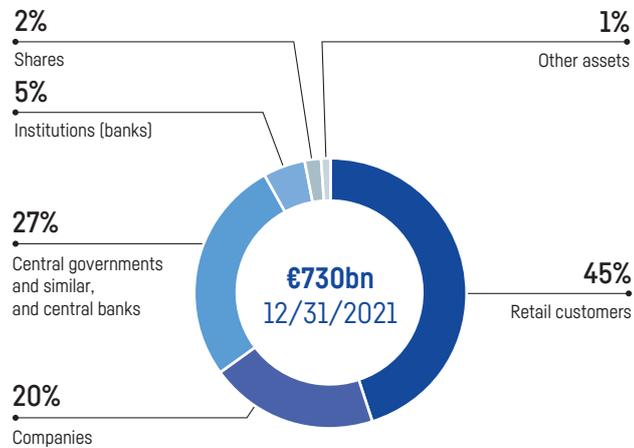


TABLE 1: EXPOSURE AT DEFAULT (EAD BY GEOGRAPHIC AREA) (AMOUNTS)

(in € millions)	12/31/2021	12/31/2020
Europe zone	698,722	651,346
France	606,642	568,717
Germany	38,210	35,092
Other country	53,870	47,537
Rest of World	31,109	25,276
United States	12,900	9,596
Other country*	18,209	15,680
TOTAL EAD	729,831	676,622

Excluding counterparty credit risk and securitization exposure in the banking book.

* FOCUS ON UKRAINE AND RUSSIA

(in € millions) At 12/31/2021	Ukraine			Russia		
	EAD before substitution	Guarantee received ⁽¹⁾	EAD	EAD before substitution	Guarantee received	EAD
Retail customers	5.1	-	5.1	24.6	-	24.6
Corporates	0.0	-	0.0	10.6	-	10.6
Central governments and similar, and central banks	87.1	51.0	36.1	-	-	-
Institutions (banks)	0.4	-	0.4	15.3	-	15.3
Equities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
TOTAL EXPOSURES⁽²⁾	92.7	51.0	41.7	50.5	-	50.5

(1) BPI France counter-guarantee.

(2) Exposures to these two countries represent approximately 0.01% of Crédit Mutuel Alliance Fédérale's total exposures.

CHART 6: EXPOSURE AT DEFAULT (EAD)
BY GEOGRAPHIC AREA (percentage)

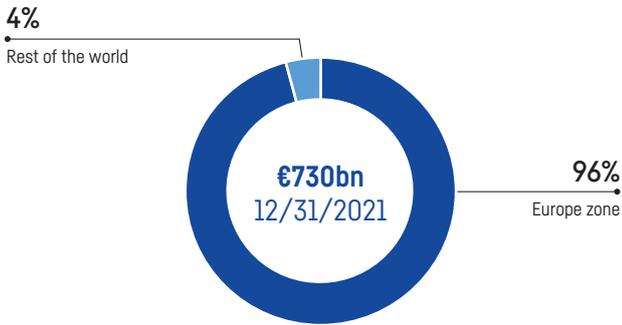
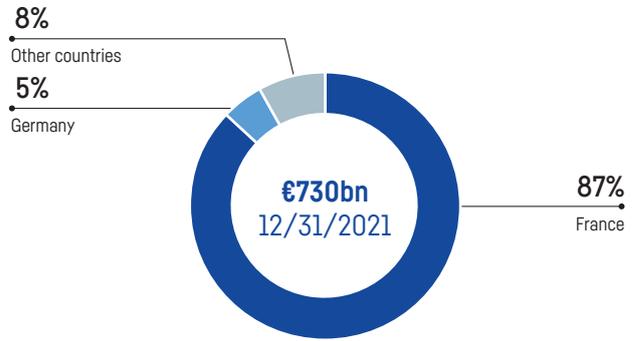
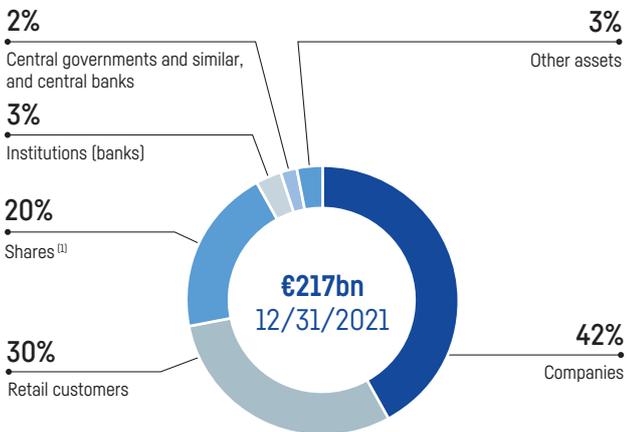


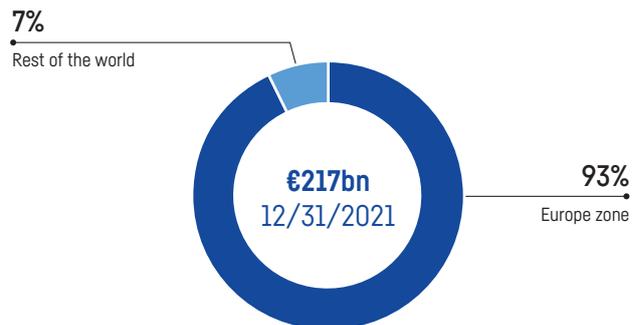
CHART 7: EXPOSURE AT DEFAULT (EAD)
BY GEOGRAPHIC AREA - EUROPE (percentage)



GRAPH 8: RISK-WEIGHTED ASSETS (RWAS)
BY CATEGORY (percentage)

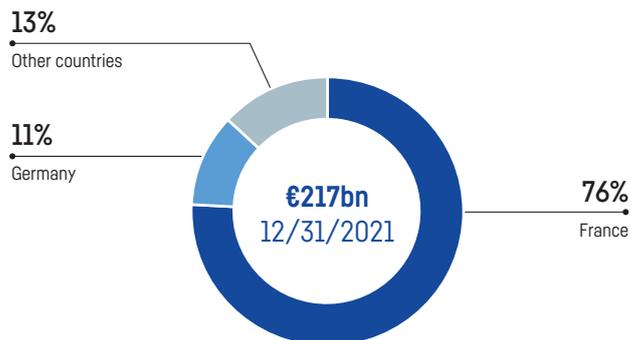


GRAPH 9: RISK-WEIGHTED ASSETS (RWAS)
BY GEOGRAPHIC AREA (percentage)



(1) Including participations in Crédit Mutuel's Insurance companies.

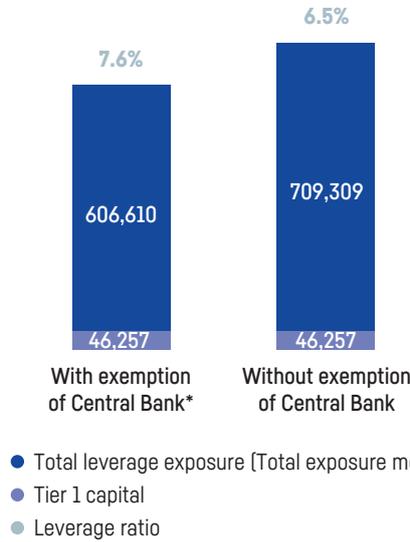
GRAPH 10: RISK-WEIGHTED ASSETS (RWA) BY GEOGRAPHIC AREA - EUROPE (percentage)



Leverage ratio

GRAPH 11: PHASED-IN LEVERAGE RATIOS

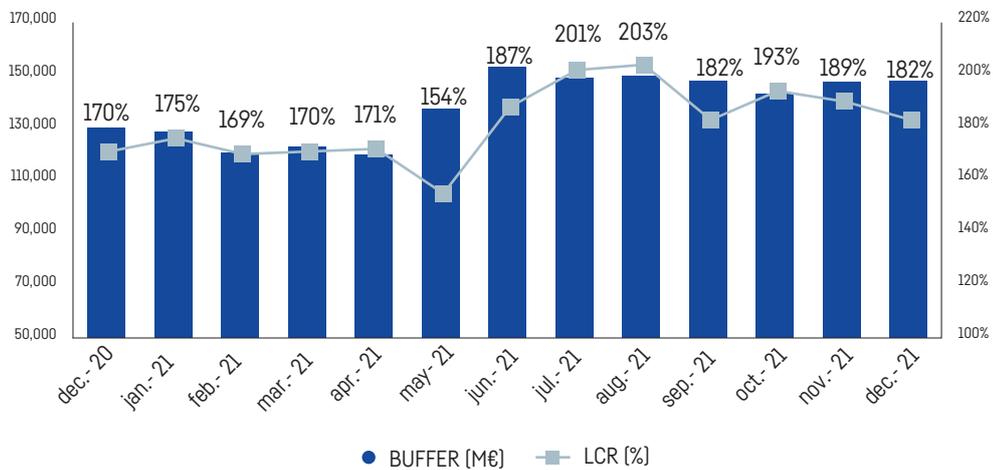
Exposures and shareholders' equity in millions of euros.



* Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 429 bis of the CCR2.

5.1.2 Liquidity

GRAPH 12: CHANGE IN LCR AND LIQUIDITY BUFFER IN 2021

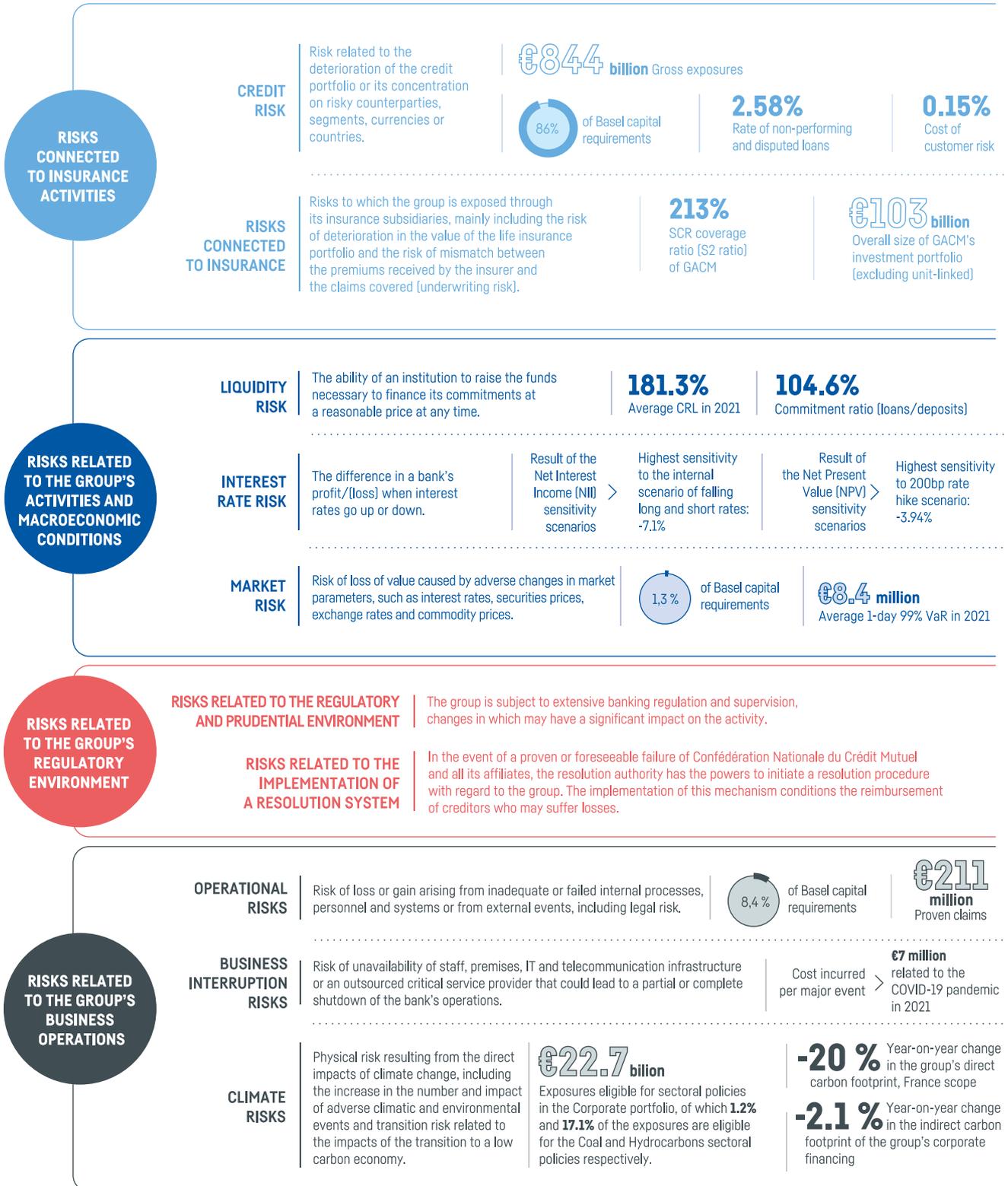


5.1.3 Key indicators (EU KM1)

TABLE 2: KEY INDICATORS OVER THE PAST FIVE QUARTERS

<i>(in € millions)</i>	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
AVAILABLE EQUITY (AMOUNTS)					
Common Equity Tier 1 (CET 1) capital	45,996	43,776	43,799	41,760	41,676
Tier 1 capital	46,257	44,035	44,058	42,018	42,151
Total equity	53,246	50,417	50,482	48,683	48,717
RISK-WEIGHTED EXPOSURE AMOUNTS					
Total risk exposure amount	245,095	240,274	238,853	235,253	233,825
CAPITAL RATIOS (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
Common Equity Tier 1 capital ratio <i>(as a %)</i>	18.8%	18.2%	18.3%	17.8%	17.8%
Tier 1 capital ratio <i>(as a %)</i>	18.9%	18.3%	18.5%	17.9%	18.0%
Total equity ratio <i>(as a %)</i>	21.7%	21.0%	21.1%	20.7%	20.8%
ADDITIONAL SREP CAPITAL REQUIREMENTS (PILLAR 2 REQUIREMENTS AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
Additional capital requirements to address risks other than the risk of excessive leverage <i>(as a %)</i>	1.5%	1.5%	1.5%	1.5%	1.5%
<i>of which: to be met with CET1 capital (percentage points)</i>	0.8%	0.8%	0.8%	0.8%	0.8%
<i>of which: to be met with Tier 1 capital (percentage points)</i>	1.1%	1.1%	1.1%	1.1%	1.1%
Total SREP capital requirements <i>(as a %)</i>	9.5%	9.5%	9.5%	9.5%	9.5%
TOTAL BUFFER REQUIREMENT AND TOTAL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
Capital conservation buffer <i>(as a %)</i>	2.5%	2.5%	2.5%	2.5%	2.5%
Custody buffer resulting from the macroprudential or systemic risk identified in the Member State level <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Institution-specific countercyclical capital buffer <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Systemic risk buffer <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Global systemically important institution buffer <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Other systemically important institution buffer <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Total buffer requirement <i>(as a %)</i>	2.5%	2.5%	2.5%	2.5%	2.5%
Total capital requirements <i>(as a %)</i>	12.0%	12.0%	12.0%	12.0%	12.0%
CET1 capital available after compliance with the total SREP capital requirements <i>(as a %)</i>	6.8%	6.2%	6.3%	5.8%	6.3%
LEVERAGE RATIO					
Total exposure measurement	606,610	586,929	612,938	600,479	603,022
Leverage ratio <i>(as a %)</i>	7.6%	7.5%	7.2%	7.0%	7.0%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
Additional capital requirements to address the risk of excessive leverage <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
<i>of which: to be met with CET1 capital (percentage points)</i>	N/A	N/A	N/A	N/A	N/A
Total SREP leverage ratio requirements <i>(as a %)</i>	3.3%	3.3%	3.3%	N/A	N/A
LEVERAGE RATIO BUFFER REQUIREMENT AND TOTAL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
Leverage ratio buffer requirement <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Overall leverage ratio requirement <i>(as a %)</i>	3.3%	3.3%	3.3%	N/A	N/A
LIQUIDITY COVERAGE RATIO					
Total High Quality Liquid Assets (HQLA) (average weighted value)	138,753	133,584	126,796	122,962	116,765
Cash outflows - Total weighted value	98,000	97,003	96,607	94,843	92,037
Cash inflows - Total weighted value	21,351	21,668	22,255	22,057	21,374
Total net cash outflows (adjusted value)	76,649	75,335	74,352	72,786	70,663
Liquidity coverage ratio <i>(as a %)</i>	181.3%	177.5%	170.7%	169.0%	165.2%
NET STABLE FUNDING RATIO					
Total available stable funding	492,874	456,123	487,646	N/A	N/A
Total required stable funding	392,543	359,651	376,778	N/A	N/A
NSFR ratio <i>(as a %)</i>	125.6%	126.8%	129.4%	N/A	N/A

5.2 RISK FACTORS (EU OVA)



* As a % of gross outstanding customer loans.
GACM: Groupe des Assurances du Crédit Mutuel.
2021 data.

Crédit Mutuel Alliance Fédérale [hereinafter referred to as “the group”] includes all entities in the “regulatory perimeter”, comprising the Crédit Mutuel banks, the federations and Caisse Fédérale de Crédit Mutuel, and the “BFCM consolidated scope”, consisting of Banque Fédérative du Crédit Mutuel and all its subsidiaries.

Crédit Mutuel Alliance Fédérale is exposed to multiple risks associated with its Retail Banking, Insurance, corporate banking and Capital Markets, private banking and private equity. The group has set up a process to identify and measure risks related to its activities which enables it, at least once a year, to prepare the map of its most significant risks. The risk mapping is submitted for approval by the group’s Board of Directors.

CMNE – On January 1, 2022, Crédit Mutuel Nord Europe affiliated with Crédit Mutuel Alliance Fédérale. Given the Business Model and the relatively similar risk profiles between CMNE and Crédit Mutuel Alliance Fédérale, this affiliation is not likely to significantly modify the group’s risk factors and does not call into question the presentation of Crédit Mutuel Alliance Fédérale’s risk factors below.

5.2.1 Risks related to the group’s banking and Insurance

5.2.1.1 Credit risks

Because of its Business Model, Crédit Mutuel Alliance Fédérale’s primary risk is credit risk. Gross exposures (balance sheet, off-balance sheet, derivatives and repurchase agreements) to credit risk represented €844 billion as of December 31, 2021, and mobilized about 86% of the group’s Pillar 1 capital requirements pursuant to the Basel III regulations.

In the context of the COVID-19 pandemic, the support measures of banks and public authorities had the effect of numbing traditional credit risk indicators. For example, business failures fell sharply in France in 2020 and 2021 even though the pandemic led to unprecedented declines in business, or even brought to a halt, certain business sectors, such as hotels and restaurants, with a massive use of loans, particularly in France with State-guaranteed loans (SGLs, representing outstanding amounts of €15.2 billion as of December 31, 2021). The rebound in activity in 2021 has led to bottlenecks in certain sectors, such as the automotive sector due to the semiconductor crisis, while other sectors, such as air transport, are still experiencing a significantly lower level of activity than before the crisis.

Details of exposures by type of counterparty are available in Tables 29 “Performing and non-performing exposures and related provisions – EU CR1” and 27 “Credit quality of loans and advances to non-financial companies by industry – EU CQ5” of Pillar 3.

Taking the consequences of the 2008 crisis on Crédit Mutuel Alliance Fédérale’s financial statements as an example, the current health crisis could have four types of significant impacts on the group’s credit risk exposures.

Russia – Ukraine conflict – After the closing on December 31, 2021, the ongoing conflict between Russia and Ukraine risks causing a shock to the global economy and a slowdown in business. This could increase some of the risk factors described below, in particular those related to macroeconomic conditions and potentially unfavorable market developments as well as cyber security risks. Due to the still uncertain geopolitical, economic, financial and social consequences of this conflict and the uncertainties concerning its spread to the various parts of the global economy, at this stage, it is not possible to estimate the exact impact for the group. Strictly speaking, in terms of risks in Russia and Ukraine, Crédit Mutuel Alliance Fédérale has no direct presence (*via* a subsidiary or joint venture) in these two countries. Overall, the group’s exposure to these countries is extremely limited (see Pillar 3 - Table 1 - “Exposures at default, Zoom on Ukraine and Russia”).

Below are the main factors that can significantly influence the main risks of the group. Major risks are formalized first within each category.

- a. The first impact would be related to the **risk of financial loss due to the inability of counterparties to meet their contractual obligations** (risk of default), especially since the COVID-19 crisis generated massive recourse to debt to cope with sharp drops in activity and cash inflows during periods of containment. The counterparties may be banks, financial institutions, industrial or commercial companies, States, investment funds or natural persons. This risk concerns the financing activities (which therefore appear on the balance sheet of Crédit Mutuel Alliance Fédérale) or guarantee activities (kept off the balance sheet) as well as other activities exposing the group to a risk of counterparty default, notably its activities related to the trading and settlement/delivery of financial instruments on the Capital Markets, and to insurance. As of December 31, 2021, Crédit Mutuel Alliance Fédérale’s rate of non-performing loans and loans in litigation stood at 2.58% (2.91% at the end of 2020) and the cost of risk was €699 million (€2,377 million in 2020). In relation to gross outstanding loans, the cost of customer risk was 0.154% in 2021 (0.468% in 2020). The group has a buffer of provisions on healthy outstandings of €3.6 billion following a significant allocation effort in 2020 (nearly €1.4 billion in allocations), which could prove insufficient if the cost of proven risk exceeded the group’s most pessimistic forecasts. After the 2008 crisis, the group’s non-performing loans’ ratio rose to 4.68% (December 31, 2009), generating a peak in the cost of risk representing 0.77% of gross loans at the time.
- b. The second impact would depend on **the method used for calculating the weighted risks in the denominator of the solvency ratio**. Within Crédit Mutuel Alliance Fédérale, 63% of total exposure to credit risk is subject to internal rating for which the quality determines the calculation of the capital requirements pursuant to the credit risk under the Basel III method and therefore the group’s solvency ratio. A worsening of the ratings for all or part of the portfolio would therefore lead to a deterioration of the group’s solvency. The current pandemic may increase this risk, once again given the increase in the indebtedness of economic agents and the decline in their financial income, which is particularly significant in certain business sectors (for example air transport, leisure activities or hotels and restaurants) to which the group is exposed (see Pillar 3 – Table 27 “EU CQ5”).

- c. Due to the size of its portfolio of real estate loans (51% of net customer loans or around €227 billion as of December 31, 2021), mainly in France, **the group is exposed to a downturn in the real estate market**, the probability of occurrence of which may be increased by the current pandemic (following a fall in demand linked to a deterioration in households' financial situation or a rise in unemployment rate). A scenario of that type would impact the cost of risk through higher defaults and also, in terms of mortgage-backed financing, through a drop in the value of dwellings given as collateral if the real estate market was affected for a considerable period of time. Following the crisis of 2008, the cost of risk on the network's portfolio of property loans reached 0.10% of the balance sheet commitments for two years (2009 and 2010). It was 0.01% of home loans on the balance sheet in 2021 as in 2020. Just before the COVID-19 crisis, this rate reached 0.02% (2019).
- d. Crédit Mutuel Alliance Fédérale has unitary exposure that is relatively high to certain Sovereigns, bank counterparties or large groups, mainly French, some of which have benefited from support measures implemented by public authorities (*i.e.* guaranteed loans). **The default of one or more of the group's largest customers could degrade its profitability.** Concerning Sovereign States (€192 billion in gross exposure at the end of 2021), is principally exposed to France (€162 billion), mainly to the Banque de France (more than €105 billion), member of the eurosystem, and to Caisse des Dépôts et Consignations (€32 billion, equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings). Other than Sovereign States, as of December 31, 2021, single exposures, on- and off-balance sheet, exceeding €300 million (representing less than 10% of the net profit/loss) represented €53 billion to banks for eight counterparties (mainly off-balance sheet on Crédit Logement, which guarantees part of the home loan portfolio) and €37 billion on businesses for 59 counterparties. The probability of several of these counterparties being downgraded or even defaulting simultaneously cannot be ruled out and would affect the profitability of the group.

5.2.1.2 Risks connected to Insurance

Due to its banking and insurance business, which results from its majority holding of nearly 80%^[1] in Groupe des Assurances du Crédit Mutuel (GACM), Crédit Mutuel Alliance Fédérale is subject to additional supervision under Directive 2002/87/EC on financial conglomerates (FICOD). Over recent years, GACM contributed on average to around 25% of Crédit Mutuel Alliance Fédérale's net income and distributes its products through the bank networks to which it pays fees. A major deterioration in GACM's solvency position could require Crédit Mutuel Alliance Fédérale to take action, which could reduce the group's consolidated solvency position. As of December 31, 2021, GACM had a Solvency II ratio (SCR) of 213% (for a regulatory requirement of 100%).

The two main risk factors specific to Insurance are market risk and underwriting risk.

a. Market risk related to Insurance: market risks notably cover interest rate risk connected to savings in euro, equity risk and similar risks, and real estate risk

If there was a sudden hike in rates, the GACM's rate for its euro contracts could be below the market, resulting in the probable loss of some customers. This would necessitate the sale of bonds and the recognition of unrealized losses if redemptions became significant. Conversely, persistently low rates could dilute the rate of return on assets to below the minimum guaranteed rate stipulated in the euro savings contract creating an adverse effect on GACM's profitability.

Furthermore a crash in the equity or real estate market would lead to impairments of euro contract assets. GACM would have to recognize provisions for unrealized losses and would record a decline in financial income.

As of December 31, 2021, market risks accounted for 56% of GACM's SCR. The structure of the investment portfolio (€103.1 billion excluding unit-linked investments) is divided as follows: 77.5% interest rate products, 12.6% equity and equity-like instruments, and 5.9% real estate (the remaining 4% is placed in money-market instruments).

b. Underwriting risk: underwriting risk concerns GACM's personal protection insurance, loan insurance, savings, retirement, non-life and health insurance

The underwriting risk is likely to materialize in the following three situations.

- an unforeseen change in mortality, longevity, disability and invalidity rates would weigh on the personal protection insurance, loan insurance or retirement activities by increasing loss experience and the benefits under these portfolios;
- a massive increase in redemptions (or terminations) compelling GACM to reimburse loan insurance policyholders early or non-life holders changing insurer resulting in lost earnings. As euro-denominated savings contracts have a capital guarantee, the sale of assets at a potentially unfavorable time on the financial markets could result in financial losses;
- the inadequacy of rating or the amount of technical provisions compared to the structure of the losses and costs to be covered could generate a loss of profitability.

As of December 31, 2021, the underwriting risks accounted for 37% of GACM's SCR, of which 15% is connected to life underwriting risk, 13% to health underwriting risk and 9% to non-life underwriting risk.

[1] It should be noted that on January 1, 2022, the integration of Crédit Mutuel Nord Europe into Crédit Mutuel Alliance Fédérale results in Crédit Mutuel Alliance Fédérale owing nearly 90% of GACM.

5.2.2 Risks related to the group's activities and macroeconomic conditions

Financial risks related to the macroeconomic and market environment are defined as risks related to the changes in market conditions and in particular those affecting income, price levels and the macroeconomic environment such as the existing or anticipated economic environment.

5.2.2.1 Liquidity risk

Liquidity risk means the capacity for a bank to find the funds necessary for financing its commitments at a reasonable price at any time. Thus, a credit institution which is unable to honor its net outflows of cash because of a scarcity of its financial resources in the short-, medium- and long-term has a liquidity risk.

The COVID-19 pandemic has created an unprecedented market situation that has required exceptional measures by European and national authorities. Within the context of liquidity risk, these measures have increased the spread of liquidity in the banking sector. In addition, the increased amount of deposits recorded in the French banking system and at Crédit Mutuel Alliance Fédérale linked to precautionary savings by retail and corporate customers resulted in an increase of the liquidity reserve and the level of LCR. This situation continued throughout 2021 and is still reflected in the levels of the main indicators. From March 31, 2020 to December 31, 2021, deposits thus increased by €69.2 billion within the Crédit Mutuel Alliance Fédérale scope, *i.e.* an increase of 19% (from March 31, 2020 to December 31, 2020, these deposits increased by €52.9 billion, *i.e.* an increase of 15%).

Crédit Mutuel Alliance Fédérale's liquidity risk can be understood as being the regulatory short-term liquidity coverage ratio (LCR) between highly liquid assets when faced with net outflows of liquidity at 30 days in stress scenarios. Crédit Mutuel Alliance Fédérale's average LCR totals 181.3% over 2021 which represents an excess of €62.1 billion on average compared to minimum regulatory requirements. Crédit Mutuel Alliance Fédérale's liquidity reserve is comprised of deposits with central banks (primarily the ECB), securities and available receivables which are eligible for central bank refinancing. It amounted to €190.6 billion as of December 31, 2021. 2021 also saw the entry into force of the NSFR (Net Stable Fund Ratio), which shows the transformation of an institution over one year. As of December 31, 2021, Crédit Mutuel Alliance Fédérale's NSFR stood at 125.6% with a stable surplus of resources of €100.3 billion.

The loan-to-deposit ratio or commitment ratio is an accounting indicator, not a regulatory indicator, but complements the series of liquidity indicators. This indicator reached a level of 104.6% as of December 31, 2021.

- a. Crédit Mutuel Alliance Fédérale's access to financing and the costs of this financing could be adversely impacted by sharp downturns in the market, major macroeconomic difficulties, a sudden deterioration in rating or other crisis factors.**

Short-, medium- and long-term market funds are an essential component for financing Crédit Mutuel Alliance Fédérale's business activities. Financing involves the issuance of medium- and long-term debt and short-term negotiable debt instruments (TCN). Guaranteed financing operations such as repurchase agreements are also involved. Thus if market access and market conditions severely deteriorated, the impacts on the financial sector in general and on Crédit Mutuel Alliance Fédérale in particular could significantly impact the level of its liquidity and the group's financial situation, particularly in terms of profitability.

- b. A significant deterioration in BFCM's rating could have a significant impact on Crédit Mutuel Alliance Fédérale's capacity to develop business.**

BFCM is the main Issuer of Crédit Mutuel Alliance Fédérale, and as such carries the ratings on behalf of the group. The ratings are based in particular on the review of governance, strategy, quality and diversity of revenue sources, capital adequacy, balance sheet quality and structure, risk management and appetite for risk. As of December 31, 2021 BFCM's Senior Preferred ratings were AA-stable with Fitch, Aa3 stable with Moody's and A + stable with Standard & Poor's (the latter agency rates the Crédit Mutuel group and its main issuers).

Accordingly, a decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale. This situation could limit access to refinancing, increase costs through the increase in credit spread, trigger obligations in certain bilateral contracts and collateralized financing agreements, and ultimately diminish the group's ability to expand.

- c. A significant "change/variation" in interest rates could have an adverse impact on customer behavior and affect the level of their bank deposits.**

The low interest rate environment that has prevailed for several years has changed customer behavior and the way customers place their deposits. Thus, in recent years customers have opted to deposit their funds on current accounts rather than deposit accounts (passbook accounts, term deposits, etc.) due to unattractive interest rates.

Accordingly, an increase in interest rates could lead to volatility in these current account deposits. Customers could decide to invest them, or place them in other types of account (passbook accounts, term deposits) or in insurance- or asset management-type funds. This potential volatility for deposits could therefore affect Crédit Mutuel Alliance Fédérale's liquidity and its loan/deposit ratio.

- d. The increase in the Banque de France's discounts for pledged securities in TRICP (data processing of private loans, or *Traitement Informatique des Créances Privées*) – or ACC (Additional Credit Claims) – type transactions could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve.**

Crédit Mutuel Alliance Fédérale's liquidity reserve is mainly comprised of overnight deposits with central banks, a portfolio of highly liquid securities and eligible collateral with central banks.

This collateral mainly includes loans whose nature, composition and quality permits them to be pledged and to be eligible for ECB financing. The Banque de France sets a discount rate for each type of receivable which it can revise upwards or downwards at any time.

The upward change in discounts used for pledged securities in TRICP (data processing of private loans, or *Traitement Informatique des Créances Privées*) – or ACC (Additional Credit Claims) – type transactions could reduce the level of Crédit Mutuel Alliance Fédérale's liquidity reserve.

5.2.2.2 Interest rate risk

Interest rate risk is defined as the difference in the profit/(loss) of a bank when interest rates vary upwards or downwards. As the value of an institution is directly related to its earnings, changes in interest rates also mean changes in its asset value with an impact on the balance of on- and off-balance-sheet items.

The exceptional measures implemented by the European and national authorities due to the COVID-19 pandemic will have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and could impact its profitability.

The net present value (or "NPV") sensitivity of Crédit Mutuel Alliance Fédérale's balance sheet, determined according to six regulatory scenarios, is below the 15% threshold for Common Equity Tier 1 capital. Crédit Mutuel Alliance Fédérale is sensitive to an increase in the entire yield curve with a downward sensitivity of the NPV of -3.94% compared to Common Equity Tier 1 capital as of December 31, 2021. The sensitivity of net banking income at one and two years is determined according to several scenarios (increase and decrease of rates by 100 bps., increase and decrease of rates by 200 bps. with a floor) and two stress scenarios (flattening/inversion of the yield curve and a stagnation/inflation shock in short and long rates). The "stagflation with alternative backing" scenario is the most unfavorable scenario for Crédit Mutuel Alliance Fédérale with an impact of -7.11% over two years, *i.e.* - €934 million as of December 31, 2021.

a. A prolonged low interest rate environment could affect Crédit Mutuel Alliance Fédérale's revenues or profitability.

A large portion of Crédit Mutuel Alliance Fédérale's revenues are tied to the net interest margin, which directly impacts the group's profitability. Interest rate fluctuations are caused by a number of factors over which Crédit Mutuel Alliance Fédérale has no control, such as the level of inflation, the monetary policies of States, including that of the French State, in particular the level of regulated rates (Livret A, Livret Bleu passbook savings accounts, etc.). Thus Crédit Mutuel Alliance Fédérale's revenues and profitability are impacted by the changes in interest rates at different points on the yield curve. The low interest rate environment in the markets for several years has significantly impacted the profitability of banks including Crédit Mutuel Alliance Fédérale.

This low interest rate situation will likely persist due to the measures put in place by the ECB in the context of the current crisis. Accordingly, the impact for Crédit Mutuel Alliance Fédérale could be that it may be unable to sufficiently offset the fall in revenues related to granting loans at market levels with the level of interest rates for customer resources and regulated savings

products (Livret A and Livret Bleu passbook savings accounts, PEL (mortgage savings plans)) remunerated at rates above the market rate. This situation is increasing early repayments and renegotiations of real estate loans and other fixed-rate loans to individuals and businesses seeking to benefit from the low interest rates. Crédit Mutuel Alliance Fédérale must also deal with a new production of loans with particularly low rates. Lastly, and in this same context, in order to comply with its regulatory liquidity constraints, Crédit Mutuel Alliance Fédérale must place excess liquidity with the central bank at negative interest rates. Most customers meanwhile are not charged for bank deposits which contributes to reducing the interest margin and the bank's profitability. All these factors could markedly impact the group's activity, financial position and results.

b. Likewise, a sudden hike in short- and medium-long term interest rates (in particular due to inflation) could have a material adverse effect on Crédit Mutuel Alliance Fédérale's net banking income and its profitability.

The end of a prolonged period of low interest rates, particularly from a tightening of monetary policy, brings risks for the banking sector in general, and for Crédit Mutuel Alliance Fédérale in particular. An abrupt rise in these interest rate levels (in particular in relation to an increase in inflation) could have an unfavorable impact on the bank's revenues and profitability. This hike could have a marked impact on the cost of refinancing in the banking sector markets for short- and medium-term debt issues. At the same time, Crédit Mutuel Alliance Fédérale could have difficulty in immediately passing on the interest rate hike to housing loans and other fixed-rate loans granted to individuals and businesses while the cost of customer deposits would tend to increase more rapidly. Some current non-interest bearing demand deposits are volatile and might be turned into more costly deposits (term deposits and passbook accounts for example). A portion of the volatile deposits might also be shifted by investors to off-balance-sheet vehicles such as UCITS and life insurance.

c. Significant changes in the value of the securities portfolios and derivatives used for hedging purposes may have an adverse impact on Crédit Mutuel Alliance Fédérale's net profit and equity.

Indeed, the changes in value of the liquid assets portfolio are recognized at fair value either directly in the income statement or through equity, any unfavorable change could impact equity and consequently Crédit Mutuel Alliance Fédérale's prudential ratios. These value adjustments could also have an impact on the carrying amount of Crédit Mutuel Alliance Fédérale's assets and liabilities, and impact its net profit and equity.

5.2.2.3 Market risks

This is the risk of loss of value caused by any unfavorable change in market parameters such as interest rates, the prices of securities, exchange rates or commodities prices. Market risk concerns activities of several business lines of the bank, including the Capital Market businesses of CIC Marchés subsidiary, the asset-liability management activity and the asset management business of the group's management companies. The impact of market risk on Insurance is described in risk factor 5.2.1.2 connected to Insurance above.

The potential impact of market risk on the ALM business is described above. The risk involving asset management is due to the fact that the fees received by this business line vary with the valuation of the funds under management, which is set by markets.

The main risk factors associated with market risks are:

a. A worsening of economic prospects would negatively affect the financial markets which are supposed to reflect the health of issuers of the capital and debt securities that are traded in them.

The valuation of securities would drop and the volatility of the valuations would increase. The effect on the activities of CIC Marchés would therefore be negative.

The volatility of financial markets may have an unfavorable effect and lead to corrections on risky assets and generate losses for the group. In particular, an increase in volatility levels could make it difficult or costly for the group to hedge certain positions.

The investment business line would suffer from adverse financial market conditions to the extent that this business line, in particular with a view to improving the economy, takes a position on increasing stock market valuations and on a better rating quality of debt issuers.

The results of the commercial business line would also be negatively impacted by poor market conditions. Fees from the brokerage business would drop in proportion to the decline in transaction valuations. Similarly, the number of transactions on the primary market (initial public offers, capital increases and debt issues) would drop, which would translate directly into less fees.

b. Monetary policy is another factor with a strong impact on market risks (cf. the section on interest rate risk above). The ECB's accommodative monetary policy *via* its "asset buyback" component supports the valuation of capital (equities) and debt (bonds) instruments which could result in overvaluation.

The market risk to which the CIC Marchés division is exposed is low. The capital allocated to CIC Marchés is €580 million, which represents 1.1% of Crédit Mutuel Alliance Fédérale's overall regulatory capital (€53 billion). As of December 31, 2021 this amount had been used in the amount of €399.3 million. During the 2021 fiscal year, the historical VaR (one-day, 99%) of the trading book amounted to €8.4 million on average for the group.

The markets recovered during the 2021 fiscal year with a recovery in equity indices and a tightening of credit spreads. CIC Marchés ended 2021 with an IFRS NBI of +€366.4 million and profit before tax of €155.4 million (compared with +€299 million and +€92 million in 2020, respectively).

5.2.3 Risks related to the group's regulatory environment

5.2.3.1 Risks related to the regulatory and prudential environment

Crédit Mutuel Alliance Fédérale's regulatory environment is described in the above dedicated section 2.1.2 "Regulatory environment" of chapter 2. The group is subject to a great many banking regulations, some of which are not reflected in its prudential ratios but could have a significant effect on them. As specified in the risk factor related to credit risk, a large majority of the group's exposures are approved by the supervisor for calculation using the internal risk weighting model. However, changes to the "finalization of Basel III" regulations will adversely impact the calculation of risk weightings and therefore the solvency ratio of the group. The probability of this risk occurring is almost certain but its occurrence would probably occur gradually from 2023 (according to the Basel Committee's timetable). Further, its impact will depend on the how this regulation is actually transposed into national and European law.

a. The finalization of the Basel III agreements specifies that for portfolios with a low risk of default authorized for the IRBA method (notably the internal calculation of the parameters covering probability of default and loss given default), **the internal**

parameter "loss given default" may no longer be used for calculating weighted risk. It will be replaced by a standard value fixed at 40% from January 1, 2023, which will increase the capital requirements on exposures. For the group, this will concern counterparties that are "banks" and "large corporates" (groups having more than €500 million in consolidated revenue), representing about €111 billion of balance-sheet and off-balance-sheet exposure as of December 31, 2021.

b. From 2023 (according to the Basel timetable), **an "output floor" will gradually be put in place, the aim of which is to limit the gains in capital arising from internal models** for calculating risk weightings in the denominator of the solvency ratio. 63% of the group's exposures have a risk weighting taken from internal models (85% for Corporate and Retail customer exposures), most of which are well below the standard weighting. According to the Basel Committee timetable, the application of the output floor will be done gradually between 2023 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio. The timetable and the exact methods of application of the output floor will depend on the transposition of this regulatory measure into national and European law.

- c. As indicated in the risk factor relating to credit risks, the group's exposure to real estate risks is significant. **They will also be adversely impacted by regulations when the new standard method is applied (no earlier than 2023 according to the Basel Committee).** This new approach will use the Loan-To-Value indicator (LTV, the ratio between the amount of the loan and the market value of the property) to weight the risk of exposures. The higher the LTV, the higher the risk weighting, up to 100%, while the weighting in the current standard weighting method for exposures guaranteed by a mortgage or an equivalent surety – *i.e.* €173 billion as of December 31, 2021 – is 35% [and around 14% using the internal method]. This new methodology will also make the capital requirements relating to real estate mortgage portfolios more sensitive to the deterioration in real estate prices.
- d. **Finalization of internal model review missions or TRIM** (Targeted Review of Internal Models) conducted by the European Central Bank (ECB) with European banking institutions **may lead to a deterioration in Crédit Mutuel Alliance Fédérale's CET1 solvency ratio** due to additional requirements on RWAs or additional conservatism on Basel parameters (PD, LGD, CCF). Similarly, the launch of the ECB's new targeted surveys on internal models as part of the implementation of the "IRB Repair" by the European Banking Authority, may also result in a review of the Basel parameters of the internal models and an increase in risk-weighted assets (RWA).

5.2.3.2 Risks related to the implementation of a resolution system

The regulations give the resolution authority the power to start insolvency proceedings in respect of the Crédit Mutuel group if, after applying the measures referred to in Article L.511-31, CNCM, the central body of the group and all its affiliates, is failing, or is likely to fail, with the objective of ensuring critical function continuity, avoiding risks of contagion, recapitalizing or restoring the institution's viability. These powers must be implemented in such a way so that losses, subject to certain exceptions, are borne first by the impairment or conversion of capital instruments, then by holders of Additional Tier 1 and Tier 2 capital instruments, holders or subordinated receivables other than those referred to as Additional Tier 1 or Tier 2 capital instruments in paragraph 5 of Article L.613-30-3 of the French Monetary and Financial Code, then by holders of senior non-preferred bonds and finally by holders of senior preferred bonds in accordance with the priority order of their claims.

The resolution authority has extensive powers to implement the resolution tools for the Issuer, or the Crédit Mutuel group, which may include the total or partial transfer of business to a third party or to a bridge institution, the separation of the institution's assets, the substitution of the Issuer as debtor in respect of debt instruments, the total or partial impairment of regulatory capital instruments, the dilution of regulatory capital instruments through the issuance of new equity securities, the total or partial impairment or conversion of debt instruments into equity securities, the modification of the terms of debt instruments (including the modification of the maturity and/or the amount of interest payable and/or the temporary suspension of payments), the suspension of the listing and admission to trading of financial instruments, the dismissal of executives or the appointment of a special director.

The Issuer is covered by the Crédit Mutuel group's internal financial solidarity mechanism. Repayment, in full, of creditors' loans is subject to the risk of the implementation of said financial solidarity mechanism.

Where the emergency plan or the solidarity measures taken are not sufficient to facilitate the recovery of the central body's affiliates, including the Issuer, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by CNCM would prove insufficient to restore compliance with prudential requirements, the resolution of the Crédit Mutuel group will be determined on a collective basis. In fact, the implementation of the solidarity mechanism is accompanied by the merger of Crédit Mutuel group affiliates.

During phases of proven financial difficulty (*i.e.* when the European Central Bank alerts the Single Resolution Board of the risk of failure ["Failing Or Likely To Fail" FOLTF principle], of the Crédit Mutuel group determined on a consolidated basis, where the Single Resolution Board declares the Crédit Mutuel group FOLTF, on a consolidated basis, in accordance with Article 18.1 of Regulation (EU) 806/2014, known as the "SRMR" or, as provided for in the national solidarity mechanism, when the emergency plan or the measures taken by CNCM within the context of this mechanism are not sufficient to facilitate the recovery of a failing group, or if objective evidence suggests in advance that the implementation of any such emergency plan or measures that may be taken by the Confédération would prove insufficient to restore compliance with prudential requirements), CNCM, at the request of the supervisory or resolution authorities, as appropriate, is fully authorized to fulfill the objectives and principles followed by these authorities in relation to solidarity.

During phases of proven financial difficulty or during the resolution phase, there is unlimited solidarity between CNCM affiliates.

The implementation of these means and powers with regard to the Issuer, or the Crédit Mutuel group, may give rise to significant structural modifications.

Should CNCM be required to merge all its affiliates, creditors could find themselves competing with creditors of the same ranking, of other CNCM affiliates. After the transfer of all or part of the activities, the creditors (even without any impairment or conversion of their loans) would hold loans in an institution whose remaining businesses or assets may be insufficient to satisfy the claims held by all or some of its creditors.

If CNCM has not merged all its affiliates upon commencement of resolution, the resolution authority may consider other resolution strategies (transfer of business, bridge institution, separation of assets, or coordinated "bail-in" of all CNCM affiliates). Should the resolution authority apply a coordinated "bail-in", the liquidity of CNCM affiliates and all capital instruments and eligible liabilities may be used to help offset losses and recapitalize CNCM affiliates. In this event, value reduction measures or the conversion of eligible liabilities would follow the ranking of creditors in a judicial liquidation. The "bail-in" would be based on capital requirements at consolidated level but would be applied on a *pro rata* basis by entity, *i.e.* the same impairment or conversion rate will be applied to all shareholders and creditors of the same class, irrespective of the issuing legal entity within the network.

Exercising the powers described above may result in losses for investors.

5.2.4 Risks related to the group's business operations

5.2.4.1 Operational risks

In accordance with point 52, Article 4 of Regulation (EU) No. 575/2013, operational risk is defined as the risk of loss or gain resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. The Order of November 3, 2014 states that operational risk includes risks from events with a low probability of occurrence but a high impact, risks of internal and external fraud as defined in Article 324 of Regulation (EU) No. 575/2013 cited above, and model risks.

The Order of November 3, 2014 describes model risk as the risk of the potential loss an institution may incur as a consequence of decisions that could be principally based on the output of internal models, due to errors in the development, implementation or use of such models.

Operational risk, thus defined, excludes strategic and reputational risks [image].

The main risk factors associated with operational risks are:

- a. **Internal and external fraud** organized by people inside and outside the group in order to misappropriate funds or data. External fraud represents the greater risks for the group, notably fraud involving means of payment;
- b. **Legal risks** to which the group is exposed and which could have unfavorable effect on its financial situation and its profit/loss;
- c. **Shortcomings or delays by the group in the full compliance** of its activities with the rules related to financial or banking activities, whether they are of a legislative or regulatory nature, professional and ethical standards, instructions or ethics in professional behavior. The adoption by different countries of multiple and sometimes divergent legal or regulatory requirements exacerbates this risk;
- d. **Any failure of, or attack against, the IT systems of the group**, which could cause lost earnings, losses and sporadically weaken the customer protection system.

At the end of 2021, €1.65 billion of capital was allocated to cover the losses generated by this risk. At that same date, the ratio between the allocation of capital (potential loss) and losses (proven loss) stood at eight (representing €1.65 billion of capital allocated for proven loss of €211 million). The main risks of potential loss are (i) fraud (external and internal) and (ii) risks related to the policy towards customers, products and commercial practices [including legal risk].

The risks with the greatest impact on the proven loss ratio in 2021 were (i) the policy for customers, products and commercial practices, (ii) failures in the processing of transactions or management of relations with commercial counterparties and vendors and (iii) fraud.

Fraud represented 18% of the group's proven loss in 2021 (of which 17% for external fraud) and 42% of potential loss (the portion relative to capital requirements for operational risks). Crédit Mutuel Alliance Fédérale's total loss experience (excluding recoveries of insurance, where applicable) accounted for around 1.33% of the group's net banking income in 2021.

5.2.4.2 Business interruption risk

The unavailability of employees, premises or infrastructure could lead to a partial or complete shutdown of Crédit Mutuel Alliance Fédérale's activity, resulting in a decline in its earnings depending on the extent of the shutdown. Similarly, the inability of customers to have access to the services offered by Crédit Mutuel Alliance Fédérale would be detrimental to its financial position. Such circumstances would necessarily entail adjustments to the arrangements for continuation of activity, with resulting additional costs.

After a year in 2020 marked by the start of the COVID-19 pandemic and strong lockdown measures that had an impact on Crédit Mutuel Alliance Fédérale's activities, 2021 also gave rise to various restrictive measures (including lockdown at the beginning of the year, then a return to mandatory remote working at the end of the year).

As an indication, the COVID-19 pandemic resulted in a total operational loss ratio estimated at approximately €26 million, including €7 million for the 2021 fiscal year (note: the method used for recording the loss experience related to the COVID-19 crisis evolved over the course of the pandemic).

5.2.4.3 Climate risks

Climate change exposes Crédit Mutuel Alliance Fédérale to:

- physical risks resulting from natural hazards (100-year floods, storms, hurricanes, tornados, typhoons, earthquakes) and environmental or accidental risks arising from natural hazards (pollution, dam ruptures, major fires, nuclear catastrophes);
 - transition risks that include the risks of transitioning to a low-carbon economy and are sectoral in nature. They are mainly linked to the more or less rapid changes in consumer behavior, Business Models, and the regulatory and tax environment related to climate change.
- a. **Crédit Mutuel Alliance Fédérale's Business Model could be impacted by physical risks resulting in particular in:**
 - impairment and destruction of assets increasing credit risk;
 - a drop in the valuation of debt and financial securities increasing market risk;
 - an increase in claims and associated insurance damages payments increasing the risk related to insurance activities;
 - an increase in claims on the group's infrastructures and/or employees, increasing operational risks.
 - b. **Crédit Mutuel Alliance Fédérale's Business Model could be impacted by transition risks resulting in:**
 - a loss of customers and drop in profitability of companies with Business Models which are too carbon-intensive;
 - a refinancing cost more dependent on non-financial performance;
 - an increase in energy and transport costs;
 - a potential capital surcharge, depending on the carbon taxonomy of the financing and securities in the portfolio.

Crédit Mutuel Alliance Fédérale's sectoral policies make it possible to define a scope of intervention and to set criteria for conducting business in areas where the social and environmental impacts (including climate risks) are the most significant. Monitoring of exposures eligible for sectoral policies, for all corporate, investment and insurance portfolios, provides an initial measurement of the exposures potentially most affected by climate risks. Crédit Mutuel Alliance Fédérale has six sectoral policies: Coal, Mining, Hydrocarbons, Civilian nuclear energy, Defense and Security, Mobility in the air, maritime and road sectors. As of December 31, 2021, €36.2 billion were eligible for sectoral policies (compared to €39.5 billion as of December 31, 2020), of which €22.7 billion in the corporate portfolio. In this portfolio, the share of exposures related to the Coal & Hydrocarbons sectoral policies amounted to 1.18% and 17.09% respectively.

Crédit Mutuel Alliance Fédérale's direct carbon footprint in France (related to the group's energy consumption, refrigerants, vehicle fleet and business travel) decreased by 20% between 2020 and 2021. While the indirect carbon footprint of the financing in its corporate portfolio (measured in tons of CO₂ per million euros lent) decreased by 2.1% between 2020 and 2021. More information on the non-financial performance and climate commitments of Crédit Mutuel Alliance Fédérale is available in chapter 3 dedicated to "Social and Mutualist Responsibility".

5.3 RISK MANAGEMENT (EU OVA & EU OVB)

5.3.1 Risk profile

Crédit Mutuel Alliance Fédérale is a mutualist bank, not listed for trading and owned wholly by its members. It is not on the list of Global Systemically Important Financial Institutions (G-SIFIs)^[1] as of December 31, 2021. Only the Crédit Mutuel group is listed by the ACPR^[2] among the Other Systemically Important Institutions (O-SII), in accordance with Article L.511-41-1 A of the French Monetary and Financial Code.

The group's strategy is based on long-term values which promote controlled, sustainable and profitable growth. Retail Banking is its core business, as demonstrated by the share of credit risk (90% as of December 31, 2020) in its total capital requirements and the importance of the retail book in its total exposures. Crédit Mutuel Alliance Fédérale operates predominantly in France and in neighboring European countries (Germany, Belgium, Luxembourg, Switzerland and Spain).

CMNE – The integration of Fédération du Crédit Mutuel Nord Europe (CMNE) into the scope of Crédit Mutuel Alliance Fédérale in 2022 will strengthen the Retail customer base – which represents 63% of CMNE's total gross exposures, and to neighboring countries, in particular in Belgium where CMNE has a subsidiary (Beobank).

True to its cooperative model, Crédit Mutuel Alliance Fédérale strives to maintain and strengthen its financial stability from which it derives its soundness and durability. Regular allocations to reserves also shore up its financial health. Its Common Equity Tier 1 (CET1) solvency ratio of 18.8%, applying transitional measures, positions it among the safest of European banks.

CMNE – The integration of CMNE, which had a CET1 ratio of 25.1% as of December 31, 2021, will strengthen this positioning.

The group's approach to risk management is designed around its risk profile, its strategy and the appropriate risk management systems.

5.3.2 Risk appetite

Crédit Mutuel Alliance Fédérale's risk appetite framework evolved from the group's desire to have a general framework setting out its core principles with regard to risk. These result from its mutualist character and its choice of retail bank insurance.

In summary, the aim of Crédit Mutuel Alliance Fédérale's risk tolerance policy is to:

- give Executive Management and the Board of Directors an acceptable level of confidence and comfort as regards understanding and management of the full range of risks in line with the achievement of the group's objectives;
- be implemented at all levels within the group so as to provide a comprehensive view and enable best practice to be harmonized;
- identify the potential events likely to affect the group and its risk management.

The policy as to risk tolerance establishes a coherent framework in which the group's various businesses can develop in accordance with the values of Crédit Mutuel. It is intended to promote a strong and proactive culture regarding risk management. It is based on a medium-and long-term view and incorporated into our decision-making processes.

The group's audit, compliance and risk management department monitors and oversees how the risk tolerance principles are applied.

The risk tolerance policy is taken into account when setting the strategic, financial and marketing objectives to benefit our members and customers.

The risk tolerance policy follows from the strategic guidelines set by Executive Management and the Board of Directors. It enables the group to:

- conduct business activities for which it is confident that the risks are adequately understood, controlled and managed;
- aim to achieve a level of profitability within a specified timescale which would not be detrimental to sound risk management;
- present the business lines' and entities' risk profiles with regard to earnings, capital consumption and financing requirements generated;
- identify risks in advance and manage them proactively, always adhering to the company's prudential profile.

Crédit Mutuel Alliance Fédérale has based its risk policy on three main pillars:

- ICAAP (Internal Capital Adequacy Assessment Process). At the conclusion of the risk analysis process, the capital level is deemed to be sufficient to cover the risk exposure. The ICAAP report, prepared in accordance with Confédération Nationale du Crédit Mutuel (CNCM)'s methodology, and the economic capital projections and capital adequacy ratio over a three-year horizon, are updated annually and presented to the Group Risk Committee and the Group Risk Monitoring Committee;

[1] The indicators resulting from QISs dedicated to their identification are published in the group's corporate site in a document entitled "Indicateurs de systémicité" (Systemicity Indicators).

[2] The list of Other Systemically Important Institutions (O-SII) is published on the ACPR site.

- ILAAP (Internal Liquidity Adequacy Assessment Process). Crédit Mutuel Alliance Fédérale's liquidity risk tolerance policy is extremely cautious, with the aim of guaranteeing the re-financing of its activities over the long term; it is monitored by the control committees, the monitoring committees and the operational committees. To identify, measure and manage liquidity risk while meeting the needs of the entities and business lines, the asset-liability management (ALM) and group treasury staff have established management indicators together with warning limits and alert thresholds; the reliability of operating procedures is checked on a regular basis using regulatory and internal stress scenarios;
- a comprehensive limits process. Several limits systems cover the majority of activities and risks, *i.e.* limits on credit risk (unit concentration limits, sector limits, country, sovereign and geographical limits, limits specific to each special-area lending committee, and as regards the network, decentralized limits in each regional group), limits on interest rate, liquidity and ALM risks, limits on Capital Markets (specific limits by business line and set of rules, and exhaustive risk indicators and warning levels).

5.3.3 Risk governance

5.3.3.1 Risk monitoring system

5.3.3.1.1 Risk management function

The risk department of Crédit Mutuel Alliance Fédérale covers the activities of all of its entities, networks, business lines and French and foreign subsidiaries and branches, excluding non-financial activities (press, domestic, etc.). It is responsible for risk management, as defined in the Order of November 3, 2014 concerning the internal control of banking institutions, at the central level of Crédit Mutuel Alliance Fédérale for every organizational unit.

It works closely with the risk department of Confédération Nationale du Crédit Mutuel (CNCM) and with the risk officers appointed in each entity of Crédit Mutuel Alliance Fédérale, pursuant to the procedure defining the role of risk officers.

The risk department is independent of the line managers and is tasked with detecting, measuring, and monitoring risks throughout Crédit Mutuel Alliance Fédérale and with reporting to executive governance and supervisory bodies, in particular Executive Management and the Board of Directors. It forms an integral part of the internal control and risk management system of Crédit Mutuel Alliance Fédérale and relies on the work of the teams from the permanent control and compliance departments, with whom it forms the risk, permanent control and compliance department.

More specifically, the missions and objectives of the risk department are to:

Detect

- Assess the risks, operations, results, level and type of exposure of Crédit Mutuel Alliance Fédérale and its different components, in order to detect major risks and emerging risks, taken individually and on the global scale.
- Collect and process the risk data concerning all of the activities of Crédit Mutuel Alliance Fédérale in France and abroad.
- Have data collection tools with the required granularity level to measure and analyze the risks of Crédit Mutuel Alliance Fédérale.
- Put in place the information collection and receipt channels required in order to detect Crédit Mutuel Alliance Fédérale's risks, including from stakeholders outside the risk department or even outside the group.

- Identify and analyze emerging risks in respect of the structural or economic contexts of the activities, counterparties, sectors or geographic areas concerned.
- Ensure the good quality of the data produced and disseminated, and the implementation of the regulatory BCBS 239 principles regarding risk data management, aggregation and reporting through the defining and deployment of a data quality management framework.

Measure

- Map all the risks to which Crédit Mutuel Alliance Fédérale is exposed, based on the various risks laid down in the regulations and the group's activity, by coupling this with a system for measuring and assessing the probability and magnitude of risks.
- Produce, in coordination with the risk department of CNCM, a risk map assessing the materiality of each group risk, covering the relevant scope.
- Set up a system to measure risks and track indicators for each category of risks (credit, liquidity, interest rate, market, solvency, operational, non-compliance, IT, Insurance, climate, etc.), in line with the risk appetite of Crédit Mutuel Alliance Fédérale.
- Establish a detection system involving early warning (alert threshold and limit) in the event of a breach of the risk appetite of Crédit Mutuel Alliance Fédérale or one of its entities, and define an associated escalation procedure.

Monitor and control

- Track the activities of Crédit Mutuel Alliance Fédérale involving risk-taking and risk exposures, in respect of the group's risk appetite, the risk limits defined, and the ensuing capital and liquidity requirements.
- Monitor Crédit Mutuel Alliance Fédérale's risk appetite and ensure that any overruns of limits are managed in accordance with the escalation procedures in force, including by monitoring the effectiveness of any corrective measures decided to reduce an overrun.
- Ensure that identified risks are effectively monitored, measured and controlled by the operational units and that the risk mitigation measures are properly implemented.

- Ensure that Crédit Mutuel Alliance Fédérale's business is carried out in compliance with the regulations in force in terms of risk management. Where applicable, recommend the necessary changes and monitoring to comply with regulations.

Report and alert

- Produce a risk dashboard at least every three months focused on analyzing the risks that Crédit Mutuel Alliance Fédérale and its different components are facing.
- Steer and coordinate the Risk Committees within executive governance (Group Risk Committee) and supervisory (Group Risk Monitoring Committee) bodies.
- Prepare support material, notes and analyses of major or emerging risks for executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors.
- Notify the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, of all significant risks of which they need to be informed across all Crédit Mutuel Alliance Fédérale entities.
- Alert the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, in the event of malfunctions noted in the context of its risk monitoring mission, in particular when a risk is exceeded alert threshold or appetite limit or when a major risk or exceptional disaster is identified.
- Advise the executive governance and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, on the measures to be considered to further manage or reduce the risks of Crédit Mutuel Alliance Fédérale, in line with the group's risk appetite and strategy.
- Take action as often as necessary to guide decisions that may generate significant risks, particularly during the development of a new activity or strategic change, or even call into question decisions that generate excessive risk-taking and that do not comply with the risk appetite defined by Crédit Mutuel Alliance Fédérale.
- Where appropriate, report any risks deemed highly significant to the Board of Directors of CNCM and ultimately to the supervisory authorities.

Governance

- Define and implement, subject to the Board of Directors' scrutiny and approval, the risk governance framework and management policy of Crédit Mutuel Alliance Fédérale, in particular the risk appetite underpinning the group's indicators and risk limits.
- Steer, in conjunction with the CNCM risk division, the annual procedures making up the prudential supervision and assessment process (SREP) conducted by the ECB, including the risk appetite framework, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP).

- Draft the various regulatory reports on risks, in particular the risk sections of the annual internal control report (RACI), the risk factors and the Pillar 3 report of the group's universal registration document (URD).
- Manage, in coordination with CNCM's risk department, the operational risk management system, and implement the crisis management system and the appropriate Emergency and Business Continuity Plans (EBCP) for the business activities involved.
- Steer, in coordination with CNCM's risk department, the Crédit Mutuel group's Prevention and Recovery Plan (PRP) and the work concerning the group's resolution in respect of the requests of the Single Resolution Board (SRB).
- Ensure, alongside with the human resources department (HR) and the related governance bodies, that Crédit Mutuel Alliance Fédérale's compensation policy complies with applicable regulations – in particular with regard to the management of employee compensation known as "risk takers".
- Coordinate the network of risk correspondents responsible, within the various Crédit Mutuel and Alliance Fédérale entities and structures, for measuring, monitoring and controlling risks.
- Ensure, together with the network of risk correspondents, the dissemination of the risk culture throughout Crédit Mutuel Alliance Fédérale, in particular *via* awareness-raising and training on risk topics, as well as the drafting and sharing of best practices in this area.
- Ensure that the risk department has the sufficient resources, tools and staff to carry out all of the missions described in the charter. If necessary, issue an alert to the executive governance and supervisory bodies.

Moreover, Executive Management has also tasked the risk department with:

- Handling all relations with supervisory authorities (ECB, ACPR, AMF, BDF, etc.) in France and abroad and coordinating the monitoring of audits, supervisory interviews, questionnaires and specific requests as well as the implementation and fulfilment of the recommendations issued;
- Ensuring an economic and prudential watch over all issues relating to the regulatory environment pertaining to banking and Insurance, as well as benchmarks concerning the group's positioning in relation to its main competitors' ranking, changes in strategy and results of major competitors;
- Handling relations with financial and non-financial rating agencies;
- Performing analyses and internal ratings of banks in OECD countries, Covered bonds, insurance companies and local authorities;
- Defining and implement Crédit Mutuel Alliance Fédérale's Social and Mutualist Responsibility (SMR) policy, in particular *via* the development of sectoral policies, the drafting of the Non-Financial Performance Statement (NFPS), and the various work on Environmental, Social and Governance (ESG) issues.

5.3.3.1.2 Management of internal control system

Group Risk Monitoring Committee (GRMC)

It is made up of directors representing all the Crédit Mutuel federations that belong to Caisse Fédérale de Crédit Mutuel. Besides the members appointed by the deliberative bodies, others taking part in the work of the Group Risk Monitoring Committee (GRMC) are: the Chairman of Caisse Fédérale de Crédit Mutuel (committee member), the Chief Executive Officer, the Chief Financial Officer, the Chief Lending Officer and the Chief Risk Officer, permanent control and compliance of Crédit Mutuel Alliance Fédérale.

The GRMC is a specialized committee of the Board of Directors. It assists the supervisory body and issues recommendations aimed at preparing the decisions of the Board of Directors concerning the general risk policy and the risk management thresholds and limits for all entities of Crédit Mutuel Alliance Fédérale. It examines the risks and supervises the work of the risk department and Group Risk Committee (GRC) based on the files and dashboards prepared and presented by the Chief Risk Officer. The Chief Risk Officer prepares the documents, files and performance indicators submitted to the committee for review and leads the meetings. The members of the CSRG have all the sources of information and documentation that they need from the bank auditors, internal and external control staff, the statutory auditors and the finance and risk departments.

The members of the CSRG, assisted by the risk department, report to their respective deliberative body on the information and decisions that come out of their meetings. A report detailing the main monitored risk indicators is presented and discussed at each meeting. The summaries of the Risk committee meetings are sent to the secretaries of the Boards of Directors.

The CSRG met eight times in 2021 (January 13, February 12, March 25, April 21, June 24, July 23, September 30 and November 16). These meetings were the subject of minutes and summaries intended for the supervisory bodies of the different federations.

Group Risk Committee (GRC)

It is chaired by the Chief Executive Officer of Crédit Mutuel Alliance Fédérale and is made up of the group's main senior executives and business managers. The GRC helps the executive body to examine the risks in all banking and non-banking activities of Crédit Mutuel Alliance Fédérale's consolidated scope.

It issues opinions and recommendations aimed at assisting the executive body concerning the general policy of Crédit Mutuel Alliance Fédérale and its risk management thresholds and limits. It examines the risks to which the group is exposed based on the files and dashboards prepared and presented by the Chief Risk Officer and subsequently examined by the GRMC. This independent oversight is based on standardized, periodic reports (risk dashboard) providing exhaustive information on credit risks, market risks, operational risks, interest rate risks, liquidity risks, non-compliance, IT risks, risks related to Social and Mutualist Responsibility and risks related to the group's specialized business lines (Insurance, consumer credit, private banking, factoring, etc.).

The GRC met four times in 2021 (March 22, June 14, September 13 and December 16).

5.3.3.2 Risk management and oversight

5.3.3.2.1 Risk management

Credit risk management is organized into two structures: one focusing on the granting of loans and the other on risk measurement and the monitoring of commitments.

A set of commitments guidelines summarizes the internal procedures of the lending arm of Crédit Mutuel Alliance Fédérale in accordance with applicable statutory, organizational and regulatory provisions. In particular, it describes the credit granting system. It contains appendices relating to Capital Markets and the subsidiaries directly concerned.

A set of guidelines for the measurement and monitoring of credit risk summarizes all internal management rules and practices for the proper management of credit risk within the framework of the regulatory, accounting, statutory and organizational requirements applicable within Crédit Mutuel Alliance Fédérale. It particularly describes the procedures for credit risk measurement and monitoring, the management of at-risk items, reporting and communications.

The management of liquidity and interest rate risks of the group's banks is centralized at the level of the BFCM. Hedges are allocated to the entities concerned, in accordance with their needs. They are no longer authorized to take hedging decisions individually.

Overall measurement of market risk is based on the regulatory framework. Capital Markets are monitored in accordance with procedures that are formally recorded and independent in terms of organization and control.

The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular, the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area.

The risk management of the subsidiaries, Crédit Mutuel Alliance Fédérale's business lines, relies on a network of local risk officers within each entity, including internationally. The role of risk officers is to ensure the appropriate risk management for their entity and to disseminate Crédit Mutuel Alliance Fédérale's risk culture to the business units. They report to their management and the risk department as soon as possible on any risks that meet the significance criterion of their entity or that they deem significant in relation to the activities within their scope.

5.3.3.2.2 Risk monitoring

This is carried out by dedicated, independent teams, which have at their disposal tools designed on the one hand to provide a comprehensive aggregate overview of commitments, and on the other to carry out ongoing monitoring of risk, in particular by means of an advance detection system for anomalies and monitoring of adherence to limits as well as changes in internal ratings.

Information for assessing trends in credit, market, ALM and operational risks is provided regularly to the management bodies and other responsible persons concerned. The risk department is responsible for the general management of the regulatory capital consumed by each activity by reference to the risks incurred and the return obtained.

In this context, it has various regulatory tools used to identify, monitor, control and report on risks: in particular, risk mapping, the risk appetite framework and the system for monitoring alert thresholds and associated limits, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), as well as the preventive recovery plan.

5.3.4 Internal control system

5.3.4.1 General framework

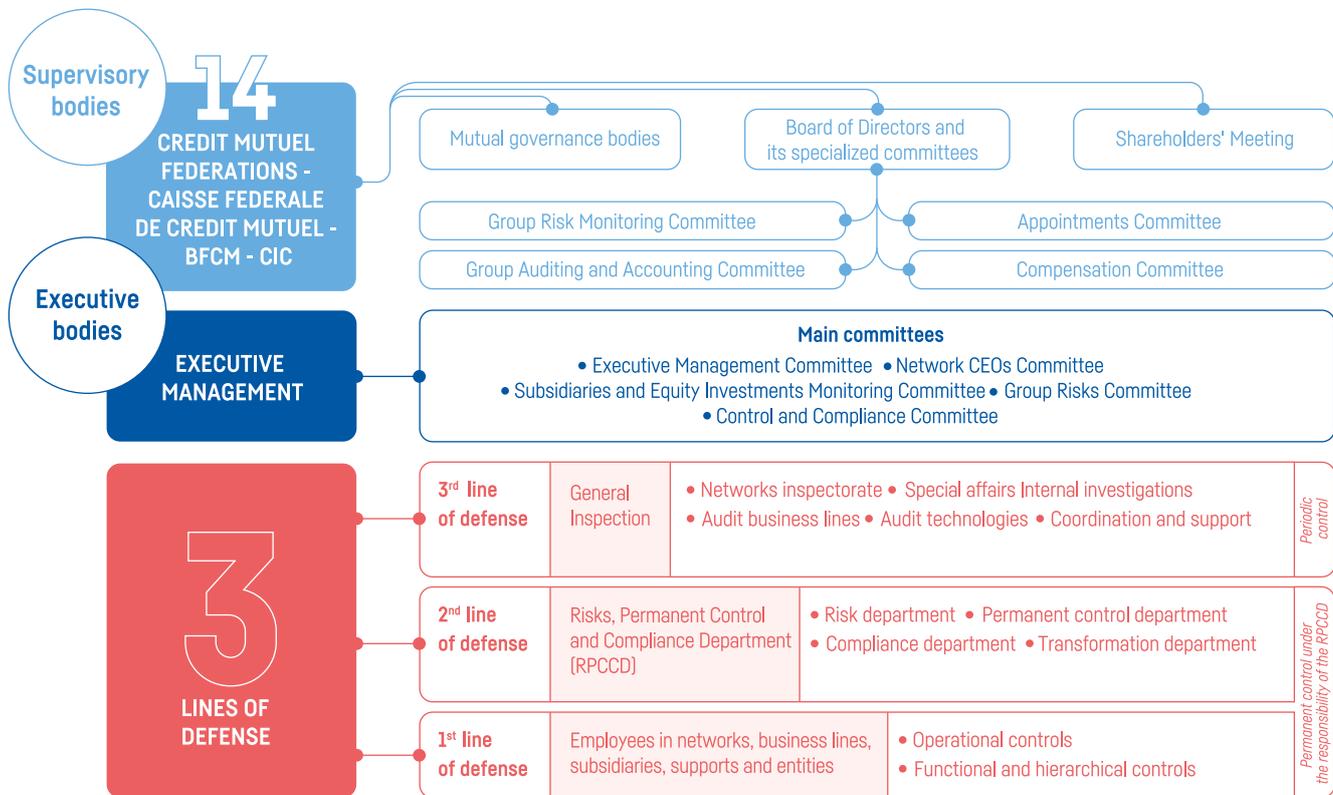
CMNE – As of January 1, 2022, Crédit Mutuel Nord Europe joined Crédit Mutuel Alliance Fédérale. The impact on Crédit Mutuel Alliance Fédérale’s internal control system is very limited insofar as the Business Model and risk profile of the two entities are relatively similar.

At the level of the central internal control functions of Crédit Mutuel Alliance Fédérale, the workforce was increased by the transfer of a few employees from Crédit Mutuel Nord Europe.

As regards the internal control functions of Fédération du Crédit Mutuel Nord Europe and its subsidiaries also part of Crédit Mutuel Alliance Fédérale (in particular Beobank and La Française group), they were already organized in a manner similar to that of the internal control functions of Crédit Mutuel Alliance Fédérale’s other federations and subsidiaries. This makes it easier to integrate them into the group’s general internal control system.

Internal control and risk management are fully integrated into the group’s organization with the aim of ensuring compliance with regulatory requirements and proper risk control and operational security, as well as improved performance.

THE GROUP’S INTERNAL CONTROL AND RISK MONITORING SYSTEM



5.3.4.1.1 Regulatory framework

The principles of internal control and risk monitoring and their application methods are governed by various legislative and regulatory provisions, both French and European, supplemented by international professional standards.

In this respect, the main regulatory text applicable to Crédit Mutuel Alliance Fédérale’s internal control system is the ministerial Order of November 3, 2014 (amended by the Order of February 25, 2021). This order defines the conditions for the implementation and monitoring of internal control in credit institutions and investment companies and transposes into French regulations the requirements of the European Directive 2013/36/EU dated July 26, 2013 (known as the “CRD4 Directive”).

5.3.4.1.2 A shared system

In accordance with the provisions of the in the above-mentioned Order, the group ensures that its internal control system is adapted to its size and operations.

In the same way, it ensures that it is suited to the size of the risks incurred by its activities and that the employees involved in internal control can carry out their work to meet regulatory requirements.

Within the group, the principles governing internal control are reflected in the guidelines issued by Executive Management and rolled out using shared methods and tools that ensure the development of quality standards.

The internal control system is designed in particular to:

- fully cover the full range of the group's banking and insurance operations;
- list, identify, aggregate and track risks on a consolidated basis in a consistent manner;
- communicate clear and reliable information (particularly accounting and financial information), both internally and externally;
- ensure compliance with applicable laws and regulations, internal standards, and instructions and guidelines established by Executive Management;
- ensure the proper operation of internal processes and the safeguarding of assets.

More broadly, the processes in place are aimed at helping to ensure proper control of activities while at the same time improving the effectiveness of processes and organization.

5.3.4.1.3 A structured system

One of the key purposes of the organization is to ensure the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that this system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal and professional standards. To ensure the high quality of its internal control system, the group steers a policy of ongoing improvement, which is also designed to adapt it to regulatory developments.

The identification and control of key risks by means of benchmarks, mapping of controls, and monitoring of risks using appropriate limits, formal procedures and dedicated tools are constant objectives for the group's internal control and risk management departments. Analytical tools and tracking dashboards make it possible to perform regular reviews of the various risks to which the group is exposed, including counterparty, market, asset-liability management and operational risks. In accordance with regulatory requirements, a report on internal control and on risk measurement and monitoring is prepared each year, based on the framework recommended by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and results from the detailed review of the systems.

5.3.4.1.4 An integrated and independent system

In line with the group's values, the control system put in place is designed to develop a prudent and top quality risk management culture throughout the group.

Within this framework, the first level of risk management and control is performed by the operational managers, who are responsible for the

processes they carry out. As the first level of control, operational management is an integral part of the system with responsibility for preventing risk as well as for putting in place the corrective measures designed to correct and prevent the dysfunctions identified.

The group's entities also have a second level of control, identified within dedicated teams. To ensure the necessary independence of these second-level controls, employees assigned to control tasks have no operational responsibilities and report to the central staff departments, which thereby ensures their independent judgment and assessment.

The central staff departments are responsible for defining, overseeing and coordinating all the local and cross-group systems. They organize and supervise the control work. In addition, they use their expertise and independence to help define standard controls.

5.3.4.2 Organization of the system

The process has a threefold objective:

- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to standardize internal control work throughout the group by creating an organization based on standardized methods and tools, and on the same principles of complementarity, subsidiarity and independence of controls;
- to have an overall and transversal view of risks of all kinds to ensure reliable, regular and comprehensive reporting to Executive Management and to the deliberative body.

5.3.4.2.1 Organization of controls

In accordance with the Order of November 3, 2014 (amended by the Order of February 25, 2021), the system has three functions:

- periodic control;
- permanent control;
- compliance.

The last two, which are brought together under a single department (risk management, permanent control and compliance department), are subject to control by the former.

The consistency of the overall system is ensured by the Control and Compliance Committee (CCC), chaired by an effective manager. This Committee itself reports to the Group Auditing and Accounting Committee (GAAC), representing the supervisory bodies of Crédit Mutuel Alliance Fédérale.

To perform their functions, the control departments have permanent and unrestricted access to individuals, premises, hardware, software and information of any kind useful to the performance of their work throughout the group.

Breakdown by type of control

Independently of the controls performed by management teams as part of their operating activities, controls are performed by:

- periodic control staff, for audit-based assignments, carried out under an intervention plan over several fiscal years;
- permanent control staff, for all work of a recurring nature using mainly remote applications;

- compliance staff, in particular for the application of regulations and internal and professional standards including those designed to combat money laundering and financing of terrorism.

The periodic control department is responsible for supervising the overall quality of the internal control system, the effectiveness of risk monitoring and management as well as the sound application of permanent and compliance controls.

Breakdown by business line

The control functions are structured by business line, with teams dedicated to the control of Retail Banking and other teams dedicated to the control of specialized business lines (corporate banking, Capital Markets, asset management, financial services, cash management, etc.), with managers appointed for both at the group level.

A common support unit for the various kinds of control

The periodic control, permanent control and compliance functions are assisted by a common support unit which is responsible for:

- developing the tools and keeping them up to date and in good working order;
- developing the reporting tools required for monitoring control operations and assignments, and centralizing information for the management bodies, at the central and local (regional and subsidiary) levels;
- ensuring that control tools are complementary between the various functions so as to provide optimal cover of group risks.

5.3.4.2.2 Management of internal control system

Group Control and Compliance Committee

The Control and Compliance Committee (CCC) issues opinions, assists and advises the executive body on all matters related to the internal control system comprising the inspectorate and internal audit, permanent control, compliance assurance and risk management functions (in connection with the work of the Group Risk Management Committee).

Chaired by the Chief Executive Officer, the Control and Compliance Committee holds regular meetings with the staff responsible for periodic, permanent and compliance controls and risk management, with the following objectives:

- approving the internal audit plans, and any subsequent adjustments made to them, and examining the results of the assignments carried out and the critical recommendations issued by the General Inspectorate;
- reviewing the summaries of the permanent control and compliance works as well as the recommendations and proposed corrective actions;
- analyzing the summary of relations with supervisors, in particular the results of inspections and interviews conducted by the supervisory authorities;
- alerting the executive body of any major failure identified during an internal or external audit, proposing the implementation of corrective measures and ensure the effective deployment of actions validated by the committee or the executive body;
- monitoring the implementation and closure of recommendations made during internal and external audits;
- ensuring that the actions and missions of the various internal control players complement each other in order to ensure efficiency and overall risk coverage. This complementarity must be implemented through efficient detection, control, monitoring and reporting tools;

- ensuring the adequacy of the internal control system with the regulatory provisions in force, the risk areas identified in the risk mapping and the risk appetite system, as well as with Crédit Mutuel Alliance Fédérale's strategy;
- ensuring the adequacy of the resources and resources of the various internal control functions with regard to their missions;
- adopting the changes governing the organization and missions of the internal control functions represented on this committee as well as the associated framework documents;
- validating any new procedure governing the internal control management system as well as any major changes made to existing procedures;
- deciding on any action or measure aimed at strengthening the internal control system, in particular seeking external advice;
- more generally, taking note of all the topics put on the agenda by its members in connection with its missions.

The CCC reports on its work to the Group Auditing and Accounting Committee (GAAC).

The Control and Compliance Committee met four times in 2021 (March 8, June 8, September 6 and December 6).

Group Auditing and Accounting Committee

In order to meet regulatory requirements and rules of governance, Crédit Mutuel Alliance Fédérale has an Auditing and Accounting Committee. It is composed of voluntary and independent directors from the mutualist base of the group. Several of its members have particular skills in accounting and finance. Executive Management and the heads of the control departments and the finance department attend meetings. Training seminars help members to keep up to date with new developments.

This committee reviews the internal audit plan:

- is informed of the conclusions of inspections carried out by the periodic control function and of the results of the permanent and compliance controls;
- takes due note of the conclusions of external controls, particularly of any recommendations made by the supervisory authorities;
- is informed of actions carried out to give effect to the main recommendations issued in internal and external control reports;
- assesses the effectiveness of the internal control systems;
- receives up-to-date information on the group's risk position;
- proposes to the various deliberative bodies such improvements as it deems necessary in view of the findings of which it has been made aware.

In the area of financial reports, it:

- is responsible for monitoring the process for preparing financial information;
- examines the annual and consolidated financial statements;
- assesses the manner in which they have been drawn up and satisfies itself as to the appropriateness and consistency of the accounting policies and principles applied;
- participates in the selection of statutory auditors;
- supervises the statutory audit of the accounts.

The Group Auditing and Accounting Committee implements a process of self-assessment of its activities, aimed at improving its operations based on past experiences. The last self-assessment was carried out in November 2021.

The Group Auditing and Accounting Committee met five times in 2021 (February 12, March 29, July 26, September 22 and December 2). These meetings were the subject of minutes intended for the deliberative bodies of the different federations.

It also examined the annual financial statements for the year ended December 31, 2021 in its meeting of February 3, 2022 and had no major observations to make.

Compensation Committee

In accordance with Articles L.511-89, 102 and 103 of the French Monetary and Financial Code and 104 of the internal control order, Crédit Mutuel Alliance Fédérale has set up a single Compensation Committee, the scope of which extends to all its subsidiaries. It gives its opinions on the proposals made by the Executive Management after consulting the risk and compliance departments and reviews and approves the compensation policy on an annual basis. This committee also verifies that the principles defined by the deliberative body have been effectively implemented. The Compensation Committee reports regularly on its work to the group's Executive Management.

Group Ethics and Compliance Committee

Created within the scope of consolidation of Crédit Mutuel Alliance Fédérale, this committee has been instrumental in establishing a code of conduct for the group. Each year it draws up a report on the group's implementation of and compliance with ethical principles and the code of conduct.

5.3.4.3 Methods and tools

5.3.4.3.1 Tools

The harmonization of methods and tools for controlling risks was continued. Common tools were developed, which include functionalities dedicated to management.

Periodic control applications

Control assignments are carried out using risk mapping and operational management tools of all kinds, on the basis of common reference systems of control points that are regularly updated. The information required to carry out controls is accessible by consulting the information system applications and decision-making tools.

Software is used for monitoring the implementation of recommendations issued in their audits by the group's various periodic control departments and the supervisory authorities.

Permanent control applications

Permanent controls are performed remotely, essentially by using data from the information system. They supplement the first-level controls which are performed daily by the managers of the operational entities (in particular the managers in the networks of Crédit Mutuel branches and banks) and by regional coordination, support and control functions. They are implemented in the "internal control portals", which structure and plan the various work to be done concerning risk coverage.

The automated detection of cases that raise a "risk alert" according to predetermined malfunction criteria are an essential element in the proper control of credit risk. Other types of controls make it possible to

assess the quality of all types of processing. The analysis of the results obtained, carried out during the control reviews ("supervision") also aims to allocate resources or direct the control missions accordingly.

Compliance applications

Work continued on the implementation of systems for legal and regulatory surveillance and monitoring of compliance risk. The compliance function has its own control areas within the "internal control portals" allowing it to check that regulatory requirements are being applied, in particular with regard to business and professional ethics, protecting customers' interests, performing investment services and combating money laundering and the financing of terrorism.

5.3.4.3.2 Procedures

"Framework procedures" have been defined at the level of the group's central control functions in a number of areas. They are posted on the Group's intranet and are accessible to all employees on a permanent basis. The control applications refer to them and links have been created to facilitate consultation and use.

5.3.4.4 Accounting data and means of control at the group level

The finance department of Crédit Mutuel Alliance Fédérale is in charge of running the general accounts of the Group's main credit institutions and, in this respect, carries out accounting checks.

The preparation of the group's consolidated financial statements and financial communication is also the responsibility of the finance department, which submits them to the Group Auditing and Accounting Committee, then presents them to the deliberative bodies.

5.3.4.4.1 Control of the annual financial statements

The accounting system

The accounting architecture

This is based on an IT platform shared throughout 16 Crédit Mutuel federations and CIC's regional banks, which includes accounting and regulatory functions, in particular for:

- the chart of accounts, the structure of which is identical for all institutions of the same type managed through this platform;
- defining the automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (SURFI, consolidation software input, etc.) and monitoring tools (management control).

The administration of the common accounting information system is entrusted to the "Accounting Procedures and Systems" division.

The latter is more specifically in charge of:

- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- defining shared accounting procedures and systems, in accordance with tax and regulatory requirements; if necessary, the division concerned consults the tax department and the systems are validated by a procedure involving various operational managers.

The “Accounting Procedures and Systems” division is independent, both hierarchically and operationally, from the accounting production services themselves, thus allowing a separation between the functions of design and administration of the accounting architecture and the other operational departments.

Within the group, all accounts are obligatorily allocated to an operational department which is responsible for maintaining and verifying the accounts. The organization and procedures in place make it possible to comply with Article 85 of the Order of November 3, 2014 and to guarantee the existence of the audit trail.

Chart of accounts

This is divided into two broad sections: third-party captions, showing payables and receivables for individual third parties, and the general accounting captions.

Dedicated accounts are used for third party deposits and loans, enabling them to be monitored. For custody of negotiable securities, a “stock” accounting system distinguishes between securities owned by third parties and those owned by the bank.

The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the “Accounting Procedures and Systems” division.

The chart of accounts defines the following account properties:

- regulatory characteristics (link to the chart of accounts of credit institutions associated with the prudential regulatory statements – PCEC, link to the publishable financial statements item, etc.);
- certain tax aspects (VAT position, etc.);
- management characteristics (whether compulsory or not, link to the consolidated chart of accounts, length of time online transactions are stored, IFRS characteristics, etc.).

Processing tools

Those for the accounting information are essentially based on internal applications prepared by the group’s IT services. There are also specialized applications, external or internal, particularly software for producing management reporting, balances or account statements, a utility for processing file requests, software for consolidation, processing regulatory statements, and managing capital assets and tax returns.

Procedure for data aggregation

In accordance with the model defined by Crédit Mutuel Alliance Fédérale, accounting data is aggregated for the following entities:

- the group (e.g. CIC);
- the federation made up of one or more banks or other legal entities;
- the bank belonging to a federation. The entire bank (branches and central services) is broken down into counters that constitute the basic unit of the accounting system. It is at this level that accounting entries are recorded.

Accounting consistency of management data

Each branch comprises an external branch for recording financial accounting data. The first records the general accounts entries and the second records the analytical accounting. At the individual branch level, the figures used for management accounting purposes are obtained by combining the internal and external data. The group result is obtained by adding together the balances of the branches. Links are established between financial accounting captions and the codes attributed to the products marketed by the bank. Cost accounting data are used to determine the results by business segment.

Control methods

Automated controls

A series of automated controls are carried out when accounting records are processed and before transactions are allocated to ensure that records are balanced and valid, and to update the audit trail of the captions affected by the transaction. In-house tools are used to control accounting transactions on a daily basis and to detect any discrepancies.

A dedicated automatic account control application has been in use since 2010 to manage limit amounts for accounting allocation, differentiated by type of account (third party/general accounts), by direction (debit/credit), by IT application code, by entity and by sector of activity within the entity. The tool has two levels of control:

- an alert threshold;
- a maximum amount.

The control applies to real-time or batch processing from all applications which do not require validation of movements according to the “four eyes” principle. When the alert threshold is exceeded an event is sent to the customer relationship manager. When the maximum amount is exceeded the accounting flow is blocked, which is then diverted to an accrual account and assumes validation according to the “four eyes” principle before definitive accounts allocation.

In all cases, movements above the alert threshold (automatically when processing files and after forcing for real-time) are logged and archived in the event management system.

Closing process controls

At the time of each closing, the accounting results are compared with the forecast administrative data for validation. The forecast administrative data is prepared by independent divisions of the accounting production departments (management and budgetary control).

This analysis particularly concerns:

- interest margins; for interest rate instruments, including deposits, loans and off-balance-sheet transactions, the management accounting department calculates expected yields and costs based on average historical data. These are then compared with the interest rates actually recognized, for validation business segment by business segment;
- level of fees; based on business volume indicators, the management accounting department estimates the volume of fees received and payable, compared with recognized data;
- general operating expenses (employee benefits expense and other general operating expenses);
- net additions to provisions for loan losses (level of provisioning and recognized losses).

Procedures put in place

Accounting procedures and templates are documented. For the network, procedures are posted on the bank’s intranet.

Levels of control

Daily accounting controls are performed by the appropriate employees within each branch.

The accounting control departments also have a general mission covering, in particular, regulatory controls, the monitoring of substantiating documentation for internal accounts and branch identifiers, control of the foreign currency positions, control of NBI per activity, the accounting plans and procedures in relation to Crédit Mutuel Alliance Fédérale and the interface between the back offices and the statutory auditors for half-yearly and annual closures.

Furthermore, the control departments (periodic, permanent and compliance) also perform accounting work. A dedicated accounting control portal has been put in place.

Applying controls

Automated accounting controls

An automated daily control procedure based on the bank's daily balance allows the verification of balance-sheet and off-balance-sheet positions, asset/liability balances by branch and by currency, and the monitoring of technical accounts. This procedure is also applied to the general ledger at the end of each month.

Evidencing the accounts

All the accounts on the balance sheet are justified either by an automated control or by a validation of the account performed by the service responsible for it. Reporting per service ensures that the results of the controls performed are collected.

5.3.4.4.2 Control of the consolidated financial statements

Accounting policies and principles

Adapting to regulatory developments

The system is periodically updated in line with regulatory developments (IFRS) or to improve the reliability of financial statement preparation.

IFRS compliance

The accounting principles fixed by the IFRS standards have been applied in the group's entities since January 1, 2005. A summary of this is included in the consolidated financial statements.

Foreign subsidiaries apply the principles and methods defined by the group for the transition from local standards to French and international standards in the consolidation packages and their financial reporting.

The annual financial statements prepared in accordance with IFRS are documented in the central information system for the entities using the common information system.

The accounting managers of the various Crédit Mutuel Alliance Fédérale entities meet twice a year to prepare the half-yearly and annual closings.

Annual financial statements in accordance with IFRS are prepared for the relevant entities in the central IT system, using the same organization and team as for those drawn up in accordance with French (CNC) standards.

Reporting and consolidation

Consolidation process

The group uses a consolidation chart of accounts. Within the shared information system, each account in the chart of accounts is linked to the consolidation chart of accounts, in an identical way for all companies using the shared chart. This link is unique to each account, with regard to all companies managed under this chart.

The consolidated financial statements are prepared in accordance with a timetable distributed to all the subsidiaries and the statutory auditors, which includes, where applicable, changes in procedures and standards to be incorporated. Each consolidated subsidiary has one person in charge of its closing process and another in charge of reporting intercompany transactions between fully consolidated companies. In accordance with their professional standards, the statutory auditors for the consolidation also give the statutory auditors of the consolidated companies instructions aimed at ensuring that the subsidiary complies with the various rules.

A dedicated software package, one of the main standard tools on the market, is used to consolidate the accounts. Data input (consolidation packages) is partially automated, using an interface developed on the accounting information system. This system makes it possible to automatically retrieve balances and ensure that company-only and consolidated data are consistent.

Reporting and data control

Companies cannot submit their consolidation package before a number of consistency checks that are programmed into the input software have been carried out. These control checks, established by the consolidation departments, cover a large number of aspects (changes in shareholders' equity, provisions, non-current assets, cash flows, etc.). "Blocking" controls prevent a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.

Consistency checks against company-only data are also performed by the consolidation department upon receipt of the consolidation packages (level of results, intermediate balances, etc.). Finally, systematic reconciliation statements between company-only and consolidated data are generated for shareholders' equity and earnings. This process, which ensures consistency in the transition between the statutory and consolidated series, is carried out without using the consolidation software, thus leading to validation of the consolidated data.

Analysis of accounting and financial information

The consolidated financial statements are analyzed compared to the previous fiscal year and compared to the budget and the quarterly accounting and financial reporting. These are organized by themes (cost of risk, progress of outstanding loans and deposits, etc.). The changes observed are corroborated by the departments concerned, such as the lending department and the management control for the various entities.

Each entity's contribution to the consolidated financial statements is also analyzed.

The accounting principles used, which have a significant impact, were first reviewed and validated by the statutory auditors. They are regularly invited to attend meetings of the Board of Directors to approve the financial statements and meetings of the Auditing Committee (see below).

Each time a closing involves the publication of financial data, this information is presented by the finance department to Executive Management and the Board of Directors. This report presents the breakdown of income, the balance sheet position and the current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).

The accounting work is regularly presented to the Group Auditing and Accounting Committee.

Conclusion

Drawing on common methods and tools, the internal control and risk monitoring mechanism fits into Crédit Mutuel Alliance Fédérale's system of controls, forming a coherent whole, appropriately adapted to the group's different activities in France and internationally. It meets banking and finance regulatory requirements and conforms to the operational principles established by the group. It is our ongoing objective to consolidate and further improve efficiency.

5.4 SCOPE OF REGULATORY FRAMEWORK (EU LIA & EU LIB)

Pursuant to Regulation (EU) No. 575/2013 of the European Parliament and the European Council relative to capital requirements applicable to credit institutions and investment firms (referred to as the “CRR”), the accounting and regulatory entities are the same but how they are consolidated is not.

With respect to Crédit Mutuel Alliance Fédérale, the consolidation method differs primarily for entities involved in the insurance sector, press activities and securitization mutual funds. These are consolidated by the equity method, regardless of the percentage of control.

The differences between the accounting and regulatory consolidations of Crédit Mutuel Alliance Fédérale as of December 31, 2021 are given in the tables below.

ANC Regulation 2016-09 of December 2, 2016, approved by the decree of December 26, 2016, requires companies preparing consolidated financial statements under IFRS to publish information on entities not included in the scope of consolidation. Crédit Mutuel Alliance Fédérale excludes certain companies due to their non-material nature. The list of companies is published on the institutional website of Banque Fédérative du Crédit Mutuel (BFCM).

TABLE 3: DIFFERENCES BETWEEN THE ACCOUNTING AND REGULATORY CONSOLIDATIONS AND CORRESPONDENCE BETWEEN THE FINANCIAL STATEMENTS AND REGULATORY RISK CATEGORIES (EU LIA)

	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Carrying amounts of items				
			subject to the credit risk framework	subject to the counter-party risk framework ⁽¹⁾	subject to provisions relating to securitization	subject to the market risk framework ⁽¹⁾	not subject to capital requirements or subject to deduction from capital
<i>(in € millions)</i>							
Assets							
Cash, central banks – Assets	121,181	121,181	121,181	-	-	-	-
Financial assets at fair value through profit or loss	22,356	22,484	5,660	10,551	-	16,817	-
Hedging derivatives – Assets	1,293	1,293	-	1,293	-	-	-
Financial assets at fair value through shareholders' equity	32,095	32,098	25,464	-	6,634	-	-
Securities at amortized cost	3,674	3,674	3,159	-	-	-	515
Loans and receivables due from credit institutions and similar at amortized cost	60,915	60,946	55,473	5,473	-	-	0
Loans and receivables due from customers at amortized cost	444,825	445,256	444,093	1,124	-	-	39
Revaluation adjustment on interest-rate-hedged portfolios	1,083	1,083	-	-	-	-	1,083
Short-term investments in Insurance and reinsurers' share of technical provisions	135,552	0	0	-	-	-	-
Current tax assets	1,249	1,099	1,099	-	-	-	-
Deferred tax assets	1,774	1,244	1,205	-	-	-	38
Accruals and other assets	9,496	9,307	9,307	-	-	-	-
Non-current assets held for sale	107	1,077	1,077	-	-	-	-
Deferred profit-sharing	-	-	-	-	-	-	-
Investment in associates	533	8,595	8,429	-	-	-	166
Investment property	61	61	61	-	-	-	-
Property, plant and equipment and finance leases	3,832	3,535	3,535	-	-	-	-
Intangible assets	740	604	-0	-	-	-	604
Goodwill	3,140	2,984	-	-	-	-	2,984
TOTAL ASSETS	843,906	716,521	679,745	18,441	6,634	16,817	5,429

(1) Financial assets may contain counterparty and market risks. This concerns derivatives and repurchase agreements.

<i>(in € millions)</i>	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Carrying amounts of items				not subject to capital requirements or subject to deduction from capital
			subject to the credit risk framework	subject to the counter-party risk framework ⁽¹⁾	subject to provisions relating to securitization	subject to the market risk framework ⁽¹⁾	
Liabilities							
Central banks – Liabilities	605	605	-	-	-	-	605
Financial liabilities at fair value through profit or loss	12,080	12,109	-	10,112	-	11,978	7,692
Hedging derivatives – Liabilities	1,874	1,874	-	1,874	-	-	-
Liabilities to cred. inst.	71,755	71,962	-	5,115	-	-	66,847
Due to customers	425,197	425,815	-	713	-	-	425,101
Debt securities	121,116	127,596	-	-	-	-	127,596
Revaluation adjustment on interest-rate-hedged portfolios	13	13	-	-	-	-	13
Current tax liabilities	774	659	-	-	-	-	659
Deferred tax liabilities	1,126	435	421	-	-	-	13
Accruals and other liabilities	12,783	12,253	-	-	-	-	12,253
Liabilities on assets held for sale	-	970	-	-	-	-	970
Technical provisions	123,465	0	-	-	-	-	0
Liabilities to credit institutions – JV	6,481	-	-	-	-	-	-
Debt securities – JV	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-
Liabilities to cred. inst.	128	-	-	-	-	-	-
Hedging derivatives – Liabilities	-	-	-	-	-	-	-
Other liabilities	298	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Subordinated debt issued by insurance companies	1,053	-	-	-	-	-	-
Provisions for risks and expenses	3,894	2,964	-	-	-	-	2,964
Subordinated debt issued by bank	8,054	8,054	-	-	-	-	8,054
Total shareholders' equity	53,211	51,214	-	-	-	-	51,214
Shareholders' equity attributable to the group	50,152	50,152	-	-	-	-	50,152
Share capital and related pay-ins	6,905	6,905	-	-	-	-	6,905
Consolidated reserves – Group	38,904	38,904	-	-	-	-	38,904
Unrealized gains and [losses] recognized directly in equity – Group	1,100	1,100	-	-	-	-	1,100
Net profit/(loss) – Group	3,243	3,243	-	-	-	-	3,243
Shareholders' equity – Non-controlling interests	3,059	1,062	-	-	-	-	1,062
TOTAL LIABILITIES	843,906	716,521	421	17,814	-	11,978	703,981

(1) Financial assets may contain counterparty and market risks. This concerns derivatives and repurchase agreements.

The differences between the carrying amounts according to the published financial statements and the carrying amounts on the regulatory scope of consolidation only concern differences in methods between the statutory and regulatory scopes.

CMNE - At December 31, 2021, no company consolidated by CMNE was treated differently between the statutory and regulatory scopes.

TABLE 4: MAIN SOURCES OF DIFFERENCES BETWEEN CARRYING AND REGULATORY AMOUNTS OF EXPOSURE (EU LI2)

(in € millions)	Total items involved	Items subject to:			
		credit risk framework	counterparty risk framework ⁽¹⁾	securitization provision	market risk framework
Carrying amount of assets in the regulatory consolidation (as per Table LI1)	721,637	679,745	18,441	6,634	16,817
Carrying amount of liabilities and equity in the regulatory consolidation (as per Table LI1)	22,646	421	10,246	-	11,978
	-	-	-	-	-
Net total in the regulatory consolidation	698,990	679,323	8,195	6,634	4,839
Off-balance-sheet commitments	158,551	158,551	-	-	-
OBO valuation diff.	-112,025	-112,185	-	160	-
Valuation diff.	2,989	-	2,989	-	-
Diff. due to differing rules for offsetting other than those already in line 2 ⁽²⁾	1,073	-	-	-	1,073
Diff. from the inclusion of provisions	5,436	5,436	-	-	-
Diff. due to prudential filters	-	-	-	-	-
Others	-1,295	-1,295	-	-0	-
Regulatory exposure amounts	753,720	729,831	11,183	6,794	5,912

(1) The data presented equal the net value of assets and liabilities of derivatives and repurchase agreements.

(2) Net credit balances after offsets are excluded from counterparty risk.

Differences between the net carrying amounts of the regulatory consolidated balance sheet and the regulatory value of exposures relate to off-balance sheet commitments less valuation differences on the carrying amount of off-balance sheet items.

TABLE 5: DESCRIPTION OF THE SCOPE OF CONSOLIDATION DIFFERENCES (EU LI3)

Name of the entity/combination	Accounting consolidation method	Accounting regulatory method					Description of entity
		Full consolidation	Proportional consolidation	Equity method	Not consolidated, not deducted	Deducted	
Groupe des Assurances du Crédit Mutuel ⁽¹⁾	Full consolidation ⁽²⁾	-	-	X	-	-	Insurance companies
Press ⁽¹⁾	Full consolidation ⁽³⁾	-	-	X	-	-	Other activities
FLOA (formerly Banque du Groupe Casino)	Consolidation using the equity method	-	X	-	-	-	Banking network subsidiaries
Bancas	Consolidation using the equity method	-	X	-	-	-	Banking network subsidiaries
LYF SA (formerly Fivory)	Consolidation using the equity method	-	X	-	-	-	Banking network subsidiaries
FCT Factofrance	Full consolidation	-	-	X	-	-	Banking network subsidiaries
Euro Automatic Cash	Consolidation using the equity method	-	X	-	-	-	Logistics and Holding company services
Euro Protection Surveillance	Full consolidation	-	-	X	-	-	Logistics and Holding company services
Protection 24	Full consolidation	-	-	X	-	-	Logistics and Holding company services
LYF SAS (formerly Fivory SAS)	Consolidation using the equity method	-	X	-	-	-	Logistics and Holding company services

(1) Detail by entity appears in Appendix 1.

(2) Except ASTREE Assurances, which is equity-accounted.

(3) Except Journal de la Haute-Marne and Lumedia, which are equity-accounted.

Detail by entity of the description of the differences between consolidation scopes is presented in Appendix 1.

TABLE 6: VALUE ADJUSTMENTS FOR CONSERVATIVE VALUATION PURPOSES [EU PV1]

[in € millions] At 12/31/2021 Category AVA	Risk category					Category AVA – Valuation uncertainty		Total Category AVA after diversi- fication	Of which: Total principal approach in the trading book	Of which: Total main approach in the banking book
	Equities	Interest rate	Currency transac- tions	Credit	Commo- dities	AVA relating to prepaid credit spreads	AVA relating to investment and finan- cing costs			
Market price uncertainties	0	4	-	57	-	-	-	30	-	30
Liquidation costs	-	73	1	-	-	19	-	56	-	56
Concentrated positions	-	-	-	1	-	-	-	1	-	1
Early termination	-	-	-	-	-	-	-	-	-	-
Model-based risk	-	-	-	-	-	-	-	-	-	-
Operational risk	-	-	-	-	-	-	-	-	-	-
Future administrative expenses	-	-	-	-	-	-	-	-	-	-
TOTAL ADDITIONAL VALUE ADJUSTMENTS (AVA)	0	77	1	58	-	19	-	88	-	88

5.5 REGULATORY CAPITAL

5.5.1 Composition of regulatory capital

Since January 1, 2014, regulatory capital has been determined in accordance with section 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (referred to as the “CRR”), supplemented by technical standards (Delegated Regulations and EU implementing regulations of the European Commission).

Capital is the sum of:

- Tier 1 capital: consisting of Common Equity Tier 1 (CET1) capital net of deductions and Additional Tier 1 (AT1) capital net of deductions;
- Tier 2 (T2) capital net of deductions.

The European regulations allow credit institutions a transitional period to achieve compliance with these requirements. Therefore, as of December 31, 2021, transitional provisions still applied to certain components of capital.

Tier 1 capital

Common Equity Tier 1 (CET 1) capital consists of share capital instruments and the associated share premiums, reserves (including those relating to accumulated other comprehensive income) and retained earnings. Total flexibility of the payments is required and the instruments must be perpetual.

Additional Tier 1 (AT1) capital consists of perpetual debt instruments with no incentive or obligation to redeem (in particular step-ups in interest rates). AT1 instruments are subject to a loss absorption mechanism which is triggered when the CET1 ratio is below a minimum threshold of 5.125%. The instruments can be converted into equity or reduced in nominal value. Total payment flexibility is required, and coupon payments may be canceled at the Issuer’s discretion.

Common Equity Tier 1 capital is determined using the shareholders’ equity carried on the group’s accounting statements^[1], calculated on the regulatory consolidation after applying “prudential filters” and a certain number of regulatory adjustments.

Beginning January 1, 2018, due to the end of the transitional clauses applied to unrealized gains arising from the equity accounting of investments in associates (excluding securities used as cash flow hedges), those investments are no longer filtered and are now fully incorporated into common equity capital.

Conversely, unrealized gains and losses recognized for accounting purposes directly in equity due to a cash flow hedge and those relating to other financial instruments, including debt instruments, continue to be eliminated.

The other regulatory adjustments to CET1 mainly involve:

- anticipation of dividend distributions;
- deducting goodwill and other intangible assets;
- the negative difference between provisions and expected losses as well as expected losses on equities;
- value adjustments due to requirements for conservative valuation;
- deferred tax assets that rely on future profitability and do not arise from temporary differences net of related tax liabilities;
- gains or losses recorded by the institution on liabilities measured at fair value and that result from changes in the institution’s credit standing;
- gains and losses at fair value on derivatives recognized as liabilities on the institution’s statement of financial position and that result from changes in the institution’s credit standing.

In addition, direct, indirect and synthetic holdings in CET1 instruments of financial sector entities are included in full in the threshold and are not therefore deducted from CET1.

At Crédit Mutuel Alliance Fédérale we do not apply any transitional measure introduced by the “Quick Fix” regulation aimed at mitigating the effects of the COVID-19 crisis on IFRS 9 provisions at the closing date of December 2021.

The exemption from deduction on the net value of intangible assets on software amortized over three years provided for under CRR2 was applied.

Tier 2 capital

Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

The amount of “eligible capital” is more limited. This concept is used to calculate large exposure thresholds and non-financial investments weighted at 1,250%. This is the sum of:

- Tier 1 capital; and
- Tier 2 capital, capped at 1/3 of Tier 1 capital.

[1] See Table 12: Reconciliation of regulatory own funds to balance sheet.

TABLE 7: DETAILED INFORMATION ABOUT CAPITAL (EU CC1)

<i>(in € millions)</i>		12/31/2021	12/31/2020	Source based on reference numbers/letters of the balance sheet according to the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES				
1	Capital instruments and related issue premium accounts	6,899	6,767	3
	of which shares	6,899	6,767	-
	of which issue premiums	0	0	-
2	Retained earnings	40,208	37,806	4
3	Accumulated other comprehensive income (and other reserves)	-204	-408	-
3a	Funds for general banking risks	0	0	-
4	Amount of qualifying items referred to in Art. 484 (3) and related share premium accounts subject to gradual exclusion from CET1	0	0	-
5	Non-controlling interests eligible for CET1	230	218	5
5a	Intermediate profits, net of any foreseeable expense and distribution of dividends, subject to independent control	3,177	2,231	4
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	50,310	46,614	-
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS				
7	Additional value adjustments (negative amount)	-88	-65	-
8	Intangible assets (net of related tax liabilities) (negative amount)	-3,630	-4,586	1
9	Empty value set in the EU	-	-	-
10	Deferred tax assets that rely on future profits, excluding those arising from temporary differences (net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	-25	-15	-
11	Fair value reserves related to gains and losses on cash flow hedges	-2	-0	-
12	Negative amounts resulting from the calculation of expected losses	-238	-259	-
13	Any increase in equity resulting from securitized assets (negative amount)	0	0	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2	-2	-
15	Defined benefit pension fund assets (negative amount)	0	0	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	0	-
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	0	0	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	0	-
19	Direct, indirect and synthetic holdings by the institution of CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	0	0	-
20	Empty value set in the EU	-	-	-
20a	Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution opts for the deduction alternative	-0	-12	-
20b	of which qualifying holdings outside the financial sector (negative amount)	0	0	-
20c	of which securitization positions (negative amount)	-0	-12	-
20d	of which free deliveries (negative amount)	0	0	-
21	Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met) (negative amount)	0	0	-
22	Amount exceeding the 17.65% threshold (negative amount)	0	0	-

<i>(in € millions)</i>		12/31/2021	12/31/2020	Source based on reference numbers/letters of the balance sheet according to the regulatory scope of consolidation
23	of which direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	0	-
24	Empty value set in the EU	-	-	-
25	of which deferred tax assets arising from temporary differences	0	0	-
25a	Losses for the current fiscal year (negative amount)	0	0	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	0	-
26	Empty value set in the EU	0	0	-
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	0	-
27a	Other regulatory adjustments	-329	0	-
28	Total regulatory adjustments to Common Equity Tier (CET 1) capital	-4,314	-4,938	-
29	Common Equity Tier 1 (CET 1) capital	45,996	41,676	-
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS				
30	Capital instruments and related issue premium accounts	-	-	2
31	of which classified as equity under the applicable accounting basis	-	-	-
32	of which classified as liabilities under the applicable accounting basis	-	-	-
33	Amount of qualifying items referred to in Art. 484 (4) and related issue premium accounts subject to gradual exclusion from AT1	216	433	2
33a	Amount of qualifying items referred to in Art. 494a (1) of the CRR, gradually excluded from AT1	-	-	-
33b	Amount of qualifying items referred to in Art. 494b (1) of the CRR, gradually excluded from AT1	-	-	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including non-controlling interests not included in line 5) issued by subsidiaries and held by third parties	44	41	-
35	of which instruments issued by subsidiaries subject to gradual exclusion	-	-	-
36	Additional Tier 1 (AT1) capital before regulatory adjustments	260	474	-
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	-	-
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the institution's own funds (negative amount)	-	-	-
39	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	-
41	Empty value set in the EU	-	-	-
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	-
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	-
44	Additional Tier 1 (AT1) capital	260	474	-
45	Tier 1 capital (T1 = CET1 + AT1)	46,257	42,151	-
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS				
46	Capital instruments and related issue premium accounts	7,019	6,834	2
47	Amount of qualifying items referred to in Art. 484 (5) and related issue premium accounts subject to gradual exclusion from T2	0	0	2
47a	Amount of qualifying items referred to in Art. 494a (2) of the CRR, gradually excluded from AT1	-	-	-

<i>(in € millions)</i>		12/31/2021	12/31/2020	Source based on reference numbers/letters of the balance sheet according to the regulatory scope of consolidation
47b	Amount of qualifying items referred to in Art. 494b (2) of the CRR, gradually excluded from AT1	-	-	-
48	Qualifying capital instruments included in consolidated T2 capital (including non-controlling interests and AT1 instruments not included in line 5) issued by subsidiaries and held by third parties	59	55	-
49	of which instruments issued by subsidiaries subject to gradual exclusion	-	-	-
50	Credit risk adjustments	653	610	-
51	Tier 2 capital before regulatory adjustments	7,731	7,499	-
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS				
52	Direct and indirect holdings by an institution of T2 own instruments and subordinated loans (negative amount)	-10	-	-
53	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to artificially inflate the own funds of the institution (negative amount)	-	-	-
54	Direct holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (amount above the threshold of 10% net of eligible short positions) (negative amount)	-	-	-
54a	Empty value set in the EU	-	-	-
55	Direct holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-515	-500	-
56	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to gradual exclusion as prescribed in Regulation (EU) No. 575/2013 (<i>i.e.</i> CRR residual amounts)	-217	-433	-
56a	Acceptable deductions of qualifying liabilities that exceed the institution's qualifying liability items (negative amount)	-	-	-
56b	Other regulatory adjustments to T2 capital	-	-	-
57	Total regulatory adjustments to Tier 2 (T2) capital	-742	-933	-
58	Tier 2 (T2) capital	6,989	6,566	-
59	Total capital (TC = T1 + T2)	53,246	48,717	-
60	Total risk-weighted assets	245,095	233,825	-
EQUITY RATIOS AND BUFFERS				
61	Common Equity Tier 1 capital (as a percentage of total risk exposure amount)	18.8%	17.8%	-
62	Tier 1 capital (as a percentage of total risk exposure amount)	18.9%	18.0%	-
63	Total capital (as a percentage of total risk exposure amount)	21.7%	20.8%	-
64	Institution-specific buffer requirement (CET1 requirement in accordance with Art. 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution, expressed as a percentage of risk exposure amount)	2.5%	2.5%	-
65	of which capital conservation buffer requirement	2.5%	2.5%	-
66	of which countercyclical buffer requirement	0.01%	0%	-
67	of which systemic risk buffer requirement	0%	0%	-
67a	of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer	0%	0%	-
67b	of which additional capital requirements to address risks other than the risk of excessive leverage (in %)	1.5%	1.5%	-
68	Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of risk exposure amount)	14.3%	13.3%	-
69	[non-relevant in EU Regulations]	-	-	-
70	[non-relevant in EU Regulations]	-	-	-

<i>(in € millions)</i>		12/31/2021	12/31/2020	Source based on reference numbers/letters of the balance sheet according to the regulatory scope of consolidation
71	[non-relevant in EU Regulations]	-	-	-
LOWER LIMITS TO THRESHOLDS FOR DEDUCTION (BEFORE WEIGHTING)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	310	618	-
73	Direct and indirect holdings of the capital of financial sector entities where the institution has a significant investment in those entities (amount below the 10% threshold and net of eligible short positions)	1,481	1,292	-
74	Empty value set in the EU	-	-	-
75	Deferred tax assets arising from temporary differences (amount below the 10% threshold, net of related tax liabilities when the conditions in Art. 38 (3) are met)	785	804	-
UPPER LIMITS APPLICABLE FOR INCLUSION OF PROVISIONS IN TIER 2 CAPITAL				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	-	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	736	678	-
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings approach (prior to the application of the cap)	-274	-236	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	653	610	-
EQUITY INSTRUMENTS SUBJECT TO PROGRESSIVE EXCLUSION (APPLICABLE BETWEEN JANUARY 1, 2014 AND JANUARY 1, 2022 ONLY)				
80	Current cap applicable to CET1 instruments subject to gradual exclusion	-	-	-
81	Amount excluded from CET1 due to cap (cap excess after redemptions and maturities)	-	-	-
82	Current cap applicable to AT1 instruments subject to gradual exclusion	216	433	-
83	Amount excluded from AT1 due to cap (cap excess after redemptions and maturities)	-767	-551	-
84	Current cap applicable to T2 instruments subject to gradual exclusion	9	18	-

As of December 31, 2021, CMNE's equity represented approximately 7% of Crédit Mutuel Alliance Fédérale's equity.

The capital ratios are all higher than those of Crédit Mutuel Alliance Fédérale, i.e. 21.10% for the CET 1 ratio; 21.20% for the AT1 ratio and 25.10% for the overall ratio.

The impact of CMNE on Crédit Mutuel Alliance Fédérale's CET1 ratio would be positive by +0.14% as of 12/31/2021.

The principal characteristics of capital instruments in the format of Appendix II to EU implementing Regulation No. 2021/637 of March 15, 2021 are presented in Appendix 2 (EU CCA).

TABLE 8: RECONCILIATION BETWEEN THE CONSOLIDATED ACCOUNTING BALANCE SHEET AND THE PRUDENTIAL BALANCE SHEET (EU CC2)

<i>(in € millions)</i> At 12/31/2021	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Reference to regulatory capital table (EU CCI)
ASSETS			
Cash, central banks - Assets	121,181	121,181	-
Financial assets at fair value through profit or loss	22,356	22,484	-
Hedging derivatives - Assets	1,293	1,293	-
Financial assets at fair value through shareholders' equity	32,095	32,098	-
Securities at amortized cost	3,674	3,674	-
Loans and receivables due from credit institutions and similar at amortized cost	60,915	60,946	-
Loans and receivables due from customers at amortized cost	444,825	445,256	-
Revaluation adjustment on interest-rate-hedged portfolios	1,083	1,083	-
Short-term investments in Insurance and reinsurers' share of technical provisions	135,552	0	-
Current tax assets	1,249	1,099	-
Deferred tax assets	1,774	1,244	-
Accruals and other assets	9,496	9,307	-
Non-current assets held for sale	107	1,077	-
Deferred profit-sharing	-	-	-
Investment in associates	533	8,595	-
Investment property	61	61	-
Property, plant and equipment and finance leases	3,832	3,535	-
Intangible assets	740	604	1
Goodwill	3,140	2,984	1
TOTAL ASSETS	843,906	716,521	-
LIABILITIES			
Central banks - Liabilities	605	605	-
Financial liabilities at fair value through profit or loss	12,080	12,109	-
Hedging derivatives - Liabilities	1,874	1,874	-
Liabilities to cred. inst.	71,755	71,962	-
Due to customers	425,197	425,815	-
Debt securities	121,116	127,596	2
Revaluation adjustment on interest-rate-hedged portfolios	13	13	-
Current tax liabilities	774	659	-
Deferred tax liabilities	1,126	435	-
Accruals and other liabilities	12,783	12,253	-
Liabilities on assets held for sale	-	970	-
Technical provisions and other insurance liabilities	131,424	-	-
Provisions for risks and expenses	3,894	2,964	-
Subordinated debt issued by bank	8,054	8,054	2
Total shareholders' equity	53,211	51,214	-
Shareholders' equity attributable to the group	50,152	50,152	-
Share capital and related pay-ins	6,905	6,905	3
Consolidated reserves - Group	38,904	38,904	4
Unrealized gains and (losses) recognized directly in equity - Group	1,100	1,100	-
Net profit/(loss) - Group	3,243	3,243	4
Shareholders' equity - Non-controlling interests	3,059	1,062	5
TOTAL LIABILITIES	843,906	716,521	-

CMNE's accounting and prudential balance sheet total is identical. It represents approximately 4% of Crédit Mutuel Alliance Fédérale's total prudential balance sheet.

(in € millions)
At 12/31/2020

	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Reference to regulatory capital table (EU CC1)
ASSETS			
Cash, central banks – Assets	99,575	99,575	-
Financial assets at fair value through profit or loss	27,804	30,047	-
Hedging derivatives – Assets	1,988	1,988	-
Financial assets at fair value through shareholders' equity	33,694	33,686	-
Securities at amortized cost	2,996	2,996	-
Loans and receivables due from credit institutions and similar at amortized cost	56,278	55,596	-
Loans and receivables due from customers at amortized cost	419,413	420,916	-
Revaluation adjustment on interest-rate-hedged portfolios	2,453	2,453	-
Short-term investments in Insurance and reinsurers' share of technical provisions	131,056	-	-
Current tax assets	1,444	1,205	-
Deferred tax assets	1,804	1,280	-
Accruals and other assets	8,091	7,965	-
Non-current assets held for sale	-	-	-
Deferred profit-sharing	-	-	-
Investment in associates	637	9,262	-
Investment property	82	82	-
Property, plant and equipment and finance leases	3,897	3,611	-
Intangible assets	730	620	1
Goodwill	4,036	3,927	1
TOTAL ASSETS	795,978	675,209	-

(in € millions)
At 12/31/2020

	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	Reference to regulatory capital table (EU CC1)
LIABILITIES			
Central banks – Liabilities	575	575	-
Financial liabilities at fair value through profit or loss	15,263	17,462	-
Hedging derivatives – Liabilities	2,084	2,084	-
Liabilities to cred. inst.	40,294	40,318	-
Due to customers	408,901	409,704	-
Debt securities	127,004	133,785	2
Revaluation adjustment on interest-rate-hedged portfolios	27	27	-
Current tax liabilities	668	577	-
Deferred tax liabilities	1,252	460	-
Accruals and other liabilities	12,760	12,493	-
Liabilities on assets held for sale	-	-	-
Technical provisions and other insurance liabilities	126,461	-	-
Provisions for risks and expenses	3,808	2,965	-
Subordinated debt issued by bank	7,304	7,304	2
Total shareholders' equity	49,576	47,455	-
Shareholders' equity attributable to the group	46,461	46,461	-
Share capital and related pay-ins	6,773	6,773	3
Consolidated reserves – Group	36,463	36,463	4
Unrealized gains and (losses) recognized directly in equity – Group	935	935	-
Net profit/(loss) – Group	2,289	2,289	4
Shareholders' equity – Non-controlling interests	3,115	994	5
TOTAL LIABILITIES	795,978	675,209	-

5.5.2 Capital requirements

TABLE 9: OVERVIEW OF RWAS – MINIMUM CAPITAL REQUIREMENTS (EU OV1)(EU OV1)

<i>(in € millions)</i>	RWAs (Risk-weighted assets)		Minimum capital requirements
	12/31/2021	12/31/2020	12/31/2021
1 Credit risk (excl. counterparty risk – CCR)	211,008	201,319	16,881
2 o/w standard approach	60,281	54,836	4,822
3 o/w basic internal ratings-based approach	14,380	13,419	1,150
4 o/w advanced internal ratings-based approach	98,013	91,525	7,841
5 o/w shares in IRB approach	38,334	41,539	3,067
6 Counterparty risk	3,084	2,618	247
7 o/w market value	2,526	1,958	202
8 o/w initial exposure	-	-	-
9 o/w standard approach applied to counterparty risk (SA – CCR)	-	-	-
10 o/w internal models method (IMM)	-	-	-
11 o/w amount of risk exposure for contributions to the default fund of an SPC	85	159	7
12 o/w CVA	473	501	38
13 Settlement risk	-	-	-
14 Securitization exposure in the banking book	1,413	1,272	113
15 o/w internal ratings-based approach (IR)	-	-	-
16 o/w supervisory formula method	-	-	-
17 o/w internal valuation approach	-	-	-
18 o/w standard approach (SA)	1,413	1,272	113
19 Market risk	3,277	3,400	262
20 o/w standard approach (SA)	3,277	3,400	262
21 o/w approach based on the internal models method (IMM)	-	-	-
22 Major risks	-	-	-
23 Operational risk	20,649	19,975	1,652
24 o/w basic indicator approach	1,854	1,763	148
25 o/w standard approach	742	732	59
26 o/w advanced measurement approach	18,053	17,481	1,444
27 Amounts less than deduction thresholds (with risk weighting of 250%)	5,664	5,240	453
28 Floor adjustment	-	-	-
29 TOTAL	245,095	233,825	19,608

As of 12/31/2021, CMNE's RWAs represented approximately 6% of Crédit Mutuel Alliance Fédérale's RWA. CMNE's credit risk represents approximately 86% of CMNE's RWA.

5.6 PRUDENTIAL METRICS

5.6.1 Solvency ratio

Crédit Mutuel Alliance Fédérale's solvency ratios as of December 31, 2021, after consolidation of net profit/(loss) after estimated dividend distribution, are presented in the following table.

TABLE 10: SOLVENCY RATIOS

<i>(in € millions)</i>	12/31/2021	12/31/2020
Common Equity Tier 1 (CET1) capital	45,996	41,676
Capital	6,899	6,767
Eligible reserves before adjustments	43,411	39,847
Deductions from Common Equity Tier 1 capital	-4,314	-4,938
Additional Tier 1 (AT1) capital	260	474
Tier 2 (T2) capital	6,989	6,566
TOTAL OWN FUNDS	53,246	48,717
Risk-weighted assets for credit risk	220,696	209,948
Risk-weighted assets for market risk	3,750	3,901
Risk-weighted assets for operational risk	20,649	19,975
TOTAL RISK-WEIGHTED ASSETS	245,095	233,825
Solvency ratios		
Common Equity T1 (CET1) ratio	18.8%	17.8%
Tier 1 ratio	18.9%	18.0%
Overall ratio	21.7%	20.8%
For information: Ratios without transitional clauses		
Common Equity T1 (CET1) ratio	18.8%	17.8%
Tier 1 ratio	18.8%	17.8%
Overall ratio	21.7%	20.8%

Under the CRR^[1], the total capital requirement is set at 8% of risk-weighted assets (or RWAs).

In addition to the minimum CET1 requirement, Crédit Mutuel Alliance Fédérale has since January 1, 2016 gradually become subject to extra capital requirements which take the form of:

- a capital conservation buffer, mandatory for all institutions: 2.5% of risk-weighted assets as of December 31, 2021;
- a countercyclical capital buffer specific to each institution.

The countercyclical buffer, established in case of excessive credit growth (notably a deviation from the loans-to-NBI ratio), applies nationally when so decided by a designated authority and, because of reciprocity agreements, covers the exposures located in that country regardless of the nationality of the bank. In France, the countercyclical capital buffer rate is set by the French Financial Stability Board (*Haut Conseil de Stabilité Financière* – HCSF).

On July 1, 2019, the HSCF set the countercyclical capital buffer rate at 0.25% for exposures in France.

On April 3, 2019, the HCSF published its decision to raise the countercyclical capital buffer rate to 0.5%, applicable from April 2, 2020. This decision was confirmed by the HSCF on January 13, 2020.

However, in its press release of March 18, 2020, the HCSF decided to fully ease the banks' countercyclical capital buffer rate and to set it at 0% until further notice. The aim of this move is to support small- and medium-size businesses, who depend on bank financing.

In its press release of March 24, 2022, the High Council decided to increase the rate to 0.5% from March 31, 2023.

Since January 1, 2019, the mandatory recognition of countercyclical capital buffer rates set in other countries is capped at 2.5%. Any ratios above that must be explicitly recognized by the French Financial Stability Board.

[1] CRR: part 3/title 1/chapter 1/section 1/Article 92.

In the light of the COVID-19 crisis, the following decisions were taken and are set to last:

- BaFin, for exposures in Germany, in its press release of March 18, 2020 fully eased the countercyclical capital buffer which was due to come into effect on July 1, 2020; **this decision was maintained throughout 2021**; From February 1, 2023, exposures in Germany should be subject to a countercyclical capital buffer of 0.75%;
- NBB, for exposures in Belgium, in its decision of March 10, 2020 fully eased the countercyclical capital buffer which was due to come into effect on July 1, 2020; **this decision was maintained throughout 2021**;
- FPC, for exposures in the United Kingdom, fully eased the countercyclical capital buffer from March 24, 2020; **this decision was maintained throughout 2021**; From December 13, 2022, exposures in the United Kingdom should be subject to a countercyclical capital buffer of 1.0%;
- CSSF did not announce any ease in Luxembourg in 2020 and the capital buffer for exposures in Luxembourg will be subject to a rate of 0.50% **from January 1, 2021**.

Crédit Mutuel Alliance Fédérale's specific countercyclical capital buffer ratio is calculated as the weighted average of countercyclical buffer ratios applied in the countries where the group's relevant credit exposures are located.

Crédit Mutuel Alliance Fédérale is not subject to the O-SII (Other Systemically Important Institutions) buffer, which applies solely at the nationally consolidated level.

TABLE 11: AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO THE INSTITUTION (EU CCY-B2)

<i>(in € millions)</i>	12/31/2021	12/31/2020
Total risk-weighted assets	245,095	233,825
Countercyclical buffer ratio specific to the institution	0.0138%	0.0084%
Required countercyclical buffer specific to the institution	34	20

TABLE 12: GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES FOR THE CALCULATION OF COUNTERCYCLICAL CAPITAL BUFFER (EU CCY-B1)

<i>(in € millions)</i>	12/31/2021												
	General credit exposures		Relevant credit exposures - market risk		Securitization exposures Amount exposed to risk for the portfolio excluding trading book exposures	Total amount of exposures	Capital requirements						Counter-cyclical buffer ratio <i>(as a %)</i>
	Amount exposed to risk using the standardized approach	Amount exposed to risk using IR approach	Sum of long and short positions in the trading book for the standardized approach	Value of trading book exposures using internal models			Relevant credit risk exposures - credit risk	Relevant credit exposures - credit risk	Relevant credit exposures - securitization positions in the trading book	Total	Risk-weighted exposure amounts	Weighting of capital requirements <i>(as a %)</i>	
Luxembourg	4,026	1,893	-	-	0	5,919	312	0	0	312	3,903	1.84%	0.50%
Hong Kong	37	1,082	-	-	0	1,119	49	0	0	49	607	0.29%	1.00%
Czech Republic	266	11	-	-	0	277	18	0	0	18	231	0.11%	0.50%
Slovakia	185	2	-	-	0	186	11	0	0	11	139	0.07%	1.00%
Norway	40	558	-	-	0	598	9	0	0	9	111	0.05%	1.00%
Bulgaria	7	1	-	-	0	8	0	0	0	0	6	0.00%	0.50%

5.6.2 Major risks

Banks must measure and limit their exposures to a single recipient, customer or group of customers.

Article 395 of Regulation (EU) No. 575/2013 of June 26, 2013 states that net outstandings to a single recipient may not be greater than 25% of the bank's capital (after exemptions and consideration of credit risk mitigation techniques).

Article 392 of Regulation (EU) No. 575/2013 of June 26, 2013 states that gross outstandings to a single recipient greater than 10% of the bank's capital must be reported as a major risk.

Crédit Mutuel Alliance Fédérale does not have a large gross outstanding with a single recipient⁽¹⁾ (customer or customer group) reaching the threshold of 10% of the bank's capital.

TABLE 13: RISK CONCENTRATION

CORPORATES

Risk concentration	12/31/2021	12/31/2020
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	59	64
Total commitments (in € millions), of which	37,288	40,362
Balance sheet total	12,917	14,756
Total off-balance-sheet guarantees and financing	24,371	25,606
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	229	205
Total commitments (in € millions), of which	63,710	62,210
Balance sheet total	26,477	25,233
Total off-balance-sheet guarantees and financing	37,233	36,977

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale. Net exposures after exemptions and consideration of credit risk mitigation techniques. Commitments: balance sheet + off-balance-sheet guarantee and financing weighted uses. Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

BANKS

Risk concentration	12/31/2021	12/31/2020
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	8	10
Total commitments (in € millions), of which	53,318	6,316
Balance sheet total	50,578	5,005
Total off-balance-sheet guarantees and financing	2,740	1,312
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	23	24
Total commitments (in € millions), of which	55,942	8,351
Balance sheet total	52,386	6,545
Total off-balance-sheet guarantees and financing	3,556	1,807

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale. Net exposures after exemptions and consideration of credit risk mitigation techniques. Commitments: balance sheet + off-balance-sheet guarantee and financing weighted uses. Public administrations, central banks and intra-group exposures are not considered to be single "customer" recipients.

(1) Public administrations, central banks, intra-group exposures and other exempt customers are not considered to be single "customer" recipients.

5.6.3 Supplementary supervision of financial conglomerates

Crédit Mutuel Alliance Fédérale is one of the financial conglomerates supervised by SGACPR.

The bank operates as a financial conglomerate because of the insurance group Groupe des Assurances du Crédit Mutuel (GACM), a subsidiary of Crédit Mutuel Alliance Fédérale.

This subsidiary markets a broad line of life insurance, personal insurance, property insurance and liability insurance, the great majority of it through the banking networks of the Crédit Mutuel group.

As a dispensation from Articles 36 and 43 of the CRR and in accordance with Article 49 of that regulation, the SGACPR *Secrétariat général de l'Autorité de contrôle prudentiel et de résolution* (General Secretariat of the French Prudential Supervisory and Resolution Authority) has authorized the group not to deduct capital instruments in insurance industry entities from its Common Equity Tier 1 capital but to adopt the so-called "weighted average exposure" method, which consists of weighting the securities held in the group's subsidiary insurance entities in the denominator of the solvency ratio.

Consequently and in accordance with the Order of November 3, 2014, the group is further subject to an extra requirement in terms of capital adequacy by using so-called "accounting consolidation" per the IFRS.

Thus the insurance entities fully consolidated for accounting purposes are also fully consolidated for regulatory purposes in calculating the extra requirement.

This supplementary supervision of the conglomeration has three aspects:

- calculating the extra requirement in terms of capital adequacy;
- tracking the concentration of risks by recipient;
- auditing intra-group transactions between the banking and insurance segments, with detail provided for transactions over a certain threshold.

The first aspect, concerning the extra capital adequacy requirement, makes it possible to check annually the coverage of the conglomerate's consolidated accounting equity (including the regulatory adjustments and transitional arrangements found in the CRR) of the solvency requirements for both the banking and insurance segments.

The conglomerate's minimum capital requirement is 100%, calculated as follows:

$$\text{Conglomerate Ratio} = \frac{\text{Total capital of the conglomerate}}{\text{Banking requirements} + \text{Insurance requirements}}$$

At December 31, 2021, the group's conglomerate had a capital requirement coverage ratio of 181% [176% in 2020] after inclusion of earnings net of dividends.

The second aspect, concerning concentration of risks per recipient on a consolidated basis, consists of reporting the accumulated gross risks on a single recipient greater than 10% of the conglomerate's consolidated equity or than €300 million, with at least the ten largest exposures in the institutions and the ten largest in the unregulated financial entities. The banking and insurance segments are kept separate with respect to each recipient.

Crédit Mutuel Alliance Fédérale does not have any gross outstandings with a single recipient^[1] (customer or customer group) reaching the threshold of 10% of the conglomerate's capital.

The last aspect, concerning the audit of intra-group transactions, calls for a summary plus detail by type of transaction between the conglomerate's banking and insurance segments with respect to refinancing, off-balance sheet commitments and income exchanged.

TABLE 14 – NON-DEDUCTIBLE HOLDINGS IN INSURANCE COMPANIES (EU INS1)

<i>(in € millions)</i>	12/2021	12/2020
Holdings of capital instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	8,094	8,611
TOTAL RWAS	29,949	31,862

CMNE had RWAs of €3,513 million, i.e. approximately 12% of Crédit Mutuel Alliance Fédérale's RWAs.

TABLE 15 – TIER 2 CAPITAL INSTRUMENT ISSUED BY A FINANCIAL SECTOR ENTITY DEDUCTED FROM CAPITAL (EU INS1)

<i>(in € millions)</i>	12/2021	12/2020
Holdings of capital instruments of a financial sector entity where the institution has a significant investment deducted from own funds	500	500

TABLE 16 – FINANCIAL CONGLOMERATES – INFORMATION ON CAPITAL AND EXPOSURES USED FOR THE LEVERAGE RATIO (EU INS 2)

<i>(in € millions and as a percentage)</i>	12/2021
Additional capital requirements for the financial conglomerate (amount)	33,334
Financial conglomerate capital adequacy ratio <i>(in %)</i>	181.0%

[1] Public administrations, central banks, intra-group exposures and other exempt customers are not considered to be single "customer" recipients.

5.6.4 Leverage ratio (EU LRA)

The procedures for managing excessive leverage risk have been validated by Caisse Fédérale de Crédit Mutuel's Board of Directors and concern the following points:

- the leverage ratio is one of the key indicators of solvency, and monitoring it is the responsibility of the Risk Committees of Crédit Mutuel Alliance Fédérale;
- an internal limit has been defined at Crédit Mutuel Alliance Fédérale level;
- if the limit set by the supervisory body is breached, a specific procedure has been laid out, involving Executive Management of the group in question and the Boards of Directors of the group and of Caisse Fédérale de Crédit Mutuel.

TABLE 17: LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

MAIN COMPONENTS OF THE LEVERAGE RATIO

<i>(in € millions)</i>		Exposures at 12/31/2021	Exposures at 12/31/2020
BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS⁽¹⁾)			
1	Balance sheet items (excluding derivatives, SFTs and fiduciary assets, including collateral)	697,834	652,407
2	Addition of the amount of collateral provided for derivatives, when collateral is deducted from balance sheet assets in accordance with the applicable accounting framework	0	0
3	(Deduction of receivables recognized as assets for cash margin call adjustments provided under derivative transactions)	-1,659	-2,881
4	(Adjustment for securities received as part of securities financing transactions that are recognized as assets)	0	0
5	(Adjustment for general credit risk of balance sheet items)	0	0
6	(Amounts of assets deducted when determining Tier 1 capital)	-238	-259
7	Total balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	695,937	649,267
DERIVATIVE EXPOSURES			
8	Replacement cost of all derivative transactions (net of cash margin call adjustments)	1,441	1,395
EU-8a	Derogation for derivatives: contribution of replacement costs under the simplified standardized approach	0	-
9	Mark-up amounts for potential future exposure associated with SA-CCR derivative transactions	2,988	2,699
EU-9a	Derogation for derivatives: contribution of potential future exposure under the simplified standardized approach	0	-
EU-9b	Exposure determined by applying the initial exposure method	166	-
10	(CCP leg exempted from client-cleared trade exposures – SA CCR)	0	-
EU-10a	(CCP leg exempted from client-cleared trade exposures – simplified standardized approach)	0	-
EU-10b	(CCP leg exempted from client-cleared trade exposures – initial exposure method)	0	-
11	Effective notional amount adjusted for credit derivatives sold	5,428	4,781
12	(Adjusted effective notional differences and deductions from mark-ups for credit derivatives sold)	-3,212	-3,017
13	Total derivative exposures	6,811	5,858
SFT EXPOSURES			
14	Gross SFT assets (excluding netting) after adjustment for transactions recognized as sales	10	0
15	(Net value of cash payables and receivables of gross SFT assets)	8,274	14,406
16	Counterparty risk exposure for SFTs	0	2
EU-16a	Derogation for SFTs: exposure to counterparty risk in accordance with Article 429e (5) and Article 222 of the CRR	0	-
17	Exposures when the institution acts as agent	0	-
EU-17a	(CCP leg exempted from client-cleared SFTs)	0	-
18	Total exposures from securities financing transactions	8,284	14,408
OTHER OFF-BALANCE-SHEET EXPOSURES			
19	Off-balance sheet exposures in gross notional amount	127,399	123,894
20	(Adjustments for conversion to credit equivalent amounts)	-79,953	-79,443
21	(General provisions deducted when determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	-
22	Total other off-balance sheet exposures	47,445	44,451

<i>(in € millions)</i>		Exposures at 12/31/2021	Exposures at 12/31/2020
EXPOSURES EXEMPTED UNDER ARTICLE 429 (7) AND (14) OF REGULATION (EU) NO. 575/2013 (ON- AND OFF-BALANCE SHEET EXPOSURES)			
EU-22a	[Exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR]	-17,143	0
EU-22b	[Exposures exempted under Article 429a (1) (j) of the CRR – on- and off-balance sheet]	-134,724	-110,962
EU-22k	Total exempted exposures	-151,867	-110,962
CAPITAL AND TOTAL EXPOSURE MEASUREMENT			
23	Tier 1 capital	46,257	42,151
24	Total exposure measurement	606,610	603,022
LEVERAGE RATIO			
25	Leverage ratio (as a %)	7.6%	7.0%
EU-25a	Leverage ratio (as a %) excluding the impact of any applicable temporary exemption of central bank reserves	6.5%	N/A
26	Minimum leverage ratio regulatory requirement (as a %)	3.3%	N/A
EU-26a	Additional capital requirements to address the risk of excessive leverage (as a %)	0.0%	N/A
EU-26b	of which: to be constituted with CET1 capital	0.0%	N/A
27	Leverage ratio buffer requirement (as a %)	0.0%	N/A
EU-27a	Overall leverage ratio requirement (as a %)	3.3%	N/A
CHOICE OF TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
EU-27b	Transitional arrangements chosen to define the measurement of capital	YES	YES
PUBLICATION OF AVERAGE VALUES			
28	Average daily values of gross SFT assets, after adjustment for transactions recognized as sales and net of related cash payables and receivables	15,913	N/A
29	Quarterly value of gross SFT assets, adjusted for transactions recognized as sales and net of related cash payables and receivables	8,283	N/A
30	Total exposure measure (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	614,240	N/A
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	716,939	N/A
31	Leverage ratio (including the impact of any applicable temporary exemption from central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	7.5%	N/A
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating the average values of gross SFT assets on line 28 (after adjustment for transactions recognized as sales and net of amounts in cash payables and receivables)	6.5%	N/A

(1) Repurchase agreements and lending/borrowing securities transactions.

CMNE's leverage ratio at December 31, 2021 was 11.07%. Crédit Mutuel Alliance Fédérale's was 7.6%.

TABLE 18: SUMMARY OF RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LRI-LRSUM)

RECONCILIATION OF ACCOUNTING ASSETS AND EXPOSURES USED FOR THE LEVERAGE RATIO

<i>(in € millions)</i>		Exposures at 12/31/2021	Exposures at 12/31/2020
1	Total assets under the reported financial statements	843,906	675,209
2	Adjustment for entities consolidated from an accounting point of view but not within the scope of prudential consolidation	-127,385	-
3	[Adjustment for securitized exposures that meet significant risk transfer requirements]	0	-
4	[Adjustment for temporary exemption of exposures to central banks]	-102,700	-80,895
5	[Adjustment for fiduciary assets recognized on the balance sheet in accordance with the applicable accounting framework but excluded from the total exposure measure under Article 429a (1) (i) of the CRR]	0	-
6	Adjustment for normalized purchases and sales of financial assets recognized at the trade date	0	-
7	Adjustment for qualifying centralized cash management system transactions	0	-
8	Adjustment for derivative financial instruments	1,629	963
9	Adjustment for securities financing transactions (SFT)	8,274	9,591
10	Adjustment for off-balance sheet items (resulting from the translation of off-balance sheet exposures into credit equivalent amounts)	47,445	44,451
11	[Adjustment for valuation adjustments for prudent valuation purposes and specific and general provisions deducted from Tier 1 capital]	0	0
EU-11a	[Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (c) of the CRR]	-17,143	0
EU-11b	[Adjustment for exposures excluded from the total exposure measure pursuant to Article 429a (1) (j) of the CRR]	-32,024	-30,067
12	Other adjustments	-15,392	-16,230
13	TOTAL LEVERAGE RATIO EXPOSURE	606,610	603,022

[1] The amount of total assets is presented at 12/31/2020 under prudential standards. As of 12/31/2021, it is presented in accounting standards.

TABLE 19: BREAKDOWN OF EXPOSURES ON THE BALANCE SHEET – EXCLUDING DERIVATIVES, SFTS AND EXEMPT EXPOSURES (EU LR3-LRSPL)

BREAKDOWN OF EXPOSURES TAKEN INTO ACCOUNT FOR THE LEVERAGE RATIO

<i>(in € millions)</i>		Exposures at 12/31/2021	Exposures at 12/31/2020
EU-1	Total balance sheet exposures⁽¹⁾ of which:	537,395	538,564
EU-2	Trading book exposures	2,216	14,413
EU-3	Banking book exposures, of which:	535,180	524,151
EU-4	Secured bonds	4,583	4,681
EU-5	Exposures treated as sovereigns	55,882	58,519
EU-6	Exposures from regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereign	4,364	4,626
EU-7	Institutions	14,803	28,590
EU-8	Secured by real estate mortgages	187,084	172,092
EU-9	Retail exposures	141,866	136,000
EU-10	Corporate exposures	92,530	86,266
EU-11	Exposures in default	5,355	5,829
EU-12	Other exposures (equities, securitizations and other assets unrelated to credit exposures)	28,711	27,549

[1] Excluding derivatives, temporary sales of securities and exempt exposures.

5.7 CAPITAL ADEQUACY (EU OVC)

Pillar 2 of the Basel Accord requires banks to carry out their own assessment of their economic capital and to use stress scenarios to assess their capital requirements in the event of an economic downturn. The effect of this pillar is to structure the dialog between the bank and the supervisor on the adequacy of the institution's capital.

5.7.1 Governance and approach

The work done by the Crédit Mutuel group to bring it into compliance with the requirements of Pillar 2 fits into the improvements made to the credit risk measuring and monitoring procedures. During 2008, the Crédit Mutuel group introduced its internal capital assessment process in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). This assessment approach has since been gradually enhanced and is now formalized by a national framework process, validated by the Board of Directors of CNCM on March 2, 2016 as part of the general risk appetite framework and applies at all levels of the Crédit Mutuel group.

The ICAAP approach is fully integrated into the risk governance plan. It is assessed through the following steps:

- identification of the significant risks incurred by the bank and the associated procedures, tied directly to risk monitoring;
- assessment of the capacity of these risks to be absorbed on an ongoing basis by the regulatory capital adequacy requirements in Pillar 1;
- determination of the level of any additional economic capital to be allocated.

Every year, Crédit Mutuel Alliance Fédérale updates its capital adequacy assessment process based on a set of measures applicable throughout the Crédit Mutuel group. It identifies the risks to which it is exposed through its activities; it maps them out and checks that the regulatory capital requirements effectively cover the potential risks to its capital position and, if such is not the case, determines the additional amount to be taken into account in respect of its economic capital requirements. Following this process, it ensures that the trajectories of the regulatory and economic ratios (in terms of central scenario and adverse scenarios) are in line with the alert thresholds set by the Board of Directors of Crédit Mutuel Alliance Fédérale, within the scope of the quantitative risk appetite.

The process firstly rests on the identification of the risks and the associated risk appetite, and on the calculation – in accordance with national methodologies – of the minimum economic capital requirements, with the understanding that:

- economic capital requirements are the same as regulatory capital requirements (top quality at the national level since they mainly consist of CET1 and reserves). When the economic assessment of stresses affects the value of the capital, the economic capital is equal to the difference between the regulatory capital and the impact of the stress on the capital (in accordance with Principle 5 § 68 of the ECB Guide to the internal capital adequacy assessment process [ICAAP]);
- economic capital requirements are equal to the regulatory requirements (where applicable) combined with the economic allowances decided by the governing bodies.

The impacts measured focus on the accounting and prudential figures rather than on the economic value of Crédit Mutuel Alliance Fédérale [EBA/CP/2016/10, section 6.1, § 29.d]. The results are integrated in the three-year regulatory capital and risk forecasts [EBA/CP/2016/10, section 6.1, § 29.e], in a central scenario and under stress conditions.

The methodologies for the identification of risks and quantification of capital requirements are defined within the framework of the Crédit Mutuel group's national governance. Their implementation and the allocation of economic capital to supplement the regulatory capital in the subsidiaries is the responsibility of their executive officers. At the end of the fiscal year, the information compiled must be sufficient to enable the governing bodies to determine the capital adequacy of Crédit Mutuel Alliance Fédérale.

In general, and in keeping with its very low risk appetite, the methodologies developed are robust and based on a high level of conservatism, at least equivalent to that used in Pillar 1 models. The assessment of the economic capital requirements to cover identified risks is thus primarily based on the internal models developed for the calculation of regulatory capital requirements (whether approved or not). In all cases, the outstandings measured using internal models are compared with the regulatory capital requirements declared to the supervisor (which may be measured in the standard way if the models used have not been approved).

For risks covered by the Internal Capital Adequacy Assessment Process [ICAAP] and for which there is no specific capital requirement under Pillar 1, the economic capital requirement is assessed either by extending the models used in Pillar 1 beyond the regulatory perimeter (such is the case for CVA, for example), or on the basis of the difference between a stress situation and a central scenario (such is the case for interest rate risks or sovereign spread risks).

The economic vision is then integrated into the solvency ratio projection exercise (capital and risk-weighted forecasts), which is carried out in a central scenario (the same as the one used for SREP reporting) and according to two stressed approaches over a three-year horizon.

The results cover the consolidated scope of Crédit Mutuel Alliance Fédérale, and the subsidiaries adapt them to their own scope. The defining of specific methodologies (particularly for areas with risks which are specific to an entity or a business line) is also requested where justified, in transparency with the national risk management bodies.

5.7.2 Stress scenarios

The stress methodologies are defined and validated on the national level to determine the economic capital requirements by the same bodies, irrespective of the objective of the stress test (EBA/GL/2016/10, section 5.4, § 27.b and c). They apply to the entire scope covered by the ICAAP.

The stress scenarios are developed in connection with the global mapping of risks making it possible to identify material risks for the group.

Thus, the risks identified as significant and principal in the mapping are taken into account in the stress scenarios in order to quantify their potential impact on Crédit Mutuel Alliance Fédérale under stressed conditions.

The stresses are calibrated on the basis of plausible assumptions. They are based on potential future macroeconomic scenarios (three years), in connection with interest rates or historical scenarios, in connection with the cost of risk, etc.

The rationale behind the definition of relevant stress scenarios with regards to ICAAP takes account of the fact that Crédit Mutuel Alliance Fédérale could be subjected to an external shock, which could be systemic or isolated (idiosyncratic affecting a single entity), whether internal or external.

In general, a hypothetical future shock could come from:

- a severe economic downturn, potentially for a long period;
- or in a more isolated way, a crisis outside the group in connection with volatile markets or the collapse of a major economic player (a business, a bank or even a country);
- or in an isolated way, but within Crédit Mutuel Alliance Fédérale, *via* the materialization of a specific risk, essentially concerning operations (at group level, operational risks particularly include legal and compliance risks).

The developed stresses are typical for a banking group largely focused on Retail Banking. With regard to solvency, this concerns the risk of default and changed ratings (or credit risk), interest rate and exchange rate risk, operational and market risks.

The stress test methodology is applied taking into account the regional risk mapping, notably by analyzing the relevance of enriching the common foundation with specific scenarios related to vulnerabilities specific to the subsidiaries.

In accordance with the regulatory requirements (EBA/GL/2018/04 Art. 84), Crédit Mutuel Alliance Fédérale also conducts reverse stress tests within its stress test program, sharing the same internal governance as other types of stress tests.

Through these reverse stress tests, Crédit Mutuel Alliance Fédérale measures the bank's distance from a situation placing it beyond its risk appetite, or even under administration, and determines the starting point and circumstance(s) under which the graduated risk management system put in place on the decision of the Board of Directors would require an increasingly detailed action plan in order to return to the risk appetite set by Crédit Mutuel Alliance Fédérale, and the analysis of the adequacy of its stress tests, in particular the ICAAP and ILAAP stress tests, in view of these results.

The results of the implementation of all ICAAP stress tests on the key solvency indicators (particularly on earnings, capital, weighted risks, and in fine, the three-year solvency ratios) are the main basis of the capital adequacy report and form an essential tool to determine the economic capital allocations.

Finally, the results of the ICAAP are presented on a quarterly basis to the Crédit Mutuel group's key executives, demonstrating that the group has adequate capital to cover its exposure in line with its risk appetite.

5.8 CREDIT RISK

5.8.1 General qualitative information on credit risk (EU CRA)

5.8.1.1 A business model centered on retail customers

Because of its business model, Crédit Mutuel Alliance Fédérale's primary risk is credit risk. That model is largely focused on development of Retail Banking, with an extension to [primarily French] corporate lending since the acquisition of CIC. Since its consolidation into Crédit Mutuel Alliance Fédérale, CIC has focused its own development on individual customers as well. The group's Retail Banking, coupled with the distribution of insurance products to retail customers, account for the great majority of Crédit Mutuel Alliance Fédérale's sources of revenue. Nearly half of the outstanding consumer loans of Crédit Mutuel Alliance Fédérale consist of residential real estate loans to individuals and around 64% of customer exposures involve retail customers.

5.8.1.2 A credit policy aimed at prudent development

The credit risk policy identifies the markets and type of financing with which each network and specialized department of Crédit Mutuel Alliance Fédérale may be involved. It sets the lending criteria by type of customer or product, based mainly on the solvency of the borrowers and explicitly mentions the possible restrictions on the distribution of credit, either through the general policy (including specific or prohibited markets and products, "unbankable" persons, old lawsuits, bad ratings, etc.) or through sector policies that match the group's commitment to the environment and to financing energy transition. These policies are reviewed regularly for a further analysis of ESG (Environmental, Social and Governance) risks, primarily by incorporating into the lending process a non-financial scoring of the counterparties being studied.

This risk policy supports several objectives:

- help manage the business by keeping loan commitments within limits and in line with the group's risk appetite;
- reduce the cost of risk over the long term;
- measure capital requirements;
- provide an effective response to Basel III and to the regulations as to internal control, and ensure a return on the investment made in regulatory compliance.

The risk policy is worked out within the framework of the group's risk appetite as approved by the Board of Directors of Crédit Mutuel Alliance Fédérale, by means of a system of limits and alert thresholds, particularly as to concentration of loans by borrower, by sector and by geography. These limits use the Crédit Mutuel group rating system described in the "Risk Management" portion of the management report.

The risk policy is circulated through all entities in Crédit Mutuel Alliance Fédérale consolidation by means of an intranet deployed in the group's French and foreign entities.

5.8.1.3 Reinforced risk management system

In accordance with the regulations in effect, the risk management organization separates the following processes:

- granting of loans;
- assessing risks, overseeing loans and managing at-risk items.

These two functions are independent of each other and report to different management lines. The granting of loans comes under the lending department while the assessment of risks, oversight of loans and management of at-risk items comes under the risk, permanent control and compliance department.

5.8.1.3.1 Loan origination system

Loan origination is a sequence based on customer knowledge, risk assessment and the decision to lend.

Customer knowledge

Knowledge of the customer and the targeting of prospects depend on close ties with the economic environment. The segmentation of customers into different risk categories guides the commercial prospecting. A credit file supports the decision to lend.

Risk assessment

Risk assessment is based on the analyses conducted at several stages, using formalized processes, including:

- customer ratings;
- risk groups;
- weighting of outstandings in line with the type of product and the collateral taken.

Employees receive regularly reviewed training in risk containment.

Customer rating: a single system for the whole group

In accordance with the regulations, the rating is central to the credit risk system: origination, payment, pricing and tracking. Accordingly, all delegations of lending authority rely on rating the counterparty. Generally speaking, the lending arm approves the internal rating of all applications it deals with.

Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

This rating system is used throughout the Crédit Mutuel group.

The definition of rating methodologies is done under the responsibility of Confédération Nationale du Crédit Mutuel (CNCM) for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.

The group's counterparties eligible for internal approaches are rated by a single system.

Models [algorithms or matrices] are used to differentiate and correctly classify risk. The value scale reflects the manner in which the risk changes and is broken down into nine non-default positions [A+, A-, B+, B-, C+, C-, D+, D- and E+] and three default positions [E-, E= and F].

The monitoring of the mass rating models focuses on three main aspects: stability assessment, performance assessment and additional analyses. This monitoring is conducted under the aegis of CNCM for each rating model.

Risk groups (counterparties)

A "group of related customers" means the natural persons or legal entities who fit together in terms of risk because one of them holds direct or indirect control over the other(s) or because there are connections between them such that it is likely that if one of them ran into financial difficulty, particularly financing or repayment problems, the others would experience financing or repayment problems.

The risk groups are put together based on a written procedure that includes the provision of sub-paragraph 39 of paragraph 1 of Article 4 of Regulation (EU) No. 575/2013.

Weighting of income and guarantees

To evaluate the counterparty risk, a weighting may apply to the nominal commitment. This combines the type of loan and type of collateral.

The lending decision

The lending decision is principally based on:

- a formal risk analysis of the counterparty;
- a rating of the counterparty or group of counterparties;
- the level of delegations;
- the "four eyes" principle;
- the not-to-exceed rules of the existing authorizations depending on capital;
- the yield suited to the risk profile and the consumption of capital.

The decision-making channels are automated and managed in real time, as soon as the investigation phase of a loan request is complete, the electronic application is transmitted to the right decision-making level.

Levels of delegation

Customer relationship managers are responsible for the comprehensiveness, quality and reliability of the information collected. In accordance with Article No.107 of the Order dated November 3, 2014, they prepare credit files intended to formalize all information of a qualitative and quantitative nature on each counterparty. They check the relevance of elements collected either from customers or from external tools (sector-specific reviews, annual reports, legal information, rating agencies) or internal tools made available to them. Each customer relationship manager is responsible for the decisions they take or instruct and has an *intuitu personae* delegation.

For cases for which the amount exceeds the *intuitu personae* delegations, the decision is taken by a Commitments Decision Committee, for which the rules of functioning are the subject of procedures.

The delegations are based on flexible lending caps that vary according to:

- the rating;
- the total amount of loans to one counterparty or risk group, possibly weighted by the type of loan involved or by the eligible security;
- exclusions from the delegation.

Role of the lending unit

Each regional bank has a lending team, which reports directly to Executive Management and is independent of the operational departments. Its main mission is ensuring the appropriateness of lending decisions by means of the second review of credit applications and checking that the yield on the loans are in keeping with the risk.

5.8.1.3.2 System for assessing risks, monitoring credit risks and managing at-risk items

In accordance with regulatory requirements, loans are monitored by national and regional organizational units.

Risk assessment

To measure risks, Crédit Mutuel Alliance Fédérale has various tools enabling an aggregate, static and dynamic approach:

- exposure to country, business sector, counterparty or group of counterparties;
- production and outstandings according to key elements tailored to the business lines concerned (rating, market, loan products, business segment, yield).

Each commercial entity uses informational software and so can check on a daily basis that caps allocated to each of its counterparties are being respected.

Monitoring credit risks

The risk unit, along with other interested parties, contributes to the formal quarterly monitoring of the quality of credit risks in each business line.

The risk unit's monitoring system becomes involved independently from loan origination, as a supplement to and in coordination with other actions taken, primarily by first-tier control and permanent control teams. The objective is to detect at-risk situations as far in advance as possible, based on criteria defined by customer segment, either computer-assisted or through the relevant operating and lending managers.

Under the CRBF 93-05 regulation, the corporate regulatory limits of Crédit Mutuel Alliance Fédérale are determined according to the regulatory capital and internal ratings of counterparties. Regulatory limits are monitored according to specific conditions (including frequencies) defined in dedicated procedures.

The monitoring of overruns and account functioning anomalies is done through advanced risk detection tools (management of debtors/sensitive risks/automatic reports in negotiated collection, etc.), based both on external and internal criteria, notably the rating and the functioning of accounts. These indicators aim to identify and deal with credit files as far in advance as possible. This detection is automated, systematic and exhaustive.

Permanent control of credit risks

Network permanent control is independent of lending. It provides second-level control of credit risks. Counterparties that show warning signals are reviewed, and entities accumulating negative indicators are identified. The objective of the control is to see that appropriate risk strategies are applied and that suitable corrective measures are taken.

In this way extra security is added to the management of credit risk.

Management of at-risk items

A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the alignment of prudential standards on the accounting service (Regulation ANC No. 2014-07 dated November 26, 2014/Regulation [EU] No. 575/2013). It is expressed by the correspondence between the Basel concept of debt in default and the accounting concept of disputed and non-performing loans. The computer software factors in contagion, extending the downgrading to related outstandings.

Detection of at-risk items

The practice consists of comprehensively identifying receivables to be placed "under at-risk items" then assigning them to the category corresponding to their situation: sensitive (non-downgraded), non-performing, irrevocable non-performing or disputed. All receivables are subject to an automated monthly identification process using internal and external indicators that have been configured in the information system. Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transition to default, provisioning, reclassification as performing

Processing the transition to default, provisioning and the reclassification as performing comply with prudential rules in force, with automation on a monthly basis, which keeps the process comprehensive. In November 2019, Crédit Mutuel Alliance Fédérale rolled out the EBA's new definition of default for all exposures approved using the internal method. The deployment was then extended to entities using the standardized method.

Management of customers downgraded to non-performing or disputed

The counterparties concerned are managed differently according to the gravity of the situation: in the branch by the customer relationship manager or by dedicated teams specialized by market, type of counterparty or collection mode.

5.8.2 Exposures

The Crédit Mutuel group has focused on the most advanced forms of the Basel III Accord, beginning with its core business, retail customers. The ACPR has authorized the group to use its internal ratings system to calculate its regulatory capital requirements in respect of credit risk:

- using the advanced method, as from June 30, 2008, for the retail customer book;
- using the foundation method, as from December 31, 2008, for the banking book;
- using the advanced method, as from December 31, 2012, for the corporate and banking books;
- using the advanced method, as from March 31, 2018, for the real estate development book.

5.8.1.4 Relationship among the management functions for credit risk, risk monitoring, compliance assurance and internal auditing

Crédit Mutuel Alliance Fédérale is careful to separate loan writing and loan management from operational control and auditing. This separation is ensured primarily by having these functions report to different and independent departments:

- originating and managing loans, located in the group lending department;
- monitoring and controlling the risk and compliance of transactions, located in the risk, control and compliance department;
- internal audit, located in the General Inspection division - network auditing for third level control of transactions carried out in the networks and in the General Inspection division - business line auditing for third-level control of loans handled by specialized business lines.

The risk, permanent control and compliance department coordinates the credit monitoring system, mainly through the quarterly meetings of the Commitments Monitoring Committee and the At-Risk Items Committees for the monitoring of doubtful risks in particular and the allocation of the group's main commitments to the proper risk classes. The department, working with the lending department and the business lines concerned, suggests the alert thresholds and internal limits on credit risk and ensures that the credit risk system is operating smoothly and that executive and deliberative bodies are kept informed of risk levels. Its permanent controls office performs second-level controls of credit transactions and verifies that the first-level control tasks have been properly performed by the operational staff and by the lending officers.

The General Inspection division ensures that the entire system is operating correctly, including the second-level system carried out by the risk, permanent control and compliance department, through general or specific inspections of loans.

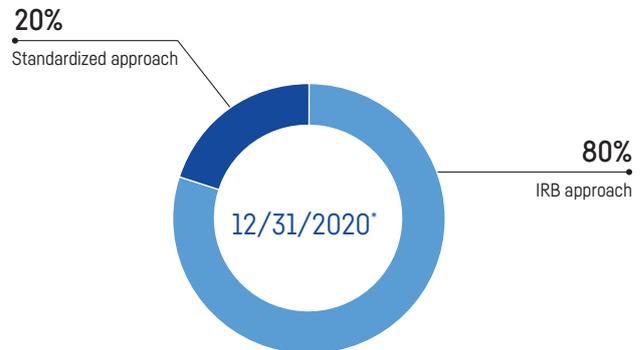
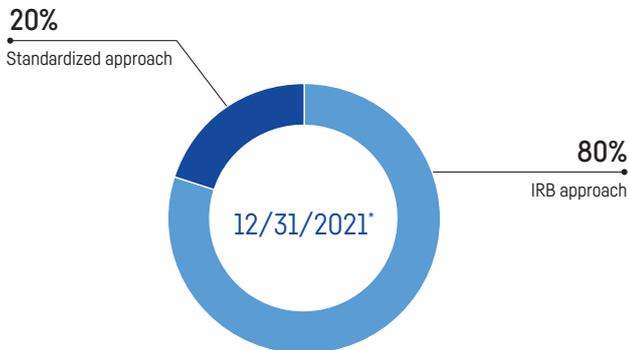
The credit risk, risk monitoring, compliance assurance and internal auditing management system is described in detail in section 5.3 "Risk management".

As part of the TRIM (Targeted review of internal models) process, the European Central Bank confirmed the authorization given to the Crédit Mutuel group, for retail customer home loan book in 2018, for the corporate and retail non-trading company book in 2019 as well as the banking and key corporate books in 2020.

As part of the roll-out plan (transitioning to the IR method), the projects of using the advanced method throughout the factoring subsidiaries of the Crédit Mutuel group in France, Cofidis France and TARGOBANK AG are well under way. The latter entities represent 9% of the Institutions, Corporate and Retail customers regulatory books.

The percentage of exposures approved under the advanced internal rating method for the Institutions, Corporate and Retail customers regulatory books was 80% as of December 31, 2021.

GRAPH 13: SHARE OF GROSS EXPOSURES UNDER THE ADVANCED AND STANDARDIZED METHODS
SHARE OF GROSS EXPOSURES AT 12/31/2021* SHARE OF GROSS EXPOSURES AT 12/31/2020*



* Measure on the scope of Institutions, Corporate and Retail customers.
68% of CMNE's exposures are under the IRB approach.

5.8.3 Credit quality of assets

5.8.3.1 Impaired and overdue exposures (EU CRB-a)

A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this definition matches the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. The computer software factors in contagion, extending the downgrading to related outstandings. The controls carried out by internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital requirements.

Since November 2019, Crédit Mutuel Alliance Fédérale has been applying the new definition of regulatory default in accordance with the EBA's guidelines and the regulations' technical standards on applicable materiality thresholds.

The main changes relating to the implementation of this new definition are as follows:

- the analysis of the default now focuses on the borrower rather than on the contract;
- the number of days of unpaid or late installments is appraised for each borrower (obligor) or group of borrowers (joint obligors) in the case of a joint commitment;
- the default is triggered after 90 consecutive days of unpaid or late installments on the part of an obligor or joint obligors. The days are counted from the moment that thresholds of absolute materiality (€100 Retail, €500 Corporate) and relative materiality (over 1% for past due balance sheet commitments) are crossed simultaneously. The countdown is reset when this is no longer the case for one of the two thresholds;

- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before the return of non-restructured assets to a performing loan status.

Crédit Mutuel Alliance Fédérale has opted to roll out the new definition of default using the EBA's two-step approach:

- step 1 - this consists in presenting a self-assessment and an authorization request to the supervisor. Crédit Mutuel Alliance Fédérale obtained a deployment agreement in October 2019;
- step 2 - this consists in implementing the new definition of default, and then adjusting the models after an observation period of 12 months for new defaults.

This adjustment to the parameters in order to take into account the new definition of default was postponed until the third quarter of 2021 as part of the easing measures taken by the ECB in response to the health crisis.

Crédit Mutuel Alliance Fédérale deems that the new definition of default, as laid down by the EBA, is representative of an objective proof of impairment in accounting terms. The group has thus aligned the definitions of default in accounting terms (Status 3) and regulatory terms.

5.8.3.2 Impairment for credit risk (EU CRB-c)

IFRS 9 went into mandatory effect on January 1, 2018 and replaced IAS 39 “Financial instruments: Recognition and Measurement”. It laid out new rules in terms of:

- classification and measurement of financial instruments (Phase 1);
- impairment of the credit risk of financial assets (Phase 2);
- hedge accounting, apart from macro-hedging transactions (Phase 3).

It should be noted that the group does not apply the transitional arrangements related to IFRS 9 [own funds, capital ratios and leverage ratios that already reflect the total impact of IFRS 9].

Pursuant to IFRS 9, Crédit Mutuel Alliance Fédérale divides all debt instruments measured at amortized cost or at fair value through equity into three categories:

- Status 1: provisioned on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Status 2: provisioned on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3: category comprising credit-impaired financial assets for which there is an objective indication of impairment related to an event that has occurred since the loan was granted. This category is equivalent to the set of outstandings currently impaired individually under IAS 39.

Consequently and in accordance with the position of the EBA, all the group's write downs for credit risk are the result of specific impairments.

Definition of the boundary between status 1 and 2

Crédit Mutuel Alliance Fédérale uses models developed for regulatory purposes and so segregates its outstandings in that manner:

- low Default Portfolios (LDPs);
- high Default Portfolios (HDPs).

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 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 means measuring the risk at the borrower level since the Crédit Mutuel system for rating its counterparties is the same throughout the group. All of the group's counterparties eligible for internal approaches are rated by the 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
- rating grids developed by experts (LDPs).

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

It should be noted that Crédit Mutuel Alliance Fédérale immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

Quantitative criteria

For LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default 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 Status 1.

Qualitative criteria

To these qualitative criteria, Crédit Mutuel Alliance Fédérale adds qualitative ones such as installments unpaid or late by more than 30 days, and the fact that a loan has been restructured.

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.

Statuses 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding balance present-discounted at the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination [1 to 10 year curve] is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating expected losses.

Probability of default

For portfolios with a high default rate, they are based on models approved under the IRB-A method, and for portfolios with a low default rate, on an external probability of default scale established on history of more than 30 years.

Loss given default

For portfolios with a high default rate, they are based on recovery flows observed over a long period of time, discounted at the interest rates of the contracts, segmented by type of product and type of guarantee and for portfolios with a low default rate, on flat-rate levels (60% for sovereigns and 40% for the remainder).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating 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 dimension included in the probability of default combines three scenarios—optimistic, neutral and pessimistic—which are weighted to reflect the group's five-year forecast of the business cycle, approved by the Chief Executive Officers of the regional groups and of the Crédit Mutuel group. The group mainly relies on macroeconomic data (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. 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 dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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 large corporates/bank models, and not into local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

Status 3 – Non-performing loans

In Status 3, impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. An analysis is done at each closing contract by contract. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

COVID-19 health crisis

Crédit Mutuel Alliance Fédérale has been and continues to be fully mobilized to address the COVID-19 health crisis. The group is committed to the government's system to support the economy by offering State-guaranteed loans to support the cash flow of its corporate and professional customers, but also by granting maturity extensions.

Provisions for State-guaranteed loans guaranteed are made in accordance with the principles of the standard, taking into account the specific nature of the product and the guarantee.

In this exceptional context of crisis and from the first half of 2020, the group used judgment in accounting for expected credit losses. The credit risk measurement system has been adapted to take into account the uncertainties of the health crisis offset by government support measures. This methodological approach was maintained for the preparation of the 2021 financial statements.

In particular:

- the weighting of Forward-Looking scenarios were adapted and strengthened, taking into account the unprecedented and brutal nature of the COVID-19 crisis on the macro-economic environment;
- initially and as part of the financial market mechanism, maturity extensions granted until September 30, 2020^[1] had not automatically constituted an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification into restructured assets (forborne). Beyond this date, the transfer to Status 2 or 3 or restructured assets of loans benefiting from the new individual support measures applied in accordance with group rules. However, the group has taken new measures by applying an additional credit risk deterioration criterion for loans that have benefited from a second maturity extension, without having repaid the first maturity. Its implementation led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to Status 2 or a lower valuation of already downgraded loans).
- in 2020, a lump-sum provision was made in 2020 to anticipate the increase in the claims rate in the sectors considered to be the most vulnerable to the health crisis (tourism, gaming, leisure, hotels, restaurants, automotive and aerospace industry excluding manufacturers, clothing, beverage trade, light vehicle rentals, industrial passenger transport, air carriers). It was created in accordance with a group methodology defined at national level, which is based on the full transfer of the exposures concerned in Status 2 and the application of a minimum provisioning rate defined by group of sectors.

Performing exposures in vulnerable sectors were transferred in full to Status 2. No changes were made to the list of sectors selected during the 2020 fiscal year.

A methodology for determining the sectoral adjustment has been defined and approved at national level.

"Vulnerable" sectors are specifically monitored in two ways:

- an expert report with the establishment of a special committee responsible for providing an economic overview of the business sectors and formulating opinions justifying the identification or elimination of vulnerable sectors;
- a quantitative aspect with the monthly monitoring of internal indicators such as the ratio of performing loans with arrears of more than 30 days in relation to total performing loans. This makes it possible to define a minimum provisioning ratio by group of sectors at national level, which may be subject to adjustment by experts.

[1] Final report on guidelines on legislative and non-legislative payment moratoria – EBA/GL/2020/02.

5.8.3.3 Exposures covered by a State guarantee in the context of the health crisis

As part of the government scheme to support the economy in response to the health crisis COVID-19 the State guarantee covers a percentage

of the amount of the principal, interest and ancillaries remaining due on the receivable until the end of its term, unless it is called beforehand in the event of a credit event. This percentage varies from 70% to 90%. Given the composition of the portfolio, which is mainly geared towards microenterprises/SMEs, most of the EMPs distributed as of December 31, 90 benefit from a State guarantee of up to 90%.

TABLE 20: CREDIT QUALITY OF STATE-GUARANTEED LOANS

<i>(in € millions)</i> At 12/31/2021	Gross carrying amount	Maximum amount of guarantee that may be taken into consideration		Gross carrying amount
		of which: renegotiated	Public guarantees received	
New loans and advances issued subject to public guarantee schemes	15,205	320	13,601	529
of which: households	1	-	-	-
of which: secured by residential real estate	-	-	-	-
of which: non-financial corporations	15,194	315	13,591	529
of which: small and medium-sized enterprises	12,806	-	-	320
of which: secured by commercial real estate	127	-	-	-

The amount of new loans and advances issued to CMNE public guarantee schemes as of 12/31/2021 represents 1% of the similar amount posted by Crédit Mutuel Alliance Fédérale.

<i>(in € millions)</i> At 12/31/2020	Gross carrying amount	Maximum amount of guarantee that may be taken into consideration		Gross carrying amount
		of which: renegotiated	Public guarantees received	
New loans and advances issued subject to public guarantee schemes	17,619	204	15,761	209
of which: households	-	-	-	-
of which: secured by residential real estate	-	-	-	-
of which: non-financial corporations	17,611	201	15,761	208
of which: small and medium-sized enterprises	14,344	-	-	155
of which: secured by commercial real estate	104	-	-	-

5.8.3.4 Exposures subject to a legal moratorium in the context of the health crisis

Crédit Mutuel Alliance Fédérale applies the EBA guidelines concerning legislative and non-legislative moratoriums on loan repayments applied due to the COVID-19 pandemic [EBA/GL/2020/02].

The guidelines apply from April 2, 2020. This measure was introduced for the first time for three months and then extended to September 2020 and finally renewed from December 2020 until March 2021.

During the first wave of COVID-19, Crédit Mutuel Alliance Fédérale chose to massively support its corporate and professional customers by granting automatic extensions of maturities.

TABLE 21: CREDIT QUALITY OF LOANS AND ADVANCES SUBJECT TO MORATORIUMS ON LOAN REPAYMENTS APPLIED DUE TO THE COVID-19 PANDEMIC

	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk ⁽¹⁾					Gross carrying amount				
	Performing		Non-performing			Performing		Non-performing							
	Of which: exposures subject to renegotiation measures	Of which: instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)	Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days		Of which: exposures subject to renegotiation measures	Of which: instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)	Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days	Inflows from non-performing exposures					
(in € millions) At 12/31/2021															
Loans and advances subject to moratoriums	42	35	33	33	7	7	6	-4	-2	-2	-2	-2	-2	-1	0
of which: households	40	34	33	33	7	6	6	-4	-2	-2	-2	-2	-2	-1	0
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: small and medium-sized enterprises	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk ⁽¹⁾					Gross carrying amount				
	Performing		Non-performing			Performing		Non-performing							
	Of which: exposures subject to renegotiation measures	Of which: instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)	Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days		Of which: exposures subject to renegotiation measures	Of which: instruments with a significant increase in credit risk since initial recognition but not impaired (step 2)	Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due ≤ 90 days	Inflows from non-performing exposures					
(in € millions) At 12/31/2021															
Loans and advances subject to moratoriums	678	658	28	429	20	4	14	-27	-20	-1	-8	-7	-1	-3	10
of which: households	182	173	1	5	9	2	4	-17	-11	-	-1	-5	-1	-2	3
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	496	485	27	424	11	2	9	-10	-9	-1	-7	-1	-1	-1	8
of which: small and medium-sized enterprises	481	470	27	415	11	2	9	-10	-9	-1	-7	-1	-1	-1	8
of which: secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

(1) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

TABLE 22: VOLUME OF LOANS AND ADVANCES SUBJECT TO STATUTORY AND NON-LEGISLATIVE MORATORIUM BY RESIDUAL MATURITY

<i>(in € millions)</i> At 12/31/2021	Number of debtors	Gross carrying amount	Of which: legislative moratoriums	Of which: expired	Residual maturity of moratoriums				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which a moratorium has been proposed	423,121	42,479	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	423,086	42,479	1,055	42,437	2	40	-	-	-
of which: households	-	1,149	1,042	1,109	1	40	-	-	-
<i>of which: secured by residential real estate</i>	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	-	41,214	13	41,213	1	-	-	-	-
<i>of which: small and medium-sized enterprises</i>	-	36,852	13	36,850	1	-	-	-	-
<i>of which: secured by commercial real estate</i>	-	778	-	778	-	-	-	-	-

The amount of loans and advances subject to CMNE moratorium as of 12/31/2021 represents 1% of the similar amount posted by Crédit Mutuel Alliance Fédérale.

<i>(in € millions)</i> At 12/31/2020	Number of debtors	Gross carrying amount	Of which: legislative moratoriums	Of which: expired	Residual maturity of moratoriums				
					≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
Loans and advances for which a moratorium has been proposed	545,041	56,927	-	-	-	-	-	-	-
Loans and advances subject to moratoriums (granted)	544,935	56,926	1,307	56,248	501	176	-	-	-
of which: households	-	1,411	1,261	1,228	8	174	-	-	-
<i>of which: secured by residential real estate</i>	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	-	55,384	45	54,888	493	2	-	-	-
<i>of which: small and medium-sized enterprises</i>	-	49,124	45	48,644	478	2	-	-	-
<i>of which: secured by commercial real estate</i>	-	1,027	-	1,027	-	-	-	-	-

5.8.3.5 Restructured exposures (EU CRB-d)

An exposure is restructured after a debtor encounters financial difficulties. This takes the form of concessions made to the debtor by the group, e.g. changing the terms of the loan agreement such as the interest rate or the maturity, partial forgiveness or additional financing

that would not have been granted in absence of the difficulties. In its information systems the group has ways to identify the restructured exposures in its performing and non-performing books, as defined by the principles enunciated by the EBA on October 23, 2013. Restructuring does not automatically mean classification in default (Status 3) but does mean classification in Status 2 at least.

The tables below show the break down of outstanding receivables and related provisions as of December 31, 2021 according to different areas of analysis.

TABLE 23: MATURITY OF NET ON- AND OFF-BALANCE SHEET EXPOSURES (EU CR1-A)

[in € millions] At 12/31/2021	Net value of exposures					Total
	On demand	<= 1 year	> 1 year < = 5 years	> 5 years	No maturity stated	
Loans and advances	227,309	82,888	197,723	244,244	12,414	764,578
Debt instrument	774	3,300	13,310	10,639	14,193	42,217
TOTAL	228,083	86,189	211,033	254,883	26,606	806,795

CMNE has a similar breakdown to that of Cr dit Mutuel Alliance F d rale.

TABLE 24: CREDIT QUALITY OF FORBORNE EXPOSURES (EU CQ1)

[in € millions] At 12/31/2021	Gross restructured performing loans				Total write-downs, total changes in fair value of credit risk and provisions		Collateral and financial guarantees received on restructured exposure	
	Gross restructured performing loans	Restructured non-performing loans		On performing exposures benefiting from restructuring measures	On non-performing exposures benefiting from restructuring measures		Of which collateral and financial guarantees received on non-performing exposures	
		Of which defaulted	Of which impaired					
Demand accounts with central banks and other demand deposits	0	0	0	0	0	0	0	0
Loans and advances	2,956	3,267	3,267	3,267	-308	-1,349	2,753	1,164
Central banks	0	0	0	0	0	0	0	0
Public administration	1	5	5	5	0	-1	4	4
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	25	96	96	96	-1	-58	50	37
Non-financial corporations	1,693	1,548	1,548	1,548	-154	-483	1,918	854
Households	1,237	1,617	1,617	1,617	-153	-807	780	268
Debt instruments	0	0	0	0	0	0	0	0
Loan commitments given	42	11	11	11	0	0	12	0
TOTAL	2,998	3,278	3,278	3,278	-309	-1,349	2,766	1,164

CMNE's gross restructured performing loans represented  124 million, or 4.2% of Cr dit Mutuel Alliance F d rale's similar loans.

CMNE's gross restructured non-performing loans represented  139 million, i.e. 3.8% of Cr dit Mutuel Alliance F d rale's similar loans.

[in € millions] At 12/31/2020	Gross carrying amount/nominal amount of restructured exposure				Accumulated impairment and negative fair value associated with credit risk		Collateral and financial guarantees received on restructured exposure	
	Performing loans	Non-performing loans		On restructured performing loans	On restructured non-performing loans		o/w collateral and guarantees on restructured exposure	
		o/w loans in default	o/w impaired loans					
Loans and advances	1,027	3,074	3,074	3,074	-71	-1,382	1,325	919
Central banks	0	0	0	0	0	0	0	0
Public administration	0	2	2	2	0	0	2	2
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	2	118	118	118	0	-57	54	53
Non-financial corporations	307	1,229	1,229	1,229	-14	-445	871	616
Households	718	1,724	1,724	1,724	-57	-879	398	249
Debt instruments	0	125	125	125	0	0	0	0
Loan commitments given	13	19	19	19	0	0	17	0
TOTAL	1,040	3,218	3,218	3,218	-71	-1,382	1,342	919

TABLE 25: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY REMAINING MATURITY (EU CQ3)

(in € millions) At 12/31/2021	Gross carrying amount/nominal amount											
	Performing loans				Non-performing loans							
	No arrears or in arrears ≤ 30 days	In arrears > 30 days ≤ 90 days			Probability of arrears or in arrears ≤ 90 days	In arrears > 90 days ≤ 180 days	In arrears > 180 days ≤ 1 year	In arrears > 1 year	In arrears > 2 years ≤ 5 years	In arrears > 5 years ≤ 7 years	In arrears > 7 year	Of which loans in default
Demand accounts with central banks and other demand deposits	124,714	124,714	0	0	0	0	0	0	0	0	0	0
Loans and advances	498,826	497,312	1,514	11,723	3,061	552	820	3,404	2,195	489	1,202	11,723
Central banks	408	407	0	0	0	0	0	0	0	0	0	0
Public administration	5,662	5,598	65	26	11	0	1	2	11	0	0	26
Credit institutions	53,971	53,964	7	4	1	0	0	1	0	0	1	4
Other financial institutions	11,630	11,623	7	196	23	2	40	44	79	1	7	196
Non-financial corporations	218,435	217,423	1,011	6,516	1,879	171	193	2,467	747	299	762	6,516
Of which: SMEs	184,972	184,260	712	5,629	1,423	164	186	2,185	620	294	757	5,629
Households	208,720	208,295	424	4,981	1,147	379	587	890	1,359	189	431	4,981
Debt instruments	35,736	35,736	0	110	110	0	0	0	0	0	0	110
Central banks	980	980	0	0	0	0	0	0	0	0	0	0
Public administration	16,366	16,366	0	0	0	0	0	0	0	0	0	0
Credit institutions	11,978	11,978	0	1	1	0	0	0	0	0	0	1
Other financial institutions	4,943	4,943	0	2	2	0	0	0	0	0	0	2
Non-financial corporations	1,469	1,469	0	107	107	0	0	0	0	0	0	107
Off-balance-sheet commitments	158,540	-	-	485	-	-	-	-	-	-	-	485
Central banks	20	-	-	0	-	-	-	-	-	-	-	0
Public administration	1,570	-	-	0	-	-	-	-	-	-	-	0
Credit institutions	59,785	-	-	80	-	-	-	-	-	-	-	80
Other financial institutions	2,859	-	-	3	-	-	-	-	-	-	-	3
Non-financial corporations	67,727	-	-	351	-	-	-	-	-	-	-	351
Households	26,579	-	-	51	-	-	-	-	-	-	-	51
TOTAL	817,817	657,762	1,514	12,318	3,171	552	820	3,404	2,195	489	1,202	12,318

CMNE's non-performing loans at 12/31/2021 represented approximately 7% of Crédit Mutuel Alliance Fédérale's non-performing loans.

(in € millions) At 12/31/2020	Gross carrying amount/nominal amount								
	Performing loans				Non-performing loans				
	No arrears or in arrears ≤ 30 days	In arrears > 30 days ≤ 90 days			Probability of arrears or in arrears ≤ 90 days	In arrears > 90 days ≤ 180 days	In arrears > 180 days ≤ 1 year	In arrears > 1 year	o/w loans in default
Loans and advances	470,356	468,913	1,444	12,591	3,064	700	1,056	7,771	12,591
Central banks	100	100	0	0	0	0	0	0	0
Public administration	5,986	5,927	59	39	16	2	2	20	39
Credit institutions	50,791	50,783	8	1	0	0	0	1	1
Other financial institutions	10,887	10,878	9	217	29	8	7	172	217
Non-financial corporations	207,985	207,019	965	6,746	1,734	285	403	4,324	6,746
o/w: SMEs	171,425	170,776	649	5,830	1,286	223	252	4,069	5,830
Households	194,607	194,205	402	5,588	1,284	404	645	3,255	5,588
Debt instruments	36,609	36,609	0	206	206	0	0	0	206
Central banks	978	978	0	0	0	0	0	0	0
Public administration	18,223	18,223	0	0	0	0	0	0	0
Credit institutions	12,120	12,120	0	1	1	0	0	0	1
Other financial institutions	1,026	1,026	0	130	130	0	0	0	130
Non-financial corporations	4,262	4,262	0	75	75	0	0	0	75
Off-balance-sheet commitments	146,162	-	-	358	-	-	-	-	358
Central banks	29	-	-	0	-	-	-	-	0
Public administration	1,302	-	-	0	-	-	-	-	0
Credit institutions	49,208	-	-	61	-	-	-	-	61
Other financial institutions	3,232	-	-	4	-	-	-	-	4
Non-financial corporations	66,664	-	-	273	-	-	-	-	273
Households	25,725	-	-	20	-	-	-	-	20
TOTAL	653,128	505,522	1,444	13,155	3,270	700	1,056	7,771	13,155

TABLE 26: CREDIT QUALITY OF NON-PERFORMING EXPOSURES BY COUNTRY (EU CQ4)

<i>(in € millions)</i> At 12/31/2021	Total outstandings/gross nominal amount					Impairment of off-balance sheet commitments and financial guarantees given	Cumulative negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing loans	Of which loans in default	Of which loans subject to impairment	Total write-downs		
Balance sheet exposures	546,396	11,833	11,833	545,803	-9,298	-	0
France	442,734	8,433	8,433	442,223	-6,089	-	0
Germany	30,325	1,659	1,659	30,325	-1,815	-	0
United States of America	7,646	41	41	7,638	-59	-	0
Switzerland	9,561	242	242	9,557	-72	-	0
Luxembourg	10,283	52	52	10,265	-73	-	0
Spain	6,782	449	449	6,782	-474	-	0
United Kingdom	4,648	52	52	4,648	-24	-	0
Belgium	4,448	124	124	4,413	-142	-	0
Portugal	3,148	299	299	3,148	-282	-	0
The Netherlands	2,481	26	26	2,481	-7	-	0
Singapore	2,540	14	14	2,540	-6	-	0
Ireland	2,116	43	43	2,116	-6	-	0
Italy	2,910	64	64	2,910	-79	-	0
Canada	1,566	4	4	1,548	-4	-	0
Australia	1,717	0	0	1,717	-4	-	0
Japan	1,321	34	34	1,321	-10	-	0
Hong Kong	1,123	0	0	1,123	-1	-	0
Other country	11,048	299	299	11,048	-150	0	0
Off-balance sheet exposures	159,024	485	485	-	-	477	-
France	132,973	452	452	-	-	392	-
Germany	4,709	7	7	-	-	35	-
United States of America	4,196	0	0	-	-	4	-
Switzerland	3,603	1	1	-	-	2	-
Luxembourg	2,034	1	1	-	-	4	-
United Kingdom	2,067	12	12	-	-	4	-
Belgium	1,390	0	0	-	-	2	-
The Netherlands	1,408	0	0	-	-	7	-
Spain	1,536	9	9	-	-	10	-
Australia	874	0	0	-	-	1	-
Singapore	492	0	0	-	-	0	-
Hong Kong	395	0	0	-	-	0	-
Italy	365	0	0	-	-	1	-
Ireland	143	0	0	-	-	0	-
Canada	118	0	0	-	-	0	-
Portugal	62	0	0	-	-	0	-
Japan	5	0	0	-	-	0	-
Other country	2,656	2	2	0	0	13	0
TOTAL	705,420	12,318	12,318	545,803	-9,298	477	0

CMNE mainly has exposures outside France in Belgium. These exposures represent 30.4% of CMNE's total outstandings.

TABLE 27: CREDIT QUALITY OF LOANS AND ADVANCES GRANTED TO NON-FINANCIAL COMPANIES BY INDUSTRY (EU CQ5)

<i>(in € millions)</i> At 12/31/2021		Total outstandings			Total write-downs	Cumulative negative changes in fair value due to credit risk on non-performing exposures	
		Of which non-performing loans	Of which non-performing loans in default	Of which total loans subject to impairment			
	Agriculture, forestry and fishing	7,341	283	283	7,341	-163	0
	Extractive industries	632	27	27	632	-24	0
	Manufacturing industry	17,179	748	748	17,179	-392	0
	Production and distribution of electricity, gas, steam and air conditioning	2,851	56	56	2,851	-26	0
	Water production and distribution	988	20	20	988	-16	0
	Building	12,331	492	492	12,331	-308	0
	Retail	21,395	1,024	1,024	21,395	-700	0
	Transport and storage	7,910	276	276	7,907	-128	0
	Hospitality and catering	6,109	463	463	6,109	-568	0
	Information and communication	3,654	91	91	3,654	-58	0
	Financial and insurance activities	13,123	357	357	13,123	-281	0
	Real estate activities	69,355	1,333	1,333	69,355	-831	0
	Professional, scientific and technical activities	17,701	451	451	17,701	-301	0
	Administrative and support service activities	7,009	281	281	7,004	-196	0
	Public administration and defense, mandatory social security	115	0	0	115	0	0
	Education	1,644	35	35	1,644	-21	0
	Human health and social action	9,282	95	95	9,282	-81	0
	Arts, shows and entertainment	1,525	68	68	1,525	-95	0
	Other services	24,806	416	416	24,806	-278	0
	TOTAL	224,951	6,516	6,516	224,942	-4,468	0

Around 26% of its outstandings are concentrated in financial and insurance activities.

TABLE 28: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU CQ7)

<i>(in € millions)</i> At 12/31/2021	Collateral obtained by taking possession (accumulated)	
	Value at initial recognition	Cumulative negative change
Property, plant and equipment	0	0
Other than property, plant and equipment	54	-17
<i>Residential real estate property</i>	38	-9
<i>Commercial property</i>	11	-5
<i>Real estate mortgages</i>	0	0
<i>Equity and debt instruments</i>	0	0
<i>Others</i>	5	-3
TOTAL	54	-17

<i>(in € millions)</i> At 12/31/2020	Collateral obtained by taking possession (accumulated)	
	Value at initial recognition	Cumulative negative change
Property, plant and equipment	-	-
Other than property, plant and equipment	49	13
<i>Residential real estate property</i>	49	13
<i>Commercial property</i>	-	-
<i>Real estate mortgages</i>	-	-
<i>Equity and debt instruments</i>	-	-
<i>Others</i>	-	-
TOTAL	49	13

TABLE 29: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU CR1)

(in € millions) At 12/31/2021	Gross carrying amount/nominal amount						Accumulated impairment and negative adjustment of fair value attributable to credit risk						Partial cumulative reversals		
	Performing loans			Non-performing loans			Accumulated impairment and adjustment of fair value on performing loans			Accumulated impairment and adjustment of fair value on non-performing loans			Partial cumulative reversals	On performing loans	On non-performing loans
		Of which Status 1	Of which Status 2		Of which Status 2	Of which Status 3		Of which Status 1	Of which Status 2		Of which Status 2	Of which Status 3			
Demand accounts with central banks and other demand deposits	124,714	124,712	2	0	0	0	0	0	0	0	0	0	-	304	0
Loans and advances	498,826	462,537	36,277	11,723	0	11,723	-3,248	-1,233	-2,015	-5,949	0	-5,949	-	273,109	3,513
Central banks	408	408	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	5,662	5,604	59	26	0	26	-2	-1	-1	-3	0	-3	-	1,237	11
Credit institutions	53,971	53,964	7	4	0	4	-2	-2	0	-1	0	-1	-	632	2
Other financial institutions	11,630	10,673	953	196	0	196	-30	-15	-15	-89	0	-89	-	6,170	99
Non-financial corporations	218,435	194,254	24,173	6,516	0	6,516	-1,605	-361	-1,244	-2,862	0	-2,862	-	143,564	2,671
Of which: small and medium-sized enterprises	184,972	163,884	21,088	5,629	0	5,629	-1,383	-275	-1,108	-2,552	0	-2,552	-	126,319	2,250
Households	208,720	197,635	11,085	4,981	0	4,981	-1,609	-854	-755	-2,995	0	-2,995	-	121,507	730
Debt instruments	35,736	35,650	87	110	0	110	-20	-15	-5	-80	0	-80	-	0	0
Central banks	980	980	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	16,366	16,366	0	0	0	0	-3	-3	0	0	0	0	-	0	0
Credit institutions	11,978	11,979	0	1	0	1	-5	-5	0	-1	0	-1	-	0	0
Other financial institutions	4,943	4,941	2	2	0	2	-5	-5	0	-1	0	-1	-	0	0
Non-financial corporations	1,469	1,384	85	107	0	107	-7	-2	-5	-79	0	-79	-	0	0
Off-balance sheet outstandings	158,540	151,215	7,325	485	0	485	-326	-117	-209	-151	0	-151	-	21,433	87
Central banks	20	20	0	0	0	0	0	0	0	0	0	0	-	0	0
Public administration	1,570	1,568	2	0	0	0	0	0	0	0	0	0	-	820	0
Credit institutions	59,785	57,747	2,037	80	0	80	-9	-3	-6	-23	0	-23	-	144	3
Other financial institutions	2,859	2,420	438	3	0	3	-12	-5	-7	-2	0	-2	-	523	0
Non-financial corporations	67,727	63,566	4,161	351	0	351	-280	-90	-190	-123	0	-123	-	14,104	68
Households	26,579	25,893	687	51	0	51	-25	-19	-6	-3	0	-3	-	5,841	15
TOTAL	817,817	774,113	43,690	12,318	0	12,318	-3,594	-1,365	-2,229	-6,181	0	-6,181	-	294,847	3,600

<i>(in € millions)</i> At 12/31/2020	Gross carrying amount/nominal amount						Accumulated impairment and negative adjustment of fair value attributable to credit risk						Collateral and financial guarantees received		
	Performing loans			Non-performing loans			Accumulated impairment and adjustment of fair value on performing loans			Accumulated impairment and adjustment of fair value on non-performing loans			Partial cumulative reversals	On performing loans	On non-performing loans
	o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3		o/w Status 1	o/w Status 2		o/w Status 2	o/w Status 3				
Loans and advances	470,356	428,461	41,895	12,591	-	12,591	-3,125	-1,190	-1,935	-6,564	-	-6,564	-	245,662	3,088
Central banks	100	100	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	5,986	5,924	62	39	-	39	-2	-1	-1	-3	-	-3	-	1,262	13
Credit institutions	50,791	50,782	9	1	-	1	-2	-2	0	0	-	0	-	1,257	0
Other financial institutions	10,887	10,372	514	217	-	217	-21	-15	-6	-95	-	-95	-	4,066	69
Non-financial corporations	207,985	176,409	31,576	6,746	-	6,746	-1,614	-379	-1,235	-3,079	-	-3,079	-	129,759	2,177
o/w: SMEs	171,425	149,248	22,177	5,830	-	5,830	-1,132	-262	-870	-2,708	-	-2,708	-	115,620	1,982
Households	194,607	184,873	9,735	5,588	-	5,588	-1,486	-793	-693	-3,387	-	-3,387	-	109,318	829
Debt instruments	36,609	36,062	45	206	-	206	-15	-15	-1	-183	-	-183	-	0	0
Central banks	978	978	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	18,223	18,208	15	0	-	0	-4	-4	0	0	-	0	-	0	0
Credit institutions	12,120	12,073	16	1	-	1	-5	-5	-1	-1	-	-1	-	0	0
Other financial institutions	1,026	1,022	3	130	-	130	-2	-2	0	-128	-	-128	-	0	0
Non-financial corporations	4,262	3,781	11	75	-	75	-4	-4	0	-54	-	-54	-	0	0
Off-balance-sheet commitments	146,162	138,288	7,874	358	-	358	-362	-116	-246	-147	-	-147	-	19,572	79
Central banks	29	29	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	1,302	1,301	1	0	-	0	0	0	0	0	-	0	-	650	0
Credit institutions	49,208	48,039	1,169	61	-	61	-4	-3	-1	-24	-	-24	-	133	4
Other financial institutions	3,232	3,179	54	4	-	4	-6	-6	-1	-2	-	-2	-	325	3
Non-financial corporations	66,664	60,631	6,034	273	-	273	-328	-89	-239	-120	-	-120	-	13,474	67
Households	25,725	25,108	617	20	-	20	-24	-18	-6	-1	-	-1	-	4,991	5
TOTAL	653,128	602,811	49,814	13,155	-	13,155	-3,503	-1,321	-2,182	-6,894	-	-6,894	-	265,234	3,166

TABLE 30: LOANS AND ADVANCES – NON-PERFORMING EXPOSURES FLOWS (EU CR2)

<i>(in € millions)</i> At 12/31/2021	Gross carrying amount
Initial stock of non-performing loans and advances	12,591
Additions to non-performing portfolios	5,420
Exits from non-performing portfolios	-6,288
<i>Exits due from losses</i>	-1,575
<i>Exits due to other reasons</i>	-4,714
Final stock of non-performing loans and advances	11,723

CMNE's final stock of non-performing loans and advances represents approximately 7% of Cr dit Mutuel Alliance F d rale's final stock.

5.8.4 Standardized approach (EU CRD)

Exposures treated using the standard method is given in the table below.

Crédit Mutuel Alliance Fédérale uses ratings from Standard & Poor's, Moody's and Fitch Ratings agencies to measure sovereign risk on government and central bank exposures. If several rating levels derived from external ratings are possible, they are ranked from the most favorable to the least favorable and the second best is used to calculate the weighted risks.

Since September 2017, the group has relied primarily on the estimates provided by the Banque de France with regard to its corporate exposures.

The cross-reference table used to match the credit quality steps to the external ratings adopted is the one called for by regulation.

TABLE 31: BREAKDOWN OF EXPOSURES UNDER THE STANDARDIZED APPROACH (EU CR5)

Categories of exposure (in € millions) At 12/31/2021	Weighting										Others	Total
	0%	10%	20%	35%	50%	75%	100%	150%	250%	1,250%		
Governments and central banks	151,495	0	543	0	136	0	245	0	785	0	0	153,205
Regional or local authorities	260	0	4,486	0	0	0	0	0	0	0	0	4,746
Public sector (public organizations excluding central governments)	35,401	0	22	0	0	0	0	0	0	0	0	35,423
Multilateral development banks	1,199	0	0	0	0	0	0	0	0	0	0	1,199
International organizations	1,047	0	0	0	0	0	0	0	0	0	0	1,047
Institutions (banks)	9	0	1,804	0	74	0	26	0	0	0	0	1,913
Corporates	0	0	838	0	1,896	0	19,012	79	0	0	0	21,826
Retail customers	0	0	0	0	0	38,013	0	0	0	0	0	38,013
Exposures secured by real estate mortgages	0	0	0	6,953	2,346	244	598	0	0	0	0	10,141
Exposures in default	8	0	0	0	0	0	1,519	579	0	0	0	2,105
Exposures presenting a particular high risk	0	0	0	0	0	0	0	1,495	0	0	0	1,495
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	37	0	0	0	1	0	170	154	0	20	0	381
Equity exposure	0	0	0	0	0	0	425	0	1	0	0	425
Other assets	0	0	3	0	4	0	1,620	0	0	0	8	1,635
TOTAL	189,456	0	7,696	6,953	4,458	38,257	23,616	2,306	786	20	8	273,555

The predominant weightings for CMNE are 35% and 75%. They represent approximately 44% and 11% respectively of the similar weightings posted by Crédit Mutuel Alliance Fédérale.

Categories of exposure as of 12/31/2020 (in € millions)	Weighting										Others	Total
	0%	10%	20%	35%	50%	75%	100%	150%	250%			
Governments and central banks	131,944	0	489	0	96	0	51	0	804	0	0	133,384
Regional or local authorities	399	0	4,742	0	13	0	1	0	0	0	0	5,155
Public sector (public organizations excluding central governments)	34,054	0	0	0	0	0	0	0	0	0	0	34,054
Multilateral development banks	1,086	0	0	0	0	0	0	0	0	0	0	1,086
International organizations	1,057	0	0	0	0	0	0	0	0	0	0	1,057
Institutions (banks)	1	0	2,177	0	78	0	16	0	0	0	0	2,273
Corporates	0	0	675	0	1,759	0	16,129	149	0	0	0	18,713
Retail customers	0	0	0	0	0	35,565	0	0	0	0	0	35,565
Exposures secured by real estate mortgages	0	0	0	5,108	2,700	261	629	0	0	0	0	8,698
Exposures in default	9	0	0	0	0	0	1,573	952	0	0	0	2,534
Exposures presenting a particular high risk	0	0	0	0	0	0	0	1,290	0	0	0	1,290
Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0	59	0	0	0	0	59
Equity exposure	0	0	0	0	0	0	416	0	1	0	0	416
Other assets	0	0	3	0	7	0	1,447	0	0	17	0	1,474
TOTAL	168,550	0	8,087	5,108	4,653	35,827	20,321	2,391	804	17	0	245,757

Totals include outstandings weighted at 250%, which are deferred assets.

The exposure to governments and central banks is nearly entirely weighted at 0%. The capital requirements for this book demonstrate a sovereign risk for Crédit Mutuel Alliance Fédérale limited to high-quality counterparties.

5.8.5 Internal rating systems (EU CRE)

5.8.5.1 Rating procedures and parameters

Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.

Confédération Nationale du Crédit Mutuel is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests. Therefore, in carrying out the accreditation work, the subsidiaries draw support from the expertise of the entity concerned, the staff employed by their parent company (risk and finance) and the Confédération Nationale staff.

The counterparty rating system is common to the entire Crédit Mutuel group.

Probability of default (PD) is the likelihood that a counterparty of the bank will default within a one-year period. The group's counterparties eligible for internal approaches are rated by a single system which is based on:

- statistical algorithms or "mass ratings" reliant on one or more models based on a selection of variables that are representative and predictive of risk;
- rating grids developed by experts.

These models are used to differentiate and correctly classify risk. The value scale reflects the manner in which the risk changes and is broken down into eleven positions including nine performing positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and two default positions (E- and F).

In the so-called "mass" corporate and retail scopes, following the internal rating process, each borrower is given a score. Based on this score as well as other characteristics, performing borrowers are grouped into homogeneous risk classes, prior to measuring the regulatory PD parameter. The grouping analyses are performed on the segments defined for the purposes of modeling the algorithms. A risk class' probabilities of default are then estimated on the basis of the historical default rates observed on the exposures belonging to this class, based on a record of more than ten years of observations. Margins of conservatism are added to reflect the uncertainty of estimates.

In the other scopes, too few defaults are available to ensure the relevance and reliability of statistical estimates. The probabilities of default associated with the internal ratings are calibrated on the basis of external data.

Loss Given Default (LGD) is the ratio of the loss on an exposure in the event of a counterparty default to the amount of exposure at the time of default, including also additional drawdowns made after the transfer to non-performing.

Internal models for estimating LGD have been developed by the group and approved for the corporate and Retail Banking exposure classes.

In the "mass" corporate and retail scopes, LGD is calculated separately for each class, the classes being defined according to the type of loan and nature of the collateral. LDG is estimated based on the updated monthly collections observed for each class. Margins of conservatism are added to reflect the uncertainty of estimates and the "downturn" nature of LGD. The calculations are based on an internal record of defaults and losses covering more than ten years.

In the other scopes, for which there are too few defaults to ensure the relevance and reliability of statistical estimates, LGDs are estimated on the basis of quantitative information provided by experts, benchmarks and external data and a conservative approach (the downturn effect is taken into account).

The **credit conversion factor (CCF)** is the ratio of the portion currently undrawn of a credit line that could be drawn and would therefore be exposed in the event of default and the portion of said credit currently undrawn.

In the case of the corporate and retail customers books, the Crédit Mutuel group calculates the credit conversion factors (CCFs) using an internal method approved for financing commitments. In the case of secured loans and banking exposures, regulatory values (standardized approach) are applied.

In the corporate and retail scopes, the internal CCFs are estimated based on average historical CCFs weighted by the number of contracts, using a product-focused segmentation. They are calibrated on the basis of internal data.

The parameters used to calculate weighted risks are national and apply to all group entities.

5.8.5.2 Model mapping

Modeled parameter	Category of exposure	Portfolios	Number of models	Methodology
PD	Institutions	Financial institutions	2 models: Banks, Covered Bonds	Expert-type models based on a grid containing qualitative and quantitative variables
		Corporates	Large Corporates (LC) (Revenue > €500m)	6 models depending on the type of counterparty and sector
	"Mass" corporate (Revenue < €500m)		3 models	Quantitative-type models with qualitative grids provided by experts
	Large Corporates acquisition financing		1 model	Expert-type model based on grid containing qualitative and quantitative variables
	Corporate acquisition financing		1 model	Quantitative-type models combined with qualitative grids provided by experts
	Specialized lending		Spec. asset lending: 6 models according to the asset type, Spec. project lending: 4 models according to the industry, Spec. real estate lending: 1 model	Expert-type models based on a grid containing qualitative and quantitative variables
	Other Corporates		2 models: RE Invest. Cos., Insurance	Expert-type models based on a grid containing qualitative and quantitative variables
	Retail	Individuals	6 models depending on the type of loan (real estate, personal, etc.)	Quantitative-type models
		Legal Entities	4 models depending on type of customer	Quantitative-type models
		Sole traders	3 models depending on type of business (merchants, artisans, etc.)	Quantitative-type models
		Farmers	6 models depending on the condition of the account and type of operation (cyclical or not)	Quantitative-type models
		Non-profit organizations	1 model	Quantitative-type models
		SCIs (RE partnerships)	1 model	Quantitative-type models
LGD	Institutions	Financial institutions	1 model	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information
		Corporates	Large Corporates (LCs), Acquisition financing, RE Invest. cos. and Insurance	1 model with sector parameters
	"Mass" corporate		1 model applied to 8 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
	Retail	-	1 model applied to 10 segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
CCF	Corporates	"Mass" corporate	1 model applied to 4 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data
	Retail	-	1 model applied to 8 segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data

TABLE 32: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)

<i>(in € millions)</i> At 12/31/2021	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF <i>(in %)</i>	EAD
GOVERNMENTS AND CENTRAL BANKS					
	Subtotal	-	-	-	-
INSTITUTIONS (BANKS)					
	0 to < 0.15	33,528	2,810	28	34,252
	0.15 to < 0.25	341	171	43	415
	0.25 to < 0.50	106	167	31	130
	0.50 to < 0.75	-	-	-	-
	0.75 to < 2.50	283	208	71	429
	2.50 to < 10.00	117	374	65	359
	10.00 to < 100.00	33	25	46	44
	100.00 (default)	1	1	32	2
	Subtotal	34,408	3,755	35	35,632
CORPORATES					
	0 to < 0.15	8,006	13,971	50	15,165
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	6,659	16,636	46	14,186
	0.50 to < 0.75	20,560	5,058	46	22,051
	0.75 to < 2.50	28,421	12,652	49	31,792
	2.50 to < 10.00	17,401	5,205	49	18,031
	10.00 to < 100.00	3,524	640	50	3,156
	100.00 (default)	2,519	338	66	2,308
	Subtotal	87,090	54,500	48	106,689
o/w: Specialized lending					
	Subtotal	-	-	-	-
o/w: SMEs					
	0 to < 0.15	-	-	-	-
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	-	-	-	-
	0.50 to < 0.75	12,032	1,480	51	12,316
	0.75 to < 2.50	11,854	1,740	49	11,343
	2.50 to < 10.00	7,118	1,222	55	7,011
	10.00 to < 100.00	1,203	94	52	1,074
	100.00 (default)	982	79	84	926
	Subtotal	33,190	4,614	52	32,670
RETAIL CUSTOMERS					
	0 to < 0.15	107,786	14,370	34	112,721
	0.15 to < 0.25	34,567	3,329	38	35,704
	0.25 to < 0.50	46,042	4,567	36	46,944
	0.50 to < 0.75	21,913	3,376	35	20,914
	0.75 to < 2.50	37,693	5,976	39	38,188
	2.50 to < 10.00	20,020	2,323	39	19,598
	10.00 to < 100.00	5,677	380	40	5,435
	100.00 (default)	4,492	129	66	4,338
	Subtotal	278,190	34,450	36	283,841

	Average PD <i>(in %)</i>	Number of debtors	Average LGD <i>(in %)</i>	Average maturity <i>(years)</i>	RWAs	Density of RWAs <i>(in %)</i>	EL	Corrected values & provisions
	-	-	-	-	-	-	-	-
	0.03	169	35	2.5	4,201	12	4	1
	0.23	41	42	2.5	272	66	0	0
	0.43	35	50	2.6	135	104	0	1
	-	-	-	-	-	-	-	-
	1.11	42	42	2.5	547	127	2	1
	3.21	31	43	2.4	609	169	5	1
	18.80	45	44	2.5	127	286	4	1
	97.88	4	44	2.3	-	-	1	1
	0.11	367	35	2.5	5,891	17	17	6
	0.10	330	29	2.5	3,115	21	4	11
	-	-	-	-	-	-	-	-
	0.35	320	34	2.5	6,910	49	17	74
	0.64	12,762	22	2.5	7,892	36	31	32
	1.38	12,709	29	2.5	20,601	65	123	141
	4.30	7,520	26	2.5	14,446	80	194	292
	18.82	1,524	25	2.5	4,073	129	149	348
	100.00	1,892	56	2.5	1,035	45	1,314	1,299
	4.05	37,057	28	2.5	58,072	54	1,832	2,197
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	0.64	7,988	21	2.5	3,545	29	16	16
	1.46	8,673	21	2.5	4,152	37	34	59
	4.15	4,753	20	2.5	3,488	50	59	120
	18.81	986	21	2.5	856	80	42	87
	100.00	1,194	59	2.5	625	68	500	484
	5.09	23,594	22	2.5	12,666	39	651	765
	0.07	3,051,235	14	0.0	2,872	3	11	13
	0.20	727,272	15	0.0	2,099	6	10	14
	0.35	881,225	17	0.0	4,455	9	27	31
	0.61	697,541	20	0.0	3,032	14	25	54
	1.42	1,271,135	17	0.0	8,351	22	96	191
	5.06	579,989	18	0.0	7,966	41	181	482
	20.39	289,030	18	0.0	3,813	70	200	435
	100.00	141,473	55	0.0	1,463	34	2,271	2,070
	2.61	7,638,900	17	0.0	34,051	12	2,822	3,289

<i>[in € millions]</i> At 12/31/2021	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF <i>(in %)</i>	EAD
o/w: exposures secured by real estate mortgages					
	0 to < 0.15	60,533	1,925	39	61,290
	0.15 to < 0.25	23,244	701	39	23,519
	0.25 to < 0.50	31,323	793	40	31,637
	0.50 to < 0.75	11,256	335	40	11,391
	0.75 to < 2.50	21,542	807	40	21,864
	2.50 to < 10.00	11,112	327	40	11,244
	10.00 to < 100.00	3,328	59	41	3,352
	100.00 (default)	1,996	9	40	2,000
	Subtotal	164,334	4,956	40	166,297
o/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	1,655	46	39	1,673
	0.25 to < 0.50	8,069	186	40	8,144
	0.50 to < 0.75	6,732	189	41	6,809
	0.75 to < 2.50	5,391	217	41	5,480
	2.50 to < 10.00	3,373	154	42	3,437
	10.00 to < 100.00	1,104	30	41	1,117
	100.00 (default)	549	2	41	550
	Subtotal	26,873	824	41	27,210
o/w: non-SMEs					
	0 to < 0.15	60,533	1,925	39	61,290
	0.15 to < 0.25	21,589	655	39	21,846
	0.25 to < 0.50	23,254	607	39	23,493
	0.50 to < 0.75	4,524	146	40	4,582
	0.75 to < 2.50	16,151	590	39	16,384
	2.50 to < 10.00	7,739	173	40	7,808
	10.00 to < 100.00	2,223	29	40	2,235
	100.00 (default)	1,447	8	39	1,450
	Subtotal	137,461	4,132	39	139,088
o/w: revolving					
	0 to < 0.15	2,659	7,187	20	4,103
	0.15 to < 0.25	633	990	20	831
	0.25 to < 0.50	1,027	1,431	20	1,315
	0.50 to < 0.75	810	963	20	1,004
	0.75 to < 2.50	1,373	1,174	20	1,609
	2.50 to < 10.00	594	328	20	660
	10.00 to < 100.00	284	86	20	301
	100.00 (default)	130	4	20	131
	Subtotal	7,509	12,162	20	9,954

	Average PD (in %)	Number of debtors	Average LGD (in %)	Average maturity (years)	RWAs	Density of RWAs (in %)	EL	Corrected values & provisions
	0.07	440,737	14	0.0	1,572	3	6	7
	0.20	155,851	14	0.0	1,376	6	6	9
	0.36	202,541	16	0.0	3,030	10	17	17
	0.60	54,003	17	0.0	1,653	15	12	20
	1.37	143,821	15	0.0	5,094	23	47	86
	4.93	66,527	16	0.0	5,581	50	87	235
	20.28	21,929	16	0.0	2,825	84	105	226
	100.00	17,399	48	0.0	621	31	903	655
	2.29	1,102,808	15	0.0	21,753	13	1,184	1,255
	0.00	0	-	0.0	-	-	-	-
	0.19	11,503	14	0.0	78	5	0	2
	0.34	44,398	19	0.0	753	9	5	4
	0.60	32,511	18	0.0	918	13	7	15
	1.59	27,398	19	0.0	1,422	26	16	31
	5.09	16,605	19	0.0	1,743	51	33	80
	19.71	6,351	18	0.0	887	79	39	90
	100.00	3,946	49	0.0	214	39	251	180
	4.06	142,712	19	0.0	6,015	22	352	401
	0.07	440,737	14	0.0	1,572	3	6	7
	0.20	144,348	14	0.0	1,299	6	6	7
	0.36	158,143	15	0.0	2,277	10	12	13
	0.61	21,492	16	0.0	735	16	5	5
	1.30	116,423	14	0.0	3,673	22	31	55
	4.86	49,922	14	0.0	3,838	49	54	155
	20.56	15,578	15	0.0	1,938	87	66	136
	100.00	13,453	47	0.0	407	28	653	476
	1.94	960,096	15	0.0	15,738	11	833	854
	0.09	656,071	31	0.0	72	2	1	1
	0.20	103,732	31	0.0	29	3	1	0
	0.30	191,072	31	0.0	64	5	1	1
	0.55	161,840	31	0.0	79	8	2	2
	1.56	269,089	31	0.0	278	17	8	8
	4.83	113,511	31	0.0	255	39	10	11
	17.33	61,095	31	0.0	237	79	16	16
	100.02	21,300	56	0.0	28	21	71	90
	2.56	1,577,710	31	0.0	1,042	10	109	129

<i>(in € millions)</i> At 12/31/2021	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF (in %)	EAD
o/w: other retail customers					
	0 to < 0.15	44,595	5,259	52	47,328
	0.15 to < 0.25	10,691	1,639	49	11,353
	0.25 to < 0.50	13,692	2,343	44	13,992
	0.50 to < 0.75	9,847	2,078	40	8,519
	0.75 to < 2.50	14,778	3,994	44	14,715
	2.50 to < 10.00	8,314	1,669	43	7,693
	10.00 to < 100.00	2,065	235	48	1,782
	100.00 (default)	2,365	116	70	2,207
	Subtotal	106,346	17,332	46	107,590
o/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	1,377	336	35	1,362
	0.25 to < 0.50	5,434	1,096	34	5,086
	0.50 to < 0.75	7,849	1,428	33	6,153
	0.75 to < 2.50	8,854	1,440	35	7,547
	2.50 to < 10.00	6,129	974	38	5,161
	10.00 to < 100.00	1,417	133	37	1,072
	100.00 (default)	1,700	74	84	1,524
	Subtotal	32,760	5,480	36	27,906
o/w: non-SMEs					
	0 to < 0.15	44,595	5,259	52	47,328
	0.15 to < 0.25	9,314	1,303	52	9,991
	0.25 to < 0.50	8,258	1,247	52	8,906
	0.50 to < 0.75	1,999	650	57	2,366
	0.75 to < 2.50	5,924	2,554	49	7,168
	2.50 to < 10.00	2,184	694	50	2,532
	10.00 to < 100.00	648	102	61	710
	100.00 (default)	665	42	45	683
	Subtotal	73,587	11,851	52	79,684
Equities					
Equities	Subtotal	-	-	-	-
TOTAL	TOTAL	399,688	92,705	43	426,162

	Average PD (in %)	Number of debtors	Average LGD (in %)	Average maturity (years)	RWAs	Density of RWAs (in %)	EL	Corrected values & provisions
	0.06	1,954,427	14	0.0	1,229	3	4	5
	0.20	467,689	15	0.0	694	6	3	5
	0.34	487,612	18	0.0	1,361	10	8	12
	0.62	481,698	21	0.0	1,300	15	11	32
	1.48	858,225	19	0.0	2,979	20	42	97
	5.26	399,951	21	0.0	2,130	28	85	236
	21.12	206,006	21	0.0	751	42	79	193
	100.00	102,774	62	0.0	814	37	1,297	1,325
	3.12	4,958,382	17	0.0	11,256	10	1,529	1,905
	0.00	0	-	0.0	-	-	-	-
	0.19	62,366	20	0.0	88	6	1	1
	0.33	64,189	22	0.0	529	10	4	8
	0.64	123,959	23	0.0	956	16	9	30
	1.55	125,182	23	0.0	1,697	22	27	76
	5.48	103,758	23	0.0	1,490	29	65	191
	22.74	39,645	23	0.0	464	43	55	157
	100.00	37,255	62	0.0	653	43	901	903
	7.98	556,354	25	0.0	5,877	21	1,061	1,365
	0.06	1,954,427	14	0.0	1,229	3	4	5
	0.20	405,323	14	0.0	606	6	3	3
	0.35	423,423	15	0.0	832	9	5	5
	0.58	357,739	17	0.0	344	15	2	2
	1.41	733,043	15	0.0	1,282	18	15	21
	4.81	296,193	16	0.0	641	25	20	46
	18.66	166,361	18	0.0	286	40	23	36
	100.00	65,519	60	0.0	161	24	396	422
	1.42	4,402,028	15	0.0	5,379	7	467	539
	-	-	-	-	-	-	-	-
	2.76	7,676,324	21	2.5	98,013	23	4,671	5,492

<i>(in € millions)</i> At 12/31/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF (in %)	EAD
GOVERNMENTS AND CENTRAL BANKS					
	Subtotal	-	-	-	-
INSTITUTIONS (BANKS)					
	0 to < 0.15	30,259	2,902	25	30,966
	0.15 to < 0.25	311	148	53	389
	0.25 to < 0.50	416	334	54	563
	0.50 to < 0.75	-	-	-	-
	0.75 to < 2.50	142	223	72	303
	2.50 to < 10.00	123	139	27	160
	10.00 to < 100.00	8	16	39	14
	100.00 (default)	1	-	79	2
	Subtotal	31,259	3,762	31	32,396
CORPORATES					
	0 to < 0.15	7,108	13,380	48	13,560
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	7,139	18,506	44	15,076
	0.50 to < 0.75	19,413	4,811	44	20,874
	0.75 to < 2.50	28,039	11,538	48	31,319
	2.50 to < 10.00	17,615	4,670	48	18,564
	10.00 to < 100.00	2,969	712	53	3,053
	100.00 (default)	2,077	357	59	2,363
	Subtotal	84,359	53,973	46	104,809
o/w: specialized lending					
	Subtotal	-	-	-	-
o/w: SMEs					
	0 to < 0.15	-	-	-	-
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	-	-	-	-
	0.50 to < 0.75	10,905	1,296	49	11,210
	0.75 to < 2.50	11,336	1,694	45	11,063
	2.50 to < 10.00	6,798	1,271	57	6,980
	10.00 to < 100.00	1,057	106	51	1,021
	100.00 (default)	859	74	87	924
	Subtotal	30,955	4,441	50	31,198
RETAIL CUSTOMERS					
	0 to < 0.15	99,644	13,192	34	104,182
	0.15 to < 0.25	31,471	2,995	38	32,470
	0.25 to < 0.50	42,719	4,253	36	43,378
	0.50 to < 0.75	19,832	2,999	34	18,975
	0.75 to < 2.50	36,245	5,749	39	36,539
	2.50 to < 10.00	19,836	2,392	40	19,096
	10.00 to < 100.00	5,208	356	41	4,973
	100.00 (default)	4,660	109	73	4,618
	Subtotal	259,616	32,043	36	264,231

	Average PD (in %)	Number of debtors	Average LGD (in %)	Average maturity (years)	RWAs	Density of RWAs (in %)	EL	Corrected values & provisions
	-	-	-	-	-	-	-	-
	0.03	179	34	2.5	3,793	12	4	2
	0.23	46	41	2.5	247	64	-	-
	0.42	40	35	2.5	407	72	1	1
	-	-	-	-	-	-	-	-
	1.02	31	30	2.4	269	89	1	-
	2.79	43	45	2.6	275	171	2	1
	21.66	21	41	2.6	38	277	1	1
	99.44	6	45	3.0	-	-	1	-
	0.08	366	34	2.5	5,029	16	10	6
	0.10	292	30	2.5	2,899	21	4	10
	-	-	-	-	-	-	-	-
	0.35	302	29	2.5	6,320	42	15	16
	0.64	11,804	22	2.5	7,526	36	30	20
	1.40	12,661	28	2.5	19,575	63	118	77
	4.28	8,312	26	2.5	15,025	81	201	820
	18.54	1,552	26	2.5	4,014	131	145	214
	100.00	1,933	61	2.5	1,244	53	1,389	1,344
	4.16	36,856	28	2.5	56,602	54	1,901	2,502
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	0.64	7,253	21	2.5	3,279	29	15	8
	1.47	8,502	21	2.5	4,172	38	35	24
	4.16	5,179	22	2.5	3,715	53	63	53
	19.15	981	22	2.5	854	84	42	38
	100.00	1,196	66	2.5	690	75	558	472
	5.27	23,111	23	2.5	12,710	41	713	597
	0.07	2,903,432	14	-	2,548	2	10	12
	0.20	689,465	14	-	1,837	6	9	11
	0.35	857,806	16	-	3,840	9	23	22
	0.61	680,546	18	-	2,454	13	20	22
	1.43	1,256,230	16	-	7,366	20	85	118
	5.07	573,943	17	-	6,991	37	162	393
	20.52	278,719	17	-	3,228	65	172	403
	100.00	152,345	54	-	1,630	35	2,384	2,226
	2.85	7,392,486	16	-	29,894	11	2,865	3,206

<i>(in € millions)</i> At 12/31/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF (in %)	EAD
o/w: exposures secured by real estate mortgages					
	0 to < 0.15	55,341	1,637	41	56,011
	0.15 to < 0.25	20,650	559	41	20,880
	0.25 to < 0.50	27,928	648	41	28,195
	0.50 to < 0.75	9,949	256	42	10,055
	0.75 to < 2.50	19,809	705	41	20,100
	2.50 to < 10.00	10,075	273	42	10,189
	10.00 to < 100.00	2,923	47	42	2,942
	100.00 (default)	2,147	7	42	2,149
	Subtotal	148,820	4,131	41	150,522
o/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	1,414	38	41	1,430
	0.25 to < 0.50	6,997	147	42	7,058
	0.50 to < 0.75	5,885	145	42	5,945
	0.75 to < 2.50	4,943	176	42	5,017
	2.50 to < 10.00	3,119	129	43	3,174
	10.00 to < 100.00	1,040	20	43	1,048
	100.00 (default)	580	1	45	581
	Subtotal	23,977	655	42	24,254
o/w: non-SMEs					
	0 to < 0.15	55,341	1,637	41	56,011
	0.15 to < 0.25	19,236	521	41	19,450
	0.25 to < 0.50	20,931	501	41	21,137
	0.50 to < 0.75	4,064	111	41	4,110
	0.75 to < 2.50	14,866	529	41	15,083
	2.50 to < 10.00	6,956	144	41	7,015
	10.00 to < 100.00	1,883	27	41	1,894
	100.00 (default)	1,566	6	41	1,569
	Subtotal	124,843	3,476	41	126,268
o/w: revolving					
	0 to < 0.15	2,643	6,705	20	3,991
	0.15 to < 0.25	634	914	20	818
	0.25 to < 0.50	1,013	1,378	20	1,290
	0.50 to < 0.75	821	950	20	1,012
	0.75 to < 2.50	1,345	1,132	20	1,572
	2.50 to < 10.00	570	310	20	632
	10.00 to < 100.00	255	78	20	271
	100.00 (default)	132	6	20	133
	Subtotal	7,413	11,473	20	9,719

	Average PD (in %)	Number of debtors	Average LGD (in %)	Average maturity (years)	RWAs	Density of RWAs (in %)	EL	Corrected values & provisions
	0.07	417,808	14	-	1,404	3	5	6
	0.20	145,491	14	-	1,200	6	6	7
	0.36	189,283	15	-	2,582	9	15	14
	0.60	49,588	16	-	1,341	13	10	11
	1.38	139,484	15	-	4,452	22	41	65
	4.91	63,112	15	-	4,778	47	74	187
	20.38	20,564	15	-	2,360	80	89	183
	100.00	19,006	47	-	696	32	966	724
	2.50	1,044,336	15	-	18,813	12	1,206	1,198
	0.00	0	-	-	-	-	-	-
	0.19	10,175	14	-	65	5	0	0
	0.34	39,217	17	-	594	8	4	2
	0.60	29,393	17	-	728	12	6	6
	1.59	25,392	17	-	1,171	23	13	17
	5.08	15,878	17	-	1,440	45	27	49
	20.09	6,329	16	-	758	72	34	67
	100.00	4,251	50	-	232	40	271	199
	4.51	130,635	17	-	4,989	21	356	341
	0.07	417,808	14	-	1,404	3	5	6
	0.20	135,316	14	-	1,135	6	5	6
	0.36	150,066	14	-	1,988	9	11	12
	0.61	20,195	15	-	613	15	4	5
	1.30	114,092	14	-	3,281	22	27	49
	4.84	47,234	14	-	3,338	48	47	137
	20.53	14,235	14	-	1,602	85	55	116
	100.00	14,755	47	-	465	30	695	525
	2.12	913,701	14	-	13,824	11	850	856
	0.09	606,806	30	-	69	2	1	1
	0.20	95,897	30	-	28	3	0	0
	0.30	185,153	30	-	62	5	1	1
	0.55	161,437	30	-	79	8	2	2
	1.56	261,129	30	-	268	17	7	7
	4.82	107,376	30	-	240	38	9	10
	17.24	56,131	30	-	210	78	14	15
	100.03	22,378	57	-	30	22	73	94
	2.57	1,496,307	31	-	987	10	109	130

<i>(in € millions)</i> At 12/31/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF <i>(in %)</i>	EAD
o/w: other retail customers					
	0 to < 0.15	41,659	4,850	52	44,179
	0.15 to < 0.25	10,186	1,521	47	10,772
	0.25 to < 0.50	13,779	2,227	44	13,893
	0.50 to < 0.75	9,062	1,793	41	7,908
	0.75 to < 2.50	15,092	3,912	44	14,866
	2.50 to < 10.00	9,192	1,809	43	8,275
	10.00 to < 100.00	2,031	231	48	1,760
	100.00 (default)	2,381	97	78	2,336
	Subtotal	103,383	16,439	46	103,990
o/w: SMEs					
	0 to < 0.15	0	0	0	0
	0.15 to < 0.25	1,316	327	36	1,301
	0.25 to < 0.50	5,620	1,037	34	5,120
	0.50 to < 0.75	7,039	1,185	34	5,546
	0.75 to < 2.50	8,974	1,383	37	7,541
	2.50 to < 10.00	6,944	1,106	39	5,685
	10.00 to < 100.00	1,406	143	39	1,081
	100.00 (default)	1,664	82	82	1,611
	Subtotal	32,962	5,262	37	27,883
o/w: non-SMEs					
	0 to < 0.15	41,659	4,850	52	44,179
	0.15 to < 0.25	8,870	1,195	50	9,471
	0.25 to < 0.50	8,159	1,190	52	8,773
	0.50 to < 0.75	2,024	608	56	2,362
	0.75 to < 2.50	6,119	2,529	48	7,326
	2.50 to < 10.00	2,247	703	49	2,591
	10.00 to < 100.00	625	88	62	679
	100.00 (default)	718	14	58	725
	Subtotal	70,421	11,177	51	76,107
Equities					
Equities	Subtotal	-	-	-	-
TOTAL	TOTAL	375,234	89,779	42	401,436

	Average PD (in %)	Number of debtors	Average LGD (in %)	Average maturity (years)	RWAs	Density of RWAs (in %)	EL	Corrected values & provisions
	0.06	1,878,818	13	-	1,075	2	4	4
	0.20	448,077	14	-	609	6	3	3
	0.34	483,370	16	-	1,195	9	7	7
	0.62	469,521	18	-	1,034	13	9	9
	1.50	855,617	17	-	2,646	18	37	45
	5.29	403,455	18	-	1,973	24	78	196
	21.26	202,024	18	-	658	37	68	205
	100.00	110,961	61	-	904	39	1,344	1,408
	3.38	4,851,843	16	-	10,094	10	1,550	1,878
	0.00	0	-	-	-	-	-	-
	0.19	56,585	17	-	73	6	0	1
	0.33	62,771	18	-	434	8	3	3
	0.64	108,126	18	-	707	13	7	6
	1.56	123,051	19	-	1,391	18	22	25
	5.52	110,818	19	-	1,350	24	59	82
	22.89	39,866	19	-	387	36	46	69
	100.00	38,783	62	-	720	45	937	964
	8.41	540,000	21	-	5,062	18	1,075	1,149
	0.06	1,878,818	13	-	1,075	2	4	4
	0.20	391,492	13	-	536	6	2	3
	0.35	420,599	14	-	761	9	4	4
	0.58	361,395	16	-	327	14	2	3
	1.43	732,566	14	-	1,255	17	15	20
	4.79	292,637	15	-	623	24	19	114
	18.66	162,158	18	-	271	40	22	136
	100.00	72,178	58	-	184	25	407	444
	1.54	4,311,843	14	-	5,032	7	475	729
	-	-	-	-	-	-	-	-
	2.97	7,429,708	20	2.5	91,525	23	4,776	5,714

5.8.5.3 Backtesting

The quality of the ratings system is monitored using national procedures which specify the topics to be reviewed, the warning thresholds and responsibilities of the personnel involved. These documents are updated by the Confédération Nationale du Cr dit Mutuel risk department if necessary, as decisions are ratified.

Reporting of the monitoring of the mass rating models focuses on three main aspects:

- stability assessment;
- performance assessment;
- various additional analyses.

These reports are created for each mass rating model on a quarterly basis and supplemented by reviews and annual and half-yearly audits at a deeper level of detail, in that all of the elements making up each model are analyzed.

As regards the expert grids, the approach includes comprehensive annual monitoring based on performance tests, with an analysis of rating concentrations, of transition matrices and of consistency with the external rating system.

The annual review of default probabilities is carried out before new estimates are made of that regulatory parameter. Depending on the portfolio, the annual review is supplemented by an intermediate review, conducted semi-annually. The procedures for tracking LGD and CCFs are implemented on an annual basis, their main objective being to validate, at the segment level, the values used by these parameters. In the case of loss given default, this validation is carried out mainly by verifying the strength of the calculation methods for the margins of conservatism and by reconciling the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

Since a nation-wide procedure have been established for monitoring the parameters, the quantitative elements relating to the backtesting of the parameters and to the change in RWAs under the internal ratings-based approach are presented in the confederal Pillar 3 report.

5.8.5.4 Permanent and periodic control

The Cr dit Mutuel group's Basel regulatory permanent control plan comprises two levels. At the national level, the model validation function is involved, on the one hand, in validating new models and significant adjustments made to existing models and, on the other, the ongoing monitoring of the internal ratings system, especially its parameters. At the regional level, the role of CNCM permanent control is to lead, coordinate and standardize all the Cr dit Mutuel permanent control function, group-wide. It controls the overall appropriation of the internal rating system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly linked to the internal rating system and the quality of the data.

As for periodic control, the Cr dit Mutuel group's audit unit carries out an annual review of the internal rating system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel procedures as well as the breakdown of responsibilities between the regional and national audit units.

5.8.5.5 Additional quantitative information

The risk-weighted assets of equity exposures are obtained using the simple risk-weighted approach, which involves applying specific risk weighting to the carrying amounts of the exposures.

The risk-weighted assets of "specialized financing" exposures are obtained using the slotting criteria method.

TABLE 33: IRB APPROACH – SCOPE OF USE OF STANDARDIZED AND IRB APPROACHES (EU CR6A)

	Value at risk		Percentage of total value at risk subject to permanent partial utilization of SA (as a %)	Percentage of total value at risk subject to the IRB approach (as a %)	Percentage of total value at risk subject to a roll-out plan (as a %)
	within the meaning of Article 166 of the CRR for exposures under the IRB approach	Total exposures under the standardized approach and the IRB approach			
<i>(in € millions)</i> At 12/31/2021					
Governments and central banks	-	182,111	100	-	-
<i>of which regional or local authorities</i>	-	4,618	100	-	-
<i>of which Public sector entities</i>	-	34,769	100	-	-
Institutions (banks)	35,723	37,647	4	95	2
Corporates	124,581	148,803	6	84	11
<i>of which Corporates – Specialized financing excluding slotting criteria</i>	-	-	-	-	-
<i>of which Corporates – Specialized slotting criteria</i>	11,196	11,196	-	100	-
Retail customers	290,604	340,675	7	85	8
<i>of which Retail customers – Real estate – SMEs</i>	27,210	29,733	8	92	-
<i>of which Retail customers – Real Estate – non-SMEs</i>	139,088	146,801	5	95	0
<i>of which Retail customers – Revolving</i>	9,954	10,278	1	97	2
<i>of which Retail customers – SMEs</i>	34,661	40,206	7	86	7
<i>of which Retail customers – Other non-SMEs</i>	79,692	113,656	10	70	20
Equities	12,778	14,303	9	89	1
Other assets	6,139	7,774	12	79	9
TOTAL	469,826	731,313	30	64	6

TABLE 34: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

On and off-balance sheet <i>(in € millions)</i>	RWAs	Capital requirements
RWAs December 2020	207,991	16,639
Total assets	8,858	709
Asset quality	1,321	106
Model upgrades	0	0
Methodology and policy	0	0
Acquisitions and disposals	0	0
Currency movements	0	0
Other ⁽¹⁾	0	0
RWAs December 2021	218,170	17,454

(1) Of which impact of approval of new default.

TABLE 35: IRB APPROACH – BACKTESTING OF PD BY EXPOSURE CLASS (EU CR9)

The information associated with this table is treated at the national level in the Crédit Mutuel group's Pillar 3 report.

TABLE 36: IRB APPROACH – BACKTESTING OF PD BY EXPOSURE CLASS – FOR MEASUREMENT ONLY (EU CR9)

Categories of exposure as of 12/31/2021	PD range	Equivalent external rating	Number of debtors at the end of the previous year		Average observed default rate (in %)	Average PD (in %)	Average historical annual default rate (in %)
				of which number of debtors who defaulted during the year			
Banks	0.00 to < 0.15	1 to 2	312	1	0.00	0.06	0.07
	0.15 to < 0.50	3	113	-	0.00	0.34	0.13
	0.50 to < 10	4	29	-	0.01	1.91	0.37
	10.00 to < 100.00	5 to 6	14	3	0.03	21.61	2.10
	100.00 (default)	-	-	-	100.00	100.00	100.00
Large corporates	0.00 to < 0.15	1 to 2	1,324	-	0.00	0.07	0.10
	0.15 to < 1.50	3	3,711	7	0.00	0.62	0.20
	1.50 to < 10	4	2,353	20	0.01	2.60	0.84
	10.00 to < 100.00	5 to 6	244	26	0.11	16.58	8.54
	100.00 (default)	-	-	-	100.00	100.00	100.00

TABLE 37: IRB – SPECIALIZED FINANCING EXPOSURES – PROJECTS (EU CR10-1)

Regulatory categories at 12/31/2021 (in € millions)	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Amount of exposure	RWAs	Expected losses
Category 1	Less than 2.5 years	166	90	50%	220	115	0
	2.5 years or more	2,045	332	70%	2,267	1,654	9
Category 2	Less than 2.5 years	128	82	70%	181	132	1
	2.5 years or more	945	479	90%	1,291	1,210	10
Category 3	Less than 2.5 years	14	2	115%	14	17	0
	2.5 years or more	333	142	115%	440	527	12
Category 4	Less than 2.5 years	0	0	250%	0	0	0
	2.5 years or more	8	0	250%	8	21	1
Category 5	Less than 2.5 years	8	0	0%	12	0	6
	2.5 years or more	5	0	0%	6	0	3
LESS THAN 2.5 YEARS		316	175	-	427	264	7
TOTAL 2.5 YEARS OR MORE		3,336	953	-	4,012	3,412	36

CMNE does not have any specialized financing exposures concerning project financing.

TABLE 38: IRB – SPECIALIZED FINANCING EXPOSURES – REAL ESTATE PROPERTY (EU CR10-2)

Regulatory categories at 12/31/2021 (in € millions)		Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Amount of exposure	RWAs	Expected losses
Category 1	Less than 2.5 years		338	46	50%	374	195	0
	2.5 years or more		1,621	128	70%	1,703	1,242	7
Category 2	Less than 2.5 years		246	52	70%	263	192	1
	2.5 years or more		638	66	90%	686	644	5
Category 3	Less than 2.5 years		0	0	115%	0	0	0
	2.5 years or more		46	0	115%	46	55	1
Category 4	Less than 2.5 years		0	0	250%	0	0	0
	2.5 years or more		6	0	250%	6	16	0
Category 5	Less than 2.5 years		0	0	0%	0	0	0
	2.5 years or more		0	0	0%	0	0	0
		LESS THAN 2.5 YEARS	584	98	-	637	386	1
TOTAL		2.5 YEARS OR MORE	2,311	194	-	2,441	1,957	14

CMNE does not have any specialized financing exposures concerning real estate property financing within the meaning of EU CR10.2.

TABLE 39: IRB – SPECIALIZED FINANCING EXPOSURES – ASSETS (EU CR10-3)

Regulatory categories at 12/31/2021 (in € millions)		Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Amount of exposure	RWAs	Expected losses
Category 1	Less than 2.5 years		248	1	50%	243	127	0
	2.5 years or more		2,732	159	70%	2,785	2,031	11
Category 2	Less than 2.5 years		3	0	70%	3	2	0
	2.5 years or more		362	0	90%	336	315	3
Category 3	Less than 2.5 years		9	0	115%	9	11	0
	2.5 years or more		96	70	115%	148	178	4
Category 4	Less than 2.5 years		13	0	250%	13	33	1
	2.5 years or more		38	0	250%	10	26	1
Category 5	Less than 2.5 years		30	1	0%	41	0	21
	2.5 years or more		79	0	0%	91	0	46
		LESS THAN 2.5 YEARS	302	2	-	309	173	22
TOTAL		2.5 YEARS OR MORE	3,307	228	-	3,371	2,550	64

CMNE does not have any specialized financing exposures concerning asset financing.

TABLE 40: IRB – SPECIALIZED FINANCING – COMMODITIES (EU CR10-4)

Crédit Mutuel Alliance Fédérale has no specialized financing exposure to commodities.

The situation for CMNE is identical.

TABLE 41: IRB – EQUITY EXPOSURES (EU CR10-5)

Categories at 12/31/2021 (in € millions)	Amount of exposure	Weighting	RWAs	Capital requirements
Exposures in capital requirements	1,800	190%	3,420	274
Exposures to equities traded on regulated exchanges	267	290%	775	62
Other equity exposures ⁽¹⁾	9,219	370%	34,112	2,729
TOTAL	11,287	-	38,307	3,065

[1] Including €8,094 million of exposures related to Groupe des Assurances du Crédit Mutuel, treated according to the Danish compromise.

The similar amount of RWAs presented by CMNE represents 11% of the amount for Crédit Mutuel Alliance Fédérale.

5.9 COUNTERPARTY RISK (EU CCRA)

Qualitative information disclosure requirements on CCR

Objectives and risk management policies regarding CCR

In terms of trading floor counterparty risk, the objective in managing it is to estimate the economic loss that the group would suffer in the event of instant default by a counterparty before applying a recovery rate.

Method used to allocate internal capital operating limits for counterparty credit risk exposures

The limits on trading floor credit risk and counterparty risk are internal ratings of the counterparties and of the type of exposure to them, such as money market instruments, investment in equity or debt securities, derivative products and repurchase agreements.

Policies concerning guarantees and other risk mitigation techniques and counterparty risk assessment

In keeping with what is indicated in the EU CCR1 statement, trading floor counterparty transactional risk is calculated (i) using the market price method accompanied by an add-on for exposures through

derivatives and (ii) using the general method based on financial collateral for exposures through repurchase transactions. Margin call flows [collateralization] mitigate the risks of these exposures. Hedging through CDSs may also be used to manage credit risk for certain large corporate counterparties. Lastly, as regards the mitigation of counterparty risk, the measures applied are: (i) signing netting contracts with certain counterparties or certain products (see close-out netting in the event of default by a counterparty) and (ii) netting transactions on certain over-the-counter derivatives with a central counterparty.

The policies applied as regards exposure to correlation risk

The risk of unfavorable correlation, known as wrong way risk, is monitored for both of its components, specific risk and general risk. A procedure for monitoring specific correlation risk is in place to detect transactions that might create exposure. General correlation risk is calculated by combing a scenario where the probabilities of default [historical and market] deteriorate and a scenario where the primary risk factors to which the portfolio is sensitive are altered.

TABLE 42: CCR EXPOSURE ANALYSIS BY APPROACH (EU CCR1)

<i>(in € millions)</i> At 12/31/2021	Replace- ment cost (RC)	Potential future exposure (PFE)	EEPE	Alpha factor used to calculate regulatory exposure	Value at risk before CRM	Value at risk after CRM	Value at risk	Risk- weighted exposure amount (RWEA)
EU – Initial exposure method (for derivatives)	10	108	-	1.4	166	166	166	49
EU – Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
SA-CCR (for derivatives)	1,029	1,857	-	1.4	4,058	4,039	4,024	2,178
IMM (for derivatives and SFTs)	-	-	-	1.2	-	-	-	-
<i>O/w netting sets for equity financing transactions</i>	-	-	-	-	-	-	-	-
<i>O/w derivative netting sets and deferred settlement transactions</i>	-	-	-	-	-	-	-	-
<i>O/w resulting from netting sets of multi-product agreements</i>	-	-	-	-	-	-	-	-
Simple method based on financial collateral (for OFTs)	-	-	-	-	-	-	-	-
General method based on financial collateral (for OFTs)	-	-	-	-	13,486	13,486	6,507	286
VaR for OFTs	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	17,710	17,691	10,696	2,513

TABLE 43: CVA CAPITAL REQUIREMENTS (EU CCR2)

<i>(in € millions)</i> At 12/31/2021		Exposure amount	RWAs
Total portfolios subject to advanced CVA requirement		-	-
i)	VaR component (including x3 multiplier)	-	-
ii)	SVaR component under stress (including x3 multiplier)	-	-
Total portfolios subject to standard CVA requirement		1,787	473
Total of method based on original exposure		-	-
Total subject to credit valuation adjustment (CVA) capital requirements		1,787	473

<i>(in € millions)</i> At 12/31/2020		Exposure amount	RWAs
Total portfolios subject to advanced CVA requirement		-	-
i)	VaR component (including x3 multiplier)	-	-
ii)	SVaR component under stress (including x3 multiplier)	-	-
Total portfolios subject to standard CVA requirement		1,549	501
Total of method based on original exposure		-	-
Total subject to credit valuation adjustment (CVA) capital requirements		1,549	501

TABLE 44: STANDARDIZED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING (EU CCR3)

Categories of exposure as of 12/31/2021 <i>(in € millions)</i>	EAD						Total
	Weighting						
	0%	2%	< 20%	50%	75%	100%	
Governments and central banks	0	0	0	0	0	0	0
Regional or local authorities	0	0	0	0	0	3	3
Public sector (public organizations excluding central governments)	1	0	0	0	0	3	4
Multilateral development banks	0	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0
Institutions (banks)	0	473	179	24	0	4	679
Corporates	0	0	0	0	0	365	365
Retail customers	0	0	0	0	3	0	3
Institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0
TOTAL	1	473	179	24	3	375	1,055

Categories of exposure as of 12/31/2020 <i>(in € millions)</i>	EAD						Total
	Weighting						
	0%	2%	20%	50%	75%	100%	
Governments and central banks	0	0	0	0	0	0	0
Regional or local authorities	4	0	0	0	0	3	7
Public sector (public organizations excluding central governments)	0	0	0	0	0	3	3
Multilateral development banks	0	0	0	0	0	0	0
International organizations	0	0	0	0	0	0	0
Institutions (banks)	0	884	45	27	0	1	957
Corporates	0	0	0	0	0	82	82
Retail customers	0	0	0	0	33	0	33
Institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0
TOTAL	4	884	45	27	33	89	1,082

TABLE 45: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4)

Amounts (in € millions) At 12/31/2021	PD range	EAD	Average PD	Number of debtors	Average LGD	Average maturity	RWAs	RWA density
INSTITUTIONS (BANKS)								
	0 to < 0.15	4,185	0.06	136	22	1.8	415	10
	0.15 to < 0.25	716	0.23	24	19	2.2	176	25
	0.25 to < 0.50	31	0.44	5	8	1.7	1	3
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	17	1.02	2	3	1.5	2	9
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	4,949	0.09	167	21	1.8	593	12
CORPORATES								
	0 to < 0.15	3,701	0.05	127	13	2.4	270	7
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	342	0.35	87	23	2.5	112	33
	0.50 to < 0.75	133	0.65	1,063	44	2.5	110	83
	0.75 to < 2.50	260	1.26	881	43	2.5	270	104
	2.50 to < 10.00	288	3.74	544	40	2.5	371	129
	10.00 to < 100.00	20	18.67	87	31	2.5	34	174
	100.00 (default)	21	100.00	48	44	2.5	-	-
	Subtotal	4,765	0.89	2,837	18	2.5	1,167	24
RETAIL CUSTOMERS								
	0 to < 0.15	2	0.10	39	45	-	0	3
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	2	0.25	24	45	-	0	5
	0.50 to < 0.75	0	0.54	8	45	-	0	8
	0.75 to < 2.50	1	1.56	15	45	-	0	13
	2.50 to < 10.00	0	4.20	2	44	-	0	16
	10.00 to < 100.00	0	10.52	6	45	-	0	19
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	6	0.63	94	45	-	0	6
TOTAL		9,720	0.49	3,098	20	2.4	1,760	18

(in € millions)
At 12/31/2020

	PD range	EAD	Average PD	Number of debtors	Average LGD	Average maturity	RWAs	RWA density
INSTITUTIONS (BANKS)								
	0 to < 0.15	5,146	0.07	148	18	1.7	367	7
	0.15 to < 0.25	446	0.23	18	25	2.0	159	36
	0.25 to < 0.50	234	0.44	10	6	1.6	10	4
	0.50 to < 0.75	-	-	-	-	-	-	-
	0.75 to < 2.50	21	1.02	2	2	1.5	1	5
	2.50 to < 10.00	-	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-	-
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	5,846	0.10	178	18	1.7	538	9
CORPORATES								
	0 to < 0.15	2,982	0.04	120	10	2.4	132	4
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	160	0.35	97	29	2.5	67	42
	0.50 to < 0.75	123	0.65	1,174	43	2.5	101	82
	0.75 to < 2.50	395	1.42	1,046	43	2.5	429	109
	2.50 to < 10.00	138	4.03	731	39	2.5	186	135
	10.00 to < 100.00	17	20.03	102	44	2.5	41	246
	100.00 (default)	11	100.00	45	37	2.5	-	-
	Subtotal	3,826	0.72	3,315	17	2.5	956	25
RETAIL CUSTOMERS								
	0 to < 0.15	1	0.08	57	45	-	-	2
	0.15 to < 0.25	-	-	-	-	-	-	-
	0.25 to < 0.50	1	0.25	28	45	-	-	5
	0.50 to < 0.75	-	0.54	18	45	-	-	9
	0.75 to < 2.50	-	1.36	15	45	-	-	13
	2.50 to < 10.00	-	4.46	2	44	-	-	22
	10.00 to < 100.00	-	10.11	1	43	-	-	19
	100.00 (default)	-	-	-	-	-	-	-
	Subtotal	2	0.46	121	45	-	-	6
TOTAL		9,674	0.34	3,614	18	2.4	1,494	15.4

TABLE 46: CREDIT DERIVATIVE EXPOSURES (EU CCR6)

<i>(in € millions)</i> At 12/31/2021	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional amounts			
Single-name credit default swaps	4,606	2,702	-
Index credit default swaps	2,322	2,726	-
Total index credit default swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONAL AMOUNTS	6,929	5,428	-
Fair values			
Positive fair value (asset)	15	102	-
Negative fair value (liability)	-128	-11	-

<i>(in € millions)</i> At 12/31/2020	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional amounts			
Single-name credit default swaps	6,838	3,259	-
Index credit default swaps	2,083	1,522	-
Total index credit default swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONAL AMOUNTS	8,921	4,781	-
Fair values			
Positive fair value (asset)	-	78	-
Negative fair value (liability)	88	46	-

TABLE 47: RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE INTERNAL MODEL METHOD (EU CCR7)

<i>Derivatives and repurchase agreements</i> <i>(in € millions)</i>	RWAs	Capital requirements
RWAs December 2020	1,958	157
Total assets	418	33
Asset quality	150	12
Model upgrades	-	-
Methodology and policy	-	-
Acquisitions and disposals	-	-
Currency movements	-	-
Others	-	-
RWAs December 2021	2,526	202

TABLE 48: EXPOSURES TO CENTRAL COUNTERPARTIES (EU CCR8)

(in € millions)
At 12/31/2021

	EAD post-CRM	RWAs
EXPOSURES TO QCCPS (TOTAL)		
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter instruments	390	8
(ii) Listed derivatives	30	1
(iii) SFTs	94	2
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	1,542	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	51	85
Alternative calculation of capital requirements for exposures	-	-
EXPOSURES TO NON-QCCPS (TOTAL)		
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter instruments	-	-
(ii) Listed derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

(in € millions)
At 12/31/2020

	EAD post-CRM	RWAs
EXPOSURES TO QCCPS (TOTAL)		
Trade exposures with QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter instruments	617	12
(ii) Listed derivatives	147	3
(iii) SFTs	120	2
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	2,472	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	31	159
Alternative calculation of capital requirements for exposures	-	-
EXPOSURES TO NON-QCCPS (TOTAL)		
Trade exposures with non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
(i) Over-the-counter instruments	-	-
(ii) Listed derivatives	-	-
(iii) SFTs	-	-
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	-	-
Unfunded default fund contributions	-	-

5.10 CREDIT RISK MITIGATION TECHNIQUES (EU CRC)

Financial, personal and physical collateral may be used directly to reduce the calculation of capital requirements measured for credit risk and included in the calculation of the group's solvency ratio. The use of guarantees as risk mitigation techniques is, however, subject to compliance with the eligibility and minimum requirement conditions imposed by the regulations.

It should be noted that in the event of a three-notch downgrade in its credit rating, the impact on the amount of collateral provided by the group would not be significant, it would be limited to +2.5%.

5.10.1 Netting and collateralization of repurchase transactions and over-the-counter derivatives

When a framework agreement is entered into with a counterparty, the signatory entity nets the latter's exposure.

With credit institution counterparties, the Crédit Mutuel group supplements these agreements with collateralization agreements

(CSA). The operational management of these agreements is based on the TriOptima platform.

Regular margin calls significantly reduce the residual net credit risk on over-the-counter derivatives and repurchase transactions.

5.10.2 Description of the main categories of collateral taken into account by the institution

The Crédit Mutuel group uses guarantees in different ways when calculating weighted risks, depending on the type of borrower, the calculation method applied for the exposure covered and the type of guarantee.

For Retail Banking customer contracts based on an advanced IRB approach, the guarantees are used as an element for segmenting the loss in the event of default, calculated statistically on all the group's non-performing loans and loans in litigation. For this scope, the group therefore does not use risk mitigation techniques in its capital requirements calculation.

For contracts concerning the Sovereign and Institution books and, to some extent, the corporate book, personal collateral and financial collateral are used as risk mitigation techniques, as defined by regulations:

- personal collateral corresponds to the undertaking made by a third party to replace the primary debtor in the event of default by the latter. By extension, credit derivatives (protective calls) fall into this category;

- financial collateral is defined by the group as a right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, shares or convertible bonds, gold, UCITS shares, life insurance policies and instruments of any kind issued by a third party and repayable on request. Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations. Downstream processing to calculate weighted risks taking into account risk mitigation techniques is largely automated. Verification of compliance with the eligibility and minimum requirements conditions imposed by the regulations must be conducted and formalized when the guarantee is processed.

5.10.3 Procedures applied to the valuation and management of instruments constituting physical collateral

The valuation procedures for guarantees vary depending on the type of instrument comprising the physical collateral. Generally speaking, research carried out within the Crédit Mutuel group is based on statistical estimation methodologies, integrated directly into the applications, using external indices with potential discounts applied depending on the type of asset accepted as collateral (for example, the valuation of assets financed under finance leases takes into account

the economic obsolescence of the asset). For real-estate collateral, the initial valuation is generally calculated using the acquisition cost or construction value of the asset.

On an exceptional basis, specific procedures include expert valuations, particularly in cases where the limits set for outstandings are exceeded. These procedures are drawn up at the national level.

To perform the controls necessary for compliance with the conditions related to the guarantee agreements and the guarantors, the identification of guarantees in the information systems, and compliance with the standards and rules on eligibility in force at the Crédit Mutuel group, the regional groups use common tools and dedicated operational procedures that list the types of guarantees that are deemed eligible, present the IT mechanisms developed in the guarantee management applications to define eligibility, and detail the questions the asset

manager must answer to determine the eligibility of the guarantee when it is processed. These procedures are regularly updated by the CNCM and submitted for validation by the Basel III governance bodies. The permanent control department is involved in second-level controls to verify the eligibility and its justification.

The guarantee is periodically revalued over its lifetime in accordance with the rules set out in the procedure.

5.10.4 Main categories of protection providers

With the exception of intra-group guarantees, the main categories of protection providers taken into account are mutual guarantee companies such as Crédit Logement.

TABLE 49: CREDIT RISK MITIGATION (CRM) – GENERAL OVERVIEW (EU CR3)

<i>(in € millions)</i> At 12/31/2021	Unsecured exposures – Carrying amount	Secured exposures – Carrying amount ⁽¹⁾	Exposures secured by collateral ⁽²⁾	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	740,086	16,717	15,051	1,666	0
Total debt securities	27,914	0	0	0	0
Total exposures	768,000	16,717	15,051	1,666	0
of which defaulted	5,683	704	660	44	0

⁽¹⁾ Column only includes secured exposures that are subject to a credit risk mitigation technique in the regulatory sense. The small amount of secured exposures reflects the fact that for retail customer contracts based on an advanced IRB approach the guarantees are used as an element for segmenting the loss in the event of default and, as such, CRM techniques are not used. The amount of guaranteed exposures in 2020 includes the portion of SGL outstandings guaranteed by the State.

⁽²⁾ Includes guarantees related to State-guaranteed loans (SGLs) excluding moratorium periods.

CMNE's guaranteed exposures as of 12/31/2021 represent approximately 1% of Crédit Mutuel Alliance Fédérale's guaranteed exposures.

<i>(in € millions)</i> At 12/32/2020	Unsecured exposures – Carrying amount	Secured exposures – Carrying amount ⁽¹⁾	Exposures secured by collateral ⁽²⁾	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	684,777	17,031	15,772	1,259	0
Total debt securities	29,127	0	0	0	0
Total exposures	713,904	17,031	15,772	1,259	0
of which defaulted	6,325	150	113	37	0

⁽¹⁾ Column only includes secured exposures that are subject to a credit risk mitigation technique in the regulatory sense. The small amount of secured exposures reflects the fact that for retail customer contracts based on an advanced IRB approach the guarantees are used as an element for segmenting the loss in the event of default and, as such, CRM techniques are not used. The amount of guaranteed exposures in 2020 includes the portion of SGL outstandings guaranteed by the State.

⁽²⁾ Includes guarantees related to State-guaranteed loans (SGLs) excluding moratorium periods.

Under the standardized approach, small discrepancies between exposure amounts pre-and post-CRM show that the impact of the collateral is not material.

Potential concentrations resulting from CRM measures (by guarantor and by sector) are monitored as part of credit risk management and included in the quarterly report, in particular the monitoring of compliance with concentration limits (monitoring carried out after guarantors are taken into account). No specific concentration, with the exception of SGLs, has resulted from implementation of CRM techniques.

TABLE 50: STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

Categories of exposure as of 12/31/2021 <i>(in € millions)</i>	Net exposure		EAD		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density <i>(in %)</i>
Governments and central banks	140,015	1,013	152,896	309	2,386	2
Regional or local authorities	4,480	435	4,612	134	897	19
Public sector (public organizations excluding central governments)	34,692	308	35,189	234	4	-
Multilateral development banks	1,199	-	1,199	-	-	-
International organizations	1,047	-	1,047	-	-	-
Institutions (banks)	1,788	314	1,777	136	424	22
Corporates	19,552	17,263	18,522	3,304	19,307	88
Retail customers	37,646	12,882	37,308	705	27,571	73
Exposures secured by real estate mortgages	9,954	399	9,954	187	4,344	43
Exposures in default	2,135	46	2,078	27	2,387	113
Exposures presenting a particular high risk	1,427	187	1,401	93	2,226	149
Covered bonds	-	-	-	-	-	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	381	-	381	-	646	169
Equity exposure	425	-	425	-	426	100
Other assets	1,635	-	1,635	-	1,625	99
TOTAL	256,376	32,847	268,426	5,129	62,243	23

The similar amount of CMNE's RWAs as of 12/31/2021 represents approximately 10% of Crédit Mutuel Alliance Fédérale's RWAs.

Categories of exposure as of 12/31/2020 <i>(in € millions)</i>	Net exposure		EAD		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density <i>(in %)</i>
Governments and central banks	122,430	782	133,180	204	2,206	2
Regional or local authorities	4,875	419	5,025	130	956	19
Public sector (public organizations excluding central governments)	33,155	218	33,759	295	-	-
Multilateral development banks	1,086	-	1,086	-	-	-
International organizations	1,057	-	1,057	-	-	-
Institutions (banks)	2,073	468	2,068	206	491	22
Corporates	16,614	17,346	15,806	2,907	16,632	89
Retail customers	35,065	12,754	34,857	708	25,785	73
Exposures secured by real estate mortgages	8,547	309	8,547	151	3,920	45
Exposures in default	2,460	207	2,422	112	3,002	118
Exposures presenting a particular high risk	1,282	30	1,275	15	1,923	149
Covered bonds	-	-	-	-	-	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	59	-	59	-	59	100
Equity exposure	416	-	416	-	417	100
Other assets	1,474	-	1,474	-	1,456	99
TOTAL	230,591	32,533	241,031	4,726	56,846	23

TABLE 51: IRB APPROACH – EFFECT ON THE RWAS OF CREDIT DERIVATIVES USED AS CRM TECHNIQUES (EU CR7)

The effect of credit derivatives as a CRM technique [EU CR7] is not material for Cr dit Mutuel Alliance F d rale.
The situation for CMNE is identical.

TABLE 52: GUARANTEED EXPOSURES UNDER THE IRBA APPROACH (EU CCR7-A)

(in � millions) At 12/31/2021	Credit risk mitigation techniques											Credit risk mitigation techniques in the calculation of RWEAs			
	Total exposures	Portion covered by financial guarantees (as a %)	Funded credit protection ⁽¹⁾						Unfunded credit protection ⁽¹⁾						
			Portion covered by other eligible collateral (as a %)			Portion covered by other forms of financed credit protection (as a %)			Portion covered by guarantees (as a %)	Portion hedged by credit derivatives (as a %)	RWEA without substitution effects	RWEA with substitution effects			
			o/w real estate collateral	o/w receivables to be recovered	o/w other collateral	o/w cash deposits	o/w life insurance policies	o/w instruments held by third-parties							
Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions (banks)	35,723	-	-	-	-	-	-	-	-	-	-	0.32%	-	5,931	5,891
Corporates	124,586	0.14%	-	-	-	-	-	-	-	-	-	5.76%	-	70,846	66,814
o/w: Specialized lending	11,196	1.60%	-	-	-	-	-	-	-	-	-	-	-	8,742	8,742
o/w: SMEs	35,594	-	-	-	-	-	-	-	-	-	-	8.21%	-	13,656	12,666
o/w: other companies	77,797	-	-	-	-	-	-	-	-	-	-	5.46%	-	48,448	45,406
Retail customers	290,652	-	-	-	-	-	-	-	-	-	-	2.33%	-	35,529	34,051
o/w: SME real estate property	27,210	-	-	-	-	-	-	-	-	-	-	-	-	6,015	6,015
o/w: non-SME real estate property	139,088	-	-	-	-	-	-	-	-	-	-	-	-	15,738	15,738
o/w: revolving loan	9,954	-	-	-	-	-	-	-	-	-	-	-	-	1,042	1,042
o/w: SMEs	34,709	-	-	-	-	-	-	-	-	-	-	19.49%	-	7,353	5,877
o/w: other non-SMEs	79,692	-	-	-	-	-	-	-	-	-	-	0.01%	-	5,382	5,379
TOTAL	450,961	0.04%	-	-	-	-	-	-	-	-	-	3.12%	-	112,306	106,755

(1) Column only includes secured exposures that are subject to a credit risk mitigation technique in the regulatory sense. The small amount of secured exposures reflects the fact that for retail customer contracts based on an advanced IRB approach the guarantees are used as an element for segmenting the loss in the event of default and, as such, CRM techniques are not used.

TABLE 53: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5)

(in � millions) At 12/31/2021	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of collateral given
	Segregated	Non-segregated	Segregated	Non-segregated		
Cash – domestic currency	38	920	1,152	2,498	174	206
Cash – other currencies	11	845	138	785	107	17
Sovereign debt – domestic currency	-	-	-	-	3,448	4,480
Sovereign debt – other currencies	-	-	-	-	2,748	2,883
Public administration debt	-	-	-	-	-	13
Corporate bonds	-	-	-	-	1,177	1,314
Equities	-	-	-	-	1,014	7
Others	-	-	-	-	3,325	4,055
TOTAL	48	1,765	1,289	3,283	11,993	12,975

Segregated: refers to collateral that is protected from default.

5.11 SECURITIZATION (EU SECA)

5.11.1 Objectives

In connection with its Capital Markets, the group carries out operations on the securitization market by taking up investment positions with three objectives: achieving returns, taking risks and diversifying. The risks primarily concern credit risk on the underlying assets and liquidity risk, particularly with the changes in the European Central Bank's eligibility criteria.

The activity is exclusively an investor activity with senior or mezzanine tranches, which always have external ratings.

For specialized financing facilities, the group supports its customers as a sponsor (arranger or co-arranger) or sometimes as an investor with the securitization of commercial loans. The conduit used is called Satellite, set up in November 2019. It subscribes for senior units in securitization vehicles and issues commercial paper.

Satellite is a securitization company set up in the form of a *société par actions simplifiée* (simplified joint stock company) sponsored by the Crédit Industriel et Commercial bank. The ABCP issuance programs of the Satellite are rated A-1 (sf) by S&P Global Ratings and P-1 (sf) by Moody's France SAS. The ABCP issuance programs of the Satellite conduit will enable Crédit Mutuel Alliance Fédérale to build an alternative source of short-term financing and, in particular, refinance the bank's securitization transactions with its corporate customers.

GFL benefits from a liquidity line granted by the group guaranteeing it will place the conduit's commercial paper. The group is exposed mainly to credit risk on the portfolio of transferred loans and to the risk of the Capital Markets drying up.

5.11.2 Control and monitoring procedures for Capital Markets

Market risks on securitization positions are monitored by the risk and results control (CRR) function, focusing on various areas, with day-to-day procedures making it possible to monitor changes in market risks. The CRR analyzes changes in the results of securitization strategies each day and explains them in relation to the risk factors. It monitors compliance with the limits set by the body of rules and approved by the group lending department. The limits are reviewed at least once a year. The body of rules strictly governs the investment and risk portfolios.

The group also observes the credit quality of the securitization tranches on a daily basis by monitoring the ratings set by the external credit rating agencies Standard & Poor's, Moody's and Fitch Ratings. The actions taken by these agencies (upgrades, downgrades or watches are analyzed). In addition, a quarterly summary of rating changes is drawn up.

In connection with the procedure for managing counterparty limits, the following work is carried out: in-depth analysis of securitizations that have reached the level of delegation for group commitments, analysis of certain sensitive securitizations (from the Eurozone's peripheral countries or subject to significant downgrades). The purpose of these analyses is notably to assess the position's level of credit and the underlying performances.

In addition, each securitization tranche, irrespective of the delegation level, is covered by a form. These forms incorporate the main characteristics of the tranche held, as well as the structure and the underlying portfolio. For securitizations issued from January 1, 2011, information on the underlying asset's performances has been added. This information is updated once a month. The branches' pre-sales documentation and the issue prospectuses are also recorded and made available with the forms, in addition to the investor reports for securitizations issued from January 1, 2011.

A stress test system is also deployed with the aim of measuring the impact of various scenarios on the tranches held. During 2021, the system was enhanced and entirely revised. The main parameters to which the scenarios apply variations are prepayments, defaults and recovery rates (recovery rates).

Monthly stress tests are also carried out on the portfolios. An asset quality review (AQR) was conducted by the European Central Bank in 2014 and completed by Stress Tests in 2014, 2016 and again in 2018, with very satisfactory results.

5.11.3 Quantified data related to Capital Markets

In the 2021 fiscal year, group securitization investments increased by €703 billion (up +10%), and represented a carrying amount of €7.648 billion as of December 31, 2021. The investments of the Capital Market arm of Crédit Mutuel Alliance Fédérale – called CIC Marchés – account for 77% of its securitization outstandings. The 2021 statistics in the tables presented in this section do not include the tranches sponsored by the American agencies Ginnie-Mae (Government National Mortgage Association), Freddie Mac (Federal Home Loan Mortgage Corporation), Fannie Mae (Federal National Mortgage Association) and SBA (Small Business Administration) for a total of €2.3 billion (€2.2 billion in 2020). These tranches are fully, unconditionally and irrevocably guaranteed by the American government. They are thus treated as sovereign exposures and classed under US government exposures. These investments are thus no longer recognized under the Basel regulatory framework’s “Securitization” classification.

Securitization portfolios are managed on a prudent basis and comprise mainly senior securities with high credit ratings. Almost all figures are Investment grade (86%), most of which are rated AAA, Tranches located in the Non Investment Grade are subject to increased supervision and, in the case of Greece, to provisions. The portfolios are diversified, both in terms of type of exposure (RMBS, CLO, ABS auto loans, ABS consumer loans, ABS credit cards) and geographical exposure (United States, France, Germany, Italy and Spain).

TABLE 54: BREAKDOWN OF SECURITIZATION OUTSTANDINGS

Outstandings by portfolio (in € millions)	12/31/2021	12/31/2020
Banking book	6,794	6,126
Trading book	626	694
TOTAL OUTSTANDINGS⁽¹⁾	7,420	6,820

(1) These outstandings do not include the tranches sponsored by the US branches Ginnie-Mae, Fannie Mae, Freddie Mac and SBA.

Investment grade/non-investment grade outstandings (as a %)	12/31/2021	12/31/2020
Investment grade	88.9%	92.4%
Non-investment grade	11.1%	7.6%
TOTAL OUTSTANDINGS	100%	100.0%

5.11.4 Capital Markets credit risk hedging policies

Capital Markets traditionally involve the purchase of securities. However purchases of credit default swaps for hedging purposes may be authorized and, as applicable, are governed by Capital Market procedures.

5.11.5 Prudential approaches and methods

Entities included in the scope for approval of the credit risk internal rating approach apply the ratings-based method. Otherwise, the standardized approach is retained.

5.11.6 Accounting policies and principles

Securitization securities are recognized on the basis of their accounting classification in the same way as for other debt securities. The accounting policies and principles are presented in note 1 to the financial statements.

5.11.7 Exposures by type of securitization

Since January 1, 2019, securitization risks are covered by Regulation (EU) 2017/2401, amending Regulation (EU) 575/2013 (CRR).

This regulation revised existing approaches (internal rating, standard approach) and introduced a new approach based on external ratings for the calculation of capital requirements, which have been strengthened.

The exposures indicated above are net of provisions and the exposures measured using the internal ratings method and weighted at 1,250% are deducted from capital.

TABLE 55: SECURITIZATION EXPOSURES IN THE NON-TRADING BOOK (EU SEC1)

<i>(in € millions)</i> At 12/31/2021	The institution acts as agent				The institution acts as sponsor				The institution acts as investor				
	Classic		Summarized		Classic				Classic				
	STS	Non STS											
	Of which TRS	Of which TRS	Of which TRS	Sub-total	STS	Non STS	Sum-marized	Sub-total	STS	Non STS	Sum-marized	Sub-total	
1 – Total exposures	-	-	-	-	-	-	-	-	-	2,430	4,364	0	6,794
2 – Retail customers (total)	-	-	-	-	-	-	-	-	-	1,837	787	0	2,624
3 – Residential mortgages	-	-	-	-	-	-	-	-	-	627	380	0	1,007
4 – Credit cards	-	-	-	-	-	-	-	-	-	116	10	0	126
5 – Retail customer exposures	-	-	-	-	-	-	-	-	-	1,094	397	0	1,491
6 – Resecuritization	-	-	-	-	-	-	-	-	-	0	0	0	0
7 – Wholesale customers (total)	-	-	-	-	-	-	-	-	-	593	3,577	0	4,170
8 – Corporate loans	-	-	-	-	-	-	-	-	-	0	3,128	0	3,128
9 – Commercial mortgages	-	-	-	-	-	-	-	-	-	0	0	0	0
10 – Lease payments and receivables	-	-	-	-	-	-	-	-	-	593	450	0	1,042
11 – Other wholesale customer exposures	-	-	-	-	-	-	-	-	-	0	0	0	0
12 – Resecuritization	-	-	-	-	-	-	-	-	-	0	0	0	0

TABLE 56: SECURITIZATION EXPOSURES IN THE TRADING BOOK (EU SEC2)

<i>(in € millions)</i> At 12/31/2021	The institution acts as agent				The institution acts as sponsor				The institution acts as investor				
	Classic		Summarized		Classic				Classic				
	STS	Non STS	Sum-marized	Sub-total	STS	Non STS	Sum-marized	Sub-total	STS	Non STS	Sum-marized	Sub-total	
	STS	Non STS	Sum-marized	Sub-total	STS	Non STS	Sum-marized	Sub-total	STS	Non STS	Sum-marized	Sub-total	
1 – Total exposures	-	-	-	-	-	-	-	-	-	498	137	823	1,458
2 – Retail customers (total)	-	-	-	-	-	-	-	-	-	466	128	0	594
3 – Residential mortgages	-	-	-	-	-	-	-	-	-	124	128	0	253
4 – Credit cards	-	-	-	-	-	-	-	-	-	0	0	0	0
5 – Retail customer exposures	-	-	-	-	-	-	-	-	-	341	0	0	341
6 – Resecuritization	-	-	-	-	-	-	-	-	-	0	0	0	0
7 – Wholesale customers (total)	-	-	-	-	-	-	-	-	-	32	9	0	41
8 – Corporate loans	-	-	-	-	-	-	-	-	-	0	9	0	9
9 – Commercial mortgages	-	-	-	-	-	-	-	-	-	0	0	0	0
10 – Lease payments and receivables	-	-	-	-	-	-	-	-	-	32	0	0	32
11 – Other wholesale customer exposures	-	-	-	-	-	-	-	-	-	0	0	0	0
12 – Resecuritization	-	-	-	-	-	-	-	-	-	0	0	0	0

TABLE 57: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – ORIGINATOR AND SPONSOR (EU SEC3)

Crédit Mutuel Alliance Fédérale does not have any exposure as an initiator or sponsor.

TABLE 58: SECURITIZATION POSITIONS AND RISK-WEIGHTED ASSETS – INVESTORS (EU SEC4)

	Securities at risk (by weighting range/deductions)				Value at risk (by regulatory approach)				Weighted exposure amount (by regulatory approach)				Capital requirement after application of the cap			
	Weighting ≤ 20%	Weighting > 20% and ≤ 50%	Weighting > 50% and ≤ 100%	Weighting > 100% and < 1,250% deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	Weighting 1.250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	Weighting 1.250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	Weighting 1.250%/ deductions
<i>(in € millions)</i> At 12/31/2021																
1 – Total exposures	6,310	229	29	226	0	5,976	818	0	-	1,309	104	-	-	105	8	-
2 – Classic securitization	6,310	229	29	226	0	5,976	818	0	-	1,309	104	-	-	105	8	-
3 – Securitization	6,310	229	29	226	0	5,976	818	0	-	1,309	104	-	-	105	8	-
4 – Retail underlying	2,378	227	18	1	0	2,624	0	0	-	398	-	-	-	32	-	-
5 – Of which STS	1,784	51	2	-	-	1,837	-	-	-	215	-	-	-	17	-	-
6 – Wholesale customers	3,931	2	11	225	-	3,352	818	-	-	911	104	-	-	73	8	-
7 – Of which STS	590	2	-	-	-	218	375	-	-	24	38	-	-	2	3	-
8 – Resecuritization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 – Synthetic securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 – Securitization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 – Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 – Wholesale customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 – Resecuritization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 59: EXPOSURES SECURITIZED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS (EU SEC5)

Crédit Mutuel Alliance Fédérale does not have any exposure as an initiator or sponsor.

5.12 RISK OF CAPITAL MARKETS (EU MRA)

5.12.1 General organization

The group's Capital Markets are organized around three business lines: group treasury (transactions which are mainly recognized in BFCM's balance sheet), commercial, and fixed-income, equity and credit products (recognized on CIC's balance sheet), with the last two business lines constituting CIC Marchés. The management of these three business lines is "sound and prudent".

Activities are carried out in France and in branches in London (group treasury), New York (investment) and Singapore (investment and commercial). Crédit Mutuel Alliance Fédérale's appetite for Capital Markets is very low. Capital consumption for market risk purposes was capped at 1% of the group's total capital at the end of 2021.

Group treasury

This business line is organized into three teams, one of which is dedicated to treasury and liquidity management. It centralizes all of Crédit Mutuel Alliance Fédérale's refinancing activities and ensures the regulatory management of liquidity assets. It seeks to diversify its investor base in Paris and London, as well as in the United States (US 144A format), Asia (Samurai format) and in Australia (Kangaroo format), and its refinancing tools, including Crédit Mutuel – CIC Home Loan SFH. A second team is dedicated to collateral management and monitoring and a third to the bank's settlement activities (including the various risks which are integrated into the business line risks).

Most of these products are monetary or debt instruments (money market and bonds) and futures used to hedge interest rates and exchange rates.

In addition to pure refinancing positions, this business line also includes a portfolio of available-for-sale securities which are held mainly for use in the event of a liquidity crisis.

Commercial

CIC Market Solutions is the division in charge of commercial activities within CIC Marchés. It is a comprehensive platform of market solutions for customers on all primary and secondary markets that also offer depository solutions (UCI depository and securities account keeping). This notably enables the group to better assist customers with their market financing.

The sales teams have access to a unified range of tools and products. They are organized into five activities.

The Secondary Market Solutions team, which comprises the Global Fixed-income/Currency/Commodity Execution Solutions and operates from Paris or within the regional banks, is responsible for marketing OTC hedging products (interest rate, currency, equity, commodity). It aims to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments. The Global Execution Solutions offering also markets underlying equities, bonds and derivatives. In parallel, the Execution teams are assisted by the Solution Sales teams. The Equity Sales activity, carried out in Paris, is also carried out through the subsidiary CIC Market Solutions Inc., broker-dealer regulated by FINRA, wholly owned by CIC, whose operational headquarters are located at CIC NY with a clientele of professional investors in the United States and Canada.

The Investment Solutions (IS) team uses CIC's issue programs to market investment products such as CIC and Stork Acceptance EMTN, resulting directly from the expertise of the investment business and aimed at the customers of Crédit Mutuel's and CIC's different networks, as well as institutional, corporate and retail customers. In the event of partial marketing or early exit by customers, the IS team may have to temporarily carry capital-consuming securities.

The other three commercial activities do not present any market or credit risk. These include Global Research, Primary Market Solutions and Custody Solutions.

Regarding CIC Market Solution scope, agricultural commodities present no market risk as these operations involve pure back-to-back transactions. These are carried out at the request of the customer on over-the-counter derivative instruments. CIC Market Solutions has no influence over commodity prices.

Fixed-Income-Equities-Credit Investments

This business line, also included in CIC Marchés, is organized around desks specialized in investments in equities/hybrid instruments, credit spreads and fixed income. These activities mainly involve purchases and sales of financial securities acquired with the view to holding them for a long period of time, as well as for trading in related financial instruments. These activities must create value in a disciplined risk environment in order to drive commercial development and provide expertise or services to other group entities.

5.12.2 Internal control system

The control mechanism is underpinned by a reference framework and a dedicated organizational structure.

The reference framework integrates a unified system of limits that structure Capital Markets including those applied by CIC branches. This reference framework is formalized in two “bodies of rules”. A CIC Marchés body of rules for the commercial and investment business lines and a group treasury body of rules. Regular updates are carried out throughout the year, to include the introduction of new products and risk-measurement monitoring improvements, and a complete formal validation conducted at least once a year.

The group has adopted a trading policy that describes the rules governing the assignment of market transactions to one of the two prudential books, the banking book and the trading book. This policy covers both the investment and commercial business lines [CIC Marchés] and the transactions carried out by group treasury. For the Investment business line, an appendix to the policy provides a granular definition – by investment specialty – of the holding period for positions, the prudential classification and the justification for the classification.

Both the reference framework and the application of the trading policy are subject to specific controls within the context of the first-level permanent control process.

The organization structure is underpinned by the players, functions and a comitology procedure dedicated to Capital Markets.

The front-office units that execute transactions are separated from those responsible for monitoring risks and results (control function) and from those in charge of transaction validation, settlement and recording (back office function).

Internal control teams operate under the responsibility of the group risk department, which compiles scorecards summarizing risk exposures and presents the levels of capital allocated/consumed to be approved by the Boards of Directors of CIC and BFCM.

The permanent control system is based on first-level controls performed by three post-market teams: (i) the risks and results control team which validates production, monitors results on a daily basis and ensures compliance with limits, (ii) the post-market accounting and regulatory team responsible for reconciling accounting and economic results, as well as regulatory matters, and (iii) the legal and tax team in charge of first-level legal and tax compliance.

Second level controls are organized around (i) the group capital market permanent control function, which reports to the permanent controls function, supervises first-level permanent controls carried out by CIC Marchés and conducts its own direct controls on activities, (ii) the group lending department, which monitors at-risk outstandings for each counterparty group, (iii) the group legal and tax department, which works with CIC Marchés legal and tax teams, and CIC’s finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls.

A third level of controls is organized around (i) periodic controls of Crédit Mutuel Alliance Fédérale performed retrospectively by a team of specialist auditors who carry out audits, controls and compliance checks in respect of Capital Markets, and (ii) the General Inspectorate of Confédération Nationale du Crédit Mutuel (CNCM) which supplements the audits performed by periodic business-line controls.

A Market Risk Committee that meets monthly and a group treasury Risk Committee that meets quarterly monitor the strategy, results and risks of CIC Marchés (in France and at the branches) and group treasury, respectively, within the limits set by the Boards of Directors of CIC and BFCM.

The Market Risk Committee is chaired by the member of Executive Management in charge of CIC Marchés and includes the Chief Executive Officer of CIC and BFCM, the head of the finance division of Crédit Mutuel Alliance Fédérale and Deputy Chief Executive Officer of BFCM, the front office managers, the post-market team managers, those of the lending department, the risk department, group compliance and the group permanent control department. It approves the operational limits established as part of the general limits set by the Boards of Directors of CIC and BFCM, which are kept regularly informed on the risks and results of these activities.

The group treasury Risk Committee is chaired by the Chief Executive Officer of CIC and BFCM, and includes the Deputy Chief Executive Officer of BFCM in charge of Group Liquidity and Treasury, the Front Office managers of the group treasury, and the group ALM departments, as well as the post-market team managers and the manager of the risk department. The committee analyzes transactions relating to market refinancing, refinancing of group entities and liquidity assets.

The Group Risk Committee [executive level] and the Group Risk Monitoring Committee [specialized committee of the deliberative body], both of which are supervised by the group risk department, conduct quarterly analyses of all the risks to which the group is exposed, including market risks. They review outstandings, risks, results, consumption of capital [regulatory and internal], regulatory developments and ongoing projects and audits [internal and external] for Capital Markets.

TABLE 60: MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MRI)

<i>(in € millions)</i> At 12/31/2021	RWAs	Capital Requirements
Outright products		
Interest rate risk (general and specific)	1,106	88
Equity risk (general and specific)	1,278	102
Foreign exchange risk	588	47
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	64	5
Scenario approach	4	0
Securitization (specific risk)	238	19
TOTAL	3,277	262

<i>(in € millions)</i> At 12/31/2020	RWAs	Capital Requirements
Outright products		
Interest rate risk (general and specific)	1,085	87
Equity risk (general and specific)	1,645	132
Foreign exchange risk	427	34
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	23	2
Scenario approach	-	-
Securitization (specific risk)	220	18
TOTAL	3,400	272

5.12.3 Risk management

The system used to set exposure limits for market risk is based on:

- a global limit for regulatory capital (CAD/European capital adequacy) based on a standard internal measurement close to the regulatory value, broken down by desk, and by VaR (or stressed VaR);
- internal rules and scenarios (CAD risks, historical VaR and stress tests) which convert exposures into potential losses.

The limits system covers various types of market risk (interest rate, currency, equity and counterparty risks). The aggregate limit is broken down into sub-limits for each type of risk for each activity. If the overall limit and/or the limit assigned to each business line is exceeded, the group risk department is responsible for monitoring and managing the excess exposure.

Risks are monitored on the basis of first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to give decision-makers an overview of Capital Market exposures.

The capital allocated in 2021 for the fixed-income-equity-credit investment and commercial business lines was up compared to 2020 in order to take into account the greater use of the banking book compared to the trading book. For 2022, the limits have been slightly lowered for the Investment business, even if the calculations will be subject to a slightly more stringent methodology, since the use of internal LGDs will no longer be authorized. The capital allocated for the CVA expense is also calculated for the risk monitoring system.

Crédit Mutuel Alliance Fédérale VaR was €4.8 million at the end of 2021. A general stress test policy and a stress mechanism also help to manage risk, and there is an escalation procedure if limits are exceeded. In addition, a Stressed VaR limit is monitored.

The most strategic indicators and limits are included in the Risk Appetite Framework of Crédit Mutuel Alliance Fédérale and CIC, overseen by the group risk department.

Capital Market activities carried out in the New York and Singapore branches are subject to limits under the supervision of CIC Marchés.

The day-to-day treasury position of CIC and BFCM must not exceed a limit of €1 billion for 2022, with an intermediate alert level defined by management and validated by the Boards of Directors of CIC and BFCM. The refinancing period for portfolio assets is also subject to monitoring and limits.

The principal CIC Marchés and group treasury trading floor risks are as follows:

1 Refinancing:

BFCM's capital consumption mainly relates to the HQLA portfolio. It is calculated based on the CAD and the European capital adequacy ratio (very close to regulatory definitions). During the year 2021, capital consumption at CNC increased overall from €79 million to €88 million at the end of the year, the highest level reached during the year.

The changes over the year mainly relate to the RES balance sheet and are explained by the purchase of securities during the period.

2 Hybrids:

Capital consumption was €53.9 million on average in 2021, and €55.6 million at the end of the year. The stock of convertible bonds was stable at €2 billion at the end of 2021.

3 Credit:

The positions correspond to securities in corporate entities financial or securities/CDS arbitrage (credit default swap), as well as to secured

paper (securitization, covered bonds). On the loan corporate portfolio capital consumption started the year at €43.2 million and gradually increased throughout the year, reaching €70.1 million at the end of 2021. The changes in activity are mainly due to the increase in the relative share of the positions in the Banking Book during the year. For the secured paper portfolio, risk consumption was relatively stable, with a very large proportion of securities with a very good external rating (AAA), and fluctuated around €48.7 million (€50 million at the end of the year).

4 M&A and other activities:

Capital consumption averaged €50.6 million in 2021, reaching a high of €57.7 million in June. These movements follow the evolution of M&A outstandings. The outstanding amount of the latter amounted to €423 million in June 2021, compared to €320 million at the end of 2021, close to the level at the beginning of the year.

5 Fixed income:

These positions mainly concern directional investments and yield-curve arbitrage, typically with European underlying government securities. Positions on peripheral countries are very limited. In Italy, outstandings ended the year at around €117 million and remained low throughout the year. Total outstanding government securities amounted to €1.2 billion at the end of 2021 compared to €878 billion at the end of 2020, of which €0.5 billion in France.

5.12.4 Model-based risk

CIC Marchés' risks and results control (RRC) team is in charge of developing the specific models used for valuing its positions. In 2021, there were four of these models (unchanged from the previous year). These models are governed by a general policy validated annually by the market risks committee. The policy provides for development and

documentation by the CRR, monitoring of model performance also produced by the CRR and reviewed by the group permanent control and the group risk department, for presentation to the Market Risk Committee. These models are also included in the audit program undertaken by the General Inspectorate – business line audits.

5.12.5 Credit derivatives

These products are used by CIC Marchés and recognized in its trading book.

CIC Marchés monitors risk limits by issuer or counterparty for all types of products. Outstandings are tracked daily and governed by limits

periodically reviewed by the bodies designated for that purpose (commitments committees, market Risk Committees).

5.13 ASSET-LIABILITY MANAGEMENT (ALM) RISK

5.13.1 General organization

For Crédit Mutuel Alliance Fédérale, asset-liability management (ALM) mainly involves the management of liquidity and interest rate risks. This management is centralized.

The decision-making committees of Crédit Mutuel Alliance Fédérale for matters concerning liquidity and interest rate risk management comprise the following decision-making levels:

- technical committees focused on the analysis of risks, in particular liquidity and interest rate risks, as well as coordination among business lines for optimized management to support decision-making;
- monitoring committees who conduct regular reviews of the technical committees' decisions and set alert thresholds and limits. They provide important support in the global management of risks, in keeping with the group's risk profile;
- control committees tasked with overseeing the procedures and reporting to the governance bodies.

Hedging decisions are made to maintain the risk indicators (NII and NPV sensitivity and gaps) within the limits and alert thresholds set at the global level for Crédit Mutuel Alliance Fédérale and the group's banks. The hedges are assigned to the banks concerned, in accordance with their needs.

Analyses concerning liquidity and interest rate risks are presented quarterly to the Group Risk Committee. Interest rate risk and liquidity risk are also reviewed every six months by the Boards of Directors of Caisse Fédérale de Crédit Mutuel and other Crédit Mutuel Alliance Fédérale entities (CIC regional banks, BECM, etc.).

5.13.2 Managing interest rate risk (EU IRRBBA)

5.13.2.1 Interest rate risk governance and management

The procedures in place within Crédit Mutuel Alliance Fédérale concerning the interest rate risk are in line with the recommendations of the Order of November 3, 2014 concerning the internal control of banking institutions, payment services and investment services, as well as the recommendations of the European Banking Authority of December 2014 (2014/13) concerning the Supervisory Review and Evaluation Process (SREP), the recommendations of the Basel Committee on the interest rate risk in the banking book (BCBS 368 – April 2016), and the EBA guidelines (2018/02) on the management of interest rate risk arising from non-trading activities.

Interest rate risk is governed and monitored by the asset-liability management (ALM) function of Crédit Mutuel Alliance Fédérale.

The role and principles governing asset-liability management are defined as follows:

- asset-liability management is a distinct function from that of the trading floor and has its own resources;
- the primary objective of asset-liability management is to shield commercial margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- asset-liability management does not operate as a profit center but as a function that serves the bank's profitability and development strategy, as well as the management of liquidity risk and interest rate risk arising from network activity.

The interest rate risk is managed by the ALM Technical Committee which meets on a quarterly basis. The committee manages this risk in accordance with the risk limits applied within Crédit Mutuel Alliance Fédérale. The ALM Monitoring Committee, which holds half-yearly meetings, examines changes in asset-liability management risks and validates the risk limits and alert thresholds.

5.13.2.2 Measurement and monitoring systems and hedging mechanism

Interest rate risk arising from the group's commercial activities stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstandings on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and confirmed credit line drawdowns, etc.).

The interest rate risk situation for all transactions resulting from the network's activities is analyzed and globally hedged for the residual balance sheet position by so-called macro-hedging transactions. Transactions of a high amount or specific structure may be hedged in specific ways. The Technical Committee decides which hedges to put in place and allocates them *pro rata* to the needs of each entity. The purpose of these hedges is to maintain the risk indicators (NBI and NPV sensitivity and gaps) within the limits and alert thresholds set at the global level for Crédit Mutuel Alliance Fédérale and the group's banks.

Risk limits and alert thresholds are set in relation to the global level of Crédit Mutuel Alliance Fédérale. Certain entities have a specific set of limits and alert thresholds within the scope of their Risk Appetite Framework (RAF). For the other entities, the alert thresholds are of the same level as the global limits of Crédit Mutuel Alliance Fédérale.

Interest rate risk analysis is based on the following indicators, which are updated each quarter:

1. **the fixed-rate static gap**, which corresponds to the balance-sheet and off-balance-sheet items whose flows are considered certain over a period of one month to 20 years, as governed by limits or alert thresholds of three to seven years and measured by an NBI ratio;
2. **the “passbook and inflation rate” static gap** over a period of one month to 20 years;
3. **the sensitivity of the net interest margin** calculated for domestic scenarios and governed by limits or alert thresholds. This is measured in annual stages, over a two-year horizon and expressed as a percentage of each entity’s net banking income.

Several interest rate scenarios are analyzed. The central scenario used for the calculation of ALM indicators rests on the interest rate forecasts used by the management control unit for earnings forecasts. These forecasts are made quarterly under the aegis of CNCM.

The other interest rate scenarios are the following:

Normalized interest rate shocks:

- S1 reference scenario: a 100-bp. increase in the yield curve (used for limits/alert thresholds);
- S2 reference scenario: a 100-bp. decrease in the yield curve, with no floor rate (used for limits/alert thresholds);
- S3 scenario: a 200-bp. increase in the yield curve;
- S4 scenario: a 200-bp. decrease in the yield curve, with a tiered floor rate ranging between a spot rate of -1% to a 20-year rate of 0%.

Stress scenarios:

- S5 scenario: flattening/inversion of the yield curve due to a 50-bp. increase in short-term rates every six months over two years (cumulative shock of 200 bps.);
- S6 scenario: sustained drop in short- and long-term rates combined with regulated rates remaining at significantly higher rates.

Two scenarios are examined relative to funding the liquidity gap:

- 100% Euribor three-month hedge;
- alternative funding applicable to relevant scenarios (non-linear and non-progressive evolution of interest rate scenarios), based on a distinct indexation of positions in stock (indexation at short-term rates maintained), and of positions resulting from new business (based on the intrinsic characteristics of the underlying positions).

As of December 31, 2021, the net interest income of Crédit Mutuel Alliance Fédérale’s and the BFCM consolidated scope’s banking book had one-year and two-year exposures, according to the reference scenario (Scenario 2), to a drop in interest rates.

For these two scopes of consolidation, interest sensitivities were as follows:

- for Crédit Mutuel Alliance Fédérale, the sensitivity to a drop in interest rates is +0.02% over one year (+€2.91 million in absolute value) and -1.39% over two years (-€182.3 million), in compliance with risk limits;
- for BFCM, sensitivity is -€44.2 million over one year and -€93.2 million over two years, -0.46% and -0.97% respectively as a percentage of NBI.

TABLE 61: NBI SENSITIVITY INDICATORS
NORMALIZED INTEREST RATE SHOCKS

At 12/31/2021	Sensitivity as a % of NBI	
	1 year	2 years
Scenario S1	1.87%	3.17%
Scenario S2	0.02%	-1.39%
Scenario S3	5.03%	7.12%
Scenario S4	0.17%	-1.40%
Scenario S1 Constant balance sheet	1.62%	2.71%
Scenario S2 Constant balance sheet	0.28%	-0.93%

At 12/31/2020	Sensitivity as a % of NBI	
	1 year	2 years
Scenario S1	2.67%	2.76%
Scenario S2	-1.16%	-2.05%
Scenario S3	6.23%	6.22%
Scenario S4	-0.32%	-0.59%
Scenario S1 Constant balance sheet	2.67%	2.75%
Scenario S2 Constant balance sheet	-1.20%	-2.13%

STRESS SCENARIOS

At 12/31/2021	Sensitivity as a % of NBI	
	1 year	2 years
Scenario S5	-1.46%	-1.29%
Scenario S5 bis ⁽¹⁾	-3.29%	1.46%
Scenario S6	-4.40%	-4.67%
Scenario S6 bis ⁽¹⁾	-4.01%	-7.11%

⁽¹⁾ Alternate hedging rule.

At 12/31/2020	Sensitivity as a % of NBI	
	1 year	2 years
Scenario S5	0.46%	-1.41%
Scenario S5 bis*	-1.27%	1.63%
Scenario S6	-1.98%	-6.21%
Scenario S6 bis*	-2.91%	-4.61%

* Alternate hedging rule.

4. **The basis risk**, associated with correlated assets and liabilities on different indices, corresponds to the risk of a change in relations between the different market rates (financial assets at variable rate financed by resources at variable rate but not linked to the same index). The basis risk is covered by a limit on the average on-year outstandings at the Euribor three-month rate financed by Eonia resources.

5.13.2.3 Regulatory indicators

The sensitivity of the net present value (NPV) is calculated in accordance with the EBA's recommendations:

- exclusion of capital and maturity of non-current assets on D+1;
- discounting of flows using a swap rate curve (with no liquidity spread and no credit spread);
- application of an incremental floor ranging between a spot rate of -1% to a 20-year rate of 0% for market rates;
- since the average duration of non-maturity deposits is less than five years, the five-year cap required by regulations is not applicable.

NPV sensitivities are determined using six EBA interest rate scenarios:

- parallel upward shift;
- parallel downward shift;
- steepening of the yield curve;
- flattening of the yield curve;
- rise in short-term rates;
- fall in short-term rates.

Overall, the NPV sensitivity of Crédit Mutuel Alliance Fédérale is below the 20% alert thresholds for Tier 1 and Tier 2 capital:

- a 200-bp. drop in interest rates makes for an increase of +0.36% in Tier 1 and Tier 2 capital [+€180 million in absolute value];
- a 200-bp. rise in interest rates makes for a decline of -3.44% [-€1,734 million].

TABLE 62: NPV SENSITIVITY AT +200 BPS. AND -200 BPS. (EU IRRBB200)

<i>In % of Tier 1 and Tier 2 capital</i>	12/31/2021
Sensitivity +200 bps	0.36%
Sensitivity -200 bps	-3.44%

<i>In % of Tier 1 and Tier 2 capital</i>	12/31/2020
Sensitivity +200 bps	-0.46%
Sensitivity -200 bps	0.74%

<i>In % of CET1 capital</i>	12/31/2021
Sensitivity +200 bps	0.41%
Sensitivity -200 bps	-3.94%
Increase in short-term rates	0.98%
Reduction in short-term rates	-2.97%
Flattening	0.91%
Sloping	-2.58%

<i>In % of CET1 capital</i>	12/31/2020
Sensitivity +200 bps	0.85%
Sensitivity -200 bps	-0.52%
Increase in short-term rates	0.66%
Reduction in short-term rates	-4.17%
Flattening	4.66%
Sloping	-3.89%

TABLE 63: INTEREST RATE RISK IN THE BANKING BOOK (EU IRRBB1)

<i>(in € millions)</i> At 12/31/2021	EVE		NII	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Parallel upward shift (+200 bps)	-1,734	-212	661	780
Parallel downward shift (-200 bps)	180	344	22	-40
Steepening of the yield curve	400	1,882	-	-
Flattening of the yield curve	-1,134	-1,572	-	-
Rise in short-term rates	-1,307	-1,685	-	-
Fall in short-term rates	430	266	-	-

	12/31/2021	12/31/2020
TIER 1 CAPITAL	46,257	42,151

5.13.2.4 Statement

Crédit Mutuel Alliance Fédérale certifies that its interest rate risk management arrangements are appropriate to the risk profile of the commercial activities and the risk appetite defined by the governance bodies.

The interest risk management, measurement, oversight, control and monitoring arrangements have been approved by the management body.

5.13.3 Liquidity risk management (EU LIQA)

5.13.3.1 Liquidity risk management and strategy

Protecting customers, preserving its mutualist culture and organization, and financing and supporting economic activity in the regions are central to Crédit Mutuel Alliance Fédérale's strategy.

To manage liquidity risk, the group refers to the Internal Liquidity Adequacy Assessment Processes (ILAAP) as defined by the general recommendations of the Basel Committee (09-2008), as well as the recommendations of the European Banking Authority relative to the Supervisory Review and Evaluation Process (SREP) dated December 2014 (2014/13), the Order of November 3, 2014 relative to internal controls of companies in the banking sector, payment services and investment services, the EBA guidelines (2016/10), and the ECB guidelines of November 2018 relative to ILAAP.

The group has adopted a two-fold risk appetite policy comprising a risk tolerance policy for general risks and a specific risk aversion policy for risk attached to liquidity and refinancing. This is in line with a sound and prudent management approach as required by law No. 2013-672 of July 26, 2013 on the separation and regulation of banking activities, Title 1, Article 2 which gives priority to long-term sustainability, with a sole medium-long-term debt issuer, Banque Fédérative du Crédit Mutuel ("BFCM"). Its aim is to shield the operating accounts of the cooperative banks and branches from liquidity and interest rate risks, disseminate the market prices necessary for appropriate customer pricing, and guarantee commercial network margins.

Crédit Mutuel Alliance Fédérale liquidity risk monitoring mechanism is based on the following procedures:

- liquidity risk management that ensures its centralized monitoring and decision-making in Technical Monitoring and Control Committee;
- determining liquidity gaps that are subject to limits and alert thresholds to secure and optimize the refinancing policy;
- monitoring the Liquidity Coverage Ratio (LCR), which is representative of the group's short-term liquidity situation;
- steering and monitoring the commitment coefficient (loan-to-deposit ratio);
- determining and monitoring liquidity needs under normal circumstances and under stress.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. It is tailored to the risk profile, nature and size of the group's activities.

The interest rate risk and the liquidity risk are reviewed every six months by the Boards of Directors of Caisse Fédérale de Crédit Mutuel and the other entities of Crédit Mutuel Alliance Fédérale (regional banks, BECM, etc.)

5.13.3.2 Governance and structure of the liquidity management function – Centralization of liquidity management and interactions between the group's units

5.13.3.2.1 Governance and structure of the liquidity management function

Liquidity is governed by technical and monitoring committees and is supervised by the control committees.

At the operating level, liquidity management is shared between the group treasury, whose central treasury and liquidity function ensures the interface between the entities of the centralized scope, and the asset-liability management (ALM), which measures requirements and implements hedges for commercial activities. Group ALM and group treasury report to the Executive Management of Crédit Mutuel Alliance Fédérale and act in accordance with the decisions of the *ad hoc* committees (ALM Technical Committee, Group Treasury Risk Committee, Central Treasury and Liquidity Committee, Emergency Plan Management Committee).

Neither the ALM nor the group treasury are profit centers or managed as such. The group's financing needs identified by ALM, through the ALM Technical Committee, are communicated to central treasury which is responsible for borrowing the necessary funds on the markets.

From a control standpoint, the group risk department performs the risk management function for every type of risk for all group entities. It reports to the Chief Executive Officer and submits reports to the decision-making and executive-governance bodies.

Group treasury

The group's treasury management approach meets two closely related objectives to secure and refinance the group's needs under the best possible terms and to monitor the group's reputation on the market.

On the markets, the dedicated group treasury team manages and coordinates the issue programs, supervises listings and carries out interest-rate and foreign-exchange risk hedging transactions.

Because of its direct relationship with investors, it has a thorough understanding of all the components of access to the markets, a continuous presence through its listings, centralized portfolio management and the immediate ability to issue liquidity and refinancing instruments to diversify its vehicles, currencies and source countries.

BFCM is the sole issuer of medium/long-term debt on the Capital Markets; secured debt is issued through Crédit Mutuel – CIC Home Loan SFH. BFCM ensures that Crédit Mutuel Alliance Fédérale is able to meet its refinancing needs, manage its development challenges and safeguard its solvency.

Asset-liability management (ALM)

The purpose of the ALM function is to shield the sales margins of local entities and specialized business lines from risk. The mechanism in place ensures the management of risk through annual revisions of the alert thresholds/limits in compliance with prudential constraints.

Liquidity risk for Commercial Banking is stringently managed through the systematic hedging through resources of the transformation generated on maturities ranging from three months to seven years, for assets and liabilities whose estimated future cash flows are close to the LCR and NSFR weightings, with restrictive alert thresholds for liquidity gaps in a “Basel III stress scenario”.

The risk department (RD)

The group risk department implements liquidity risk control and supervision. It reports regularly to the governing bodies (quarterly reports) and coordinates and participates in the various control committees (Group Risk Monitoring Committee, Group Risk Committee, Auditing and Accounting Committee and Control and Compliance Committee), as well as in the monitoring committees, technical committees concerned with liquidity risk, and meetings of the Boards of Directors. It coordinates the network of risk officers from the group’s various business lines and entities. The risk department is the first point of contact for the ECB and the national central banks. It also coordinates the monitoring of the implementation of supervisory authority inspection recommendations.

5.13.3.2 Centralization of liquidity management and interaction between the group’s units

Crédit Mutuel Alliance Fédérale centralizes liquidity management and monitoring at both the asset-liability management (ALM) and group treasury levels, with a common set of uniform rules for the business lines regarding risk measures and allocations across all group entities without exception.

Centralization enables the group to optimize treasury exposure management, as well as the decisions taken by the technical, monitoring and control committees.

ALM does not allow entities to lend to each other but administers available liquidity by maturity to entities in need, thereby pooling the positions and optimizing recourse to group treasury and the market.

The scope administered by asset-liability management (ALM) covers 100% of customer loans, 100% of customer deposits for the consolidated group and 100% of group treasury market liabilities.

This scope is relevant for certifying liquidity and interest rate risk measures and hedges for Crédit Mutuel Alliance Fédérale excluding insurance companies and asset management.

The Insurance and Asset Management entities, which benefit from autonomy for measuring and managing their liquidity, have a robust liquidity risk monitoring system. They regularly report to the group on the results of their liquidity stress tests adapted to their activity.

5.13.3.3 Risk monitoring and measurement systems

The risk monitoring and measurement systems are comprehensive and cover the entire scope of the group. Non-financial entities are excluded.

ALM indicators are compiled at the consolidated level and by entity. These indicators include:

- the static liquidity gap based on contractual and agreed maturities and incorporating off-balance-sheet commitments. Transformation ratios (sources/applications of funds) are calculated on maturities ranging from three months to five years and are subject to limits;
- the dynamic liquidity gap over five years, incorporating new loans granted, thus facilitating the measurement of future financing needs related to the development of commercial activity;
- the liquidity gap in a Basel III stress scenario, whose estimated future cash flows are based on Net Stable Funding Ratio (NSFR) weightings. Transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years and are subject to limits and alert thresholds in order to secure and optimize the refinancing policy.

The ALM Technical Committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated *pro rata* to the cumulative needs.

The limits system is comprehensive and, where applicable, is broken down and applied to each entity or business line in a granular way (LCR, Basel III liquidity gaps).

These rules limit liquidity exposures across the cash curve to prevent excessive transformation.

5.13.3.4 Treasury management and concentration of resources

The prudent rules and the effective system efficient system to access market resources are described in chapter 2 of the URD, in the paragraph on “*Liquidity and refinancing*”.

5.13.3.5 Regulatory indicators and liquidity reserve

Since March 2014, credit institutions in the Eurozone have been required to report their liquidity levels to their supervisory body as defined by the EBA (European Banking Authority), which takes into account:

- the short-term liquidity ratio, or LCR (Liquidity Coverage Ratio), on a monthly basis; and
- and the long-term structural liquidity ratio, or NSFR (Net Stable Funding Ratio), on a quarterly basis.

The LCR is designed to ensure the resilience of banks’ liquidity risk profile in the short term by requiring that they maintain sufficient high quality unencumbered liquid assets (HQLAs) that can be easily and immediately converted to cash on private markets in the event of a liquidity crisis lasting up to 30 calendar days. The LCR liquidity reserve is funded through short-term debt (maturing in up to one year).

The provisions relating to the Net Stable Funding Ratio (NSFR) were published in the new European Regulation (CRR2) of June 7, 2019. It will come into effect in June 2021. The EBA is tasked with defining the implementing technical standards and regulatory technical standards (ITS/RTS) aimed at clarifying the CRR2 provisions. Based on current developments and from what we have seen, Crédit Mutuel Alliance Fédérale already complies with this ratio.

TABLE 64: SHORT-TERM LIQUIDITY COVERAGE RATIO – LCR (EU LIQ1)

Extent of consolidation: consolidated At 12/31/2021 (in € millions) Quarter ending on:		Total unweighted value				Total weighted value			
		03/31/2021	06/30/2021	09/30/2021	12/31/2021	03/31/2021	06/30/2021	09/30/2021	12/31/2021
Number of data points used in the calculation of averages: 12									
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets					122,962	126,796	133,584	138,753
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:								
		260,704	267,528	271,236	269,145	17,535	18,050	18,439	18,555
3	Stable deposits	183,799	188,859	191,006	187,146	9,190	9,443	9,550	9,357
4	Less stable deposits	68,885	70,951	73,181	75,652	8,323	8,584	8,865	9,174
5	Unsecured wholesale funding, of which:	121,498	125,053	126,465	128,309	65,089	66,844	67,400	68,420
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	22,588	22,030	21,928	21,977	5,464	5,343	5,334	5,352
7	Non-operational deposits (all counterparties)	90,100	94,014	95,993	98,006	50,814	52,492	53,522	54,742
8	Unsecured debt	8,811	9,009	8,544	8,326	8,811	9,009	8,544	8,326
9	Secured wholesale funding					3,401	2,747	2,249	2,057
10	Additional requirements, of which:	77,450	78,782	79,485	80,456	8,457	8,600	8,517	8,558
11	Outflows related to derivative exposures and other collateral requirements	1,145	1,139	1,111	1,081	1,145	1,139	1,111	1,081
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	76,305	77,642	78,374	79,376	7,312	7,461	7,406	7,477
14	Other contractual funding obligations	49	42	56	56	49	42	56	56
15	Other contingent funding obligations	5,549	5,570	5,606	5,613	312	325	341	354
16	TOTAL CASH OUTFLOWS					94,843	96,607	97,003	98,000
CASH INFLOWS									
17	Secured lending (such as reverse repurchase agreements)	10,101	10,172	10,444	10,716	5,152	5,001	4,766	4,557
18	Inflows from fully performing exposures	22,481	22,918	23,083	23,682	13,220	13,382	13,435	13,749
19	Other cash inflows	3,687	3,875	3,470	3,046	3,684	3,872	3,467	3,046
EU-19a	Difference between total cash inflows and outflows					0	0	0	0
EU-19b	Excess cash inflows from a specialized credit institution					0	0	0	0
20	TOTAL CASH INFLOWS, of which:	36,269	36,965	36,997	37,444	22,057	22,255	21,668	21,351
EU-20a	Fully exempt cash inflows					nil value at Crédit Mutuel Alliance Fédérale			
EU-20b	Cash inflows subject to 90% cap					nil value at Crédit Mutuel Alliance Fédérale			
EU-20c	Cash inflows subject to 75% cap	36,269	36,965	36,997	37,444	22,057	22,255	21,668	21,351
21	LIQUIDITY BUFFERS					122,962	126,796	133,584	138,753
22	TOTAL NET CASH OUTFLOWS					72,786	74,352	75,335	76,649
23	LIQUIDITY COVERAGE RATIO (as a %)⁽¹⁾					169.01%	170.72%	177.53%	181.28%

(1) For each reference date, the ratio shown is an average of the ratio over the 12 months preceding the date in question and not the ratio of the average components over the 12 previous months.

The average coverage ratio for CMNE's liquidity needs at 12/31/2021 was 184.2%.

Extent of consolidation: consolidated
At 12/31/2020
(in € millions)

Total unweighted value

Total weighted value

Quarter ending on:

03/31/2020 06/30/2020 09/30/2020 12/31/2020 03/31/2020 06/30/2020 09/30/2020 12/31/2020

Number of data points used in the calculation of averages: 12

HIGH-QUALITY LIQUID ASSETS

1 Total high-quality liquid assets **89,670** **99,110** **107,898** **116,765**

CASH OUTFLOWS

2	Retail deposits and deposits from small business customers, of which:	219,022	228,357	238,925	249,754	14,788	15,405	16,118	16,851
3	Stable deposits	157,962	163,693	170,197	177,148	7,898	8,185	8,510	8,857
4	Less stable deposits	61,030	62,605	64,592	66,452	6,860	7,193	7,582	7,968
5	Unsecured wholesale funding, of which:	97,253	103,131	109,307	115,940	53,011	56,198	59,115	62,555
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	25,423	25,336	25,126	24,292	6,087	6,076	6,035	5,854
7	Non-operational deposits (all counterparties)	65,145	70,195	76,304	83,125	40,239	42,523	45,203	48,178
8	Unsecured debt	6,684	7,600	7,877	8,523	6,684	7,600	7,877	8,523
9	Secured wholesale funding					3,531	3,938	3,911	3,719
10	Additional requirements, of which:	71,232	71,324	73,558	75,647	8,035	7,935	8,130	8,294
11	Outflows related to derivative exposures and other collateral requirements	1,096	1,089	1,104	1,124	1,096	1,089	1,104	1,124
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	70,136	70,236	72,454	74,523	6,938	6,846	7,026	7,170
14	Other contractual funding obligations	300	295	298	302	299	295	298	302
15	Other contingent funding obligations	4,392	5,673	5,612	5,568	255	318	311	317
16	TOTAL CASH OUTFLOWS					79,919	84,089	87,882	92,037

CASH INFLOWS

17	Secured lending (such as reverse repurchase agreements)	9,105	9,507	9,959	10,030	3,556	4,100	4,663	4,957
18	Inflows from fully performing exposures	22,433	22,178	22,121	22,006	13,224	13,133	13,100	13,020
19	Other cash inflows	2,159	2,565	3,177	3,400	2,159	2,565	3,177	3,397
EU-19a	Difference between total cash inflows and outflows					0	0	0	0
EU-19b	Excess cash inflows from a specialized credit institution					0	0	0	0
20	TOTAL CASH INFLOWS, of which:	33,696	34,250	35,257	35,436	18,938	19,798	20,941	21,374
EU-20a	Fully exempt cash inflows					nil value at Crédit Mutuel Alliance Fédérale			
EU-20b	Cash inflows subject to 90% cap					nil value at Crédit Mutuel Alliance Fédérale			
EU-20c	Cash inflows subject to 75% cap	33,696	34,250	35,257	35,436	18,938	19,798	20,941	21,374
21	LIQUIDITY BUFFERS					89,670	99,110	107,898	116,765
22	TOTAL NET CASH OUTFLOWS					60,980	64,291	66,941	70,663
23	LIQUIDITY COVERAGE RATIO (as a %)⁽¹⁾					147.05%	154.16%	161.18%	165.24%

(1) For each reporting date, the average ratio is equal to the ratio between the average liquidity cushion and the average net cash outflows over the 12 months preceding the reporting date.

Crédit Mutuel Alliance Fédérale's LCR stood at 181.3% on a monthly average year-on-year, representing a liquidity surplus of €62.1 billion compared to the regulatory requirement. The ratio is managed above 110%. The average LCR gradually increased from 169.0% in March 2021 to 181.3% in December 2021.

The significant increase in high quality liquid assets was partially offset by the increase in cash outflows. The T-LTRO 3 drawdowns carried out by Crédit Mutuel Alliance Fédérale with the European Central Bank in 2021 explain the increase in liquid assets.

Average liquid assets as of December 31, 2021 consisted of central bank deposits (82.1%) and public sovereign securities (13.8%).

Stressed 30-day average cash outflows consist of deposits corporate and retail 47.7%. Financing from banks and retail customers represented 41.1%.

Stressed 30-day average cash inflows consist of loan repayments corporate and retail 46.0%. Repayments of advances and loans granted to banks and retail customers represented 28.6%. Repayments of repos represented 21.3%.

TABLE 65: DETAILS OF LIQUIDITY BUFFER – LCR

Amount after ECB haircut [in € millions]	12/31/2021	12/31/2020
Tier 1	143,246	124,121
Cash deposited in central banks	120,854	100,631
HQLA	21,062	22,073
Cash deposits	1,329	1,417
Tier 2a	1,671	3,172
Tier 2b	2,745	2,598
TOTAL BUFFER	147,661	129,890

Crédit Mutuel Alliance Fédérale consolidated statement of financial position by residual maturity of future contractual cash flows breaks down as follows:

TABLE 66: BREAKDOWN OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY RESIDUAL MATURITY OF FUTURE CONTRACTUAL CASH FLOWS (PRINCIPAL AND INTEREST)

[in € millions] At 12/31/2021	Residual contractual maturities							Total
	≤ 1 month ⁽¹⁾	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Indeterm. ⁽²⁾	
ASSETS								
Financial assets held for trading	5,817	602	2,107	1,426	3,354	2,847	670	16,824
Financial assets at fair value through profit or loss	5	4	27	34	183	339	5,067	5,660
Derivatives used for hedging purposes (assets)	18	3	24	66	1,158	24	0	1,293
Financial assets at fair value through equity	745	1,303	1,857	3,498	13,094	10,994	607	32,098
Loans and receivables (including finance leases)	59,122	17,032	41,072	47,700	113,821	227,223	233	506,202
Securities at amortized cost	264	54	192	1,239	785	1,078	63	3,674
Other assets	735	8,373	39	2	46	30	83	9,307
LIABILITIES								
Central bank deposits	603	2	0	0	0	0	0	605
Financial liabilities held for trading	4,318	1,478	1,333	264	2,653	1,919	19	11,985
Financial liabilities at fair value through profit or loss	0	0	124	0	0	0	0	124
Derivatives used for hedging purposes (liabilities)	3	6	7	107	1,675	75	0	1,874
Financial liabilities carried at amortized cost	385,237	34,326	61,619	37,683	80,090	34,021	1,293	634,268
Of which debt securities, including bonds	7,699	16,929	32,660	13,016	31,282	26,010	0	127,596
Of which subordinated liabilities	0	0	1	0	3,748	3,282	1,022	8,054

Excludes Insurance.

(1) Including receivables and related debt, securities given and received with repurchase agreements.

(2) Including perpetual debt securities, equities, non-performing loans, loans in litigation and impairment losses.

Also including for marked-to-market financial instruments the differences between fair value and redemption value.

Residual contractual maturities

(in € millions)
At 12/31/2020

	≤ 1 month ⁽¹⁾	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Indeterm. ⁽²⁾	Total
ASSETS								
Financial assets held for trading	6,332	1,849	5,077	2,447	3,717	3,942	1,459	24,823
Financial assets at fair value through profit or loss	16	10	26	24	255	178	4,714	5,224
Derivatives used for hedging purposes (assets)	13	87	18	31	1,814	25	0	1,988
Financial assets at fair value through equity	2,017	1,892	2,449	3,339	11,813	11,608	569	33,686
Loans and receivables (including finance leases)	52,374	16,324	52,239	39,767	106,748	208,891	170	476,512
Securities at amortized cost	289	67	175	466	899	1,039	60	2,996
Other assets	740	6,964	74	5	39	60	82	7,965
LIABILITIES								
Central bank deposits	575	0	0	0	0	0	0	575
Financial liabilities held for trading	5,484	3,867	4,878	262	1,985	982	5	17,462
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes (liabilities)	4	7	41	37	1,832	163	0	2,084
Financial liabilities carried at amortized cost	350,920	32,380	70,026	30,845	70,796	35,502	1,541	592,011
<i>Of which debt securities, including bonds</i>	<i>8,170</i>	<i>16,109</i>	<i>39,537</i>	<i>14,593</i>	<i>30,187</i>	<i>25,059</i>	<i>129</i>	<i>133,785</i>
<i>Of which subordinated liabilities</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,028</i>	<i>4,252</i>	<i>1,024</i>	<i>7,304</i>

Excludes Insurance.

(1) Including receivables and related debt, securities given and received with repurchase agreements.

(2) Including perpetual debt securities, equities, non-performing loans, loans in litigation and impairment losses.

Also including for marked-to-market financial instruments the differences between fair value and redemption value.

Comments:

The tables above present the carrying amounts in IFRS based on the prudential scope. The following maturity rules used concern:

- the contractual principal repayment terms;
- equities with an unspecified duration as for perpetual loans and securities;
- payables and related receivables broken down according to their actual contractual duration and entered in the “< 1 month” column by default;

- provisions broken down in line with the assets concerned;
- non-performing loans broken down according to their contractual date when it has not lapsed and are entered under the “no fixed maturity” column when it has lapsed, similar to loans in litigation;
- derivatives: their market value is entered under the corresponding flow on the contract expiry date.

When it is impossible to provide an accurate maturity, the carrying amount is stated in the “no fixed maturity” column.

TABLE 67: NET STABLE FUNDING RATIO – NSFR (EU LIQ2)

[in € millions] At 12/31/2021	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	1 year and more	
STABLE FUNDING AVAILABLE					
Capital items and instruments	49,912	0	0	6,989	56,901
Regulatory capital	49,912	0	0	6,989	56,901
Other capital instruments	-	0	0	0	0
Retail customer deposits	-	255,257	220	1,321	239,974
Stable deposits	-	174,310	176	1,249	167,010
Less stable deposits	-	80,947	45	72	72,964
Wholesale financing	-	206,458	24,975	118,746	190,832
Operational deposits	-	22,137	0	0	11,068
Other wholesale financing	-	184,321	24,975	118,746	201,900
Interdependent commitments	-	32,024	0	0	0
Other commitments:	909	12,003	1,706	4,314	5,167
Derivative commitments affecting the NSFR	909	-	-	-	-
All other capital commitments and instruments not included in the above categories	-	12,003	1,706	4,314	5,167
TOTAL AVAILABLE STABLE FUNDING	-	-	-	-	492,874
STABLE FUNDING REQUIREMENTS					
Total High Quality Liquid Assets (HQLA)	-	-	-	-	2,069
Assets encumbered with a residual maturity of one year or more in a cover pool	-	1,489	1,509	29,040	27,232
Deposits held with other financial institutions for operational purposes	-	0	0	0	0
Performing loans and securities:	-	79,609	30,813	354,303	390,924
Financing transactions on performing securities with financial clients secured by high-quality liquid assets of level 1 subject to a haircut of 0%	-	3,920	2,501	0	2,082
Financing transactions on performing securities with financial clients secured by other assets and loans and advances to financial institutions	-	16,160	1,737	12,758	15,940
Performing loans to non-financial corporations, performing loans to retail customers and small businesses, and performing loans to sovereigns and public sector entities, of which:	-	36,356	17,698	129,519	146,653
With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	1,993	1,623	3,605	9,170
Performing residential mortgages, of which:	-	9,156	8,220	181,847	140,911
With a risk weighting lower or equal to 35% under the standardized Basel II approach for credit risk	-	6,131	5,154	111,735	78,270
Other loans and securities that are not in default and are not considered high quality liquid assets, including equities traded on exchanges and on-balance sheet commercial credit products	-	14,016	656	30,179	30,874
Interdependent assets	-	32,024	0	0	0
Other assets:	-	-	-	-	-
Physically exchanged commodities	-	-	-	0	0
Assets provided as initial margin in derivative contracts and as contributions to CCP default funds	-	-	-	1,273	1,082
Derivative assets affecting the NSFR	-	-	-	393	393
Derivative commitments affecting the NSFR before deduction of the variation margin provided	-	-	-	2,861	143
All other assets not falling within the above categories	-	20,481	1,122	14,932	20,809
Off-balance sheet items	-	83,134	95	48	4,355
TOTAL REQUIRED STABLE FUNDING	-	-	-	-	392,543
NET STABLE FUNDING RATIO (as a %)	-	-	-	-	125.6%

CMNE's stable funding ratio at 12/31/2021 was 131.4%.

5.13.3.6 Exposures to derivatives and collateral calls

Crédit Mutuel Alliance Fédérale's approach to interest rate and liquidity risk management includes appropriate hedging arrangements. The group tracks the collateral calls of the various existing contracts to monitor its LCR flows. It also calculates additional cash outflows corresponding to the collateral needs that may result from an adverse market scenario.

5.13.3.7 Currency mismatch in the LCR

Given its commercial activities and the domestic markets on which it operates, Crédit Mutuel Alliance Fédérale is highly concentrated on the euro. The US dollar is the only foreign currency that exceeds the 5% representation threshold for the total consolidated balance sheet.

5.13.4 Currency risk management

The currency risk exposure of Crédit Mutuel Alliance Fédérale is low, since it conducts most of its activities in euros (87.6% of total liabilities). The only other significant currency is the American dollar (6.9% of total liabilities).

For the geographical diversification of its sources of financing, Crédit Mutuel Alliance Fédérale raises a significant portion of its short-term and medium-term refinancing on the American and British markets. On the short term, this currency risk is systematically managed through swaps of the funding raised. On the medium term, part of the refinancing is kept in the original currency in order to cover the currency gaps of the group's entities. The balance is systematically converted into euros through currency swaps.

5.13.3.8 Statement

Crédit Mutuel Alliance Fédérale certifies that its liquidity risk management arrangements are appropriate to the risk profile of its commercial activities and the risk appetite defined by the governance bodies.

Liquidity risk management, measurement, oversight, control and monitoring arrangements have been approved by the management body.

These are consistent with the group's risk profile and were approved by Executive Management and the governing bodies. They are tailored to the risk profile, nature and size of the group's activities and take into account the economic and market environment.

Liquidity risk is subject to at least one review per year by the Boards of Directors of Caisse Fédérale de Crédit Mutuel, BFCM and other Crédit Mutuel Alliance Fédérale entities (regional banks, BECM, etc.).

The foreign currency positions of each group entity are centralized automatically at BFCM and the holding company CIC. This centralization is carried out on a daily basis for commercial transfers and for the receipt and disbursement of income and expenses in foreign currencies. All unrealized foreign currency gains and losses are translated into euros at the end of every month and the resulting foreign currency position is also centralized. Save for rare exceptions, the group's entities do not bear any currency risk at their own level. BFCM and CIC are responsible for clearing foreign currency positions on a daily and monthly basis on the market.

The structural foreign currency positions resulting from CIC's foreign currency allowances to foreign branches are not hedged. Foreign exchange gains or losses are recognized in the asset or liability translation accounts and are not booked in the income statement. The profits or losses of the foreign branches are retained in the foreign branches and thus add to the structural foreign currency position.

5.14 OPERATIONAL RISK (EU ORA)

In the context of the Basel II capital adequacy regulations, the Crédit Mutuel group has implemented a comprehensive operational risk management mechanism that is under the responsibility of the management bodies and governed by a single set of risk standards and shared quantitative evaluation methods.

The group has an overall operational risk management function that is clearly identified and split in practice between the national function and the regional functions. This function covers operational risks, emergency and business continuity plans (EBCP) and insurance policies taken out to cover these risks.

The system used to measure and monitor operational risk is based on a common platform that is applied across the group and uses an

approach for identifying and modeling risks so as to calculate the level of capital required to be held for operational risk.

Since January 1, 2010, Crédit Mutuel has been authorized to use its advanced measurement approach to calculate its regulatory capital requirements related to operational risk, with the exception of expected losses on capital requirements, for the consolidated scope excluding foreign subsidiaries, Cofidis Group and Crédit Mutuel Factoring.

This authorization was extended to Crédit Mutuel Factoring, taking effect as of the reporting period ended March 31, 2012, as well as to the Banque de Luxembourg, as of the reporting period ended September 30, 2013, to Cofidis France as of the reporting period ended September 30, 2014 and to Targobank in Germany, as of the reporting period ended June 30, 2018.

5.14.1 Main objectives

The implementation of the operational risk management policy has the following objectives:

- contribute to group management through the control of risks and their costs;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and capitalize on expertise across the group;
- from an economic standpoint, to protect margins by effectively managing risk across all activities, and adapt insurance policies to the risks identified;
- from a regulatory standpoint: meet the requirements of Basel II and the supervisory authorities, draw on the internal control system (Order of November 3, 2014 on internal control), optimize emergency and business continuity plans for essential activities, and adapt financial reporting (Pillar 3 of the Basel Accords).

5.14.2 Measurement and control procedure

The system used to measure and monitor operational risk is based on a common platform applied across Crédit Mutuel Alliance Fédérale that uses an approach for identifying and modeling risks so as to calculate the level of capital required to cover this risk.

5.14.2.1 Description of the advanced measurement approach (AMA)

Regarding the implementation of the advanced measurement approach (AMA) used to assess capital requirements for operational risks, a dedicated service within the risk department is tasked with managing the operational risk. The operational risk control and measurement mechanism is underpinned by a risk mapping carried out by business line, purpose and risk type, in close liaison with the functional departments and day-to-day risk management procedures. In particular, these mappings define a standard framework for analyzing the loss experience and serve for risk modeling based on expert opinions which are compared with scenario-based probabilistic estimates.

For modeling purposes, the group relies mainly on the national internal loss database. This database is populated in accordance with the rules defined in the national data collection procedure. Each loss above the uniform threshold of €1,000 must be recorded. Reconciliations are carried out between the loss database and the accounting information.

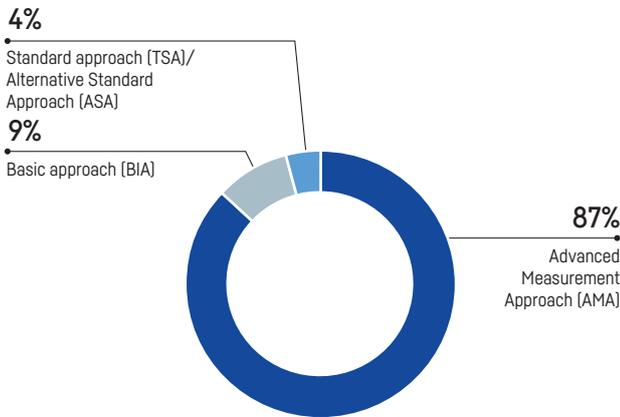
Moreover, the Crédit Mutuel group subscribes to an external database, the analysis of which helps to enhance risk mapping and the operational risk measurement system as a whole.

5.14.2.2 Authorized scope for AMA method

Crédit Mutuel Alliance Fédérale is authorized to use its advanced measurement approach (internal models) to calculate its regulatory capital requirements in respect of operational risk (87.4% of the scope at December 31, 2021). This authorization took effect on January 1, 2010 for the group's consolidated scope excluding foreign subsidiaries and the Cofidis Group, then extended to:

- Crédit Mutuel Factoring as of the reporting period ended March 31, 2012;
- Banque de Luxembourg as of the reporting period ended September 30, 2013;
- Cofidis France as of the reporting period ended September 30, 2014;
- Targobank in Germany as of the reporting period ended June 30, 2018.

GRAPH 14: BREAKDOWN OF OPERATIONAL RWA RISKS BY APPROACH AS OF 12/31/2020 (EU OR2)



5.14.2.3 Operational risk mitigation and hedging policy

The general guidelines for reducing operational risks include:

- effective preventive actions identified during the mapping process and implemented directly by operational staff or permanent control;
- safeguard initiatives primarily focused on the implementation of emergency and business continuity plans for the business lines, logistics and IT so as to limit the extent of the loss in the event of a crisis.

A consistent crisis-management process implemented across the group, in line with the market system for interbank operations, covers crisis communication and the three stages of emergency and business continuity plans: namely, the rescue, continuity and recovery plans.

5.14.3 Reporting and general management

The application of the operational risk management policy and the risk profile are monitored with key indicators, thresholds and alerts that cover the assessment of potential risks, changes in losses, the effectiveness of reduction measures and financing decided. The relevant senior executives and supervisory bodies are regularly informed on these issues, including the requirements of the Order dated November 3, 2014.

Each year, operational risk training actions are held for network managers, internal controllers and the operational staff responsible for monitoring them.

5.14.4 Documentation and procedures

Crédit Mutuel Alliance Fédérale consistently applies a set of procedures that are approved by the managing bodies and regularly updated. These cover:

- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, the national function, report frequency and recipients, the monitoring scope for group entities, and the methodology for subsidiary consolidation;

- collection of claims: procedures setting out rules for the collection and audit of internal losses;
- measurement system: procedures concerning, in particular, probabilistic modeling and modeling based on the work of experts, the rules for gathering Key Risk Indicators (KRIs), the basis for allocating capital adequacy requirements and COREP reports.

These procedures are subject to regular verification procedures.

5.14.5 Emergency and business continuity plans (EBCPs)

EBCPs cover protection actions set up to limit the severity of a disaster, as part of its operational risk management program.

The EBCP guidelines, Crédit Mutuel Alliance Fédérale's registration document in this respect, may be consulted by all teams concerned and are applied at the level of the regional groups.

They fall into two types:

- business-line EBCPs cover a given banking function, related to one of the Basel II business lines;
- cross-functional EBCPs concern business lines whose purpose is to provide other business lines with the means to operate (Logistics, HR, IT EBCP).

They center around three phases:

- the emergency response plan is rolled out immediately, and consists of actions intended to deal with emergencies and to implement a degraded treatment solution;
- the business continuity plan allows business to continue in a degraded environment following the procedures chosen before the occurrence of the crisis;
- the recovery plan is prepared shortly after the business continuity plan is launched; the implementation time will depend on the extent of the damage.

5.14.6 Organization of crisis management

The crisis management mechanism in place across Crédit Mutuel Alliance Fédérale covers the most efficient communication and organization systems implemented to deal with the three stages of the procedure: emergency, business continuity and recovery plans.

It is based on:

- a Crisis Committee, chaired by the Chief Executive Officer of the bank at the regional level and by the group Chief Executive Officer at the national level. The committee takes substantive decisions, prioritizes actions and deals with internal and external communication;

- a crisis unit which pools information, implements decisions and provides follow-up;
- one crisis point per business line that coordinates field operations in relation with the crisis cell, specifically the activation of EBCPs until the return to normal.

5.14.7 Use of insurance techniques

The *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) authorized the Crédit Mutuel group to take into account the impact of insurance as a mitigation factor for the calculation of capital requirements in respect of operational risk under the advanced measurement approach (AMA) as of the reporting period ended June 30, 2012.

The principles applied for financing operational risks within the Crédit Mutuel group depend on the frequency and severity of each potential risk. These involve:

- setting up insurance cover or financing by withholding amounts on the operating account for non-severe frequency risks (EL);
- insuring major risks *via* external insurers and reinsurers;

- developing self-insurance for losses below insurers’ deductible thresholds;
- allocating reserves of regulatory capital or writing provisions financed by underlying assets for serious risks that cannot be insured.

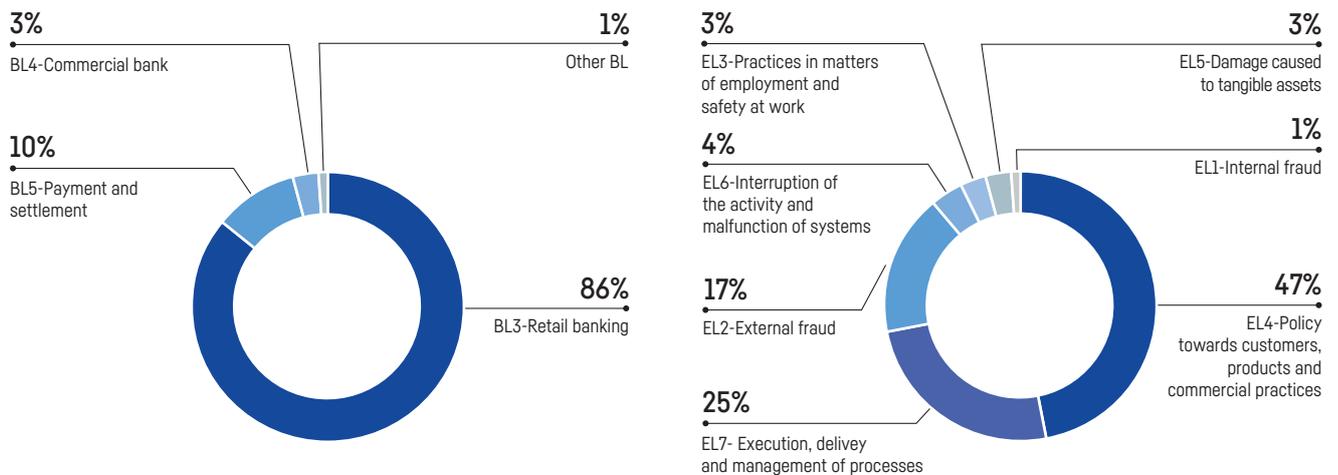
Crédit Mutuel group’s insurance programs comply with the provisions of Articles 323 of Regulation [EU] No.575/2013 of the European Parliament and Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

Insurance cover included in the deduction process covers damage to real and personal property (multi-risk), fraud and damage to valuables (overall insurance for banking risks), as well as professional third-party liability and cyber-risks (cyber policy).

5.14.8 Inventory of Crédit Mutuel Alliance Fédérale losses

Crédit Mutuel Alliance Fédérale’s total claims amounted to €211.3 million in 2021, including €251.7 million in losses, €264.6 million in provisions and -€305 million in reversals of provisions. It broke down as follows:

GRAPH 15: ANNUAL LOSS EXPERIENCE BY BUSINESS LINE AND BY RISK EVENT (EU OR1)



5.14.9 Specific operational risks

Legal risks are incorporated into operational risks and involve, among other things, exposure to fines, penalties and damages for fault attributable to the company with respect to its operations.

Industrial and environmental risks are included in operational risks and are analyzed from the perspective of system malfunctions and the occurrence of natural disasters (100-year floodplains, floods,

earthquakes, pollution, etc.), their impact on the business and the means of prevention and protection to be put in place, notably crisis management and EBCPs.

Concerning the management of social and environmental risks, the approach undertaken is described in the societal section of chapter 3 Social and Mutualist Responsibility.

5.15 INFORMATION ON ENCUMBERED AND UNENCUMBERED ASSETS (EU AE4)

Since December 31, 2014, and pursuant to Article 100 of the CRR, Crédit Mutuel Alliance Fédérale reports to the competent authorities on the quantity of unencumbered assets at its disposal and their principal characteristics. These assets may serve as collateral to obtain other financing on the secondary markets or from the central bank, and hence constitute additional sources of liquidity.

An asset is considered to be “encumbered” if it serves as a guarantee, or can be used contractually, to secure, collateralize or enhance a transaction from which it cannot be separated. In contrast, an asset is “unencumbered” if it is free of any legal, regulatory, contractual or other limitations to its possible liquidation, sale, transmission or disposal.

For illustrative purposes, the following types of contracts satisfy the definition of encumbered assets:

- secured financial transactions, including repurchase agreements, securities lending and other forms of loans;
- collateralization agreements;

- collateralized financial guarantees;
- collateral placed in clearing systems, clearing houses and other institutions as a condition for accessing the service. This includes initial margins and funds against the risk of insolvency;
- facilities given to central banks. Assets already in position should not be considered encumbered, unless the central bank does not authorize the withdrawal of these assets without its prior agreement;
- underlying assets of securitization entities when these assets have not been derecognized by the entity. Underlying assets of retained securities are not recognized as being encumbered, unless the securities in question are used to pledge or guarantee a transaction in some way;
- collateral pools put together to issue secured bonds. These assets are recognized as encumbered assets except in certain situations where the entity holds the secured bonds (self-issued bonds).

Assets placed in financing mechanisms that are unused and can be easily withdrawn are not recognized as being encumbered.

As of December 31, 2021, the level and characteristics of encumbered and unencumbered assets for Crédit Mutuel Alliance Fédérale were as follows:

TABLE 68: ENCUMBERED AND UNENCUMBERED ASSETS⁽¹⁾ (EU AE1)

<i>(in € millions)</i>	Carrying amount of encumbered assets	o/w HQLA and EHQLA	Fair value of encumbered assets	o/w HQLA and EHQLA	Carrying amount of unencumbered assets	o/w HQLA and EHQLA	Fair value of unencumbered assets	o/w HQLA and EHQLA
Assets of disclosing institution (A)	92,500	6,840	-	-	621,774	28,878	-	-
Equity instruments	4	0	4	0	6,466	1	6,480	0
Debt securities	10,657	6,727	11,203	6,739	32,809	24,032	32,245	24,032
of which secured bonds	338	338	338	338	4,323	4,310	4,323	4,310
of which asset-backed securities	2,138	1,214	2,415	1,225	1,304	521	901	521
of which issued by public administrations	4,372	4,171	4,372	4,171	13,631	14,479	13,587	14,479
of which issued by financial institutions	4,142	1,485	5,248	1,496	14,111	8,343	12,621	8,343
of which issued by non-financial corporations	1,836	1,092	1,836	1,092	5,220	322	5,209	322
Other assets ⁽²⁾	82,588	114	-	-	580,732	6,295	-	-

⁽¹⁾ The figures are presented in median values of end-of-quarter data for the elapsed year.

⁽²⁾ Of which loans and advances.

CMNE's encumbered assets totaled approximately 4% of Crédit Mutuel Alliance Fédérale's encumbered assets as of 12/31/2021.

TABLE 69: COLLATERAL RECEIVED⁽¹⁾ (EU AE2)

<i>[in € millions]</i>	Fair value of the encumbered guarantee received or of encumbered own debt securities issued	o/w HQLA and EHQLA	Fair value of the guarantee received or of own debt securities issued available for pledging	o/w HQLA and EHQLA
Collateral received by the disclosing institution	13,459	7,980	8,793	2,344
Loans on demand	0	0	0	0
Equity instruments	1,062	425	627	86
Debt securities	12,202	7,407	5,420	1,926
of which secured bonds	63	21	49	49
of which asset-backed securities	1,806	284	2,452	1,072
of which issued by public administrations	8,495	6,255	810	636
of which issued by financial institutions	2,874	306	3,586	1,142
of which issued by non-financial corporations	893	473	1,075	116
Loans and advances other than loans on demand	0	0	361	0
Other collateral received	0	0	2,715	0
Own debt securities issued other than own secured bonds or asset-backed securities	0	0	0	0
Own covered bonds and asset-backed securities issued and not yet pledged	-	-	0	-
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN-DEBT SECURITIES ISSUED	104,041	14,673	-	-

(1) The figures are presented in median values of end-of-quarter data for the elapsed year.

The carrying amount of financial liabilities and guaranteed assets received from CMNE as of 12/31/2021 represents approximately 2% of similar amounts from Crédit Mutuel Alliance Fédérale.

TABLE 70: CARRYING AMOUNT OF ENCUMBERED ASSETS/COLLATERAL RECEIVED AND LIABILITIES(1) (EU AE3)

<i>[in € millions]</i>	Associated liabilities, contingent liabilities or securities loaned	Assets, guarantees received and own debt securities issued other than guaranteed bonds and securities backed by encumbered assets
Carrying amount of the financial liabilities selected	83,068	89,842

(1) The figures are presented in median values of end-of-quarter data for the elapsed year.

The carrying amount of financial liabilities and guaranteed assets received from CMNE as of 12/31/2021 represents approximately 2% of similar amounts from Crédit Mutuel Alliance Fédérale.

5.16 EQUITY RISK

The equity securities risk run by Cr dit Mutuel Alliance F d rale is of different kinds.

5.16.1 Financial assets at fair value through profit or loss

The portfolios of shares valued at fair value through profit or loss stood at  5,575 million as of December 31, 2021 compared to  6,086 million a year earlier.

5.16.2 Financial assets at fair value through equity

Financial assets at fair value through shareholders' equity stood at  603 million compared to  565 million a year earlier.

5.16.3 Investments in Insurance

Outstanding equities classified as investments in Insurance stood at  47,308 million at end-December 2021, compared to  41,841 million a year earlier.

Long-term investments notably include Desjardins securities for  441 million and Covivio (formerly Fonci re des R gions) securities for  586 million.

Equities were reviewed to detect any depreciation, which is recognized for listed equities in case of a significant extended drop below the cost price.

5.17 PRIVATE EQUITY

This activity is carried out through entities dedicated to the business line with a portfolio fully valued at fair value through options.

TABLE 71: RISKS RELATED TO PRIVATE EQUITY

Risks related to private equity	12/31/2021	12/31/2020
Number of listed lines	20	19
Number of unlisted lines	291	301
Number of funds	24	23
Portfolio revalued for proprietary trading <i>(in € millions)</i>	3,226	2,906
Capital managed on behalf of third parties <i>(in € millions)</i>	200	121

Source: *Crédit Mutuel Equity*.

Proprietary trading investments were spread over approximately 311 lines (excluding investments in funds), primarily covering small- and medium-sized enterprises.

5.18 COMPENSATION (EU OVB & EU REMA)

5.18.1 Management functions

BOARD OF DIRECTORS

Name	Status	Term of office in the group	Non-group offices
Nicolas THÉRY	Chairman of the Board of Directors	15 non-executive offices	3 non-executive offices
Marie-Chantal DUBOIS-THUILLIER	Vice-Chairwoman of the Board of Directors	5 non-executive offices	
Gérard CORMORECHE	Director	14 non-executive offices	1 non-executive office 2 executive offices
Bernard DALBIEZ	Director	10 non-executive offices	
Etienne GRAD	Director	4 non-executive offices	1 executive office
Nicolas HABERT	Director	8 non-executive offices	
Véronique HEMBERGER	Director	4 non-executive offices	
Christine LEENDERS	Director	5 non-executive offices	1 executive office
Mireille LEFEBURE (died on September 8, 2021)	Director	3 non-executive offices	
Jean-Louis MAÎTRE	Director	5 non-executive offices	
Elia MARTINS	Director	5 non-executive offices	
Laurence MIRAS	Director	4 non-executive offices	
Gérard OLIGER	Director	4 non-executive offices	
Frédéric RANCHON	Director	5 non-executive offices	4 executive offices
Agnès ROUXEL	Director	3 non-executive offices	1 non-executive office 2 executive offices
Daniel SCHOEPP	Director	6 non-executive offices	
Annie VIROT	Director	5 non-executive offices	
Alex WEIMERT	Director	5 non-executive offices	1 executive office
Audrey HAMMERER	Director	1 non-executive office	
Laurent TORRE	Director	1 non-executive office	

EFFECTIVE MANAGEMENT

Name	Status	Term of office in the group	Non-group offices
Daniel BAAL	Chief Executive Officer - effective manager	4 non-executive offices 5 executive offices	
Eric PETITGAND	Deputy Chief Executive Officer - effective manager	7 non-executive offices 4 executive offices	

Information concerning the recruitment policy for the selection of members of the management body as well as their knowledge, skills and expertise

Pursuant to Article L.511-91 of the French Monetary and Financial Code, since January 1, 2018, the Appointments Committee covers the entities of Crédit Mutuel Alliance Fédérale that have delegated their appointment prerogatives to it, in France and abroad. In accordance with the appendix on the Appointments Committee to the internal rules of the Board of Directors of Caisse Fédérale de Crédit Mutuel, and in compliance with the provisions of the French Monetary and Financial Code, the Appointments Committee examines the training, experience, competence, availability and good repute of candidates for the

positions of director or executive officer, and then ensures that they always have the necessary aptitude to carry out their duties. In addition, the Appointments Committee periodically, and at least once a year for the Caisse Fédérale de Crédit Mutuel, assesses: the structure, size, composition and effectiveness of the Board of Directors with respect to its missions, as well as the knowledge, skills and experience of the members of the Board of Directors, both individually and collectively.

Diversity of the Board of Directors

Gender balance

The Copé-Zimmermann Law (law No. 2011-103 of January 27, 2011, as amended in 2014) is applicable to Caisse Fédérale de Crédit Mutuel and has been implemented via the appointment of seven female directors in 2017 and two female directors in 2018.

In 2021, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 44%.

Regional representation

The directors of Caisse Fédérale de Crédit Mutuel come from all of the federations throughout the territory within the scope of Crédit Mutuel Alliance Fédérale.

Representation of society

The diversity of the directors of Caisse Fédérale de Crédit Mutuel in terms of sociology, age, origin and gender tends to result in a Board of Directors that is representative of customers and society.

Strategic plan

The work launched as part of Crédit Mutuel Alliance Fédérale's strategic plan *ensemble#nouveau monde, plus vite, plus loin!* [together#today's world, faster, further!] reaffirms the group's ambition to strengthen diversity in the composition of its governance, in particular with the objective of achieving equal representation of men and women in management and governance positions.

Information on the diversity policy applicable to the selection of members of the management body

In line with its status as a benefit corporation and its strategic plan, Crédit Mutuel Alliance Fédérale attaches great importance to the

careers of women. Today the network's school of directors does not commence courses without gender balance in the classroom. For all appointments to senior management and executive positions, women are nominated, with the aim of achieving parity quickly. In the space of one year, 30 women joined the Group's Management Committees.

In 2022, Crédit Mutuel Alliance Fédérale will correct the collective wage gap between women and men. In addition to these measures, substantive medium- and long-term actions will continue with the training of all employees and elected members to combat all forms of discrimination.

In 2021, Crédit Mutuel had 42% women managers in France, 33% women CEOs and 26% women members of an Executive Committee.

As part of its 2023 strategic plan, Crédit Mutuel Alliance Fédérale has set itself the goal of gender equality in management and governance positions.

In addition to the actions carried out to promote and support women at all levels of the company, an approach aimed at working on diversity in all its forms has been initiated: integration of people with disabilities, implementation of a generational pact: young people, work-study programs and senior citizens, disadvantaged neighborhoods etc.

Through all these actions, Crédit Mutuel Alliance Fédérale wishes to embody a group whose governance refuses all forms of discrimination by acting on a daily basis to build an inclusive, fairer and more sustainable society: proof of mutual action.

5.18.2 Compensation supervisory bodies

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the ACPR on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Compensation Committee in accordance with Article L.511-89 of the French Monetary and Financial Code.

At its meeting of November 17, 2017, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to set up an umbrella committee at the level of Caisse Fédérale de Crédit Mutuel for the entire scope of Crédit Mutuel Alliance Fédérale.

Consequently, since that date, the committee has the following scope of competence:

- all credit institutions and finance companies;
- Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel [CIB 10278] taken as the parent company of Crédit Mutuel Alliance Fédérale consolidated group, which by virtue of their size, internal organization and the nature, scale, complexity and cross-border nature of their activity fall within the scope of consolidation by decision of the Board of Directors;

- with the exception of entities which, because of their activity, size or specific nature, have a committee that complies with legal and regulatory provisions. In this case, this Individual Committee reports to the Compensation Committee of Caisse Fédérale de Crédit Mutuel on the work carried out and the information communicated;
- asset management companies and insurance and reinsurance companies.

From January 1, 2021 to December 31, 2021, the Compensation Committee was composed of:

- Ms. Annie VIROT, Chairperson;
- Mr. Philippe GALIENNE;
- Ms. Audrey HAMMERER;
- Mr. Jean-François JOUFFRAY;
- Mr. Gérard OLIGER;
- Ms. Christine LEENDER.

The Committee is composed of three to six members of the Board of Directors of Caisse Fédérale de Crédit Mutuel, selected for their expertise and skills in the areas covered by the committee, and an employee director.

In addition to these members, associate members may be non-voting directors of Caisse Fédérale du Crédit Mutuel, directors or non-voting directors of Banque Fédérative du Crédit Mutuel, directors or non-voting directors of BECM, or directors of the federations in the federal alliance.

The members of the Committee have, at all times, the good character, knowledge, skills and experience necessary to understand the activities of Crédit Mutuel Alliance Fédérale, including the main risks to which it is exposed.

The members are appointed by the Board of Directors on the proposal of its Chairman for a term of three years.

Crédit Mutuel Alliance Fédérale commissioned an external study in 2021 on the compensation of management and Management Committee members in Retail Banking in France. The conclusions were presented at the meeting of July 27, 2021.

In 2021, the Compensation Committee met four times, on February 12, April 7, July 27 and November 23.

The agenda of the meetings is set by the Chairwoman of the Committee or by the Chairman of the Board of Directors when the latter is the originator of the convocation. It is sent to Committee members in advance of the meeting, along with a file containing highlights of banking and financial news on compensation and useful information for their discussions.

Crédit Mutuel Alliance Fédérale has decided to prioritize fixed compensation in keeping with its mutualist values and its responsibilities toward its customers and members. It incorporates its constant concern for sustainable development and employee career advancement into its policy.

For the majority of the Group's employees, particularly those working for the networks, the Group has chosen (with a few rare exceptions) not to set individual sales targets for customers that may generate variable compensation.

Generally speaking, the components of additional compensation (benefits in kind, variable compensation, etc.) are subject to restrictions and concern only specific situations in certain business lines or functions when justified by particular considerations. The variable compensation practices for specialized business lines within the group are therefore generally consistent with those of other banking groups: trading floor, specialized financing, asset management, private equity, private banking and consumer credit.

If applicable, this compensation requires documentation on the rules for the allocation and determination of the amounts awarded.

The total compensation of Crédit Mutuel Alliance Fédérale employees is made up of various elements:

- fixed compensation;
- annual variable compensation;
- collective compensation in the form of profit-sharing and shareholding in France;
- the supplementary pension plan and health insurance;
- benefits in kind (company car, etc.).

Depending on the business line, the responsibilities exercised and the performance achieved, employees benefit from all or some of these elements.

Thus, variable compensation may be granted for certain business lines only and under certain strictly defined conditions. This variable portion takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale as well as compliance with ethical rules. The variable compensation base includes financial and non-financial targets assigned to employees and teams. In the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity.

Crédit Mutuel Alliance Fédérale's 2021 compensation policy provides for specific compensation conditions for employees identified as risk-takers.

Thus, in 2021, the amount of variable compensation amounted to nearly 5% of total compensation within Crédit Mutuel Alliance Fédérale.

Crédit Mutuel Alliance Fédérale applies all regulatory provisions for managing compensation.

Employees falling within the risk-takers category at Crédit Mutuel Alliance Fédérale in 2021 have been identified in accordance with the regulations in force. The identification was carried out on an individual and consolidated basis.

Thus, in accordance with Article 199 of the Order of November 3, 2014 (as amended by the order of December 22, 2020), as long as they are not large within the meaning of point 146 of paragraph 1 of Article 4 of Regulation [EU] No. 575/2013 of the European Parliament and of the Council of June 26, 2013, credit institutions, finance companies, investment firms as well as the groups mentioned in III of Article L.511-57 of the French Monetary and Financial Code are not subject to the provisions of Articles L.511-81 and L.511-82 and of the second paragraph of Article L.511-84 of the French Monetary and Financial Code on an individual basis and, where applicable, on a consolidated basis when they are in one or other of the following situations:

- their balance sheet total is less than or equal to an average of €5 billion over the four-year period immediately preceding the current fiscal year;
- their balance sheet total is less than or equal to an average of €10 billion over the four-year period immediately preceding the current fiscal year and they cumulatively meet the criteria set out in c, d and e of Article 4(1), point 145 of Regulation [EU] No 575/2013 of the European Parliament and of the Council of June 26, 2013.

Given the size of Crédit Mutuel Alliance Fédérale and some of its constituent entities, risk-takers are identified not only at consolidated level but also at individual level.

Crédit Mutuel Alliance Fédérale's human resources department, in conjunction with the risk management and compliance departments, submits a list to Executive Management, which is validated by the Compensation Committee and the Board of Directors.

At consolidated level

The scope therefore concerns Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel, CIC, Cofidis and TARGOBANK AG.

In terms of qualitative criteria, the list of MRTs (Material Risk Takers) therefore includes:

- the members of the Chairmanship and the Executive Management;
- the directors and all members of the specialized committees of the parent structures;

- the heads of compliance, periodic control, permanent control and risks, at group level;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or the outsourcing of essential functions, at group level;
- the risk managers and managers of major business units (*i.e.* operational units to which at least 2% of the group's internal capital have been allocated) given that the managers of Crédit Mutuel Alliance Fédérale include the managers and employees that report directly to them;
- employees with powers to make proposals or commit Crédit Mutuel Alliance Fédérale, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.* either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;
- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee;

With regard to quantitative criteria, employees should be considered as risk-takers:

- with a total compensation greater than or equal to €750,000;
- with compensation of €500,000 or more, as well as the average compensation of members of the management body and Executive Management, in order to identify personnel whose activities have a significant impact on the risk profile of a major business unit.

For the application of quantitative criteria, compensation is based on a gross and full-time equivalent basis (reconstitution of full-time compensation over the full year for a part-time employee or an employee recruited during the year), awarded during the year N-1.

In addition to the group's effective managers and the managers of credit institutions, finance companies and investment firms identified on an individual basis (see below), Crédit Mutuel Alliance Fédérale has decided to consider as risk-takers all the effective managers of its subsidiaries and all staff members whose compensation exceeds the threshold of €500,000.

At individual level

An identification of risk-takers is also carried out at the level of credit institutions, finance companies and investment firms that meet the criteria for application on an individual basis set out in Delegated Regulation No. 604/2014 (amended by the order of December 22, 2020, art 198, 199 and 200)

Each year, the list of institutions concerned within the scope of Crédit Mutuel Alliance Fédérale is drawn up by the group human resources department and the Compensation Committee is informed.

In terms of qualitative criteria, the list therefore includes:

- the members of the Chairmanship and the Executive Management;
- directors;
- the heads of compliance, periodic control, permanent control and risk management, at the individual level and in the major operational units identified;
- the directors of a function in charge of legal affairs, finance (including tax and budget), human resources, compensation policy, anti-money laundering and combating the financing of terrorism, information technology, business analysis or outsourcing of key functions, at the institutional level and at the level of the major business unit where these activities are delegated locally;
- the managers of the major operational units not previously identified (*i.e.* operational units to which at least 2% of the group's internal capital has been allocated), bearing in mind that the managers for Crédit Mutuel Alliance Fédérale include the managers and staff reporting directly to it;
- employees with powers to make proposals or commit the group, individually or collectively as a committee, up to the regulatory threshold of 0.5% of Tier 1 capital, *i.e.* either through loan origination or through equity investments;
- employees who may expose the credit institution to a market risk equal to or greater than 0.5% of CET1 or 5% of the internal limit in risk value;
- employees managing a group of people who, cumulatively, may meet the thresholds for credit or market risk commitments;
- the members of the committees responsible for managing a specific risk: ALM Committee, Group Risk Committee, Operational Risk/Permanent Control Committee, Control/Compliance Committee, New Products Committee;

In terms of quantitative criteria, the list includes:

- employees with total compensation greater than or equal to €750,000;
- employees with a fixed compensation of €500,000 or more, as well as the average compensation of the members of the management body and Executive Management, in order to identify employees whose activities have a significant impact on the risk profile of a major business unit;
- where the institution has more than 1,000 employees, they are among the 0.3% of employees (rounded up to the nearest whole number) who received the highest total compensation within the institution in the previous year or for the previous year on an individual basis.

5.18.3 Design and structure of compensation processes

Given the specific features of its business lines, its legal entities and the national and international legislation in which it operates, Crédit Mutuel Alliance Fédérale has set up a compensation system in line with its values while ensuring that its employees receive compensation in line with reference markets, in order to attract and retain the talent it needs.

The Executive Management of Crédit Mutuel Alliance Fédérale defines the strategic guidelines for compensation (for example, the choice to favor fixed compensation, except for limited exceptions in some specialized activities) or operational (for example in the context of annual negotiations) and then examines the compensation policy prepared by Crédit Mutuel Alliance Fédérale HR department together with the heads of Crédit Mutuel Alliance Fédérale business lines and entities.

The risk, permanent control and compliance department of Crédit Mutuel Alliance Fédérale checks that the proposed policy:

- is in line with Crédit Mutuel Alliance Fédérale's business strategy, objectives, values and long-term interests;
- takes into account measures to avoid conflicts of interest;
- is designed to promote sound and effective risk management;
- complies with regulations;
- is applied in an appropriate manner within Crédit Mutuel Alliance Fédérale and reports non-compliance issues to the effective managers and the supervisory body.

The Board of Directors adopts and regularly reviews the general principles of the compensation policy and monitors their implementation.

The total compensation of Crédit Mutuel Alliance Fédérale employees includes several components:

- fixed compensation, which remunerates the employee's skills, experience, level of qualification and commitment. It is set according to the market and a principle of internal consistency at Crédit Mutuel Alliance Fédérale in line with the group agreement implemented on January 1, 2018 for France;
- variable compensation, for certain categories of employees: for certain businesses and under certain conditions, a variable portion may be granted. It takes into account a specific contribution to the development and results of Crédit Mutuel Alliance Fédérale. The variable compensation base includes financial and non-financial targets explicitly assigned to employees and teams. For certain activities, in the calculation of the amount to be distributed and to better control risk factors, the costs attributable to the activities are deducted, in particular the costs of risk and liquidity. Variable compensation does not constitute a right and is set each year in accordance with the compensation policy applied by Crédit Mutuel Alliance Fédérale for the year in question and the governance principles in force;
- collective compensation in the form of incentives and profit-sharing in France: such compensation will be possible, where applicable, depending on the size and agreements in place within each entity;

- a supplementary pension plan and health insurance;
- benefits in kind (company car, etc.).

Depending on the entities, business lines and responsibilities incurred and according to the performance achieved, employees benefit from all or part of these components.

As part of the regular review of the implementation of the principles of Crédit Mutuel Alliance Fédérale's compensation policy, on November 25, 2021 the Compensation Committee proposed to the Board of Directors to update the compensation policy based on the following elements:

- taking into account the confederal framework on compensation for the risk-taker population established in early 2021 at the request of JST. The Confederation guarantees the proper functioning, solvency and cohesion of the Crédit Mutuel group and must also ensure that its affiliates comply with the regulations. The operational implementation of this framework does not add to the work already done by our regional group, which has been involved in the co-construction of this framework since the beginning;
- the inclusion in our compensation policy of a reference to our commitments made within the framework of the benefit corporation in terms of compensation and the absence of discrimination in this area;
- the modification of all rules governing the payment of variable compensation to risk-takers. A unique and homogeneous application of the new rules was sought in all countries while taking into account local and market constraints. And this is in line with the implementation since 2017 of the group compensation policy and the parent Compensation Committee. As a reminder, Crédit Mutuel Alliance Fédérale had not opted to pay a portion of its variable compensation in the form of financial instruments until 2021. The implementation of this system provided for within the confederal framework is mandatory for the entire scope. Crédit Mutuel Alliance Fédérale has defined a common indicator at group level that applies to the entities that collectively contribute to the consolidated performance and overall solvency. The development of a specific indicator for each unit is therefore not desired and is not in line with the founding principles of our compensation policy, which advocates the strength of the group.

The Compensation Committee was informed of the impacts for many of the group's institutions and employees. The entities/business lines affected have been informed throughout the process that began nearly a year ago.

At its first annual meeting, the Compensation Committee of Crédit Mutuel Alliance Fédérale examined the compensation of senior executives in the risk, compliance, permanent control and periodic control functions.

The employees concerned have not received variable compensation linked to individual performance for many years.

This compensation is under the supervision and decision of the Group Human Resources Department.

5.18.4 Consideration for risks in the compensation process

The compensation policy implemented by Crédit Mutuel Alliance Fédérale is intended above all to be reasonable and responsible and seeks to align the interests of Crédit Mutuel Alliance Fédérale with those of its employees. Crédit Mutuel Alliance Fédérale believes that a company's compensation policy is an important aspect of consistency in its strategy and risk management. In this context, Crédit Mutuel Alliance Fédérale, in keeping with its mutualist values, has defined a policy that complies with regulatory requirements with the aim of:

- promoting its mutualist values with respect for all stakeholders: members, customers and employees;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- not encouraging excessive risk-taking and avoiding the introduction of incentives that could lead to conflicts of interest and not encouraging or inducing unauthorized activities;

- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- ensuring fair pay for work and retaining talented employees by offering them appropriate compensation that takes into consideration the competitive environment and is based on their level of seniority, expertise and professional experience;
- respect for gender equality in terms of pay based on classification, and more broadly fighting all forms of discrimination;
- making sure that the capital base is regularly strengthened.

Thus, in 2021, the amount of variable compensation amounted to almost 5% of total compensation within Crédit Mutuel Alliance Fédérale, 1.7% of general operating expenses and 0.33% of CET1.

With regard to identified personnel, the amount of variable compensation awarded represents 19% of the compensation within the scope of Crédit Mutuel Alliance Fédérale.

5.18.5 Performance-based compensation

The variable compensation package for each business line is subject to a proposal by the management of these business lines to the human resources department and the Executive Management of Crédit Mutuel Alliance Fédérale, clearly stating:

- the consistency of the change in the package with the quantitative performance of the unit (sales performance, financial performance, etc.);
- the compliance with internal control rules (compliance with control rules, limits, ethics, conflicts of interest, etc.);
- the consistency of the package with the financial fundamentals of the unit: the package does not reduce the financial fundamentals of the institution and preserves long-term interests (weight on general operating expenses, weight on net income, etc.);
- the consistency with risk and prior adjustment: the budget is also set taking into account risk-adjusted performance criteria: return on assets, consumption of capital required for business risks, liquidity

risk, etc. The level of the package is not the result of excessive risk-taking;

- the comparison with market practices where necessary.

The packages set for each of the entities/units are distributed among the various activities according to criteria specific to each business or team. The distribution of bonuses takes into account various aspects such as:

- performance measurement;
- risk measurement;
- behavior in terms of team spirit and responsiveness;
- professional behavior in relation to the values, ethics and procedures of Crédit Mutuel Alliance Fédérale.

With regard to identified personnel, the amount of variable compensation awarded represents 19% of the compensation for Crédit Mutuel Alliance Fédérale and 26% for CIC.

5.18.6 Variable and deferred compensation

As indicated in its compensation policy, variable compensation is limited to certain specialized business lines in France and abroad. If a system is in place, the forms of allocation are standardized and deferral methods are governed by the group's policy for identified personnel.

Until 2021, Crédit Mutuel Alliance Fédérale did not use payment in the form of financial instruments for deferred variable compensation. This practice is correlated to the mutualist status of the group, which is made up of members. As a result, there is no share capital held by shareholders. There is therefore no variable compensation indexed to Crédit Mutuel Alliance Fédérale shares or securities, all of which is paid in cash.

At its meeting on November 23, 2021, the Compensation Committee reviewed the changes to the compensation policy and, in particular, the taking into account of the Confederal Framework on compensation for the risk-taker population established at the beginning of 2021 at the request of the JST.

As a result, changes have been made to the rules governing the payment of variable compensation to risk-takers from 2022 onwards. The variable compensation of risk-takers must comply with the following criteria, provided that the variable compensation exceeds €50,000 or represents more than one-third of their total annual compensation:

- 50% of the variable compensation is deferred when the amount awarded is less than €500,000 and 60% when the amount awarded is higher;

- 50% of the variable compensation is paid in the form of financial instruments. For Crédit Mutuel Alliance Fédérale, the financial instrument-based payment obligation cannot be applied as is and involves the use of non-cash instruments equivalent to ownership rights. These instruments consist of the allocation of blocked cash, indexed to a composite indicator reflecting the performance of the entities to which the beneficiary belongs. Crédit Mutuel Alliance Fédérale has chosen to use a common indicator for the entire regional group, based on a moving average over the last three years of the RORWA (return on risk-weighted assets). This indicator meets the following objectives:
 - integrate a long-term approach with a consideration of solvency over time,
 - integrate a performance approach linked to changes in the regional group's net profit/(loss),
 - take into account the principles of the compensation policy, which above all advocates the strength of the group, by limiting variable compensation to specialized business lines.

The conditions set out in this way are applied to all of the group's risk-takers, regardless of their parent entity.

The activities concerned by the request to exceed the 100% threshold are the trading room activities (investment business) in France and New York.

These activities are composed of 56 operators, including seven abroad. Almost two-thirds can benefit from a ratio above 100%.

Individual distribution to employees is decided by line managers on the basis of an overall assessment of individual and collective performance, including quantitative and qualitative criteria. There is no direct and automatic link between the level of an employee's commercial and financial results and his or her level of variable compensation in order to prevent any risk of conflict of interest or failure to take into account Crédit Mutuel Alliance Fédérale interests and those of its customers.

Individual allocations are carried out and decided by management based on:

- the performance of the team to which the person concerned belongs;
- individual performance measured according to the result-risk ratio;
- individual assessments taking into account the qualitative achievements in relation to the objectives set.

For example, for market operators, the overall allocation is made according to the following quantitative and qualitative performance criteria:

- economic results of the activity to which the operators are attached;
- risks taken;
- compliance with limits and delegations;
- behavior within teams;
- initiatives with a motive impact on the success of operation;
- team management (according to hierarchical position);
- in addition, the actual payment of the deferred portion is conditional and subject to a penalty clause relating to the results of the activity. Deferred compensation may therefore be substantially reduced or even not be paid in the event of failure to control risks resulting in losses. This clause makes it possible to make employees accountable for the medium-term risks they may impose on the institution. In addition, the payment of these amounts is subject to a continued employment condition.

Guaranteed variable compensation is prohibited, except in the context of the hiring of financial market professionals, excluding intra-group transfers. In this case, the guarantee is limited to one year.

In the event of forced departure due to serious misconduct or gross negligence, these "post-departure" compensation components may be reduced or eliminated, in particular by application of the provisions provided for by the company and in particular in France under Articles L.511-84 and L.511-84-1 of the French Monetary and Financial Code.

TABLE 72: SUMMARY OF COMPENSATION AWARDED DURING THE FISCAL YEAR (EU REM1)

		Management			
		Management body – Supervisory function	Management body – Management function	Other Executive Management members	Other members of the identified population
<i>(in € millions)</i> At 12/31/2021					
Fixed compensation awarded during the year	Number of members of the identified population (who received fixed compensation)	156	134	202	286
	Total fixed compensation	4	40	36	49
	O/w: compensation in cash	4	37	32	44
	O/w: shares and equivalent ownership rights	-	-	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-
	O/w: other instruments	-	-	-	-
	O/w: other types of compensation	0	3	-	-
Variable compensation awarded during the year	Number of members of the identified population (who received variable compensation)	-	54	76	115
	Total variable compensation	-	6	7	17
	O/w: compensation in cash	-	6	7	17
	O/w: deferred compensation included in this compensation in cash	-	-	-	-
	O/w: shares and equivalent ownership rights	-	-	-	-
	O/w: deferred compensation included in this compensation in shares and equivalent property rights	-	-	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-
	O/w: deferred compensation included in this compensation in equity-linked instruments and other equivalent non-cash instruments	-	-	-	-
	O/w: other instruments	-	-	-	-
	O/w: deferred compensation included in this compensation in other instruments	-	-	-	-
	O/w: other types of compensation	-	-	-	-
	O/w: deferred compensation included in these other forms of compensation	-	-	-	-
TOTAL COMPENSATION ALLOCATED DURING THE FISCAL YEAR		4	47	43	66

TABLE 73: SPECIAL PAYMENTS DURING THE FISCAL YEAR [EU REM2]

		Management			
		Management body – Supervisory function	Management body – Management function	Other Executive Management members	Other members of the identified population
<i>(in € millions)</i>					
At 12/31/2021					
Guaranteed variable compensation awarded during the year Including arrival bonuses, guaranteed variable compensation following the arrival of an employee, etc.	Number of members of the identified population	-	-	-	-
	Total amount	-	-	-	-
	Of which paid during the year and not included in the capping of bonuses	-	-	-	-
Severance payments paid during the fiscal year, awarded in previous periods	Number of members of the identified population	-	-	-	-
	Total amount	-	-	-	-
Severance payments awarded during the fiscal year	Number of members of the identified population	-	2	3	2
	Total amount	-	1	1	1
	O/w paid during the year	-	1	1	1
	O/w paid during the year and not included in the capping of bonuses	-	-	-	-
	O/w deferred	-	-	-	-
	O/w the highest indemnities awarded to a single person	-	-	-	-

TABLE 74: DEFERRED COMPENSATION SUBJECT TO A LOCK-UP PERIOD (EU REM3)

	Deferred compensation vested in respect of previous fiscal years Y-1 and prior			Operations that took place in year Y (including compensation that will not be paid in Y+1)			Compensation vested in Y g = paid immediately in Y+1 h = subject to retention	
	Total amount of deferred compensation granted in respect of previous performance periods	Of which: vesting during/ at the end of the fiscal year	Of which: vesting during/ at the end of the following fiscal years	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest during the fiscal year	Amount of the performance adjustment applied during the fiscal year to deferred compensation that were to vest in future performance years	Total amount of adjustment during the fiscal year due to implicit ex-post adjustments	Total amount of deferred compensation granted before the fiscal year actually paid during the fiscal year	Total amount of deferred compensation granted in respect of previous performance periods that have vested but are subject to retention periods
<i>(in € millions)</i> At 12/31/2021								
MANAGEMENT BODY – SUPERVISORY FUNCTION	-	-	-	-	-	-	-	-
Cash	-	-	-	-	-	-	-	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
MANAGEMENT BODY – MANAGEMENT FUNCTION	3	2	2	-	-	-	2	-
Cash	3	2	2	-	-	-	2	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
OTHER EXECUTIVE MANAGEMENT MEMBERS	4	3	2	-	-	-	3	-
Cash	4	3	2	-	-	-	3	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
OTHER MEMBERS OF THE IDENTIFIED POPULATION	11	6	5	0	-	-	6	-
Cash	11	6	5	0	-	-	6	-
Shares and equivalent ownership rights	-	-	-	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-	-	-	-
Other instruments	-	-	-	-	-	-	-	-
Other types	-	-	-	-	-	-	-	-
TOTAL	18	10	8	0	-	-	10	-

TABLE 75: HIGH LEVELS OF COMPENSATION (EU REM4)

(in number of people)
At 12/31/2021

Members of the identified population who received
a high level of compensation within Article 450 (i) CRR

Between 1 million and 1.5 million not included	5
Between 1.5 million and 2 million not included	2
Between 2 million and 2.5 million not included	-
Between 2.5 million and 3 million not included	-
Between 3 million and 3.5 million not included	-
Between 3.5 million and 4 million not included	-
Between 4 million and 4.5 million not included	-
Between 4.5 million and 5 million not included	-
Between 5 million and 6 million not included	-
Between 6 million and 7 million not included	-
Between 7 million and 8 million not included	-

TABLE 76: BREAKDOWN OF THE IDENTIFIED POPULATION BY AREA OF ACTIVITY (EU REM5)

(in € millions) At 12/31/2021	Management			Area of activity					
	Management body – Supervisory function	Management body – Management function	Management body as a whole	Investment banking	Retail bank	Asset management	Independent internal control functions	Cross-functional functions	Others
TOTAL NUMBER OF MEMBERS FROM THE IDENTIFIED POPULATION									290
Including members of management:									
■ management body	156	134	290						
■ Executive Management				18	95	7	1	55	26
Including other members of the identified population				63	70	2	108	43	0
TOTAL COMPENSATION OF THE IDENTIFIED POPULATION	4	47	51	38	31	2	17	17	4
Of which variable compensation	0	6	6	17	4	1	2	1	0
Of which fixed compensation	4	40	45	21	27	1	16	16	4

APPENDICES

Appendix 1: Outline of the differences in the scopes of consolidation (EU LI3) –
Description by entity

Name of entity	Accounting consolidation method	Accounting regulatory method					Description of entity
		Full consolidation	Proportional consolidation	Equity method	Not consolidated, not deducted	De-deducted	
Bancas	Consolidation using the equity method	-	X	-	-	-	B. Banking network subsidiaries
FLOA (formerly Banque du Groupe Casino)	Consolidation using the equity method	-	X	-	-	-	B. Banking network subsidiaries
LYF SA (formerly Fivory)	Consolidation using the equity method	-	X	-	-	-	B. Banking network subsidiaries
FCT FactoFrance	Full consolidation	-	-	X	-	-	B. Banking network subsidiaries
Euro Automatic Cash	Consolidation using the equity method	-	X	-	-	-	F. Logistics and Holding company services
Euro Protection Surveillance	Full consolidation	-	-	X	-	-	F. Logistics and Holding company services
PROTECTION 24	Full consolidation	-	-	X	-	-	F. Logistics and Holding company services
LYF SAS (formerly Fivory SAS)	Consolidation using the equity method	-	X	-	-	-	F. Logistics and Holding company services
ACM GIE	Full consolidation	-	-	X	-	-	G. Insurance companies
ACM IARD	Full consolidation	-	-	X	-	-	G. Insurance companies
ACM Services	Full consolidation	-	-	X	-	-	G. Insurance companies
ACM VIE SA	Full consolidation	-	-	X	-	-	G. Insurance companies
ACM VIE, Société d'Assurance Mutuelle	Full consolidation	-	-	X	-	-	G. Insurance companies
Agrupació AMCI d'Assegurances i Reassegurances SA	Full consolidation	-	-	X	-	-	G. Insurance companies
Targopensiones, entidad gestora de fondos de pensiones, SA (formerly Agrupacion Pensiones)	Full consolidation	-	-	X	-	-	G. Insurance companies
Agrupació serveis administratius	Full consolidation	-	-	X	-	-	G. Insurance companies
AMDIF	Full consolidation	-	-	X	-	-	G. Insurance companies
GACM Seguros, Compañía de Seguros y Reaseguros, SAU (formerly AMGEN)	Full consolidation	-	-	X	-	-	G. Insurance companies
Asesoramiento en Seguros y Previsión Atlantis SL	Full consolidation	-	-	X	-	-	G. Insurance companies
Asistencia Avanzada Barcelona	Full consolidation	-	-	X	-	-	G. Insurance companies
ASTREE Assurances	Consolidation using the equity method	-	-	X	-	-	G. Insurance companies
Atlantis Asesores SL	Full consolidation	-	-	X	-	-	G. Insurance companies
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Full consolidation	-	-	X	-	-	G. Insurance companies
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Full consolidation	-	-	X	-	-	G. Insurance companies
GACM España, S.A.U.	Full consolidation	-	-	X	-	-	G. Insurance companies
Groupe des Assurances du Crédit Mutuel (GACM)	Full consolidation	-	-	X	-	-	G. Insurance companies
ICM LIEF SA	Full consolidation	-	-	X	-	-	G. Insurance companies
MTRL	Full consolidation	-	-	X	-	-	G. Insurance companies
NELB SA (North Europe Life Belgium)	Full consolidation	-	-	X	-	-	G. Insurance companies
Partners	Full consolidation	-	-	X	-	-	G. Insurance companies

Name of entity	Accounting consolidation method	Accounting regulatory method					Description of entity
		Full consolidation	Proportional consolidation	Equity method	Not consolidated, not deducted	De-deducted	
ACM Courtage	Full consolidation	-	-	X	-	-	G. Insurance companies
Sérénis Assurances SA	Full consolidation	-	-	X	-	-	G. Insurance companies
Foncière Masséna SA	Full consolidation	-	-	X	-	-	H. Other companies
SCI ACM	Full consolidation	-	-	X	-	-	H. Other companies
SCI ACM Cotentin	Full consolidation	-	-	X	-	-	H. Other companies
SCI Provence Lafayette	Full consolidation	-	-	X	-	-	H. Other companies
SCI 14 Rue de Londres	Full consolidation	-	-	X	-	-	H. Other companies
SCI Saint Augustin	Full consolidation	-	-	X	-	-	H. Other companies
SCI Tombe Isoire	Full consolidation	-	-	X	-	-	H. Other companies
Affiches d'Alsace Lorraine	Full consolidation	-	-	X	-	-	H. Other companies
AGIR	Full consolidation	-	-	X	-	-	H. Other companies
Alsacienne de Portage – DNA	Full consolidation	-	-	X	-	-	H. Other companies
EBRA events	Full consolidation	-	-	X	-	-	H. Other companies
EBRA Medias Alsace	Full consolidation	-	-	X	-	-	H. Other companies
EBRA Medias Lorraine Franche Comté	Full consolidation	-	-	X	-	-	H. Other companies
EBRA services	Full consolidation	-	-	X	-	-	H. Other companies
Est Bourgogne Médias	Full consolidation	-	-	X	-	-	H. Other companies
France Régie	Full consolidation	-	-	X	-	-	H. Other companies
Groupe Dauphiné Media	Full consolidation	-	-	X	-	-	H. Other companies
Groupe Progrès	Full consolidation	-	-	X	-	-	H. Other companies
Groupe Républicain Lorrain Imprimeries (GRLI)	Full consolidation	-	-	X	-	-	H. Other companies
Journal de la Haute Marne	Consolidation using the equity method	-	-	X	-	-	H. Other companies
La Liberté de l'Est	Full consolidation	-	-	X	-	-	H. Other companies
La Tribune	Full consolidation	-	-	X	-	-	H. Other companies
Le Dauphiné Libéré	Full consolidation	-	-	X	-	-	H. Other companies
L'Est Républicain	Full consolidation	-	-	X	-	-	H. Other companies
Le Républicain Lorrain	Full consolidation	-	-	X	-	-	H. Other companies
Les Dernières Nouvelles d'Alsace	Full consolidation	-	-	X	-	-	H. Other companies
Les Éditions Du Quotidien	Full consolidation	-	-	X	-	-	H. Other companies
Lumedia	Consolidation using the equity method	-	-	X	-	-	H. Other companies
Médiaportage	Full consolidation	-	-	X	-	-	H. Other companies
NEWCO4	Full consolidation	-	-	X	-	-	H. Other companies
Presse Diffusion	Full consolidation	-	-	X	-	-	H. Other companies
Publprint Province no. 1	Full consolidation	-	-	X	-	-	H. Other companies
SAP Alsace	Full consolidation	-	-	X	-	-	H. Other companies
Société d'Investissements Médias (SIM)	Full consolidation	-	-	X	-	-	H. Other companies
SCI Le Progrès Confluence	Full consolidation	-	-	X	-	-	H. Other companies
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	Full consolidation	-	-	X	-	-	H. Other companies

Appendix 2: Detailed information about capital (EU CCA)

On January 1, 2022, a partial transfer of assets from Caisse Fédérale du Crédit Mutuel Nord to Banque Fédérative du Crédit Mutuel (BFCM) was carried out, resulting in the universal transfer of the assets and liabilities concerned. This partial transfer of assets had the effect of transferring to BFCM the status of issuer of all CFMNE bond issues. The detailed table of Crédit Mutuel Nord Europe's (CMNE) capital instruments is presented in CMNE's Pillar 3 report published on BFCM's website at the following address: <https://www.bfcm.creditmutuel.fr/fr/investisseurs/information-financiere-reglementee.html>

MAIN FEATURES OF CAPITAL INSTRUMENTS (CET1)

Issuer	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel
Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	969500LFTDNMONT2EP08	969500LFTDNMONT2EP08
Law governing the instrument	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L.512-1 of the French Monetary and Financial Code	Law No. 47-1775 of September 10, 1947 on the constitution of cooperatives and Article L.512-1 of the French Monetary and Financial Code
<i>Regulatory treatment</i>		
Transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Post-transitional CRR rules	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Eligible at solo/ (sub-)consolidated/solo and (sub-)consolidated level	Solo and (sub-)consolidated	Solo and (sub-)consolidated
Instrument type (to be specified by each jurisdiction)	Type A shares – list published by the EBA (Article 26, paragraph 3 of the CRR)	Type B shares – list published by the EBA (Article 26, paragraph 3 of the CRR)
Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€216.50m	€6,682.66m
Nominal value of instrument	€15	€1
Issue price	€15	€1
Redemption amount	€15	€1
Accounting classification	Shareholders' equity	Shareholders' equity
Initial issue date	Variable	Variable
Perpetual or dated	Perpetual	Perpetual
Initial maturity	N/A	N/A
Issuer buyback option subject to the prior approval of the supervisory authority	No	No
Optional call date, contingent call date and redemption amount	N/A	N/A
Subsequent buyback option call dates, if any	N/A	N/A
<i>Coupons/dividends</i>		
Fixed or floating dividend/coupon	N/A	Floating
Coupon rate an any related index	N/A	N/A
Existence of a dividend payout suspension clause (dividend stopper)	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of a step up or other redemption incentive	No	No
Cumulative or non-cumulative	Non-cumulative	Non-cumulative

Issuer	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel	Crédit Mutuel Alliance Fédérale – Caisse Fédérale de Crédit Mutuel
Convertible or non-convertible	Non-convertible	Non-convertible
If convertible, conversion trigger	N/A	N/A
If convertible, fully or partially	N/A	N/A
If convertible, conversion rate	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A
If convertible, type of instrument converted into	N/A	N/A
If convertible, issuer of instrument convertible into	N/A	N/A
Capital write-down features	Yes	Yes
If write-down, write-down trigger	By decision of the Shareholders' Meeting or, in case of resolution, by decision of the Resolution College of the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Supervisory and Resolution Authority) pursuant to its powers under Article L.613-31-16 of the French Monetary and Financial Code	By decision of the Shareholders' Meeting or, in case of resolution, by decision of the Resolution College of the Autorité de contrôle prudentiel et de résolution (ACPR – French Prudential Supervisory and Resolution Authority) pursuant to its powers under Article L.613-31-16 of the French Monetary and Financial Code
If write-down, full or partial	Full or partial write-down	Full or partial write-down
If write-down, permanent or temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	N/A	N/A
Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Ranks lower than all other claims	Ranks lower than all other claims
Existence of non-compliant features	No	No
If yes, specify non-compliant characteristics	N/A	N/A

N/A: not applicable.

At 12/31/2021, CMNE had a total CET1 of €1,420 million, i.e. approximately 20% of Crédit Mutuel Alliance Fédérale's CET1.

MAIN FEATURES OF CAPITAL INSTRUMENTS (AT1)

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	XS0207764712	XS0212581564
Law governing the instrument	English unless subordination	English unless subordination
<i>Regulatory treatment</i>		
Transitional CRR rules (including additional CRR2)	10% Additional Tier 1 capital 90% Tier 2 capital	10% Additional Tier 1 capital 90% Tier 2 capital
Post-transitional CRR rules (including additional CRR2)	Ineligible from January 1, 2022	Ineligible from January 1, 2022
Eligible at solo/ (sub-)consolidated/solo and (sub-)consolidated level	Consolidated	Consolidated
Instrument type (to be specified by each jurisdiction)	<ul style="list-style-type: none"> ■ TSS ■ Art. 52 <i>et seq.</i> of the CRR ■ Art. 484 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ TSS ■ Art. 52 <i>et seq.</i> of the CRR ■ Art. 484 <i>et seq.</i> of the CRR
Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€733.48m	€250.00m
Nominal value of instrument	€750.00m	€250.00m
Issue price	€750.00m	€250.00m
Redemption amount	€750.00m	€250.00m
Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost
Initial issue date	12/15/2004	02/25/2005
Perpetual or dated	Perpetual	Perpetual
Initial maturity	Perpetual	Perpetual
Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes
Optional call date, contingent call date and redemption amount	<ul style="list-style-type: none"> ■ Call for the entire issue at issuer's discretion: on 12/15/2014 at par ■ Call for the entire issue in case of tax call at any time at par ■ Call for the entire issue 	<ul style="list-style-type: none"> ■ Call for the entire issue at issuer's discretion: on 02/25/2015 at par ■ Call for the entire issue in case of tax call at any time at par ■ Call for the entire issue
Subsequent buyback option call dates, if any	On each interest payment date after 12/15/2014, for the entire issue	On each interest payment date after 02/25/2015, for the entire issue
<i>Coupons/dividends</i>		
Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
Coupon rate an any related index	6% then, as from 12/15/2005, EUR CMS10 +0.10% with cap at 8%	7% then, as from 02/25/2006, EUR CMS10 +0.10% with cap at 8%
Existence of a dividend payout suspension clause (dividend stopper)	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary: compulsory interest provisions clause (dividend pusher)	Partially discretionary: compulsory interest provisions clause (dividend pusher)
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
Existence of a step up or other redemption incentive	No	No
Cumulative or non-cumulative	Non-cumulative	Non-cumulative

Issuer	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
Convertible or non-convertible	No	No
If convertible, conversion trigger	N/A	N/A
If convertible, fully or partially	N/A	N/A
If convertible, conversion rate	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A
If convertible, type of instrument converted into	N/A	N/A
If convertible, issuer of instrument convertible into	N/A	N/A
Capital write-down features	Yes	Yes
If write-down, write-down trigger	Event related to the supervisor both after a subsequent deterioration in the solvency at its full discretion and if a capital increase was not authorized or was insufficient	Event related to the supervisor both after a subsequent deterioration in the solvency at its full discretion and if a capital increase was not authorized or was insufficient
If write-down, full or partial	Full or partial write-down	Full or partial write-down
If write-down, permanent or temporary	Permanent or temporary	Permanent or temporary
If temporary write-down, description of write-up mechanism	Reconstitution of principal if return to financial health, <i>i.e.</i> two consecutive positive consolidated net earnings after the end of the intervention of the supervisor.	Reconstitution of principal if return to financial health, <i>i.e.</i> two consecutive positive consolidated net earnings after the end of the intervention of the supervisor.
Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Deeply subordinated instrument <i>i.e.</i> subordinated to any non-voting loan stock and investments, ordinary subordinated instruments and non-subordinated instruments.	Deeply subordinated instrument <i>i.e.</i> subordinated to any non-voting loan stock and investments, ordinary subordinated instruments and non-subordinated instruments.
Existence of non-compliant features	Yes (but allowed in AT1 under the transitional regime)	Yes (but allowed in AT1 under the transitional regime)
If yes, specify non-compliant characteristics	Features not compliant with Additional Tier 1 capital instruments: – partially discretionary: – compulsory interest provisions clause (dividend pusher) non-discretionary better fortunes clause	Features not compliant with Additional Tier 1 capital instruments: – partially discretionary: – compulsory interest provisions clause (dividend pusher) non-discretionary better fortunes clause

N/A: not applicable.

At 12/31/2021, CMNE had a total TSS of €150 million, *i.e.* approximately 15% of the TSS of Crédit Mutuel Alliance Fédérale.

MAIN FEATURES OF CAPITAL INSTRUMENTS (T2)

Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque	Crédit Industriel et Commercial	Crédit Industriel et Commercial	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	
Sole issuer (such as CUSIP, ISIN or Bloomberg for private placements)	FR0000047805	FR0000047789	FR0000584377	FR0000165847	XS1069549761	XS1288858548	
Law governing the instrument	French	French	French	French	English unless subordination	English unless subordination	
<i>Regulatory treatment</i>							
Transitional CRR rules (including additional CRR2)	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	
Post-transitional CRR rules (including additional CRR2)	Ineligible from January 1, 2022	Ineligible from January 1, 2022	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	
Eligible at solo/ (sub-)consolidated/solo and (sub-)consolidated level	Ineligible from January 1, 2022	Consolidated and sub-consolidated	Consolidated and sub-consolidated	Consolidated and sub-consolidated	Consolidated	Consolidated	
Instrument type (to be specified by each jurisdiction)	<ul style="list-style-type: none"> ■ Non-voting loan stock ■ Article 62 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ Non-voting loan stock ■ Article 62 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ Perpetual subordinated notes ■ Article 62 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ Perpetual progressive-interest subordinated notes ■ Article 62 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 <i>et seq.</i> of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 <i>et seq.</i> of the CRR 	
Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€8.28m	€11.49m	€18.96m	€0.69m	€472.91m	€739.73m	
Nominal value of instrument	€137.20m	€15.43m	€18.96m	€7.25m	€1,000.00m	€1,000.00m	
Issue price	€137.20m	€15.43m	€18.96m	€7.25m	€991.43m	€990.84m	
Redemption amount	€178.37m if call exercised on 05/28/1997, then annual revaluation of 1.5% after 05/28/1997	€20.06m if call exercised on 06/01/1997, then annual revaluation of 1.5% after 06/01/1997	€19.15m	€7.25m	€1,000.00m	€1,000.00m	
Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	
Initial issue date	05/28/1985	06/01/1985	07/20/1987	12/26/1990	05/21/2014	11/09/2015	
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated	
Initial maturity	Perpetual	Perpetual	Perpetual	Perpetual	05/21/2024	09/11/2025	
Issuer buyback option subject to the prior approval of the supervisory authority	Yes	Yes	Yes	Yes	Yes	Yes	

	Banque Fédérative du Crédit Mutuel						
	XS1385945131	XS1512677003	XS1587911451	XS1717355561	XS1824240136	FR0013425162	FR0014006KD4
	English unless subordination	French	French				
	Tier 2 capital						
	Tier 2 capital						
	Consolidated						
	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR 	<ul style="list-style-type: none"> ■ Subordinated notes ■ Article 62 et seq. of the CRR
	€846.03m	€678.52m	€500.00m	€500.00m	€500.00m	€1,000.00m	€750.00m
	€1,000.00m	€700.00m	€500.00m	€500.00m	€500.00m	€1,000.00m	€750.00m
	€990.98m	€695.09m	€497.62m	€495.72m	€499.43m	99.684%	€744.66m
	€1,000.00m	€700.00m	€500.00m	€500.00m	€500.00m	€1,000.00m	€750.00m
	Liabilities - amortized cost						
	03/24/2016	11/04/2016	03/31/2017	11/15/2017	05/25/2018	06/18/2019	11/19/2021
	Dated						
	03/24/2026	11/04/2026	03/31/2027	11/15/2027	05/25/2028	06/18/2029	11/19/2031
	Yes						

Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque	Crédit Industriel et Commercial	Crédit Industriel et Commercial	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
Optional call date, contingent call date and redemption amount	<ul style="list-style-type: none"> Partial or full call at issuer's discretion: 05/28/1997 at 130% of par value 	<ul style="list-style-type: none"> Partial or full call at issuer's discretion: 06/01/1997 at 130% of par value 	<ul style="list-style-type: none"> Partial or full call at issuer's discretion: for a period of 45 days as of 07/20/1994 at 101% of par value + accrued interest 	<ul style="list-style-type: none"> Partial or total buyback option from the issuer: 12/26/1999 at par 	<ul style="list-style-type: none"> Call for the entire issue in case of tax events (withholding tax event or tax deduction event): at any time at par Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par Call for the entire issue in case of a gross-up event: at any time at par 	<ul style="list-style-type: none"> Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par
Subsequent buyback option call dates, if any	On each interest payment date after 05/28/1997	On each interest payment date after 06/01/1997	During a 45-day period from each interest payment date after 07/20/1994	On each interest payment date after 12/26/1999	N/A	N/A
<i>Coupons/dividends</i>						
Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Fixed	Fixed
Coupon rate an any related index	40% x TAM + 43% x TAM x (Year Y-1 result/Year 1984 result) with the following limits: minimum 85% (TAM+TMO)/2 maximum 130% (TAM+TMO)/2	35% x TMO + 35% x TMO x (Year Y-1 result/Year 1984 result) with the following limits: minimum 85% of TMO maximum 130% TMO	Average of the last 12 TMEs + 0.25%	PIC + 1.75% for interest payable every year since 2006	3.00%	3.00%

Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par 	<ul style="list-style-type: none"> ■ Call for the entire issue in case of tax events impacting the coupon payment (withholding tax event, tax deduction event or tax gross-up event) at any time at par ■ Call for the entire issue in case of downgrading of Tier 2 capital: (capital event) at any time at par
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
2.375%	1.875%	2.625%	1.625%	2.500%	1.875%	1.125%

Issuer	Crédit Industriel et Commercial	Lyonnaise de Banque	Crédit Industriel et Commercial	Crédit Industriel et Commercial	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	
Existence of a dividend payout suspension clause (dividend stopper)	No	No	No	No	No	No	
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Partially discretionary	Partially discretionary	Mandatory	Mandatory	
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	
Existence of a step up or other redemption incentive	No	No	No	No	No	No	
Cumulative or non-cumulative	N/A	N/A	Cumulative	Cumulative	N/A	N/A	
Convertible or non-convertible	No	No	No	No	No	No	
If convertible, conversion trigger	N/A	N/A	N/A	N/A	N/A	N/A	
If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	
If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	
If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	
If convertible, type of instrument converted into	N/A	N/A	N/A	N/A	N/A	N/A	
If convertible, issuer of instrument convertible into	N/A	N/A	N/A	N/A	N/A	N/A	
Capital write-down features	No	No	No	No	No	No	
If write-down, write-down trigger	N/A	N/A	N/A	N/A	N/A	N/A	
If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A	
If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A	
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	
Rank of instrument in the event of liquidation (indicate the type of instrument of immediately higher rank)	Instrument subordinated to the payment of all secured creditors and unsecured creditors	Instrument subordinated to the payment of all secured creditors and unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	
Existence of non-compliant features	Yes	Yes	No	No	No	No	
If yes, specify non-compliant characteristics	Redemption incentive mechanism	Redemption incentive mechanism	N/A	N/A	N/A	N/A	

N/A: not applicable.

At 12/31/2021, CMNE had a total of €593.03 million in securities, i.e. approximately 10% of the amount of securities of the same nature presented by Crédit Mutuel Alliance Fédérale.

Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel	Banque Fédérative du Crédit Mutuel
No	No	No	No	No	No	No	No
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
No	No	No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No	No	No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
No	No	No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code	Instrument subordinated to the payment of all unsecured creditors in accordance with Article L.228-97 of the French Commercial Code
No	No	No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix 3: CMNE key indicators (EU KM1)

<i>(in € millions)</i>	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020
AVAILABLE EQUITY (AMOUNTS)					
Common Equity Tier 1 (CET 1) capital	3,198	3,101	3,094	2,943	2,952
Tier 1 capital	3,213	3,116	3,109	2,958	2,982
Total equity	3,805	3,718	3,786	3,645	3,659
RISK-WEIGHTED EXPOSURE AMOUNTS					
Total risk exposure amount	15,158	16,568	17,023	14,925	14,918
CAPITAL RATIOS (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
Common Equity Tier 1 capital ratio <i>(as a %)</i>	21.1%	18.7%	18.2%	19.7%	19.8%
Tier 1 capital ratio <i>(as a %)</i>	21.2%	18.8%	18.3%	19.8%	20.0%
Total equity ratio <i>(as a %)</i>	25.1%	22.4%	22.2%	24.4%	24.5%
ADDITIONAL SREP CAPITAL REQUIREMENTS (PILLAR 2 REQUIREMENTS AS A PERCENTAGE OF RISK-WEIGHTED ASSETS)					
Additional capital requirements to address risks other than the risk of excessive leverage <i>(as a %)</i>	1.8%	1.8%	1.8%	1.8%	1.8%
<i>of which: to be met with CET1 capital (percentage points)</i>	1.0%	1.0%	1.0%	1.0%	1.0%
<i>of which: to be met with Tier 1 capital (percentage points)</i>	1.3%	1.3%	1.3%	1.3%	1.3%
Total SREP capital requirements <i>(as a %)</i>	9.8%	9.8%	9.8%	9.8%	9.8%
TOTAL BUFFER REQUIREMENT AND TOTAL CAPITAL REQUIREMENT (AS A PERCENTAGE OF THE RISK-WEIGHTED EXPOSURE AMOUNT)					
Capital conservation buffer <i>(as a %)</i>	2.5%	2.5%	2.5%	2.5%	2.5%
Conservation buffer resulting from the macroprudential or systemic risk identified in the Member State level <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Institution-specific countercyclical capital buffer <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Systemic risk buffer <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Global systemically important institution buffer <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Other systemically important institution buffer <i>(as a %)</i>	0.0%	0.0%	0.0%	0.0%	0.0%
Total buffer requirement <i>(as a %)</i>	2.5%	2.5%	2.5%	2.5%	2.5%
Total capital requirements <i>(as a %)</i>	12.3%	12.3%	12.3%	12.3%	12.3%
CET1 capital available after compliance with the total SREP capital requirements <i>(as a %)</i>	8.9%	6.5%	5.9%	7.5%	7.5%
LEVERAGE RATIO					
Total exposure measurement	27,114	26,669	27,058	26,321	26,264
Leverage ratio <i>(as a %)</i>	11.5%	11.4%	11.2%	10.9%	10.9%
ADDITIONAL CAPITAL REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
Additional capital requirements to address the risk of excessive leverage <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
<i>of which: to be met with CET1 capital (percentage points)</i>	N/A	N/A	N/A	N/A	N/A
Total SREP leverage ratio requirements <i>(as a %)</i>	3.1%	3.1%	3.1%	N/A	N/A
LEVERAGE RATIO BUFFER REQUIREMENT AND TOTAL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF THE TOTAL EXPOSURE MEASURE)					
Leverage ratio buffer requirement <i>(as a %)</i>	N/A	N/A	N/A	N/A	N/A
Overall leverage ratio requirement <i>(as a %)</i>	3.1%	3.1%	3.1%	N/A	N/A
LIQUIDITY COVERAGE RATIO					
High Quality Liquid Assets (HQLA) (average weighted value)	2,498	2,445	2,313	2,254	2,187
Cash outflows - Total weighted value	2,222	2,210	2,179	2,142	2,108
Cash inflows - Total weighted value	788	685	686	686	679
Total net cash outflows (adjusted value)	1,434	1,525	1,493	1,456	1,429
Liquidity coverage ratio <i>(as a %)</i>	184.2%	160.5%	155.0%	155.2%	153.5%
NET STABLE FUNDING RATIO					
Total available stable funding	23,386	23,633	23,518	N/A	N/A
Total required stable funding	17,799	17,960	17,491	N/A	N/A
NSFR ratio <i>(as a %)</i>	131.4%	131.6%	134.5%	N/A	N/A

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In line with its status as a benefit corporation, in order to fight global warming, Crédit Mutuel Alliance Fédérale announced in October 2021 that it would halt all financing of new oil and gas exploration, production and infrastructure projects, in line with its previous commitments to exit the coal sector.



Consolidated financial statements of Crédit Mutuel Alliance Fédérale

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6.1 CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

6.1.1 Balance sheet

Balance sheet (assets)

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Cash, central banks	121,181	99,575	4
Financial assets at fair value through profit or loss	22,356	27,804	5a
Hedging derivatives	1,293	1,988	6a
Financial assets at fair value through equity	32,095	33,694	7
Securities at amortized cost	3,674	2,996	10a
Loans and receivables due from credit institutions and similar at amortized cost	60,915	56,278	10b
Loans and receivables due from customers at amortized cost	444,825	419,413	10c
Revaluation adjustment on rate-hedged books	1,083	2,453	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	135,552	131,056	13a
Current tax assets	1,249	1,444	14a
Deferred tax assets	1,774	1,804	14b
Accruals and other assets	9,496	8,091	15a
Non-current assets held for sale	107	0	3c
Investments in equity consolidated companies	533	637	16
Investment property	61	82	17
Property, plant and equipment	3,832	3,897	18a
Intangible assets	740	730	18b
Goodwill	3,140	4,036	19
TOTAL ASSETS	843,906	795,978	-

Balance sheet (liabilities)

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Central banks	605	575	4
Financial liabilities at fair value through profit or loss	12,080	15,263	5b
Hedging derivatives	1,874	2,084	6a
Debt securities at amortized cost	121,116	127,004	11a
Due to credit and similar institutions at amortized cost	71,755	40,294	11b
Amounts due to customers at amortized cost	425,197	408,901	11c
Revaluation adjustment on rate-hedged books	13	27	6b
Current tax liabilities	774	668	14a
Deferred tax liabilities	1,126	1,252	14b
Deferred income, accrued charges and other liabilities	12,783	12,760	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of the insurance business line	131,424	126,461	13b
Provisions	3,894	3,808	20
Subordinated debt at amortized cost	8,054	7,304	21
Total shareholders' equity	53,211	49,575	-
Shareholders' equity, attributable to the group	50,152	46,460	-
Capital and related reserves	6,905	6,773	22a
Consolidated reserves	38,904	36,463	22a
Gains and losses recognized directly in equity	1,100	935	22b
Profit (loss) for the period	3,243	2,289	-
Shareholders' equity – Non-controlling interests	3,059	3,115	-
TOTAL LIABILITIES	843,906	795,978	-

6.1.2 Income statement

Income statement

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Interest and similar income	11,967	12,830	24
Interest and similar expenses	-4,832	-5,769	24
Commissions (income)	5,301	4,722	25
Commissions (expenses)	-1,203	-1,072	25
Net gains on financial instruments at fair value through profit or loss	904	75	26
Net gains or losses on financial assets at fair value through equity	70	23	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	1	0	28
Net income from insurance activities	2,900	2,383	29
Income from other activities	1,467	1,951	30
Expenses on other activities	-652	-904	30
Net banking income	15,923	14,238	-
Employee benefit expense	-5,475	-5,281	31a
Other general operating expenses	-2,965	-2,865	31b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-697	-721	31c
Gross operating income	6,787	5,371	-
Cost of counterparty risk	-699	-2,377	32
Operating income	6,088	2,994	-
Share of net profit/(loss) of equity consolidated companies	-18	-13	16
Net gains/(losses) on disposals of other assets	0	584	33
Changes in the value of goodwill	-847	-2	34
Profit/(loss) before tax	5,222	3,563	-
Income tax	-1,703	-968	35
Post-tax gains/(losses) on discontinued operations	9	0	3c
Net profit/(loss)	3,527	2,595	-
Net profit/(loss) – Non-controlling interests	284	306	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	3,243	2,289	-

Statement of net profit/(loss) and gains and losses recognized directly in equity

<i>(in € millions)</i>	12/31/2021	12/31/2020
Net profit/(loss)	3,527	2,595
Translation adjustments	128	-108
Revaluation of financial assets at fair value through equity – capital instruments	28	-21
Revaluation of insurance business investments	-48	160
Remeasurement of hedging derivatives	2	-2
Share of unrealized or deferred gains and losses of associates	1	-2
Total recyclable gains and losses recognized directly in equity	112	26
Revaluation of financial assets at fair value through equity – equity instruments at closing	22	39
Actuarial gains and losses on defined benefit plans	30	-64
Share of non-recyclable gains and losses of equity consolidated companies	0	-
Total non-recyclable gains and losses recognized directly in equity	52	-25
Net profit/(loss) and gains and (losses) recognized directly in equity	3,691	2,597
<i>o/w attributable to the group</i>	<i>3,408</i>	<i>2,264</i>
<i>o/w percentage of non-controlling interests</i>	<i>283</i>	<i>333</i>

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

6.1.3 Changes in shareholders' equity

<i>(in € millions)</i>	Capital	Premiums	Reserves ⁽¹⁾	Gains and losses recognized directly in equity				Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
				Trans-lation adjust-ments	Assets at FVOCI	Hedging deriva-tives	Actuarial gains and losses				
Shareholders' equity as of December 31, 2019	6,482	0	33,552	28	1,281	1	-349	2,832	43,827	3,319	47,146
Appropriation of earnings from previous year	-	-	2,832	-	-	-	-	-2,832	0	-	0
Capital increase	135	-	-	-	-	-	-	-	135	-	135
Distribution of dividends	-	-	-70	-	-	-	-	-	-70	-7	-77
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	135	0	2,762	0	0	0	0	-2,832	65	-7	59
Consolidated income for the period	-	-	-	-	-	-	-	2,289	2,289	306	2,595
Changes in gains and (losses) recognized directly in equity	-	-	-	-115	154	-1	-64	-	-26	27	2
Subtotal	0	0	0	-115	154	-1	-64	2,289	2,264	333	2,597
Effects of acquisitions and disposals on non-controlling interests	-	-	-196	-	-	-	-	-	-196	-514	-710
Other changes	155	0	346	-	-	-	-	-	501	-17	484
Shareholders' equity as of December 31, 2020	6,773	0	36,463	-87	1,435	0.125	-413	2,289	46,461	3,115	49,576
Appropriation of earnings from previous year	-	-	2,289	-	-	-	-	-2,289	0	-	0
Capital increase	132	-	-	-	-	-	-	-	132	-	132
Distribution of dividends	-	-	-58	-	-	-	-	-	-58	-310	-369
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	132	0	2,231	0	0	0	0	-2,289	73	-310	-237
Consolidated income for the period	-	-	-	-	-	-	-	3,243	3,243	284	3,527
Changes in gains and (losses) recognized directly in shareholders' equity ⁽²⁾	-	-	162	129	4	2	30	-	327	-1	326
Subtotal	0	0	162	129	4	2	30	3,243	3,570	283	3,853
Effects of acquisitions and disposals on non-controlling interests	-	-	-13	-	-	-	-	-	-13	-47	-60
Other changes ⁽³⁾	-	0	60	-	-	-	-	-	60	19	79
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	6,905	0	38,904	42	1,439	2	-383	3,243	50,152	3,059	53,211

(1) At December 31, 2021, reserves consisted of the legal reserve (€428 million), statutory reserves (€6,498 million) and other reserves (€31,978 million).

(2) Relates to the sale of Visa shares by TARGOBANK (+€203 million) offset by a decrease related to the result of the sale directly recognized in shareholders' equity Caroline (-€30 million) and Compagnie Financière de Gestion (-€11 million).

(3) Relates in particular to the revaluation of EPS (+ €47 million).

6.1.4 Statement of cash flows

<i>(in € millions)</i>	12/31/2021	12/31/2020
Net profit/(loss)	3,527	2,595
Income tax	1,703	968
Profit/(loss) before tax (including discontinued operations)	5,231	3,563
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	696	712
- Impairment of goodwill and other fixed assets	845	22
+/- Net provisions and impairments	-384	1,391
+/- Share of income from equity consolidated companies	18	13
+/- Net loss/gain from investing activities	-7	4
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	7,129	2,564
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	8,298	4,706
+/- Flows related to transactions with credit institutions	25,328	-11,462
+/- Flows related to client transactions	-8,178	31,239
+/- Flows related to other transactions affecting financial assets or liabilities	-10,047	1,300
+/- Flows related to other transactions affecting non-financial assets or liabilities	829	-361
- Taxes paid	-1,335	-1,002
= Net decrease/(increase) in assets and liabilities from operating activities	6,598	19,713
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	20,126	27,983
+/- Flows related to financial assets and investments	-455	4,696
+/- Flows related to investment property	-48	-180
+/- Flows related to property, plant and equipment and intangible assets	-611	-971
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	-1,114	3,545
+/- Cash flow to or from shareholders	-240	58
+/- Other net cash flows from financing activities	2,364	-3,655
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	2,124	-3,596
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	187	-105
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	21,323	27,827
Net cash flow generated by operating activities (A)	20,126	27,983
Net cash flow generated from investing activities (B)	-1,114	3,545
Net cash flow related to financing transactions (C)	2,124	-3,596
Effect of foreign exchange rate changes on cash and cash equivalents (D)	187	-105
Cash and cash equivalents at opening	96,224	68,397
Cash, central banks (assets and liabilities)	99,002	70,457
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-2,778	-2,059
Cash and cash equivalents at closing	117,548	96,224
Cash, central banks (assets and liabilities)	120,577	99,002
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-3,029	-2,778
CHANGE IN NET CASH POSITION	21,323	27,827

6.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

SUMMARY OF NOTES

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Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards, and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements are drawn up in accordance with IFRS as adopted by the European Union on December 31, 2021.

The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (ANC – French Accounting Standards Authority) recommendation No. 2017-02 on IFRS summary statements. They comply with the international accounting standards as adopted by the European Union.

Information relating to risk management is included in the group's management report.

Since January 1, 2021, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 16 – Lease concessions

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the COVID-19 health crisis.

It is possible for a lessee to exempt itself from a lease amendment analysis if the rent adjustments are a direct result of the COVID-19 pandemic, and the following conditions have been met:

- amended rents are materially identical to, or lower than, rents set by the initial lease;
- the reduction in lease payments only applies to payments due until June 30, 2022;
- there is no material change to the other terms and conditions of the contract.

Should the lessee opt for this exemption, rent concessions will generally be recognized in the same way as negative variable rents. They will be recognized in profit or loss over the period during which the event giving rise to the grant occurs, with a corresponding reduction in the debt.

Finally, the amendment has no direct impact on the valuation of the usage right of the lease concerned.

This amendment provides for the continuity of the methods compared to the initial amendment.

The Crédit Mutuel group is not impacted by these measures.

For any rent concessions granted as a lessor with respect to finance leases, the group applies the provisions of IFRS 9.

IFRIC decision of April 20, 2021 on the principles for allocating post-employment benefits to periods of service

It clarifies the methods for determining commitments relating to post-employment benefit plans, whose rights depend on seniority and are capped beyond a certain number of years of service, while being subject to the presence of the employee on the date of retirement.

For such a plan, the pension commitment will be constituted only for the period preceding the retirement age allowing the ceiling to be reached (or between the date of joining the company and the date of retirement if this period is less than the ceiling).

This ends the previous approach of spreading the cost of the benefit between the date of hire and the date of retirement of the employee.

For the Crédit Mutuel group, the main impact of the IFRIC decision was the recognition of an overfunded plan situation, resulting from the reduction in the commitments of certain retirement benefit plans borne by certain Crédit Mutuel groups.

At the Crédit Mutuel group level, the impact of retroactive application of the IFRIC decision is not material at January 1, 2020, December 31, 2020 and December 31, 2021. The group has therefore not restated the comparative fiscal years.

COVID-19 health crisis

The Crédit Mutuel group is fully mobilized to deal with the COVID-19 health crisis. As a credit institution, it is fully involved in providing close support to its customers, including professionals and companies, that could face difficulties, especially VSEs/SMEs.

State guaranteed loans (SGL)

The group is committed to the government's plan to support the economy. It offers state-guaranteed loans^[1] to support the cash flow of its business and corporate customers.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the state guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first twelve months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "postponement of one additional year" to start repaying the capital.

The Crédit Mutuel group believes that this deferred amortization measure falls within the legal framework of the SGL (*i.e.* adjustment of the contractual schedule, with a first annual repayment term). This "deferral" does not represent, taken in isolation, an indicator of a deterioration in credit risk or the probable default of the borrower (*i.e.* unlikely to pay).

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value. At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact is not material at the reporting date.

[1] The main characteristics of state-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting state guarantees to credit institutions and financing companies and to the lenders mentioned in Article L.548-1 of the French Monetary and Financial Code.

At December 31, 2021, state guaranteed-loans issued by the group amounted to €15.2 billion, guaranteed to the tune of €13.6 billion. Outstandings downgraded to status 3 totaled €806 million.

The valuation of the expected credit losses for these loans takes into account the effect of the state guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. As of December 31, 2021, the impairment amounted to €137 million.

Credit risk

As part of the provisioning of performing loans, the Crédit Mutuel group takes into account the unprecedented and brutal nature of the COVID-19 crisis in the macroeconomic environment.

It provides for a prolonged crisis scenario, in line with the fifth wave, with a more pronounced impact for companies belonging to identified business lines.

Starting in the first half of 2020, the group adapted its early detection and credit risk measurement system and updated its parameters to take into account the uncertainties of the health crisis offset by state support measures. This methodological approach was maintained in the preparation of the 2021 financial statements.

As a reminder, the changes in the expected credit loss impairment model were broken down into four areas:

- **Overweight of the pessimistic scenario:** Since June 2020, the weighting of the pessimistic scenario has been increased in line with the macroeconomic projections of the Banque de France, to calibrate the probabilities of forward looking defaults on all portfolios using the internal rating method. As of December 31, 2021, the unfavorable scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weights unchanged from December 31, 2020).
- **Hardening of the pessimistic scenario on individuals and sole traders:** The pessimistic scenario has been tightened on individuals and sole traders, resulting in a recalibration of the related probability of default.
- **Sector adjustment:** An additional provision has been made since 2020 to anticipate the increase in claims in the segments considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, automotive and aeronautics excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transportation, air transport). It was compiled in accordance with a group methodology defined at national level, which is based on a step-by-step analysis of credit risk deterioration.

Identification of vulnerable segments: All NACE codes (Statistical Classification of Economic Activities in the European Community) are being examined with regard to the impact of the pandemic on economic segments and government measures to support the economy. Based on this work, 59 segments were identified and divided into three groups according to the negative impact of future government restrictions. Exposures in vulnerable segments were fully transferred to stage 2. No changes were made in 2021 to the list of segments selected during the 2020 fiscal year.

Methodology for determining the sector adjustment: The segments thus selected are subject to specific monitoring in two ways:

- *an expert opinion component with the establishment of an ad hoc committee in charge of providing an economic vision of the segments of activity and proposing opinions motivating the identification or suppression of vulnerable segments;*

- *a quantitative component with monthly monitoring of internal indicators such as the rate of performing loans with arrears of more than 30 days out of the total performing loans. This makes it possible to define a minimum provisioning rate by group of segments at the national level, which may be adjusted at the discretion of an expert.*

Transfer to stage 2: Performing exposures to vulnerable segments are fully transferred to stage 2.

- **Additional credit risk deterioration criterion for loans with a second maturity extension:** The group enhanced its criteria for monitoring deterioration in credit risk for loans that have been extended for a second time, even though the first has not been repaid. The implementation of such a criterion led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to status 2 or a lower valuation of already downgraded loans).

Sensitivity analysis: the group conducted a sensitivity test of the cost of risk (including sector adjustment) by considering an increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and 5 points for the entities in standard model.

Recovery equity loan program

The Crédit Mutuel group committed to Recovery equity loan (PPR) program, whose objective is to allow SMEs and ETIs to benefit from financing comparable to equity equivalents.

Against this backdrop, the group will distribute PPRs (which meet the strict eligibility criteria defined by the Stock market mechanism) across its banking network. They represent fixed-rate eight-year loans with four-year grace periods to repay the principal and an early repayment option that can be exercised as of the fourth year.

The group will dispose of 90% of the PPRs granted to a market fund (called the PPR fund) and will keep the remaining 10% on its balance sheet.

The PPR fund is structured so that there will be no compartments recorded in its liabilities. The securities issued by the fund will have a compensation representative of all the disposed PPRs (principal and interest) after the recognition of the state guarantee of up to 30%.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, the 10% share of the PPRs are accounted for at amortized cost using the interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

PPR's balance sheet outstandings were not material at the end of the fiscal year.

The mechanism for the sale of PPRs, up to 90%, and the market mechanism are defined in accordance with the criteria of IFRS 9 "derecognition".

Through its insurance entities, the group aims to invest in securities issued by the PPR fund.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.

In Europe, it is expressed by the "BMR" Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. The existing indices were used until December 31, 2021 and for some LIBOR terms (USD LIBOR) possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €ster since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a “regulatory” switch unlike CHF LIBOR or EONIA.

In this context, the group believes that uncertainties remain on the USD LIBOR and GBP rates for existing contracts not yet amended on the off-market perimeters.

With regard to contracts in inventory, the group continued its work on the transition to replacement rates.

In Capital Markets, fallback clauses have been included in over-the-counter derivatives, repurchase agreements and loans *via* adherence to the ISDA protocol (effective since January 25, 2021) or thanks to the updating of the clearing houses’ rules books for cleared derivatives. They have been activated for cleared derivatives as of October 2021, and will be activated for ISDA contracts no later than the final cessation of index listing.

As of 2021, a “technical amendment relating to benchmark events” in the FBF agreements with corporate customers or bank counterparties has been incorporated in order to ensure the compliance of unmatured rate transactions entered into prior to February 2020.

The group has also updated contracts through bilateral negotiations between parties or by updating the sales conditions (*i.e.* change in the reference rate by amendment).

In particular, in the Retail Banking and large corporates segments, the switch to the new replacement indices according to market standards for in-stock contracts has been made. The impact of the transition of these contracts is not considered significant.

Lastly, as of the reporting date, the group’s interest rate risk management strategy has not been impacted, as transactions processed on the new indices represent exposures considered as marginal.

On accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

Exposures that are not due as of December 31, 2021 and that will be subject to changes related to the IBOR reform are disclosed within the risk management information. Exposures to EONIA and GBP-LIBOR indexed derivatives cleared or in the form of ISDA contracts will be transferred to the replacement indices from the beginning of January 2022.

Exposures not due as of December 31, 2021 and subject to changes related to the IBOR reform are shown below:

<i>(in € millions)</i>	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
EONIA	304	682	187	19
EURIBOR	12,227	4,242	16,155	5,248
GBP – LIBOR	47	5	0	0
USD – LIBOR	184	683	0	0

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches. The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses.

Some target parameters have been “recalibrated”^[1]:

- banks' borrowing capacity has been increased to 55% of eligible outstandings as of March 2021 (compared to 50% previously);
- it is possible to make early repayments on a quarterly basis for the first seven TLTRO III tranches, one year after each transaction is launched, and the last three as of June 2022;
- the favorable rate conditions were extended in the event the performance objectives are met for an additional period. The TLTRO III interest rate is thus reduced by 50 bps (*i.e.* “over-subsidy”) over the “special” period from June 2020 to June 2022 (compared to June 2021 initially)^[2].

The group participated in the TLTRO III refinancing operations for an amount of €43.0 billion. These represent variable rate financial instruments recognized at amortized cost.

The group achieved the credit performance growth targets set by the ECB over all the program's reference periods. Consequently, the effective interest rate of the TLTRO financing operations is calculated on the basis of the cash deposit rate with the ECB (“DFR rate”) and takes into account the spreading of the 0.50% over-subsidy over the “special” interest period.

The Crédit Mutuel group continued its analysis of the possible impact of the IFRIC 2021 provisional decision on the accounting treatment of TLTRO III transactions. This will be discussed at the next IFRS IC meeting in February 2022.

1. Scope and methods of consolidation

1.1 Consolidating entity

At December 31, 2021, Crédit Mutuel Alliance Fédérale comprised 13 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Antilles-Guyane and Massif Central.

Crédit Mutuel Alliance Fédérale is a mutualist group belonging to a central body, within the meaning of Articles L.511-30 *et seq.* of the French Monetary and Financial Code. Crédit Mutuel's local banks, which are fully owned by the members, form the basis of the group, according to a “reverse pyramid” capital control structure.

In order to show the community of interest of our members in consolidation as accurately as possible, the “consolidating” entity is defined in such a way as to reflect the common bonds of operation, financial solidarity and governance.

To this end, the “consolidating entity” at the head of the group is made up of the companies placed under the same collective accreditation to carry out banking activity, issued by the *Autorité de contrôle prudentiel et de résolution* [ACPR – French Prudential Supervisory and Resolution Authority].

As such, the “consolidating” entity is made up of the following federations:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), Fédération du Crédit Mutuel du Sud-Est (FCMSE), Fédération du Crédit Mutuel Île-de-France (FCMIDF), Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), Fédération du Crédit Mutuel Midi-Atlantique (FCMMA), Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (FCMLACO), Fédération du Crédit Mutuel du Centre (FCMC), Fédération du Crédit Mutuel de Normandie (FCMN), Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV), Fédération du Crédit Mutuel Méditerranéen (FCMM), Fédération du Crédit Mutuel d'Anjou (FCMA), Fédération du Crédit Mutuel Antilles-Guyanes (FCMAG) and Fédération du Crédit Mutuel Massif Central (FCMMC). These political bodies of the groups determine the main strategic orientations, decide on their strategy and organize the representation of the banks;
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Île-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest (CRCMLACO), Caisse Régionale du Crédit Mutuel du Centre (CRCMC), Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV), Caisse Régionale du Crédit Mutuel Méditerranéen (CRCMM), Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA), Caisse Régionale du Crédit Mutuel Antilles-Guyanes (CRCMAG) and Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC). CF de CM, which is at the service of the local banks, is responsible for joint services across the network, ensures its smooth running and supports the group's logistics. It centralizes all the banks' deposits and in parallel ensures their refinancing, while fulfilling regulatory requirements on their behalf (compulsory reserves, allocated deposits, deposits at Caisse Centrale du Crédit Mutuel, etc.);
- The Crédit Mutuel banks that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM, FCMA, FCMAG and FCMMC: these form the basis of the group's banking network.

1.2 Consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% on the consolidated or sub-consolidated equivalent (in case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development afford it the status of strategic investment.

[1] Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations [ECB/2021/3 published in the OJEU on February 3, 2021].

[2] Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations [ECB/2020/25].

The consolidation scope comprises:

- **exclusively-controlled entities:** control is deemed to exist when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated;
- **entities under joint control:** joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:
 - a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity,
 - a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

- **entities over which the group has significant influence:** these are entities that are not controlled by the “consolidating” entity, which may, however, participate in these entities’ financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the interests of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group’s share for the excess amount.

1.5 Reporting date

The reporting date for all of the group’s consolidated companies is December 31.

1.6 Elimination of intercompany transactions and balances

Intercompany transactions and balances, as well as gains or losses on intercompany sales that have a material impact on the consolidated financial statements, are eliminated.

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under “Cumulative translation adjustments”. The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the fiscal year. The resulting translation differences are recorded under “Cumulative translation adjustments”. On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

1.8 Goodwill

1.8.1 Fair value adjustments

On the date of acquisition of a controlling interest in a new entity, said entity’s assets, liabilities and contingent operating liabilities are measured at fair value as at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3R, at the date of acquisition of a controlling interest in a new entity, said entity’s identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value as at the acquisition date, with the exception of non-current assets classified as assets held for sale (IFRS 5), which are recognized either at the fair value net of selling costs or their net carrying amount, whichever is the lowest. Goodwill corresponds to the sum of the consideration transferred and non-controlling interests, less the net amount recognized (generally at fair value) as identifiable assets acquired and liabilities assumed. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under “Changes in value of goodwill”.

If the group’s stake in an entity it already controls, increases/decreases, the difference between the share acquisition cost/selling price and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the balance sheet for fully consolidated companies and within the item “Investments in companies accounted for under the equity method” when the entities are consolidated using this method.

Goodwill not including direct costs related to acquisitions according to IFRS 3R is recognized in profit/loss.

Goodwill is tested for impairment regularly by the group (at least once a year). The tests are designed to identify whether the goodwill has suffered a decline in value. Goodwill from a business combination is allocated to cash generating units (CGUs) or groups of CGUs likely to benefit from the synergies generated by the business combination. The recoverable amount from a CGU or group of CGUs is the value in use or the fair value less selling costs, whichever is the highest. The value in use is measured in relation to estimated future cash flows, discounted at the interest rate that reflects the current market evaluation of the time value of money and specific risks to the asset of the CGU. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This depreciation – which is recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

When goodwill concerns a related company or a joint venture, it is included in the carrying amount of the value of consolidation using the equity method. In this event, it is not subject to impairment testing apart from the value of consolidation using the equity method. When the recoverable amount of this (namely the higher of the values between the value in use and the fair value less selling costs) is less than its carrying amount, a loss in value is recognized and not allocated to a specific asset. Any reversal of this impairment loss is recognized to the extent that the recoverable amount of consolidation using the equity method increases at a later date.

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

2.1.1 Classification and measurement of financial instruments

Under IFRS 9, the classification and measurement of financial instruments depend on the business model and contractual terms of the financial instruments.

2.1.1.1 Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a “basic” contract, see the section below “Characteristics of cash flows” (hold to collect model);
- at fair value through equity if the instrument is held with a view to collecting contractual cash flows and selling it when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows (“hold to collect and sell” model);
- at fair value through profit or loss:
 - if it is not eligible for the two aforementioned categories (as it does not meet the “basic” criterion and/or is managed in accordance with the “other” business model), or
 - if the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a “basic” contract.

In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI (Solely Payments of Principal and Interest) criterion of contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

The compensation for early^[1] repayment is deemed reasonable if, for example:

- it is expressed as a percentage of the principal repaid and is below 10% of the nominal amount repaid; or
- it is determined according to a formula aimed at compensating the difference in the benchmark interest rate between the date on which the loan was granted and its early repayment date.

The analysis of contractual cash flows may also require their comparison with those of a reference instrument when the time value of money included in the interest is likely to change due to the contractual clauses of the instrument. Such is the case, for example, if the interest rate of the financial instrument is revised periodically, but the frequency of such revisions is unrelated to the period for which the interest rate was established (e.g. monthly revision of an annual interest rate), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered as 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 range of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

Moreover, a specific analysis is conducted in the case of securitization where there is priority of payment among holders and credit risk concentrations in the form of tranches. In that case, the analysis requires the examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches in relation to the credit risk of the underlying financial instruments.

Note that:

- embedded derivatives in financial assets are no longer recognized separately, which means that the entire hybrid instrument is then considered as non-basic and recognized at fair value through profit or loss;

[1] The group has made early application of the amendment to IFRS 9 on the clauses on early repayment specifying negative compensation, adopted by the EU in March 2018.

- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

The business model represents the way in which the instruments are managed to generate cash flows and revenues. 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 on a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at initial recognition and may be reassessed in the event of a change in model (exceptional cases).

To determine the business model, it is necessary to consider all available information, including the following:

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

For the "hold-to-collect" business model, certain examples of authorized sales are explicitly set out in the standard:

- in response to an increase in credit risk;
- close to maturity and for an amount near the par amount;
- exceptional (e.g. linked to a liquidity stress).

Such "authorized" sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. 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, for example 2% for an average maturity of 8 years (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 the sale of these assets, as well as a model for other financial assets, in particular financial assets held for trading.

Within the group, the "hold-to-collect-and-sell" model applies primarily to proprietary cash management and liquidity portfolio management activities.

Financial assets held for trading consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;
- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized at the settlement date.

The income received is shown in the income statement under "Interest and similar income".

Commissions received or paid, which are directly linked to the arrangement of a loan and are treated as a component of interest, are spread over the term of the loan using the effective interest rate method and are recorded in the income statement under "Interest".

Commissions received in connection with the commercial renegotiation of loans are also spread over the term of the loan.

The restructuring of a loan following financial difficulties by the debtor leads to novation of the contract. Following the definition of this concept by the European Banking Authority, the group included it in the information systems in order to harmonize the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the basis of determination of contractual cash flows result of the IBOR reform and are carried out on an equivalent economic basis. Depending on the latter, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

Financial assets at fair value through equity

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are transferred to the income statement only in the event of their disposal or impairment [see Section “2.1.7 Derecognition of financial assets and liabilities” and “2.1.8 Measurement of credit risk”].

Income accrued or received is recognized in profit or loss under “Interest and similar income”, using the effective interest method.

Financial assets at fair value through profit or loss

These are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal [see Section “2.1.7 Derecognition of financial assets and liabilities”]. Changes in fair value are taken to the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Since the 2018 fiscal year income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”. This change was made for the sake of consistency with the regulatory reports sent to the ECB as part of the Short Term Exercise (STE), and for more clarity on the interest received and paid.

In 2019, in order to better reflect the interest income and expenses of the transaction instruments, the group also revised the recognition and presentation scheme in the net banking income of the interest income and expenses of some of these financial instruments at fair value through profit or loss and notably proceeded with the following restatements: (i) recording of interest as overall offsets on the lending and borrowing legs of transaction swaps, and (ii) reclassification of interest from hedging derivatives in the “Income and expenses from hedging derivatives” section.

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

2.1.1.2 Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.

Financial assets at fair value through equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold [see section “2.1.7 Derecognition of financial assets and liabilities”]. Only dividends received on variable-income securities are recognized in the income statement, under “Net gains/(losses) on

financial assets at fair value through equity”. Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

2.1.2.1 Financial liabilities measured at fair value through profit or loss

- those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
 - financial instruments containing one or more separable embedded derivatives,
 - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
 - instruments belonging to a pool of financial instruments measured and managed at fair value.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.2 Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO II and III refinancing securities etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

Subordinated debt is separated from other debt securities since, in the event of liquidation of the debtor’s assets, it is repaid only after claims by other creditors have been extinguished. Debt securities include the non-preferred senior debt instruments created by the Sapin 2 Act.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

Liabilities at amortized cost include mortgage saving accounts (CEL) and mortgage saving plans (PEL), which are government-regulated retail products sold in France to natural persons. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate two types of obligation for the distributing establishment:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate interest);

- an obligation to grant loans to customers under predetermined terms (both PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable, compared to the interest rates offered to retail customers on similar, but unregulated, products. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs and CELs. The impact on profit or loss is included in interest paid to customers.

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

Other financial instruments issued by the group are classified as debt instruments in the group's accounts when the group has a contractual obligation to deliver cash to holders of the instruments. Such is the case with subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date.

2.1.4.1 Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss".

2.1.4.2 Non-monetary financial assets and liabilities

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through equity.

2.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.

The group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

Moreover, the provisions of IAS 39 concerning the fair value hedge of the interest rate risk associated with a portfolio of financial assets or financial liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);

- their initial cost is low or nil;
- their settlement takes place at a future date.

The Crédit Mutuel group deals in simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recognized at fair value under financial assets or financial liabilities. They are recognized by default as trading instruments unless they can be classified as hedging instruments.

2.1.5.1 Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the counterparty risk itself present in the negative fair value of over-the-counter derivatives.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

2.1.5.2 Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

By default, all derivatives not designated as hedging instruments under IFRS are classified as "Financial assets or financial liabilities at fair value through profit or loss", even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition criteria of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract;
- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

For financial instruments under IFRS 9, only embedded derivatives relating to financial liabilities may be separated from the host contract to be recognized separately.

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

Hedge accounting

– Risks hedged

In its accounts, the group only recognizes interest rate risk through micro-hedging or on a broader scope through macro-hedging.

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.

Macro-hedging aims to cover all of the group’s assets and liabilities against any unfavorable changes, particularly in interest rates.

The overall management of the interest rate risk is described in the management report, along with the management of all other risks (foreign exchange, credit, etc.) that may be hedged through the natural backing of assets to liabilities or the recognition of trading derivatives.

Micro-hedging is particularly done through asset swaps, usually in the aim of transforming fixed-rate instruments into variable-rate instruments.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged:

- a fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities;
- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;
- the hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

Hedging derivatives must meet the criteria stipulated by IAS 39 to be designated as hedging instruments for accounting purposes. In particular:

- the hedging instrument and the hedged item must both qualify for hedge accounting;
- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets out the risk management objectives determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge;
- the effectiveness of the hedge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

– Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under “Net gains/(losses) on financial

instruments at fair value through profit or loss” symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under “Financial assets at fair value through equity”. Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the “counterparty risk” component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under “Interest income/(expense)”. The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to “Financial assets or financial liabilities at fair value through profit or loss” and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayment, the cumulative adjustments are recognized immediately in the income statement.

– Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-out) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.

Changes in the fair value of the hedged portfolios are recorded in the balance sheet under “Revaluation differences on interest-rate hedged portfolios”, the counterpart being an income statement line item.

– Cash flow hedges

In the case of a cash flow hedging relationship, derivatives are remeasured at fair value in the balance sheet, with the effective portion recognized in equity. The portion considered as ineffective is recognized in the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Amounts recognized in equity are reclassified to profit or loss under “Interest income/(expense)” at the same time as the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders' equity for the remeasurement of the hedging derivative are maintained in shareholders' equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.

If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before the substitution indices are defined, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- most notably after defining the substitution indices, update the description of the hedged risk and the documentation, without impacting the continuity of the hedging relationships. A temporary exception on the "separately identifiable" nature of a non-contractually specified hedged risk component. Such a risk component indexed to a replacement rate will be considered separately identifiable if it is reasonable for it to become identifiable within a period of 24 months after designation, in the context of the development of the replacement index markets.

2.1.6 Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating, index, etc.) or a non-financial variable (provided that this variable is not specific to one of the parties to the agreement) fall within the scope of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the requirements of IFRS 9.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully "derecognizes" a financial asset (or a group of similar assets) when the contractual rights to the asset's cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset's cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon "derecognition" of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through equity: the unrealized gains or losses previously recognized under equity are taken to the income statement, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

The group "derecognizes" a financial liability when the contractual obligation is extinguished, is canceled or expires. A financial liability may also be "derecognized" in the event of a material change in its contractual terms and conditions, or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

2.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an "expected loss" approach while that of IAS 39 was based on an "incurred credit losses", for which the accounting of credit losses at the time of the financial crisis was considered too little too late.

Under the IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

The IFRS 9 impairment model thus applies to all debt instruments measured at amortized cost or at fair value through equity, commitments and financial guarantees. These are divided into 3 categories:

- Status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Status 2 – downgraded performing loans: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3 – non-performing loans: category comprising the financial assets for which there is objective evidence of impairment related to an event that has occurred since the loan was granted.

For Statuses 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for Status 3, it is the net value after impairment.

2.1.8.1 Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group's top level and are applicable to all entities according to the portfolios involved. The entire methodological base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group's governance bodies.

These bodies consist of the Supervisory and Executive Board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group's decentralized organizational structure, the supervisory and Management body are divided into two levels – the national level and the regional level.

The principle of subsidiarity, applied across the Crédit Mutuel group, governs the breakdown of roles between national and regional levels, both on a project basis and for the ongoing implementation of the asset impairment calculation methodology.

At the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups.

At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.2 Definition of the boundary between Status 1 and Status 2

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (HDP) for which the default data is sufficient to establish a statistical rating model: mass corporate and retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 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 involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group's counterparties eligible for internal approaches are rated by the 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
- rating grids developed by experts (LDP).

The change in risk since initial recognition is measured on a contract-by-contract basis. Unlike Status 3, transferring a customer's

contract into Status 2 does not entail transferring all of the customer's outstanding loans or those of related parties (absence of contagion).

Note that the group immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities 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 LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default 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 Status 1.

Qualitative criteria

To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, 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.

2.1.8.3 Status 1 and Status 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding balance present discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD) ratio. The off-balance sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (one to ten year curve) is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating 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 based on a history dating back to 1981.

Loss given default

This is based:

- for high default portfolios, on the collection flows observed over a long period of time, discounted at the interest rates of the contracts, segmented according to types of products and types of guarantees;
- for low default portfolios, on fixed ratios (60% for sovereign and 40% for the rest).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating 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, or 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 (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. 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 dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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 large corporates/bank models, and not into local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

2.1.8.4 Status 3 – Non-performing loans

An impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

Since November 2019, the Crédit Mutuel group has applied new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds.

The main developments related to the implementation of this new definition are the following:

- the analysis of default is now done during daily processing at the level of the borrower and no longer at the level of the contract;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;

- the default is triggered after 90 consecutive days of arrears are ascertained on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The borrower arrear is reset when this is no longer the case for one of the thresholds;
- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The Crédit Mutuel group has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – Consists of submitting a self-assessment and request for authorization from the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – Consists of implementing the new definition of default within systems and then, where necessary, “recalibrating” models after a 12-month period of observing the new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (Status 3) and prudential default. This change represents a change in estimate, for which material impact is booked to profit (loss) during the period of the change.

2.1.8.5 Initially impaired financial assets

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into Status 3; otherwise, they are classified as performing loans, identified in an “originated credit-impaired assets” category and provisioned based on the same method used for exposures in Status 2, *i.e.* an expected loss over the residual maturity of the contract.

2.1.8.6 Recognition

Impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses”. Reversals of impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses” for the portion relating to the change in risk and in “Net interest” for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under “Provisions” (see Sections 2.1.6 “Financial guarantees and financing commitments” and 2.3.2 “Provisions”). For assets at fair value through equity, the impairment recognized in the cost of risk is offset under “Unrealized or deferred gains and losses”.

Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable willing parties in an arm's length transaction.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.1 Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm's length basis.

2.1.9.2 Instruments traded on a non-active market

Observable market data are used provided they reflect the reality of a transaction at arm's length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.3 Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: price quoted in active markets for identical assets or liabilities; notably, debt securities quoted by at least three contributors and derivatives quoted on an organized market are concerned;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* data derived from prices). Included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the Capital Markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in parameters would be immaterial.

2.2 Insurance

The insurance departments falling within the Conglomerate Directive benefit from the deferred application of IFRS 9 until 2022, as scheduled by the amendment to IFRS 4 adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an "IFRS audit" approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9. Thus, all the financial instruments of the insurance departments are grouped in assets under "Investments in insurance business and shares of reinsurers in technical provisions", and in liabilities under "Liabilities related to insurance business policies", also including technical provisions.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical provisions is included under "Net income from insurance activities". Other assets/liabilities and income statement items are included under the "banking insurance" joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a "derecognition" effect, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group's assets and liabilities.

2.2.1 Insurance – Financial instruments

Under IAS 39, insurers' financial instruments may be classified in one of the following categories:

- financial assets/liabilities at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity financial assets;
- loans and receivables;
- financial liabilities at amortized cost.

They are grouped in assets under "Investments in insurance business and shares of reinsurers in technical provisions", and in liabilities under "Liabilities related to insurance business policies".

The classification in one or other of these categories reflects the management intention and determines the recognition rules for instruments.

The fair value of these instruments follows the general principles outlined in section 3.1.9 "Determination of fair value of financial instruments".

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

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

– a) Instruments held for trading

Held-for-trading securities consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

– b) Instruments at fair value option

Financial instruments may be classified by choice, from the outset and on an irrevocable basis, at fair value through profit or loss in the following circumstances:

- a. financial instruments containing one or more separable embedded derivatives;
- b. instruments for which where the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument;
- c. instruments belonging to a pool of financial assets measured and managed at fair value.

This option is specifically used in connection with unit-linked contracts for insurance activities, to ensure consistency with the treatment of liabilities.

Basis of valuation and recognition of income and expenses

Assets classified as “Assets at fair value through profit or loss” are recognized when they are entered on the balance sheet at their fair value, and at subsequent closing dates, until disposal. Changes in fair value and the income received or accrued on these assets are recognized on the income statement under “Net income from insurance activities”.

2.2.1.2 Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as “loans and receivables”, or “financial assets held-to-maturity” or “fair value through profit or loss”.

Basis of valuation and recognition of income and expenses

They are recognized on the balance sheet at their fair value at the time of their acquisition, and at subsequent reporting dates, until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses in shareholders’ equity are only recognized on the income statement in the event of disposal or sustainable impairment. On disposal, these unrealized gains or losses previously recognized in shareholders’ equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in “Net income from insurance activities”, along with dividends received on variable-income securities.

Credit risk and impairment

– Sustainable impairment, specific to shares and other equity instruments

Impairment is recognized on variable-income available-for-sale financial assets in the event of a prolonged or significant fall in fair value, compared to cost.

In the case of variable-income securities, the group considers that a fall in the security’s value of at least 50% compared to its acquisition cost or over a period of more than 36 consecutive months shall result in an impairment. The analysis is carried out on a line-by-line basis. Judgment is also used when reviewing those securities that do not meet the above criteria, but for which Management believes the recoverability of the amount invested may not reasonably be expected in the near future. The loss is recognized in income under “Net income from insurance activities”.

Any subsequent fall is also recognized on the income statement.

Long-term impairment losses on shares or other equity instruments posted in income are irreversible as long as the instrument appears on the balance sheet. In the event of subsequent appreciation, this will be recognized in shareholders’ equity under “unrealized or deferred gains or losses”.

– Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under “Cost of risk”. In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders’ equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under “Cost of risk”, in case of improvement of the issuer’s credit situation.

2.2.1.3 Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the “available-for-sale financial assets” category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in “Net income from insurance activities” on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.4 Loans and receivables**Classification criteria**

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.5 Financial liabilities at amortized cost

These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under "technical provisions of insurance policies". They remain valued, recognized and consolidated according to French standards.

The technical provisions of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

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

Provisions for non-life insurance contracts correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance contracts benefiting from a discretionary profit-sharing clause are subject to "shadow accounting". The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical provisions is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 Non-financial instruments**2.3.1 Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Ownership may or may not eventually be transferred.

An operating lease is any lease that is not a finance lease.

2.3.1.1 Finance lease transactions – Lessor

In accordance with IFRS 16, finance lease transactions with non-group companies are reported in the consolidated balance sheet at their financial accounting amount. Finance lease transactions transfer substantially all the risks and rewards incidental to ownership of the leased asset to lessees.

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in "Financial assets at amortized cost", for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 (see Section "2.1.8. Measurement of credit risk").

2.3.1.2 Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in "other liabilities". Lease payments are broken down between interest expense and repayment of principal.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- employee obligations;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under "Provisions". Any movements in this provision are recognized in the income statement under "Employee benefit expense" except for the portion resulting from actuarial gains and losses, which is recognized in unrealized or deferred gains and losses, under equity.

2.3.3.1 Post-employment benefits under a defined benefit plan

These comprise the pension plans, early pension plans, and supplementary pension plans under which the group has a formal or implicit obligation to provide employees with predefined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the salary increase rate, assessed according to age group, manager/non-manager position and regional characteristics;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations and dismissals relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets are actuarial gains and losses.

Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit [loss] for the period.

2.3.3.2 Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.

Since such plans do not represent a commitment for the group, they are not subject to a provision. The charges are recognized in the period in which the contribution must be paid.

2.3.3.3 Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long-service awards.

The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Commitments in respect of long-service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.4 Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.

The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.5 Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.

A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

2.3.4 Non-current assets

2.3.4.1 Non-current assets of which the group is owner

Non-current assets reported on the balance sheet include property, plant and equipment and intangible assets used in operations, as well as investment property. Operating assets are used for the production of services or for administrative purposes. Investment property consists of real estate assets held to generate rental income and/or capital gains. The historical cost method is used to recognize both operating and investment properties.

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable. They are subsequently measured at amortized historical cost, *i.e.* their cost less accumulated depreciation and any impairment.

When a non-current asset comprises several components likely to be replaced at regular intervals, with different uses or providing economic benefits over differing lengths of time, each component is recognized separately from the outset and is depreciated or amortized in accordance with its own depreciation schedule. The component approach was retained for operating buildings and investment properties.

The depreciable or amortizable amount of a non-current asset is determined after deducting its residual value, net of disposal costs. As the useful life of non-current assets is generally equal to their expected economic life, no residual value is recognized.

Non-current assets are depreciated or amortized over their estimated useful life at rates reflecting the estimated consumption of the assets' economic benefits by the entity. Intangible assets with an indefinite useful life are not amortized.

Depreciation and amortization charges on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

Property, plant and equipment

- land and network improvements: 15-30 years;
- buildings – shell: 20-80 years (depending on type of building);
- buildings – equipment: 10-40 years;
- fixtures and fittings: 5-15 years;
- office furniture and equipment: 5-10 years;
- safety equipment: 3-10 years;
- rolling stock: 3-5 years;
- IT equipment: 3-5 years.

Intangible assets

- software purchased or developed in-house: 1-10 years;
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-amortizable non-current assets such as lease rights are tested for impairment once a year.

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if no impairment had been recognized.

Impairment charges and reversals on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Impairment charges and reversals on investment property are recognized in the income statement under "Expenses on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities".

2.3.4.2 Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term;
- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement.

The group mainly activates its real estate contracts. The automotive fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, was deemed to be activated.

Other underlying assets were precluded through short-term or low value exemptions (set at €5k). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded as "Property, plant and equipment", and lease obligations as "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they concern contracts that are not automatically renewable. Rights of use and lease obligations are the subject of deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

On the income statement, interest charges appear in "Interest margin" while depreciation/amortization is presented under the heading dedicated to general operating expenses.

For calculating the lease obligation, we use:

- the lease term. This represents at least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract^[1]. For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;

[1] Regional groups that directly manage the leases.

- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters and by currency;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, fees considered as an additional interest are an integral part of the effective interest rate. These fees and commissions are thus recognized either as interest income or expense.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.

Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.

The income tax payable is determined in accordance with applicable tax regulations.

2.3.6.1 Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or an expense, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.

Deferred tax is not discounted.

2.3.6.2 Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.

In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at

reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.

The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

Any impairment loss on such assets and liabilities is recognized in the income statement.

Discontinued operations consist of businesses held for sale or which have been discontinued, or subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/(loss) on discontinued operations and assets held for sale".

2.4 Judgments and estimates used in the preparation of the financial statement

Preparation of the group's financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future particularly in the context of the COVID-19 pandemic.

The future outcome of such assumptions may be influenced by several factors, in particular:

- the activities of national and international markets;
- fluctuations in interest rates and foreign exchange rates;
- economic and political conditions in certain business sectors or countries;
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are mainly used for the measurement of the following:

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- pension plans and other future employee benefits;
- impairment of assets, in particular expected credit losses;
- provisions;
- impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and companies accounted for by the equity method.

Transactions carried out between the group and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the period between the group's fully consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

4. Standards and interpretations adopted by the European Union and not yet applied

IFRS 17 – Insurance Contracts

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance contracts and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for deferral (as GCM did) was also covered by an amendment by the IASB for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements of granularity of reserve calculations and grouping of policies by year of subscription (annual cohorts), despite an incompatibility with the principle of intergenerational pooling of returns on financial assets for participating life insurance policies.

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The scope of the policy portfolios to which the entity applies the exemption should be disclosed in the appendix.

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature.

It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.

The first step is to identify portfolios of insurance policies (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:

- onerous contracts upon initial recognition;
- policies that do not have a significant possibility of becoming loss-making when initially recorded;
- and the other policies in the portfolio.

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:

- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the unearned profit for a group of insurance policies. It will be recognized by the entity as it provides services under the insurance policies. This margin cannot be negative; any negative cash flow at the beginning of the contract is recognized immediately in profit or loss.

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the "Variable Fee" approach. They are defined as insurance policies for which:

- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity's share of the fair value of the underlying assets (similar to the policyholder's income).

Finally, the standard offers the possibility of opting for a simplified approach, known as the "Premium Allocation Approach", when:

- the period of coverage of the insurance policies does not exceed one year; or
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general building block approach.

IFRS 17 must be applied retrospectively unless this is impracticable, in which case two options are available:

- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The group's Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:

- mapping of insurance policies according to the granularity required by the standard (grouping of policies of similar risk and managed together, with a comparable level of profitability, issued within one year of each other);

- definition of the methodology for actuarial calculations of insurance policy provisions and its implementation in the IT systems;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- adaptation of financial communication at the level of the related conglomerate.

Amendments to IFRS 3 –

Reference to the conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version).

It introduces an exception so as not to create discrepancies with the current consequences in terms of the recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination.

Amendments to IAS 37 – Cost of fulfilling a contract

It clarifies the concept of “unavoidable costs” used to define an onerous contract.

Unavoidable costs include costs directly related to the contract. They include both incremental costs and an allocation of other costs directly related to the fulfillment of the contract.

It applies to contracts for which the group would not have met its obligations on January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

Prohibits deducting from the cost of an item of property, plant or equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The proceeds from selling such items must be recognized immediately in profit or loss. The cost of such items must be measured in accordance with IAS 2, Inventories.

Improvements to IFRS – 2018-2020 cycle

Amendments mainly modify the following standards:

- IFRS 9 – Financial instruments: specifies the fees and costs to be included in the 10% test for “derecognition” of financial liabilities. These only include fees and costs paid, or received, by borrowers and lenders, including those paid, or received, on behalf of others;
- IFRS 16 – Leases: amends illustrative example 13 to avoid any confusion regarding the treatment of benefits received by lessors.

5. Standards and interpretations not yet adopted by the European Union

Amendments to IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on “significant” accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably expect them to influence the decisions of the financial statements’ main users.

Amendments to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The repercussions of this amendment are currently being assessed.

Amendments to IAS 16 – Rent concessions

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the COVID-19 health crisis. This amendment provides for the continuity of the methods compared to the initial amendment.

The Crédit Mutuel group is not impacted by these measures.

The group applies the provisions of IFRS 9 for any rent concessions granted as lessor with respect to leases.

Note 2 Analysis of the balance sheet and income statement by business segment and geographic area

The businesses are as follows:

- Retail banking comprises the local banks of Crédit Mutuel Alliance Fédérale network, CIC's regional banks, TARGOBANK in Germany and Spain, Cofidis and all specialized businesses whose products are marketed by the network: real estate and equipment leasing, factoring, collective management, employee savings, real estate;
- Insurance is composed of Groupe des Assurances du Crédit Mutuel;
- the financing and market activities are composed of:
 - a) the financing of large companies and institutional customers, specialized financing, international business and foreign branches,
 - b) Capital Markets, which are composed of investments in interest rate, currency and equities activities, including stock market brokering;

- private banking brings together companies whose main business occurs in France and abroad;
- private equity consists of proprietary trading and financial engineering services;
- the holding structure brings together those items that cannot be assigned to another business (holding company) as well as the press and logistics structures: intermediary holdings, non-controlling interests, operating real estate hosted in specific entities, press and IT entities.

Consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements. Only two entities are an exception, CIC and BFCM because of their presence in several businesses. In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business segments to which they contribute.

2a Balance sheet breakdown by business

12/31/2021	Retail banking	Insurance	Financing and markets	Private banking	Private Equity	Logistics and Holding company services	Total
ASSETS							
Cash, central banks	7,870	-	3,324	5,900	0	104,086	121,181
Financial assets at fair value through profit or loss	405	-	16,391	295	3,323	1,942	22,356
Hedging derivatives	23	-	360	3	0	907	1,293
Financial assets at amortized cost including:	452,318	-	25,318	20,091	65	11,623	509,413
■ Loans and receivables due from credit institutions and similar at amortized cost	45,234	-	3,639	1,061	3	10,977	60,915
■ Loans and receivables due from customers at amortized cost	406,799	-	20,211	17,171	1	642	444,824
Financial assets at fair value through equity	451	-	13,762	83	-	17,800	32,095
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	135,552	-	-	-	0	135,552
Investments in equity consolidated companies	7	16	-	-	-	511	533
LIABILITIES							
Central banks	37	-	3	0	-	565	605
Financial liabilities at fair value through profit or loss	1	-	11,847	89	-	144	12,080
Hedging derivatives - Liabilities	30	-	912	51	-	880	1,874
Liabilities to cred. inst.	0	-	71,755	-	-	-	71,755
Due to customers	374,471	-	16,094	27,863	1	6,768	425,197
Debt securities	20,232	-	19,469	29	-	81,386	121,116

CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Notes to the consolidated financial statements of Crédit Mutuel Alliance Fédérale

12/31/2020	Retail banking	Insurance	Financing and markets	Private banking	Private Equity	Logistics and Holding company services	Total
ASSETS							
Cash, central banks	6,573	-	1,204	3,748	0	88,050	99,575
Financial assets at fair value through profit or loss	397	-	22,305	161	3,061	1,881	27,804
Hedging derivatives	7	-	675	8	0	1,298	1,988
Financial assets at amortized cost including:	425,490	-	24,234	18,400	53	10,509	478,687
■ Loans and receivables due from credit institutions and similar at amortized cost	42,317	-	3,062	807	6	10,087	56,278
■ Loans and receivables due from customers at amortized cost	382,891	-	20,399	15,703	2	419	419,413
Financial assets at fair value through equity	410	-	12,526	84	-	20,673	33,694
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	131,056	-	-	-	0	131,056
Investments in equity consolidated companies	92	15	-	-	-	530	637
LIABILITIES							
Central banks	1	-	-	0	-	574	575
Financial liabilities at fair value through profit or loss	2	-	14,876	195	-	189	15,263
Hedging derivatives – Liabilities	26	-	1,200	80	-	779	2,084
Liabilities to cred. inst.	-	-	40,294	-	-	-	40,294
Due to customers	356,273	-	19,370	24,861	-	8,397	408,901
Debt securities	19,577	-	19,421	24	-	87,982	127,004

2b Breakdown of the income statement by business line

12/31/2021	Retail banking	Insurance	Financing and markets	Private banking	Private Equity	Publishing, Logistics and Holding company services	Inter- activities	Total
Net banking income	11,014	1,915	809	677	518	2,010	-1,020	15,923
General operating expenses	-6,806	-670	-367	-434	-77	-1,803	1,020	-9,136
Gross operating income	4,208	1,245	442	244	442	207	0	6,787
Cost of counterparty risk	-705	0	35	-8	-21	0	0	-699
Net gains/(losses) on disposals of other assets ⁽¹⁾	-5	-2	0	0	0	-859	0	-866
Profit/(loss) before tax	3,499	1,243	477	235	420	-653	0	5,222
Income tax	-1,089	-358	-111	-46	-4	-95	0	-1,703
Post-tax gains and losses on discontinued assets	9	-	-	-	-	-	-	9
Net profit/(loss)	2,418	884	367	190	416	-748	0	3,527
Non-controlling interests	-	-	-	-	-	-	-	284
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	-	-	-	3,243

(1) Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).

12/31/2020	Retail banking	Insurance	Financing and markets	Private banking	Private Equity	Publishing, Logistics and Holding company services	Inter- activities	Total
Net banking income	10,543	1,457	700	626	190	1,618	-897	14,238
General operating expenses	-6,487	-629	-347	-413	-65	-1,824	897	-8,867
Gross operating income	4,056	829	353	213	126	-206	0	5,371
Cost of counterparty risk	-2,070	-	-273	-32	-1	-	-1	-2,377
Net gains/(losses) on disposals of other assets ⁽¹⁾	-2	1	4	-	0	567	-	570
Profit/(loss) before tax	1,984	829	84	181	125	361	-1	3,563
Income tax	-718	-286	-11	-39	3	83	-	-968
Post-tax gains and losses on discontinued assets	-	-	-	-	-	-	-	0
Net profit/(loss)	1,266	543	74	142	128	444	-1	2,595
Non-controlling interests	-	-	-	-	-	-	-	306
NET PROFIT ATTRIBUTABLE TO THE GROUP	-	-	-	-	-	-	-	2,289

(1) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

2c Balance sheet breakdown by geographic area

	12/31/2021				12/31/2020			
	France	Europe outside France	Others countries ⁽¹⁾	Total	France	Europe outside France	Others countries ⁽¹⁾	Total
ASSETS								
Cash, central banks	104,883	12,975	3,323	121,181	88,869	9,502	1,204	99,575
Financial assets at fair value through profit or loss	20,788	507	1,061	22,356	24,183	308	3,313	27,804
Hedging derivatives	1,282	4	6	1,293	1,973	8	6	1,988
Financial assets at amortized cost	445,503	54,240	9,671	509,414	419,887	49,997	8,804	478,687
<i>of which loans and receivables due from credit institutions</i>	57,093	1,359	2,463	60,915	53,283	1,084	1,912	56,278
<i>of which loans and receivables due from customers</i>	387,108	50,509	7,208	444,825	365,956	46,565	6,892	419,413
Financial assets at fair value through equity	24,876	277	6,943	32,095	26,537	284	6,873	33,694
Investments in the insurance business line and reinsurers' share of technical provisions	132,295	3,257	0	135,552	127,576	3,480	0	131,056
Investment in associates	396	11	125	533	517	3	117	637
LIABILITIES								
Central banks	601	1	3	605	574	1	0	575
Financial liabilities at fair value through profit or loss	11,234	214	632	12,080	14,132	197	934	15,263
Hedging derivatives	1,830	43	1	1,874	1,988	80	16	2,084
Liabilities to cred. inst.	55,346	8,437	7,971	71,755	26,441	7,528	6,325	40,294
Due to customers	367,570	55,275	2,352	425,197	355,792	51,156	1,953	408,901
Debt securities	108,301	4,148	8,667	121,116	114,708	2,544	9,752	127,004

(1) United States, Canada, Singapore, Hong Kong, and Tunisia.

2d Breakdown of income statement items by geographic area

	12/31/2021				12/31/2020			
	France	Europe outside France	Others countries ⁽¹⁾	Total	France	Europe outside France	Others countries ⁽¹⁾	Total
Net banking income ⁽²⁾	12,562	3,156	204	15,923	10,910	3,124	204	14,238
General operating expenses	-7,206	-1,838	-93	-9,136	-7,028	-1,742	-97	-8,867
Gross operating income	5,357	1,319	111	6,787	3,882	1,382	107	5,371
Cost of counterparty risk	-264	-440	5	-699	-1,609	-731	-37	-2,377
Net gains/(losses) on disposals of other assets ⁽³⁾	-879	2	11	-866	556	-2	15	570
Profit/(loss) before tax	4,214	881	127	5,222	2,829	649	86	3,563
Total net profit/(loss)	2,790	624	113	3,527	2,075	444	76	2,595
NET PROFIT ATTRIBUTABLE TO THE GROUP	2,537	596	111	3,243	1,793	422	75	2,289

(1) United States, Canada, Singapore, Hong Kong, Tunisia.

(2) 22.5% of NBI (excluding Logistics and Holding) was generated abroad in 2021 (compared to 24.6% of NBI in 2020).

(3) including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the scope of consolidation

In line with the opinion of the French Banking Commission, the group's parent company is made up of the companies included within the scope of globalization. The entities that make it up are:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE);
- Fédération du Crédit Mutuel du Sud-Est (FCMSE);
- Fédération du Crédit Mutuel d'Île-de-France (FCMIDF);
- Fédération du Crédit Mutuel de Savoie-Mont Blanc (FCMSMB);
- Fédération du Crédit Mutuel Midi-Atlantique (FCMMA);
- Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (FCMLACO);
- Fédération du Crédit Mutuel Centre (FCMC);
- Fédération du Crédit Mutuel Dauphiné-Vivaraïis (FCMDV);
- Fédération du Crédit Mutuel Méditerranéen (FCMM);
- Fédération du Crédit Mutuel Normandie (FCMN);
- Fédération du Crédit Mutuel Anjou (FCMA);
- Fédération du Crédit Mutuel Massif Central (FCMMC);
- Fédération du Crédit Mutuel Antilles-Guyane (FCMAG);
- Caisse Fédérale de Crédit Mutuel (CF de CM);
- Caisse Régionale du Crédit Mutuel Sud-Est (CRCMSE);
- Caisse Régionale du Crédit Mutuel Île-de-France (CRCMIDF);
- Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CRCMSMB);
- Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA);
- Caisse Régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest (CRCMLACO);
- Caisse Régionale du Crédit Mutuel Centre (CRCMC);
- Caisse Régionale du Crédit Mutuel Dauphiné-Vivaraïis (CRCMDV);
- Caisse Régionale du Crédit Mutuel Méditerranéen (CRCMM);
- Caisse Régionale du Crédit Mutuel Normandie (CRCMN);
- Caisse Régionale du Crédit Mutuel Anjou (CRMA);
- Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC);
- Caisse Régionale du Crédit Mutuel Antilles-Guyane (CRCMAG);
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Centre Est Europe;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Sud-Est;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Île-de-France;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel de Savoie-Mont Blanc;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Midi-Atlantique;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Centre;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Dauphiné-Vivaraïis;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Méditerranéen;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Normandie;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Anjou;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Massif Central;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Antilles-Guyane.

Since December 31, 2020, the changes in the scope of consolidation are as follows:

- new scopes: AGIR, Est Info TV, Ebra Productions, FCT Factofrance, Protection 24, Les Éditions du Quotidien;
- merger: BECM Monaco absorbed by CIC Lyonnaise de Banque Monaco, Targo Technology GmbH Singapore closed and absorbed by Targo Technology GmbH, Société Presse Investissement (SPI) merged into SIM, Groupe Républicain Lorrain Communication (GRLC) merged into SIM, Républicain Lorrain TV news merged into Le Républicain Lorrain, Républicain Lorrain Communication merged into SIM;
- exit from the scope of consolidation: Targo seguros mediacion;
- name changes: Cofidis Participations becomes Cofidis Group, Procourtage becomes ACM Courtage.

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	100	98	FC	100	98	FC
BECM Francfort (branch of BECM)	Germany	100	98	FC	100	98	FC
Caisse Agricole du Crédit Mutuel	France	100	100	FC	100	100	FC
CIC Est	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque (LB)	France	100	98	FC	100	98	FC
CIC Lyonnaise de Banque Monaco (CIC LB branch)	Monaco	100	98	FC	100	98	FC
CIC Nord Ouest	France	100	98	FC	100	98	FC
CIC Ouest	France	100	98	FC	100	98	FC
CIC Sud Ouest	France	100	98	FC	100	98	FC
Crédit Industriel et Commercial (CIC)	France	100	98	FC	100	98	FC
CIC Bruxelles (branch of CIC)	Belgium	100	98	FC	100	98	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	98	FC	100	98	FC
CIC London (branch of CIC)	United Kingdom	100	98	FC	100	98	FC
CIC New York (branch of CIC)	United States	100	98	FC	100	98	FC
CIC Singapore (branch of CIC)	Singapore	100	98	FC	100	98	FC
TARGOBANK AG	Germany	100	98	FC	100	98	FC
TARGOBANK in Spain	Spain	100	98	FC	100	98	FC
B. SUBSIDIARIES OF THE BANKING NETWORK							
Bancas	France	50	49	EM	50	49	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	-	-	FU	100	98	FC
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Cofidis Belgium	Belgium	100	78	FC	100	78	FC
Cofidis France	France	100	78	FC	100	78	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	78	FC	100	78	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	78	FC	100	78	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	78	FC	100	78	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	78	FC	100	78	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	78	FC	100	78	FC
Cofidis Italy	Italy	100	78	FC	100	78	FC
Cofidis Czech Republic	Czech Republic	100	78	FC	100	78	FC
Creatis	France	100	78	FC	100	78	FC
Creatis Crédit Mutuel Asset Management	France	90	92	FC	90	92	FC
Crédit Mutuel Caution Habitat	France	100	98	FC	100	98	FC
Crédit Mutuel Épargne Salariale	France	100	98	FC	100	98	FC
Crédit Mutuel Factoring	France	95	96	FC	95	96	FC
Crédit Mutuel Gestion	France	100	92	FC	100	92	FC
Crédit Mutuel Home Loan SFH	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing	France	100	98	FC	100	98	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing)	Spain	100	98	FC	100	98	FC
Crédit Mutuel Leasing Benelux	Belgium	100	98	FC	100	98	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	The Netherlands	100	98	FC	100	98	FC
Crédit Mutuel Leasing Gmbh	Germany	100	98	FC	100	98	FC
Crédit Mutuel Real Estate Lease	France	100	98	FC	100	98	FC

CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Notes to the consolidated financial statements of Crédit Mutuel Alliance Fédérale

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Factofrance	France	100	98	FC	100	98	FC
FCT Factofrance	France	100	98	FC	-	-	NC
FLOA (formerly Banque du Groupe Casino)	France	50	49	EM	50	49	EM
Gesteurop	France	100	98	FC	100	98	FC
LYF SA	France	44	43	EM	44	43	EM
Monabanq	France	100	78	FC	100	78	FC
Paysurf	France	100	89	FC	100	89	FC
SCI La Tréflière	France	100	99	FC	100	99	FC
Targo Factoring GmbH	Germany	100	98	FC	100	98	FC
Targo Finanzberatung GmbH	Germany	100	98	FC	100	98	FC
Targo Leasing GmbH	Germany	100	98	FC	100	98	FC
C. CORPORATE BANKING AND CAPITAL MARKETS							
Banque Fédérative du Crédit Mutuel (BFCM)	France	98	98	FC	98	98	FC
Cigogne Management	Luxembourg	100	98	FC	100	98	FC
Satellite	France	100	98	FC	100	98	FC
D. PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	98	FC	100	98	FC
Banque de Luxembourg Belgique (Banque de Luxembourg branch)	Belgium	100	98	FC	100	98	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	98	FC	100	98	FC
Banque Transatlantique (BT)	France	100	98	FC	100	98	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	98	FC	100	98	FC
Banque Transatlantique Belgium	Belgium	100	98	FC	100	98	FC
Banque Transatlantique Luxembourg	Luxembourg	100	98	FC	100	98	FC
CIC Suisse	Switzerland	100	98	FC	100	98	FC
Dubly Transatlantique Gestion	France	100	98	FC	100	98	FC
E. PRIVATE EQUITY							
CIC Capital Canada Inc.	Canada	100	98	FC	100	98	FC
CIC Capital Suisse SA	Switzerland	100	98	FC	100	98	FC
CIC Capital Deutschland GmbH	Germany	100	98	FC	100	98	FC
CIC Capital Ventures Quebec	Canada	100	98	FC	100	98	FC
CIC Conseil	France	100	98	FC	100	98	FC
Crédit Mutuel Capital	France	100	98	FC	100	98	FC
Crédit Mutuel Equity	France	100	98	FC	100	98	FC
Crédit Mutuel Equity SCR	France	100	98	FC	100	98	FC
Crédit Mutuel Innovation	France	100	98	FC	100	98	FC
F. LOGISTICS AND HOLDING COMPANY SERVICES							
Actimut	France	100	100	FC	100	100	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
Caisse Centrale du Crédit Mutuel	France	51	54	EM	50	54	EM
CIC Participations	France	100	98	FC	100	98	FC
Centre de Conseil et de Service (CCS)	France	100	100	FC	100	100	FC
Cofidis Group (formerly Cofidis Participations)	France	80	78	FC	80	78	FC
Euro Automatic Cash	Spain	50	40	EM	50	40	EM
Euro-Information	France	80	80	FC	80	80	FC
Euro-Information Développements	France	100	80	FC	100	80	FC
EIP	France	100	100	FC	100	100	FC

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Euro Protection Surveillance	France	89	75	FC	100	84	FC
Groupe Républicain Lorrain Communication (GRLC)	France	-	-	FU	100	98	FC
Lyf SAS	France	49	39	EM	49	39	EM
Mutuelles Investissement	France	100	98	FC	100	98	FC
Protection 24	France	100	75	FC	-	-	-
Société d'Investissements Médias (SIM)	France	100	98	FC	100	98	FC
Société de Presse Investissement (SPI)	France	-	-	FU	100	98	FC
Targo Deutschland GmbH	Germany	100	98	FC	100	98	FC
Targo Dienstleistungs GmbH	Germany	100	98	FC	100	98	FC
Targo Technology GmbH	Germany	100	98	FC	100	98	FC
Targo Technology GmbH Singapore (branch of Targo Technology GmbH)	Singapore	-	-	FU	100	98	FC

G. INSURANCE COMPANIES

ACM Courtage (formerly Procourtage)	France	100	78	FC	100	78	FC
ACM GIE	France	100	78	FC	100	78	FC
ACM IARD	France	97	76	FC	97	76	FC
ACM SERVICES	France	100	78	FC	100	78	FC
ACM VIE SA	France	100	78	FC	100	78	FC
ACM VIE, Société d'Assurance Mutuelle	France	100	100	FC	100	100	FC
Agrupació AMCI d'Assegurances i Reassegurances SA	Spain	95	75	FC	95	75	FC
Agrupació serveis administratius	Spain	100	75	FC	100	75	FC
AMDIF	Spain	100	75	FC	100	75	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	63	FC	80	63	FC
Asistencia Avançada Barcelona	Spain	100	75	FC	100	75	FC
ASTREE Assurances	Tunisia	30	23	EM	30	23	EM
Atlantis Asesores SL	Spain	80	63	FC	80	63	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	47	FC	60	47	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	70	FC	88	70	FC
GACM España	Spain	100	78	FC	100	78	FC
GACM Seguros, Compañía de Seguros y Reaseguros, SAU	Spain	100	78	FC	100	78	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	80	78	FC	80	78	FC
ICM LIFE	Luxembourg	100	78	FC	100	78	FC
Margem-Mediação Seguros, Lda	Portugal	100	78	FC	100	78	FC
MTRL	France	100	100	FC	100	100	FC
NELB (North Europe Life Belgium)	Belgium	100	78	FC	100	78	FC
Partners	Belgium	100	78	FC	100	78	FC
Serenis Assurances	France	100	78	FC	100	78	FC
Targo seguros mediacion	Spain	-	-	NC	90	70	FC
Targopensiones, entidad gestora de fondos de pensiones, SA	Spain	100	75	FC	100	75	FC

H. OTHER COMPANIES

Affiches d'Alsace Lorraine	France	100	97	FC	100	97	FC
AGIR	France	100	98	FC	-	-	NC
Alsacienne de Portage – DNA	France	100	97	FC	100	97	FC
Crédit Mutuel Immobilier	France	100	98	FC	100	98	FC
EBRA events	France	100	98	FC	100	98	FC

CONSOLIDATED FINANCIAL STATEMENTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Notes to the consolidated financial statements of Crédit Mutuel Alliance Fédérale

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
EBRA Medias Alsace	France	100	97	FC	100	97	FC
EBRA Medias Lorraine Franche Comté	France	100	98	FC	100	98	FC
EBRA Productions	France	100	98	FC	-	-	NC
EBRA services	France	100	98	FC	100	98	FC
Est Bourgogne Médias	France	100	98	FC	100	98	FC
Est Info TV	France	100	98	FC	-	-	NC
Foncière Masséna	France	100	78	FC	100	78	FC
France Régie	France	100	97	FC	100	97	FC
GEIE Synergie	France	100	78	FC	100	78	FC
Groupe Dauphiné Media	France	100	98	FC	100	98	FC
Groupe Progrès	France	100	98	FC	100	98	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	98	FC	100	98	FC
<i>Journal de la Haute Marne</i>	France	50	49	EM	50	49	EM
<i>L'Est Républicain</i>	France	100	98	FC	100	98	FC
<i>La Liberté de l'Est</i>	France	97	95	FC	97	95	FC
<i>La Tribune</i>	France	100	98	FC	100	98	FC
<i>Le Dauphiné Libéré</i>	France	100	98	FC	100	98	FC
<i>Le Républicain Lorrain</i>	France	100	98	FC	100	98	FC
<i>Les Dernières Nouvelles d'Alsace</i>	France	99	97	FC	99	97	FC
Les Éditions du Quotidien	France	100	98	FC	-	-	-
Lumedia	Luxembourg	50	49	EM	50	49	EM
Médiaportage	France	100	98	FC	100	98	FC
NEWCO4	France	100	98	FC	100	98	FC
Presse Diffusion	France	100	98	FC	100	98	FC
Publiprint Province no. 1	France	100	98	FC	100	98	FC
Républicain Lorrain Communication	France	-	-	FU	100	98	FC
Républicain Lorrain - TV news	France	-	-	FU	100	98	FC
SAP Alsace	France	100	98	FC	100	98	FC
SCI ACM	France	100	78	FC	100	78	FC
SCI ACM Cotentin	France	100	78	FC	100	78	FC
SCI Le Progrès Confluence	France	100	98	FC	100	98	FC
SCI Provence Lafayette	France	100	78	FC	100	78	FC
SCI 14 Rue de Londres	France	100	78	FC	100	78	FC
SCI Saint Augustin	France	100	78	FC	100	78	FC
SCI Tombe Issoire	France	100	78	FC	100	78	FC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	98	FC	100	98	FC

* Method: FC = Full consolidation; EM = equity method; NC = not consolidated. FU = Merged.

3b Information on entities included in the consolidation scope

Article L.511-45 of the French Monetary and Financial Code requires credit institutions to publish information on their establishments and their activities in each state or territory. The country of each establishment is mentioned in the scope of consolidation.

The group has no establishments fulfilling the criteria defined in the order dated October 6, 2009 in non-cooperative states or territories shown on the list determined by the order dated February 26, 2021.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,695	673	-209	30	-125	5,593	0
Belgium	171	47	-11	1	-11	654	0
Canada	22	20	0	-2	0	9	0
Spain	374	8	-7	11	-24	2,168	0
United States of America	87	56	-3	-1	-11	92	0
France	12,562	6,058	-1,390	-42	-1,844	53,290	0
Hong Kong	10	7	-1	-0	-1	18	0
Hungary	38	5	-1	-0	-2	351	0
Italy	95	5	-0	0	-4	315	0
Luxembourg	350	155	-21	1	-33	989	0
Monaco	10	6	-1	-0	-0	20	0
The Netherlands	1	0	-0	0	-0	1	0
Poland	5	-3	0	0	-1	80	0
Portugal	182	113	-33	0	-8	717	0
Czech Republic	11	-2	0	0	-2	167	0
United Kingdom	51	41	-8	0	-4	69	0
Singapore	85	51	-7	1	-5	132	0
Slovakia	7	-2	0	0	-1	68	0
Switzerland	167	60	-7	0	-13	395	0
Tunisia*	0	11	0	0	0	0	0
TOTAL	15,923	7,309	-1,700	-3	-2,087	65,128	0

* Entity consolidated using the equity method.

3c Fully consolidated entities with significant non-controlling interests

12/31/2021	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Euro-Information	20%	18	421	-1	2,311	290	0	1,577
Groupe des Assurances du Crédit Mutuel (GACM)	22%	189	1,913	-307	131,425	833	1,590	1,807
Cofidis Belgium	22%	3	NA ⁽²⁾	0	989	13	-1	96
Cofidis France	22%	16	NA ⁽²⁾	0	10,359	75	-6	549

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis GROUP to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

12/31/2020	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Euro-Information	20%	125	267	-1	2,045	395	0	1,452
Groupe des Assurances du Crédit Mutuel (GACM)	22%	112	2,131	-386	126,838	507	1,640	1,358
Cofidis Belgium	22%	3	NA ⁽²⁾	0	915	13	-1	94
Cofidis France	22%	24	NA ⁽²⁾	0	9,616	62	-7	551

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

3d Equity investments in structured non-consolidated entities

■ Asset financing:

The group grants loans to structured entities whose sole purpose is to hold assets to be leased; the rents received enable the structured entity to repay its borrowings. These entities are dissolved following the financing transaction. The group is generally the sole shareholder.

For this category, the maximum exposure to losses in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.

■ Collective investment undertakings or funds:

The group acts as fund manager and custodian. It offers its customers funds in which its purpose is not to invest. The group markets and manages these funds, dedicated or public, and is paid for this by commissions.

For certain funds offering guarantees to unit holders, the group may be the counterparty to swaps put in place. In the exceptional cases where the group is both the manager and investor in such a way that it may be assumed to be acting primarily for proprietary trading, this entity would then be brought within the scope of consolidation.

An interest in a structured non-consolidated entity is a contractual or non-contractual connection that exposes the group to the variable yields associated with the performance of the entity.

The group's risk is essentially an operational risk of failure to meet its management mandate or its mandate as custodian and, where applicable, the group is also exposed to risk up to the amounts invested.

No financial support has been granted to the structured entities of the group over the fiscal year.

	12/31/2021			12/31/2020		
	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾
Balance sheet total	0	34,162	2,188	0	22,872	2,475
Carrying amounts of financial assets	0	16,014	733	0	12,848	881

(1) The amounts indicated concern UCITS held at more than 20% and which the Crédit Mutuel group manages, including account units held by insured parties.

(2) The other structured entities correspond to asset financing entities.

3e Assets, liabilities and profit/(loss) from non-current activities held for sale

	12/31/2021	12/31/2020
Non-current assets held for sale	107	0
Non-current liabilities held for sale	0	0
Post-tax gains/(losses) on discontinued operations	9	0

The activities of FLOA were reclassified as assets held for sale at December 31, 2021 following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino. The sale of FLOA to BNP Paribas became effective on January 31, 2022.

Note 4 Cash and central banks (asset/liability)

	12/31/2021	12/31/2020
Cash, central banks – asset		
Central banks	119,851	98,158
<i>of which mandatory reserves</i>	2,586	3,594
Cash	1,330	1,417
Total	121,181	99,575
Central banks – liability	605	575

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2021				12/31/2020			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	6,338	575	5,080	11,993	11,316	496	4,732	16,544
■ Government securities	730	0	0	730	408	0	0	408
■ Bonds and other debt securities	4,876	575	238	5,689	9,419	496	135	10,050
Listed	4,876	90	166	5,132	9,419	97	17	9,533
Non-listed	0	485	72	557	0	399	118	517
<i>of which UCIs</i>	232	-	0	232	128	-	0	128
■ Shares and other equity instruments	732	-	3,898	4,630	1,489	-	3,566	5,055
Listed	732	-	1,172	1,904	1,489	-	993	2,482
Non-listed	0	-	2,726	2,726	0	-	2,573	2,573
■ Long-term investments	-	-	944	944	-	-	1,031	1,031
Equity investments	-	-	334	334	-	-	341	341
Other long-term investments	-	-	209	209	-	-	296	296
Investments in associates	-	-	376	376	-	-	369	369
Other long-term investments	-	-	25	25	-	-	25	25
Derivative instruments	3,754	-	-	3,754	2,827	-	-	2,827
Loans and receivables	6,597	0	13	6,610	8,426	0	7	8,433
<i>of which pensions</i>	6,597	0	-	6,597	8,426	0	-	8,426
TOTAL	16,689	575	5,093	22,357	22,569	496	4,739	27,804

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

		% held	FV at 12/31/2021	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/ (loss)
Bank of Africa [formerly BMCE] ⁽¹⁾	Listed	< 30%	9,493	27,981	331,912	14,002	1,364
Crédit Logement	Unlisted	< 10%	77	1,665	11,931	201	99
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	76	563	25,352	2	0

The figures (except the percentage held) relate to fiscal year 2020.

(1) Bank of Africa (formerly BMCE) is not consolidated due to the absence of significant influence exercised by the group. Bank of Africa securities are therefore recognized at fair value through profit or loss. Figures expressed in millions of Moroccan dirhams.

5b Financial liabilities at fair value through profit or loss

	12/31/2021	12/31/2020
Financial liabilities held for trading	11,956	15,263
Financial liabilities at fair value through profit or loss	124	0
TOTAL	12,080	15,263

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2021	12/31/2020
Short sales of securities	1,808	1,077
■ Government securities	0	0
■ Bonds and other debt securities	921	242
■ Shares and other equity instruments	887	835
Debts in respect of securities sold under repurchase agreements	6,483	11,447
Trading derivatives	3,601	2,706
Other financial liabilities held for trading	64	33
TOTAL	11,956	15,263

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2021			12/31/2020		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Securities issued	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Interbank debt	124	124	0	0	0	0
Due to customers	0	0	0	0	0	0
TOTAL	124	124	0	0	0	0

5c Analysis of trading derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Rate instrument	243,323	2,673	2,588	159,351	1,876	1,671
Swaps	78,870	2,392	2,297	95,754	1,660	1,394
Other firm contracts	46,578	0	0	36,113	0	0
Options and conditional instruments	117,875	281	291	27,484	216	277
Foreign exchange instrument	147,685	838	765	137,024	760	685
Swaps	104,121	52	80	95,539	64	59
Other firm contracts	11,967	663	562	10,759	582	513
Options and conditional instruments	31,597	123	123	30,726	114	113
Other derivatives	17,432	244	247	19,325	191	350
Swaps	7,086	69	108	7,972	78	134
Other firm contracts	7,863	116	91	6,731	64	153
Options and conditional instruments	2,483	59	48	4,622	49	63
TOTAL	408,440	3,755	3,600	315,700	2,827	2,706

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. The hedged items are valued using a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Fair Value Hedges	177,702	1,293	1,874	154,549	1,988	2,084
Swaps	25,410	1,293	1,874	35,953	1,989	2,084
Other firm contracts	152,075	0	0	118,112	0	0
Options and conditional instruments	217	0	0	484	-1	0
TOTAL	177,702	1,293	1,874	154,549	1,988	2,084

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

MATURITY SCHEDULE OF THE NOMINAL VALUE OF HEDGING DERIVATIVES

12/31/2021	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2021
Fair Value Hedges	15,819	17,189	92,586	52,107	177,702
Swaps	2,229	4,102	16,660	2,419	25,410
Other firm contracts	13,514	12,960	75,912	49,688	152,075
Options and conditional instruments	76	127	14	0	217
TOTAL	15,819	17,189	92,586	52,107	177,702

12/31/2020	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2020
Fair Value Hedges	6,934	14,499	88,270	44,846	154,549
Swaps	5,095	5,578	21,438	3,841	35,953
Other firm contracts	1,767	8,706	66,636	41,003	118,112
Options and conditional instruments	71	214	197	1	484
TOTAL	6,934	14,499	88,270	44,846	154,549

6b Revaluation differences on interest-risk hedged portfolios

	12/31/2021	12/31/2020
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	1,083	2,453
■ in financial liabilities	13	27

6c Items micro-hedged under Fair Value Hedging

ASSET ITEMS HEDGED

	12/31/2021			12/31/2020		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Loans and receivables due from credit institutions at amortized cost	3,538	0	0	1,822	0	0
Receivables from customers at amortized cost	123,375	1,081	0	149,501	2,410	3
Securities at amortized cost	1,771	26	-38	1,800	64	10
Financial assets at FVOCI	20,041	906	0	19,798	906	0
TOTAL	148,725	2,013	-38	172,921	3,380	13

LIABILITY ITEMS HEDGED

	12/31/2021			12/31/2020		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	60,787	1,298	-5	56,021	1,688	2
Liabilities to cred. inst.	46,220	523	0	21,086	929	2
Due to customers	53,353	12	0	50,536	24	0
TOTAL	160,360	1,833	-5	127,643	2,641	4

Note 7 Financial assets at fair value through equity

	12/31/2021	12/31/2020
Government securities	11,680	12,142
Bonds and other debt securities	19,705	20,851
■ Listed	19,034	19,276
■ Non-listed	671	1,575
Related receivables	125	151
Debt securities subtotal, gross	31,510	33,144
of which impaired debt securities (S3)	0	1
Impairment of performing loans (S1/S2)	-18	-15
Other impairment (S3)	0	-1
Debt securities subtotal, net	31,492	33,128
Shares and other equity instruments	199	7
■ Listed	3	4
■ Non-listed	196	3
Long-term investments	405	558
■ Equity investments	78	74
■ Other long-term investments	272	420
■ Investments in associates	55	64
Related receivables	0	1
Subtotal, equity instruments	604	566
TOTAL	32,095	33,694
of which unrealized capital gains or losses recognized under equity	136	-48
of which listed equity investments	0	0

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	24,447	5,950	1,692	32,089
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,879	5,849	1,017	19,746
Shares and other equity instruments	3	0	196	199
Investments and other long-term securities	0	0	346	346
Investments in subsidiaries and associates	0	0	49	49
Trading/Fair value option/Other	5,383	11,128	5,817	22,328
Government securities and similar instruments – Trading	666	14	50	730
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	2,590	2,053	233	4,876
Bonds and other debt securities – Fair value option	25	0	549	574
Bonds and other debt securities – Other FVPL	170	56	11	238
Shares and other equity instruments – Trading	732	0	0	732
Shares and other equity instruments – Other FVPL ⁽¹⁾	1,177	0	2,721	3,898
Investments and other long-term securities – Other FVPL	2	0	542	544
Investments in subsidiaries and associates – Other FVPL	0	0	401	401
Loans and receivables due from customers – Trading	0	6,597	0	6,597
Loans and receivables due from customers – Other FVPL	0	13	0	13
Derivatives and other financial assets – Trading	21	2,395	1,311	3,726
Hedging derivatives	0	1,292	1	1,293
TOTAL	29,830	18,369	7,511	55,710
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	22,062	7,012	0	29,074
Transaction	0	0	0	0
Fair value option – debt securities	1,277	1,816	0	3,093
Fair value option – equity instruments	20,785	5,196	0	25,981
Hedging derivatives	0	0	0	0
Available-for-sale assets	84,838	4,879	881	90,598
Government and equivalent securities	17,167	0	0	17,167
Bonds and other debt securities	51,735	368	0	52,103
Shares and other equity instruments	14,892	4,500	0	19,392
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	11	881	1,935
TOTAL	106,900	11,891	881	119,672

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	1,837	9,117	1,126	12,080
Due to credit institutions – Fair value option	0	124	0	124
Amounts due to customers – Fair value option	0	0	0	0
Debt securities – Fair value option	0	0	0	0
Subordinated debt – Fair value option	0	0	0	0
Debt – Trading	0	6,483	0	6,483
Derivatives and other financial liabilities – Trading	1,837	2,510	1,126	5,473
Hedging derivatives	0	1,851	22	1,874
TOTAL	1,837	10,969	1,148	13,954
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	6,481	0	6,481
Transaction	0	0	0	0
Fair value option	0	6,481	0	6,481
Hedging derivatives	0	0	0	0
TOTAL	0	6,481	0	6,481

[1] includes the equity investments held by the group's private equity companies.

- Level 1: price quoted in an active market.
- Level 2: prices quoted in active markets for similar instruments, and valuation method in which all significant inputs are based on observable market information.
- Level 3: valuation based on internal models containing significant unobservable inputs.

Instruments in the trading portfolio classified under levels 2 or 3 mainly consist of derivatives and securities considered as illiquid.

All of these instruments include uncertainties of valuation, which give rise to adjustments in value reflecting the risk premium that a market player would incorporate in establishing the price.

These valuation adjustments make it possible to integrate, in particular, risks that would not be captured by the model, liquidity risks associated with the instrument or the parameter concerned, specific risk premiums intended to offset certain surcharges that would elicit the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter include the counterparty risk itself present in the fair value of over-the-counter derivatives.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

Fair value hierarchy – Level 3	Opening	Purchases	Sales/ repayments	Transfers	Gains and losses in the income statement	Gains and losses in equity	Other movement	Closing
Shares and other equity instruments – Other FVPL	2,597	122	-443	0	438	0	7	2,721

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	26,004	6,236	1,454	33,694
Government and equivalent securities	12,148	70	0	12,218
Bonds and other debt securities	13,652	6,164	1,094	20,910
Shares and other equity instruments	5	2	0	7
Investments and other long-term securities	199	0	296	495
Investments in subsidiaries and associates	0	0	64	64
Trading/Fair value option/Other	9,156	13,450	5,199	27,805
Government securities and similar instruments – Trading	226	181	0	408
Government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	6,381	2,713	326	9,419
Bonds and other debt securities – Fair value option	25	0	471	496
Bonds and other debt securities – Other FVPL	23	57	56	135
Shares and other equity instruments – Trading	1,489	0	0	1,489
Shares and other equity instruments – Other FVPL ⁽¹⁾	969	0	2,597	3,566
Investments and other long-term securities – Other FVPL	8	0	628	637
Investments in subsidiaries and associates – Other FVPL	0	0	394	394
Loans and receivables due from credit institutions – Fair value option	0	0	0	0
Loans and receivables due from credit institutions – Trading	0	0	0	0
Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
Loans and receivables due from customers – Trading	0	8,426	0	8,426
Loans and receivables due from customers – Other FVPL	0	7	0	7
Derivatives and other financial assets – Trading	34	2,065	728	2,827
Hedging derivatives	0	1,987	0	1,988
TOTAL	35,160	21,673	6,653	63,486
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	21,244	6,661	0	27,904
Transaction	0	0	0	0
Fair value option – debt securities	1,331	2,275	0	3,606
Fair value option – equity instruments	19,913	4,386	0	24,298
Hedging derivatives	0	0	0	0
Available-for-sale assets	81,119	4,288	823	86,230
Government and equivalent securities	17,432	0	0	17,432
Bonds and other debt securities	50,920	335	0	51,255
Shares and other equity instruments	12,035	3,943	27	16,005
Equity investments, shares in subsidiaries and associates and other long-term investments	733	9	796	1,538
TOTAL	102,363	10,948	823	114,134
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	1,150	13,469	644	15,263
Liabilities – Trading	0	11,447	0	11,447
Derivatives and other financial liabilities – Trading	1,150	2,022	644	3,815
Hedging derivatives	0	2,058	27	2,084
TOTAL	1,150	15,527	670	17,347
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	7,103	0	7,103
Transaction	0	0	0	0
Fair value option	0	7,103	0	7,103
Hedging derivatives	0	0	0	0
TOTAL	0	7,103	0	7,103

(1) includes the equity investments held by the group's private equity companies.

Note 9 Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

Trading and fair value securities portfolios through equity were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

SUMMARY

	Carrying amount	Carrying amount
	12/31/2021	12/31/2020
RMBS	1,260	1,162
CMBS	0	6
CLO	3,137	3,448
Other ABS	3,033	2,214
TOTAL	7,429	6,830

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 12/31/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value – Others	1	0	0	0	1
Fair value through equity	973	0	2,790	1,710	5,473
TOTAL	1,344	0	3,165	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain and the UK	413	0	189	1,236	1,837
USA	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,344	0	3,165	2,522	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,344	0	3,165	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2021	1,199	0	3,137	3,026	7,361
TOTAL	1,344	0	3,165	3,033	7,429

EXPOSURES AT 12/31/2020

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	309	0	65	329	704
Amortized cost	44	0	355	598	997
Fair value - Others	1	0	0	0	1
Fair value through equity	808	6	3,027	1,287	5,128
TOTAL	1,162	6	3,448	2,214	6,830
France	531	0	545	590	1,666
Spain	97	0	0	252	349
United Kingdom	47	0	281	116	445
Europe excluding France, Spain and the UK	317	0	256	895	1,468
USA	25	6	2,365	232	2,628
Other	145	0	0	128	273
TOTAL	1,162	6	3,448	2,214	6,830
US Branches	0	0	0	0	0
AAA	992	6	3,242	1,248	5,487
AA	143	0	144	458	744
A	12	0	51	0	63
BBB	7	0	0	0	7
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	11	502	513
TOTAL	1,162	6	3,448	2,214	6,830
Origination 2005 and earlier	19	0	0	0	19
Origination 2006-2008	42	0	0	8	50
Origination 2009-2011	34	6	0	0	40
Origination 2012-2020	1,067	0	3,448	2,207	6,721
TOTAL	1,162	6	3,448	2,214	6,830

Note 10 Financial assets at amortized cost

	12/31/2021	12/31/2020
Securities at amortized cost	3,675	2,996
Loans and receivables due from credit institutions	60,914	56,278
Loans and receivables due from customers	444,825	419,413
TOTAL	509,414	478,687

10a Securities at amortized cost

	12/31/2021	12/31/2020
Securities	3,745	3,166
■ Government securities	1,604	1,614
■ Bonds and other debt securities	2,141	1,552
Listed	570	556
Non-listed	1,571	996
Related receivables	12	13
TOTAL GROSS	3,757	3,179
of which impaired assets [S3]	110	205
Impairment of performing loans [S1/S2]	-2	-1
Other impairment [S3]	-80	-182
TOTAL NET	3,675	2,996

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2021	12/31/2020
Performing loans [S1/S2]	60,300	55,978
Crédit Mutuel network accounts ^[1]	34,857	32,539
Other ordinary accounts	4,035	2,861
Loans	6,009	4,464
Other receivables	13,761	13,945
Pensions	1,638	2,169
Individually-impaired receivables, gross [S3]	0	0
Related receivables	616	301
Impairment of performing loans [S1/S2]	-2	-2
Other impairment [S3]	0	0
TOTAL	60,914	56,278

[1] Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	12/31/2021	12/31/2020
Performing loans (S1/S2)	425,387	400,734
Commercial loans	15,914	13,217
Other customer receivables	408,834	386,923
■ home loans	226,874	208,066
■ other loans and receivables, including pensions ⁽¹⁾	181,960	178,857
Related receivables	639	594
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	11,235	12,008
Gross receivables	436,622	412,742
Impairment of performing loans (S1/S2) ⁽²⁾	-3,099	-2,951
Other impairment (S3)	-5,768	-6,324
SUBTOTAL I	427,755	403,467
Finance leases (net investment)	16,910	15,792
■ Equipment	12,053	11,327
■ Real estate	4,857	4,465
Individually-impaired receivables, gross (S3)	488	489
Impairment of performing loans (S1/S2)	-147	-151
Other impairment (S3)	-181	-186
SUBTOTAL II	17,069	15,944
TOTAL	444,825	419,413
of which subordinated loans	13	13
of which pensions	1,066	973

(1) Including €15.2 billion at December 31, 2021 of state-guaranteed loans (SGLs) granted during the COVID-19 crisis.

(2) This item includes a specific provision to take into account the effects of the COVID-19 crisis – see note 1-Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
Amount at 12/31/2021	9,937	4,462	806	-5	-57	-74
Amount at 12/31/2020	13,636	3,672	311	-9	-7	-38

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross carrying amount	16,281	2,369	-1,867	614	17,397
Impairment of non-recoverable lease payments	-337	-114	122	1	-328
NET CARRYING AMOUNT	15,944	2,255	-1,745	615	17,069

MATURITY ANALYSIS OF MINIMUM FUTURE LEASE PAYMENTS RECEIVABLE UNDER FINANCE LEASES

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease payments receivable	4,313	9,814	3,510	17,637
Present value of future lease payments	4,146	9,559	3,497	17,202
UNEARNED FINANCIAL INCOME	167	255	13	435

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2021	12/31/2020
Certificates of deposit	113	134
Interbank certificates and negotiable debt instruments	49,381	58,223
Bonds	64,335	63,642
Non-preferred senior securities	6,801	4,379
Related debt	487	626
TOTAL	121,116	127,004

11b Due to credit institutions

	12/31/2021	12/31/2020
Crédit Mutuel network accounts	0	0
Other ordinary accounts	3,001	2,933
Borrowings	16,938	12,778
Other debt	5,278	4,455
Pensions ⁽¹⁾	46,436	20,049
Related debt	101	79
TOTAL	71,755	40,294

⁽¹⁾ As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Long Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €42,965 million at December 31, 2021.

As with previous TLTROs, banks participating in TLTRO III can benefit from a more favorable rate, a subsidy, depending on the evolution of the level of certain types of their outstanding loans over a given period.

As this subsidy is considered highly probable, it has been incorporated into the interest rate applied.

11c Amounts due to customers at amortized cost

	12/31/2021	12/31/2020
Special savings accounts	149,106	144,418
■ demand	104,172	100,937
■ term	44,934	43,481
Related liabilities on savings accounts	15	21
Subtotal	149,121	144,439
Demand accounts	224,866	202,938
Term deposits and borrowings	50,994	61,232
Pensions	14	89
Related debt	164	194
Other debt	37	10
Insurance and reinsurance debts	0	0
Subtotal	276,076	264,462
TOTAL	425,197	408,901

11d Netting of financial assets and liabilities

12/31/2021	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	8,059	-3,017	5,042	-1,640	0	-1,623	1,779
Pensions	18,579	-2,951	15,628	0	-15,547	-34	47
TOTAL	26,638	-5,968	20,670	-1,640	-15,547	-1,657	1,826

12/31/2021	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	8,491	-3,017	5,474	-1,637	0	-2,308	1,529
Pensions	62,377	-2,951	59,426	0	-58,982	-350	94
TOTAL	70,868	-5,968	64,900	-1,637	-58,982	-2,658	1,623

12/31/2020	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments received as guarantee	Cash received (cash collateral)	
FINANCIAL ASSETS							
Derivatives	9,106	-4,291	4,815	-858	0	-1,373	2,583
Pensions	17,413	0	17,413	0	-17,177	-187	49
TOTAL	26,518	-4,291	22,227	-858	-17,177	-1,561	2,632

12/31/2020	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	
FINANCIAL LIABILITIES							
Derivatives	9,081	-4,291	4,791	-850	0	-3,330	611
Pensions	38,697	0	38,697	0	-38,562	-128	7
TOTAL	47,778	-4,291	43,487	-850	-38,562	-3,457	618

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.

The amounts in the second column correspond to accounting offsetting, under IAS 32, for transactions processed going through a clearing house.

The "impact of offsets framework agreements" column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsets. These include transactions

for which the right to offset is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed *via* clearing houses.

The "Financial instruments received/given in guarantee" column shows the market value of securities exchanged as collateral.

The "Cash collateral received/paid" column shows the guarantee deposits received or given in respect of the positive or negative market values of financial instruments. They are recognized under "Other assets or liabilities" in the balance sheet.

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2020	Acquisition/ production	Sales/ repayments	Transfer	Other	12/31/2021
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	56,280	22,897	-18,243	0	-18	60,916
12-month expected losses (S1)	56,279	22,896	-18,243	0	-18	60,914
expected losses at termination (S2)	1	1	0	0	0	2
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0	0
Financial assets at amortized cost – loans and receivables due from customers, subject to	429,025	161,946	-136,951	0	0	454,020
12-month expected losses (S1)	375,884	146,456	-124,010	4,578	0	402,908
expected losses at termination (S2)	40,644	14,122	-9,416	-5,961	0	39,389
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	12,497	1,182	-3,722	1,383	0	11,340
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	186	196	0	0	382
Financial assets at amortized cost – securities	3,179	7,212	-6,647	0	15	3,757
12-month expected losses (S1)	2,973	7,177	-6,516	-16	15	3,633
with expected losses at termination (S2)	0	4	-4	14	0	14
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	205	31	-126	0	0	110
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	-2	2	0	0
Financial assets at fair value through equity – debt securities	33,144	14,162	-15,796	0	0	31,510
12-month expected losses (S1)	33,098	14,090	-15,746	-5	0	31,437
expected losses at termination (S2)	45	72	-50	5	0	72
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	1	0	-1	0	0	0
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
TOTAL	521,628	206,217	-177,637	0	-3	550,203

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (RECEIVABLES FROM CUSTOMERS)

By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses (S1)	With expected losses at termination (S2)	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition (S3)
<0.1	0	100,607	2,703	0
0.1-0.25	0	125,296	394	0
0.26-0.99	1	83,798	3,684	0
1-2.99	5	54,547	8,067	0
3-9.99	8	31,153	14,205	0
>= 10	415	7,507	10,337	11,340
TOTAL	429	402,908	39,389	11,340

CONCENTRATION OF CREDIT RISK ON SENSITIVE BUSINESS LINES

For these sectors deemed vulnerable, specific probabilities of default were determined in order to take into account their differentiated exposure to the health crisis and their ability to recover.

The Status 1 exposures in these sectors were fully transferred to Status 2.

Business line	Gross outstandings ⁽¹⁾			Write-downs			Net outstandings
	S1	S2	S3	S1	S2	S3	
Aeronautics	-	339	29	-	-10	-15	343
Specialized distribution	-	1,338	146	-	-61	-109	1,314
Hotels, restaurants	-	4,399	349	-	-528	-182	4,038
Automotive	-	1,610	77	-	-82	-46	1,559
Vehicle hire	-	1,163	27	-	-45	-20	1,124
Tourism, games, leisure	-	1,337	182	-	-110	-119	1,291
Industrial transportation	-	398	20	-	-10	-7	400
Air transport	-	271	5	-	-35	-4	238
TOTAL	-	10,856	834	-	-881	-502	10,306

(1) EAD net of SGL guarantees.

12b Movements in impairment provisions

	12/31/2020	Addition	Reversal	Other	12/31/2021
Loans and receivables due from credit institutions	-2	-1	1	0	-2
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-1	1	0	-2
Customer loans	-9,612	-2,205	2,634	-12	-9,195
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1,174	-384	297	30	-1,231
■ expected losses at termination (S2)	-1,927	-587	523	-24	-2,015
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-6,510	-1,234	1,814	-19	-5,949
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – securities	-183	-25	133	-7	-82
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1	0	1	-1	-1
■ expected losses at termination (S2)	0	-1	0	0	-1
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-182	-24	132	-6	-80
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	-16	-9	6	1	-18
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-14	-6	6	-1	-15
■ expected losses at termination (S2)	-1	-3	0	0	-4
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-1	0	0	1	0
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – loans	0	0	0	0	0
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	0	0	0	0	0
■ expected losses at termination (S2)	0	0	0	0	0
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	0	0	0	0	0
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	-9,813	-2,240	2,774	-18	-9,297

Note 13 Investments/assets and liabilities relative to contracts under the insurance business line

13a Short-term investments in the insurance business line and reinsurers' share of technical provisions

FINANCIAL ASSETS

	12/31/2021	12/31/2020
Fair value through profit or loss	29,071	27,904
■ Transaction	0	0
■ Fair value option – debt securities	3,090	3,606
■ Fair value option – equity instruments	25,981	24,298
Hedging derivatives	0	0
Available-for-sale ⁽¹⁾	90,466	86,230
■ Government and equivalent securities	17,167	17,432
■ Bonds and other debt securities	51,972	51,256
■ Shares and other equity instruments	19,392	16,005
■ Equity investments, shares in subsidiaries and associates and other long-term investments	1,935	1,537
Loans and receivables	5,951	5,812
Held-to-maturity	6,350	7,582
Sub-total financial assets	131,839	127,530
Investment property	2,727	2,707
Shares of reinsurers in the technical provisions and other assets	987	821
TOTAL	135,552	131,056

(1) Including SPPI assets of € 66,351 million.

The fair value of buildings recognized at amortized cost is €3,768 million at December 31, 2021.

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS HELD BY INSURANCE COMPANIES

		% held	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Ardian Holding	Unlisted	< 20%	529	1,218	570	139
Covivio (formerly Foncière des Régions)	Listed	< 10%	12,568	27,380	776	392
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,118	6,806	133	-335
Desjardins ⁽¹⁾	Unlisted	10%	3,683	10,452	5,726	623

The figures (except the percentage held) relate to fiscal year 2020.

(1) In millions of Canadian dollars.

BREAKDOWN BY STANDARD AND POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets (as a%)
AAA	9%
AA+	7%
AA	29%
AA-	9%
A+	7%
A	6%
A-	13%
BBB+	10%
BBB	7%
BBB-	1%
BB+	0%
Not rated	2%
TOTAL	100%

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	12/31/2021	12/31/2020
Life	99,771	98,029
Non-life	5,363	4,955
Account units	18,025	15,206
Others	305	308
Total	123,464	118,498
Of which deferred profit-sharing liabilities	18,881	17,732
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	330	429
NET TECHNICAL PROVISIONS	123,134	118,069

FINANCIAL LIABILITIES

	12/31/2021	12/31/2020
Fair value through profit or loss	6,481	7,103
■ Transaction	0	0
■ Fair value option	6,481	7,103
Hedging derivatives	0	0
Liabilities to cred. inst.	128	132
Debt securities	0	0
Subordinated debt	1,053	300
Subtotal	7,662	7,535
Other liabilities	298	428
Total	7,960	7,963
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES	131,424	126,461

Note 14 Taxes

14a Current tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	1,249	1,444
Liabilities (through profit or loss)	774	668

14b Deferred tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	1,496	1,514
Assets (through shareholders' equity)	278	290
Liabilities (through profit or loss)	590	610
Liabilities (through shareholders' equity)	536	642

ANALYSIS OF DEFERRED TAXES (BY NET PROFIT/LOSS) BY MAJOR CATEGORIES

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in	-	-	-	-
■ impairment of financial assets	999	-	1,128	-
■ finance leasing reserve	-	332	-	350
■ revaluation of financial instruments	556	805	583	907
■ accrued expenses and accrued income	245	96	212	100
■ earnings of flow-through entities	-	-	-	-
■ Insurance	82	75	69	83
■ other temporary differences	138	101	137	162
■ tax deficits	38	-	24	-
Offsets	-283	-283	-348	-348
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	1,774	1,126	1,804	1,252

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2021	12/31/2020
ACCRUALS		
Collection accounts	121	136
Currency adjustment accounts	366	56
Accrued income	654	604
Other accruals	4,170	3,232
Subtotal	5,311	4,028
OTHER ASSETS		
Securities settlement accounts	69	64
Miscellaneous receivables	4,046	3,932
Inventories and similar	32	27
Other	38	41
Subtotal	4,185	4,064
TOTAL	9,496	8,092

15b Accruals and other liabilities

	12/31/2021	12/31/2020
ACCRUALS		
Accounts unavailable due to recovery procedures	110	78
Currency adjustment accounts	49	969
Accrued expenses	1,796	1,596
Deferred income	1,169	1,255
Other accruals	5,945	4,764
Subtotal	9,069	8,661
OTHER LIABILITIES		
Lease obligations – Real estate	870	926
Lease obligations – Other	1	13
Securities settlement accounts	816	1,234
Outstanding amounts payable on securities	172	274
Sundry creditors	1,856	1,652
Subtotal	3,714	4,099
TOTAL	12,783	12,761

15c Lease obligations by residual term

12/31/2021	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	189	288	222	99	73	871
■ Real estate	188	288	222	99	73	870
■ Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

12/31/2021	12/31/2021					
	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Caisse Centrale du Crédit Mutuel ^[1]	France	54.07%	362	5	2	NC*
LYF SAS	France	49.07%	1	-11	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments	-	-	1	0	-	-
Total^[1]	-	-	521	-26	11	-
JOINT VENTURE						
Bancas ^[2]	France	50.00%	0	0	0	NC*
Euro Automatic Cash	Spain	50.00%	11	8	0	NC*
FLOA (formerly Banque du Groupe Casino) ^[2]	France	50.00%	0	0	0	NC*
Total^[2]	-	-	11	8	0	-
TOTAL [1] + [2]	-	-	533	-18	11	-

* NC: Not communicated.

[1] Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.

[2] Treatment according to IFRS 5 in 2021, see note 3e).

12/31/2020	12/31/2020					
	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	15	2	3	25
Banque de Tunisie	Tunisia	35.33%	157	-7	0	164
Caisse Centrale du Crédit Mutuel ^[1]	France	54.01%	356	4	5	NC*
LYF SAS	France	49.07%	12	-13	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Other equity investments	-	-	2	0	-	-
Total^[1]	-	-	549	-14	9	-
JOINT VENTURE						
Bancas	France	50.00%	0	0	0	NC*
Euro Automatic Cash	Spain	50.00%	3	-5	0	NC*
FLOA (formerly Banque du Groupe Casino)	France	50.00%	85	6	0	NC*
Total^[2]	-	-	88	1	0	-
TOTAL [1] + [2]	-	-	637	-13	9	-

* NC: Not communicated.

[1] Caisse Centrale de Crédit Mutuel is accounted for using the equity method due to its significant influence, despite holding more than 50% of voting rights and taking into account the analysis of the governance rules specific to that entity of the Crédit Mutuel group.

16b Financial data published by the main equity consolidated companies

	12/31/2021					
	Balance sheet total	NBI or Revenue	GOI	Net profit/ (loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	679	117	20	21	20	177
Banque de Tunisie ⁽¹⁾⁽²⁾	6,286	373	182	102	NC*	1,021
CCCM	20,053	17	11	9	14	689
LYF SAS	9	1	-22	-22	0	2
LYF SA	22	1	0	0	0	15
JOINT VENTURE						
Euro Automatic Cash	57	7	-11	-12	3	35
FLOA (formerly Banque du Groupe Casino)	2,143	216	108	18	0	214

(1) 2020 amount.

(2) in millions of Tunisian Dinar.

* NC: Not communicated.

	12/31/2020					
	Balance sheet total	NBI or Revenue	GOI	Net profit/ (loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	626	171	41	26	20	173
Banque de Tunisie ⁽¹⁾⁽²⁾	6,023	361	199	135	NC*	918
CCCM	18,245	16	11	9	11	677
LYF SAS	34	1	-26	-26	0	25
LYF SA	20	1	0	0	0	15
JOINT VENTURE						
Euro Automatic Cash	83	-3	-13	-12	2	46
FLOA (formerly Banque du Groupe Casino)	1,820	183	87	12	0	170

(1) 2019 amount.

(2) in millions of Tunisian Dinar.

* NC: Not communicated.

Note 17 Investment property

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost	150	2	-16	-5	131
Depreciation and impairment	-69	-3	2	0	-70
Net amount	82	-1	-14	-5	61

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	12/31/2021
HISTORICAL COST					
Operating sites	575	19	-2	-2	590
Operating buildings	5,152	201	-159	8	5,202
Usage rights – Real estate	1,244	151	-43	13	1,365
Usage rights – Other	39	1	0	0	40
Other property, plant and equipment	2,846	326	-313	18	2,877
Total	9,856	698	-517	37	10,074
DEPRECIATION AND IMPAIRMENT					
Operating sites	-12	-2	0	0	-14
Operating buildings	-3,341	-174	134	0	-3,381
Usage rights – Real estate	-325	-198	17	1	-505
Usage rights – Other	-26	-13	0	0	-39
Other property, plant and equipment	-2,254	-195	162	-16	-2,303
Total	-5,958	-582	313	-15	-6,242
NET AMOUNT	3,898	116	-204	22	3,831

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2020	Increase	Decrease	Other	12/31/2021
Operating sites	7	-	-	-	7
Operating buildings	103	-	-2	-	101
TOTAL	110	0	-2	0	108

18b Intangible fixed assets

	12/31/2020	Increase	Decrease	Other	12/31/2021
HISTORICAL COST					
Internally developed intangible assets ⁽¹⁾	371	74	0	180	625
Purchased intangible assets	1,829	63	-76	-170	1,646
■ software	459	25	-59	-177	248
■ other	1,370	38	-17	7	1,398
Total	2,200	137	-76	10	2,271
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets ⁽¹⁾	-250	-65	0	-184	-499
Purchased intangible assets	-1,220	-51	57	182	-1,032
■ software	-415	-27	59	181	-202
■ other	-805	-24	-2	1	-830
Total	-1,470	-116	57	-2	-1,531
NET AMOUNT	729	21	-19	8	740

(1) These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.

Note 19 Goodwill

	12/31/2020	Increase	Decrease	Variation in impairment	Other	12/31/2021
Gross goodwill	4,535	51	-	-	0	4,586
Write-downs	-499	-	-	-947	-	-1,446
NET GOODWILL	4,036	51	-	-947	0	3,140

	Value of goodwill on 12/31/2020	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2021
Cash generating units						
TARGOBANK in Germany	2,851	-	-	-875	-	1,976
Crédit Industriel et Commercial (CIC)	497	-	-	-	-	497
Cofidis Group (formerly Participations)	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
FactoFrance SA	68	-	-	-68	-	0
Protection 24		51	-	-	-	51
GACM Seguros Generales Compañía de Seguros y Reaseguros SA	49	-	-	-4	-	46
SIIC Foncière Masséna	26	-	-	-	-	26
Crédit Mutuel Equity SCR	21	-	-	-	-	21
Banque de Luxembourg	13	-	-	-	-	13
Agrupació AMCI d'Assegurances i Reassegurances SA	12	-	-	-	-	12
Cofidis Italy	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Other	22	-	-	-	-	22
TOTAL	4,036	51	0	-947	0	3,140

The cash generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. An impairment loss is recognized when the recoverable amount of goodwill is less than its carrying amount. The context of the health crisis, its consequences on net profit at December 31, 2021, and the macroeconomic uncertainties for the years 2022 and beyond, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;
- the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at December 31, 2021.

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account regulatory capital requirements.

The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. The cost of capital was discounted on December 31, 2021 with:

- 8% for Retail Banking and leasing CGUs based in Germany;
- 8% for Retail Banking, consumer credit and leasing CGUs based in France.

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

In addition, following the establishment of these tests, an impairment of €875 million was recognized on TARGOBANK in Germany as of December 31, 2021, related to the cap on commissions in Germany scheduled to begin in 2022. Similarly, an impairment loss of €68 million was recorded in the accounts at the same date in respect of the entire FactoFrance goodwill.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- the achievement of business plans;
- the level of shareholders' equity allocated to each CGU;
- the perpetual growth rate.

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis ⁽¹⁾	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	8%	8%	8%
Effect of a variation upwards of 50 basis points in the cost of capital	-6%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-4%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-4%	-3%

(1) Cofidis France and Cofidis Participations.

If the above sensitivity assumptions were used, there would be no impairment of goodwill on Cofidis and CIC.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2020	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	12/31/2021
Provisions for risks	608	300	-24	-311	14	587
<i>On guarantee commitments⁽²⁾</i>	<i>418</i>	<i>94</i>	<i>-1</i>	<i>-174</i>	<i>0</i>	<i>337</i>
■ of which 12-month expected losses (S1)	44	25	0	-25	-1	43
■ of which expected losses at termination (S2)	227	2	0	-83	0	146
■ of which provisions for execution of commitments upon signature	147	67	-1	-66	1	148
<i>On financing commitments⁽²⁾</i>	<i>92</i>	<i>146</i>	<i>-1</i>	<i>-98</i>	<i>1</i>	<i>140</i>
■ of which 12-month expected losses (S1)	73	70	0	-70	1	74
■ of which expected losses at termination (S2)	19	72	0	-28	0	63
<i>Provisions for taxes</i>	<i>9</i>	<i>2</i>	<i>0</i>	<i>-11</i>	<i>2</i>	<i>2</i>
<i>Provisions for claims and litigation</i>	<i>69</i>	<i>45</i>	<i>-10</i>	<i>-25</i>	<i>0</i>	<i>79</i>
<i>Provision for risk on miscellaneous receivables</i>	<i>21</i>	<i>13</i>	<i>-13</i>	<i>-4</i>	<i>12</i>	<i>29</i>
Other provisions	1,523	387	-247	-33	-32	1,598
■ Provisions for mortgage saving agreements	269	2	0	-8	0	263
■ Provisions for miscellaneous contingencies ⁽³⁾	883	231	-167	-11	-21	915
■ Other provisions ⁽¹⁾	371	154	-80	-14	-11	420
Provisions for retirement commitments	1,676	50	-49	-7	40	1,710
TOTAL	3,807	737	-320	-351	21	3,894

(1) Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €341 million.

(2) This item includes a specific provision to take into account the effects of the COVID-19 crisis – see note 1-Accounting principles.

(3) Including a reversal of a provision for risks on TARGOBANK in Germany of €100 million.

20b Retirement and other employee benefits

	12/31/2020	Additions for the year	Reversals for the year	Other changes	12/31/2021
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS:					
Retirement benefits	1,329	41	-42	-1	1,327
Supplementary pensions	153	7	-12	52	200
Obligations for long-service awards (other long-term benefits)	173	2	-2	-1	172
Sub-total recognized	1,655	50	-56	50	1,699
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS:					
Commitments to employees and retirees ⁽¹⁾	22	0	-1	-10	11
Fair value of assets	-	-	-	-	-
Sub-total recognized	22	0	-1	-10	11
TOTAL AMOUNT RECOGNIZED	1,676	50	-57	40	1,710

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2021	12/31/2020
Discount rate ⁽²⁾	1.00%	0.45%
Expected increase in salaries ⁽³⁾	Minimum 0.5%	Minimum 0.5%

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

(2) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the Iboxx index.

(3) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

CHANGE IN THE PROVISION FOR RETIREMENT BENEFITS

	12/31/2020	Effect of dis-counting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other ⁽¹⁾	12/31/2021
						demo-graphics	financial					
Commitments	1,774	12	0	67	-1	-3	-7	-54	0	-4	4	1,789
Non-group insurance policies and externally-managed assets	445	0	3	0	0	0	10	0	2	0	0	461
Provisions	1,329	12	-3	67	-1	-3	-17	-54	-2	-4	4	1,327

Discount rate sensitivity:

Liabilities at 0.75% [-25bps]: 76

Liabilities at 1.25% [+25bps]: -67

Duration: 18

	12/31/2019	Effect of dis-counting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other ⁽¹⁾	12/31/2020
						demo-graphics	financial					
Commitments	1,687	13	0	67	-1	38	43	-46	0	-4	-23	1,774
Non-group insurance policies and externally-managed assets	469	0	4	0	0	0	-11	0	-17	0	0	445
Provisions	1,218	13	-4	67	-1	38	55	-46	17	-4	-23	1,329

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2020	Effect of dis-counting	Actuarial gains and losses	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	Other	Fair value of assets 12/31/2021
Fair value of plan assets	1,088	7	-11	32	2	41	-30	0	-18	1,110

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Composition of the assets of the plan	79%	12%	0%	8%	0%	0%	1%	0%

20c Provisions for risks arising from commitments on mortgage saving agreements

MORTGAGE SAVING PLANS (PEL)

	12/31/2021	12/31/2020
< 10 years	25,395	24,178
> 10 years	10,493	10,834
TOTAL	35,888	35,012
Amounts outstanding under mortgage saving accounts (CEL)	3,359	3,258
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	39,247	38,270

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2021	12/31/2020
Outstanding mortgage savings loans behind provisions for risks recognized as balance sheet assets	43	63

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2020	Net allocations/ reversals	Other changes	12/31/2021
On mortgage saving accounts	0	0	0	-
On mortgage saving plans	268	-5	0	263
On loans under mortgage saving agreements	1	-1	0	0
Total	269	-6	0	263
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY				
< 10 years	196	-11	-	185
> 10 years	73	5	-	78
TOTAL	268	-6	0	263

Mortgage savings accounts ("CEL") and mortgage saving plans ("PEL") are government-regulated retail products available in France. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate for the distributor institution two types of commitments:

- an obligation to pay interest on paid-in amounts at a fixed rates (only on PELs, the remuneration rate for CELs being akin to a variable rate, periodically revised based on an indexation formula);
- a loan agreement with customers who request it, under predefined conditions (PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.

A provision is made as a liability on the balance sheet to cover future expenses relating to the potentially unfavorable conditions of these products, compared to the interest rates offered to individual customers for similar products, but which are not regulated in terms of compensation. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs. The impact on profit or loss is included in interest paid to customers.

The change in the provision is mainly due to the increase in market rates and the change in outstandings.

Note 21 Subordinated debt

	12/31/2021	12/31/2020
Subordinated debt	6,950	6,200
Participating loans	20	20
Perpetual subordinated debt	1,002	1,003
Related debt	82	81
TOTAL	8,054	7,304

PRINCIPAL SUBORDINATED DEBT

<i>(in € millions)</i>	Type	Vesting date Issue	Amount Issue	Amount balance sheet date ⁽¹⁾	Rate	Term
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	5/21/2014	€1,000 m	€1,000 m	3.00	5/21/2024
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	9/11/2015	€1,000 m	€1,000 m	3.00	9/11/2025
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	3/24/2016	€1,000 m	€1,000 m	2.375	3/24/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/4/2016	€700 m	€700 m	1.875	11/4/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	3/31/2017	€500 m	€500 m	2.625	3/31/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/15/2017	€500 m	€500 m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	5/25/2018	€500 m	€500 m	2.5	5/25/2028
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	6/18/2019	€1,000 m	€1,000 m	1.875	6/18/2029
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/19/2021	€750 m	€750 m	1.125	11/19/2031
Crédit Industriel et Commercial	Participatory	5/28/1985	€137 m	€8 m	⁽²⁾	⁽³⁾
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€750 m	€734 m	⁽⁴⁾	TBD
Banque Fédérative du Crédit Mutuel	TSS	2/25/2005	€250 m	€250 m	⁽⁵⁾	TBD

⁽¹⁾ Net intra-group amounts.

⁽²⁾ Minimum 85% (TAM*+TMO)/2 Maximum 130% (TAM*+TMO)/2.

* For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation [EU] 2021/1848 of October 21, 2021).

⁽³⁾ Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

⁽⁴⁾ CMS 10 years ISDA CIC +10 basis points.

⁽⁵⁾ CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	12/31/2021	12/31/2020
Capital and reserves related to capital	6,905	6,773
■ Capital	6,905	6,773
■ Issue premium, contribution, merger, split, conversion	0	0
Consolidated reserves	38,904	36,463
■ Regulated reserves	6	6
■ Other reserves (including effects related to initial application)	38,761	36,315
■ of which profit on disposal of equity instruments	141	-21
■ Retained earnings	137	142
TOTAL	45,809	43,236

The share capital of the Crédit Mutuel banks is composed of:

- A shares, non-transferable;
- B shares, transferable;
- P shares, with priority interests.

B shares may only be subscribed by those members holding at least one A share. The articles of association of the local banks limit the subscription of B shares by any given member to €50,000 (with the exception of reinvestment of dividends paid in B shares). In accordance with the law of September 10, 1947, the capital cannot be lower, following withdrawal of contributions, than one-quarter of the highest amount achieved by the share capital in the past.

The redemption plan for B shares differs according to whether they were subscribed before or after December 31, 1988:

- units subscribed up to December 31, 1988 may be redeemed at the member's request on January 1 each year. This reimbursement, which is subject to compliance with the provisions governing the reduction of capital, is subject to a minimum notice period of three months;
- shares subscribed on or after January 1, 1989 may be redeemed at the member's request upon five years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the provisions governing the reduction of capital.

By decision of the Board of Directors and in agreement with the Supervisory Board, the bank may refund all or part of the shares in this class under the same conditions.

P shares with priority interests are issued by the regional banks of Crédit Mutuel de Normandie and Midi-Atlantique, and by Crédit Mutuel's "Cautionnement Mutuel de l'Habitat" bank, a mutual guarantee company that since 1999 has issued members' shares with priority interests whose subscription is reserved for bonded credit distributors excluding Crédit Mutuel Alliance Fédérale.

As of December 31, 2021, the capital of the Crédit Mutuel banks is as follows:

- €216.5 million for A shares;
- €6,684.8 million for B shares;
- €3.4 million for P shares.

22b Unrealized or deferred gains and losses

	12/31/2021	12/31/2020
UNREALIZED OR DEFERRED GAINS OR LOSSES⁽¹⁾ RELATING TO:		
■ translation adjustments	73	-55
■ insurance business investments (assets available-for-sale)	1,361	1,405
■ financial assets at fair value through recyclable equity – debt instruments	-23	-50
■ financial assets at fair value through non-recyclable equity – equity instruments	102	81
■ hedging derivatives (CFH)	2	0
■ share of unrealized or deferred gains and losses of associates	-32	-33
■ actuarial gains and losses on defined benefit plans	-383	-413
TOTAL	1,100	935

(1) Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2021	12/31/2020
	Operations	Operations
Translation adjustments		
Reclassification in income	-	0
Other movement	128	-118
Subtotal	128	-118
Revaluation of financial assets at FVOCI – debt instruments		
Reclassification in income	-	0
Other movement	28	-21
Subtotal	28	-21
Revaluation of financial assets at FVOCI – equity instruments		
Reclassification in income	-	0
Other movement	21	39
Subtotal	21	39
Remeasurement of hedging derivatives		
Reclassification in income	-	0
Other movement	2	-2
Subtotal	2	-2
Revaluation of insurance business investments		
Reclassification in income	-	0
Other movement	-45	141
Subtotal	-45	141
Actuarial gains and losses on defined benefit plans	30	-64
Share of unrealized or deferred gains and losses of associates	2	-2
TOTAL	165	-26

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	128	0	128	-118	0	-118
Revaluation of financial assets at FVOCI – debt instruments	43	-14	28	-28	8	-21
Revaluation of financial assets at FVOCI – equity instruments	22	-1	21	42	-4	39
Remeasurement of hedging derivatives	3	-1	2	-3	1	-2
Revaluation of insurance business investments	-129	84	-45	134	8	141
Actuarial gains and losses on defined benefit plans	34	-4	30	-99	35	-64
Share of unrealized or deferred gains and losses of associates	2	0	2	-2	0	-2
CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	102	64	165	-74	49	-26

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2021	12/31/2020
Funding commitments	81,900	76,913
Liabilities due to credit institutions	739	724
Commitments to customers	81,161	76,189
Guarantee commitments	24,717	25,667
Credit institution commitments	5,286	4,938
Customer commitments	19,431	20,729
Securities commitments	2,186	3,638
Other commitment given	2,186	3,638
Commitments pledged from Insurance	6,172	4,606

COMMITMENTS RECEIVED

	12/31/2021	12/31/2020
Funding commitments	6,963	22,125
Commitments received from credit institutions	6,963	22,125
Guarantee commitments	105,177	99,106
Commitments received from credit institutions	54,456	50,940
Commitments received from customers	50,721	48,166
Securities commitments	1,871	1,474
Other commitments received	1,871	1,474
Commitments received from Insurance	5,893	6,140

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2021	12/31/2020
Assets sold under repurchase agreements	58,818	38,784
Related liabilities	59,408	38,679

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2021	12/31/2020
Loaned securities	0	0
Security deposits on market transactions	3,706	4,652
TOTAL	3,706	4,652

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities. This results in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the group is exposed to the non-recovery of the securities.

The other assets given as collateral for liabilities relate to derivatives for which margin calls are paid when their fair value is negative. These amounts comprise the initial margins and those paid subsequently.

Note 24 Interest income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions and central banks ⁽¹⁾	-206	196	32	-176
Customers	9,238	-1,692	9,304	-1,860
■ of which finance and operating leases	617	-242	562	-201
■ of which lease obligations	0	-7	0	-7
Hedging derivatives	2,202	-2,251	2,448	-2,215
Financial instruments at fair value through profit or loss	452	-37	607	-45
Financial assets at fair value through equity	244	0	360	0
Securities at amortized cost	38	0	78	0
Debt securities	0	-1,045	0	-1,469
Subordinated debt	0	-4	0	-4
TOTAL	11,968	-4,833	12,830	-5,769
Of which interest income and expense calculated at effective interest rate	9,314	-2,545	9,774	-3,509

(1) Of which a -€770 million impact of negative interest rates on income and +€657 million in expenses in 2021, and a -€461 million impact of negative interest rates on income and +€260 million in expenses in 2020.

Interest expense on central banks includes, in particular, interest calculated in the context of TLTRO III operations, which takes into account a spread:

- the subsidy over the life of the operation;
- the "over-subsidy" of 0.5% over the "special" interest period.

Note 25 Commission income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions	15	-7	8	-8
Customers	1,782	-42	1,657	-36
Securities	1,172	-99	975	-72
■ of which activities managed on behalf of third parties	857	0	670	0
Derivative instruments	7	-9	9	-11
Currency transactions	26	-2	23	-2
Funding and guarantee commitments	156	-53	100	-3
Services provided	2,143	-991	1,950	-941
TOTAL	5,301	-1,203	4,722	-1,072

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2021	12/31/2020
Trading instruments	165	4
Instruments accounted for under the fair value option	-35	-5
Ineffective portion of hedges	-23	-15
On fair value hedges (FVH)	-23	-15
■ Change in the fair value of hedged items	-343	368
■ Change in fair value of hedging instruments	320	-383
Foreign exchange gains/(losses)	67	-33
Other financial instruments at fair value through profit or loss ⁽¹⁾	730	124
TOTAL CHANGES IN FAIR VALUE	904	75

(1) of which €496 million came from private equity in 2021 compared to €158 million in 2020. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains or losses on financial assets at fair value through equity

	12/31/2021	12/31/2020
Dividends	23	8
Realized gains and losses on debt instruments	47	14
TOTAL	70	23

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	12/31/2021	12/31/2020
Financial assets at amortized cost	-	-
Gains/(losses) on:	1	0
■ Government securities	0	0
■ Bonds and other fixed-income securities	1	0
TOTAL	1	0

Note 29 Net income from the insurance business line

	12/31/2021	12/31/2020
INSURANCE POLICIES		
Premiums earned	11,807	9,981
Service charges	-8,561	-8,726
Change in provisions	-5,036	-1,249
Other technical and non-technical income and expenses	69	62
Net income from investments	4,619	2,334
Net income on insurance policies	2,898	2,402
Interest margin/fees	-8	-8
Net income on financial assets	-8	-8
Other net income	10	-10
NET INCOME FROM INSURANCE ACTIVITIES	2,900	2,383

Note 30 Income/expenses generated by other activities

	12/31/2021	12/31/2020
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	100	106
Other income	1,367	1,845
Subtotal	1,467	1,951
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-3	-3
■ additions to provisions/depreciation	-3	-3
Other expenses	-649	-901
Subtotal	-652	-904
NET TOTAL OF OTHER INCOME AND EXPENSES	815	1,047

Note 31 General operating expenses

	12/31/2021	12/31/2020
Employee benefit expense	-5,475	-5,281
Other expenses	-3,661	-3,586
TOTAL	-9,136	-8,867

31a Employee benefit expense

	12/31/2021	12/31/2020
Wages and salaries	-3,472	-3,388
Social security contributions	-1,241	-1,220
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-385	-305
Payroll-based taxes	-376	-364
Others	1	-2
TOTAL	-5,475	-5,281

WORKFORCE

Average workforce	12/31/2021	12/31/2020
Bank technical staff	37,928	38,709
Managers	27,200	26,862
TOTAL	65,128	65,571
France	53,302	53,400
rest of the world	11,826	12,171
TOTAL	65,128	65,571
Registered workforce ⁽¹⁾	72,480	71,994

(1) The registered workforce corresponds to the total number of employees at end-of-period for entities controlled by the group, which differs from the average full-time equivalent (so-called FTE) workforce, which focuses solely on full consolidation.

31b Other operating expenses

	12/31/2021	12/31/2020
Taxes and duties ⁽¹⁾	-520	-536
Leases	-271	-254
■ short-term asset leases	-110	-101
■ low value/substitutable asset leases ⁽²⁾	-147	-138
■ other leases	-14	-15
Other external services	-2,072	-1,915
Other miscellaneous expenses	-103	-160
TOTAL	-2,965	-2,865

(1) The entry "Taxes and duties" includes an expense of -€231 million as part of the contribution to the Single Resolution Fund in 2021, compared to a -€197 million expense in 2020.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	12/31/2021	12/31/2020
Depreciation and amortization:	-696	-713
■ Property, plant and equipment including usage rights	-581	-608
■ Intangible assets	-213	-214
Write-downs:	-115	-105
■ Property, plant and equipment	-1	-8
■ Intangible assets	-1	-5
TOTAL	-697	-721

Note 32 Cost of counterparty risk

	12/31/2021	12/31/2020
12-month expected losses [S1]	-80	-291
Expected losses at termination [S2]	-31	-1,063
Impaired assets [S3]	-587	-1,023
TOTAL	-698	-2,377

12/31/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	-481	401	-	-	-	-80
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
■ Receivables from customers at amortized cost	-378	296	-	-	-	-82
■ of which finance leases	-27	27	-	-	-	0
■ Financial assets at amortized cost – securities	0	1	-	-	-	1
■ Financial assets at fair value through equity – debt securities	-6	6	-	-	-	0
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-96	97	-	-	-	1
Expected losses at termination (S2)	-667	636	-	-	-	-31
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-585	523	-	-	-	-62
■ of which finance leases	-43	42	-	-	-	-1
■ Financial assets at amortized cost – securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – debt securities	-4	1	-	-	-	-3
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-75	112	-	-	-	37
Impaired assets (S3)	-1,288	1,942	-1,097	-283	139	-587
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,184	1,735	965	-281	139	-556
■ of which finance leases	-11	21	-10	-4	1	-3
■ Financial assets at amortized cost – securities	-21	132	0	0	0	111
■ Financial assets at fair value through equity – debt securities	0	0	-132	0	0	-132
■ Financial assets at fair value through equity – loans	0	0	0	0	0	0
■ Commitments given	-83	75	0	-2	0	-10
TOTAL	-2,434	2,977	-1,097	-283	139	-698

12/31/2020	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	-685	394	-	-	-	-291
■ Loans and receivables due from credit institutions at amortized cost	-1	2	-	-	-	1
■ Receivables from customers at amortized cost	-572	301	-	-	-	-271
■ of which finance leases	-33	21	-	-	-	-12
■ Financial assets at amortized cost – securities	-3	3	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-5	6	-	-	-	1
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-104	82	-	-	-	-22
Expected losses at maturity (S2)	-1,590	527	-	-	-	-1,063
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-1,345	479	-	-	-	-866
■ of which finance leases	-59	20	-	-	-	-39
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-1	2	-	-	-	1
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-244	46	-	-	-	-198
Impaired assets (S3)	-1,502	1,516	-846	-350	159	-1,023
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,300	1,354	-738	-348	159	-873
■ of which finance leases	-14	16	-9	-3	3	-7
■ Financial assets at amortized cost – securities	-127	94	0	0	0	-33
■ Financial assets at fair value through equity – debt securities	-2	2	-102	0	0	-102
■ Financial assets at fair value through equity – loans	0	0	0	0	0	0
■ Commitments given	-73	66	-6	-2	0	-15
TOTAL	-3,777	2,437	-846	-350	159	-2,377

Note 33 Gains/(losses) on disposals of other assets

	12/31/2021	12/31/2020
Property, plant and equipment and intangible assets	-2	-2
■ Capital losses on disposals	-27	-42
■ Capital gains on disposals	25	40
Gains/(losses) on disposals of shares in consolidated entities	1	587
TOTAL	0	584

Note 34 Changes in the value of goodwill

	12/31/2021	12/31/2020
Impairment of goodwill ⁽¹⁾	-847	-2
Negative goodwill stated in profit or loss	0	0
TOTAL	-847	-2

(1) Including the impairment of FactoFrance and TARGOBANK Germany detailed in Note 19 and after a reversal of the provision for associated risks for €100 million.

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2021	12/31/2020
Current taxes	-1,723	-1,224
Deferred tax expense	-3	255
Adjustments in respect of prior years	23	1
TOTAL	-1,703	-968

RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2021	12/31/2020
Taxable result	5,249	3,576
Theoretical tax rate	28.41%	32.02%
Theoretical tax expense	-1,491	-1,145
Impact of preferential "SCR" and "SICOMI" rates	112	39
Impact of reduced rate on long-term capital gains	21	217
Impact of different tax rates paid by foreign subsidiaries	3	28
Permanent differences	-246	-55
Others	-102	-53
Income tax expense	-1,703	-968
Effective tax rate	32.45%	27.07%

Note 36 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2021		12/31/2020	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
ASSETS				
Financial assets at fair value through profit or loss	19	9	36	200
Financial assets at FVOCI	20	0	20	0
Financial assets at amortized cost	12,929	5,390	11,409	4,145
Investments in insurance business line	0	114	0	449
Other assets	0	0	0	5
TOTAL	12,968	5,513	11,465	4,800
LIABILITIES				
Liabilities at fair value through profit or loss	0	9	0	23
Debt securities	0	0	0	10
Liabilities to cred. inst.	1,020	1,881	1,297	916
Due to customers	17	501	42	501
Liabilities relative to contracts of the insurance business line	0	205	0	150
Subordinated debt	0	10	0	10
Miscellaneous liabilities	0	5	0	4
TOTAL	1,038	2,611	1,339	1,616
Financing commitments given	35	0	60	0
Guarantees given	15	0	15	0
Financing commitments received	0	0	0	0
Guarantees received	0	708	0	699

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2021		12/31/2020	
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation
Interest income	-7	19	-2	47
Interest expense	4	-28	3	-42
Commission income	1	21	0	15
Commission expense	0	-3	0	-4
Net gains/(losses) on financial assets at FVOCI and FVPL	23	-1	5	-9
Net income from insurance activities	-37	-231	-27	-216
Other income and expenses	27	103	26	95
General operating expenses	1	-22	1	-21
TOTAL	13	-141	7	-135

Note 37 Fair value hierarchy of financial instruments recognized at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2021. They are derived from a discounted cash flow calculation based on a risk-free interest rate curve to which a liquidity spread curve is added, and for the calculation of customer assets, a credit spread calculated globally for Crédit Mutuel Alliance Fédérale and reviewed each year.

The financial instruments presented in this section include loans and borrowings. They do not include non-monetary items (shares), accounts payable and other asset and liability accounts, or accruals. Non-financial instruments are not discussed in this section.

The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, *i.e.* the carrying amount.

A number of group entities may also apply assumptions: the market value is the carrying amount for policies whose terms refer to a floating rate, or whose remaining term is less than or equal to one year.

Readers' attention is drawn to the fact that, except for held-to-maturity financial assets, financial instruments carried at amortized cost are not transferable or are not, in practice, sold prior to maturity. Consequently, capital gains or losses will not be recognized.

However, if financial instruments carried at amortized cost were to be sold, their sale price could differ significantly from the fair value calculated at December 31, 2021.

	12/31/2021						
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	522,849	509,414	13,435	2,195	68,957	451,697	522,849
Loans and receivables due from credit institutions	61,502	60,915	587	0	61,330	171	61,502
Loans and receivables due from customers	457,591	444,825	12,766	0	6,286	451,305	457,591
Securities	3,756	3,674	82	2,195	1,341	221	3,756
Investments in insurance business line at amortized cost	13,265	12,300	965	7,314	5,951	0	13,265
Loans and receivables	5,951	5,951	0	0	5,951	0	5,951
Held-to-maturity	7,314	6,350	965	7,314	0	0	7,314
Financial liabilities at amortized cost – IFRS 9	630,153	626,122	4,031	0	427,854	202,289	630,143
Due to credit institutions	71,191	71,755	-564	0	71,181	0	71,181
Due to customers	427,144	425,197	1,947	0	224,868	202,276	427,144
Debt securities	123,078	121,116	1,962	0	123,066	12	123,078
Subordinated debt	8,740	8,054	686	0	8,740	0	8,740
Insurance business liabilities at amortized cost	1,182	1,182	0	0	1,185	0	1,185
Due to credit institutions	128	128	0	0	132	0	132
Debt securities	0	0	0	0	0	0	0
Subordinated debt	1,053	1,053	0	0	1,053	0	1,053

	12/31/2020						
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	501,189	478,687	22,502	2,194	64,960	434,035	501,189
Loans and receivables due from credit institutions	58,612	56,278	2,334	0	58,468	144	58,612
Loans and receivables due from customers	439,532	419,413	20,119	0	5,926	433,606	439,532
Securities	3,045	2,996	49	2,194	565	286	3,045
Investments in insurance business line at amortized cost	14,358	13,394	965	8,546	5,812	0	14,358
Loans and receivables	5,812	5,812	0	0	5,812	0	5,812
Held-to-maturity	8,546	7,582	965	8,546	0	0	8,546
Financial liabilities at amortized cost – IFRS 9	590,558	583,504	7,054	0	381,057	209,502	590,559
Due to credit institutions	39,124	40,294	-1,170	0	39,124	0	39,125
Due to customers	412,425	408,901	3,524	0	202,939	209,486	412,425
Debt securities	130,880	127,004	3,876	0	130,865	15	130,880
Subordinated debt	8,129	7,304	824	0	8,128	0	8,129
Insurance business liabilities at amortized cost	432	432	0	0	432	0	432
Due to credit institutions	132	132	0	0	132	0	132
Debt securities	0	0	0	0	0	0	0
Subordinated debt	300	300	0	0	300	0	300

Note 38 Relations with the group's key executives

On February 20, 2019, the Board of Directors of Caisse Fédérale du Crédit Mutuel implemented a compensation and termination benefits package within Caisse Fédérale de Crédit Mutuel for the Chairman and Chief Executive Officer.

This Board decided to pay, subject to performance conditions:

- termination benefits to Nicolas Théry as Chairman of the Board of Directors, representing two years of compensation as a corporate officer, *i.e.* a commitment estimated at €2,401,000 (social security contributions included);
- termination benefits to Daniel Baal as Chief Executive Officer, representing two years of compensation as a corporate officer, *i.e.* a commitment estimated at €2,423,000 (social security contributions included).

The other positions and functions of the Chairman of the Board of Directors and the Chief Executive Officer within the entities of Crédit Mutuel Alliance Fédérale are exercised on a voluntary basis as of that date.

During the year, the group's executives also benefited from the group's collective insurance and supplementary pension plans. However, the group's key executives did not enjoy any other specific benefits. No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or CIC was allocated to them. In addition, they do not receive attendance fees because of their office, whether in group companies or in other companies, but because of their functions within the group.

The group's key executives may hold assets or loans with the group's banks, under the conditions offered to all employees.

COMPENSATION PAID OVERALL TO KEY EXECUTIVES⁽¹⁾

	12/31/2021	12/31/2020
<i>(in € thousands)</i>	Overall compensation	Overall compensation
Corporate officers – Management Committee – Board members receiving compensation	8,475	9,735

⁽¹⁾ See also the section on corporate governance.

The amount of provisions for retirement benefits and long-service awards amounted to €2,483 thousand as of December 31, 2021.

Note 39 Events after the reporting period and other information

The consolidated financial statements of Crédit Mutuel Alliance Fédérale, closed as of December 31, 2021, were approved by the Board of Directors as of February 9, 2022.

Note 40 Risk exposure

The information on risk exposure as required by IFRS 7 is given in section 4: Risks in the management report.

Note 41 Fees to statutory auditors

	12/31/2021			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount (in € thousands ex VAT)	%	Amount (in € thousands ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ Parent entity	0.210	5%	0.202	4%
■ Fully consolidated subsidiaries	2.971	70%	3.378	71%
NON-AUDIT SERVICES				
■ Parent entity	-	0%	-	0%
■ Fully consolidated subsidiaries	1.075	25%	1.176	25%
TOTAL	4.256	100%	4.756	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1.529	-	2.659	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0.082	-	0.962	-
	12/31/2020			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount (in € thousands ex VAT)	%	Amount (in € thousands ex VAT)	%
AUDIT OF THE ACCOUNTS				
■ Parent entity	0.186	4%	0.156	4%
■ Fully consolidated subsidiaries	3.293	79%	2.982	80%
NON-AUDIT SERVICES				
■ Parent entity	-	0%	-	0%
■ Fully consolidated subsidiaries	0.689	17%	0.576	16%
TOTAL	4.168	100%	3.714	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1.519	-	2.700	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0.298	-	0.051	-

The main types of SACC are certificates, letters of comfort and agreed procedures.

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders' Meeting

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of Crédit Mutuel Alliance Fédérale for the year ended December 31, 2021, as appended to this report.

We certify that in accordance with the IFRS as adopted in the European Union, the consolidated financial statements are accurate and sincere, and give a true and fair view of the results of transactions over the past fiscal year as well as the financial position and assets at the end of the fiscal year of the group composed of the persons and entities included within the scope of consolidation.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

Our responsibilities pursuant to these standards are set out in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements".

Independence

We performed our audit in compliance with the rules of independence provided for by the French Commercial Code and by the code of conduct of statutory auditors for the period from January 1, 2021 to the date of issuance of our report, and in particular we did not provide any services prohibited by the professional code of conduct of statutory auditors.

Justification of the assessment – Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken within the framework of the state of health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention key points of the audit as they pertain to the risk of material misstatements, which according to our professional judgment, were the most important for the audit of the consolidated financial statements, as well as our response in the face of these risks.

The assessments made in this way fall within the scope of the audit of the consolidated financial statements taken as a whole and the formation of our opinion as expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

- Crédit Mutuel Alliance Fédérale recognizes impairment to cover the credit and counterparty risks linked to its activities (notes 1.II-1, 10, 12 and 32 of the notes to the consolidated financial statements). We reviewed the control mechanism pertaining to the monitoring of credit risks, impairment methodologies and the hedging of the impairment losses thus estimated by the impairments recognized.
- Crédit Mutuel Alliance Fédérale uses internal models and methodologies to value financial instruments that are not traded on active markets, as well as to establish a number of provisions, as set out in note 1.II-1 of the notes to the consolidated financial statements. We have examined the control mechanism for these models and methodologies, the parameters used and the inventory of the financial instruments to which they apply.
- Crédit Mutuel Alliance Fédérale recognizes technical provisions on borrower insurance policies and provisions for tangible auto claims set out in note 1.II-2 of the notes to the consolidated financial statements. We assessed the relevance of the work performed by the statutory auditors of the ACMs on the methodologies chosen, the calculation assumptions and the actuarial formulas used;

- Crédit Mutuel Alliance Fédérale has performed impairment tests on the value of goodwill and investments held, which could lead, where applicable, to the recognition of impairment (notes 1.I-8 and 19 of the notes to the consolidated financial statements). We examined the procedures used to conduct these tests, the main assumptions and parameters used and the resulting estimates.
- Through its private equity subsidiaries, Crédit Mutuel Alliance Fédérale has investments recognized at fair value through profit or loss. These instruments are recognized at fair value at the time of their initial recognition and subsequently up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss" (note 1.II-1). We examined the processes and tested the controls put in place by your group associated with the valuation of equity investments recognized in level 3 from the private equity division.

Specific checks

In accordance with the professional standards applicable in France, we have also performed the specific checks required by the legal and regulatory texts as regards information concerning the group, given in the group's management report by the Board of Directors.

We hereby certify that the consolidated Non-Financial Performance Statement provided for in Article L.225-102-1 of the French Commercial Code is included in the information relating to the group given in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of this Code, the information contained in this statement has not been verified by us as to its fair presentation or consistency with the consolidated financial statements, and that it must be reported on by an independent third party.

We have no comment to make as to their accuracy or consistency with the consolidated financial statements. Other verifications or information required by laws and regulations.

Appointment of statutory auditors

PricewaterhouseCoopers France and ERNST & YOUNG et Autres were appointed statutory auditors of Caisse Fédérale de Crédit Mutuel by your Shareholders' Meetings of May 4, 2018, and May 16, 1991, respectively.

As of December 31, 2021, PricewaterhouseCoopers France was in the fourth year of its uninterrupted mission and ERNST & YOUNG et Autres in the thirty-first year.

Responsibilities of management and those in charge of corporate governance regarding the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union and to implement internal control procedures as it deems necessary for the preparation of consolidated financial statements that contain no material misstatements, whether such misstatements are the result of fraud or errors.

During the preparation of consolidated financial statements, it is incumbent upon management to assess the company's ability to continue as a going concern, and as the case may be, the necessary information with regard to business continuity and to apply the standard accounting policy for a going concern, unless it is foreseen to liquidate the company or cease doing business.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements

Audit objective and approach

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our assignment of certification of financial statements does not consist of guaranteeing the viability or quality of your group's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process. Furthermore:

- they identify and assess the risk that the consolidated financial statements contain material misstatements and that such misstatements result from fraud or errors, define and implement audit procedures to address these risks and collect information that they consider a sufficient and appropriate basis for such opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;

- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If the statutory auditors conclude that significant uncertainty exists, they bring the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of their report or, if such information is not provided or is not relevant, the statutory auditors issue a qualified opinion or a denial of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether or not the consolidated financial statements reflect the underlying transactions and events to provide a true and fair view thereof;
- regarding the financial information of the persons or entities included within the scope of consolidation, they gather items deemed sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for the management, supervision and preparation of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Neuilly-sur-Seine and Paris-La Défense, April 12, 2022

The statutory auditors

PricewaterhouseCoopers France

Laurent Tavernier

ERNST & YOUNG et Autres

Hassan Baaj

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Present alongside the French Athletics Federation (FFA) since 2019, Crédit Mutuel* strengthened its commitment to French athletics at the beginning of 2022 by becoming the FFA's main partner.

** Crédit Mutuel Alliance Fédérale (Crédit Mutuel Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Massif Central, Antilles-Guyane and Nord Europe federations), Crédit Mutuel Maine-Anjou, Basse-Normandie and Crédit Mutuel Océan.*



Consolidated financial statements of BFCM

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7.1 CONSOLIDATED FINANCIAL STATEMENTS OF BFCM

7.1.1 Balance sheet

Balance sheet (assets)

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Cash, central banks	120,723	99,110	4
Financial assets at fair value through profit or loss	21,941	27,658	5a
Hedging derivatives	2,128	3,504	6a
Financial assets at fair value through equity	32,014	33,643	7
Securities at amortized cost	3,640	2,963	10a
Loans and receivables due from credit institutions and similar at amortized cost	57,059	54,797	10b
Loans and receivables due from customers at amortized cost	286,482	270,836	10c
Revaluation adjustment on rate-hedged books	449	975	6b
Short-term investments in Insurance and reinsurers' share of technical provisions	121,042	116,567	13a
Current tax assets	801	908	14a
Deferred tax assets	1,364	1,388	14b
Accruals and other assets	8,195	6,873	15a
Non-current assets held for sale	107	0	3c
Investments in equity consolidated companies	839	903	16
Investment property	30	50	17
Property, plant and equipment	2,467	2,522	18a
Intangible assets	489	501	18b
Goodwill	3,098	4,045	19
TOTAL ASSETS	662,868	627,244	

Balance sheet (liabilities)

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Central banks	605	575	4
Financial liabilities at fair value through profit or loss	12,082	15,525	5b
Hedging derivatives	2,034	2,083	6a
Debt securities at amortized cost	121,463	127,314	11a
Due to credit and similar institutions at amortized cost	76,881	44,846	11b
Amounts due to customers at amortized cost	274,257	268,802	11c
Revaluation adjustment on rate-hedged books	13	27	6b
Current tax liabilities	581	444	14a
Deferred tax liabilities	1,027	1,137	14b
Deferred income, accrued charges and other liabilities	9,733	10,575	15b
Debt related to non-current assets held for sale	0	0	3c
Liabilities relative to contracts of Insurance	117,520	112,568	13b
Provisions	2,993	2,968	20
Subordinated debt at amortized cost	8,554	7,804	21
Total shareholders' equity	35,127	32,575	22
Shareholders' equity attributable to the group	31,282	28,527	22
Capital and related reserves	6,197	6,197	22a
Consolidated reserves	21,759	20,401	22a
Gains and losses recognized directly in equity	839	645	22b
Profit (loss) for the period	2,487	1,284	
Shareholders' equity – Non-controlling interests	3,845	4,048	
TOTAL LIABILITIES	662,868	627,244	

7.1.2 Income statement

<i>(in € millions)</i>	12/31/2021	12/31/2020	Notes
Interest and similar income	9,511	10,342	24
Interest and similar expenses	-3,926	-4,820	24
Commissions (income)	3,950	3,511	25
Commissions (expenses)	-1,030	-914	25
Net gains on financial instruments at fair value through profit or loss	879	47	26
Net gains or losses on financial assets at fair value through equity	70	23	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	1	0	28
Net income from Insurance	2,236	1,763	29
Income from other activities	739	741	30
Expenses on other activities	-527	-431	30
Net banking income	11,902	10,262	
Employee benefit expense	-3,401	-3,300	31a
Other general operating expenses	-2,632	-2,448	31b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-317	-328	31c
Gross operating income	5,553	4,185	
Cost of counterparty risk	-647	-2,094	32
Operating income	4,906	2,091	
Share of net profit/(loss) of equity consolidated companies	62	145	16
Net gains/(losses) on disposals of other assets	-8	-5	33
Changes in the value of goodwill	-847	-2	34
Profit/(loss) before tax	4,113	2,229	
Income tax	-1,280	-721	35
Post-tax gains/(losses) on discontinued operations	9	-	3c
Net profit/(loss)	2,842	1,508	
Net profit/(loss) – Non-controlling interests	356	224	
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	2,487	1,284	

Statement of net profit/(loss) and gains and losses recognized directly in equity

<i>(in € millions)</i>	12/31/2021	12/31/2020
Net profit/(loss)	2,842	1,508
Translation adjustments	131	-108
Revaluation of financial assets at fair value through equity – debt instruments	76	-64
Revaluation of Insurance investments	-78	181
Remeasurement of hedging derivatives	2	-2
Share of unrealized or deferred gains and losses of equity consolidated companies	0	-2
Total recyclable gains and losses recognized directly in equity	132	4
Revaluation of financial assets at fair value through equity – equity instruments at closing	22	39
Actuarial gains and losses on defined benefit plans	32	-57
Share of non-recyclable gains and losses of equity consolidated companies	0	-
Total non-recyclable gains and losses recognized directly in equity	54	-17
Net profit/(loss) and gains and (losses) recognized directly in equity	3,028	1,494
<i>o/w attributable to the group</i>	<i>2,680</i>	<i>1,225</i>
<i>o/w value of non-controlling interests</i>	<i>347</i>	<i>270</i>

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

7.1.3 Changes in shareholders' equity

[in € millions]	Capital	Premiums	Reserves ⁽¹⁾	Gains and losses recognized directly in equity				Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
				Trans-lation adjust-ments	Assets at fair value through equity	Hedging deriva-tives	Actuarial gains and losses				
Shareholders' equity as of December 31, 2019	1,689	4,509	18,619	28	949	2	-275	2,282	27,802	4,269	32,072
Appropriation of earnings from previous year	-	-	2,282	-	-	-	-	-2,282	-	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-301	-	-	-	-	-	-301	-1	-302
Acquisition of additional shareholdings or partial disposals	-	-	-	-	-	-	-	-	-	-	-
Subtotal of movements related to relations with shareholders	-	-	1,981	-	-	-	-	-2,282	-301	-1	-302
Consolidated income for the period	-	-	-	-	-	-	-	1,284	1,284	224	1,508
Changes in gains and (losses) recognized directly in equity	-	-	-	-117	115	-2	-57	-	-60	47	-12
of which transferred to reserves (equity instruments)	-	-	-	-	-	-	-	-	-	-	-
Revaluation differences related to own credit risk on financial liabilities under fair value transferred to reserves	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-117	115	-2	-57	1,284	1,224	271	1,495
Effects of acquisitions and disposals on non-controlling interests	-	-	-163	-	-	-	-	-	-163	-498	-660
Other changes	-	-	-37	-	-	-	-	-	-37	8	-29
Shareholders' equity as of December 31, 2020	1,689	4,509	20,401	-89	1,064	0	-331	1,284	28,527	4,048	32,575
Appropriation of earnings from previous year	-	-	1,284	-	-	-	-	-1,284	0	-	0
Capital increase	0	-	-	-	-	-	-	-	0	-	0
Distribution of dividends	-	-	-102	-	-	-	-	-	-102	-510	-612
Acquisitions of additional shareholdings or partial disposals	-	-	0	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	0	0	1,182	0	0	0	0	-1,284	-102	-510	-612
Consolidated income for the period	-	-	-	-	-	-	-	2,487	2,487	356	2,842
Changes in gains and (losses) recognized directly in shareholders' equity ⁽²⁾	-	-	165	131	29	2	32	-	359	-8	351
Subtotal	0	0	165	131	29	2	32	2,487	2,846	347	3,193
Effects of acquisitions and disposals on non-controlling interests	-	-	-13	-	0	-	-	-	-13	-47	-60
Other changes ⁽³⁾	-	0	24	-	-	-	-	-	24	6	30
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2021	1,689	4,509	21,759	42	1,093	2	-299	2,487	31,282	3,845	35,127

(1) As of December 31, 2021, reserves consisted of the legal reserve (€169 million), statutory reserves (€5,705 million) and other reserves (€15,926 million).

(2) Relates to the sale of Visa shares by TARGOBANK (+€207 million) offset by a decrease related to the result of the sale directly recognized in shareholders' equity Caroline (-€30 million) and Compagnie Financière de Gestion (-€11 million)

(3) Relates in particular to the revaluation of EPS (+€14 million)

7.1.4 Statement of net cash flows

(in € millions)	12/31/2021	12/31/2020
Net profit/(loss)	2,842	1,508
Income tax	1,280	721
Profit/(loss) before tax (including discontinued activities)	4,122	2,229
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	315	319
- Impairment of goodwill and other fixed assets	845	23
+/- Net provisions and impairments	-353	1,170
+/- Share of income from equity consolidated companies	-62	-145
+/- Net loss/gain from investing activities	-1	6
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	6,998	2,146
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	7,741	3,519
+/- Flows related to transactions with credit institutions	28,072	1,378
+/- Flows related to client transactions	-9,302	24,699
+/- Flows related to other transactions affecting financial assets or liabilities	-9,689	1,442
+/- Flows related to other transactions affecting non-financial assets or liabilities	-715	1,155
- Taxes paid	-981	-818
= Net decrease/(increase) in assets and liabilities from operating activities	7,385	27,855
Total net cash flow generated by operating activity (A)	19,248	33,603
+/- Flows related to financial assets and investments	-606	4,700
+/- Flows related to investment property	-45	-178
+/- Flows related to property, plant and equipment and intangible assets	-243	-463
Total net cash flow generated from investing activities (B)	-893	4,059
+/- Cash flow to or from shareholders	-566	-314
+/- Other net cash flows from financing activities	2,364	-3,655
Total net cash flow generated from financing transactions (C)	1,797	-3,969
Effect of foreign exchange rate changes on cash and cash equivalents (D)	187	-105
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	20,340	33,589
Net cash flow generated by operating activities (A)	19,248	33,603
Net cash flow generated from investing activities (B)	-893	4,059
Net cash flow related to financing transactions (C)	1,797	-3,969
Effect of foreign exchange rate changes on cash and cash equivalents (D)	187	-105
Cash and cash equivalents at opening	91,900	58,312
Cash, central banks (assets and liabilities)	98,537	64,050
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-6,637	-5,738
Cash and cash equivalents at closing	112,240	91,900
Cash, central banks (assets and liabilities)	120,120	98,537
Accounts (assets and liabilities) and demand loans/borrowings from credit institutions	-7,880	-6,637
CHANGE IN NET CASH POSITION	20,340	33,589

7.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF BFCM

Summary of notes

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Note 1 Accounting policies and principles

Pursuant to Regulation (EC) 1606/2002 on the application of international accounting standards, and Regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements are drawn up in accordance with IFRS as adopted by the European Union on December 31, 2021.

The entire framework is available on the European Commission's website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en#ifrs-financial-statements

The financial statements are presented in the format recommended by the *Autorité des normes comptables* (ANC - French Accounting Standards Authority) recommendation No. 2017-02 on IFRS summary statements. They comply with the international accounting standards as adopted by the European Union.

Information relating to risk management is included in the group's management report.

Since January 1, 2021, the group has been applying the amendments adopted by the European Union and the IFRIC decision as presented below:

Amendments to IFRS 16 – Lease concessions

This amendment extends the simplification measures for lessees benefiting from reduced rents until June 30, 2022 (instead of June 30, 2021) as a result of the COVID-19 health crisis.

It is possible for a lessee to exempt itself from a lease amendment analysis if the rent adjustments are a direct result of the COVID-19 pandemic, and the following conditions have been met:

- amended rents are materially identical to, or lower than, rents set by the initial lease;
- the reduction in lease payments only applies to payments due until June 30, 2022;
- there is no material change to the other terms and conditions of the contract.

Should the lessee opt for this exemption, rent concessions will generally be recognized in the same way as negative variable rents. They will be recognized in profit or loss over the period during which the event giving rise to the grant occurs, with a corresponding reduction in the debt.

Finally, the amendment has no direct impact on the valuation of the usage right of the lease concerned.

This amendment provides for the continuity of the methods compared to the initial amendment.

The Crédit Mutuel group is not impacted by these measures.

For any rent concessions granted as a lessor with respect to finance leases, the group applies the provisions of IFRS 9.

IFRIC decision of April 20, 2021 on the principles for allocating post-employment benefits to periods of service

It clarifies the methods for determining commitments relating to post-employment benefit plans, whose rights depend on seniority and are capped beyond a certain number of years of service, while being subject to the presence of the employee on the date of retirement.

For such a plan, the pension commitment will be constituted only for the period preceding the retirement age allowing the ceiling to be reached (or between the date of joining the company and the date of retirement if this period is less than the ceiling).

This ends the previous approach of spreading the cost of the benefit between the date of hire and the date of retirement of the employee.

For the Crédit Mutuel group, the main impact of the IFRIC decision was the recognition of an overfunded plan situation, resulting from the reduction in the commitments of certain retirement benefit plans borne by certain Crédit Mutuel groups.

At the Crédit Mutuel group level, the impact of retroactive application of the IFRIC decision is not material at January 1, 2020, December 31, 2020 and December 31, 2021. The group has therefore not restated the comparative fiscal years.

COVID-19 health crisis

The Crédit Mutuel group is fully mobilized to deal with the COVID-19 health crisis. As a credit institution, it is fully involved in providing close support to its customers, including professionals and companies that could face difficulties, especially VSEs/SMEs.

State-guaranteed loans (SGLs)

The group is committed to the government's plan to support the economy. It offers state-guaranteed loans^[1] to support the cash flow of its business and corporate customers.

SGLs represent 12-month bullet loans with grace periods of one to five years. At the date of subscription, the interest rate of the SGL was set at 0%, increased by the cost of the state guarantee set at between 0.25% and 0.50% (and rebilled *via* a commission paid by the customer).

At the end of the first twelve months, the beneficiary of the SGL has the option of setting a new SGL term (limited to six years in total) and amortization terms. In accordance with the government announcements of January 14, 2021, the beneficiary will be able to obtain a "postponement of one additional year" to start repaying the capital.

The Crédit Mutuel group believes that this deferred amortization measure falls within the legal framework of the SGL (*i.e.* adjustment of the contractual schedule, with a first annual repayment term). This "deferral" does not represent, taken in isolation, an indicator of a deterioration in credit risk or the probable default of the borrower (*i.e.* unlikely to pay).

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they are accounted for at amortized cost using the effective interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value. At the subscription anniversary date, SGLs may be subject to a grace period. The revision of flows related to the recognition of guarantee commissions over the duration of the grace period is recognized as an adjustment to the carrying amount of SGLs with an immediate and positive impact on profit. This impact is not material at the reporting date.

[1] The main characteristics of State-guaranteed loans and the mechanism for triggering the guarantee are summarized in Article 2 of the Order of March 23, 2020 granting State guarantees to credit institutions and financing companies and to the lenders mentioned in Article L. 548-1 of the French Monetary and Financial Code.

At December 31, 2021, state guaranteed-loans issued by the group amounted to €12.1 billion, guaranteed to the tune of €10.9 billion. Outstandings downgraded to status 3 totaled €716 million.

The valuation of the expected credit losses for these loans takes into account the effect of the state guarantee (implemented by the Banque Publique d'Investissement) for 70% to 90% of the outstanding capital and interest. As of December 31, 2021, the impairment amounted to €117 million.

Credit risk

As part of the provisioning of performing loans, the Crédit Mutuel group takes into account the unprecedented and brutal nature of the COVID-19 crisis in the macroeconomic environment.

It provides for a prolonged crisis scenario, in line with the fifth wave, with a more pronounced impact for companies belonging to identified business lines.

Starting in the first half of 2020, the group adapted its early detection and credit risk measurement system and updated its parameters to take into account the uncertainties of the health crisis offset by state support measures. This methodological approach was maintained in the preparation of the 2021 financial statements.

As a reminder, the changes in the expected credit loss impairment model were broken down into four areas:

- **Overweight of the pessimistic scenario:** since June 2020, the weighting of the pessimistic scenario has been increased in line with the macroeconomic projections of the Banque de France, to calibrate the probabilities of forward looking defaults on all portfolios using the internal rating method. As of December 31, 2021, the unfavorable scenario is weighted at 75%, the neutral scenario at 24% and the optimistic scenario at 1% (weights unchanged from December 31, 2020).
- **Hardening of the pessimistic scenario on individuals and sole traders:** the pessimistic scenario has been tightened on individuals and sole traders, resulting in a recalibration of the related probability of default.
- **Sector adjustment:** an additional provision has been made since 2020 to anticipate the increase in claims in the segments considered to be the most vulnerable to the health crisis (tourism, games, leisure, hotels, restaurants, automotive and aeronautics excluding manufacturers, clothing, beverages, rental of light vehicles, industrial passenger transportation, air transport). It was compiled in accordance with a group methodology defined at national level, which is based on a step-by-step analysis of credit risk deterioration.

Identification of vulnerable segments: All NACE codes (Statistical Classification of Economic Activities in the European Community) are being examined with regard to the impact of the pandemic on economic segments and government measures to support the economy. Based on this work, 59 segments were identified and divided into three groups according to the negative impact of future government restrictions. Exposures in vulnerable segments were fully transferred to stage 2. No changes were made in 2021 to the list of segments selected during the 2020 fiscal year.

Methodology for determining the sector adjustment: the segments thus selected are subject to specific monitoring in two ways:

- *an expert opinion component with the establishment of an ad hoc committee in charge of providing an economic vision of the segments of activity and proposing opinions motivating the identification or suppression of vulnerable segments,*
- *a quantitative component with monthly monitoring of internal indicators such as the rate of performing loans with arrears of more than 30 days out of the total performing loans. This makes it possible to define a minimum provisioning rate by group of segments at the national level, which may be adjusted at the discretion of an expert.*

Transfer to stage 2: performing exposures to vulnerable segments are fully transferred to stage 2.

- **Additional credit risk deterioration criterion for loans with a second maturity extension:** the group enhanced its criteria for monitoring deterioration in credit risk for loans that have been extended for a second time, even though the first has not been repaid.

The implementation of such a criterion led to additional transfers to restructured assets, and an increase in expected credit losses (linked to a transfer to status 2 or a lower valuation of already downgraded loans).

Sensitivity analysis: the group conducted a sensitivity test of the cost of risk (including sector adjustment) by considering an increase in the weighting of the pessimistic scenario of 10 points for the IRB entities and 5 points for the entities in standard model.

Recovery equity loan program

The Crédit Mutuel group committed to Recovery equity loan (PPR) program, whose objective is to allow SMEs and ETIs to benefit from financing comparable to equity equivalents.

Against this backdrop, the group will distribute PPRs (which meet the strict eligibility criteria defined by the Stock market mechanism) across its banking network. They represent fixed-rate eight-year loans with four-year grace periods to repay the principal and an early repayment option that can be exercised as of the fourth year.

The group will dispose of 90% of the PPRs granted to a market fund (called the PPR fund) and will keep the remaining 10% on its balance sheet.

The PPR fund is structured so that there will be no compartments recorded in its liabilities. The securities issued by the fund will have a compensation representative of all the disposed PPRs (principal and interest) after the recognition of the state guarantee of up to 30%.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, the 10% share of the PPRs are accounted for at amortized cost using the interest rate method. On the date of initial recognition, they are recognized at their nominal value, which is representative of their fair value.

PPR's balance sheet outstandings were not material at the end of the fiscal year.

The mechanism for the sale of PPRs, up to 90%, and the market mechanism are defined in accordance with the criteria of IFRS 9 "derecognition".

Through its insurance entities, the group aims to invest in securities issued by the PPR fund.

IBOR reform

The reform of IBOR rates forms part of the response to the weaknesses found in methodologies for the construction of indices and interbank rates, these being based on the declared data of banks and on a volume of underlying transactions that is significantly down.

In Europe, it is expressed by the “BMR” Benchmark regulation published in 2016 and applicable from the beginning of 2018. The major element of this reform is based on a calculation of rates based on actual transactions, to secure and improve the reliability of the indices used by the market.

All indices must now comply with the BMR regulation. The existing indices may continue to be used until December 31, 2021 and for some LIBOR terms (USD LIBOR) possibly until June 30, 2023. Eventually, it will no longer be possible to use the former benchmark indices (LIBOR, EONIA, etc.) unless they are compliant with the new regulations or benefit from an exceptional contribution extension.

In order to ensure a smooth transition, the group launched a workstream in project mode starting in the first quarter of 2019, and is making sure to cover the risks (legal, commercial, organizational, tools and financial/accounting) associated with this transition.

The EONIA had been defined as a tracker of the €ster since October 2019 and until its disappearance. The €STR has been definitively designated by the European Commission as the successor to the EONIA, for all contracts that do not expire at the beginning of January 2022 and do not include a robust fallback clause.

In addition, SARON plus a spread adjustment defined by maturity will, by default, represent the legal replacement index for CHF LIBOR.

Since the change in its calculation methodology in July 2019, the EURIBOR complies with the BMR regulation.

Finally, in November 2021, the British regulator Financial Conduct Authority announced the publication of synthetic GBP and JPY LIBOR until the end of 2022, which can be used for contracts that are difficult to manage in terms of legal transition (non-existent fallback clauses). The successor market index to GBP LIBOR is SONIA, but this index will not benefit from a “regulatory” switch unlike CHF LIBOR or EONIA.

In this context, the group believes that uncertainties remain on the USD LIBOR and GBP rates for existing contracts not yet amended on the off-market perimeters.

With regard to contracts in inventory, the group continued its work on the transition to replacement rates.

In Capital Markets, fallback clauses have been included in over-the-counter derivatives, repurchase agreements and loans *via* adherence to the ISDA protocol (effective since January 25, 2021) or thanks to the updating of the clearing houses’ rules books for cleared derivatives. They have been activated for cleared derivatives as of October 2021, and will be activated for ISDA contracts no later than the final cessation of index listing.

As of 2021, a “technical amendment relating to benchmark events” in the FBF agreements with corporate customers or bank counterparties has been incorporated in order to ensure the compliance of unmatured rate transactions entered into prior to February 2020.

The group has also updated contracts through bilateral negotiations between parties or by updating the sales conditions (*i.e.* change in the reference rate by amendment).

In particular, in the Retail Banking and large corporates segments, the switch to the new replacement indices according to market standards for in-stock contracts has been made. The impact of the transition of these contracts is not considered significant (to be confirmed by the groups).

Lastly, as of the reporting date, the group’s interest rate risk management strategy has not been impacted, as transactions processed on the new indices represent exposures considered as marginal.

On accounting aspects, the group applies the amendments to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, Phase 1 for the preparatory period for the reform and Phase 2, for the transition period to the new indices once they are defined. For treatments and easing measures introduced by these publications, see Section 3.1.

Exposures that are not due as of December 31, 2021 and that will be subject to changes related to the IBOR reform are disclosed within the risk management information. Exposures to EONIA and GBP-LIBOR indexed derivatives cleared or in the form of ISDA contracts will be transferred to the replacement indices from the beginning of January 2022.

Exposures not due as of December 31, 2021 and subject to changes related to the IBOR reform are shown below:

<i>(in € millions)</i>	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Notional amount	Of which hedging derivatives
EONIA	304	682	187	19
EURIBOR	12,227	4,242	16,155	5,248
GBP – LIBOR	47	5	0	0
USD – LIBOR	184	683	0	0

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program has allowed banks to benefit since September 2019 from seven new refinancing tranches with a respective duration of three years, and with interest rates that vary according to periods, and since January 2021 from three additional tranches. The TLTRO III interest rate is based on the market conditions defined by the ECB and may include a subsidy linked to the bank's credit performance.

In the context of the health crisis, the conditions of these refinancing operations were relaxed twice by the ECB to support lending to households and businesses.

Some target parameters have been “recalibrated^[1]”.

- banks' borrowing capacity has been increased to 55% of eligible outstandings as of March 2021 (compared to 50% previously);
- it is possible to make early repayments on a quarterly basis for the first seven TLTRO III tranches, one year after each transaction is launched, and the last three as of June 2022;
- the favorable rate conditions were extended in the event the performance objectives are met for an additional period. The TLTRO III interest rate is thus reduced by 50 bps (*i.e.* “over-subsidy”) over the “special” period from June 2020 to June 2022 (compared to June 2021 initially).^[2]

The group participated in the TLTRO III refinancing operations for an amount of €43.0 billion. These represent variable rate financial instruments recognized at amortized cost.

The group achieved the credit performance growth targets set by the ECB over all the program's reference periods. Consequently, the effective interest rate of the TLTRO financing operations is calculated on the basis of the cash deposit rate with the ECB (“DFR rate”) and takes into account the spreading of the 0.50% over-subsidy over the “special” interest period.

The Crédit Mutuel group continued its analysis of the possible impact of the IFRIC 2021 provisional decision on the accounting treatment of TLTRO III transactions. This will be discussed at the next IFRS IC meeting in February 2022.

1. Scope and methods of consolidation

1.1 Consolidating entity

The parent company of the group is Banque Fédérative du Crédit Mutuel.

1.2 Consolidation scope

The general principles governing whether an entity is included in the consolidation scope are defined by IFRS 10, IFRS 11 and IAS 28R.

Entities that are controlled or under significant influence that do not have a significant character in relation to the consolidated financial statements are excluded from the consolidation scope. This situation is assumed when the balance sheet total or the profit or loss of a company has no impact greater than 1% on the consolidated or sub-consolidated equivalent (in case of consolidation by level). This quantitative criterion is but relative; an entity may be included within the scope of consolidation regardless of this threshold when its business or its expected development afford it the status of strategic investment.

[1] Decision (EU) 2021/124 of the ECB of January 29, 2021 amending Decision (EU) 2019/1311 concerning a third round of targeted longer-term refinancing operations (ECB/2021/3 published in the OJEU on February 3, 2021).

[2] Decision (EU) 2020/614 of the European Central Bank of April 30, 2020 amending Decision (EU) 2019/1311 on a third round of targeted longer-term refinancing operations (ECB/2020/25).

The consolidation scope comprises:

- **exclusively controlled entities:** control is deemed to exist when the group has power over the entity, is exposed to or is entitled to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect the returns it obtains. The financial statements of controlled entities are fully consolidated;
- **entities under joint control:** joint control is the contractually-agreed sharing of control over an entity, which exists only in the case where decisions concerning key activities require the unanimous consent of the parties sharing control. Two or more parties that exercise joint control constitute a partnership, which is either a jointly controlled operation or a joint venture:
 - a jointly controlled operation is a partnership in which the parties exercising joint control have rights over the assets and obligations pursuant to liabilities relative to the entity: this involves recognizing the assets, liabilities, income and expenses relative to interests held in the entity,
 - a joint venture is a partnership in which the parties who exercise joint control have rights over the net assets of the entity: the joint venture is accounted for according to the equity method.

All entities under joint control of the group are joint ventures according to the meaning of IFRS 11;

- **entities over which the group has significant influence:** these are entities that are not controlled by the “consolidating” entity, which may, however, participate in these entities' financial and operating policy decisions. Shareholdings in entities over which the group has significant influence are accounted for using the equity method.

Investments held by private equity companies and over which joint control or significant influence is exercised are recognized at fair value through profit or loss.

1.3 Consolidation methods

The consolidation methods used are the following:

1.3.1 Full consolidation

This method involves replacing the value of the shares held in the subsidiary concerned with each of the assets and liabilities of said subsidiary and showing separately the value of non-controlling interests in equity and net profit. This is the method used for all controlled entities, including those with a different account structure, regardless of whether the business concerned is an extension of that of the consolidating entity.

1.3.2 Consolidation using the equity method

This method involves replacing the value of the shares held with the equity attributable to the group and net profit of the entities concerned. It is applied to all entities under joint control, classified as joint ventures or for all entities under significant influence.

1.4 Non-controlling interests

Non-controlling interests correspond to interests that do not confer control as defined by IFRS 10 and include partnership interests that entitle their holders to a share in net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the excess amount.

1.5 Reporting date

The reporting date for all of the group's consolidated companies is December 31.

1.6 Elimination of intercompany transactions and balances

Intercompany transactions and balances, as well as gains or losses on intercompany sales that have a material impact on the consolidated financial statements, are eliminated.

1.7 Foreign currency translation

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official reporting date exchange rate. Differences arising from exchange rate fluctuations impacting the share capital, reserves and retained earnings are recorded as a separate component of equity, under "Cumulative translation adjustments". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the fiscal year. The resulting translation differences are recorded under "Cumulative translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

1.8 Goodwill

1.8.1 Fair value adjustments

On the date of acquisition of a controlling interest in a new entity, said entity's assets, liabilities and contingent operating liabilities are measured at fair value as at that date. Fair value adjustments correspond to the difference between the carrying amount and fair value.

1.8.2 Goodwill

In accordance with IFRS 3R, at the date of acquisition of a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value as at the acquisition date, with the exception of non-current assets classified as assets held for sale (IFRS 5), which are recognized either at the fair value net of selling costs or their net carrying amount, whichever is the lowest. Goodwill corresponds to the sum of the consideration transferred and non-controlling interests, less the net amount recognized (generally at fair value) as identifiable assets acquired and liabilities assumed. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If the goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Changes in value of goodwill".

If the group's stake in an entity it already controls, increases/decreases, the difference between the share acquisition cost/selling price and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the balance sheet for fully consolidated companies and within the item "Investments in equity consolidated companies" when the entities are consolidated using this method.

Goodwill not including direct costs related to acquisitions according to IFRS 3R is recognized in profit/loss.

Goodwill is tested for impairment regularly by the group (at least once a year). The tests are designed to identify whether the goodwill has suffered a decline in value. Goodwill from a business combination is allocated to cash generating units (CGUs) or groups of CGUs likely to benefit from the synergies generated by the business combination. The recoverable amount from a CGU or group of CGUs is the value in use or the fair value less selling costs, whichever is the highest. The value in use is measured in relation to estimated future cash flows, discounted at the interest rate that reflects the current market evaluation of the time value of money and specific risks to the asset of the CGU. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. This depreciation – which is recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the group's business lines.

When goodwill concerns a related company or a joint venture, it is included in the carrying amount of the value of consolidation using the equity method. In this event, it is not subject to impairment testing apart from the value of consolidation using the equity method. When the recoverable amount of this (namely the higher of the values between the value in use and the fair value less selling costs) is less than its carrying amount, a loss in value is recognized and not allocated to a specific asset. Any reversal of this impairment loss is recognized to the extent that the recoverable amount of consolidation using the equity method increases at a later date.

2. Accounting policies and principles

2.1 Financial instruments under IFRS 9

2.1.1 Classification and measurement of financial instruments

Under IFRS 9, the classification and measurement of financial instruments depend on the business model and contractual terms of the financial instruments.

2.1.1.a Loans, receivables and debt securities acquired

The asset is classified:

- at amortized cost, if it is held in order to collect contractual cash flows and if its characteristics are similar to those of a "basic" contract, see the section below "Characteristics of cash flows" (hold to collect model);
- at fair value through equity if the instrument is held with a view to collecting contractual cash flows and selling it when the opportunity arises, yet without holding it for trading, and if its characteristics are similar to those of a basic contract implicitly entailing a high predictability of associated cash flows ("hold to collect and sell" model);
- at fair value through profit or loss:
 - if it is not eligible for the two aforementioned categories (as it does not meet the "basic" criterion and/or is managed in accordance with the "other" business model), or

- if the group initially opts to classify it as such, in an irrevocable way. This option is used to reduce accounting mismatch in relation to another associated instrument.

Cash flow characteristics

Contractual cash flows which solely represent repayments of principal and the payment of interest on outstanding principal are compatible with a “basic” contract.

In a basic contract, interest mainly represents the consideration for the time value of money (including in the event of negative interest) and credit risk. Interest may also include the liquidity risk, administrative fees to manage the asset and a profit margin.

All contractual clauses must be analyzed, in particular those that could alter the timing or amount of contractual cash flows. The option, under the agreement, for the borrower or lender to repay the financial instrument early is compatible with the SPPI (Solely Payments of Principal and Interest) criterion of contractual cash flows, provided that the amount repaid essentially represents the outstanding principal and accrued interest, as well as, where applicable, early repayment compensation of a reasonable amount.

The compensation for early^[1] repayment is deemed reasonable if, for example:

- it is expressed as a percentage of the principal repaid and is below 10% of the nominal amount repaid; or
- it is determined according to a formula aimed at compensating the difference in the benchmark interest rate between the date on which the loan was granted and its early repayment date.

The analysis of contractual cash flows may also require their comparison with those of a reference instrument when the time value of money included in the interest is likely to change due to the contractual clauses of the instrument. Such is the case, for example, if the interest rate of the financial instrument is revised periodically, but the frequency of such revisions is unrelated to the period for which the interest rate was established (e.g. monthly revision of an annual interest rate), or if the interest rate of the financial instrument is revised periodically based on an average interest rate.

If the difference between the non-discounted contractual cash flows of the financial asset and those of the reference instrument is significant, or may become so, the financial asset cannot be considered as 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 range of reasonably possible scenarios. To this effect, the group has used yield curves going back to the year 2000.

Moreover, a specific analysis is conducted in the case of securitization where there is priority of payment among holders and credit risk concentrations in the form of tranches. In that case, the analysis requires the examination of the contractual characteristics of the tranches in which the group has invested and of the underlying financial instruments, as well as the credit risk of the tranches in relation to the credit risk of the underlying financial instruments.

Note that:

- embedded derivatives in financial assets are no longer recognized separately, which means that the entire hybrid instrument is then considered as non-basic and recognized at fair value through profit or loss;
- units in UCITS or real estate UCI (OPCI) are not basic instruments and are recognized at fair value through profit or loss.

Business models

The business model represents the way in which the instruments are managed to generate cash flows and revenues. 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 on a higher level of aggregation which reflects the way in which groups of financial assets are managed collectively. It is determined at initial recognition and may be reassessed in the event of a change in model (exceptional cases).

To determine the business model, it is necessary to consider all available information, including the following:

- how the activity’s performance is reported to decision-makers;
- how managers are compensated;
- the frequency, timing and volumes of sales in previous periods;
- the reason for the sales;
- future sales forecasts;
- the way in which risk is assessed.

For the “hold-to-collect” business model, certain examples of authorized sales are explicitly set out in the standard:

- in response to an increase in credit risk;
- close to maturity and for an amount near the par amount;
- exceptional (e.g. linked to a liquidity stress).

Such “authorized” sales are not included in the analysis of the significant and frequent nature of the sales made out of a portfolio. Frequent and/or significant sales would not be compatible with this business model. 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, for example 2% for an average maturity of eight years (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 the sale of these assets, as well as a model for other financial assets, in particular financial assets held for trading.

Within the group, the “hold-to-collect-and-sell” model applies primarily to proprietary cash management and liquidity portfolio management activities.

[1] The group has made early application of the amendment to IFRS 9 on the clauses on early repayment specifying negative compensation, adopted by the EU in March 2018.

Financial assets held for trading consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial assets at amortized cost

These mainly include:

- cash and cash equivalents, which comprise cash accounts, deposits, and demand loans and borrowings with central banks and credit institutions;
- other loans to credit institutions and loans to customers (granted directly, or the share in syndicated loans), not measured at fair value through profit or loss;
- a portion of the securities held by the group.

The financial assets classified in this category are initially recognized at their fair value, which is generally the net amount disbursed. The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks.

At subsequent reporting dates, the assets are measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated life of the financial instrument to obtain the net carrying amount of the financial asset or liability. It takes account of estimated cash flows without taking account of future losses on loans and includes commissions paid or received when these are treated as interest, as well as directly-related transaction costs and all premiums and discounts.

For securities, the amortized cost takes account of the amortization of premiums and discounts, as well as acquisition costs, if significant. Purchases and sales of securities are recognized at the settlement date.

The income received is shown in the income statement under “Interest and similar income”.

Commissions received or paid, which are directly linked to the arrangement of a loan and are treated as a component of interest, are spread over the term of the loan using the effective interest rate method and are recorded in the income statement under “Interest”.

Commissions received in connection with the commercial renegotiation of loans are also spread over the term of the loan.

The restructuring of a loan following financial difficulties by the debtor leads to novation of the contract. Following the definition of this concept by the European Banking Authority, the group included it in the information systems in order to harmonize the accounting and prudential definitions.

The fair value of assets at amortized cost is disclosed in the notes to the financial statements at the end of each reporting period. It corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

In accordance with the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16, the group applies the exceptional accounting treatment of financial assets/liabilities, from which the changes in the

basis of determination of contractual cash flows result of the IBOR reform and are carried out on an equivalent economic basis. Depending on the latter, the effective interest rate of the modified financial asset or liability is revised prospectively; its carrying amount remains unchanged.

Financial assets at fair value through equity

Since the group does not sell its loans, this category solely consists of securities. They are recognized at fair value in the balance sheet at the time of their acquisition, on the settlement date and at subsequent reporting dates until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses recognized in equity are transferred to the income statement only in the event of their disposal or impairment (see section “II-1-vii Derecognition of financial assets and liabilities” and “II.1.viii Measurement of credit risk”).

Income accrued or received is recognized in profit or loss under “Interest and similar income”, using the effective interest method.

Financial assets at fair value through profit or loss

These are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 2.1.7 “Derecognition of financial assets and liabilities”). Changes in fair value are taken to the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Since the 2018 fiscal year income received or accrued on financial instruments at fair value through profit or loss is recognized in the income statement under interest income/(expense). Before, this interest was recognized under “Net gains/(losses) on financial instruments at fair value through profit or loss”. This change was made for the sake of consistency with the regulatory reports sent to the ECB as part of the Short Term Exercise (STE), and for more clarity on the interest received and paid.

In 2019, in order to better reflect the interest income and expenses of the transaction instruments, the group also revised the recognition and presentation scheme in the net banking income of the interest income and expenses of some of these financial instruments at fair value through profit or loss and notably proceeded with the following restatements: (i) recording of interest as overall offsets on the lending and borrowing legs of transaction swaps, and (ii) reclassification of interest from hedging derivatives in the “Income and expenses from hedging derivatives” section.

Purchases and sales of securities measured at fair value through profit or loss are recognized on the settlement date. Changes in fair value between the transaction date and the settlement date are recognized in profit or loss.

2.1.1.b Equity instruments acquired

Equity instruments acquired (shares, in particular) are classified as follows:

- at fair value through profit or loss; or
- optionally, at fair value through other non-recyclable equity at the initial recognition and in an irrevocable manner when they are not held for trading.



Financial assets at fair value through equity

Shares and other equity instruments are recognized in the balance sheet at their fair value at the time of their acquisition and at subsequent reporting dates until their disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account. These unrealized or deferred gains and losses booked to equity are never recognized in the income statement, even when they are sold (see section "2.1.7 Derecognition of financial assets and liabilities"). Only dividends received on variable-income securities are recognized in the income statement, under "Net gains/(losses) on financial assets at fair value through equity". Purchases and sales of securities are recognized at the settlement date.

Financial assets at fair value through profit or loss

Equity instruments are recognized in the same way as debt instruments at fair value through profit or loss.

2.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

2.1.2.a Financial liabilities measured at fair value through profit or loss

- those incurred for trading purposes including, by default, derivatives with a negative fair value which do not qualify as hedging instruments; and
- non-derivative financial liabilities that the group originally classified as measured at fair value through profit or loss (fair value option). These include:
 - financial instruments containing one or more separable embedded derivatives,
 - instruments for which, were the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument,
 - instruments belonging to a pool of financial instruments measured and managed at fair value.

The recognition of changes in fair value resulting from own credit risk concerning debts optionally designated at fair value through profit or loss is recognized in unrealized or deferred profit or loss in non-reclassifiable equity. The group is marginally concerned by the problem of own credit risk.

2.1.2.b Financial liabilities at amortized cost

These consist of other non-derivative financial liabilities. These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, TLTRO II and III refinancing securities etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

Subordinated debt is separated from other debt securities since, in the event of liquidation of the debtor's assets, it is repaid only after claims by other creditors have been extinguished. Debt securities include the non-preferred senior debt instruments created by the Sapin 2 Act.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

Liabilities at amortized cost include mortgage saving accounts (CEL) and mortgage saving plans (PEL), which are government-regulated retail products sold in France to natural persons. In the initial savings

phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate two types of obligation for the distributing establishment:

- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as variable-rate interest);
- an obligation to grant loans to customers under predetermined terms (both PEL and CELs).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data. A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable, compared to the interest rates offered to retail customers on similar, but unregulated, products. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs and CELs. The impact on profit or loss is included in interest paid to customers.

2.1.3 Debt-equity distinction

According to the IFRIC 2 interpretation, members' shares are shareholders' equity if the entity has an unconditional right to refuse redemption or if there are legal or statutory provisions prohibiting or significantly limiting redemption. Due to the existing statutory and legal provisions, the members' shares issued by structures composing the Crédit Mutuel group's consolidating entity are recognized in shareholders' equity.

Other financial instruments issued by the group are classified as debt instruments in the group's accounts when the group has a contractual obligation to deliver cash to holders of the instruments. Such is the case with subordinated notes issued by the group.

2.1.4 Foreign currency transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the exchange rates prevailing on the balance sheet date.

2.1.4.a Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gains/(losses) on portfolio at fair value through profit or loss".

2.1.4.b Non-monetary financial assets and liabilities

Foreign exchange gains or losses arising from such translations are recognized in the income statement under "Net gains/(losses) at fair value through profit or loss" if measured at fair value through profit or loss, or recognized under "Unrealized or deferred capital gains/(losses)" if they are financial assets measured at fair value through equity.

2.1.5 Derivatives and hedge accounting

IFRS 9 allows entities to choose, on first-time application, whether to apply the new provisions concerning hedge accounting or to retain those of IAS 39.

The group has elected to continue to apply the provisions of IAS 39. However, in accordance with IFRS 7 (revised), additional information on the management of risks and the impacts of hedge accounting on the financial statements is provided in the notes or in the management report.

Moreover, the provisions of IAS 39 concerning the fair value hedge of the interest rate risk associated with a portfolio of financial assets or financial liabilities, as adopted by the European Union, continue to apply.

Derivatives are financial instruments which have the following three characteristics:

- their value fluctuates with the change in the underlying items (interest rates, exchange rates, share prices, indices, commodities, credit ratings, etc.);
- their initial cost is low or nil;
- their settlement takes place at a future date.

The Crédit Mutuel group deals in simple derivative instruments (swaps, vanilla options), mainly interest rate instruments, which are essentially classified in level 2 of the value hierarchy.

All financial derivative instruments are recognized at fair value under financial assets or financial liabilities. They are recognized by default as trading instruments unless they can be classified as hedging instruments.

2.1.5.a Determining the fair value of derivatives

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and vanilla options are valued using standard, generally accepted models (discounted cash flow method, Black and Scholes model or interpolation techniques), based on observable market data such as yield curves. The valuations given by these models are adjusted to take into account the liquidity risk and the credit risk associated with the instrument or parameter concerned and specific risk premiums intended to offset any additional costs resulting from a dynamic management strategy associated with the model in certain market conditions, as well as the counterparty risk captured by the positive fair value of over-the-counter derivatives. The latter includes the counterparty risk itself present in the negative fair value of over-the-counter derivatives.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

Derivatives are recognized as financial assets when their market value is positive and as financial liabilities when their market value is negative.

2.1.5.b Classification of derivatives and hedge accounting

Derivatives classified as financial assets or financial liabilities at fair value through profit or loss

By default, all derivatives not designated as hedging instruments under IFRS are classified as "Financial assets or financial liabilities at fair value through profit or loss", even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that, when separated from its host contract, meets the definition criteria for a derivative. It has the effect, notably, of changing certain cash flows in the same way as a stand-alone derivative.

The derivative is detached from the host contract and recognized separately as a derivative instrument at fair value through profit or loss only if all of the following conditions are satisfied:

- it meets the definition criteria of a derivative;
- the hybrid instrument hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics of the derivative and the associated risks are not considered as being closely related to those of the host contract;

- separate measurement of the embedded derivative is sufficiently reliable to provide relevant information.

For financial instruments under IFRS 9, only those derivatives embedded in financial liabilities may be detached from the host contract for separate recognition.

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

Hedge accounting

– Risks hedged

In its accounts, the group only recognizes interest rate risk through micro-hedging, or on a broader scope through macro-hedging.

Micro-hedging is partial hedging of the risks incurred by an entity on its assets and liabilities. It specifically applies to one or more assets or liabilities for which the entity covers the risk of an unfavorable change in a type of risk, through derivatives.

Macro-hedging aims to cover all of the group's assets and liabilities against any unfavorable changes, particularly in interest rates.

The overall management of the interest rate risk is described in the management report, along with the management of all other risks (foreign exchange, credit, etc.) that may be hedged through the natural backing of assets to liabilities or the recognition of trading derivatives.

Micro-hedging is particularly done through asset swaps, usually in the aim of transforming fixed-rate instruments into variable-rate instruments.

Three types of hedging relationship are possible. The choice of the hedging relationship depends on the nature of the risk being hedged.

- a fair value hedge hedges the exposure to changes in the fair value of financial assets or financial liabilities;
- a cash flow hedge is a hedge of the exposure to variability in cash flows relating to financial assets or financial liabilities, firm commitments or forward transactions;
- the hedging of net investments in foreign currencies is recognized in the same way as cash flow hedging. The group has not used this form of hedging.

Hedging derivatives must meet the criteria stipulated by IAS 39 to be designated as hedging instruments for accounting purposes. In particular:

- the hedging instrument and the hedged item must both qualify for hedge accounting;
- the relationship between the hedged item and the hedging instrument must be documented formally immediately upon inception of the hedging relationship. This documentation sets out the risk management objectives determined by management, the nature of the risk hedged, the underlying strategy, and the methods used to measure the effectiveness of the hedge;
- the effectiveness of the hedge must be demonstrated upon inception of the hedging relationship, subsequently throughout its life, and at the very least at each balance sheet date. The ratio of the change in value or gain/loss on the hedging instrument to that of the hedged item must be within a range of 80% to 125%.

Where applicable, hedge accounting is discontinued prospectively.

– Fair value hedge of identified financial assets or liabilities

In a fair value hedging relationship, derivatives are remeasured at fair value through profit or loss under “Net gains/(losses) on financial instruments at fair value through profit or loss” symmetrically with the revaluation of the hedged items to reflect the hedged risk. This rule also applies if the hedged item is recognized at amortized cost or is a debt instrument classified under “Financial assets at fair value through equity”. Changes in the fair value of the hedging instrument and the hedged risk component offset each other partially or totally; only the ineffective portion of the hedge is recognized in profit or loss. It may be due to:

- the “counterparty risk” component integrated in the value of the derivatives;
- the different value curve between the hedged items and hedging instruments. Indeed, swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve.

The portion corresponding to the rediscounting of the derivative financial instrument is recognized in the income statement under “Interest income/(expense)”. The same treatment is applied to the interest income or expense relating to the hedged item.

If the hedging relationship is interrupted or the effectiveness criteria are not met, hedge accounting is discontinued on a prospective basis. The hedging derivatives are transferred to “Financial assets or financial liabilities at fair value through profit or loss” and are accounted for in accordance with the principles applicable to this category. The carrying amount of the hedged item is subsequently no longer adjusted to reflect changes in fair value. In the case of interest rate instruments initially identified as hedged, the remeasurement adjustment is amortized over their remaining life. If the hedged item has been derecognized in the balance sheet, due notably to early repayment, the cumulative adjustments are recognized immediately in the income statement.

– Macro-hedging derivatives

The group has availed itself of the possibilities offered by the European Commission as regards accounting for macro-hedging transactions. In fact, the changes made by the European Union to IAS 39 (carve-out) allow the inclusion of customer demand deposits in portfolios of hedged fixed-rate liabilities with no measurement of ineffectiveness in case of under-hedging. Demand deposits are included based on the run-off rules defined for asset-liability management purposes.

For each portfolio of fixed-rate financial assets or liabilities, the maturity schedule of the hedging derivatives is reconciled with that of the hedged items to ensure that there is no over-hedging.

The accounting treatment of fair value macro-hedging derivatives is similar to that used for fair value hedging derivatives.

Changes in the fair value of the hedged portfolios are recorded in the balance sheet under “Revaluation differences on interest-rate hedged portfolios”, the counterpart being an income statement line item.

– Cash flow hedges

In the case of a cash flow hedging relationship, derivatives are remeasured at fair value in the balance sheet, with the effective portion recognized in equity. The portion considered as ineffective is recognized in the income statement under “Net gains/(losses) on financial instruments at fair value through profit or loss”.

Amounts recognized in equity are reclassified to profit or loss under “Interest income/(expense)” at the same time as the cash flows attributable to the hedged item affect profit or loss.

The hedged items continue to be recognized in accordance with the rules specific to their accounting category. If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recorded in shareholders’ equity for the remeasurement of the hedging derivative are maintained in shareholders’ equity until such time as the hedged transaction itself impacts profit or loss or until the transaction is no longer expected to occur. At this point, said amounts are transferred to profit or loss.

If the hedged item no longer exists, the cumulative amounts recorded in equity are immediately transferred to profit or loss.

Benchmark rate reform

Within the framework of the IBOR reform, the group is easing its hedge accounting policies for changes related to the IBOR reform:

- before the substitution indices are defined, maintain existing hedging relationships during this exceptional and temporary situation and until the uncertainty created by the reform of IBOR rates is resolved concerning the choice of a new index and the effective date of this change;
- most notably after defining the substitution indices, update the description of the hedged risk and the documentation, without impacting the continuity of the hedging relationships. A temporary exception on the “separately identifiable” nature of a non-contractually specified hedged risk component. Such a risk component indexed to a replacement rate will be considered separately identifiable if it is reasonable for it to become identifiable within a period of 24 months after designation, in the context of the development of the replacement index markets.

2.1.6 Financial guarantees and financing commitments

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, such financial guarantees continue to be measured using French accounting standards, *i.e.* they are treated as off-balance sheet items, until such time as the current standards are revised. Accordingly, they are subject to a provision for liabilities if an outflow of resources is likely.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating, index, etc.) or a non-financial variable (provided that this variable is not specific to one of the parties to the agreement) fall within the scope of IFRS 9. These guarantees are thus treated as derivatives.

Financing commitments that are not considered as derivatives within the meaning of IFRS 9 are not shown on the balance sheet. However, they give rise to provisions in accordance with the requirements of IFRS 9.

2.1.7 Derecognition of financial assets and liabilities

The group partly or fully “derecognizes” a financial asset (or a group of similar assets) when the contractual rights to the asset’s cash flows expire (in the case of commercial renegotiation), or when the group has transferred the contractual rights to the financial asset’s cash flows, as well as most of the risks and advantages linked with ownership of the asset.

Upon “derecognition” of:

- a financial asset or liability at amortized cost or at fair value through profit or loss: a gain or loss on disposal is recognized in the income statement in an amount equal to the difference between the carrying amount of the asset or liability and the amount of the consideration received/paid;
- a debt instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal;
- an equity instrument at fair value through equity: the unrealized gains or losses previously recognized under equity, as well as any capital gains/losses on disposal are recognized in consolidated reserves without going through the income statement.

The group “derecognizes” a financial liability when the contractual obligation is extinguished, is canceled or expires. A financial liability may also be “derecognized” in the event of a material change in its contractual terms and conditions, or an exchange with the lender for an instrument whose contractual terms and conditions are substantially different.

2.1.8 Measurement of credit risk

The IFRS 9 impairment model is based on an “expected loss” approach while that of IAS 39 was based on an “incurred credit losses”, for which the accounting of credit losses at the time of the financial crisis was considered too little too late.

Under the IFRS 9 model, financial assets for which no objective evidence of impairment exists on an individual basis are impaired on the basis of observed losses as well as reasonable and justifiable future cash flow forecasts.

The IFRS 9 impairment model thus applies to all debt instruments measured at amortized cost or at fair value equity, as well as to financing commitments and financial guarantees. These are divided into three categories:

- Status 1 – non-downgraded performing loans: provisioning on the basis of 12-month expected credit losses (resulting from default risks over the following 12 months) as from initial recognition of the financial assets, provided that the credit risk has not increased significantly since initial recognition;
- Status 2 – downgraded performing loans: provisioning on the basis of the lifetime expected credit losses (resulting from default risks over the entire remaining life of the instrument) if the credit risk has increased significantly since initial recognition; and
- Status 3 – non-performing loans: category comprising the financial assets for which there is objective evidence of impairment related to an event that has occurred since the loan was granted.

For Statuses 1 and 2, the basis of calculation of interest income is the gross value of the asset before impairment while, for Status 3, it is the net value after impairment.

2.1.8.a Governance

The models for compartment allocation, forward-looking scenarios and parameter calculation methods constitute the methodological basis for impairment calculations. They are validated at the group’s top level and are applicable to all entities according to the portfolios involved. The entire methodological base and any subsequent modification in terms of method, weighting of the scenarios, parameter calculation or provision calculation must be validated by the Crédit Mutuel group’s governance bodies.

These bodies consist of the Supervisory and Executive Board as defined by Article 10 of the French Decree of November 3, 2014 relative to internal control. Given the specificities of the Crédit Mutuel group’s decentralized organizational structure, the supervisory and Management body are divided into two levels – the national level and the regional level.

The principle of subsidiarity, applied across the Crédit Mutuel group, governs the breakdown of roles between national and regional levels, both on a project basis and for the ongoing implementation of the asset impairment calculation methodology.

At the national level, the Basel III Working group approves the national procedures, models and methodologies to be applied by the regional groups.

At the regional level, regional groups are tasked with the calculation of the IFRS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

2.1.8.b Definition of the boundary between Status 1 and Status 2

The group uses the models developed for prudential purposes and has therefore applied a similar breakdown of its outstanding loans:

- low default portfolios (LDP), for which the rating model is based on an expert assessment: large accounts, banks, local governments, sovereigns, specialized financing. These portfolios are composed of products such as operating loans, short-term operating loans, current accounts, etc.;
- high default portfolios (HDP) for which the default data is sufficient to establish a statistical rating model: mass corporate and retail. These portfolios include products such as home loans, consumer credit, revolving loans, current accounts, etc.

A significant increase in credit risk, which entails transferring a loan out of Status 1 into Status 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 involves measuring the risk at the level of the borrower, where the counterparty rating system is common to the entire group. All of the group’s counterparties eligible for internal approaches are rated by the 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
- rating grids developed by experts (LDP).

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

Note that the group immediately puts into Status 1 any performing exposure that no longer meets the criteria for Status 2 classification (both qualitative and quantitative).

The group has demonstrated that a significant correlation exists between the probabilities 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 LDP portfolios, the boundary is based on an allocation matrix that relates the internal ratings at origination and at the reporting date. Thus, the riskier the rating of the loan, the less the relative tolerance of the group towards significant deterioration of the risk.

For HDP portfolios, a continuous and growing boundary curve relates the probability of default at origination and the probability of default 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 Status 1.

Qualitative criteria

To this qualitative data the group adds qualitative criteria such as installments unpaid or late by more than 30 days, the fact that a loan has been restructured, 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.

2.1.8.c Status 1 and Status 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding balance present discounted by the contract rate by its probability of default (PD) and by the loss given default (LGD). The off-balance sheet exposure is converted into a balance sheet equivalent based on the probability of a drawdown. The one-year probability of default is used for Status 1, while the probability of default at termination (one to ten year curve) is used for Status 2.

These parameters are based on the same values as prudential models and adapted to meet IFRS 9 requirements. They are used both for assigning loans to a status and for calculating 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 based;

on a history dating back to 1981.

Loss given default

This is based:

- for high default portfolios, on the collection flows observed over a long period of time, discounted at the interest rates of the contracts, segmented according to types of products and types of guarantees;
- for low default portfolios, on fixed ratios (60% for sovereign and 40% for the rest).

Conversion factors

For all products, including revolving loans, they are used to convert off-balance sheet exposure to a balance sheet equivalent and are mainly based on prudential models.

Forward-looking aspect

To calculate expected credit losses, the standard requires taking reasonable and justifiable information into account, including forward-looking information. The development of the forward-looking aspect requires anticipating changes in the economy and relating 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 or 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 (GDP, unemployment rate, inflation rate, short-term and long-term interest rates, etc.) available from the OECD. 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 dimension over different time horizons other than one year will largely be a function of the one-year dimension.

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 large corporates/bank models, and not into local governments, sovereigns and specialized financing models. The approach is similar to that used for high default portfolios.

2.1.8.d Status 3 – Non-performing loans

An impairment is recognized whenever there is objective proof of impairment due to one or more events occurring after a loan or group of loans have been made that might generate a loss. The impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan. In the event of a variable rate, it is the most recent contractual rate that is booked.

Since November 2019, the Crédit Mutuel group has applied new definition of prudential default in accordance with EBA guidelines and regulatory technical standards on applicable materiality thresholds.

The main developments related to the implementation of this new definition are the following:

- the analysis of default is now done during daily processing at the level of the borrower and no longer at the level of the contract;
- the number of days of delay is assessed at the level of a borrower (obligor) or a group of borrowers (joint obligor) having a common commitment;
- the default is triggered after 90 consecutive days of arrears are ascertained on the part of an obligor or joint obligors. The count of the number of days begins at the simultaneous crossing of the absolute materiality threshold (€100 Retail, €500 Corporate) and the relative materiality threshold (more than 1% of balance sheet commitments in arrears). The borrower arrear is reset when this is no longer the case for one of the thresholds;

- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- there is a minimum three-month probationary period before non-restructured assets can return to healthy status.

The Crédit Mutuel group has chosen to roll out the new definition of default across the IRB entities in line with the two-step approach proposed by the EBA:

- step 1 – Consists of submitting a self-assessment and request for authorization from the supervisor. Authorization for use was obtained by the group in October 2019;
- step 2 – Consists of implementing the new definition of default within systems and then, where necessary, “recalibrating” models after a 12-month period of observing the new defaults.

The group believes that the new definition of default, as required by the EBA, is representative of objective proof of impairment in an accounting sense of the word. The group has aligned its definitions of accounting (Status 3) and prudential default. This change represents a change in estimate, for which material impact is booked to profit (loss) during the period of the change.

2.1.8.e Initially impaired financial assets

These are contracts for which the counterparty is non-performing on the date of initial recognition or acquisition. If the borrower is non-performing at the reporting date, the contracts are classified into Status 3; otherwise, they are classified as performing loans, identified in an “originated credit-impaired assets” category and provisioned based on the same method used for exposures in Status 2, *i.e.* an expected loss over the residual maturity of the contract.

2.1.8.f Recognition

Impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses”. Reversals of impairment charges and provisions are recorded in “Net provision allocations/reversals for loan losses” for the portion relating to the change in risk and in “Net interest” for the portion relating to the passage of time. For loans and receivables, impairment is deducted from assets, and for financing and guarantee commitments, the provision is recorded in liabilities under “Provisions” [see Sections 2.1.6 “Financial guarantees and financing commitments” and 2.3.2 “Provisions”]. For assets at fair value through equity, the impairment recognized in the cost of risk is offset under “Unrealized or deferred gains and losses”.

Loan losses are written off and the corresponding impairments and provisions are reversed.

2.1.9 Determination of fair value of financial instruments

Fair value is the amount for which an asset could be sold, or a liability transferred, between knowledgeable willing parties in an arm’s length transaction.

The fair value of an instrument upon initial recognition is generally its transaction price.

The fair value must be calculated for subsequent measurements. The calculation method to be applied varies depending on whether the instrument is traded on a market deemed to be active or not.

2.1.9.a Instruments traded on an active market

When financial instruments are traded in an active market, fair value is determined by reference to their quoted price as this represents the best possible estimate of fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available (from a stock exchange, dealer, broker or pricing service) and those prices represent actual market transactions regularly occurring on an arm’s length basis.

2.1.9.b Instruments traded on a non-active market

Observable market data are used provided they reflect the reality of a transaction at arm’s length on the valuation date and there is no need to make an excessive adjustment to said value. In other cases, the group uses non-observable data (mark-to-model).

When observable data is not available or when market price adjustments require the use of non-observable data, the entity may use internal assumptions relating to future cash flows and discount rates, comprising adjustments linked to the risks the market would factor in. Said valuation adjustments facilitate the inclusion, in particular, of risks not taken into account by the model, as well as liquidity risks associated with the instrument or parameter concerned, and specific risk premiums designed to offset certain additional costs that would result from the dynamic management strategy associated with the model under certain market conditions.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

In all cases, adjustments are made by the group in a reasonable and appropriate manner, based on judgment.

2.1.9.c Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: price quoted in active markets for identical assets or liabilities; notably, debt securities quoted by at least three contributors and derivatives quoted on an organized market are concerned;
- level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* data derived from prices). Included, in particular, in level 2 are interest rate swaps whose fair value is generally determined with the help of yield curves based on market interest rates observed at the end of the reporting period;
- level 3: data relating to the asset or liability that are not observable market data (non-observable data). The main constituents of this category are investments in non-consolidated companies held in venture capital entities or otherwise and, in the Capital Markets activities, debt securities quoted by a single contributor and derivatives using mainly non-observable parameters. The instrument is classified at the same hierarchical level as the lowest level of the input having an important bearing on fair value considered as a whole. Given the diversity and volume of the instruments measured at level 3, the sensitivity of the fair value to a change in parameters would be immaterial.

2.2 Insurance

The insurance departments falling within the Conglomerate Directive benefit from the deferred application of IFRS 9 until 2022, as scheduled by the amendment to IFRS 4 adopted by the European Union. As such, their financial instruments remain valued and recognized in accordance with IAS 39. In terms of presentation, the group chose to adopt an “IFRS audit” approach that allows all financial instruments under IAS 39 to be grouped together under the dedicated asset or liability items rather than by applying ANC recommendation 2017-02 strictly speaking, which entails the presentation of instruments under certain items pursuant to IAS 39 and IFRS 9. Thus, all the financial instruments of the insurance departments are grouped in assets under “Investments in insurance business and shares of reinsurers in technical provisions”, and in liabilities under “Liabilities related to insurance policies”, also including technical provisions.

Investment property is also affected by the reclassification. The impact in the income statement of financial instruments and technical provisions is included under “Net income from Insurance”. Other assets/liabilities and income statement items are included under the “banking insurance” joint entries. Where relevant, the disclosures required by IFRS 7 are given separately for the insurance business lines.

In accordance with the adoption regulation of November 3, 2017, the group ensures there is no transfer of financial instruments with a “derecognition effect”, between the insurance and other sectors of the conglomerate, other than those recognized at fair value through profit or loss in both sectors.

The accounting principles and valuation rules specific to assets and liabilities generated by the issue of insurance policies are drafted in accordance with IFRS 4. This also applies to reinsurance contracts issued or subscribed, and to financial contracts incorporating a discretionary profit-sharing clause.

Except in the cases outlined above, the other assets held and liabilities issued by the insurance companies follow the rules common to all the group’s assets and liabilities.

2.2.1 Insurance – Financial instruments

Under IAS 39, insurers’ financial instruments may be classified in one of the following categories:

- financial assets/liabilities at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity financial assets;
- loans and receivables;
- financial liabilities at amortized cost.

They are grouped in assets under “Investments in insurance business and shares of reinsurers in technical provisions”, and in liabilities under “Liabilities related to insurance policies”.

The classification in one or other of these categories reflects the management intention and determines the recognition rules for instruments.

The fair value of these instruments follows the general principles outlined in section 3.1.9 “Determination of fair value of financial instruments”.

2.2.1.a Financial assets and liabilities at fair value through profit or loss

Classification criteria

The classification of instruments in this category is a result either of a genuine intention to trade, or the use of the fair value option.

– a) Instruments held for trading

Held-for-trading securities consist of securities originally acquired with the intention of reselling them in the near future, as well as securities that are part of a portfolio of securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

– b) Instruments at fair value option

Financial instruments may be classified by choice, from the outset and on an irrevocable basis, at fair value through profit or loss in the following circumstances:

- a. financial instruments containing one or more separable embedded derivatives;
- b. instruments for which where the fair value option is not applied, the accounting treatment would be inconsistent with that applied to another related instrument;
- c. instruments belonging to a pool of financial assets measured and managed at fair value.

This option is specifically used in connection with unit-linked contracts for insurance activities, to ensure consistency with the treatment of liabilities.

Basis of valuation and recognition of income and expenses

Assets classified as “Assets at fair value through profit or loss” are recognized when they are entered on the balance sheet at their fair value, and at subsequent closing dates, until disposal. Changes in fair value and the income received or accrued on these assets are recognized on the income statement under “Net income from Insurance”.

2.2.1.b Available-for-sale financial assets

Classification criteria

Available-for-sale financial assets include those financial assets not classified as “loans and receivables”, or “financial assets held-to-maturity” or “fair value through profit or loss”.

Basis of valuation and recognition of income and expenses

They are recognized on the balance sheet at their fair value at the time of their acquisition, and at subsequent reporting dates, until their disposal. Changes in fair value are shown on the “Unrealized or deferred gains and losses” line within a specific equity account, excluding accrued income. These unrealized gains or losses in shareholders’ equity are only recognized on the income statement in the event of disposal or sustainable impairment. On disposal, these unrealized gains or losses previously recognized in shareholders’ equity are recognized in the income statement, along with capital gains and losses on disposal.

Income accrued or acquired from fixed-income securities is recognized in profit or loss, using the effective interest rate method. They are presented in “Net income from Insurance”, along with dividends received on variable-income securities.

Credit risk and impairment

– Sustainable impairment, specific to shares and other equity instruments

Impairment is recognized on variable-income available-for-sale financial assets in the event of a prolonged or significant fall in fair value, compared to cost.

In the case of variable-income securities, the group considers that a fall in the security's value of at least 50% compared to its acquisition cost or over a period of more than 36 consecutive months shall result in an impairment. The analysis is carried out on a line-by-line basis. Judgment is also used when reviewing those securities that do not meet the above criteria, but for which Management believes the recoverability of the amount invested may not reasonably be expected in the near future. The loss is recognized in income under "Net income from Insurance".

Any subsequent fall is also recognized on the income statement.

Long-term impairment losses on shares or other equity instruments posted in income are irreversible as long as the instrument appears on the balance sheet. In the event of subsequent appreciation, this will be recognized in shareholders' equity under "unrealized or deferred gains or losses".

– Impairment due to credit risk

Impairment losses on fixed-income available-for-sale financial assets (specifically bonds) are recognized under "Cost of risk". In fact, only the existence of credit risk may lead to the impairment of these fixed-income instruments, since impairment in the event of loss due to a simple rate increase is not permitted. In the event of impairment, all combined unrealized losses in shareholders' equity must be recognized in profit or loss. These impairments are reversible; any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk", in case of improvement of the issuer's credit situation.

2.2.1.c Held-to-maturity financial assets

Classification criteria

This category includes determinable or fixed-income securities with a maturity date that the entity intends and is able to hold until maturity.

Any interest-rate hedging operations performed on this category of securities are not eligible for hedge accounting as set out in IAS 39.

Furthermore, the possibilities to dispose of or transfer securities of this portfolio are extremely limited, given the provisions of IAS 39, on pain of downgrading the entire portfolio at group level in the "available-for-sale financial assets" category, and forbidding access to this category for two years.

Basis of valuation and recognition of income and expenses

Securities classified in this category are initially recognized at fair value, then valued at amortized cost according to the effective interest rate method, which incorporates amortization of premiums and discounts, as well as acquisition expenses, if these are material.

Income received on these securities is given in "Net income from Insurance" on the income statement.

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). An analysis is performed at each closing, on a security-by-security basis. Impairment is assessed by comparing the carrying amount and the present value at the original interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.d Loans and receivables

Classification criteria

Loans and receivables are determinable or fixed-income financial assets not quoted on an active market and not intended for sale upon acquisition or grant. They are recognized at their fair value when they initially appear on the balance sheet which is generally the net amount disbursed. These outstandings are then valued on subsequent closing dates at amortized cost using the effective interest-rate method (except for those recognized using the fair value option method).

Credit risk

Impairment is recognized when there is objective proof of impairment of the asset, as a result of one or more events occurring after initial recognition that it is likely to generate a loss (proven credit risk). Impairment is assessed by comparing the carrying amount and the present value at the effective interest rate of future cash flows incorporating guarantees. It is recognized in the income statement under "Cost of risk". Any subsequent assessment, related to an event occurring after the recognition of the impairment, is also recorded in the income statement, under "Cost of risk".

2.2.1.e Financial liabilities at amortized cost

These include amounts due to customers and to credit institutions, debt securities (certificates of deposit, interbank market securities, bonds, etc.), as well as dated and undated subordinated debt for which measurement at fair value through profit or loss was not opted for.

These liabilities are initially recognized at fair value in the balance sheet. At subsequent reporting dates, they are measured at amortized cost using the effective interest rate method. The initial fair value of issued securities is their issue price less transaction costs, where applicable.

2.2.2 Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

2.2.3 Non-financial liabilities

Insurance liabilities, representing commitments to subscribers and beneficiaries, are included under "technical provisions of insurance policies". They remain valued, recognized and consolidated according to French standards.

The technical provisions of life insurance policies consist primarily of mathematical provisions, which generally correspond to the redemption values of the contracts. The risks covered are primarily death, disability and incapacity for work (for borrower insurance).

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

Provisions for non-life insurance policies correspond to unearned premiums (portion of premiums issued relating to subsequent fiscal years) and to claims payable.

Those insurance policies benefiting from a discretionary profit-sharing clause are subject to "shadow accounting". The resulting deferred profit-sharing provision represents the portion of asset capital gains and losses, which accrues to the insured parties. These provisions for deferred profit-sharing appear as liabilities or assets, by legal entity and without offset between entities within the scope of consolidation. On the asset side, they appear as a separate item.

At the reporting date, a liability adequacy test recognized on these contracts (net of other related assets or liabilities, such as deferred acquisition costs and portfolio securities acquired) is conducted: the recognized liability is audited to ensure it is sufficient to hedge the estimated future cash flows on that date. Any shortfall in the technical provisions is recognized in profit or loss for the period (and may subsequently be reversed if necessary).

2.3 Non-financial instruments

2.3.1 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Ownership may or may not eventually be transferred.

An operating lease is any lease that is not a finance lease.

2.3.1.a Finance lease transactions – Lessor

In accordance with IFRS 16, finance lease transactions with non-group companies are reported in the consolidated balance sheet at their financial accounting amount. Finance lease transactions transfer substantially all the risks and rewards incidental to ownership of the leased asset to lessees.

And so, the analysis of the economic substance of the transaction results in:

- the leased asset exiting the balance sheet;
- the recognition of a receivable in “Financial assets at amortized cost”, for a present value, at the implicit contract rates, of the rental payments to be received under the finance lease contract, increased by any residual value not guaranteed returning to the lessor;
- the recognition of deferred taxes for existing temporary differences throughout the life of the finance lease;
- the recognition as net interest margin, of net revenue from the lease, this being representative of the constant periodic rate of return on the amounts outstanding.

Credit risk related to financial receivables is measured and recognized under IFRS 9 [see Section “2.1.8. Measurement of credit risk”].

2.3.1.b Finance lease transactions – Lessee

In accordance with IFRS 16, fixed assets are recorded on the balance sheet to offset a liability in “Other liabilities”. Lease payments are broken down between interest expense and repayment of principal.

2.3.2 Provisions

Provisions and reversals of provisions are classified by type under the corresponding item of income or expenditure.

A provision is recognized whenever it is probable that an outflow of resources representing economic benefits will be necessary to extinguish an obligation arising from a past event and when the amount of the obligation can be estimated accurately. Where applicable, the net present value of this obligation is calculated to determine the amount of the provision to be set aside.

The provisions constituted by the group cover, in particular:

- operating risks;
- employee obligations;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

2.3.3 Employee benefits

Where applicable, provisions in respect of employee obligations are recognized under “Provisions”. Any movements in this provision are recognized in the income statement under “Employee benefit expense” except for the portion resulting from actuarial gains and losses, which is recognized in unrealized or deferred gains and losses, under equity.

2.3.3.a Post-employment benefits under a defined benefit plan

These comprise the pension plans, early pension plans, and supplementary pension plans under which the group has a formal or implicit obligation to provide employees with predefined benefits.

These obligations are calculated using the projected unit credit method, which involves allocating entitlement to benefits to periods of service by applying the contractual formula for calculating plan benefits. Such entitlements are then discounted using demographic and financial assumptions such as:

- a discount rate, determined by reference to the long-term rate on private-sector borrowings consistent with the term of the commitments;
- the salary increase rate, assessed according to age group, manager/non-manager position and regional characteristics;
- inflation rates, estimated by comparing French treasury bond rates and inflation-linked French treasury bond rates at different maturities;
- staff turnover rates, determined by age bracket, using the three-year average for the ratio of resignations and dismissals relative to the year-end number of employees under permanent contracts;
- retirement age: estimated on a case-by-case basis using the actual or estimated date of commencement of full-time employment and the assumptions set out in the law reforming pensions, with a ceiling set at 67 years of age;
- mortality according to the INSEE TH/TF 00-02 table.

Differences arising from changes in these assumptions and from differences between previous assumptions and actual experience constitute actuarial gains or losses. When the plan has assets, they are measured at fair value and the interest income they generate has an impact on profit or loss. The difference between the actual return and the interest income generated by these assets are actuarial gains and losses.

Actuarial gains and losses are recognized in equity, within unrealized or deferred gains and losses. Curtailments and settlements of the plan produce a change in the commitment, which is recognized in the profit (loss) for the period.

2.3.3.b Post-employment benefits under a defined contribution plan

Group entities contribute to various retirement plans managed by independent organizations, to which they have no formal or implicit obligation to make supplementary payments in the event, notably, that the fund's assets are insufficient to meet its commitments.

Since such plans do not represent a commitment for the group, they are not subject to a provision. The charges are recognized in the period in which the contribution must be paid.

2.3.3.c Other long-term benefits

These represent benefits other than post-employment benefits and termination benefits expected to be paid more than 12 months after the end of the fiscal year in which the staff rendered the corresponding service. They include, for example, long-service awards.

The group's commitment in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Commitments in respect of long-service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

2.3.3.d Termination benefits

These are benefits granted by the group when an employment contract is terminated before the usual retirement age or following the employee's decision to leave the group voluntarily in exchange for an indemnity.

The related provisions are discounted if payment is expected to take place more than 12 months after the reporting date.

2.3.3.e Short-term benefits

These are benefits, other than termination benefits, payable within 12 months following the reporting date. They include salaries, social security contributions and certain bonuses.

A charge is recognized in respect of short-term benefits in the period in which the services giving rise to the entitlement to the benefit are provided to the entity.

2.3.4 Non-current assets

2.3.4.a Non-current assets of which the group is owner

Non-current assets reported on the balance sheet include property, plant and equipment and intangible assets used in operations, as well as investment property. Operating assets are used for the production of services or for administrative purposes. Investment property consists of real estate assets held to generate rental income and/or capital gains. The historical cost method is used to recognize both operating and investment properties.

Non-current assets are initially recognized at acquisition cost plus any directly attributable costs necessary to make them operational and usable. They are subsequently measured at amortized historical cost, *i.e.* their cost less accumulated depreciation and any impairment.

When a non-current asset comprises several components likely to be replaced at regular intervals, with different uses or providing economic benefits over differing lengths of time, each component is recognized separately from the outset and is depreciated or amortized in accordance with its own depreciation schedule. The component approach was retained for operating buildings and investment properties.

The depreciable or amortizable amount of a non-current asset is determined after deducting its residual value, net of disposal costs. As the useful life of non-current assets is generally equal to their expected economic life, no residual value is recognized.

Non-current assets are depreciated or amortized over their estimated useful life at rates reflecting the estimated consumption of the assets' economic benefits by the entity. Intangible assets with an indefinite useful life are not amortized.

Depreciation and amortization charges on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Depreciation charges on investment property are recognized under "Expenses on other activities" in the income statement.

The following depreciation and amortization periods are used:

Property, plant and equipment

- land and network improvements: 15-30 years;
- buildings – shell: 20-80 years (depending on type of building);
- buildings – equipment: 10-40 years;
- fixtures and fittings: 5-15 years;
- office furniture and equipment: 5-10 years;
- safety equipment: 3-10 years;
- rolling stock: 3-5 years;
- IT equipment: 3-5 years.

Intangible assets

- software purchased or developed in-house: 1-10 years;
- business goodwill acquired: 9-10 years (if customer contract portfolio acquired).

Depreciable and amortizable assets are tested for impairment when evidence exists at the reporting date that the items may be impaired. Non-amortizable non-current assets such as lease rights are tested for impairment once a year.

If an indication of impairment exists, the recoverable amount of the asset is compared to its net carrying amount. In the event of loss of value, a write-down is recognized on the income statement; it changes the depreciable or amortizing amount of the asset prospectively. The write-down is repaid in the event of changes to the estimated recoverable amount or if the indications of impairment disappear. The net carrying amount following the reversal of an impairment provision cannot exceed the net carrying amount that would have been calculated if no impairment had been recognized.

Impairment charges and reversals on operating assets are recognized under "Movements in depreciation, amortization and provisions for operating assets" in the income statement.

Impairment charges and reversals on investment property are recognized in the income statement under "Expenses on other activities" and "Income from other activities", respectively.

Capital gains or losses on disposals of operating assets are recorded in the income statement on the line "Net gains/(losses) on other assets".

Gains and losses on the disposal of investment property are recorded on the income statement on the line "Income from other activities" or "Expenses from other activities".

2.3.4.b Non-current assets of which the group is lessee

For a contract to qualify as a lease, there must be both the identification of an asset and control by the lessee of the right to use said asset.

In respect of the lessee, operating leases and finance leases will be recorded in a single model, with recognition of:

- an asset representing the right to use the leased property during the lease term;
- offset by a liability in respect of the lease payment obligation;
- straight-line depreciation of the asset and an interest expense in the income statement.

The group mainly activates its real estate contracts. The vehicle fleet was only restated where it was locally significant and computer and security equipment were precluded on the grounds of their substitutable nature, in accordance with standards. Only a limited number of IT contracts, deemed to be significant, were deemed to be activated.

Other underlying assets were precluded through short-term or low value exemptions (set at €5 thousand). The group has no leases that give rise to recognition of intangible assets or investment properties.

Therefore, usage rights are recorded as "Property, plant and equipment", and lease obligations as "Other liabilities". Leasehold rights are reclassified as property, plant and equipment when they concern contracts that are not automatically renewable. Rights of use and lease obligations are the subject of deferred tax assets or liabilities for the net amount of taxable and deductible temporary differences.

On the income statement, interest charges appear in "Interest margin" while depreciation/amortization is presented under the heading dedicated to general operating expenses.

For calculating the lease obligation, we use:

- the lease term. This represents at least the non-cancellable period of the contract and may be extended to take into account any renewal/extension option that the group is reasonably certain to exercise. With regard to the operational implementation of the group's methodology, any new 3/6/9 commercial lease will be activated for a period of nine years by default (or for a period equal to its non-cancellable period in the case of another type of lease). The term of any automatically extended contract will be extended to the end of the medium-term plan, which is a reasonable time frame for the continuation of the contract.^[1] For the 3/6/9 leases in exception, the contract will be activated for a period of 12 years, as the group has no economic incentive to remain beyond this period, given the de-capping of leases after this period;
- the discount rate is the marginal rate of indebtedness corresponding to the chosen duration. It is a rate that is depreciable by the group's refinancing headquarters and by currency;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

2.3.5 Commissions

Fees and commissions in respect of services are recorded as income and expenses according to the nature of the services involved. Thus, fees considered as an additional interest are an integral part of the effective interest rate. These fees and commissions are thus recognized either as interest income or expense.

Fees and commissions linked directly to the grant of a loan are spread using the effective interest method.

Fees and commissions remunerating a service provided on a continuous basis are recognized over the period during which the service is provided.

Fees and commissions remunerating a significant service are recognized in full in the income statement upon execution of the service.

2.3.6 Income tax expense

The income tax expense includes all tax, both current and deferred, payable in respect of the income for the period under review.

The income tax payable is determined in accordance with applicable tax regulations.

2.3.6.a Deferred tax

As required by IAS 12, deferred taxes are recognized in respect of temporary differences between the carrying amount of an asset or liability on the consolidated balance sheet and its taxable value, with the exception of goodwill.

Deferred taxes are calculated using the liability method, applying the income tax rate known at the end of the fiscal year, and applicable to subsequent years.

Deferred tax assets net of deferred tax liabilities are recognized only when there is a high probability that they will be utilized. Current or deferred tax is recognized as income or an expense, except for that relating to unrealized or deferred gains or losses recognized in equity, for which the deferred tax is allocated directly to equity.

Deferred tax assets and liabilities are netted if they arise in the same entity or in the same tax group, are subject to the same tax authority and when there is a legal right to do so.

Deferred tax is not discounted.

2.3.6.b Uncertainties over income tax treatment

In accordance with IFRIC 23, the group is assessing the probability of the tax authority accepting the tax position taken. It is assessing the likely effects on the result for tax purposes, tax bases, tax loss carryforwards, unused tax credits and rates of taxation.

In the event of an uncertain tax position, the amounts payable are estimated on the basis of the most likely amount or the expected amount according to the method that reflects the best estimate of the amount to be paid or received.

2.3.7 Interest paid by the State on certain loans

Pursuant to measures to support the agricultural and rural sector, as well as the purchase of housing, some group entities grant loans at reduced rates, which are set by the State. Consequently, these entities receive a subsidy from the government equal to the interest rate differential existing between the rate granted to customers and a predefined benchmark rate. As a result, no discounting occurs on loans that benefit from these grants.

The arrangements governing this offset mechanism are periodically reviewed by the State.

The government subsidies received are recognized under "Interest and similar income" and allocated over the life of the corresponding loans, in accordance with IAS 20.

[1] Regional groups that directly manage the leases.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets, or groups of assets, are classified as held for sale if they are available for sale and there is a high probability that their sale will take place within the next 12 months.

The related assets and liabilities are shown separately in the balance sheet, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". They are recognized at the lower of their carrying amount and their fair value less selling costs, and are no longer depreciated or amortized.

Any impairment loss on such assets and liabilities is recognized in the income statement.

Discontinued operations consist of businesses held for sale or which have been discontinued, or subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/(loss) on discontinued operations and assets held for sale".

2.4 Judgments and estimates used in the preparation of the financial statements

Preparation of the group's financial statements requires the use of assumptions for the purpose of the necessary measurements, which entails risks and uncertainties as to whether these assumptions will materialize in the future, particularly in the context of the COVID-19 pandemic.

The future outcome of such assumptions may be influenced by several factors, in particular:

- the activities of national and international markets;
- fluctuations in interest rates and foreign exchange rates;
- economic and political conditions in certain business sectors or countries;
- regulatory and legislative changes.

Accounting estimates requiring the formulation of assumptions are mainly used for the measurement of the following:

- the fair value of financial instruments not quoted on an active market, the definition of a forced transaction and the definition of observable data require the exercise of judgment;
- pension plans and other future employee benefits;
- impairment of assets, in particular expected credit losses;
- provisions;
- impairment of intangible assets and goodwill;
- deferred tax assets.

3. Related-party information

Parties related to the group are companies consolidated at the level of the Crédit Mutuel group as a whole, including the other establishments affiliated to the Confédération Nationale du Crédit Mutuel and equity consolidated companies.

Transactions carried out between the group and its subsidiaries and associates are carried out under normal market conditions, at the time these transactions are completed.

The list of consolidated companies is presented in note 3. As transactions carried out and outstandings that exist at the end of the

period between the group's fully consolidated companies are totally eliminated in consolidation, data pertaining to these reciprocal transactions is included in the attached tables only when concerning companies over which the group exercises joint control or significant influence, and is consolidated using the equity method.

4. Standards and interpretations adopted by the European Union and not yet applied

IFRS 17 – Insurance Contracts

It will replace IFRS 4, which allows insurance companies to retain most of their local accounting principles for their insurance and non-insurance policies within the scope of IFRS 4, which hinders the comparability of financial statements of entities in the sector, mainly between international players.

The aim of IFRS 17 is to harmonize the recognition of the various types of insurance policies and to base their valuation on a prospective assessment of insurers' commitments.

Issued in May 2017 and modified by the June 2020 amendments, this new standard will become effective on January 1, 2023. The initial application date of IFRS 17 in 2021 has been postponed by two years to January 1, 2023. The application of IFRS 9 for insurance entities that have opted for deferral (as GCM did) was also covered by an amendment by the IASB for an extension until 2023.

IFRS 17 (and the 2020 amendments) published by the IASB maintains the requirements of granularity of reserve calculations and grouping of policies by year of subscription (annual cohorts), despite an incompatibility with the principle of intergenerational pooling of returns on financial assets for participating life insurance policies.

IFRS 17 was adopted by the European Union in November 2021, offering a possible exemption from the annual cohort requirement for direct participating policies. The scope of the policy portfolios to which the entity applies the exemption should be disclosed in the appendix.

IFRS 17 applies to insurance policies issued, reinsurance treaties held and investment contracts with a discretionary profit-sharing feature.

It defines the level of contract aggregation to be used to measure insurance policy liabilities and profitability.

The first step is to identify portfolios of insurance policies (contracts subject to similar risks and managed together). Each portfolio is then divided into three groups:

- onerous contracts upon initial recognition;
- policies that do not have a significant possibility of becoming loss-making when initially recorded; and
- the other policies in the portfolio.

Under IFRS 17, policies are measured on the basis of a current value measurement model where the general model is based on a general "building blocks" approach comprising:

- estimates of future cash flows weighted by their probability of occurrence, together with an adjustment to reflect the time value of money (by discounting these future cash flows) and the financial risks associated with the future cash flows;
- an adjustment for non-financial risk;
- the contractual service margin.

This contractual service margin represents the unearned profit for a group of insurance policies. It will be recognized by the entity as it provides services under the insurance policies. This margin cannot be negative; any negative cash flow at the beginning of the contract is recognized immediately in profit or loss.

Subsequent period insurance policies are revalued as the sum of the liability for remaining coverage and the liability for claims incurred.

Insurance policies with a discretionary profit-sharing feature are required to be valued using the "Variable Fee" approach. They are defined as insurance policies for which:

- the contractual terms provide for the policyholder to receive a share of a portfolio of clearly identified underlying items;
- the entity pays the policyholder a substantial portion of the return resulting from the fair value of the underlying items;
- the entity expects that a substantial portion of the amounts paid to the policyholder will vary with changes in the fair value of the underlying items.

For these contracts, the contractual service margin is mainly adjusted for the entity's share of the fair value of the underlying assets (similar to the policyholder's income).

Finally, the standard offers the possibility of opting for a simplified approach, known as the "Premium Allocation Approach", when:

- the period of coverage of the insurance policies does not exceed one year or;
- the valuation of the remaining hedge under this approach is a reasonable approximation of the valuation that would have been obtained by applying the general "building block" approach.

IFRS 17 must be applied retrospectively unless this is impracticable, in which case two options are available:

- the modified retrospective approach: based on reasonable and justified information that is available without undue cost or effort to the entity, certain modifications may be applied, to the extent that full retrospective application is not possible, with the objective of achieving the result as close as possible to that of retrospective application;
- the fair value approach: the contractual service margin is then determined as the positive difference between the fair value established in accordance with IFRS 13 and the performance cash flows (any negative difference being recognized as a reduction in shareholders' equity at the transition date).

The group's Insurance divisions are continuing their work on the operational implementation of IFRS 17 in the following areas:

- mapping of insurance policies according to the granularity required by the standard (grouping of policies of similar risk and managed together, with a comparable level of profitability, issued within one year of each other);
- definition of the methodology for actuarial calculations of insurance policy provisions and its implementation in the IT systems;
- updating the accounting system and principles with regard to the provisions of IFRS 17 and IFRS 9, as well as the process of producing the IFRS accounts of the scope concerned;
- adaptation of financial communication at the level of the related conglomerate.

Amendments to IFRS 3 – Reference to the Conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version).

It introduces an exception so as not to create discrepancies with the current consequences in terms of the recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination.

Amendments to IAS 37 – Cost of fulfilling a contract

It clarifies the concept of "unavoidable costs" used to define an onerous contract.

It applies to contracts for which the group would not have met its obligations on January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment of the net revenue generated during the operational testing of the asset. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

Amendments mainly modify the following standards:

- IFRS 1 – First-time adoption of IFRS: simplifies the application of IFRS 1 for a subsidiary adopting IFRS after its parent;
- IFRS 9 – Financial instruments: specifies the fees and costs to be included in the 10% test for "derecognition" of financial liabilities. These only include fees and costs paid, or received, by borrowers and lenders, including those paid, or received, on behalf of others;
- IFRS 16 – Leases: amends illustrative example 13 to avoid any confusion regarding the treatment of benefits received by lessors;

5. Standards and interpretations not yet adopted by the European Union

Amendments to IFRS 3 – Reference to the conceptual framework

This amendment updates IFRS 3 so that it refers to the updated 2018 version of the Conceptual framework (replacing the reference to its previous 1989 version).

It introduces an exception so as not to create discrepancies with the current consequences in terms of recognition of assets and liabilities in business combinations.

This exception specifies that acquirers must refer to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 – Levies, instead of to those provided in the new Conceptual framework.

Acquirers must not recognize any assets acquired in a business combination.

Amendments to IAS 37 – Cost of fulfilling a contract

It clarifies the notion of “unavoidable costs” used in the definition of an onerous contract. It applies to contracts for which the group has not fulfilled its obligations by January 1, 2022.

Amendments to IAS 16 – Proceeds before intended use

It prohibits the deduction from the cost of an item of property, plant and equipment of the net revenue generated during the operational testing of the asset. The proceeds from selling such items must be recognized immediately in profit or loss.

Improvements to IFRS – 2018-2020 cycle

Amendments mainly modify the following standards:

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- IFRS 16 – Leases: amends illustrative example 13 to avoid any confusion regarding the treatment of benefits received by lessors.

Standards and interpretations not yet adopted by the European Union

Amendments to IAS 1 – Disclosure of accounting methods

It clarifies the information to provide on “significant” accounting methods. They are considered significant when, taken together with other information from the financial statements, one can reasonably

expect them to influence the decisions of the financial statements’ main users.

Amendments to IAS 8 – Definition of accounting estimates

Its objective is to facilitate the distinction between the changes in accounting methods and accounting estimates by introducing an explicit definition of the notion of accounting estimates. They represent the amounts in the financial statements whose assessment is uncertain.

Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

It generalizes the recognition of a deferred tax for leases and decommissioning obligations. The repercussions of this amendment are currently being assessed.

Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 on comparative information

It applies to financial assets for which there were no restatements of comparative periods under IFRS 9 at the time of the first simultaneous application of IFRS 17 and IFRS 9 (case of assets derecognized in the year 2022 or choice of the entity to opt for the exemption from prior period restatement offered by IFRS 9).

It introduces the possibility to present comparative information on these financial assets as if the measurement and classification requirements of IFRS 9 had been applied to them. This option, applicable on an instrument-by-instrument basis, is based on an overlay approach.

Note 2 Analysis of the income statement by business line and geographic area

The businesses are as follows:

- Retail Banking comprises CIC regional banks, TARGOBANK in Germany and Spain, Cofidis and all specialized businesses whose products are marketed by the network: real estate and equipment leasing, factoring, collective management, employee savings, real estate;
- Insurance is composed of Groupe des Assurances du Crédit Mutuel.
- the financing and market activities are composed of:
 - a) the financing of large companies and institutional customers, specialized financing, international business and foreign branches,
 - b) Capital Markets, which are composed of investments in interest rate, currency and equities activities, including stock market brokering;
- Private Banking brings together companies whose main business occurs in France and abroad;

- Private Equity consists of proprietary trading and financial engineering services;
- the holding structure brings together those items that cannot be assigned to another business (holding company) as well as the press and logistics structures: intermediary holdings, non-controlling interests, operating real estate hosted in specific entities, press and IT entities.

Consolidated entities are fully allocated to their core business based on their contribution to the consolidated financial statements. Only two entities are an exception, CIC and BFCM because of their presence in several businesses. In this case, the contribution to the consolidated income statements and balance sheets of these two entities is broken down based on the different business lines to which they contribute.

2a Balance sheet breakdown by business line

12/31/2021	Retail Banking	Insurance	Financing and markets	Private Banking	Private Equity	Logistics and Holding company services	Total
ASSETS							
Cash, central banks	7,413	-	3,324	5,900	0	104,086	120,723
Financial assets at fair value through profit or loss	203	-	16,401	295	3,323	1,719	21,941
Hedging derivatives	23	-	360	3	0	1,742	2,128
Financial assets at amortized cost	259,571	-	25,317	20,091	65	42,137	347,179
■ of which loans and receivables due from credit institutions and similar at amortized cost	10,872	-	3,639	1,061	3	41,484	57,059
■ of which loans and receivables due from customers at amortized cost	248,449	-	20,211	17,171	1	649	286,481
Financial assets at fair value through equity	297	-	13,762	83	-	17,873	32,014
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	121,042	-	-	-	-	121,042
Investments in equity consolidated companies	17	56	-	-	-	767	839
LIABILITIES							
Central banks	37	0	3	0	0	565	605
Financial liabilities at fair value through profit or loss	1	0	11,848	89	0	144	12,082
Hedging derivatives - Liabilities	30	0	912	51	0	1,040	2,034
Liabilities to cred. inst.	0	0	76,882	0	0	0	76,881
Due to customers	223,436	0	16,094	27,863	1	6,863	274,257
Debt securities	20,156	0	18,870	29	0	82,408	121,463

12/31/2020	Retail Banking	Insurance	Financing and markets	Private Banking	Private Equity	Logistics and Holding company services	Total
ASSETS							
Cash, central banks	6,108	-	1,204	3,748	0	88,050	99,110
Financial assets at fair value through profit or loss	203	-	22,575	161	3,061	1,660	27,658
Hedging derivatives	7	-	712	8	0	2,777	3,504
Financial assets at amortized cost	244,530	-	24,234	18,400	53	41,379	328,596
■ of which loans and receivables due from credit institutions and similar at amortized cost	9,973	-	3,062	807	6	40,949	54,797
■ of which loans and receivables due from customers at amortized cost	234,307	-	20,399	15,703	2	426	270,836
Financial assets at fair value through equity	287	-	12,526	84	-	20,747	33,643
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	116,567	-	-	-	-	116,567
Investments in equity consolidated companies	50	54	-	-	-	800	903
LIABILITIES							
Central banks	1	0	0	0	0	574	575
Financial liabilities at fair value through profit or loss	2	0	15,139	195	0	189	15,525
Hedging derivatives - Liabilities	25	0	1,200	80	0	779	2,083
Liabilities to cred. inst.	0	0	44,846	0	0	0	44,846
Due to customers	215,463	0	19,973	24,861	0	8,505	268,802
Debt securities	19,495	0	18,600	24	0	89,195	127,314

2b Breakdown of the income statement by business line

12/31/2021	Retail Banking	Insurance	Financing and markets	Private Banking	Private Equity	Publishing, Logistics and Holding company services	Inter- activities	Total
Net banking income	7,688	1,810	809	677	518	488	-88	11,902
General operating expenses	-4,496	-649	-367	-434	-77	-415	88	-6,349
Gross operating income	3,192	1,161	442	244	442	73	0	5,553
Cost of counterparty risk	-653	0	35	-8	-21	0	0	-647
Net gains/(losses) on disposals of other assets*	-8	0	0	0	0	-785	0	-793
Profit/(loss) before tax	2,531	1,161	477	235	420	-712	0	4,113
Income tax	-787	-326	-111	-46	-4	-5	-	-1,280
Post-tax gains and losses on discontinued assets	9	-	-	-	-	-	-	9
Net profit/(loss)	1,753	834	367	190	416	-717	0	2,842
Non-controlling interests	-	-	-	-	-	-	-	356
Net profit attributable to the group	-	-	-	-	-	-	-	2,487

* Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).

12/31/2020	Retail Banking	Insurance	Financing and markets	Private Banking	Private Equity	Publishing, Logistics and Holding company services	Inter- activities	Total
Net banking income	7,352	1,360	700	626	190	103	-70	10,262
General operating expenses	-4,279	-603	-347	-413	-65	-440	70	-6,077
Gross operating income	3,073	757	353	213	126	-337	0	4,185
Cost of counterparty risk	-1,791	-	-273	-32	-1	3	-	-2,094
Net gains/(losses) on disposals of other assets*	-4	2	4	-	0	136	-	138
Profit/(loss) before tax	1,278	759	84	181	125	-199	0	2,229
Income tax	-505	-251	-11	-39	3	81	-	-721
Post-tax gains and losses on discontinued assets	-	-	-	-	-	-	-	0
Net profit/(loss)	773	508	74	142	128	-118	0	1,507
Non-controlling interests	-	-	-	-	-	-	-	224
Net profit attributable to the group	-	-	-	-	-	-	-	1,284

* Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

2c Balance sheet breakdown by geographic area

	12/31/2021				12/31/2020			
	France	Europe outside France	Other countries*	Total	France	Europe outside France	Other countries*	Total
ASSETS								
Cash, central banks	104,425	12,975	3,323	120,723	88,405	9,502	1,204	99,110
Financial assets at fair value through profit or loss	20,373	507	1,061	21,941	24,037	308	3,313	27,658
Hedging derivatives	2,117	4	6	2,128	3,490	8	6	3,504
Financial assets at amortized cost	283,269	54,240	9,671	347,180	269,796	49,997	8,804	328,596
<i>of which loans and receivables due from credit institutions</i>	53,236	1,359	2,463	57,059	51,802	1,084	1,912	54,797
<i>of which loans and receivables due from customers</i>	228,765	50,509	7,208	286,482	217,379	46,565	6,892	270,836
Financial assets at fair value through equity	24,795	277	6,943	32,014	26,486	284	6,873	33,643
Investments in the insurance business line and reinsurers' share of technical provisions	117,786	3,257	0	121,042	113,087	3,480	0	116,567
Investments in equity consolidated companies	713	0	125	839	787	0	117	903
LIABILITIES								
Central banks	601	1	3	605	574	1	0	575
Financial liabilities at fair value through profit or loss	11,236	214	632	12,082	14,394	197	934	15,525
Hedging derivatives	1,990	43	1	2,034	1,987	80	16	2,083
Liabilities to cred. inst.	60,477	8,432	7,971	76,881	30,994	7,526	6,325	44,846
Due to customers	216,630	55,275	2,352	274,257	215,693	51,156	1,953	268,802
Debt securities	108,648	4,148	8,667	121,463	115,018	2,544	9,752	127,314

* United States, Canada, Singapore, Hong Kong and Tunisia.

2d Breakdown of income statement items by geographic area

	12/31/2021				12/31/2020			
	France	Europe outside France	Other countries ⁽¹⁾	Total	France	Europe outside France	Other countries ⁽¹⁾	Total
Net banking income ⁽²⁾	8,541	3,156	204	11,902	6,934	3,124	204	10,262
General operating expenses	-4,419	-1,838	-93	-6,349	-4,238	-1,742	-97	-6,077
Gross operating income	4,123	1,319	111	5,553	2,696	1,382	107	4,185
Cost of counterparty risk	-212	-440	5	-647	-1,326	-731	-37	-2,094
Net gains/(losses) on disposals of other assets ⁽³⁾	-798	-6	11	-793	120	3	15	138
Profit/(loss) before tax	3,113	873	127	4,113	1,489	654	86	2,229
Total net profit/(loss)	2,113	616	113	2,842	985	446	76	1,508
NET PROFIT ATTRIBUTABLE TO THE GROUP	1,778	597	112	2,487	778	430	75	1,284

(1) United States, Canada, Singapore, Hong Kong and Tunisia.

(2) 34.6% of NBI (excluding Logistics and Holding) was generated abroad in 2021 (compared to 32.5% of NBI in 2020).

(3) Including net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the scope of consolidation

The parent company of the group is Banque Fédérative du Crédit Mutuel.

Since December 31, 2020, the changes in the scope of consolidation are as follows:

- new scopes: AGIR, Est Info TV, Ebra Productions, FCT Factofrance, Les Editions du quotidien;

- merger: BECM Monaco absorbed by CIC Lyonnaise de Banque Monaco, Targo Technology GmbH Singapore closed and absorbed by Targo Technology GmbH, Société Presse Investissement (SPI) merged into SIM, Groupe Républicain Lorrain Communication (GRLC) merged into SIM, Républicain Lorrain TV news merged into Le Républicain Lorrain, Républicain Lorrain Communication merged into SIM;
- exit from the scope of consolidation: Targo seguros mediacion;
- name changes: Cofidis Participations becomes Cofidis Group, Procourtage becomes ACM Courtage.

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
A. BANKING NETWORK							
Banque Européenne du Crédit Mutuel (BECM)	France	96	96	FC	96	96	FC
BECM Francfort (branch of BECM)	Germany	100	96	FC	100	96	FC
CIC Est	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	France	100	99	FC	100	99	FC
CIC Lyonnaise de Banque Monaco (LB branch)	Monaco	100	99	FC	100	99	FC
CIC Nord Ouest	France	100	99	FC	100	99	FC
CIC Ouest	France	100	99	FC	100	99	FC
CIC Sud Ouest	France	100	99	FC	100	99	FC
Crédit Industriel et Commercial (CIC)	France	100	99	FC	100	99	FC
CIC Bruxelles (branch of CIC)	Belgium	100	99	FC	100	99	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	99	FC	100	99	FC
CIC London (branch of CIC)	United Kingdom	100	99	FC	100	99	FC
CIC New York (branch of CIC)	United States	100	99	FC	100	99	FC
CIC Singapore (branch of CIC)	Singapore	100	99	FC	100	99	FC
TARGOBANK AG	Germany	100	100	FC	100	100	FC
TARGOBANK in Spain	Spain	100	100	FC	100	100	FC
B. SUBSIDIARIES OF THE BANKING NETWORK							
Bancas	France	50	50	EM	50	50	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	-	-	FU	100	96	FC
CCLS Leasing Solutions	France	100	100	FC	100	100	FC
Cofidis Belgium	Belgium	100	80	FC	100	80	FC
Cofidis France	France	100	80	FC	100	80	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	80	FC	100	80	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	80	FC	100	80	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	80	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	80	FC	100	80	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	80	FC	100	80	FC
Cofidis Italy	Italy	100	80	FC	100	80	FC
Cofidis Czech Republic	Czech Republic	100	80	FC	100	80	FC
Creatis	France	100	80	FC	100	80	FC
Creatis Crédit Mutuel Asset Management	France	74	74	FC	74	74	FC
Crédit Mutuel Caution Habitat	France	100	100	FC	100	100	FC
Crédit Mutuel Épargne Salariale	France	100	99	FC	100	99	FC

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
Crédit Mutuel Factoring	France	95	95	FC	95	95	FC
Crédit Mutuel Gestion	France	100	74	FC	100	74	FC
Crédit Mutuel Home Loan SFH	France	100	100	FC	100	100	FC
Crédit Mutuel Leasing	France	100	99	FC	100	99	FC
Crédit Mutuel Leasing Spain (branch of Crédit Mutuel Leasing Benelux)	Spain	100	99	FC	100	99	FC
Crédit Mutuel Leasing Benelux	Belgium	100	99	FC	100	99	FC
Crédit Mutuel Leasing Nederland (branch of Crédit Mutuel Leasing Benelux)	Belgium	100	99	FC	100	99	FC
Crédit Mutuel Leasing Gmbh	Germany	100	99	FC	100	99	FC
Crédit Mutuel Real Estate Lease	France	100	100	FC	100	100	FC
Factofrance SA	France	100	100	FC	100	100	FC
FCT Factofrance	France	100	100	FC	-	-	NC
FLOA (formerly Banque du Groupe Casino)	France	50	50	EM	50	50	EM
Gesteurop	France	100	99	FC	100	99	FC
LYF SA	France	44	44	EM	44	44	EM
Monabanq	France	100	80	FC	100	80	FC
Paysurf	France	51	64	FC	51	64	FC
SCI La Tréflière	France	46	46	EM	46	46	EM
Targo Factoring GmbH	Germany	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	Germany	100	100	FC	100	100	FC
Targo Leasing GmbH	Germany	100	100	FC	100	100	FC
C. CORPORATE BANKING AND CAPITAL MARKETS							
Cigogne Management	Luxembourg	100	100	FC	100	100	FC
Satellite	France	100	99	FC	100	99	FC
D. PRIVATE BANKING							
Banque de Luxembourg	Luxembourg	100	99	FC	100	99	FC
Banque du Luxembourg Belgium (Banque de Luxembourg branch)	Belgium	100	99	FC	100	99	FC
Banque de Luxembourg Investments SA (BLI)	Luxembourg	100	99	FC	100	99	FC
Banque Transatlantique (BT)	France	100	99	FC	100	99	FC
Banque Transatlantique London (branch of BT)	United Kingdom	100	99	FC	100	99	FC
Banque Transatlantique Belgium	Belgium	100	99	FC	100	99	FC
Banque Transatlantique Luxembourg	Luxembourg	100	99	FC	100	99	FC
CIC Switzerland	Switzerland	100	99	FC	100	99	FC
Dubly Transatlantique Gestion	France	100	99	FC	100	99	FC
E. PRIVATE EQUITY							
CIC Capital Canada Inc.	Canada	100	99	FC	100	99	FC
CIC Capital Suisse SA	Switzerland	100	99	FC	100	99	FC
CIC Capital Deutschland GmbH	Germany	100	99	FC	100	99	FC
CIC Capital Ventures Quebec	Canada	100	99	FC	100	99	FC
CIC Conseil	France	100	99	FC	100	99	FC
Crédit Mutuel Capital	France	100	99	FC	100	99	FC
Crédit Mutuel Equity	France	100	99	FC	100	99	FC
Crédit Mutuel Equity SCR	France	100	99	FC	100	99	FC
Crédit Mutuel Innovation	France	100	99	FC	100	99	FC

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
F. LOGISTICS AND HOLDING COMPANY SERVICES							
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
CIC Participations	France	100	99	FC	100	99	FC
Cofidis Group (formerly Cofidis Participations)	France	80	80	FC	80	80	FC
Euro-Information	France	26	26	EM	26	26	EM
Euro Protection Surveillance	France	22	22	EM	25	25	EM
Groupe Républicain Lorrain Communication (GRLC)	France	-	-	FU	100	100	FC
Mutuelles Investissement	France	90	90	FC	90	90	FC
SAP Alsace	France	100	100	FC	100	100	FC
Société d'Investissements Médias (SIM)	France	100	100	FC	100	100	FC
Société de Presse Investissement (SPI)	France	-	-	FU	100	100	FC
Targo Deutschland GmbH	Germany	100	100	FC	100	100	FC
Targo Dienstleistungs GmbH	Germany	100	100	FC	100	100	FC
Targo Technology GmbH	Germany	100	100	FC	100	100	FC
Targo Technology GmbH Singapore (branch of Targo Technology GmbH)	Singapore	-	-	FU	100	100	FC
G. INSURANCE COMPANIES							
ACM GIE	France	100	66	FC	100	66	FC
ACM IARD	France	97	64	FC	97	64	FC
ACM SERVICES	France	100	66	FC	100	66	FC
ACM VIE SA	France	100	66	FC	100	66	FC
Agrupació AMCI d'Assegurances i Reassegurances SA	Spain	95	63	FC	95	63	FC
Agrupació serveis administratius	Spain	100	63	FC	100	63	FC
AMDIF	Spain	100	63	FC	100	63	FC
Asesoramiento en Seguros y Previsión Atlantis SL	Spain	80	53	FC	80	53	FC
Asistencia Avançada Barcelona	Spain	100	63	FC	100	63	FC
ASTREE Assurances	Tunisia	30	20	EM	30	20	EM
Atlantis Asesores SL	Spain	80	53	FC	80	53	FC
Atlantis Correduría de Seguros y Consultoría Actuarial SA	Spain	60	40	FC	60	40	FC
Atlantis Vida, Compañía de Seguros y Reaseguros SA	Spain	88	59	FC	88	59	FC
GACM España	Spain	100	66	FC	100	66	FC
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	Spain	100	66	FC	100	66	FC
Groupe des Assurances du Crédit Mutuel (GACM)	France	66	66	FC	66	66	FC
ICM Life	Luxembourg	100	66	FC	100	66	FC
Margem-Mediação Seguros, Lda	Portugal	100	80	FC	100	80	FC
NELB (North Europe Life Belgium)	Belgium	100	66	FC	100	66	FC
Partners	Belgium	100	66	FC	100	66	FC
ACM Courtage (formerly Procourtage)	France	100	66	FC	100	66	FC
Serenis Assurances	France	100	66	FC	100	66	FC
Targo seguros mediacion	Spain	-	-	NC	90	59	FC
Targopensiones, entidad gestora de fondos de pensiones, SA	Spain	100	63	FC	100	63	FC

	Country	12/31/2021			12/31/2020		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
H. OTHER COMPANIES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	FC
AGIR	France	100	100	FC	-	-	-
Alsacienne de Portage – DNA	France	100	99	FC	100	99	FC
Crédit Mutuel Immobilier	France	100	100	FC	100	100	FC
EBRA events	France	100	100	FC	100	100	FC
EBRA Medias Alsace	France	100	99	FC	100	99	FC
EBRA Medias Lorraine Franche Comté	France	100	99	FC	100	99	FC
EBRA Productions	France	100	100	FC	-	-	-
EBRA services	France	100	100	FC	100	100	FC
Est Bourgogne Média	France	100	100	FC	100	100	FC
Est Info TV	France	100	100	FC			
Foncière Massena	France	100	66	FC	100	66	FC
France Régie	France	100	99	FC	100	99	FC
GEIE Synergie	France	100	80	FC	100	80	FC
Groupe Dauphiné Media	France	100	100	FC	100	100	FC
Groupe Progrès	France	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries (GRLI)	France	100	100	FC	100	100	FC
<i>Journal de la Haute Marne</i>	France	50	50	EM	50	50	EM
<i>L'Est Républicain</i>	France	100	100	FC	100	100	FC
<i>La Liberté de l'Est</i>	France	97	97	FC	97	97	FC
<i>La Tribune</i>	France	100	100	FC	100	100	FC
<i>Le Dauphiné Libéré</i>	France	100	100	FC	100	100	FC
<i>Le Républicain Lorrain</i>	France	100	100	FC	100	100	FC
<i>Les Dernières Nouvelles d'Alsace</i>	France	99	99	FC	99	99	FC
Les Éditions du Quotidien	France	100	100	FC	-	-	-
Lumedia	Luxembourg	50	50	EM	50	50	EM
Médiaportage	France	100	100	FC	100	100	FC
NEWCO4	France	100	100	FC	100	100	FC
Presse Diffusion	France	100	100	FC	100	100	FC
Publprint Province no. 1	France	100	100	FC	100	100	FC
Républicain Lorrain Communication	France	-	-	FU	100	100	FC
Républicain Lorrain – TV news	France	-	-	FU	100	100	FC
SCI ACM	France	80	52	FC	80	52	FC
SCI ACM Cotentin	France	35	23	EM	35	23	EM
SCI Le Progrès Confluence	France	100	100	FC	100	100	FC
SCI Provence Lafayette	France	90	59	FC	90	59	FC
SCI 14 Rue de Londres	France	90	59	FC	90	59	FC
SCI Saint Augustin	France	88	58	FC	88	58	FC
SCI Tombe Issoire	France	100	66	FC	100	66	FC
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	France	100	100	FC	100	100	FC

* Method: FC = Full consolidation; EM = equity method; NC = not consolidated. FU = Merged.

3b Information on entities included in the consolidation scope

Article L.511-45 of the French Monetary and Financial Code requires credit institutions to publish information on their establishments and their activities in each state or territory. The country of each establishment is mentioned in the scope of consolidation.

The group has no establishments fulfilling the criteria defined in the order dated October 26, 2009 in non-cooperative states or territories shown on the list determined by the order dated February 26, 2021.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,695	673	-209	30	-125	5,593	0
Belgium	171	47	-11	1	-11	654	0
Canada	22	20	0	-2	0	9	0
Spain	374	0	-7	11	-24	2,168	0
United States of America	87	56	-3	-1	-11	92	0
France	8,541	4,192	-971	-38	-1,079	28,011	0
Hong Kong	10	7	-1	0	-1	18	0
Hungary	38	5	-1	0	-2	351	0
Italy	95	5	0	0	-4	315	0
Luxembourg	350	155	-21	1	-33	989	0
Monaco	10	6	-1	0	0	20	0
The Netherlands	1	0	0	0	0	1	0
Poland	5	-3	0	0	-1	80	0
Portugal	182	113	-33	0	-8	717	0
Czech Republic	11	-2	0	0	-2	167	0
United Kingdom	51	41	-8	0	-4	69	0
Singapore	85	51	-7	1	-5	132	0
Slovakia	7	-2	0	0	-1	68	0
Switzerland	167	60	-7	0	-13	395	0
Tunisia*	0	11	0	0	0	0	0
TOTAL	11,902	5,435	-1,281	1	-1,321	39,849	0

* Entity consolidated using the equity method.

3c Fully consolidated entities with significant non-controlling interests

12/31/2021	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non-controlling interests	Balance sheet total	Net profit/(loss)	Undisclosed reserves	NBI
Groupe des Assurances du Crédit Mutuel (GACM)	34%	295	3,321	-508	131,499	834	1,590	1,810
Cofidis Belgium	20%	3	NA ⁽²⁾	0	989	13	-1	96
Cofidis France	20%	15	NA ⁽²⁾	0	10,359	75	-6	549

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

12/31/2020	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities ⁽¹⁾			
	Percentage of interest/ Percentage of voting rights	Net profit/(loss) attributable to non-controlling interests	Amount in shareholders' equity of non-controlling interests	Dividends paid to non- controlling interests	Balance sheet total	Net profit/ (loss)	Undisclosed reserves	NBI
Groupe des Assurances du Crédit Mutuel (GACM)	34%	179	3,660	-649	126,933	508	1,640	1,360
Cofidis Belgium	20%	3	NA ⁽²⁾	0	915	13	-1	94
Cofidis France	20%	23	NA ⁽²⁾	0	9,616	62	-7	551

(1) Amounts before elimination of intercompany balances and transactions.

(2) In accordance with IAS 32, the group recognized a liability for the commitment to increase its stake in Cofidis Participation to 100%. The counterparty was recorded as a reduction of minority interests and a reduction of the group's share for the remaining balance.

3d Equity investments in structured non-consolidated entities

Asset financing

The group grants loans to structured entities whose sole purpose is to hold assets to be leased; the rents received enable the structured entity to repay its borrowings. These entities are dissolved following the financing transaction. The group is generally the sole shareholder.

For this category, the maximum exposure to losses in respect of the structured entities corresponds to the carrying amount of the structured entity's financed asset.

Collective investment undertakings or funds

The group acts as fund manager and custodian. It offers its customers funds in which its purpose is not to invest. The group markets and manages these funds, dedicated or public, and is paid for this by commissions.

For certain funds offering guarantees to unit holders, the group may be the counterparty to swaps put in place. In the exceptional cases where the group is both the manager and investor in such a way that it may be assumed to be acting primarily for proprietary trading, this entity would then be brought within the scope of consolidation.

An interest in a structured non-consolidated entity is a contractual or non-contractual connection that exposes the group to the variable yields associated with the performance of the entity.

The group's risk is essentially an operational risk of failure to meet its management mandate or its mandate as custodian and, where applicable, the group is also exposed to risk up to the amounts invested.

No financial support has been granted to the structured entities of the group over the fiscal year.

	12/31/2021			12/31/2020		
	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾	Securitization vehicle (SPV)	Asset management (UCITS/REIT) ⁽¹⁾	Other structured entities ⁽²⁾
Balance sheet total	0	34,162	2,188	0	22,872	2,475
Carrying amounts of financial assets	0	16,014	733	0	12,848	881

(1) The amounts indicated concern UCITS held at more than 20% and which the group manages, including account units held by insured parties.

(2) The other structured entities correspond to asset financing entities.

3e Assets, liabilities and profit/(loss) from non-current activities held for sale

	12/31/2021	12/31/2020
Non-current assets held for sale	107	0
Non-current liabilities held for sale	0	0
Post-tax gains/(losses) on discontinued operations	9	0

The activities of FLOA were reclassified as assets held for sale at December 31, 2021 following the signature of an exclusivity agreement for their sale to BNP Paribas as well as the implementation of a strategic partnership between BNP Paribas and Casino. The sale of FLOA to BNP Paribas became effective on January 31, 2022.

Note 4 Cash and central banks (asset/liability)

	12/31/2021	12/31/2020
Cash, central banks – asset	-	-
Central banks	119,850	98,158
of which mandatory reserves	2,586	2,541
Cash	873	952
Total	120,723	99,110
Central banks – liability	605	575

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2021				12/31/2020			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	6,338	575	4,654	11,567	11,316	496	4,316	16,128
■ Government securities	730	0	0	730	408	0	0	408
■ Bonds and other debt securities	4,876	575	238	5,689	9,419	496	135	10,050
Listed	4,876	90	166	5,132	9,419	97	17	9,533
Non-listed	0	485	72	557	0	399	118	517
of which UCIs	232	-	0	232	128	-	0	128
■ Shares and other equity instruments	732	-	3,795	4,527	1,489	-	3,467	4,956
Listed	732	-	1,110	1,842	1,489	-	932	2,421
Non-listed	0	-	2,685	2,685	0	-	2,535	2,535
■ Long-term investments	-	-	621	621	-	-	714	714
Equity investments	-	-	165	165	-	-	174	174
Other long-term investments	-	-	209	209	-	-	296	296
Investments in associates	-	-	246	246	-	-	243	243
Other long-term investments	-	-	1	1	-	-	1	1
Derivative instruments	3,764	-	-	3,764	2,835	-	-	2,835
Loans and receivables	6,597	0	13	6,610	8,688	0	7	8,695
of which pensions	6,597	0	-	6,597	8,688	0	-	8,688
TOTAL	16,699	575	4,667	21,941	22,839	496	4,323	27,658

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

		% held	FV at 12/31/21	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/ [loss]
Bank of Africa [formerly BMCE]*	Listed	< 30%	9,493	27,981	331,912	14,002	1,364
Crédit Logement	Unlisted	< 10%	77	1,665	11,931	201	99
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	76	563	25,352	2	0

The figures (except the percentage held) relate to fiscal year 2020.

* Bank of Africa [formerly BMCE] is not consolidated due to the absence of significant influence exercised by the group. Bank of Africa securities are therefore recognized at fair value through profit or loss.

Figures expressed in millions of Moroccan dirhams.

5b Financial liabilities at fair value through profit or loss

	12/31/2021	12/31/2020
Financial liabilities held for trading	11,958	15,525
Financial liabilities at fair value through profit or loss	124	0
TOTAL	12,082	15,525

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2021	12/31/2020
Short sales of securities	1,808	1,077
Government securities	0	0
Bonds and other debt securities	921	242
Shares and other equity instruments	887	835
Debts in respect of securities sold under repurchase agreements	6,484	11,710
Trading derivatives	3,602	2,706
Other financial liabilities held for trading	64	32
TOTAL	11,958	15,525

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	12/31/2021			12/31/2020		
	Carrying amount	Amount due	Difference	Carrying amount	Amount due	Difference
Securities issued	0	0	0	0	0	0
Subordinated debt	0	0	0	0	0	0
Interbank debt	124	124	0	0	0	0
Due to customers	0	0	0	0	0	0
TOTAL	124	124	0	0	0	0

5c Analysis of trading derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
<i>Rate instrument</i>	243,319	2,683	2,589	159,347	1,885	1,671
Swaps	78,868	2,402	2,298	95,752	1,669	1,394
Other firm contracts	46,578	0	0	36,113	0	0
Options and conditional instruments	117,873	281	291	27,482	216	277
<i>Foreign exchange instrument</i>	147,728	838	765	137,069	760	685
Swaps	104,164	52	80	95,584	64	59
Other firm contracts	11,967	663	562	10,759	582	513
Options and conditional instruments	31,597	123	123	30,726	114	113
<i>Other derivatives</i>	17,432	244	247	19,325	191	350
Swaps	7,086	69	108	7,972	78	134
Other firm contracts	7,863	116	91	6,731	64	153
Options and conditional instruments	2,483	59	48	4,622	49	63
TOTAL	408,479	3,764	3,602	315,741	2,836	2,706

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. Hedged items are valued with a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

Note 6 Hedging

6a Hedging derivatives

	12/31/2021			12/31/2020		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
<i>Fair Value Hedges</i>	216,796	2,128	2,034	184,332	3,504	2,083
Swaps	64,403	2,128	2,034	65,474	3,505	2,083
Other firm contracts	152,075	0	0	118,112	0	0
Options and conditional instruments	318	0	0	746	-1	0
TOTAL	216,796	2,128	2,034	184,332	3,504	2,083

Swaps are valued with an OIS curve if they are collateralized or with a BOR curve otherwise. The hedged items are valued using a BOR curve. The difference resulting from the use of different valuation curves for the hedged items and the hedging instruments is accounted for as hedge ineffectiveness. Furthermore, the value of derivatives takes into account the counterparty risk.

MATURITY SCHEDULE OF THE NOMINAL VALUE OF HEDGING DERIVATIVES

	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2021
<i>Fair Value Hedges</i>	18,496	18,156	111,663	68,481	216,795
Swaps	4,866	5,012	35,733	18,792	64,403
Other firm contracts	13,514	12,960	75,912	49,688	152,075
Options and conditional instruments	116	183	18	0	318
TOTAL	18,496	18,156	111,663	68,481	216,795

	Less than 3 months	3 months to less than 1 year	1 to 5 years	Over 5 years	12/31/2020
<i>Fair Value Hedges</i>	7,065	17,540	105,406	54,322	184,332
Swaps	5,187	8,498	38,473	13,317	65,474
Other firm contracts	1,767	8,706	66,636	41,003	118,112
Options and conditional instruments	112	336	297	1	746
TOTAL	7,065	17,540	105,406	54,322	184,332

6b Revaluation differences on interest-risk hedged portfolios

	12/31/2021	12/31/2020
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	449	975
■ in financial liabilities	13	27

6c Items micro-hedged under Fair Value Hedging

ASSET ITEMS HEDGED

	12/31/2021			12/31/2020		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Loans and receivables due from credit institutions at amortized cost	30,315	0	0	26,985	0	0
Receivables from customers at amortized cost	49,421	447	0	60,944	932	3
Securities at amortized cost	1,771	26	-38	1,800	64	10
Financial assets at FVOCI	20,041	906	0	19,798	906	0
TOTAL	101,548	1,379	-38	109,527	1,902	13

LIABILITY ITEMS HEDGED

	12/31/2021			12/31/2020		
	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year	Carrying amount	Of which revaluation relating to hedging	Of which revaluation for the fiscal year
Debt securities	60,787	1,298	-5	56,021	1,688	2
Liabilities to cred. inst.	46,220	523	0	21,086	929	2
Due to customers	30,879	12	0	29,983	24	0
TOTAL	137,886	1,833	-5	107,090	2,641	4

Note 7 Financial assets at fair value through equity

	12/31/2021	12/31/2020
Government securities	11,680	12,142
Bonds and other debt securities	19,703	20,849
■ Listed	19,032	19,274
■ Non-listed	671	1,575
Related receivables	125	151
Debt securities subtotal, gross	31,508	33,142
of which impaired debt securities [S3]	0	1
Impairment of performing loans [S1/S2]	-18	-15
Other impairment [S3]	0	-1
Debt securities subtotal, net	31,490	33,126
Shares and other equity instruments	192	1
■ Listed	-4	-2
■ Non-listed	196	3
Long-term investments	332	516
■ Equity investments	94	90
■ Other long-term investments	120	299
■ Investments in associates	118	127
Subtotal, equity instruments	524	517
TOTAL	32,014	33,643
of which unrealized capital gains or losses recognized under equity	99	-133
of which listed equity investments.	5	5

Note 8 Fair value hierarchy of financial instruments carried at fair value on the balance sheet

12/31/2021	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	24,445	5,950	1,619	32,014
Government and equivalent securities	11,565	100	84	11,750
Bonds and other debt securities	12,877	5,849	1,013	19,740
Shares and other equity instruments	3	0	190	193
Investments and other long-term securities	0	0	214	214
Investments in subsidiaries and associates	0	0	118	118
Trading/Fair value option/Other	5,342	11,168	5,433	21,943
Government securities and similar instruments - Trading	666	14	50	730
Government securities and similar instruments - Fair value option	0	0	0	0
Government securities and similar instruments - Other FVPL	0	0	0	0
Bonds and other debt securities - Trading	2,590	2,053	233	4,876
Bonds and other debt securities - Fair value option	25	0	549	574
Bonds and other debt securities - Other FVPL	170	56	11	238
Shares and other equity instruments - Trading	732	0	0	732
Shares and other equity instruments - Other FVPL*	1,136	0	2,660	3,796
Investments and other long-term securities - Other FVPL	2	0	373	375
Investments in subsidiaries and associates - Other FVPL	0	0	247	247
Loans and receivables due from customers - Trading	0	6,598	0	6,598
Loans and receivables due from customers - Other FVPL	0	13	0	13
Derivatives and other financial assets - Trading	21	2,434	1,311	3,765
Hedging derivatives	0	2,126	1	2,128
TOTAL	29,787	19,244	7,054	56,085
FINANCIAL ASSETS IAS 39 - INSURANCE INVESTMENTS				
Fair value through profit or loss	20,718	6,691	0	27,409
Transaction	0	0	0	0
Fair value option - debt securities	1,199	1,816	0	3,016
Fair value option - equity instruments	19,519	4,875	0	24,393
Hedging derivatives	0	0	0	0
Available-for-sale assets	74,218	4,311	881	79,410
Government and equivalent securities	15,228	0	0	15,228
Bonds and other debt securities	44,926	251	0	45,176
Shares and other equity instruments	13,020	4,040	0	17,060
Equity investments, shares in subsidiaries and associates and other long-term investments	1,044	20	881	1,945
TOTAL	-	-	-	-
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	0	124	0	124
Due to credit institutions - Fair value option	0	0	0	0
Subordinated debt - Fair value option	0	6,483	0	6,483
Liabilities - Trading	1,837	2,511	1,126	5,474
Derivatives and other financial liabilities - Trading	0	2,012	22	2,034
Hedging derivatives	1,837	11,130	1,148	14,115
TOTAL	-	-	-	-
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	0	0	0
Transaction	0	5,662	0	5,662
Fair value option	0	0	0	0
Hedging derivatives	0	5,662	0	5,662
TOTAL	-	-	-	-

* Includes the equity investments held by the group's private equity companies.

- Level 1: price quoted in an active market.
- Level 2: prices quoted in active markets for similar instruments, and valuation method in which all significant inputs are based on observable market information.
- Level 3: valuation based on internal models containing significant unobservable inputs.

Instruments in the trading portfolio classified under levels 2 or 3 mainly consist of derivatives and securities considered as illiquid.

All of these instruments include uncertainties of valuation, which give rise to adjustments in value reflecting the risk premium that a market player would incorporate in establishing the price.

These valuation adjustments make it possible to integrate, in particular, risks that would not be captured by the model, liquidity risks associated with the instrument or the parameter concerned, specific risk premiums intended to offset certain surcharges that would elicit the dynamic management strategy associated with the model in certain market conditions, and the counterparty risk present in the fair value of over-the-counter derivatives. The methods used may change. The latter include the counterparty risk itself present in the fair value of over-the-counter derivatives.

When establishing valuation adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of a different nature are taken into account. A portfolio approach is most often used for a given risk factor.

Fair value hierarchy – Level 3	Opening	Purchases	Sales/ repayments	Transfers	Gains and losses in the income statement	Gains and losses in equity	Other movement	Closing
Shares and other equity instruments – Other FVPL	2,535	122	-443	0	438	0	7	2,660

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through equity	26,006	6,236	1,401	33,643
Government and equivalent securities	12,148	70	0	12,218
Bonds and other debt securities	13,654	6,164	1,090	20,908
Shares and other equity instruments	5	2	-6	1
Investments and other long-term securities	199	0	191	389
Investments in subsidiaries and associates	0	0	127	127
Trading/Fair value option/Other	9,119	13,842	4,698	27,658
Government securities and similar instruments – Trading	226	181	0	408
Withdrawal of government securities and similar instruments – Fair value option	0	0	0	0
Government securities and similar instruments – Other FVPL	0	0	0	0
Bonds and other debt securities – Trading	6,381	2,713	326	9,419
Bonds and other debt securities – Fair value option	25	0	471	496
Bonds and other debt securities – Other FVPL	23	57	56	135
Shares and other equity instruments – Trading	1,489	0	0	1,489
Shares and other equity instruments – Other FVPL*	932	0	2,535	3,468
Investments and other long-term securities – Other FVPL	8	0	461	469
Investments in subsidiaries and associates – Other FVPL	0	0	244	244
Loans and receivables due from customers – Trading	0	8,687	0	8,687
Loans and receivables due from customers – Other FVPL	0	7	0	7
Derivatives and other financial assets – Trading	34	2,197	605	2,835
Hedging derivatives	0	3,504	0	3,504
TOTAL	35,125	23,582	6,099	64,806
FINANCIAL ASSETS IAS 39 – INSURANCE INVESTMENTS				
Fair value through profit or loss	19,859	6,426	0	26,285
Transaction	0	0	0	0
Fair value option – debt securities	1,258	2,268	0	3,526
Fair value option – equity instruments	18,601	4,159	0	22,760
Hedging derivatives	0	0	0	0
Available-for-sale assets	70,737	3,777	823	75,337
Government and equivalent securities	15,378	0	0	15,378
Bonds and other debt securities	44,097	221	0	44,318
Shares and other equity instruments	10,529	3,533	27	14,089
Equity investments, shares in subsidiaries and associates and other long-term investments	733	23	796	1,552
TOTAL	90,596	10,203	823	101,622
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	1,150	13,732	644	15,525
Liabilities – Trading	0	11,710	0	11,710
Derivatives and other financial liabilities – Trading	1,150	2,022	644	3,815
Hedging derivatives	0	2,058	26	2,083
TOTAL	1,150	15,790	669	17,609
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE POLICIES				
Fair value through profit or loss	0	6,181	0	6,181
Transaction	0	0	0	0
Fair value option	0	6,181	0	6,181
Hedging derivatives	0	0	0	0
TOTAL	0	6,181	0	6,181

* Includes the equity investments held by the group's private equity companies.

Note 9 Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of sensitive exposures based on FSB recommendations.

Trading and fair value securities portfolios through equity were valued at market price from external data coming from organized markets, primary brokers, or when no other price is available, from comparable securities listed on the market.

SUMMARY

	Carrying amount	Carrying amount
	12/31/2021	12/31/2020
RMBS	1,260	1,162
CMBS	0	6
CLO	3,137	3,448
Other ABS	3,033	2,214
TOTAL	7,429	6,830

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES AT 12/31/2021

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	253	0	9	374	635
Amortized cost	33	0	338	949	1,320
Fair value - Others	1	0	0	0	1
Fair value through equity	973	0	2,790	1,710	5,473
TOTAL	1,344	0	3,165	3,033	7,429
France	565	0	359	716	1,640
Spain	111	0	0	358	469
United Kingdom	22	0	110	277	409
Europe excluding France, Spain and the UK	413	0	189	1,236	1,837
USA	29	0	2,479	339	2,847
Other	120	0	0	108	228
TOTAL	1,344	0	3,165	2,522	7,429
US Branches	0	0	0	0	0
AAA	1,126	0	2,911	1,391	5,428
AA	112	0	156	814	1,082
A	13	0	70	4	86
BBB	1	0	0	0	1
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	0	818	818
TOTAL	1,344	0	3,165	3,033	7,429
Origination 2005 and earlier	13	0	0	0	13
Origination 2006-2008	31	0	0	7	38
Origination 2009-2011	17	0	0	0	17
Origination 2012-2021	1,199	0	3,137	3,026	7,361
TOTAL	1,344	0	3,165	3,033	7,429

EXPOSURES AT 12/31/2020

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	309	0	65	329	704
Amortized cost	44	0	355	598	997
Fair value – Others	1	0	0	0	1
Fair value through equity	808	6	3,027	1,287	5,128
TOTAL	1,162	6	3,448	2,214	6,830
France	531	0	545	590	1,666
Spain	97	0	0	252	349
United Kingdom	47	0	281	116	445
Europe excluding France, Spain and the UK	317	0	256	895	1,468
USA	25	6	2,365	232	2,628
Other	145	0	0	128	273
TOTAL	1,162	6	3,448	2,214	6,830
US Branches	0	0	0	0	0
AAA	992	6	3,242	1,248	5,487
AA	143	0	144	458	744
A	12	0	51	0	63
BBB	7	0	0	0	7
BB	5	0	0	0	5
B or below	3	0	0	7	10
Not rated	0	0	11	502	513
TOTAL	1,162	6	3,448	2,214	6,830
Origination 2005 and earlier	19	0	0	0	19
Origination 2006-2008	42	0	0	8	50
Origination 2009-2011	34	6	0	0	40
Origination 2012-2020	1,067	0	3,448	2,207	6,721
TOTAL	1,162	6	3,448	2,214	6,830

Note 10 Financial assets at amortized cost

	12/31/2021	12/31/2020
Securities at amortized cost	3,640	2,963
Loans and receivables due from credit institutions	57,059	54,797
Loans and receivables due from customers	286,483	270,836
TOTAL	347,182	328,596

10a Securities at amortized cost

	12/31/2021	12/31/2020
Securities	3,710	3,133
■ Government securities	1,604	1,614
■ Bonds and other debt securities	2,106	1,519
Listed	570	556
Non-listed	1,536	963
Related receivables	12	13
TOTAL GROSS	3,722	3,145
<i>of which impaired assets (S3)</i>	<i>110</i>	<i>205</i>
Impairment of performing loans (S1/S2)	-2	-1
Other impairment (S3)	-80	-182
TOTAL NET	3,640	2,963

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2021	12/31/2020
Performing loans (S1/S2)	56,567	54,592
Crédit Mutuel network accounts*	10,083	9,176
Other ordinary accounts	4,018	2,844
Loans	35,976	35,090
Other receivables	4,851	5,312
Pensions	1,638	2,169
Individually-impaired receivables, gross (S3)	0	0
Related receivables	494	207
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	57,059	54,797

* Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

10c Loans and receivables due from customers at amortized cost

	12/31/2021	12/31/2020
Performing loans (S1/S2)	267,556	252,710
Commercial loans	15,884	13,195
Other customer receivables	251,232	239,114
■ home loans	102,979	93,643
■ other loans and receivables, including pensions ⁽¹⁾	148,253	145,471
Related receivables	439	401
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	9,252	9,962
Gross receivables	276,809	262,672
Impairment of performing loans (S1/S2) ⁽²⁾	-2,509	-2,390
Other impairment (S3)	-4,887	-5,390
SUBTOTAL I	269,413	254,892
Finance leases (net investment)	16,910	15,792
■ Equipment	12,053	11,327
■ Real estate	4,857	4,465
Individually-impaired receivables, gross (S3)	488	489
Impairment of performing loans (S1/S2)	-147	-151
Other impairment (S3)	-181	-186
SUBTOTAL II	17,069	15,944
TOTAL	286,482	270,836
of which subordinated loans	13	13
of which pensions	1,066	973

(1) Including €12.1 billion at December 31, 2021 of state-guaranteed loans (SGLs) granted during the COVID-19 crisis.

(2) This item includes a specific provision to take into account the effects of the COVID-19 crisis - see note 1-Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
Amount at 12/31/2021	7,875	3,495	716	-4	-47	-66
Amount at 12/31/2020	11,196	2,878	263	-7	-6	-31

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2020	Increase	Decrease	Other	12/31/2021
Gross carrying amount	16,281	2,369	-1,867	614	17,397
Impairment of non-recoverable lease payments	-337	-114	122	1	-328
Net carrying amount	15,944	2,255	-1,745	615	17,069

MATURITY ANALYSIS OF MINIMUM FUTURE LEASE PAYMENTS RECEIVABLE UNDER FINANCE LEASES

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Minimum future lease payments receivable	4,313	9,814	3,510	17,637
Present value of future lease payments	4,146	9,559	3,497	17,202
UNEARNED FINANCIAL INCOME	167	255	13	435

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2021	12/31/2020
Certificates of deposit	34	49
Interbank certificates and negotiable debt instruments	49,381	58,223
Bonds	64,759	64,035
Non-preferred senior securities	6,801	4,379
Related debt	488	628
TOTAL	121,463	127,314

11b Due to credit institutions

	12/31/2021	12/31/2020
Other ordinary accounts	10,224	8,543
Borrowings	16,147	12,009
Other debt	4,036	4,264
Pensions*	46,363	19,970
Related debt	110	60
TOTAL	76,881	44,846

* As part of the monetary policy implemented by the Eurosystem, the group decided to participate in the TLTRO III (Targeted Long Term Refinancing Operation) launched in March 2020. Crédit Mutuel has therefore refinanced itself with the ECB under TLTRO III for an amount of €42,965 million at December 31, 2021.

As with previous TLTROs, banks participating in TLTRO III can benefit from a more favorable rate, a subsidy, depending on the evolution of the level of certain types of their outstanding loans over a given period.

As this subsidy is considered highly probable, it has been incorporated into the interest rate applied.

11c Amounts due to customers at amortized cost

	12/31/2021	12/31/2020
Special savings accounts	59,997	61,439
■ on demand	43,094	45,316
■ term	16,903	16,123
Related liabilities on savings accounts	1	1
Subtotal	59,998	61,440
Demand accounts	170,831	154,863
Term deposits and borrowings	43,294	52,307
Pensions	14	89
Related debt	84	96
Other debt	36	9
Subtotal	214,259	207,364
TOTAL	274,257	268,802

11d Netting of financial assets and liabilities

12/31/2021	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments received as guarantee	Cash received [cash collateral]	
FINANCIAL ASSETS							
Derivatives	8,965	-3,017	5,948	-1,641	0	-2,580	1,727
Pensions	18,019	-3,213	14,806	0	-14,713	-46	48
TOTAL	26,983	-6,230	20,753	-1,641	-14,713	-2,626	1,775

12/31/2021	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments pledged as collateral	Cash paid [cash collateral]	
FINANCIAL LIABILITIES							
Derivatives	8,653	-3,017	5,636	-1,638	0	-2,481	1,517
Pensions	61,743	-3,213	58,531	0	-58,126	-321	83
TOTAL	70,396	-6,230	64,167	-1,638	-58,126	-2,802	1,600

12/31/2020	Gross amount of financial assets	Gross amount of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments received as guarantee	Cash received [cash collateral]	
FINANCIAL ASSETS							
Derivatives	10,642	-4,291	6,351	-858	0	-2,960	2,533
Pensions	18,129	0	18,129	0	-17,901	-179	49
TOTAL	28,771	-4,291	24,480	-858	-17,901	-3,138	2,582

12/31/2020	Gross amount of financial liabilities	Gross amount of financial assets offset on the balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet			Net amount
				Impact of offsets framework agreements	Financial instruments pledged as collateral	Cash paid [cash collateral]	
FINANCIAL LIABILITIES							
Derivatives	9,080	-4,291	4,789	-850	0	-3,330	610
Pensions	38,307	0	38,307	0	-38,164	-136	7
TOTAL	47,388	-4,291	43,097	-850	-38,164	-3,466	617

These disclosures, required by an amendment to IFRS 7, seek to provide a basis for comparison with the treatment under generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IFRS.

The amounts in the second column correspond to accounting offsetting, under IAS 32, for transactions processed going through a clearing house.

The “impact of offsets framework agreements” column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsets. These include transactions

for which the right to offset is exercised in case of the default, insolvency or bankruptcy of one of the parties to the contracts. They relate to derivatives and repurchase agreements, whether or not processed *via* clearing houses.

The “Financial instruments received/given in guarantee” column shows the market value of securities exchanged as collateral.

The “Cash received/paid [cash collateral]” column shows the guarantee deposits received or given in respect of the positive or negative market values of financial instruments. They are recognized under “Other assets or liabilities” in the balance sheet.

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2020	Acquisition/ production	Sales/ repayments	Transfer	Other	12/31/2021
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	54,799	26,352	-24,121	0	31	57,061
12-month expected losses [S1]	54,798	26,351	-24,121	0	31	57,059
expected losses at termination [S2]	1	1	0	0	0	2
Financial assets at amortized cost – loans and receivables due from customers, subject to	278,953	97,656	-82,401	0	-1	294,206
12-month expected losses [S1]	238,216	88,937	-75,297	4,386	0	256,241
expected losses at termination [S2]	30,286	7,572	-4,114	-5,518	0	28,226
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	10,451	1,090	-3,228	1,133	0	9,446
expected losses on assets credit-impaired [S3] at the end of the period and on initial recognition	0	57	238	-1	-1	293
Financial assets at amortized cost – securities	3,146	7,210	-6,650	0	15	3,722
12-month expected losses [S1]	2,941	7,175	-6,517	-16	14	3,598
with expected losses at termination [S2]	0	4	-5	14	1	14
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	205	31	-126	0	0	110
expected losses on assets credit-impaired [S3] at the end of the period and on initial recognition	0	0	-2	2	0	0
Financial assets at fair value through equity – debt securities	33,142	14,162	-15,797	0	1	31,508
12-month expected losses [S1]	33,096	14,090	-15,746	-5	1	31,436
expected losses at termination [S2]	45	72	-50	5	0	72
expected losses on assets credit-impaired [S3] at the end of the period but not credit-impaired on initial recognition	1	0	-1	0	0	0
TOTAL	370,040	145,380	-128,969	0	46	386,497

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (RECEIVABLES FROM CUSTOMERS)

By probability of default interval 12 months IFRS 9	Of which originated credit-impaired assets	With 12-month expected losses [S1]	With expected losses at termination [S2]	With expected losses on assets credit-impaired at the reporting date but not credit-impaired on initial recognition [S3]
< 0.1	0	62,048	2,602	0
0.1-0.25	0	63,528	262	0
0.26-0.99	0	53,932	2,851	0
1-2.99	2	43,279	6,033	0
3-9.99	3	26,397	9,142	0
>= 10	315	7,057	7,336	9,446
TOTAL	320	256,241	28,226	9,446

CONCENTRATION OF CREDIT RISK ON SENSITIVE BUSINESS LINES

For these sectors deemed vulnerable, specific probabilities of default were determined in order to take into account their differentiated exposure to the health crisis and their ability to recover.

The Status 1 exposures in these sectors were fully transferred to Status 2.

Business line	Gross outstandings*			Write-downs			Net outstandings
	S1	S2	S3	S1	S2	S3	
Aeronautics	-	298	26	-	-8	-13	303
Specialized distribution	-	1,237	134	-	-54	-103	1,215
Hotels, restaurants	-	3,401	263	-	-403	-137	3,125
Automotive	-	1,362	59	-	-68	-35	1,317
Vehicle hire	-	1,132	24	-	-42	-19	1,096
Tourism, games, leisure	-	1,030	163	-	-78	-110	1,005
Industrial transportation	-	373	18	-	-10	-7	375
Air transport	-	270	5	-	-35	-4	237
TOTAL	-	9,104	693	-	-697	-427	8,673

* EAD net of guarantee on SGLs.

12b Movements in impairment provisions

	12/31/2020	Addition	Reversal	Others	12/31/2021
Financial assets at amortized cost – loans and receivables due from credit institutions	-2	-1	1	0	-2
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-1	1	0	-2
Financial assets at amortized cost – loans and receivables due from customers	-8,117	-1,786	2,192	-13	-7,724
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1,072	-322	239	31	-1,124
■ expected losses at termination (S2)	-1,470	-387	348	-23	-1,532
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-5,576	-1,077	1,605	-20	-5,068
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at amortized cost – securities	-183	-25	133	-7	-82
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1	0	1	-1	-1
■ expected losses at termination (S2)	0	-1	0	0	-1
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-182	-24	132	-6	-80
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
Financial assets at FVOCI – debt securities	-16	-9	6	1	-18
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-14	-6	6	-1	-15
■ expected losses at termination (S2)	-1	-3	0	0	-4
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-1	0	0	1	0
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	-8,318	-1,821	2,332	-19	-7,826

Note 13 Investments/assets and liabilities relative to contracts under the insurance business line

13a Short-term investments in the insurance business line and reinsurers' share of technical provisions

FINANCIAL ASSETS

	12/31/2021	12/31/2020
Fair value through profit or loss	27,409	26,286
■ Fair value option – debt securities	3,016	3,526
■ Fair value option – equity instruments	24,393	22,760
Available-for-sale*	79,409	75,337
■ Government and equivalent securities	15,228	15,378
■ Bonds and other debt securities	45,176	44,318
■ Shares and other equity instruments	17,060	14,089
■ Equity investments, shares in subsidiaries and associates and other long-term investments	1,945	1,552
Loans and receivables	5,124	4,882
Held-to-maturity	5,556	6,678
Sub-total financial assets	117,498	113,183
Investment property	2,587	2,567
Shares of reinsurers in the technical provisions and other assets	956	818
TOTAL	121,042	116,567

* Including SPPI assets of €58,012 million.

The fair value of buildings recognized at amortized cost is €3,604 million at December 31, 2021.

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS HELD BY INSURANCE COMPANIES

		% held	Shareholders' equity	Balance sheet total	NBI or Revenue	Net profit/ (loss)
Ardian Holding	Unlisted	< 20%	529	1,218	570	139
Covivio (formerly Foncière des Régions)	Listed	< 10%	12,568	27,380	776	392
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,118	6,806	133	-335
Desjardins*	Unlisted	10%	3,683	10,452	5,726	623

The figures (except the percentage held) relate to fiscal year 2020.

* In millions of Canadian dollars.

BREAKDOWN BY STANDARD AND POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets (as a%)
AAA	9%
AA+	7%
AA	29%
AA-	9%
A+	7%
A	6%
A-	13%
BBB+	10%
BBB	7%
BBB-	1%
BB+	0%
Not rated	2%
TOTAL	100%

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	12/31/2021	12/31/2020
Life	87,505	85,718
Non-life	5,362	4,953
Account units	17,210	14,562
Others	305	308
Total	110,382	105,541
Of which deferred profit-sharing liabilities	16,119	15,089
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	330	429
NET TECHNICAL PROVISIONS	110,052	105,112

FINANCIAL LIABILITIES

	12/31/2021	12/31/2020
Fair value through profit or loss	5,662	6,181
■ Transaction	0	0
■ Fair value option	5,662	6,181
Liabilities to cred. inst.	128	132
Debt securities	0	0
Subordinated debt	1,053	300
Subtotal	6,843	6,613
Other liabilities	295	414
TOTAL	7,138	7,027
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES	117,520	112,568

Note 14 Taxes

14a Current tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	801	908
Liabilities (through profit or loss)	581	444

14b Deferred tax

	12/31/2021	12/31/2020
Assets (through profit or loss)	1,088	1,099
Assets (through shareholders' equity)	276	289
Liabilities (through profit or loss)	535	554
Liabilities (through shareholders' equity)	492	583

ANALYSIS OF DEFERRED TAXES BY MAJOR CATEGORIES

	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in	-	-	-	-
■ impairment of financial assets	721	-	830	-
■ finance leasing reserve	-	332	-	350
■ revaluation of financial instruments	481	759	512	848
■ accrued expenses and accrued income	180	36	155	36
■ earnings of flow-through entities	-	-	-	-
■ Insurance	81	78	70	85
■ other temporary differences	145	104	143	165
■ tax deficits	38	-	24	-
Offsets	-282	-282	-346	-346
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	1,364	1,027	1,388	1,137

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2021	12/31/2020
ACCRUALS		
Collection accounts	42	43
Currency adjustment accounts	365	56
Accrued income	594	539
Other accruals	3,776	2,861
Subtotal	4,777	3,499
OTHER ASSETS		
Securities settlement accounts	69	64
Miscellaneous receivables	3,305	3,265
Inventories and similar	20	21
Other	24	26
Subtotal	3,418	3,376
TOTAL	8,195	6,873

15b Accruals and other liabilities

	12/31/2021	12/31/2020
ACCRUALS		
Accounts unavailable due to recovery procedures	109	77
Currency adjustment accounts	49	969
Accrued expenses	1,082	959
Deferred income	488	506
Other accruals	4,937	4,572
Subtotal	6,665	7,083
OTHER LIABILITIES		
Lease obligations – Real estate	696	730
Lease obligations – Other	1	1
Securities settlement accounts	806	1,234
Outstanding amounts payable on securities	172	274
Miscellaneous creditors	1,393	1,253
Subtotal	3,068	3,492
TOTAL	9,733	10,575

15c Lease obligations by residual term

12/31/2021	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	151	230	178	80.00	58	697
■ Real estate	150	230	178	80.00	58	696
■ Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

12/31/2021	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	16	2	2	31
Banque de Tunisie	Tunisia	35.33%	135	-22	8	133
Euro-Information	France	26.36%	613	74	1	NC
Euro Protection Surveillance	France	22.25%	17	6	205	NC
LYF SA	France	43.75%	7	0	0	NC
SCI ACM Cotentin	France	35.32%	40	2	0	NC
SCI La Tréflière	France	46.09%	10	0	0	NC
Other equity investments		-	1	0	-	NC
Total (1)		-	839	62	216	-
JOINT VENTURES						
Bancas*	France	50.00%	0	0	0	NC
FLOA (formerly Banque du Groupe Casino)*	France	50.00%	0	0	0	NC
Total (2)		-	0	0	0	-
TOTAL (1) + (2)		-	839	62	216	-

NC: Not communicated

* Treatment according to IFRS 5 in 2021, see note 3e).

12/31/2020	Country	Share held	Value of equity consolidation	Share of net profit/(loss)	Dividends received	Fair value of the investment (if listed)
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurances	Tunisia	30.00%	15	2	3	25
Banque de Tunisie	Tunisia	35.33%	157	-7	0	164
Euro-Information	France	26.36%	541	135	1	NC
Euro Protection Surveillance	France	25.00%	48	7	0	NC
LYF SA	France	43.75%	7	0	0	NC
SCI ACM Cotentin	France	35.32%	39	1	0	NC
SCI La Tréflière	France	46.09%	10	0	0	NC
Other equity investments		-	1	0	-	NC
Total (1)		-	818	138	4	
JOINT VENTURES						
Bancas	France	50.00%	0	0	0	NC
FLOA (formerly Banque du Groupe Casino)	France	50.00%	85	6	0	NC
Total (2)		-	85	6	0	-
TOTAL (1) + (2)		-	903	145	4	-

NC: Not communicated

16b Financial data published by the main equity consolidated companies

	12/31/2021					
	Balance sheet total	NBI or Revenue	GOI	Net profit/ (loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	679	117	20	21	20	177
Banque de Tunisie ⁽¹⁾⁽²⁾	6,286	373	182	102	NC	1,021
Euro-Information ⁽¹⁾	1,907	1,368	74	386	0	1,713
Euro-Protection Surveillance ⁽¹⁾	282	192	45	27	0	226
LYF SA	22	1	0	0	0	15
JOINT VENTURES						
FLOA (formerly Banque du Groupe Casino)	2,143	216	108	18	0	214

(1) 2020 amount.

(2) In millions of Tunisian Dinar.

NC: Not communicated.

	12/31/2020					
	Balance sheet total	NBI or Revenue	GOI	Net profit/ (loss)	OCI reserves	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance ⁽²⁾	626	171	41	26	20	173
Banque de Tunisie ⁽¹⁾⁽²⁾	6,023	361	199	135	NC	918
Euro-Information ⁽¹⁾	1,534	1,359	138	122	0	1,328
Euro-Protection Surveillance ⁽¹⁾	248	183	36	24	0	199
LYF SA	20	1	0	0	0	15
JOINT VENTURES						
FLOA (formerly Banque du Groupe Casino)	1,820	183	87	12	0	170

(1) 2020 amount.

(2) In millions of Tunisian Dinar.

NC: Not communicated.

Note 17 Investment property

	12/31/2020	Increase	Decrease	Other	12/31/2021
Historical cost	83	0	-14	-5	64
Depreciation, amortization and impairment	-33	-2	0	1	-34
NET AMOUNT	50	-2	-14	-4	30

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2020	Increase	Decrease	Other	12/31/2021
HISTORICAL COST					
Operating sites	482	3	-2	-1	482
Operating buildings	3,063	73	-115	6	3,026
Usage rights – Real estate	977	124	-32	9	1,078
Usage rights – Other	3	1	0	0	4
Other property, plant and equipment	1,218	97	-88	-2	1,225
Total	5,743	298	-237	12	5,815
DEPRECIATION, AMORTIZATION AND IMPAIRMENT					
Operating sites	-12	-2	0	0	-14
Operating buildings	-2,039	-85	97	-1	-2,028
Usage rights – Real estate	-254	-149	11	1	-391
Usage rights – Other	-2	-1	0	0	-3
Other property, plant and equipment	-912	-51	56	-4	-911
Total	-3,219	-288	164	-4	-3,347
NET AMOUNT	2,522	10	-73	8	2,467

18b Intangible assets

	12/31/2020	Increase	Decrease	Other	12/31/2021
HISTORICAL COST					
Internally developed intangible assets*	110	-6	0	181	285
Purchased intangible assets	1,313	33	-69	-174	1,103
■ software	459	25	-59	-177	248
■ other	854	8	-10	3	855
Total	1,423	27	-69	5	1,386
DEPRECIATION, AMORTIZATION AND IMPAIRMENT					
Internally developed intangible assets*	-98	5	0	-183	-276
Purchased intangible assets	-825	-33	55	182	-621
■ software	-415	-27	59	181	-202
■ other	-410	-6	-4	1	-419
Total	-923	-28	55	-1	-897
NET AMOUNT	500	-1	-14	4	489

* These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.

Note 19 Goodwill

	12/31/2020	Increase	Decrease	Variation in impairment	Other	12/31/2021
Gross goodwill	4,544	0	-	-	0	4,544
Write-downs	-499	-	-	-947	-	-1,446
NET GOODWILL	4,045	-	-	-947	0	3,098

Cash generating units	Value of goodwill on 12/31/2020	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2021
TARGOBANK in Germany	2,851	-	-	-875	-	1,976
Crédit Industriel et Commercial (CIC)	506	-	-	-	-	506
Cofidis Group (formerly Cofidis Participations)	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
FactoFrance SA	68	-	-	-68	-	0
GACM Seguros, Compañía de Seguros y Reaseguros, Sau	49	-	-	-4	-	46
SIIC Foncière Massena	26	-	-	-	-	26
Crédit Mutuel Equity SCR	21	-	-	-	-	21
Banque de Luxembourg	13	-	-	-	-	13
Agrupació AMCI d'Assegurances i Reassegurances SA	12	-	-	-	-	12
Cofidis Italie	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Others	22	-	-	-	-	22
TOTAL	4,045	0	0	-947	0	3,098

The cash generating units to which the goodwill is assigned are tested annually to ensure that they are recoverable. An impairment loss is recognized when the recoverable amount of goodwill is less than its carrying amount. The context of the health crisis, its consequences on net profit at December 31, 2021, and the macroeconomic uncertainties for the years 2022 and beyond, have led the group to identify potential indications of impairment of goodwill. As a result, the group has updated the impairment tests for its main subsidiaries.

The recoverable amount is determined according to two types of methods:

- the fair value net of sales costs, which is based on observation of valuation multiples on comparable transactions or market parameters adopted by the analysts on entities with similar activities;
- the value in use, which is based on the discounting of expected future cash flows after taking into account capital requirements: this method is generally used as at December 31, 2021.

To determine the value in use, the cash flows are based on business plans determined by the management over a maximum period of five to seven years, then on projection of a flow to infinity according to a long-term growth rate. The latter is fixed at 2% for the whole of Europe, which is an assumption measured in comparison to inflation rates observed over a very long period. Business plans have been revised to take into account the consequences of the health crisis.

The cash flows used to calculate the value in use also take into account prudential capital requirements.

The cash flow discount rates correspond to the cost of capital, which is determined from a long-term riskless rate, to which a risk premium is added. The risk premium is determined by observation of the sensitivity of the price in relation to the market in the case of a listed asset, or by analyst's estimate in non-listed assets. The cost of capital was discounted on December 31, 2021 with:

- 8% for Retail Banking and leasing CGUs based in Germany;
- 8% for Retail Banking, consumer credit and leasing CGUs based in France.

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

In addition, following the establishment of these tests, an impairment of €875 million was recognized on TARGOBANK in Germany as of December 31, 2021, related to the cap on commissions in Germany scheduled to begin in 2022. Similarly, an impairment loss of €68 million was recorded in the accounts at the same date in respect of the entire FactoFrance goodwill.

The main sensitivity factors of the recoverable amount test based on the value in use are the discount rate and the expected level of future cash flows, which is itself impacted by the following sensitivity factors:

- the achievement of business plans;
- the level of shareholders' equity allocated to each CGU;
- the perpetual growth rate.

When the value in use was used as an impairment test, the parameters and their sensitivity were as follows:

	TARGOBANK in Germany	Cofidis*	CIC
	Network bank	Consumer loan	Network bank
Cost of capital	8%	8%	8%
Effect of a 50 basis point increase in the cost of capital	-6%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-4%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-4%	-4%	-3%

If the above sensitivity assumptions were used, this would not entail any impairment of goodwill on Cofidis and CIC.

* Cofidis France and Cofidis Participations

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2020	Additions for the fiscal year	Reversals for the fiscal year (utilized provisions)	Reversals for the fiscal year (surplus provisions)	Other changes	12/31/2021
Provisions for risks	543	278	-22	-276	12	535
<i>On guarantee commitments⁽²⁾</i>	383	91	0	-164	0	310
■ of which 12-month expected losses [S1]	42	24	0	-25	1	42
■ of which expected losses at termination [S2]	209	9	0	-81	-1	136
■ of which provisions for execution of commitments upon signature	132	58	0	-58	0	132
<i>On financing commitments⁽²⁾</i>	81	135	-1	-89	1	127
■ of which 12-month expected losses [S1]	66	65	0	-64	1	68
■ of which expected losses at termination [S2]	15	66	0	-25	0	56
<i>On country risks</i>	0	0	0	0	0	0
<i>Provisions for taxes</i>	11	2	0	-11	2	4
<i>Provisions for claims and litigation</i>	48	37	-8	-8	-2	67
<i>Provision for risk on miscellaneous receivables</i>	19	13	-13	-3	11	27
Other provisions:	1,311	365	-237	-26	-33	1,378
■ Provisions for mortgage saving agreements	87	1	0	-3	0	85
■ Provisions for miscellaneous contingencies ⁽³⁾	852	210	-157	-9	-22	874
■ Other provisions ⁽¹⁾	371	154	-80	-14	-11	420
Provisions for retirement commitments	1,115	50	-49	-7	-29	1,080
TOTAL	2,969	693	-308	-309	-50	2,993

(1) Other provisions mainly relate to provisions for French economic interest groups (GIE) totaling €341 million.

(2) This item includes a specific provision to take into account the effects of the COVID-19 crisis – see note 1 – Accounting principles.

(3) Including a reversal of a provision for risks on TARGOBANK in Germany of €100 million.

20b Retirement and other employee benefits

	12/31/2020	Additions for the fiscal year	Reversals for the fiscal year	Other changes	12/31/2021
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS:					
Retirement benefits	928	41	-42	-18	909
Supplementary pensions	86	7	-12	-2	79
Obligations for long-service awards (other long-term benefits)	82	2	-2	0	82
Sub-total recognized	1,096	50	-57	-18	1,070
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS:					
Commitments to employees and retirees ⁽¹⁾	20	0	-1	-10	9
Fair value of assets	-	-	-	-	-
Sub-total recognized	20	0	-1	-10	9
TOTAL AMOUNT RECOGNIZED	1,115	50	-58	-28	1,080

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2021	12/31/2020
Discount rate ⁽²⁾	1.00%	0.45%
Expected increase in salaries ⁽³⁾	Minimum 0.5%	Minimum 0.5%

(1) The provisions covering shortfalls in pension funds relate to entities located abroad.

(2) The discount rate, which is determined by reference to the long-term rate on private-sector borrowings, is based on the Iboxx index.

(3) The annual increase in salaries is the estimate of future inflation combined with the increase in salaries; it also depends on the age of the employee.

CHANGE IN THE PROVISION FOR RETIREMENT BENEFITS

	12/31/2020	Effect of dis-counting	Financial income	Cost of services rendered	Other, including past service cost	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2021
						demo-graphics	finan-cial					
Commitments	1,376	10	0	47	-1	0	-12	-36	0	-3	-15	1,365
Non-group insurance policies and externally-managed assets	449	0	3	3	-1	-5	6	-2	2	0	0	456
Provisions	928	10	-3	44	0	4	-18	-35	-2	-3	-15	909

DISCOUNT RATE SENSITIVITY

Liabilities at 0.75% [-25bp]	Liabilities at 1.25% [+25bp]	Duration
63	-57	18

	12/31/2019	Effect of dis-counting	Financial income	Cost of services rendered	Other, including past service cost	Actuarial gains and losses relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2020
						demo-graphics	finan-cial					
Commitments	1,309	11	0	48	-1	38	35	-34	0	-10	-20	1,376
Non-group insurance policies and externally-managed assets	470	0	4	3	-1	0	-10	-2	-17	0	0	449
Provisions	839	10	-4	45	0	38	45	-32	17	-10	-20	928

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2020	Effect of dis-counting	Actuarial gains and losses	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	Other	Fair value of assets 12/31/2021
Fair value of plan assets	656	2	10	26	2	24	-12	0	-13	695

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

Composition of the assets of the plan	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Equity instruments	Real estate	Others	Debt securities	Equity instruments	Real estate	Other
Composition of the assets of the plan	73%	16%	0%	9%	0%	0%	2%	0%



20c Provisions for risks arising from commitments on mortgage saving agreements

	12/31/2021	12/31/2020
Mortgage saving plans (PEL)		
< 10 years	7,551	7,202
> 10 years	4,157	4,304
Total	11,708	11,506
Amounts outstanding under mortgage saving accounts (CEL)	711	695
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	12,419	12,201

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2021	12/31/2020
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	9	13

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2020	Net allocations/ reversals	Other changes	12/31/2021
On mortgage saving accounts	-	-	-	-
On mortgage saving plans	87	-2	-	85
On loans under mortgage saving agreements	0	0	-	0
Total	87	-2	-	85
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY	-	-	-	-
< 10 years	61	-3	-	58
> 10 years	26	1	-	27
TOTAL	87	-2	-	85

Mortgage savings accounts ("CEL") and mortgage savings plans ("PEL") are government-regulated retail products available in France. In the initial savings phase, account holders receive interest on amounts paid into these accounts, which subsequently entitle them to a mortgage loan (second phase). They generate for the distributor institution two types of commitments:

- an obligation to pay interest on paid-in amounts at a fixed rate (only on PELs, the remuneration rate for CELs being akin to a variable rate, periodically revised based on an indexation formula);
- a loan agreement with customers who request it, under predefined conditions (PEL and CEL).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.

A provision is made as a liability on the balance sheet to cover future expenses relating to the potentially unfavorable conditions of these products, compared to the interest rates offered to individual customers for similar products, but which are not regulated in terms of compensation. This approach is carried out by homogeneous generation in terms of regulated conditions of PELs. The impact on profit or loss is included in interest paid to customers.

The change in the provision is mainly due to the increase in market rates and the change in outstandings.

Note 21 Subordinated debt

	12/31/2021	12/31/2020
Subordinated debt	6,950	6,200
Participating loans	20	20
Perpetual subordinated debt	1,502	1,503
Related debt	82	81
TOTAL	8,554	7,804

PRINCIPAL SUBORDINATED DEBT

<i>(in € millions)</i>	Type	Issue date	Issue amount	Amount balance sheet date ⁽¹⁾	Rate	Term
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	5/21/2014	€1,000m	€1,000m	3.00	5/21/2024
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	9/11/2015	€1,000m	€1,000m	3.00	9/11/2025
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	3/24/2016	€1,000m	€1,000m	2.375	3/24/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/4/2016	€700m	€700m	1.875	11/4/2026
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	3/31/2017	€500m	€500m	2.625	3/31/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/15/2017	€500m	€500m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	5/25/2018	€500m	€500m	2.500	5/25/2028
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	6/18/2019	€1,000m	€1,000m	1.875	6/18/2029
Banque Fédérative du Crédit Mutuel	Redeemable subordinated notes/TSR	11/19/2021	€750m	€750m	1.125	11/19/2031
CIC	Participatory	5/28/1985	€137m	€8m	⁽²⁾	⁽³⁾
Banque Fédérative du Crédit Mutuel	Borrowings	12/28/2005	€500m	€500m	⁽⁴⁾	TBD
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€750m	€734m	⁽⁵⁾	TBD
Banque Fédérative du Crédit Mutuel	TSS	2/25/2005	€250m	€250m	⁽⁶⁾	TBD

⁽¹⁾ Net intra-group amounts.

⁽²⁾ Minimum 85% (TAM*+TMO)/2 Maximum 130% (TAM*+TMO)/2.

* For the purpose of calculating this rate, as of January 3, 2022, any reference to the monthly average money market rate will be deemed to be a reference to the EuroSTR (Regulation (EU) 2021/1848 of October 21, 2021).

⁽³⁾ Non-depreciable, but reimbursable at borrower's discretion as of May 28, 1997 at 130% of the nominal value revalued by 1.5% per year for future years.

⁽⁴⁾ Euribor 1 year +0.3 basis points.

⁽⁵⁾ CMS 10 years ISDA CIC +10 basis points.

⁽⁶⁾ CMS 10 years ISDA +10 basis points.

Note 22 Reserves related to capital and reserves

22a Shareholders' equity attributable to the group (excluding profit and loss and unrealized gains and losses)

	12/31/2021	12/31/2020
Capital and reserves related to capital	6,197	6,197
■ Capital	1,689	1,689
■ Issue premium, contribution, merger, split, conversion	4,509	4,509
Consolidated reserves	21,758	20,401
■ Regulated reserves	9	9
■ Other reserves (including effects related to initial application)	21,750	20,392
of which profit on disposal of equity instruments	144	-22
■ of which Retained earnings	0	1
TOTAL	27,957	26,599

22b Unrealized or deferred gains and losses

	12/31/2021	12/31/2020
Unrealized or deferred gains or losses* relating to:	-	-
■ translation adjustments	81	-50
■ insurance business investments (assets available-for-sale)	1,041	1,093
■ financial assets at fair value through recyclable equity – debt instruments	-22	-82
■ financial assets at fair value through non-recyclable equity – equity instruments	75	53
■ hedging derivatives (CFH)	2	0
■ share of unrealized or deferred gains and losses of associates	-39	-38
■ actuarial gains and losses on defined benefit plans	-299	-331
TOTAL	839	645

* Balances net of corporation tax and after shadow accounting treatment.

22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2021	12/31/2020
	Operations	Operations
Translation adjustments	-	-
Reclassification in income	0	0
Other movement	131	-114
Subtotal	131	-114
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	0	0
Other movement	60	-49
Subtotal	60	-49
Revaluation of financial assets at FVOCI – equity instruments	-	-
Reclassification in income	0	0
Other movement	21	39
Subtotal	21	39
Revaluation of insurance business investments	-	-
Reclassification in income	0	0
Other movement	-52	125
Subtotal	-52	125
Remeasurement of hedging derivatives	-	-
Reclassification in income	0	0
Other movement	2	-2
Subtotal	2	-2
Actuarial gains and losses on defined benefit plans	32	-57
Share of unrealized or deferred gains and losses of associates	0	-2
TOTAL	194	-59

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2021			12/31/2020		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	131	0	131	-114	0	-114
Revaluation of financial assets at FVOCI – debt instruments	86	-26	60	-69	20	-49
Revaluation of financial assets at FVOCI – equity instruments	23	-1	21	43	-4	39
Revaluation of insurance business investments	-124	72	-52	129	-4	125
Remeasurement of hedging derivatives	2	-1	2	-2	1	-2
Actuarial gains and losses on defined benefit plans	37	-4	32	-89	33	-57
Share of unrealized or deferred gains and losses of associates	0	0	0	-2	0	-2
CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	156	39	194	-105	45	-59

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2021	12/31/2020
Funding commitments	62,204	58,171
Liabilities due to credit institutions	739	724
Commitments to customers	61,465	57,447
Guarantee commitments	28,596	29,464
Credit institution commitments	5,267	4,916
Customer commitments	23,329	24,548
Securities commitments	2,185	3,636
Other commitment given	2,185	3,636
Commitments pledged from Insurance	5,697	4,220

COMMITMENTS RECEIVED

	12/31/2021	12/31/2020
Funding commitments	6,963	22,125
Commitments received from credit Institutions	6,963	22,125
Commitments received from customers	0	0
Guarantee commitments	93,084	86,437
Commitments received from credit Institutions	53,402	49,908
Commitments received from customers	39,682	36,529
Securities commitments	1,870	1,472
Other commitments received	1,870	1,472
Commitments received from Insurance	5,071	5,133

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2021	12/31/2020
Assets sold under repurchase agreements	58,015	38,033
Related liabilities	58,516	37,940

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2021	12/31/2020
Loaned securities	0	0
Security deposits on market transactions	4,127	4,774
TOTAL	4,127	4,774

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities. This results in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the group is exposed to the non-recovery of the securities.

The other assets given as collateral for liabilities relate to derivatives for which margin calls are paid when their fair value is negative. These amounts comprise the initial margins and those paid subsequently.

Note 24 Interest income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions and central banks*	-289	177	33	-198
Customers	6,527	-754	6,570	-875
■ of which finance and operating leases	621	-242	562	-201
■ of which lease obligations	0	-6	0	-6
Hedging derivatives	2,539	-2,258	2,693	-2,221
Financial instruments at fair value through profit or loss	452	-37	607	-47
Financial assets at fair value through equity/ Available-for-sale assets	244	0	360	0
Securities at amortized cost	38	0	78	0
Debt securities	0	-1,050	0	-1,475
Subordinated debt	0	-4	0	-4
TOTAL	9,511	-3,926	10,342	-4,820
<i>Of which interest income and expense calculated at effective interest rate:</i>	<i>6,520</i>	<i>-1,631</i>	<i>7,041</i>	<i>-2,552</i>

* Of which a -€747 million impact of negative interest rates on income and +€685 million in expenses in 2021, and a -€447 million impact of negative interest rates on income and +€284 million in expenses in 2020.

Interest expense on central banks includes, in particular, interest calculated in the context of TLTRO III operations, which takes into account a spread:

- the subsidy over the life of the operation;
- the "over-subsidy" of 0.5% over the "special" interest period.

Note 25 Commission income and expense

	12/31/2021		12/31/2020	
	Income	Expenses	Income	Expenses
Credit institutions	9	-7	3	-7
Customers	1,211	-20	1,119	-17
Securities	1,118	-108	921	-82
■ of which activities managed on behalf of third parties	833	0	650	0
Derivative instruments	7	-9	9	-11
Currency transactions	24	-2	21	-2
Funding and guarantee commitments	60	-45	35	-3
Services provided	1,520	-839	1,403	-793
TOTAL	3,950	-1,030	3,511	-914

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2021	12/31/2020
Trading instruments	168	4
Instruments accounted for under the fair value option	-35	-5
Ineffective portion of hedges	-24	-19
On fair value hedges (FVH)	-24	-19
■ Change in the fair value of hedged items	502	75
■ Change in fair value of hedging instruments	-526	-94
Foreign exchange gains/(losses)	52	-47
Other financial instruments at fair value through profit or loss*	718	115
TOTAL CHANGES IN FAIR VALUE	879	47

* Of which €496 million came from private equity in 2021 compared to €158 million in 2020. The other changes correspond to changes in the fair value of the other portfolios at fair value.

Note 27 Net gains or losses on financial assets at fair value through equity

	12/31/2021	12/31/2020
Dividends	23	8
Realized gains and losses on debt instruments	47	14
TOTAL	70	23

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	12/31/2021	12/31/2020
Financial assets at amortized cost	-	-
Gains/(losses) on:	1	0
■ Government securities	0	0
■ Bonds and other fixed-income securities	1	0
TOTAL	1	0

Note 29 Net income from the insurance business line

	12/31/2021	12/31/2020
INSURANCE POLICIES		
Premiums earned	11,419	9,883
Service charges	-7,941	-8,091
Change in provisions	-4,860	-1,517
Other technical and non-technical income and expenses	69	63
Net income from investments	3,546	1,441
Net income on insurance policies	2,233	1,779
Interest margin/fees	-8	-8
Net income on financial assets	-8	-8
Other net income	11	-9
NET INCOME FROM INSURANCE ACTIVITIES	2,236	1,763

Note 30 Income/expenses generated by other activities

	12/31/2021	12/31/2020
INCOME FROM OTHER ACTIVITIES		
Rebilled expenses	91	97
Other income	647	644
Subtotal	739	741
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-2	-2
■ additions to provisions/depreciation	-2	-2
■ capital losses on disposals	0	0
Other expenses	-525	-429
Subtotal	-527	-431
NET TOTAL OF OTHER INCOME AND EXPENSES	211	310

Note 31 General operating expenses

	12/31/2021	12/31/2020
Employee benefit expense	-3,401	-3,300
Other expenses	-2,949	-2,777
TOTAL	-6,348	-6,077

31a Employee benefit expense

	12/31/2021	12/31/2020
Wages and salaries	-2,238	-2,199
Social security contributions	-760	-753
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-202	-152
Payroll-based taxes	-200	-192
Others	1	-2
TOTAL	-3,401	-3,300

AVERAGE WORKFORCE

	12/31/2021	12/31/2020
Bank technical staff	23,669	24,381
Managers	16,180	16,265
TOTAL	39,849	40,646
France	28,023	28,475
Rest of the world	11,826	12,171
TOTAL	39,849	40,646
Registered workforce*	45,806	46,085

* The registered workforce corresponds to the total number of employees at end-of-period for entities controlled by the group, which differs from the average full-time equivalent (so-called FTE) workforce, which focuses solely on full consolidation.

31b Other operating expenses

	12/31/2021	12/31/2020
Taxes and duties ⁽¹⁾	-390	-390
Leases	-172	-164
■ short-term asset leases	-84	-74
■ low value/substitutable asset leases ⁽²⁾	-78	-78
■ other leases	-10	-12
Other external services	-2,099	-1,919
Other miscellaneous expenses	30	24
TOTAL	-2,632	-2,448

(1) The entry "Taxes and duties" includes an expense of -€181 million as part of the contribution to the Single Resolution Fund in 2021, compared to a -€159 million expense in 2020.

(2) Includes IT equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	12/31/2021	12/31/2020
Depreciation and amortization:	-316	-320
■ Property, plant and equipment	-289	-296
including usage rights	-151	-153
■ Intangible assets	-27	-24
Write-downs:	-1	-8
■ Property, plant and equipment	-1	-5
■ Intangible assets	0	-3
TOTAL	-317	-328

Note 32 Cost of counterparty risk

	12/31/2021	12/31/2020
12-month expected losses (S1)	-77	-284
Expected losses at termination (S2)	-9	-844
Impaired assets (S3)	-561	-966
TOTAL	-647	-2,094

12/31/2021	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	-413	336	-	-	-	-77
■ Loans and receivables due from credit institutions at amortized cost	-1	1	-	-	-	0
■ Receivables from customers at amortized cost	-315	238	-	-	-	-77
■ of which finance leases	-27	27	-	-	-	0
■ Financial assets at amortized cost – securities	0	1	-	-	-	1
■ Financial assets at fair value through equity – debt securities	-6	6	-	-	-	0
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-91	90	-	-	-	-1
Expected losses at termination (S2)	-465	456	-	-	-	-9
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-385	348	-	-	-	-37
■ of which finance leases	-43	42	-	-	-	-1
■ Financial assets at amortized cost – securities	-1	0	-	-	-	-1
■ Financial assets at fair value through equity – debt securities	-4	1	-	-	-	-3
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-75	107	-	-	-	32
Impaired assets (S3)	-1,126	1,735	-1,033	-271	134	-561
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,030	1,536	-901	-269	134	-530
■ of which finance leases	-11	21	-10	-4	1	-3
■ Financial assets at amortized cost – securities	-21	132	0	0	0	111
■ Financial assets at fair value through equity – debt securities	0	0	-132	0	0	-132
■ Financial assets at fair value through equity – loans	0	0	0	0	0	0
■ Commitments given	-75	67	0	-2	0	-10
TOTAL	-2,004	2,527	-1,033	-271	134	-647

12/31/2020	Allowances	Reversals	Loan losses covered by pensions	Loan losses not covered by provisions	Recovery of loans written off in prior years	TOTAL
12-month expected losses (S1)	-614	330	-	-	-	-284
■ Loans and receivables due from credit institutions at amortized cost	-1	2	-	-	-	1
■ Receivables from customers at amortized cost	-508	243	-	-	-	-265
■ of which finance leases	-33	21	-	-	-	-12
■ Financial assets at amortized cost – securities	-3	3	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-5	6	-	-	-	1
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-97	76	-	-	-	-21
Expected losses at termination (S2)	-1,215	371	-	-	-	-844
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Receivables from customers at amortized cost	-990	326	-	-	-	-664
■ of which finance leases	-59	20	-	-	-	-39
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through equity – debt securities	-1	2	-	-	-	1
■ Financial assets at fair value through equity – loans	0	0	-	-	-	0
■ Commitments given	-224	43	-	-	-	-181
Impaired assets (S3)	-1,329	1,318	-773	-337	155	-966
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Receivables from customers at amortized cost	-1,138	1,166	-670	-335	155	-822
■ of which finance leases	-14	16	-9	-3	3	-7
■ Financial assets at amortized cost – securities	-127	94	0	0	0	-33
■ Financial assets at fair value through equity - debt securities	0	0	-102	0	0	-102
■ Financial assets at fair value through equity - loans	0	0	0	0	0	0
■ Commitments given	-64	58	-1	-2	0	-9
TOTAL	-3,158	2,019	-773	-337	155	-2,094

Note 33 Gains/(losses) on disposals of other assets

	12/31/2021	12/31/2020
Property, plant and equipment and intangible assets	-8	-5
■ Capital losses on disposals	-19	-17
■ Capital gains on disposals	11	12
Gains/(losses) on disposals of shares in consolidated entities	0	0
TOTAL	-8	-5

Note 34 Changes in the value of goodwill

	12/31/2021	12/31/2020
Impairment of goodwill*	-847	-2
Negative goodwill stated in profit or loss	0	0
TOTAL	-847	-2

* Including the impairment of FactoFrance and TARGOBANK in Germany detailed in Note 19 and after a reversal of provisions for associated risks of €100 million.

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2021	12/31/2020
Current taxes	-1,305	-950
Deferred tax expense	1	231
Adjustments in respect of prior fiscal years	24	-2
TOTAL	-1,280	-721

RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2021	12/31/2020
Taxable result	4,060	2,084
Theoretical tax rate	28.41%	32.02%
Theoretical tax expense	-1,153	-667
Impact of preferential "SCR" and "SICOMI" rates	112	39
Impact of reduced rate on long-term capital gains	19	25
Impact of different tax rates paid by foreign subsidiaries	3	28
Permanent differences	-240	-41
Others	-21	-105
Income tax expense	-1,280	-721
Effective tax rate	31.53%	34.60%

Note 36 Profit (loss) per share

	12/31/2021	12/31/2020
Net profit attributable to the group	2,487	1,284
Number of shares at beginning of year	33,770,590	33,770,590
Number of shares at end of year	33,770,590	33,770,590
Weighted average number of shares	33,770,590	33,770,590
Basic earnings per share	73.63	38.02
Weighted average number of shares that may be issued	0	0
Diluted earnings per share	73.63	38.02

Note 37 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2021			12/31/2020		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
ASSETS						
Financial assets at fair value through profit or loss	0	28	0	0	236	0
Hedging derivatives	0	0	835	0	0	1,517
Financial assets at FVOCI	20	0	0	20	0	0
Financial assets at amortized cost	1,852	4,200	30,522	1,577	2,679	30,868
Investments in insurance business line	0	19	0	0	352	0
Other assets	0	0	0	0	0	0
TOTAL	1,872	4,247	31,357	1,597	3,267	32,384
LIABILITIES						
Liabilities at fair value through profit or loss	0	9	0	0	23	0
Debt securities	0	0	0	0	10	0
Liabilities to cred. inst.	112	438	8,427	136	320	7,833
Due to customers	1,193	501	25	1,218	501	25
Liabilities relative to contracts of the insurance business line	0	205	0	0	150	0
Subordinated debt	0	10	500	0	10	0
Miscellaneous liabilities	33	5	0	27	4	0
TOTAL	1,338	1,168	8,952	1,381	1,019	7,858
Financing commitments given	35	0	0	60	0	0
Guarantees given	0	0	4,486	0	0	4,372
Financing commitments received	0	0	0	0	0	0
Guarantees received	0	708	2,755	0	699	2,516

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2021			12/31/2020		
	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies	Associates (companies accounted for using the equity method)	Other establishments belonging to the National Confederation	Crédit Mutuel Alliance Fédérale parent companies
Interest income	12	18	426	9	41	417
Interest expense	0	-31	-36	0	-42	-42
Commission income	6	0	19	12	0	4
Commission expense	-47	-3	-28	-34	-3	-22
Net gains/(losses) on financial assets at FVOCI and FVPL	60	12	0	1	-10	0
Net income from insurance activities	-36	-231	-553	-27	-216	-520
Other income and expenses	-10	0	0	-9	0	0
General operating expenses	-675	0	-130	-630	1	-114
TOTAL	-690	-235	-302	-679	-229	-277

Note 38 Fair value hierarchy of financial instruments recognized at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2021. They correspond to a calculation in relation to the discounting of future cash flows estimated using a yield curve that includes the debtor's inherent signature cost.

The financial instruments presented in this section include loans and borrowings. They do not include non-monetary items (shares), accounts payable and other asset and liability accounts, or accruals. Non-financial instruments are not discussed in this section.

The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, *i.e.* the carrying amount.

A number of group entities may also apply assumptions: the market value is the carrying amount for policies whose terms refer to a floating rate, or whose remaining term is less than or equal to one year.

Readers' attention is drawn to the fact that, except for held-to-maturity financial assets, financial instruments carried at amortized cost are not transferable or are not, in practice, sold prior to maturity. Consequently, capital gains or losses will not be recognized.

However, if financial instruments carried at amortized cost were to be sold, their sale price could differ significantly from the fair value calculated at December 31, 2021.

12/31/2021							
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	355,279	347,180	8,100	2,195	64,078	289,006	355,279
Loans and receivables due from credit institutions	57,276	57,059	217	0	57,151	125	57,276
Loans and receivables due from customers	294,282	286,482	7,800	0	5,621	288,660	294,281
Securities	3,722	3,640	82	2,195	1,306	221	3,722
Investments in insurance business line at amortized cost	11,517	10,681	836	6,392	5,124	0	11,517
Loans and receivables	5,124	5,124	0	0	5,124	0	5,124
Held-to-maturity	6,392	5,556	836	6,392	0	0	6,392
Financial liabilities at amortized cost – IFRS 9	485,002	481,154	3,848	0	379,890	105,112	485,002
Due to credit institutions	77,404	76,881	524	0	76,396	1,009	77,404
Due to customers	274,934	274,257	677	0	170,831	104,103	274,934
Debt securities	123,423	121,463	1,961	0	123,423	0	123,423
Subordinated debt	9,240	8,554	686	0	9,240	0	9,240
Insurance business liabilities at amortized cost	1,181	1,181	0	0	1,181	0	1,181
Due to credit institutions	128	128	0	0	128	0	128
Debt securities	0	0	0	0	0	0	0
Subordinated debt	1,053	1,053	0	0	1,053	0	1,053

12/31/2020							
	Market value	Carrying amount	Unrealized gains or losses	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	341,794	328,596	13,198	2,194	62,228	277,371	341,793
Loans and receivables due from credit institutions	56,448	54,797	1,651	0	56,380	68	56,448
Loans and receivables due from customers	282,334	270,836	11,498	0	5,283	277,051	282,334
Securities	3,012	2,963	49	2,194	565	253	3,012
Investments in insurance business line at amortized cost	12,396	11,560	836	7,514	4,882	0	12,396
Loans and receivables	4,882	4,882	0	0	4,882	0	4,882
Held-to-maturity	7,514	6,678	836	7,514	0	0	7,514
Financial liabilities at amortized cost – IFRS 9	454,795	448,766	6,029	0	338,479	116,315	454,794
Due to credit institutions	44,755	44,846	-91	0	44,300	454	44,754
Due to customers	270,224	268,802	1,422	0	154,863	115,361	270,224
Debt securities	131,188	127,314	3,874	0	131,187	0	131,187
Subordinated debt	8,629	7,804	824	0	8,629	0	8,629
Insurance business liabilities at amortized cost	432	432	0	0	432	0	432
Due to credit institutions	132	132	0	0	132	0	132
Debt securities	0	0	0	0	0	0	0
Subordinated debt	300	300	0	0	300	0	300

Note 39 Relations with the group's key executives

During the year, the group's key executives (Chairman of the Board of Directors and Chief Executive Officer) benefited from the group's collective insurance and supplementary pension plans. However, the group's key executives did not enjoy any other specific benefits. No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or CIC was allocated to them. In addition, they do not receive attendance fees because of their office, whether in group companies or in other companies, but because of their functions within the group.

The group's key executives may hold assets or loans with the group's banks, under the conditions offered to all employees.

COMPENSATION PAID OVERALL TO KEY EXECUTIVES*

	12/31/2021	12/31/2020
<i>(in € thousands)</i>	Overall compensation	Overall compensation
Corporate officers – Management Committee – Board members receiving compensation	8,475	9,735

* See also the section on corporate governance.

The amount of provisions for retirement benefits and long-service awards amounted to €2,483 thousand as of December 31, 2021.

Note 40 Events after the reporting period and other information

The consolidated financial statements of the BFCM group, closed as of December 31, 2021, were approved by the Board of Directors as of February 9, 2022.

Note 41 Risk exposure

The information on risk exposure as required by IFRS 7 is given in section 4: Risks in the management report.

Note 42 Fees to statutory auditors

	12/31/2021			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount <i>(in millions of euros ex VAT)</i>	%	Amount <i>(in millions of euros ex VAT)</i>	%
AUDIT OF THE ACCOUNTS				
■ BFCM	0.139	4%	0.252	6%
■ Fully consolidated subsidiaries	2.832	72%	3.075	70%
NON-AUDIT SERVICES				
■ BFCM	0.051	1%	0.833	19%
■ Fully consolidated subsidiaries	0.905	23%	0.228	5%
TOTAL	3.927	100%	4.388	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1.319		2.406	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0.082		0.962	-
12/31/2020				
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount <i>(in millions of euros ex VAT)</i>	%	Amount <i>(in millions of euros ex VAT)</i>	%
	AUDIT OF THE ACCOUNTS			
■ BFCM	0.220	6%	0.24	7%
■ Fully consolidated subsidiaries	3.073	77%	2.678	78%
NON-AUDIT SERVICES				
■ BFCM	0.292	7%	0.05	1%
■ Fully consolidated subsidiaries	0.397	10%	0.470	14%
TOTAL	3.982	100%	3.439	100%
<i>of which fees paid to the statutory auditors in France for the statutory audit of the financial statements:</i>	1.333		2.480	-
<i>of which fees paid to the statutory auditors in France for services other than the statutory audit of the financial statements:</i>	0.298		0.051	-

The main types of SACC are certificates, letters of comfort and agreed procedures.

7.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders' Meeting

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements of Banque Fédérative du Crédit Mutuel for the fiscal year ended December 31, 2021, as appended to this report.

We certify that in accordance with the IFRS as adopted in the European Union, the consolidated financial statements are accurate and sincere, and give a true and fair view of the results of transactions over the past fiscal year as well as the financial position and assets at the end of the fiscal year of the group composed of the persons and entities included within the scope of consolidation.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

Our responsibilities pursuant to these standards are set out in the section of this report entitled "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements".

Independence

We performed our audit in accordance with the rules of independence provided for in the French Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2021 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken within the framework of the state of health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention key points of the audit as they pertain to the risk of material misstatements, which according to our professional judgment, were the most important for the audit of the consolidated financial statements, as well as our response in the face of these risks.

The assessments made in this way fall within the scope of the audit of the consolidated financial statements taken as a whole and the formation of our opinion as expressed above. We have no opinion regarding elements of these consolidated financial statements taken separately.

CREDIT RISK AND VALUATION OF IMPAIRMENTS ON CUSTOMER LOAN PORTFOLIOS

Identified risk

BFCM Group banks are exposed to credit risks inherent to their activities.

In this respect and as indicated in note 1 to the consolidated financial statements, your group recognizes impairments according to the IFRS 9 model:

- for non-downgraded performing loans (status 1) and downgraded performing loans (status 2), provisioning is made on the basis of expected credit losses at twelve months and maturity, respectively, as soon as the financial assets are recognized;
- for non-performing loans (status 3), the impairment is equal to the difference between the carrying amount and the estimated future cash flows, allowing for collateral or other guarantees, present-discounted at the interest rate of the original loan.

The classification of outstandings between the various statuses provided for by IFRS 9 and the measurement of expected or actual credit losses for customer loan portfolios require the exercise of greater judgment and the consideration of assumptions by the BFCM group, particularly in the context of the prolongation of the crisis related to the COVID-19 pandemic and its economic consequences, notably to:

- determine the methods used to assess the significant deterioration in credit risk in order to classify the outstandings into statuses 1 and 2 or the proven risk (status 3), depending in particular on the business segments;
- estimate the amount of expected credit losses for the various statuses, in particular in the segments deemed to be the most vulnerable by management and taking into account the support mechanisms put in place.

As presented in note 10c to the consolidated financial statements, as of December 31, 2021, the total amount of gross customer loans outstanding amounted to €294,206 million and the total amount of impairment was €7,724 million.

Given the importance of judgment in the assessment of credit risk and the determination of impairments on customer loans (statuses 1 to 3), we considered that the classification of outstanding customer loans between the different categories provided for by IFRS 9 and the valuation of recognized impairments was a key audit matter.

Our response

With regard to outstandings classified in statuses 1 and 2, the work we carried out consisted of:

- taking note, during a critical review, of the conclusions of the work carried out by the statutory auditors of the Crédit Mutuel group on the methodological options and impairment models defined by management. This work covered in particular:
 - a review of the system put in place to classify receivables between the various statuses and assess the amount of expected credit losses,
 - a review of the methods and measures used for the various parameters and models for calculating expected credit losses,
 - an analysis of how management takes into consideration the COVID-19 crisis in the various macroeconomic scenarios used to calculate value adjustments, as well as the related financial information,
 - reviewing the work and findings of management regarding the identification of the business segments deemed vulnerable to the health crisis, as well as the main assumptions used to classify the outstandings of these segments by status and to estimate expected credit losses,
 - the performance of data quality tests as well as checks on the information systems used to determine expected credit losses;
- carrying out data analysis work relating to the correct classification of outstandings by category (statuses 1 and 2);
- examining the reconciliations made between the data from the IT tools used to calculate expected losses and the accounts;
- analyzing changes in the portfolio and levels of impairment, by status and for a selection of entities between December 31, 2020 and December 31, 2021 in order to assess their overall consistency.

As regards outstandings classified in status 3, we examined the processes and tested the controls put in place by your group to identify loans and receivables with a proven risk of default, as well as the procedures for estimating the corresponding impairments, in a context of prolonged crisis related to COVID-19. The work consisted mainly of examining:

- the application of the classification of outstandings under status 3 in a sampling of loans;
- the systems that guarantee the quality of the data used by calling on out IT specialists;
- the credit risk monitoring process, by taking note of the conclusions of the specialized committees in charge of monitoring status 3 receivables and the recognition of the related impairments;
- the main assumptions used to estimate individual impairments on a sample of the corporate banking's loan files, and check the documentation of the credit rating, taking into account, where applicable, the impact of the COVID-19 crisis and support mechanisms on ratings or guarantees;
- changes over time in key indicators: ratio of status 3 outstandings to total outstandings and coverage ratio of status 3 outstandings by depreciation. Each time that an indicator differed from the average, we analyzed the differences observed.

Finally, we streamlined the change in the cost of risk and ensured that the information presented in the notes to the consolidated financial statements was appropriate.

VALUATION OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED AS LEVEL 2 AND LEVEL 3 FAIR VALUE

Identified risk	Our response
<p>As part of its proprietary trading and group treasury activities and in connection with the services offered to customers, your group holds financial instruments for trading purposes.</p> <p>These instruments are financial assets or liabilities recognized at fair value as mentioned in note II-1-v to the consolidated financial statements. The gain or loss on revaluation of these financial instruments in the balance sheet on the closing date is recognized in profit or loss.</p> <p>In our opinion, the valuation of complex financial instruments classified under level 2 and level 3 fair value was a key point of the audit as it entails a significant risk of material misstatements in the consolidated financial statements, requiring the exercise of judgment, particularly regarding:</p> <ul style="list-style-type: none"> ■ the determination of unobservable market valuation inputs and the categorization of the instruments according to the fair value hierarchy for financial assets and liabilities; ■ the use of internal valuation models; ■ the estimation of the main valuation adjustments, to take account of risks such as counterparty or liquidity risks. 	<p>We examined the processes and controls implemented by the group to identify and measure complex financial instruments, including:</p> <ul style="list-style-type: none"> ■ the governance of valuation models and value adjustments; ■ independent justification and validation of the results recorded on these transactions; ■ the controls related to the collection of the inputs needed to value complex financial instruments classified under levels 2 and 3. <p>Our audit team included specialists in the valuation of complex financial instruments. With their assistance, we also:</p> <ul style="list-style-type: none"> ■ conducted our own valuation tests on a sample of complex financial instruments; ■ analyzed the internal identification and validation processes of the primary value adjustments applied to financial instruments and their evolution over time. Our analyses dealt with the examination of methodologies retained on market reserves and value adjustments and the governance mechanism put in place to control the adjustments made; ■ examined the main differences in margin calls, in order to assess the consistency of the valuations previously used; ■ analyzed the criteria used in the fair value hierarchy as described in note 8 "Hierarchy of the fair value of financial instruments assessed at fair value carrying amount" in the notes to the consolidated financial statements.

MEASUREMENT OF THE PRIVATE EQUITY DIVISION'S LEVEL 3 INVESTMENTS

Identified risk	Our response
<p>Through its private equity subsidiaries, your group has investments recognized at fair value through profit or loss.</p> <p>These instruments are recognized at fair value at the time of their initial recognition and subsequently up to the date of their disposal. Changes in fair value are taken to the income statement under "Net gains/(losses) on financial instruments at fair value through profit or loss".</p> <p>If the financial instrument is traded on an active market, its fair value is the quoted price. In order to estimate the fair value of securities when they are not listed on an active market, your group applies a mark-to-model approach based specifically on unobservable data, as outlined in the paragraph "Determination of the fair value of financial instruments" in note II-1-ix "Accounting policies and principles" of the notes to the consolidated financial statements.</p> <p>Since judgment is used when determining the fair value for unlisted financial instruments, and given the complexity of its modeling, especially in the context of the evolving crisis related to COVID-19, we have estimated that the valuation of equity investments recognized in level 3 of the private equity division constitutes a key point of the audit.</p>	<p>We have reviewed the processes and controls put in place by your group pertaining to the valuation of equity investments recognized in level 3 of the private equity division.</p> <p>The work performed with our assessment and modeling based on a sampling, has consisted of:</p> <ul style="list-style-type: none"> ■ analyzing the valuation methods and unobservable valuation data used by your group for lines valued on the basis of a mark-to-model approach; and assessing the inclusion of the COVID-19 crisis context in the data used for the valuation; ■ and, where applicable, verifying that the valuation used by your group was comparable to the price observed during a recent transaction.

VALUATION OF GOODWILL

Identified risk

Your group has undertaken external growth operations which led to the recognition of goodwill. This goodwill stood at €3,098 million in net value terms as of December 31, 2021 and is presented on a separate line of the balance sheet for fully consolidated companies as indicated in note 19 to the consolidated financial statements.

As noted in note 1.8 to the consolidated financial statements, goodwill represents the difference between the carrying amount and the fair value of the assets and liabilities of the entities acquired.

Goodwill is allocated to Cash Generating Units and is subject to impairment tests at least once a year or whenever an indication of loss of value appears. When their recoverable amount falls below the carrying amount, impairment is recognized. As indicated in note 19 to the consolidated financial statements, the recoverable amount is determined according to two methods:

- the fair value net of selling costs, based on observing valuation ratios on comparable transactions or market parameters selected by analysts on entities with similar activities;
- the value in use, which is based on converting future expected cash flows to current value.

As regards the value in use, cash flows are based on medium-term business plans drafted by management, then on an ad infinitum forecast according to a long-term growth rate.

We considered that the assessment of goodwill constitutes a key point of the audit owing to:

- its material significance on your group's consolidated balance sheet;
- the significance of management's judgment when choosing the recoverable amount method and regarding the value in use, the assumptions of future results of the companies in question and the discount rate applied to projected cash flows.

Our response

The work performed with our assessment and modeling experts to examine the recoverable amount determined by your group specifically consisted of:

- an analysis of the methodology used;
- an assessment of the main parameters and assumptions used by comparison with the available market data.

As regards the value in use method, we also performed:

- a review of the projected business plans from which projected cash flows were determined;
- a recalculation of the values in use determined by your group for a sampling of goodwill;
- an examination of the sensitivity tests available as presented in note 19 to the consolidated financial statements in order to assess the value in use.

VALUATION OF MATHEMATICAL PROVISIONS ON BORROWER INSURANCE POLICIES AND RESERVES FOR TANGIBLE AUTO CLAIMS

Identified risk

The accounting principles and valuation rules applied to the liabilities generated by insurance company policies are those of IFRS 4 as indicated in note 2.2.3 "Insurance activities – Non-financial liabilities" of the notes to the consolidated financial statements.

As of December 31, 2021, the technical provisions of the insurance policies stood at €10,052 million, as set out in note 13b "Financial liabilities related to insurance business policies" in the notes to the consolidated financial statements.

Among these liabilities, the mathematical provisions on borrower insurance policies correspond to the redemption values of life insurance policies, while the provisions for claims on non-life insurance policies (tangible Auto claims) correspond to unearned premiums (since they relate to subsequent years) and claims payable.

The valuation of these provisions employs actuarial methods that require management to use its professional judgment.

Given the importance of judgment in their valuation, we considered that the mathematical provisions on borrower insurance policies and reserves for tangible Auto claims constituted a key point of the audit.

Our response

As regards the specific provisions outlined above, the work carried out with the help of actuarial experts, mainly involved:

- analyze the consistency between the selected valuation methodology for provisions and the contractual conditions;
- analyze the relevance of the computational assumptions used in respect of the risks insured and the applicable regulations (discount rate, regulatory tables, etc.);
- verify the actuarial formulas used;
- analyze the level of reserves for claims that have occurred but have not yet been reported;
- review the files for tangible auto claims in order to assess the level of provisioning calculated by ACMs.

Specific checks

In accordance with the professional standards applicable in France, we have also performed the specific checks required by the legal and regulatory texts as regards information concerning the group, given in the management report by the Board of Directors.

We have no comment to make as to their accuracy or consistency with the consolidated financial statements.

Other verifications or information required by laws and regulations

Presentation format of the consolidated financial statements to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified compliance with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018, in the presentation of the consolidated financial statements intended for inclusion in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code, which have been prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

Based on our work, we conclude that the presentation of the consolidated financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of statutory auditors

PricewaterhouseCoopers France and ERNST & YOUNG et Autres were appointed statutory auditors of Banque Fédérative du Crédit Mutuel by your Shareholders' Meetings of May 11, 2016, and September 29, 1992, respectively.

As of December 31, 2021, PricewaterhouseCoopers France was in the sixth year of its uninterrupted mission and ERNST & YOUNG et Autres in the thirtieth year.

Responsibilities of management and those in charge of corporate governance regarding the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by the European Union and to implement internal control procedures as it deems necessary for the preparation of consolidated financial statements that contain no material misstatements, whether such misstatements are the result of fraud or errors.

During the preparation of consolidated financial statements, it is incumbent upon management to assess the company's ability to continue as a going concern, and as the case may be, the necessary information with regard to business continuity and to apply the standard accounting policy for a going concern, unless it is foreseen to liquidate the company or cease doing business.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements

Our responsibility is to prepare a report regarding the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, as a whole, contain no material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our mission of certification of financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process.

Furthermore:

- they identify and assess the risk that the consolidated financial statements contain material misstatements and that such misstatements result from fraud or errors, define and implement audit procedures to address these risks and collect information that they consider a sufficient and appropriate basis for such opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;

- they assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the related information provided in the consolidated financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If the statutory auditors conclude that significant uncertainty exists, they bring the information provided in the consolidated financial statements regarding such uncertainty to the attention of readers of their report or, if such information is not provided or is not relevant, the statutory auditors issue a qualified opinion or a denial of opinion;
- they assess the overall presentation of the consolidated financial statements and assess whether or not the consolidated financial statements reflect the underlying transactions and events to provide a true and fair view thereof;
- regarding the financial information of the persons or entities included within the scope of consolidation, they gather items deemed sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditors are responsible for the management, supervision and preparation of the audit of the consolidated financial statements, as well as the opinion expressed on these financial statements.

Executed in Neuilly-sur-Seine and Paris-La Défense, April 11, 2022

The statutory auditors

PricewaterhouseCoopers France

Laurent Tavernier

ERNST & YOUNG et Autres

Hassan Baaj

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Launched in March 2021, the Crédit Mutuel Alliance Fédérale Foundation is committed to supporting those who are working to build a fairer and more sustainable society. Among its actions, the Foundation is committed to the Astrée association, which works against the isolation of people and helps them find a social link.



BFCM annual financial statements

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8.1 BFCM FINANCIAL STATEMENTS

8.1.1 Annual financial statements

Assets

<i>(in €)</i>	Notes	12/31/2021	12/31/2020
Cash, central banks, CCP		57,401,119,619.48	35,525,720,838.47
Government and equivalent securities	2.8, 2.15	7,855,049,369.82	8,631,678,558.47
Receivables on credit institutions	2.2, 2.3	124,613,209,609.34	117,147,253,272.98
Customer transactions	2.3, 2.4	1,967,197,795.69	2,047,958,493.83
Bonds and other fixed-income securities	2.3, 2.15	15,514,185,325.82	17,382,937,688.83
Shares and other variable-income securities	2.8, 2.15	905,096,351.18	725,528,542.14
Equity investments and other securities held long-term	2.17	353,771,451.18	394,125,603.77
Investments in associates	2.17	16,092,975,340.31	16,289,302,858.64
Finance leasing and leasing with purchase option		0	0
Operating lease		0	0
Intangible assets	2.0, 2.21	8,000,141.00	8,000,141.00
Property, plant and equipment	2.0	53,045.88	60,633.62
Capital subscribed not paid		0	0
Treasury shares		0	0
Other assets	2.24	4,391,130,585.92	4,066,431,275.49
Accruals	2.25	1,715,519,519.63	904,292,574.56
TOTAL ASSETS		230,817,308,155.25	203,123,290,481.80

Off-balance sheet

	Notes	12/31/2021	12/31/2020
COMMITMENTS GIVEN			
Funding commitments	3.0	1,196,725,036.48	1,596,650,913.67
Guarantee commitments	3.1	5,063,348,333.32	5,171,634,023.52
Securities commitments		65,424,796.76	304,001,481.66

Liabilities

<i>(in €)</i>	Notes	12/31/2021	12/31/2020
Central banks, CCP		600,000,000.00	574,000,000.00
Due to credit institutions	2.2, 2.3	111,804,022,948.86	82,190,466,683.41
Deposits from customers	2.3	9,529,209,794.06	9,395,182,763.37
Debt securities	2.3	83,825,686,887.10	85,994,130,851.79
Other liabilities	2.24	1,682,964,530.85	3,060,800,152.43
Accruals	2.25	803,926,819.45	1,317,649,566.40
Provisions for risks and expenses	2.27	670,690,227.22	569,674,326.85
Subordinated debt	2.7	8,528,156,397.43	7,776,740,001.69
Funds for general banking risks	2.20	61,552,244.43	61,552,244.43
Shareholders' equity excluding FGBR	2.20	13,311,098,305.85	12,183,093,891.43
<i>Capital subscribed</i>	2.20	1,688,529,500.00	1,688,529,500.00
<i>Issue premiums</i>	2.20	4,508,844,923.87	4,508,844,923.87
<i>Reserves</i>	2.20	5,883,409,955.26	5,305,409,955.26
<i>Revaluation differences</i>		0	0
<i>Regulated provisions and investment subsidies</i>	2.20	0	0
<i>Retained earnings</i>	2.20	322,330.50	584,825.40
<i>Profit (loss) for the period</i>	2.20	1,229,991,596.22	679,724,686.90
TOTAL LIABILITIES		230,817,308,155.25	203,123,290,481.80

Off-balance sheet

	Notes	12/31/2021	12/31/2020
COMMITMENTS RECEIVED			
Funding commitments	3.0	6,733,727,606.69	21,921,978,638.01
Guarantee commitments	3.1	0	0
Securities commitments		0	223,001,516.14

Income statement

<i>[in €]</i>	Notes	12/31/2021	12/31/2020
+ Interest and similar income	4.1	2,709,000,264.83	3,205,656,218.98
- Interest and similar expenses	4.1	-2,685,475,516.73	-3,247,333,592.17
+ Income from finance leasing transactions & early exercise of options		0	0
- Expenses from finance leasing transactions & early exercise of options		0	0
+ Income from operating lease transactions		0	0
- Expenses on operating lease transactions		0	0
+ Income from variable-income securities	4.2	1,398,024,321.13	1,025,397,727.95
+ Commissions (income)	4.3	116,455,208.00	101,693,078.93
- Commissions (expenses)	4.3	-103,461,215.35	-104,829,465.51
+/- Profit/loss on trading book transactions	4.4	9,333,990.04	5,420,588.92
+/- Profit/loss on investment portfolios and similar transactions	4.5	192,997,117.83	-114,527,854.61
+ Other operating income	4.6	1,235,335.64	31,213,848.13
- Other operating expenses	4.6	-100,797,740.08	-1,386,853.83
Net banking income		1,537,311,765.31	901,303,696.79
- General operating expenses	4.7	-74,438,895.49	-72,722,192.96
- Additions to depreciation and provisions on property, plant and equipment and intangible assets		-7,587.74	-7,715.98
Gross operating income		1,462,865,282.08	828,573,787.85
+/- Cost of risk	4.8	6,315,590.70	-29,544,199.53
Operating income		1,469,180,872.78	799,029,588.32
+/- Profit or loss on non-current assets	4.9	-208,231,511.86	-118,901,127.46
Pre-tax profit/loss		1,260,949,360.92	680,128,460.86
+/- Non-recurring income	4.10	0	-474,060.46
+/- Income tax	4.11	-30,957,764.70	70,286.50
+/- Allocation/reversal of FGBR and regulated provisions		0	0
NET PROFIT/(LOSS)		1,229,991,596.22	679,724,686.90

8.1.2 Notes to the annual financial statements

SUMMARY OF THE NOTES

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Note 1 Accounting policies and valuation methods

The annual financial statements of Banque Fédérative du Crédit Mutuel (BFCM) are prepared in accordance with the general accounting principles and regulations of the *Autorité des normes comptables* (ANC – French Accounting Standards Authority), including Regulation 2014-07 on the financial statements of companies in the banking sector.

They respect the “prudence principle” rule and the basic conventions concerning:

- going concern;
- continuity of methods;
- independence of fiscal years.

COVID-19 health crisis

Faced with the exceptional and unprecedented crisis caused by the COVID-19 virus, Crédit Mutuel Alliance Fédérale entities have made it a priority to protect all their employees and provide maximum support to their customers.

The bank never ceased to operate during lockdowns decided by the public authorities in 2020 and 2021, adapting its operating systems to ensure the continuity of operations for its individual and professional customers. The operating systems were adapted as the pandemic evolved and as recommendations and regulations were issued by health and public authorities.

In 2021, the employees’ on-site work resumed, with appropriate hygiene and distancing measures (provision of individual protective equipment, cleaning protocol for specific premises, etc.). The use of remote working is part of the group and company “Quality of Life at Work” agreements or in the derogatory measures that may be requested by the public authorities.

The bank did not use state-funded short-time work or other public support schemes related to the COVID-19 crisis.

The numerical impact of the pandemic on the bank’s business cannot be adequately determined due to:

- the magnitude and persistence of the effects of economic support measures, in particular on customer solvency (over the whole of 2021, business failures were down by almost 45% compared to 2019; unemployment was at its lowest level in France since 2012) and on the performance of financial markets, which have not experienced a stock market crisis or tensions on the interest rate markets;
- the difficulty of objectively measuring the possible impacts of the event on the various income statement items potentially affected in a credit institution (interest margin, commissions, cost of risk, etc.), variations in which may be due to many other factors (monetary policy and interest rate levels, prudential constraints, real estate market conditions, the institution’s financial hedging strategy, pricing policy for operations, etc.);

- finally, the duration of a potential crisis and its possible worsening with the emergence of new variants, the effectiveness of vaccine coverage, the extent and date of an economic recovery, all of which remain largely unknown variables.

Under these conditions, in accordance with the recommendations of the ANC published on the “Taking into account the consequences of the COVID-19 event in the financial statements and situations established from January 1, 2020”, only the quantified effects of the event must be provided in the notes, according to a targeted approach.

In this respect, it should be noted that our institution is committed to the government support system for the economy by offering state-guaranteed loans (SGL) to support the treasury of its corporate and professional customers. This financing is carried out in the form of loans which comprise a deferred amortization of one year and a clause which can be activated by the borrower to allow him, at the end of the first year, to decide to amortize his credit over a period from one to five years. The accounting treatment of these loans follows the same accounting principle as the other types of loans.

At December 31, 2021, BFCM had no outstanding state guaranteed loans in the accounts.

On the other hand, the “Stimulus equity loan” is a new type of loan open since 2021 to small and medium-sized enterprises (SMEs) and medium-sized businesses, intended to offer long-term financing that fits between shareholders’ equity and traditional debt. No loans in this new category, which is still very new, were put into force during the fiscal year.

Finally, in a position to provide immediate support to its borrowers, as of April 2020 the bank granted deferred repayments on the maturities of medium and long-term loans to businesses, professionals and farmers, without penalties or additional costs, until the end of September 2020. At the end of this deferral period, a final adjustment of the contracts was made. No depreciation was recorded for this first deferral of maturities as part of a market system, which did not result in losses for the bank but in a delay in the initial maturities to collect. When the borrowing company has requested a second extension of maturities at the end of the aforementioned procedure, the loan is qualified as restructured.

As of December 31, 2021, there are no deferred credits in the accounts.

Under these conditions, in accordance with the recommendations of the ANC published on the “Taking into account the consequences of the COVID-19 event in the financial statements and situations established from January 1, 2020”, only the relevant quantified effects of the event must be provided in the notes, according to a targeted approach. As it stands, there are no objectively measurable elements concerning BFCM.

1.1 Valuation of receivables and debts and use of estimates in preparation of the financial statements

Receivables and payables on customers and credit institutions are booked to the balance sheet for their nominal value or acquisition cost, if it is different to the nominal value.

Related accruals (accrued or outstanding interest due or payable) are combined with the corresponding asset and liability items.

Commissions received when granting loans and those paid to business contributors on loans are gradually booked to profit/loss according to a method that amounts to considering them equivalent to interest. This actuarial installment is recognized in income net of interest on the income statement. On the balance sheet, commissions received and marginal transaction costs that are subject to installments are included in the outstanding loans concerned.

The preparation of the financial statements may require making assumptions and estimates which have an impact on the determination of income, expenses, assets and liabilities on the balance sheet and in the notes to the financial statements. In this case, the managers, based on their judgment and experience, use the information available on the date of preparation of the financial statements to make the necessary estimates.

This is the case concerning:

- the fair value of financial instruments not listed on an active market;
- the pension plans and other future employee benefits;
- the valuation of equity investments;
- the provisions for risks and expenses.

1.2 Receivables and credit risk

The system for downgrading to non-performing loans complies with ANC Regulation No. 2014-07, according to which receivables of any kind are downgraded in the following situations:

- in the event of non-payment for more than nine months for loans to local authorities, more than six months for property loans to housing purchasers and more than three months for other loans;
- when the receivable is subject to litigation (over-indebtedness, reorganization, judicial liquidation, bankruptcy, etc.);
- when the receivable, apart from the existence of any arrears, presents other risks of total or partial non-collection.

In fact, processing of transitions to non-performing, provisioning and return to performing of customers are automated in accordance with the prudential rules (EU Delegated Regulation 2018/171) and the application guidelines EBA/GL/2016/07 of the European Banking Authority (EBA). Thus:

- the analysis of default (*i.e.* the event giving rise to the downgrading of the receivable) is carried out daily, at the level of all the commitments of a borrower, the assessment of the default being determined by borrower or group of borrowers with a common commitment;
- default is triggered when 90 consecutive days of arrears are recorded by a borrower/group of borrowers;

- the default contagion scope extends to all receivables of the borrower, and all individual commitments of borrowers participating in a joint credit obligation;
- the minimum probation period is three months before return to healthy status for non-restructured assets and twelve months for restructured loans.

Non-performing loans are depreciated individually, loan by loan, recorded under cost of risk.

Interest on non-performing loans not paid and booked to the income statement is covered by depreciation for the whole of the amount recognized. Depreciation or reversals of depreciation and loan losses and recoveries on depreciated loans relating to interest on non-performing loans are booked to the item "Interest and similar income" on the income statement.

The principal of the loan is provisioned according to the most probable estimate of depreciation, in accordance with general principles of prudence. The calculation of the depreciation takes into account the value of realizing personal guarantees or collateral related to the loan.

The impairment loss recognized covers the projected loss converted to current value at the original credit interest rate. Projected losses are equal to the difference between the initial contractual flows and the projected flows for collection. The determination of collection flows is based on statistics for estimating average collection series over time from the date of downgrading of the loan. A recovery of the provision due to the passage of time is recognized in net banking income.

Non-performing receivables for which events of default have been pronounced or which have been classified for more than one year as non-performing loans are specifically identified in the category "irrevocable non-performing loans".

The bank has defined internal rules, which presume the necessarily irrevocable character of the loan as soon as it has been classified for more than one year as a non-performing loan, unless it is categorically demonstrated that valid guarantees exist covering the entire risk. The recognition of interest on the loan ceases as soon as it is classified as an "irrevocable non-performing loans".

Article 2221-5 of the aforementioned ANC rule requires specific treatment of certain restructured outstanding amounts. Assets that have become healthy again following restructuring under non-market conditions are isolated in a specific category. In this case, write-offs of principal or interest, outstanding or accrued, as well as future interest differences, are immediately recognized as losses, then reintegrated as the loan is amortized. The number of loans concerned and the amounts in question are low and calculation of a discount would not have any significant impact on the financial statements for the fiscal year.

The impossibility of recovering all or part of the non-performing loans results in a loss. The impossibility of recovery is mainly due to:

- the certificate of uncollectibility issued by the collection agency stating the reasons for the failure;
- the lack of solvency of the debtor(s) of the claims in the file, noted after all internal procedures of the litigation department have been implemented;
- a judgment unfavorable to the bank leading to the impossibility of pursuing the recovery of its receivables or a court decision ordering the write-down of debts;
- an over-indebtedness plan including a partial debt write-down.

1.3 Securities trades

The items on the balance sheet:

- “Government and equivalent securities”;
- “Bonds and other fixed-income securities”;
- “Shares and other variable-income securities”;

record trading securities, short-term investment securities and long-term investment securities according to their category.

This classification results from the application of Regulation ANC 2014-07, which requires the allocation of securities according to their intended use.

Trading securities

This portfolio includes securities acquired or sold with the intention of reselling or repurchasing them in the short term and which are tradable in a market in which liquidity is assured, with significant market prices. They are recognized including any accrued interest at the time of purchase, with acquisition costs expensed. At the reporting date, trading securities are valued at the market price. The overall balance of profit and loss resulting from variations in prices is booked to the income statement.

Short-term investment securities

Short-term investment securities are the default classification category for securities that do not fall under another accounting classification. Premiums or discounts upon acquisition of fixed-income securities are staggered over the lifetime of the instrument in question. Upon closure of the fiscal year, unrealized capital losses on short-term investment securities, possibly corrected for the impairment and reversals of differences mentioned above, are provisioned individually by security code or by homogeneous groups; short-term investment securities are valued at the quoted price when the market is active, failing which by valuation techniques based on recent transactions or models commonly used by market participants. Unrealized capital gains are not recognized.

Long-term investment securities

This portfolio includes fixed-income securities with a fixed maturity that have been acquired or reclassified from the “trading securities” category or the “short-term investment securities” category with the intention of holding them until maturity, by having the necessary term holding capacity (particularly financial and legal). The difference seen between the purchase price and the redemption value is spread over the lifetime of the security. Unrealized capital loss is not depreciated, unless there is a strong probability that the institution will not hold these securities until maturity or if there is a risk of default by the issuer. Unrealized capital gains are not recognized.

Treasury bonds, negotiable debt instruments (short- and medium-term) and interbank market instruments classified in the short-term investment and long-term investment portfolios are recognized at the purchase price, including accrued interest upon purchase. Interest income is calculated at the negotiated rate, with the amount of the premium or the discount being amortized according to the actuarial method.

Bonds included in the short-term investment and long-term investment portfolios are recognized excluding accrued interest. Interest income is calculated at the nominal rates of the securities. When their purchase price is different from the redemption value, this difference is amortized actuarially and booked to expenses or income as appropriate.

Securities denominated in foreign currencies are valued at the exchange rate at the reporting date or at the closest prior date.

Valuation differences are booked as profit or loss on financial transactions.

Reclassification of financial assets

The reclassification of securities between the different accounting categories is governed by the provisions of Articles 2381-1 to 2381-5 of ANC Regulation 2014-07.

Temporary disposals of securities

Temporary disposals of securities are intended to guarantee loans or cash borrowings with securities. They mainly take two separate forms, according to the legal mechanism used, namely:

- pensions;
- lending and borrowing securities.

The repurchase agreement consists legally of transferring the full ownership of the security, the buyer irrevocably committing to sell them back and the seller to buy them, at a price and date agreed when the contract is concluded. For accounting purposes, securities given under repurchase agreements are kept in their original item and continue to be valued according to the rules applicable to the portfolios to which they belong. At the same time, the debt representing the amount collected is recorded as a liability. The receivable representative of a repurchase agreement on received securities is booked as an asset.

Loans of securities are consumer loans governed by the French Civil Code, in which the borrower irrevocably undertakes to return the loaned securities at maturity. These loans are generally guaranteed by the presentation of cash, which remains acquired by the lender in case of default by the borrower. In this case, the transaction is equivalent to a repurchase agreement and recorded for accounting purposes as such. In the case of a so-called “dry-loan” without cash, the lent securities no longer appear on the balance sheet and a receivable representing the value of the lent securities is recorded as assets, this receivable being valued at each closing according to the rules applicable to the original portfolio of securities. In the case of “dry” borrowing, the borrowed securities are recorded in the trading book and a liability is recognized at the market price at inception and at subsequent closings. In the summary statements, the amount of the debt representing the value of the borrowed securities is reduced by the amount of the borrowed securities recognized as an asset.

1.4 Options

The premiums paid or received are recognized in the balance sheet account when they are paid or collected. Premiums on unsettled options are valued at close of the fiscal year when they are traded on an organized market. The difference is booked to the income statement. Capital gains and losses on over-the-counter transactions processed outside organized and equivalent markets are recognized in the income statement at the time of settlement.

1.5 Other long-term investments, equity investments and investments in subsidiaries and associates

Other long-term investments are investments made with the intention of promoting the development of long-term professional relationships with the issuer, but without exercising an influence in its management.

Investments in companies and subsidiaries are securities whose long-term ownership is deemed useful to the business, in particular because it enables them to exercise influence over the company issuing the securities, or to ensure control thereof.

These securities are recognized at historical cost. Each investment is reassessed at close of the fiscal year. When the carrying amount appears higher than their value in use, a write-down is accounted for in the amount of the unrealized loss. Unrealized capital gains are not recognized. The going-concern value represents what the company would accept to disburse to obtain these securities if it had to acquire them, given its objective in holding them: it may be estimated by various criteria such as net assets possibly corrected, profitability and prospects for profitability, and average stock-market prices over the last few months.

1.6 Non-current assets

Property, plant and equipment is depreciated over the useful life corresponding to the actual period of use of the asset, taking into account any residual value, the usual lifetimes being:

- software: 1 to 10 years;
- buildings – structural building shell: 20 to 80 years;
- buildings – equipment: 10 to 40 years;
- fixtures and fittings: 5 to 15 years;
- transport equipment: 3 to 5 years;
- furniture and office equipment: 5 to 10 years;
- IT equipment: 3 to 5 years.

In the event that components of an asset have different useful lives, each of them is recognized separately and has its own depreciation plan. Accelerated depreciation may be applied under the conditions accepted by the regulations when the useful lives accepted for tax purposes are shorter than the useful life of the asset or component.

When there are indications of impairment such as a decrease in market value, obsolescence or physical deterioration of the asset, changes in the way in which the asset is used, etc. an impairment test comparing the carrying amount of the asset to its current value is performed. If a write-down is recognized, the depreciable base of the asset is changed prospectively.

1.7 Conversion of transactions in foreign currency

Receivables and debts, as well as forward foreign exchange contracts shown as off-balance sheet commitments, are converted at market prices at the close of the fiscal year, with the exception of elements denominated in currencies participating in the European single currency, for which an official exchange rate has been adopted.

Property, plant and equipment are recognized at historical cost. Financial assets are converted at closing prices (see the details in the previous notes).

Income and expenses in foreign currencies are booked to profit/loss at the exchange rate in force on the last day of the month of their collection or payment; expenses and income accrued but not paid on the reporting date are converted at the exchange rates at that date.

Unrealized or definitive foreign exchange gains and losses resulting from conversion transactions are recognized at each accounts closure.

1.8 Exchange contracts (swaps)

Pursuant to ANC Regulation 2014-07, the bank may constitute three separate portfolios holding contracts according to whether they are

intended to maintain open and isolated positions (a), hedge the interest-rate risk of an isolated element or a set of homogeneous elements (b), or enable specialized management of a transaction portfolio (d). There is no portfolio of swap contracts intended to hedge the overall interest-rate risk, known as a portfolio of category (c).

Under these conditions, transfers from one portfolio to another are only possible from:

- portfolio (a) to portfolio (b);
- portfolio (b) to portfolio (a) or (d);
- portfolio (d) to portfolio (b).

The contracts are booked at their nominal value off-balance sheet. The market value adopted for “transaction” swap contracts comes from the application of the discounted cash flow method with a zero coupon yield curve. The fixed rate branch is estimated from the various installments discounted according to the yield curve, while the current value of the variable-rate branch is estimated from the value of the current coupon increased by the nominal. The market value results from the comparison of these two present values, after taking into account the counterparty risk and future management fees. The counterparty risk is calculated in accordance with Article 2525-3 of ANC Regulation 2014-07, to which an equity coefficient of 8% is applied. The management fees are then determined by increasing this amount of shareholders' equity by a rate of 10%.

The adjustments that may be received or paid at conclusion of a swap contract are recognized in the income statement on a pro rata basis over the period of the contract. In case of early termination of a contract, the adjustment received or paid is immediately recognized in profit/loss, unless the contract was initiated as part of a hedging transaction. The adjustment is then booked to the income statement according to the lifetime of the element initially hedged.

In order to measure and monitor the risks incurred due to these transactions, overall sensitivity limits including interest rate and currency swap contracts are fixed per activity. Information on these positions is regularly communicated to the bank's executive body, according to the meaning of Article L.511-13 of the French Monetary and Financial Code.

1.9 Commitments in respect of pension, retirement benefits and long-service awards

The recognition and measurement of retirement and other employee benefits comply with ANC recommendation no. 2013-02.

Employee pension plans

Pensions are paid by various institutions to which the bank and its employees periodically make contributions. These are recognized as expenses for the fiscal year during which they are due.

Also, employees benefit from a supplementary pension plan financed by the employer, through two insurance policies. These Article 83 CGI-type contracts serve a defined-contribution points capitalization plan. The commitment relating to this plan is fully covered by the accumulated reserves. Consequently, no residual commitment results for the employer.

Retirement benefits and long-service awards

Future retirement benefits and premiums to be paid for long-service awards are fully covered by an insurance policy.

The commitments are calculated according to the projected credit unit method in accordance with IFRS standards. Also taken into account are mortality, rates of personnel turnover, rates of salary increases, social security contribution rates in the specified cases and the financial discount rate.

Commitments related to rights acquired by employees on December 31 are fully covered by the reserves constituted with the insurance company. The retirement benefits and long-service awards due and paid to employees during the year are reimbursed by the insurer.

The commitments for retirement benefits are determined based on the contractual benefits upon retirement at the initiative of the employee having reached his or her 62nd birthday.

1.10 Fund for general banking risks

Funds for general banking risks are defined as the amounts that the bank decides to allocate to the coverage of such risks, when prudential reasons so require in view of the specific risks inherent in banking transactions.

The amounts assigned to these funds stand at €61.6 million, as no movement affected this item during the fiscal year.

1.11 Provisions

Depreciation assigned to asset items is deducted from the corresponding receivables, which are thus shown at their net amount. Provisions relative to off-balance sheet commitments are booked to provisions for contingent liabilities.

BFCM may be party to various disputes; their possible outcomes and any financial consequences are regularly examined and, as required, are the subject of allocations to provisions recognized as necessary.

1.12 Commissions

Commissions are generally recognized when they are received, except for those remunerating a service over time, or when they relate to financial transactions recognized at the time of issue or invoicing.

1.13 Income tax

With effect from January 1, 2016, Caisse Fédérale de Crédit Mutuel (CF de CM) exercised the option for “cooperative tax consolidation” in accordance with the provisions of Article 223 A, 5th subparagraph of the French General Tax Code.

The tax consolidation mechanism enables corporate income tax to be paid on an overall profit obtained by making the algebraic sum of the profits and losses of the various entities of the group. CF de CM tax consolidation group is composed of:

- CF de CM, the “consolidation head”;
- the local and regional banks affiliated with it pursuant to a collective operating accreditation issued by the banking regulator;
- Banque Fédérative du Crédit Mutuel and 27 of its subsidiaries, who have exercised the option to participate in it.

By agreement, each member of the tax consolidation is required to pay to CF de CM, as a contribution to the payment of the group’s corporate income tax and whatever the actual amount of the said tax, an amount equal to the tax which would have been payable on its profit/loss if the member was separately taxable, consequently deducting all offset rights that the members would have benefited from in the absence of tax consolidation.

The item “Income tax” includes:

- the amount of corporate income tax and the additional contribution calculated as if the company was separately taxed;
- the additional contribution of 3% on distributed income;
- any adjustments relating to prior fiscal years and tax adjustments;
- the tax expense or income related to tax credits on zero-rate loans and equivalent loans.

The corporate income tax due pursuant to the fiscal year and the additional contributions are determined according to the applicable tax regulations. The tax credits attached to income from securities is not recognized. They are directly offset against the income tax expense.

1.14 Establishments in non-cooperative states or territories with regard to transparency and exchange of information in tax matters

The bank has no direct or indirect presence in the states or territories covered by the first paragraph of Article L.511-45 of the French Monetary and Financial Code.

1.15 Consolidation

The company is fully consolidated within the consolidation scope of Crédit Mutuel Alliance Fédérale, which itself forms part of the consolidation scope of the Confédération Nationale du Crédit Mutuel.

Note 2 Notes to the balance sheet

The figures given in the various tables that follow are expressed in thousands of euros.

2.0 Movements affecting items of non-current assets

	Gross amount at 12/31/2020	Acquisitions	Disposals	Transfers or redemption	Gross amount at 12/31/2021
Non-current financial assets	24,025,849	2,020,255	474,632	-1,969,899	23,601,573
Property, plant and equipment	1,572	-	-	-	1,572
Intangible assets	8,000	-	-	-	8,000
TOTALS	24,035,421	2,020,255	474,632	-1,969,899	23,611,145

2.1 Depreciation, amortization and impairment on non-current assets

AMORTIZATIONS

	Depreciation at 12/31/2020	Allowances	Reversals	Depreciation at 12/31/2021
Non-current financial assets	0	-	-	0
Property, plant and equipment	1,512	7	-	1,519
Intangible assets	0	-	-	0
TOTALS	1,512	7	0	1,519

WRITE-DOWNS

	Write-downs at 12/31/2020	Allowances	Reversals	Write-downs at 12/31/2021
Non-current financial assets	1,347,846	16,890	473,585	891,151
Property, plant and equipment	0	-	-	0
Intangible assets	0	-	-	0
TOTALS	1,347,846	16,890	473,585	891,151

2.2 Breakdown of receivables and payables

A) RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS

	2021 amount		2020 amount	
	On demand	In the future	On demand	In the future
Ordinary Accounts	982,038	-	1,135,598	-
Loans, securities received under repurchase agreements ⁽¹⁾	54,100,000	119,696,243	31,500,000	111,627,571
Securities received under repurchase agreements delivered	-	490,829	-	497,450
Securities not posted	-	-	-	-
Related receivables ⁽¹⁾	-751	36,949	-438	39,483
Non-performing loans (Write-downs)	-	-	-	-
TOTAL	55,081,287	120,224,021	32,635,160	112,164,504
Subordinated loans	-	3,407,151	-	3,847,151
TOTAL RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS	-	178,712,459	-	148,646,815

(1) of which Central Banks

54,099,249

31,499,562

B) PAYABLES DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS

	2021 amount		2020 amount	
	On demand	In the future	On demand	In the future
Ordinary Accounts	24,553,055	-	22,976,284	-
Borrowings ⁽¹⁾	2,352,605	41,238,371	3,442,552	37,637,513
Securities given under repurchase agreements ⁽¹⁾	-	42,966,800	-	17,092,400
Securities given under repurchase agreements delivered	-	266,146	-	411,027
Securities not posted	-	-	-	-
Related debt ⁽¹⁾	4	22,125	8	204,473
Other amounts due	1,004,917	-	1,000,210	-
TOTAL	27,910,581	84,493,442	27,419,054	55,345,413
TOTAL PAYABLES DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS	-	112,404,023	-	82,764,467

(1) of which Central Banks

600,000

42,560,090

574,000

16,993,215

2.3 Breakdown of receivables and debts according to their residual maturity

ASSETS

	Less than or equal to three months	From three months to one year	From one to five years	More than five years and of indeterminate duration	Interest accrued and outstanding	TOTAL
RECEIVABLES ON CREDIT INSTITUTIONS AND CENTRAL BANKS						
On demand	55,082,038	-	-	-	-751	55,081,287
In the future	14,707,560	19,480,846	61,584,402	27,821,415	36,949	123,631,172
RECEIVABLES FROM CUSTOMERS						
Commercial loans	-	-	-	-	-	-
Other customer receivables	328,606	15,691	202,300	959,362	2,270	1,508,229
Non-performing loans	-	-	-	21,911	-	21,911
Overdrawn current accounts	436,975	-	-	-	83	437,058
BONDS & OTHER FIXED-INCOME SECURITIES	1,469,658	1,506,046	4,817,089	7,676,830	44,562	15,514,185
<i>of which trading securities</i>	3,381	-	-	-	-	3,381
TOTALS	72,024,837	21,002,583	66,603,791	36,479,518	83,113	196,193,842

Non-performing loans are considered as being repayable at more than 5 years.

LIABILITIES

	Less than or equal to three months	From three months to one year	From one to five years	More than five years and of indeterminate duration	Interest accrued and outstanding	TOTAL
DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS						
On demand	27,910,577	-	-	-	4	27,910,581
In the future	6,934,547	7,183,133	55,313,637	15,040,000	22,125	84,493,442
DEPOSITS FROM CUSTOMERS						
Special savings accounts	-	-	-	-	-	-
On demand	-	-	-	-	-	-
In the future	-	-	-	-	-	-
Other debt	-	-	-	-	-	-
On demand	8,288,459	-	-	-	-	8,288,459
In the future	740,000	500,000	-	-	751	1,240,751
DEBT SECURITIES						
Interbank market securities and negotiable debt instruments	16,072,650	14,678,103	1,740,814	297,510	51,042	32,840,119
Bonds	1,390,000	6,172,069	28,445,953	7,811,359	218,651	44,038,032
Other securities	-	-	-	6,909,714	37,822	6,947,536
SUBORDINATED DEBT	-	-	3,700,000	4,750,000	78,156	8,528,156
TOTALS	61,336,233	28,533,305	89,200,404	34,808,583	408,551	214,287,076

2.4 Breakdown of receivables from customers

Excluding related receivables of €2,353 thousand on gross receivables.

	2021 amount			2020 amount		
	Gross receivables	Inc. non-performing loans	Write-downs	Gross receivables	Inc. non-performing loans	Write-downs
BREAKDOWN BY MAIN TYPES OF COUNTERPARTY						
Companies	1,964,612	25,027	3,116	2,043,242	114,582	32,197
Individual business owners	-	-	-	-	-	-
Individuals	14	-	-	7	-	-
Public administration	219	-	-	1,980	-	-
Private non-profit institutions	-	-	-	-	-	-
Total	1,964,845	25,027	3,116	2,045,229	114,582	32,197
BREAKDOWN BY BUSINESS LINES						
Agriculture and mining industries	-	-	-	-	-	-
Retail and wholesale commerce	15,614	-	-	28,123	-	-
Industries	-	-	-	60,615	89,555	28,940
Services to companies and holding	27,911	25,027	3,116	71,772	25,027	3,257
Services to individuals	-	-	-	-	-	-
Financial services	1,574,637	-	-	1,528,269	-	-
Real estate services	114,810	-	-	138,443	-	-
Transport and communication	227,142	-	-	214,101	-	-
Not allocated and others	4,731	-	-	3,906	-	-
Total	1,964,845	25,027	3,116	2,045,229	114,582	32,197
BREAKDOWN BY GEOGRAPHIC AREAS						
France	1,711,124	25,027	3,116	1,716,990	114,582	32,197
Europe outside France	253,721	-	-	328,239	-	-
Other countries	-	-	-	-	-	-
TOTAL	1,964,845	25,027	3,116	2,045,229	114,582	32,197

In 2021, BFCM recognized net reversals of provisions of €29,081 thousand. Non-performing loans outstanding amounted to €25,027 thousand.

None of the above loans is compromised or restructured.

2.5 Amount of commitments on equity investments and fully-consolidated subsidiaries

ASSETS

	2021 amount	2020 amount
RECEIVABLES ON CREDIT INSTITUTIONS		
On demand	129,185	159,277
In the future	86,611,634	79,154,189
RECEIVABLES FROM CUSTOMERS		
Commercial loans	-	-
Other customer receivables	689,527	707,320
Overdrawn current accounts	-	124,154
BONDS AND OTHER FIXED-INCOME SECURITIES		
	6,193,476	6,364,549
SUBORDINATED RECEIVABLES		
	3,995,875	4,428,527
TOTAL	97,619,697	90,938,016

LIABILITIES

	2021 amount	2020 amount
DUE TO CREDIT INSTITUTIONS		
On demand	18,623,363	19,239,574
In the future	35,663,295	32,244,999
DEPOSITS FROM CUSTOMERS		
Special savings accounts	-	-
On demand	-	-
In the future	-	-
Other debt	-	-
On demand	316,811	292,288
In the future	-	-
DEBT SECURITIES		
Certificates of deposit	-	-
Interbank market securities and negotiable debt instruments	500,000	650,000
Bonds	3,285,141	3,635,781
Other debts represented by a security	-	-
SUBORDINATED DEBT		
	16,516	16,414
TOTAL	58,405,126	56,079,056

This table includes commitments received and given on equity investments and fully-consolidated subsidiaries within the consolidated scope of the BFCM.

2.6 Breakdown of subordinated assets

	2021 amount		2020 amount	
	Subordinated amount	Of which participatory loans	Subordinated amount	Of which participatory loans
RECEIVABLES ON CREDIT INSTITUTIONS				
In the future	3,116,151	-	3,556,151	-
TBD	291,000	-	291,000	-
RECEIVABLES FROM CUSTOMERS				
Other customer receivables	683,950	683,950	683,950	683,950
BONDS AND OTHER FIXED-INCOME SECURITIES				
	190,596	132,873	139,596	132,873
TOTAL	4,281,697	816,823	4,670,697	816,823

2.7 Subordinated debt

Type of loan	2021 amount			2020 amount		
	Currency	Outstandings	Term	Currency	Outstandings	Term
Redeemable subordinated notes/TSR 3%	EUR	1,000,000	5/21/2024	EUR	1,000,000	5/21/2024
Redeemable subordinated notes/TSR 2.5%	EUR	500,000	5/25/2028	EUR	500,000	5/25/2028
Redeemable subordinated notes/TSR 3%	EUR	1,000,000	9/11/2025	EUR	1,000,000	9/11/2025
Redeemable subordinated notes/TSR 2.375%	EUR	1,000,000	3/24/2026	EUR	1,000,000	3/24/2026
Redeemable subordinated notes/TSR 1.875%	EUR	700,000	11/4/2026	EUR	700,000	11/4/2026
Redeemable subordinated notes/TSR 2.625%	EUR	500,000	3/31/2027	EUR	500,000	3/31/2027
Redeemable subordinated notes/TSR 2.625%	EUR	500,000	11/15/2027	EUR	500,000	11/15/2027
Redeemable subordinated notes/TSR 1.875%	EUR	1,000,000	6/18/2029	EUR	1,000,000	6/18/2029
Redeemable subordinated notes/TSR 1.125%	EUR	750,000	11/19/2031	EUR	-	-
SUB loan	EUR	500,000	TBD	EUR	500,000	TBD
Deeply subordinated note loan	EUR	1,000,000	TBD	EUR	1,000,000	TBD
		8,450,000			7,700,000	
		78,156	Related receivables		76,740	Related receivables
Conditions	Borrowings and subordinated notes rank below the receivables of all other creditors, excluding non-voting loan stock. Deeply subordinated notes rank lowest, as they are expressly subordinated to all other debts of the company, whether unsecured or subordinated.					
Possibility of early repayment	No possibility in the last 5 years unless there is a concomitant capital increase. Prohibited for TSR, except in the case of market purchases, takeover bids and exchange offers. Restricted for deeply subordinated notes because they are equivalent to core shareholders' equity.					

2.8 Securities portfolio: breakdown between trading, short-term investment and long-term investment portfolios

	2021 amount			2020 amount		
	Trading portfolio	Short-term investment portfolio	Long-term investment portfolio	Trading portfolio	Short-term investment portfolio	Long-term investment portfolio
Government and equivalent securities	-	7,855,049	-	-	8,631,678	-
Bonds and other securities	3,381	9,580,036	5,930,769	640	11,376,255	6,006,643
Shares and CIU	-	905,096	-	-	725,529	-
TOTALS	3,381	18,340,181	5,930,769	640	20,733,462	6,006,643

There are no outstanding trading securities on an active market according to the meaning of Article ANC 2321-1

2.9 Securities portfolio: securities having been the subject of a transfer from one portfolio to another

Following the amendments to Regulation 90-01 of the French Banking Regulation Committee on the accounting of transactions on securities introduced by CRC Regulation no. 2008-17 of December 10, 2008 relating to transfers of securities outside the category "trading securities" and outside the "short-term investment securities" category, BFCM did not make any reclassifications as at December 31, 2021.

2.10 Securities portfolio: differences between purchase price and redemption price of short-term and long-term investment securities

NATURE OF SECURITIES	Net discounts/over-losses remaining to be amortized			
	2021 amount		2020 amount	
	Discount	Premium	Discount	Premium
Short-term investment securities				
■ Bond market	10,859	199,745	6,870	222,654
■ Money market	-	-	-	49
Long-term investment securities				
■ Bond market	3,169	-	3,579	-
■ Money market	-	100	58	-

2.11 Securities portfolio: unrealized capital gain and loss on securities

	2021 amount	2020 amount
Amount of unrealized capital gain on short-term investment securities	888,163	1,323,958
Amount of unrealized capital loss on short-term investment securities and that was subject to depreciation	361,583	497,947
Amount of unrealized capital loss on long-term investment securities	-	-
Amount of unrealized capital gain on long-term investment securities	12,301	13,629

2.12 Securities portfolio: amount of receivables representative of lent securities

	2021 amount	2020 amount
Government and equivalent securities	0	0
Bonds and other fixed-income securities	0	0
Shares and CIU	0	0

2.13 Securities portfolio: amount of receivables and debts related to securities deliveries under repurchase agreements

	2021 amount		2020 amount	
	Receivables related to purchase agreements	Liabilities related to purchase agreements	Receivables related to purchase agreements	Liabilities related to purchase agreements
RECEIVABLES ON CREDIT INSTITUTIONS				
On demand	-	-	-	-
In the future	490,829	-	497,450	-
RECEIVABLES FROM CUSTOMERS				
Other customer receivables	-	-	-	-
DUE TO CREDIT INSTITUTIONS				
On demand	-	-	-	-
In the future	-	266,146	-	411,027
DEPOSITS FROM CUSTOMERS				
Other debt	-	-	-	-
On demand	-	-	-	-
In the future	-	-	-	-
TOTAL	490,829	266,146	497,450	411,027

Assets put under repurchase agreements on December 31, 2021 correspond to:

- special purpose entity for €330,000 thousand;
- government bonds for €160,829 thousand.

2.14 Securities portfolio: breakdown of bonds and other fixed-income securities according to the issuer

	2021 amount			2020 amount		
	Issuer Public organizations	Others	Related receivables	Issuer Public organizations	Others	Related receivables
Government securities, bonds and other securities	11,186,157	12,083,524	99,554	11,594,024	14,291,829	128,763

2.15 Securities portfolio: breakdown according to listing

	2021 amount			2020 amount		
	Amount of listed securities	Amount of non-listed securities	Related receivables	Amount of listed securities	Amount of non-listed securities	Related receivables
Government and equivalent securities	7,800,057	-	54,992	8,519,369	50,049	62,261
Bonds and other securities	13,524,300	1,945,324	44,562	14,067,198	3,249,237	66,502
Shares and CIU	901,647	3,449	-	721,986	3,543	-
TOTALS	22,226,004	1,948,773	99,554	23,308,553	3,302,829	128,763

2.16 Securities portfolio: information on UCIs

	2021 amount			2020 amount		
	Amount of French UCI units	Amount of foreign UCI units	TOTAL	Amount of French UCI units	Amount of foreign UCI units	TOTAL
Variable-income securities: UCI	-	26	26	-	26	26

	2021 amount			2020 amount		
	Amount of capitalization UCI units	Amount of distribution UCI units	TOTAL	Amount of capitalization UCI units	Amount of distribution UCI units	TOTAL
Variable-income securities: UCI	-	26	26	-	26	26

2.17 Securities portfolio: equity investments and investments in subsidiaries and associates held in credit institutions

	Amount held in credit institutions in 2021	Amount held in credit institutions in 2020
Equity investments and portfolio activity	206,198	212,168
Investments in associates	6,850,716	6,787,716
TOTAL	7,056,914	6,999,884

2.18 Securities portfolio: information on portfolio activity

On December 31, 2021, there are no outstanding securities on the portfolio activity.

2.19 Unlimited liability companies in which the establishment is an associate

Name of the company	Registered office	Legal form
REMA	Strasbourg	General Partnership
CM Foncière	Strasbourg	General Partnership

2.20 Breakdown of item “shareholders’ equity”

	2020 amount	Allocation of capital	Increase income and other changes	2021 amount
Capital subscribed	1,688,530	-	-	1,688,530
Issue premiums	4,508,845	-	-	4,508,845
Legal reserve	168,853	-	-	168,853
Statutory and capital reserves	5,127,062	578,000		5,705,062
Regulated reserves	0	-	-	0
Other reserves	9,495	-	-	9,495
Retained earnings	585	-263	-	322
Profit (loss) for the period	679,725	-679,725	-	1,229,992
Distribution of dividends	-	101,988	-	-
TOTAL	12,183,095	0	0	13,311,099
Funds for general banking risks	61,552	-	-	61,552

The capital is composed of 33,770,590 shares of a nominal value of €50.

2.21 Start-up expenses, research and development expenses and purchased goodwill

	2021 amount	2020 amount
Start-up expenses		
Formation expenses	-	-
Initial expenses	-	-
Expenses for capital increases and miscellaneous transactions	-	-
Research and development expenses	-	-
Purchased goodwill	-	-
Other intangible assets	8,000	8,000
TOTAL	8,000	8,000

2.22 Receivables eligible for refinancing by a central bank

Eligible receivables are exclusively composed of receivables from customers. At December 31, 2021, BFCM’s receivables from customers eligible for central bank refinancing amounted to €24,699,406 thousand out of a group outstanding amount of €37,633,430 thousand.

2.23 Accrued interest to receive or pay

ASSETS

	Interest accrued to receive	Interest accrued to pay
Cash, central banks	-751	-
Government and equivalent securities	54,992	-
Receivables on credit institutions	-	-
On demand	-	-
In the future	36,949	-
Receivables from customers	-	-
Commercial loans	-	-
Other customer receivables	1,591	-
Overdrawn current accounts	762	-
Bonds and other fixed-income securities	44,562	-
Shares and other variable-income securities	-	-
Equity investments and portfolio activities	-	-
Investments in subsidiaries and associates	-	-

LIABILITIES

Central banks	-	-406,710
Due to credit institutions	-	-
On demand	-	4
In the future	-	428,835
Deposits from customers	-	-
Special savings accounts	-	-
On demand	-	-
In the future	-	-
Other debt	-	-
On demand	-	-
In the future	-	751
Debt securities	-	-
Certificates of deposit	-	-
Interbank market securities and negotiable debt instruments	-	51,042
Bonds	-	218,651
Other debts represented by a security	-	37,822
Subordinated debt	-	78,156
TOTAL	138,105	408,551

2.24 Items “Other assets” and “Other liabilities”

OTHER ASSETS

	2021 amount	2020 amount
Conditional instruments purchased	13,781	25,439
Securities transaction settlement accounts	11,590	7,398
Miscellaneous receivables	4,365,760	4,033,594
Carry back receivables	-	-
Other stocks and equivalents	-	-
Other	-	-
TOTAL	4,391,131	4,066,431

OTHER LIABILITIES

	2021 amount	2020 amount
Other securities debts	-	-
Conditional instruments sold	9,857	18,196
Trading securities debts	-	-
<i>of which debts on borrowed securities</i>	-	-
Securities transaction settlement accounts	188,683	708,836
Payment remaining to be made on non-paid-up securities	-	1,191
Sundry creditors	1,484,425	2,332,578
TOTAL	1,682,965	3,060,801

2.25 Accruals

ASSETS

	2021 amount	2020 amount
Head office and branch – Network	-	-
Collection accounts	242	211
Adjustment accounts	147,660	37,549
Variation accounts	-	-
Potential losses on unhedged forward financial instruments	-	-
Losses to be spread on hedging contracts of hedged forward financial instruments	37,496	26,830
Expenses to be distributed	257,533	252,364
Prepaid expenses	4,816	3,580
Accrued income	410,909	508,291
Other accruals	856,864	75,468
TOTAL	1,715,520	904,293

LIABILITIES

	2021 amount	2020 amount
Head office and branch – Network	-	-
Accounts unavailable due to recovery procedures	291	641
Adjustment accounts	36,919	663,022
Variation accounts	-	-
Potential gains on unhedged forward financial instruments	-	-
Gains to be spread on hedging contracts of hedged forward financial instruments	438,080	448,923
Deferred income	39,047	38,247
Accrued expenses	80,788	85,547
Other accruals	208,802	81,270
TOTAL	803,927	1,317,650

Articles L.441-6-1 and D.441-4 of the French Commercial Code provide specific information on the due dates of debts to suppliers; the amounts in question are negligible for our company and no invoice was overdue.

2.26 Unamortized balance of the difference between the amount initially received and the redemption price of debt securities

	2021 amount	2020 amount
Issue premium of fixed-income securities	189,219	183,739
Redemption premiums of fixed-income securities	1,060	1,657

2.27 Provisions

	2021 amount	Addition	Reversal	2020 amount	Turnaround time
For miscellaneous eventualities	468,500	99,500	-	369,000	> 3 years
For commitment by signature	0	-	106	106	-
On swaps	806	-	5,994	6,800	< 1 year
For risks on long-term investments	63,400	-	-	63,400	> 3 years
For guarantee commitment	7,483	-	-	7,483	< 1 year
For taxes and adjustments	120,000	-	-	120,000	> 1 year
Other provisions	10,501	8,061	445	2,885	< 1 year
TOTAL	670,690	107,561	6,545	569,674	

2.28 Equivalent value in euros of the assets and liabilities in currencies outside the Eurozone

ASSETS

	2021 amount	2020 amount
Cash, central banks, CCP	-	-
Government and equivalent securities	-	-
Receivables on credit institutions	13,484,086	13,216,745
Receivables from customers	66,529	83,290
Bonds and other fixed-income securities	-	-
Shares and other variable-income securities	904,879	725,308
Real estate development	-	-
Subordinated loans	-	-
Equity investments and portfolio activities	162,881	189,712
Investments in associates	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Other assets	173,010	162,808
Accruals	182,357	115,421
TOTAL FOREIGN CURRENCY ACTIVITY	14,973,743	14,493,285
Percentage of total assets	6.49%	7.14%

LIABILITIES

	2021 amount	2020 amount
Central banks, CCP	-	-
Due to credit institutions	7,422,224	6,303,092
Deposits from customers	944,382	603,819
Debt securities	28,198,420	26,563,335
Other liabilities	142,202	206,749
Accruals	48,561	47,522
Provisions	-	-
Surplus of expenses over income	207,091	-141,193
TOTAL FOREIGN CURRENCY ACTIVITY	36,962,879	33,583,324
Percentage of total liabilities	16.01%	16.53%

Note 3 Notes to the off-balance sheet commitments

3.0 Financing commitments given and received

	2021 amount	2020 amount
FINANCING COMMITMENTS GIVEN		
Credit institutions	445,000	384,501
Customers	751,725	1,212,150
FINANCING COMMITMENTS RECEIVED		
Credit institutions	6,733,728	21,921,979
<i>inc. BDF</i>	6,733,728	21,921,979
Customers	0	0
TOTAL	7,930,453	23,518,630

3.1 Guarantee commitments given and received

	2021 amount	2020 amount
GUARANTEES GIVEN		
Credit institutions	4,959,310	5,025,834
Customers	104,038	145,800
GUARANTEES RECEIVED		
Credit institutions	0	0
Customers	0	0
TOTAL	5,063,348	5,171,634

3.2 Assets given as guarantee commitments

	2021 amount	2020 amount
Securities assigned under guarantee on forward market transactions	0	0
Repurchase agreement pledges given	42,638	76,770
Other securities assigned under guarantee	49,501,262	38,967,949
<i>inc. BDF</i>	49,501,262	38,967,949
<i>inc. EIB</i>	0	3,000
TOTAL	49,543,900	39,044,719

CM HOME LOAN SFH is a 99.9% owned subsidiary of BFCM. Its purpose is to issue exclusively on behalf of its parent company, securities secured by mortgages and similar loans distributed by the Crédit Mutuel and CIC networks. In accordance with the contractual provisions relating to these transactions, the BFCM would be required to pledge assets as guarantee for the issues of CM HOME LOAN SFH under certain potential conditions (such as the downgrading of the rating below a certain level or the scaling of the mortgage loans). As of December 31, 2021, this dispensatory mechanism did not need to be used.

3.3 Assets received as guarantee

	2021 amount	2020 amount
Securities received as guarantees for forward market transactions	0	0
Other securities received under guarantee	3,000	3,000
<i>inc. EIB</i>	3,000	3,000
TOTAL	3,000	3,000

The bank refinances itself with the Caisse de Refinancement de l'Habitat by issuing promissory notes in mobilization of receivables referred to in Article L.313-42 of the French Monetary and Financial Code for a total of €3,059,194 thousand as of December 31, 2021. The home loans guaranteeing these promissory notes are provided by Alliance Fédérale, of which BFCM is a subsidiary, and amounted at the same date to €4,084,837 thousand.

3.4 Forward currency transactions not yet unwound as of the balance sheet date

Forward foreign exchange transactions	2021 amount		2020 amount	
	Assets	Liabilities	Assets	Liabilities
Euros to be received against currencies to be delivered	7,597,749	7,927,139	5,133,408	5,104,623
<i>of which currency swaps</i>	7,597,749	7,927,139	5,116,283	5,088,135
Currencies to be received against euros to be delivered	31,884,931	31,409,342	27,453,933	28,349,661
<i>of which currency swaps</i>	13,742,134	13,705,325	11,736,442	12,209,285
Currencies to be received against currencies to be delivered	8,661,824	8,770,143	8,482,799	8,219,215
<i>of which currency swaps</i>	0	0	0	0

3.5 Other forward transactions not yet unwound as of the balance sheet reporting date

	2021 amount	2020 amount
TRANSACTIONS ON ORGANIZED AND EQUIVALENT MARKETS ON INTEREST RATE INSTRUMENTS		
Firm hedging transactions	-	-
<i>of which Sales of future contracts</i>	-	-
<i>of which Purchases of future contracts</i>	-	-
Conditional hedging transactions	-	-
Other firm transactions	-	-
<i>of which Sales of future contracts</i>	-	-
OVER-THE-COUNTER TRANSACTIONS IN INTEREST RATE INSTRUMENTS		
Firm hedging transactions	225,430,111	196,160,843
<i>of which interest-rate swaps</i>	212,944,751	189,731,304
<i>of which currency-rate swaps</i>	12,485,360	6,429,539
<i>Purchase of floor</i>	0	0
<i>Sale of floor</i>	0	0
Conditional hedging transactions	100,000	100,000
<i>of which Purchase of swap option</i>	-	-
<i>of which Sale of swap option</i>	-	-
<i>of which Purchase of cap/floor</i>	100,000	100,000
<i>of which Sale of cap/floor</i>	-	-
Other firm transactions	1,370,000	1,140,000
<i>of which interest-rate swaps</i>	1,370,000	1,140,000
<i>of which currency-rate swaps</i>	-	-
Other conditional transactions	-	-
OVER-THE-COUNTER TRANSACTIONS IN FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions	117,348	217,002
<i>of which Purchase exchange-rate options</i>	50,265	92,979
<i>of which Sales of exchange-rate options</i>	67,083	124,023
OVER-THE-COUNTER TRANSACTIONS IN INSTRUMENTS OTHER THAN INTEREST RATE AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions	-	-
<i>of which Purchases of forward commitments (NDF)</i>	-	-
<i>of which Sales of forward commitments (NDF)</i>	-	-
Conditional hedging transactions	-	-
<i>of which Purchase of option</i>	-	-
<i>of which Sales of option</i>	-	-

3.6 Breakdown of forward transactions not yet unwound according to residual maturity

	2021 amount			2020 amount		
	Less than one year	More than a year to five years	More than five years	Less than one year	More than a year to five years	More than five years
FOREIGN CURRENCY TRANSACTIONS	31,043,651	12,925,937	4,137,036	27,585,541	9,536,286	4,538,829
TRANSACTIONS ON ORGANIZED MARKETS ON INTEREST RATE INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
<i>of which Sales of future contracts</i>	-	-	-	-	-	-
<i>of which Purchases of future contracts</i>	-	-	-	-	-	-
Other firm transactions	-	-	-	-	-	-
<i>of which Sales of future contracts</i>	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON INTEREST RATE INSTRUMENTS						
Firm transactions	64,538,781	90,786,670	71,474,660	60,057,209	81,069,064	56,174,570
<i>of which swaps</i>	64,538,781	90,786,670	71,474,660	60,057,209	81,069,064	56,174,570
<i>Purchase of floor</i>	-	-	-	-	-	-
<i>Sale of floor</i>	-	-	-	-	-	-
Conditional hedging transactions	-	-	100,000	-	-	100,000
<i>of which Purchase of swap option</i>	-	-	-	-	-	-
<i>Sale of swap option</i>	-	-	-	-	-	-
<i>of which Purchase of cap/floor</i>	-	-	100,000	-	-	100,000
<i>Sale of cap/floor</i>	-	-	-	-	-	-
Other conditional transactions	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions	-	117,348	-	-	217,004	-
<i>of which Purchase of exchange-rate options</i>	-	50,265	-	-	92,979	-
<i>Sales of exchange-rate options</i>	-	67,083	-	-	124,025	-
OVER-THE-COUNTER TRANSACTIONS ON OTHER FORWARD INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
<i>of which Purchase of forward commitments (NDF)</i>	-	-	-	-	-	-
<i>Sales of forward commitments (NDF)</i>	-	-	-	-	-	-
Conditional transactions	-	-	-	-	-	-
<i>of which Purchase of option</i>	-	-	-	-	-	-
<i>Sales of Option</i>	-	-	-	-	-	-

3.7 Commitments with equity investments and fully-consolidated subsidiaries

COMMITMENTS GIVEN

	2021 amount	2020 amount
Funding commitments	217,850	160,000
Guarantee commitments	4,990,215	5,062,637
Commitments on currency transactions	3,233,461	388,903
Commitments on forward financial instruments	24,948,265	19,696,036
Securities commitments	-	300,000
TOTAL	33,389,791	25,307,576

COMMITMENTS RECEIVED

	2021 amount	2020 amount
Funding commitments	-	-
Guarantee commitments	-	-
Commitments on currency transactions	1,743,165	299,599
Commitments on forward financial instruments	-	-
Securities commitments	-	-
Commitments on conditional transactions	67,082	124,023
TOTAL	1,810,247	299,599

This table includes commitments received and given on equity investments and fully-consolidated subsidiaries within the consolidated scope of BFCM.

3.8 Fair value of derivatives

	2021 amount		2020 amount	
	Assets	Liabilities	Assets	Liabilities
RATES RISKS – HEDGE ACCOUNTING (MACRO-MICRO)				
Conditional or optional instruments	-	5,344	-	13,677
Firm instruments other than swaps	-	967	-	1,365
Embedded derivatives	74,213	-	30,471	76,393
Swaps	2,550,937	2,593,620	4,237,429	2,947,738
RATES RISKS – EXCLUDING HEDGE ACCOUNTING				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	-
Embedded derivatives	25,792	43,626	83,262	-
Swaps	18,658	99,698	38,167	141,006
FOREIGN EXCHANGE RISK				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	-
Swaps	32,304	4,453	45,025	3,122

The presentation of this appendix is the result of the application of CRC regulations no. 2004-14 to 2004-19 relating to disclosures on the fair value of financial instruments. The fair value of derivative instruments is determined in relation to the market value, or by the application of market models.

Note 4 Notes to the income statement

4.1 Interest income and expenses

	2021 income	2020 income
Income on transactions with credit institutions	2,365,182	2,752,921
Income on transactions with customers	4,096	8,759
Income on bonds or other fixed-income securities	278,949	379,652
Income on subordinated loans	53,505	56,508
Other income of an interest character	7,268	7,782
Reversals/allocations of provisions relative to interest on non-performing loans	-	34
Reversals/allocations of provisions of an interest character	-	-
TOTAL	2,709,000	3,205,656

	2021 expenses	2020 expenses
Expenses on transactions with credit institutions	1,664,622	1,892,819
Expenses on transactions with customers	-31,370	29,401
Expenses on bonds or other fixed-income securities	767,096	998,019
Expenses on subordinated loans	150,377	182,938
Other expenses of an interest character	134,677	144,122
Reversals/allocations of provisions relative to interest on non-performing loans	-	-
Reversals/allocations of provisions of an interest character	74	34
TOTAL	2,685,476	3,247,333

4.2 Breakdown of income from variable-income securities

	2021 amount	2020 amount
Income from shares and other variable-income short-term investment securities	21,391	19,544
Income from investments in companies and subsidiaries	1,376,633	1,005,854
Income from securities relating to the portfolio activity	-	-
TOTAL	1,398,024	1,025,398

4.3 Commissions

	2021 income	2020 income
Commissions on transactions with credit institutions	7,009	167
Commissions on transactions with customers	437	1,312
Commissions relative to securities transactions	24	40
Commissions on foreign exchange transactions	16	4
Commissions on financial services	108,781	99,980
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	188	190
Reversal of provisions relating to commissions	-	-
TOTAL	116,455	101,693

	2021 expenses	2020 expenses
Commissions on transactions with credit institutions	1,208	2,161
Commissions on transactions with customers	6	3
Commissions relative to securities transactions	5,745	6,834
Commissions on foreign exchange transactions	827	935
Commissions on financial services	94,098	93,203
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	1,577	1,693
Allocations to provisions relating to commissions	-	-
TOTAL	103,461	104,829

4.4 Profit or loss on the trading book

	2021 amount	2020 amount
Trading securities	-21	-13
Currency transactions	21,994	1,608
Forward financial instruments	-18,633	-111
Net allocations/reversals of provisions	5,994	3,937
TOTAL	9,334	5,421

4.5 Profit or loss on the short-term investment securities and equivalent portfolio

	2021 amount	2020 amount
Acquisition fees on short-term investment securities	-	-
Net capital gain or loss on disposal	38,742	46,791
Net allocations or reversals of provisions	154,255	-161,319
TOTAL	192,997	-114,528

In 2021, reversals recorded an amount of €153,708 thousand related to the BOA share. At December 31, 2020, BFCM had set aside a provision of €159,229 thousand for this same BOA share.

4.6 Other operating income or expenses

	2021 amount	2020 amount
Miscellaneous operating income	1,235	31,214
Miscellaneous operating expenses	-100,798	-1,387
TOTAL	-99,563	29,827

As of December 31, 2020, BFCM had a stock of provisions for miscellaneous contingencies of €369,000 thousand related to its exposure on the continent of Africa. As of December 31, 2021, this exposure was adjusted upwards (addition) by €99,500 thousand.

4.7 General operating expenses

	2021 amount	2020 amount
Wages and salaries	8,162	8,722
Pensions expenses	1,073	1,064
Other social security contributions	2,592	3,003
Employee profit-sharing and incentive schemes	1,102	737
Payroll-based taxes	2,221	1,726
Other taxes and duties	6,642	9,055
External services	39,187	38,008
Allocations/reversals of provisions on general operating expenses	397	0
Other miscellaneous expenses	15,820	15,153
Rebilled expenses	-2,757	-4,746
TOTAL	74,439	72,722

As part of the implementation of a compensation and termination benefit system within CFCM for the Chairman and Chief Executive Officer, as of June 1, 2019, the Board of Directors of BFCM decided on February 20, 2019 that the terms of office of Chairman of the Board of Directors and Chief Executive Officer would no longer be remunerated as of June 1, 2019.

The total amount of direct and indirect compensation paid to the executives of BFCM by the group amounted to €8,475,385.45 in 2021 compared to €9,735,155.80 in 2020. No attendance fees were paid.

In accordance with ANC Regulation No. 2016-07, the fees paid to the statutory auditors are detailed below:

<i>[In thousands of euros ex VAT]</i>	PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Audit of the accounts	252	139
Non-audit services*	553	51

* The services provided cover the SACCs provided at the request of the entity, corresponding to comfort letters in connection with market transactions and reports and certificates required for regulatory purposes.

4.8 Cost of risk

	2021 amount	2020 amount
Allocations to provisions related to receivables	-748	-29,294
Reversals of provisions related to receivables	29,918	4,196
Loan losses covered by provisions	-22,748	-4,196
Loan losses not covered by provisions	-106	-250
TOTAL	6,316	-29,544

4.9 Profit/loss on non-current assets

	2021 amount	2020 amount
Profit or loss on property, plant and equipment	-	3
Profit or loss on non-current financial assets	-320,926	-2,672
Allocations/reversals of provisions on non-current assets	112,695	-60,177
Allocations/reversals of provisions for risks and expenses	-	-56,055
TOTAL	-208,231	-118,901

In 2021, the provision on the Spanish subsidiary TARGOBANK SA was adjusted by €16,800 thousand (addition) against €44,600 thousand (addition) in 2020. For Factofrance, this was €44,000 thousand (reversal) compared with €30,000 thousand (reversal) in 2020.

In addition, the German subsidiary TARGOBANK was provided with a provision (addition) of €344,000 thousand in 2021.

Finally, the press group in which BFCM is a shareholder has simplified its organizational chart. Also, the press companies: L'Est Républicain, SAP Alsace, Édition du Quotidien were sold or others: SPI and GRIC were integrated into the SIM Holding. This transaction generated €421,334 thousand in reversals of provisions and €397,163 thousand in losses on disposals of non-current financial assets at December 31, 2021.

4.10 Non-recurring income

	2021 amount	2020 amount
Profit/loss of partnerships	0	-365
Other extraordinary income	0	0
Allocations/reversals of provisions on partnerships	0	-109
TOTAL	0	-474

4.11 Breakdown of corporate income tax

	2021 amount	2020 amount
(A) Tax on ordinary profit	-24,101	0
(B) Tax on extraordinary items	0	-27
(C) Tax on previous fiscal years	74	97
(A+B+C) Income tax due pursuant to the fiscal year	-24,027	70
Allocations to provisions of a corporate income tax character	-6,931	-
Reversals of provisions of a corporate income tax character	0	0
CORPORATE INCOME TAX FOR THE FISCAL YEAR	-30,958	70

4.12 Other information: Workforce

Average workforce [FTE]	2021	2020
Bank technical staff	17	20
Managers	55	53
TOTAL	72	73

8.2 INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

The amounts are presented in thousands of euros.

A. DETAILED INFORMATION CONCERNING THE INVESTMENTS WITH A GROSS CARRYING AMOUNT OVER 1% OF OUR SHARE CAPITAL I.E.: €16,885,295

	Capital at 12/31/2020	Shareholders' equity other than capital and profit/(loss) at 12/31/2020	Share of capital held at 12/31/2021 <i>(as a%)</i>
1] SUBSIDIARIES (MORE THAN 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
Mutuelles Investissement SA (formerly Devest 15), Strasbourg	930,000	115,803	90.00
CM Caution Habitat SA (formerly Devest 16), Strasbourg	310,037	13,855	100.00
Crédit Mutuel Home Loan SFH (formerly CM-CIC Covered Bonds), SA, Paris	220,000	1,979	100.00
SIM (formerly EBRA), SAS, Houdemont	376,938	-326,011	100.00
CM IMMOBILIER (formerly Ataraxia), SAS, Orvault	31,760	64,249	100.00
Banque Européenne du Crédit Mutuel, BECM, SAS, Strasbourg	134,049	1,266,913	96.08
Crédit Industriel et Commercial, SA, Paris	611,858	13,988,000	93.18
Cofidis Group (formerly Cofidis Participations), SA, Villeeneuve-d'Asq	112,658	1,567,212	79.99
FactoFrance SAS, Paris	507,452	608,762	100.00
TARGOBANK in Spain (formerly Banco Popular Hipotecario), Madrid	326,045	-123,918	100.00
TARGOBANK Deutschland GmbH, Düsseldorf	625,526	2,509,104	100.00
Groupe des Assurances du Crédit Mutuel, SA, Strasbourg	1,241,035	9,987,288	50.04
2] SHAREHOLDING (FROM 10% TO 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
FLOA (formerly Banque du groupe Casino), SA, Saint Etienne	92,470	82,482	50.00
Crédit Mutuel Real Estate Lease, SA, Paris	64,399	31,006	45.94
Caisse de Refinancement de l'Habitat, SA, Paris	539,995	22,598	13.58
Banque de Tunisie, Tunis	225,000 ⁽¹⁾	769,637 ⁽¹⁾	35.33
3] OTHER EQUITY INVESTMENTS (THE SHARE CAPITAL HELD BY OUR COMPANY IS LESS THAN 10%)			
Nil	-	-	-

(1) Amounts expressed in thousands of Tunisian dinar (TND)

(2) NBI and net profit/(loss) expressed in thousands of Tunisian dinar (TND)

(3) Revenue "Not applicable" for the company

(4) NBI for Credit and Financial Institutions

Carrying amount of securities held at 12/31/2021		Loans and advances granted by the Bank and not redeemed at 12/31/2021	Amount of deposits and endorsements provided by the Bank at 12/31/2021	Revenue at 12/31/2020	Net profit or loss at 12/31/2020	Net dividends received by the Bank at 12/31/2021	Comments
Gross	Net						
837,000	837,000	0	0	0 ⁽³⁾	65,007	0	
310,037	310,037	100,000	0	358 ⁽⁴⁾	-4,936	0	
220,000	220,000	4,156,797	0	6,462 ⁽⁴⁾	3,858	3,630	
412,937	113,600	227,087	82,850	16,890	-480	0	
100,986	100,986	2,450	0	5,572	869	869	
465,755	465,755	5,361,658	3,035,000	300,831 ⁽⁴⁾	95,461	0	
4,146,391	4,146,391	59,460,621	1,613,439	5,139,000 ⁽⁴⁾	662,000	462,497	Consolidated business
1,553,768	1,553,768	12,373,496	0	1,357,764 ⁽⁴⁾	135,588	0	Consolidated business
1,460,802	1,313,402	5,212,384	400,000	120,313 ⁽⁴⁾	17,278	17,169	
585,548	193,298	949,972	0	59,085 ⁽⁴⁾	-42,587		
5,696,196	5,352,196	2,189,881	0	54,576	361,281	70,000	Consolidated business
1,269,111	1,269,111	500,000	0	10,429,543	553,626	750,413	Consolidated business
136,072	106,072	1,862,000	35,000	183,082 ⁽⁴⁾	9,360	0	Consolidated business
47,779	47,779	4,854,800	0	32,209 ⁽⁴⁾	9,184	0	
76,203	76,203	0	193,989	2,197 ⁽⁴⁾	29	0	
210,802	210,802	0	0	380,424 ⁽²⁾	94,411 ⁽²⁾	7,674	Consolidated business
-	-	-	-	-	-	-	



B. OVERALL INFORMATION CONCERNING EQUITY INVESTMENTS

	Capital at 12/31/2020	Shareholders' equity other than capital and profit/(loss) at 12/31/2020	Share of capital held at 12/31/2021 <i>(as a%)</i>
1) SUBSIDIARIES NOT COVERED IN PARAGRAPH A			
a) French subsidiaries (together)	-	-	-
<i>of which SNC Rema, Strasbourg</i>	-	-	-
b) foreign subsidiaries (together)	-	-	-
2) EQUITY INVESTMENT NOT INCLUDED IN PARAGRAPH A			
a) French equity investments (together)	-	-	-
b) foreign equity investments (together)	-	-	-
3) OTHER EQUITY INVESTMENTS NOT COVERED IN PARAGRAPH A			
a) other equity investments in French companies (together)	-	-	-
b) other equity investments in foreign companies (together)	-	-	-

Carrying amount of securities held at 12/31/2021		Loans and advances granted by the Bank and not redeemed at 12/31/2021	Amount of deposits and endorsements provided by the Bank at 12/31/2021	Revenue at 12/31/2020	Net profit or loss at 12/31/2020	Dividends net cash deposits by the Bank at 12/31/2021
Gross	Net					
60,372	42,723	58,383	0	-	-	3,176
305	305	0	0	-	-	0
0	0	-	-	-	-	-
32,882	28,807	10,349	0	-	-	52,048
909	807	0	0	-	-	6,400
23,933	23,595	0	0	-	-	2,072
1,146	1,146	0	0	-	-	0

8.3 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders' Meeting of the company Banque Fédérative du Crédit Mutuel,

Opinion

In performance of the mission entrusted to us by your Shareholders' Meeting, we have audited the annual financial statements of Banque Fédérative du Crédit Mutuel for the fiscal year ended December 31, 2021, as appended to this report.

We certify that the annual financial statements are, with regard to French accounting principles and rules, a fair presentation and give a true image of the profit or loss of the past fiscal year and the financial position and assets of the company at the end of this fiscal year.

Basis of the opinion

Accounting basis

We conducted our audit according to applicable professional standards in France. We appraise that the items that we collected were of a sufficient and appropriate basis on which to form our opinion.

The responsibilities incumbent upon us pursuant to these standards are expressed in the section "Responsibilities of statutory auditors relating to the audit of the annual financial statements" in this report.

Independence

We performed our audit in accordance with the rules of independence provided for in the Commercial Code and the code of conduct of the statutory auditors, during the period from January 1, 2021 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the Regulation (EU) No. 537/2014.

Justification of the assessment – Key points of the audit

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this fiscal year. This crisis and the exceptional measures taken within the framework of the state of health emergency have multiple consequences for companies, particularly on their activity and their financing, as well as increased uncertainties on their future outlook. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organization of companies and on the way audits are carried out.

It is in this complex and evolving context that, pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code pertaining to justification of our assessment, we bring to your attention the key points of the audit as they pertain to the risk of material misstatements which, according to our professional judgment, were the most important for the audit of the annual financial statements, as well as our responses to these risks.

The assessments made in this way fall within the scope of the audit of the annual financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on isolated items of the annual financial statements.

VALUATION RISK ON EQUITY AND OTHER LONG-TERM INVESTMENTS AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Identified risk	Our response
<p>As of December 31, 2021, equity and other long-term investments and investments in subsidiaries and associates amounted to €354 million and €16,437 million, respectively, and are among the items with the highest value in your company's balance sheet. They must be written down when their value in use is less than their acquisition cost.</p>	<p>In assessing the estimate of the equity investments and investments in subsidiaries and associates our work consisted mainly of examining both the documentation of the values applied by management and the appropriate application of the valuation methods to the securities concerned.</p>
<p>As indicated in note 1.5 to the annual financial statements, the value in use is estimated by various criteria such as the net assets (possibly adjusted), profitability and the outlook for profitability and stock-market prices in recent months.</p>	<p>For valuations based on historical items, our work consisted of examining the consistency of the allocated equity with the accounts of audited entities or analytical procedures and reviewing the documentation of the adjustments made, where applicable, to the equity.</p>
<p>The estimate of the value in use requires the exercise of management's judgment in selecting the items to be considered which may correspond, as the case may be, to historical or provisional items.</p>	<p>For valuations based on observable market data, our work consisted in examining the consistency of the market prices used by your company.</p>
<p>Since judgment is used when selecting the criteria and the provisional information used by management to estimate the value in use, we considered that the valuation of equity investments and investments in subsidiaries and associates constitutes a key point of our audit.</p>	<p>For valuations based on provisional items, our work consisted of:</p> <ul style="list-style-type: none"> ■ reviewing the documentation justifying the values in use; ■ analyzing, including our valuation experts, the valuation methods and parameters used by management. <p>In addition to assessing the value in use of equity investments, our work also consisted of assessing the recoverability of the related receivables in light of the analyses carried out on equity investments and investments in subsidiaries and associates.</p>

Specific checks

In accordance with the professional standards applicable in France, we also made the specific legal and regulatory checks.

Information provided in the management report and in other documents on the financial position and the annual financial statements addressed to shareholders

We have no comments to make on the fairness and consistency with the annual financial statements of the information given in the management report from the Board of Directors and in the other documents sent to shareholders with the exception of the item below.

The fair presentation and consistency with the annual financial statements of the information relating to payment terms mentioned in Article D.441-6 of the French Commercial Code calls for the following observation: as indicated in the management report, this information does not include banking and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

Corporate governance report

We certify the existence, in the Board of Directors' report on corporate governance, of the information required by Articles L.225-37-4 and L.22-10-10 of the French Commercial Code.

Other information

In application of the law, we satisfied ourselves that the various information relative to equity investments and control was communicated to you in the management report.

Other verifications or information required by laws and regulations

Presentation format of the annual financial statements to be included in the annual financial report

In accordance with the professional standard on the due diligence of statutory auditors in relation to the annual and consolidated financial statements presented in accordance with the single European electronic reporting format, we have also verified that the annual financial statements to be included in the annual financial report referred to in I of Article L.451-1-2 of the French Monetary and Financial Code, which are the responsibility of the Chief Executive Officer, comply with this format, as defined in European Delegated Regulation No. 2019/815 of December 17, 2018.

Based on our work, we conclude that the presentation of the annual financial statements for inclusion in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of statutory auditors

PricewaterhouseCoopers France and ERNST & YOUNG et Autres were appointed statutory auditors of Banque Fédérative du Crédit Mutuel by your Shareholders' Meetings of May 11, 2016, and September 29, 1992, respectively.

As of December 31, 2021, PricewaterhouseCoopers France was in the sixth year of its uninterrupted mission and ERNST & YOUNG et Autres in the thirtieth year.

Responsibilities of management and persons comprising the corporate governance as regards the annual financial statements

It is the responsibility of management to prepare annual financial statements presenting a true and fair view, in accordance with French accounting rules and principles, as well as to implement the internal controls that it deems necessary for the preparation of annual financial statements without material misstatements, whether due to fraud or are the result of errors.

During the preparation of the annual financial statements, it is management's responsibility to assess the company's ability to continue as a going concern, and as the case may be, the necessary information with regard to business continuity and to apply the standard accounting policy for a going concern, unless it expects to liquidate the company or cease doing business.

The annual financial statements were approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our goal is to receive reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards may systematically detect every material misstatement. Misstatements may come from fraud or result from errors and are considered as significant when one can reasonably expect that they may, either individually or cumulatively, influence economic decisions made by users who make decisions based on the financial statements.

As specified by Article L.823-10-1 of the French Commercial Code, our assignment of certification of financial statements does not consist of guaranteeing the viability or quality of your company's management.

In the context of an audit completed in accordance with professional standards applicable in France, the statutory auditors exercise their professional judgment throughout the audit process. Furthermore:

- they identify and assess the risks that the annual financial statements contain material misstatements, whether they are due to fraud or result from errors, define and implement audit procedures faced with these risks and gather items that they believe are sufficient and appropriate on which to base their opinion. The risk of non-detection of a material misstatement from fraud is higher than a material misstatement resulting from any error, because fraud may involve collusion, falsification, deliberate omissions, false statements or circumventing internal controls;
- they acknowledge relevant internal control for the audit in order to determine the appropriate audit procedures for the circumstance, and not for the purpose of expressing an opinion on the effectiveness of internal control;
- they assess the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as information concerning estimates provided in the annual financial statements;
- they assess the appropriateness of application by management of the accounting policy for a going concern and, depending on the items gathered, the existence or not of any significant uncertainty related to events or circumstances likely to call into question the company's ability to continue as a going concern. This assessment relies on the items collected up to the date of their report, however, with the reminder that subsequent circumstances or events could call into question business continuity. If they conclude that significant uncertainty exists, they draw the attention of readers of their report to the information provided in the annual financial statements concerning this uncertainty or, if this information is not provided or is not relevant, express reservations about certification or refuse to certify them;
- they assess the overall presentation of the annual financial statements and assess whether the annual financial statements reflect the underlying transactions and events in a manner that presents a true and fair view.

Neuilly-sur-Seine and Paris-La Défense, April 11, 2022

The statutory auditors

PricewaterhouseCoopers France
Laurent Tavernier

ERNST & YOUNG et Autres
Hassan Baaj

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A man and a woman are standing in a server room, looking at a tablet together. The man is on the left, wearing a light blue button-down shirt, and the woman is on the right, wearing a dark blue blazer over a white turtleneck. They are both looking intently at the tablet. In the background, there are server racks and multiple computer monitors displaying data. The overall lighting is blue and dim, typical of a server room.

In October 2021, IBM and Crédit Mutuel announced a new step in their strategic partnership initiated more than 50 years ago, with the signing of the AmbitionS contract between Euro-information, the technology subsidiary of Crédit Mutuel, and IBM. The creation of a center of excellence dedicated to technological innovation in Strasbourg, focusing on artificial intelligence, data, the cloud and the mainframe, will accelerate the deployment of services for customers and members.



Capital and legal information

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9.1 SHARE CAPITAL

The share capital stands at €1,688,529,500.00. It is divided into 33,770,590 shares each with a nominal value of €50.00, all of the same class. There have been no changes in BFCM's share capital over the last three fiscal years. On January 6, 2022, a capital increase reserved for the CMNE regional bank took place through the issue of 455,004 new shares with a nominal value of €50.00.

BFCM has no unissued authorized capital or exchangeable or redeemable convertible bonds granting access to capital.

Shares of BFCM are not listed or traded on any market.

The shareholders of BFCM do not hold different voting rights.

9.2 SHAREHOLDING STRUCTURE

9.2.1 Distribution of BFCM's capital at December 31, 2021

Shareholders	% held	Number of shares	Nominal amount held (in euros)
Caisse Fédérale de Crédit Mutuel	92.98%	31,401,262	1,570,063,100
CCM Centre Est Europe	0.17%	59,066	2,953,300
Fédération de Crédit Mutuel Centre Est Europe	0.00%	81	4,050
CRCM du Sud Est	0.18%	61,535	3,076,750
CCM Sud Est	0.02%	5,704	285,200
CRCM d'Île-de-France	0.43%	146,411	7,320,550
CCM Île-de-France	0.01%	1,890	94,500
CRCM Savoie-Mont Blanc	0.00%	10	500
CCM Savoie-Mont Blanc	0.00%	500	25,000
CRCM Midi-Atlantique	0.07%	24,484	1,224,200
CCM Midi-Atlantique	0.00%	1,172	58,600
CRCM de Loire-Atlantique et du Centre Ouest	2.20%	741,949	37,097,450
CCM Loire-Atlantique et Centre Ouest	0.00%	1,480	74,000
CRCM du Centre	0.91%	308,716	15,435,800
CCM Centre	0.00%	1,040	52,000
CRCM Dauphiné-Vivarois	0.01%	2,470	123,500
CCM Dauphiné-Vivarois	0.00%	551	27,550
CRCM Méditerranéen	0.22%	74,460	3,723,000
CCM Méditerranéen	0.00%	1,440	72,000
CRCM de Normandie	0.37%	123,766	6,188,300
CCM Normandie	0.00%	910	45,500
CRCM Anjou	0.52%	175,991	8,799,550
CCM Anjou	0.00%	400	20,000
CRCM Antilles-Guyane	0.01%	2,851	142,550
CCM Antilles-Guyane	0.00%	260	13,000
CRCM Massif Central	0.00%	10	500
CCM Massif Central	0.00%	300	15,000
Cautionnement Mutuel de l'Habitat	0.00%	300	15,000
CF du Crédit Mutuel de Maine-Anjou, Basse-Normandie	1.36%	459,722	22,986,100
CF du Crédit Mutuel Océan	0.51%	172,116	8,605,800
CF du Crédit Mutuel Nord Europe	0.00%	1	50
Natural persons	0.00%	42	2,100
TOTAL	100.00%	33,770,590	1,688,529,500

CRCM: Caisses régionales de Crédit Mutuel. CCM: Caisses de Crédit Mutuel. CF: Caisse Fédérale.

9.2.2 Individuals or legal entities exercising control over BFCM

As of December 31, 2021, Caisse Fédérale de Crédit Mutuel controls 92.98% of BFCM.

With regard to the prevention of any improper control, it should be noted that all of the transactions between the Caisse Fédérale de Crédit Mutuel and the BFCM are signed under normal market conditions.

The Chairman of the Board of Directors of BFCM is also Chairman of the Board of Directors of Caisse Fédérale de Crédit Mutuel and the Chief Executive Officer of BFCM is also Chief Executive Officer of Caisse Fédérale de Crédit Mutuel.

The company believes that there is no risk of control being abused.

9.2.3 Change of control

BFCM's articles of association contain stipulations that delay, defer or prevent a change of control, in that they limit the possibility of becoming BFCM shareholders to certain strictly specified persons, and require the prior approval of the Board of Directors for the transfer of shares.

To BFCM's knowledge, no agreement exists that might result in a change in its control at a later date.

9.3 DIVIDENDS

In terms of its dividend distribution policy, BFCM favors a long-term shareholding structure composed almost exclusively of Crédit Mutuel Alliance Fédérale entities. As such, it regularly pays its shareholders a reasonable dividend, while strengthening equity by transferring a substantial portion of its profits to reserves needed for its growth and to cover its risks in compliance with regulatory ratios.

CHANGES IN EARNINGS AND DIVIDENDS

	2017	2018	2019	2020	2021
Number of shares as of December 31	33,770,590	33,770,590	33,770,590	33,770,590	33,770,590
Profit/loss (in € per share)	-4.81	29.36	59.33	20.14	36.42
Dividend (in € per share)	2.40*	3.85	8.90	3.02	6.72

* By deduction from the optional reserve.

If a dividend is not claimed, it will be subject to Article L.1126-1 paragraph 3 of the French General Public Persons Property Code, which provides that "shall definitively vest to the State [...] deposits of sums of money and, in general, all cash assets in banks, credit institutions and all other institutions that receive funds on deposit or in current accounts, where such deposits or assets have not been the subject of any transaction or claim by the beneficiaries for thirty years [...]."

9.4 ORDINARY SHAREHOLDERS' MEETING OF MAY 10, 2022

First resolution

The Shareholders' Meeting, having considered the management report of the Board of Directors and the Corporate Governance Report attached thereto, the statutory auditors' report and the financial statements for the year ended December 31, 2021, approves the said financial statements as presented, which show a profit of €1,229,991,596.22.

The Shareholders' Meeting notes there were no non-deductible expenses and charges from the profits subject to income tax, and consequently no tax paid due to such expenses and charges.

The Shareholders' Meeting discharges the directors and the statutory auditors for the performance of their offices for the past fiscal year.

Second resolution

The Shareholders' Meeting resolves to allocate the profit for the fiscal year of €1,229,991,596.22 plus retained earnings from the previous year of €322,330.50, *i.e.* the sum of € 1,230,313,926.72 as follows:

- to pay a dividend of €6.72 to each of the 33,770,590 shares outstanding at December 31, 2021;
- to pay a dividend of €6.72 to each of the 455,004 shares with dividend rights as of January 1, 2022, following the capital increase of January 6, 2022;
 - representing a total distribution of €229,995,991.68;
 - these dividends are eligible for the allowance specified by Article 158 of the French General Tax Code (Code général des impôts – CGI);
- not to pay any amount into the legal reserve, as it has reached the regulatory minimum of 10% of share capital;
- to allocate €1,000,000,000 to the optional reserve;
- to allocate €317,935.04 to retained earnings.

Fiscal year	2018	2019	2020
Amount in €	€3.85	€8.90	€3.02
Dividends eligible for the allowance pursuant to Article 158 of the French Tax Code	YES	YES	YES

Third resolution

The Shareholders' Meeting, having considered the management report of the Board of Directors and the corporate governance report attached thereto, the statutory auditors' report and the consolidated financial statements of Banque Fédérative du Crédit Mutuel at December 31, 2021, approves said financial statements as presented.

Fourth resolution

The Shareholders' Meeting, having considered the special report of the statutory auditors on the agreements referred to in Article L.225-38 of the French Commercial Code, and ruling on this report, notes the absence of such agreements.

Fifth resolution

Pursuant to Article L.511-73 of the French Monetary and Financial Code, the Shareholders' Meeting approves the overall compensation package indicated in the Board of Directors' management report. This package includes compensation of any kind paid during the past fiscal year to the current managers and the regulated categories of personnel referred to in Article L.511-71 of the same code.

Sixth resolution

The Shareholders' Meeting approves the amount of compensation provided for in the charter governing the performance of the duties of members of the Boards of Directors of Crédit Mutuel Alliance Fédérale, which for the year 2022 amounts to a maximum of €1,000,000. This amount is a maximum overall amount for Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Banque Européenne du Crédit Mutuel taken as a whole.

Seventh resolution

The Shareholders' Meeting renews the term of office of Mr. Gérard Cormorèche as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2024.

Eighth resolution

The Shareholders' Meeting renews the term of office of Mr. Claude Courtois as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Ninth resolution

The Shareholders' Meeting renews the term of office of Mr. Philippe Gallienne as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Tenth resolution

The Shareholders' Meeting renews the term of office of Mrs. Gislhaine Ravanel as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Eleventh resolution

The Shareholders' Meeting appoints Mrs. Catherine Lamblin Messien as a member of the Board of Directors for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2024.

Twelfth resolution

The Shareholders' Meeting reappoints PRICEWATERHOUSE COOPERS France as statutory auditors for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year 2027.

Thirteenth resolution

The Shareholders' Meeting appoints KPMG to replace ERNST & YOUNG et Autres as statutory auditors for a period of six years, until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year 2027.

Fourteenth resolution

The Shareholders' Meeting notes that the term of office of Mr. Jean-Baptiste Deschyver as alternate auditor has expired and decides not to renew it.

Fifteenth resolution

The Shareholders' Meeting notes that the mandate of PICARLE et Associés as alternate auditor has expired and decides not to renew it.

Sixteenth resolution

The Shareholders' Meeting gives full powers to the bearer of an original or a copy of an extract of the minutes of this meeting to carry out all necessary formalities.



9.5 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Shareholders' Meeting to approve the financial statements for the fiscal year ending on December 31, 2021

To the Shareholders' Meeting of Caisse Fédérale de Crédit Mutuel

In our role as statutory auditors of your company, we present our report on the regulated agreements.

It is our responsibility, based on the information passed on to us, to outline the characteristics, essential terms and grounds justifying the company's interest in the agreements of which we have been informed, or which we have discovered during our mission, without having to comment on their utility or merits, nor to look for the existence of other agreements. Pursuant to Article R.225-31 of the French Commercial Code, it is your responsibility to assess the interest inherent in the conclusion of these agreements with a view to their approval.

In addition, it is our responsibility, where appropriate, to provide you with the information set out in Article R.225-31 of the French Commercial Code relating to the performance during the past fiscal year of the agreements already approved by the Shareholders' Meeting.

We performed the due diligence we considered necessary in light of the professional standards of the French National Institute of statutory auditors for this mission. These procedures consisted in verifying that the information provided to us is consistent with the source documents from which it has been extracted.

Agreements submitted to the Shareholders' Meeting for approval

We hereby inform you that we were not given notice of any agreement authorized and agreed during the past fiscal year to be submitted for the approval of the Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements, already approved by the Shareholders' Meeting in previous fiscal years, continued during the past fiscal year.

Agreement relating to the termination benefits of Mr. Nicolas Théry (Chairman of the Board of Directors) upon termination of his corporate office

Nature, purpose and methods

On February 20, 2019, the Board of Directors decided, following a favorable opinion from the Compensation Committee on February 18, 2019, to set the annual fixed compensation of Nicolas Théry at €880,000, as Chairman of the Board of Directors from June 1, 2019.

The same Board of Directors decided, following a favorable opinion from the Compensation Committee on February 18, 2019, to grant termination benefits equivalent to two year's gross salary, subject to achievement of the performance condition set by the Compensation Committee.

As a Corporate Officer, Nicolas Théry is also covered by a supplementary pension plan and a complementary pension plan under the same conditions applicable to all company employees.

Agreement relating to the termination benefits of Mr. Daniel Baal (Chief Executive Officer) upon termination of his corporate office

Nature, purpose and methods

On February 20, 2019, the Board of Directors decided, following a favorable opinion from the Compensation Committee on February 18, 2019, to set the annual fixed remuneration of Daniel Baal at €880,000 as Chief Executive Officer from June 1, 2019.

The same Board of Directors decided, following a favorable opinion from the Compensation Committee on February 18, 2019, to grant termination benefits equivalent to two year's gross salary, subject to achievement of the performance condition set by the Compensation Committee.

As a Corporate Officer, Daniel Baal is also covered by a supplementary pension plan and a complementary pension plan under the same conditions applicable to all company employees.

Neuilly-sur-Seine and Paris-La Défense, April 11, 2022

The statutory auditors

PricewaterhouseCoopers France
Laurent Tavernier

ERNST & YOUNG et Autres
Hassan Baaj



9.6 GENERAL INFORMATION

9.6.1 Company and trade name

Banque Fédérative du Crédit Mutuel

Acronym: BFCM

9.6.2 Place of incorporation, LEI and registration number

Strasbourg B 355 801 929

APE/NAF business identifier code: 6419Z

LEI number: VBHFXYT70G62HNT8T76

9.6.3 Date of incorporation and term

The company was incorporated on June 1, 1933 with the name "Banque Mosellane". Its term will expire on June 1, 2032, unless it is dissolved or its term is extended before that date.

9.6.4 Company purpose and *raison d'être*

[Article 2 of the articles of association]

The purpose of the company is:

- to organize and develop the diversification activities of the group that it forms with the Caisses de Crédit Mutuel within its own business scope, Caisse Fédérale du Crédit Mutuel du Centre Est Europe and Fédération du Crédit Mutuel Centre Est Europe;
- to undertake for its own account, on behalf of third parties or as a joint venture, in France and abroad, all banking transactions and all related and contiguous transactions, to perform all insurance brokerage activities and more generally all insurance intermediation activities, and all other transactions in the area of business of a bank, in accordance with the regulations and legislation in force;
- to take and manage any direct or indirect shareholding in any French or foreign company *via* the establishment of new companies, contributions, subscriptions or purchases of securities or rights, mergers, associations or joint ventures, underwriting syndicates or other;
- and generally perform any financial, industrial, commercial, securities or real estate transactions directly or indirectly related to the aforementioned purposes or falling within the area of business of a bank.

The company also seeks to provide investment services governed by the French Monetary and Financial Code.

[Article 2bis of the articles of association]

Banque Fédérative du Crédit Mutuel is part of the Crédit Mutuel group. Banque Fédérative du Crédit Mutuel, within Crédit Mutuel Alliance Fédérale, embraces the *raison d'être*: "Ensemble, écouter et agir" [Listening and acting together].

9.6.5 Other information about the issuer

Corporate fiscal year: From January 1 to December 31 each year.

BFCM registered office: 4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg, France.

BFCM contact address: 6 rue de Provence, 75452 Paris Cedex 09, France.

Phone: +33 (0)1 53 48 77 02

Website: www.bfcm.creditmutuel.fr^[1]

The articles of association, minutes of the Shareholders' Meeting and reports can be consulted at the registered office: 4 rue Frédéric-Guillaume Raiffeisen, 67000 Strasbourg.

9.6.6 Legislation governing activities and legal form

BFCM, a French public limited company (*société anonyme*) is governed by the provisions of the French Commercial Code on public limited companies and the laws applicable to French credit institutions, mainly codified by the French Monetary and Financial Code. BFCM is a member of the French Banking Federation (FBF).

9.6.7 Date of the latest financial information

The most recent approved financial information of BFCM dates from December 31, 2021.

9.6.8 Significant changes

There was no significant change in the financial performance of Crédit Mutuel Alliance Fédérale and BFCM between December 31, 2021 and the date of filing of this universal registration document.

[1] The information provided on the website does not form part of the prospectus, with the exception of any information included by reference in the universal registration document.

9.6.9 Recent events specific to BFCM of material interest when assessing its solvency

No significant event relating to the financial or commercial situation of Crédit Mutuel Alliance Fédérale and BFCM consolidated has occurred since the publication on February 10, 2022 of the financial statements for the year ended December 31, 2021, which could affect the solvency of Crédit Mutuel Alliance Fédérale and BFCM consolidated.

9.6.10 Major contracts

No major contracts have been signed by BFCM over the last two years that may alter BFCM's financial position to such an extent that BFCM cannot face the obligations related to the issue of its securities.

9.6.11 Legal and arbitration proceedings

In the context of the dispute following the French Competition Authority's decision of September 20, 2010 to sanction banks, including CIC, concerning check image transfer fees, the Court of Appeal of Paris, on a second referral from the Court of Cassation, following the judgment of December 2, 2021, ruled that there was no breach of competition rules and fully ruled in favor of the banks. The Competition Authority appealed to the Court of Cassation.

There are no other administrative, legal or arbitration proceedings (including pending or threatened proceedings of which the issuer is aware) that could have or have had in the last 12 months a material effect on the financial position or profitability of the company and/or the group.

9.6.12 Position of dependence

Crédit Mutuel Alliance Fédérale is not dependent on any patent, license nor any industrial, commercial or financial supply contract.



Crédit Mutuel and CIC are ranked first and second, respectively, in the list of the 500 "Best Employers 2022" among network banks and occupy the second and third positions in the banking and financial services sector (annual survey by *Capital* magazine published in January 2022).



Additional Information

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10.1 DOCUMENTS AVAILABLE TO THE PUBLIC

During the validity of the universal registration document, the following documents (or copy of these documents) can be viewed:

Digitally on BFCM's website

<http://www.bfcm.creditmutuel.fr>

- Historical financial information of the BFCM and Crédit Mutuel Alliance Fédérale for each of the two fiscal years preceding the publication of the universal registration document.
- This universal registration document and those of the two previous fiscal years.

The information provided on the website does not form part of the universal registration document.

Regarding physical media

- The issuer's charter and articles of association.
- All reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the issuer, a part of which is included or referred to in the universal registration document.
- The historical financial information of the subsidiaries of the BFCM for each of the two fiscal years preceding the publication of the universal registration document.

By sending a request by mail to:

Banque Fédérative du Crédit Mutuel

Legal department

4 rue Frédéric-Guillaume Raiffeisen
67913 STRASBOURG Cedex 9

+33 (0)3 88 14 88 14

10.2 PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Mr. Alexandre Saada

Deputy Chief Executive Officer of BFCM

Director of the Finance Division of Crédit Mutuel Alliance Fédérale

Email: alexandre.saada@creditmutuel.fr

10.3 PERSON RESPONSIBLE FOR THE DOCUMENT

Mr. Daniel Baal

Chief Executive Officer of Caisse Fédérale de Crédit Mutuel

Declaration by the person responsible

I hereby declare that, to the best of my knowledge, the information contained in this universal registration document is accurate and contains no omissions that could adversely affect its scope.

I hereby declare that, to best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and all subsidiaries included in the scope of consolidation, and that the management report (of which the

cross-reference table of the annual financial report appearing in Chapter 10 of this universal registration document indicates the content) presents an accurate view of the changes in the business, results and financial position of the company and all the subsidiaries included in the scope of consolidation and that it describes the main risks and uncertainties which they face.

Strasbourg, April 13, 2022

10.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Principal statutory auditors

Ernst & Young et Autres, member of the French Institute of statutory auditors of Versailles (*Compagnie Régionale des commissaires aux comptes de Versailles*) – represented by Mr. Hassan Baaj – 1/2 place des saisons, 92400 Courbevoie Paris la Défense 1, France.

Start date of first term of office: September 29, 1992.

Current term of office: six fiscal years with effect from May 11, 2016.

Renewal: the Shareholders' Meeting of May 11, 2016 renewed the term of office of the Ernst & Young et Autres firm as principal statutory auditors for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to rule on the financial statements of fiscal year 2021.

PricewaterhouseCoopers France, member of the French Institute of statutory auditors of Versailles (*Compagnie Régionale des commissaires aux comptes de Versailles*) – represented by Mr. Laurent Tavernier – 63 rue de Villiers, 92200 Neuilly-sur-Seine, France.

Start date of first term of office: May 11, 2016.

Current term of office: six fiscal years with effect from May 11, 2016.

The Shareholders' Meeting of May 11, 2016 appointed PricewaterhouseCoopers France as the principal statutory auditor for a period of six years, *i.e.* until the end of the Shareholders' Meeting called to rule on the annual financial statements of fiscal year 2021, for the company and consolidated financial statements.

Alternate statutory auditors

Cabinet Picarle & Associés, Jean-Baptiste Deschryver.

10.5 CROSS-REFERENCE TABLES

10.5.1 Cross-reference table for the Crédit Mutuel Alliance Fédérale universal registration document

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1.2	Issuer's statement	1

Pursuant to Article 19 of European Regulation No. 2017/1129 of June 14, 2017, the following items are included by way of reference:

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2020, presented respectively for Crédit Mutuel Alliance Fédérale on pages 359 to 437, 40 to 58, 73 to 154, 207 to 357 and 438 to 439 of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM – 2020 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2020_Universal_Registration_Document.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2020, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2020 presented respectively for Banque

Fédérative du Crédit Mutuel on pages 441 to 517, 59 to 71, 73 to 154, 207 to 357 and 518 to 523 of the registration document of Crédit Mutuel Alliance Fédérale – 2020 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2020_Universal_Registration_Document.pdf), registered with the AMF on April 21, 2021 under number D.21-0334;

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, presented respectively for Crédit Mutuel Alliance Fédérale on pages 325 to 402, 37 to 55, 71 to 139, 187 to 322 and 403 to 405 of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM – 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2019_Universal_Registration_Document.pdf), registered with the AMF on April 27, 2020 under number D.20-0360;

- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2019, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2019 presented respectively for Banque Fédérative du Crédit Mutuel on pages 407 to 482, 56 to 70, 71 to 139, 187 to 322 and 483 to 488 of the universal registration document of Crédit Mutuel Alliance Fédérale//BFCM - 2019 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2019_Universal_Registration_Document.pdf), registered with the AMF on April 27, 2020 under number D.20-0360;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2018, presented respectively for Crédit Mutuel Alliance Fédérale on pages 108 to 183, 68 to 107 and 184 to 186 of the registration document of Crédit Mutuel Alliance Fédérale - 2018 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2018_Registration_Document.pdf), registered with the AMF on April 18, 2019 under number D.19-0359;
- the consolidated financial statements, management report as well as the statutory auditors' report on the consolidated financial statements as of December 31, 2018, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2018 presented respectively for Banque Fédérative du Crédit Mutuel on pages 328 to 400, 312 to 327 and 401 to 406 of the registration document of Crédit Mutuel Alliance Fédérale - 2018 fiscal year (https://www.bfcm.creditmutuel.fr/partage/fr/CC/BFCM/telechargements/information-financiere/annual_reports/2018_Registration_Document.pdf), registered with the AMF on April 18, 2019 under number D.19-359.

In order to facilitate the reading of this document, the cross-reference table below makes it possible to identify, in this universal registration document, the information that constitutes the annual financial report that BFCM must publish as an issuer of listed securities in accordance with articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF's general regulations.

10.5.2 Cross-reference table of BFCM's annual financial report

	Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regulations	Pages
1 Declaration by the person responsible for the registration document					632
2 Management report					
2.1 Position of the company and group during the past fiscal year	L.232-1 II, L.233-26				4-5; 41-74
2.2 Analysis of the changes in revenue, results and financial position of the company and group	L.225-100-1 I 1°				4-5; 41-74
2.3 Key financial and non-financial performance indicators of the company and group	L.225-100-1 I 2°				4-5; 11
2.4 Other information on the position of the company and group					
Foreseeable development of the company and group	L.232-1 II, L.233-26				68
Significant events that occurred after the closing date of the fiscal year but before the publication date of this management report	L.232-1 II, L.233-26				68
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Existing branches	L.232-1 II				NA
Information regarding establishments by state or territory		L.511-45, R.511-16-4			533
Equity investment in or takeover of companies with registered offices in France during a fiscal year	L.233-6, L.247-1				NA
Activity and results of the entire company, subsidiaries of the company and the companies that it controls by branch of activity	L.233-6				20-36; 612-613
2.5 Information on risks and internal control procedures					
Main risks and uncertainties that the company and the group must face	L.225-100-1 I 3°				274-282
Financial risks associated with the effects of climate change and implementation of a low-carbon strategy	L.225-100-1 I 4°				281-282
Main characteristics of the internal control and risk management procedures implemented by the company and group relating to the preparation and processing of accounting and financial information	L.225-100-1 I 5°				287-292

	Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regulations	Pages
Objectives and policy regarding hedging of each major category of transactions of the company and group	L.225-100-1 6°				279
Exposure to price, credit, liquidity and cash risks of the company and group	L.225-100-1 6°				275-278
Expenses and charges not deductible from taxable profits paid due to said expenses and charges			223 <i>quater</i>		624-625
Amount and characteristics of the loans that they finance or distribute as defined in III of Article 80 of the planning law No. 2005-32 of January 18, 2005 on social cohesion, and as such benefiting from public guarantees		L.511-4-1			NA
2.6 Non-Financial Performance Statement					
Information on consideration of the social and environmental consequences of the company's activities, subsidiaries and controlled companies, the effects of such activities on respect for human rights and the fight against corruption and tax evasion	L.225-102-1 III, R.225-105				112-135
Consequences on climate change of the activity and use of the goods and services produced	L.225-102-1 III, R.225-105				127
Societal commitments to promote sustainable development, the circular economy, responsible, fair and sustainable food and diversity, combat food waste and food insecurity and respect animal welfare	L.225-102-1 III, R.225-105, R.225-105-1				108-111
Collective agreements entered into in the company and their impact on the economic performance of the company, subsidiaries and controlled companies and on the working conditions of employees	L.225-102-1 III				112-117
Business model	R.225-105				6-7
Description of the main non-financial risks related to the activity of the company, subsidiaries and controlled companies, the policies and the results of these risk prevention, identification and mitigation policies	R.225-105				87-97
2.7 Vigilance plan	L.225-102-4				159-170
3 Opinion of the independent third party on the social and environmental information	L.225-102-1, R.225-105-2 II				175-177
4 Corporate governance report	L.225-37				
4.1 Principles for determining the compensation granted to corporate officers [Section 13 of Appendix 1 of Delegated Regulation No. 2019/980]					263
4.2 Compensation principles and rules for the identified population		L.511-73			263
4.3 List of all of the terms and duties exercised in any company by each corporate officer during the fiscal year	L.225-37-4				247-258
4.4 Summary table of the delegations for capital increases	L.225-37-4				NA
4.5 Working methods of the Executive Management	L.225-37-4				262
4.6 Composition of the Board, and conditions of preparation and organization of the Board's tasks	L.225-37-4				245-246; 259-262
4.7 Diversity policy	L.225-37-4				259
4.8 Any restrictions that the Board of Directors imposes on the CEO's powers	L.225-37-4				262
4.9 Statement indicating whether the company refers to a Corporate Governance Code	L.225-37-4				244
4.10 Terms and conditions for shareholder participation in Shareholders' Meetings	L.225-37-4				624

	Articles of the French Commercial Code	Articles of the French Monetary and Financial Code	Articles of the French General Tax Code	Articles of the AMF General Regulations	Pages
5. Information on the share capital	L.233-13				
5.1 Name of the natural persons or legal entities directly or indirectly holding more than 5% of the share capital or voting rights – changes made during the fiscal year	L.233-13				622
5.2 Name of controlled companies and share in the capital of the company that they hold	L.233-13				612-615
5.3 Employee share ownership	L.225-102				NA
5.4 Information concerning the company's share buyback transactions during the fiscal year	L.225-211				NA
5.5 Summary of the transactions carried out by corporate officers, managers, certain executives of the company and persons with whom they have close personal ties during the last fiscal year, if applicable		L.621-18-2 and R.621-43-1		223-26	NA
5.6 Report of the statutory auditors on regulated agreements and commitments	R.225-31				626-627
6 Other accounting, financial and legal information					
6.1 Information on payment terms	L.441-6-1 and D.441-4				70
6.2 Amount of dividends distributed with respect to the last three fiscal years and amount of income distributed eligible for the 40% allowance			243 bis		71
6.3 Information on the financial instruments whose underlying assets consist of agricultural commodities and resources implemented by the company to avoid exercising a significant effect on the price of such agricultural commodities		L.511-4-2			NA
6.4 Amount and characteristics of the loans financed or distributed by the company as defined in III of Article 80 of the planning law No. 2005-32 of January 18, 2005 on social cohesion, and as such benefiting from public guarantees. If applicable		L.511-4-1			NA
6.5 Yield on the company's assets		R.511-16-1			NA
7. Financial statements					
7.1 Annual financial statements					584-611
Company results over the past five fiscal years	R.225-102				72
7.2 Statutory auditors' report on the annual financial statements					616-618
7.3 Consolidated financial statements					497-574
Professional fees paid to the statutory auditors					574
7.4 Statutory auditors' report on the consolidated financial statements					575-580

10.6 GLOSSARY

This glossary lists some of the technical terms and abbreviations in this document. This list is not exhaustive.

Acronyms

ACPR *Autorité de contrôle prudentiel et de résolution* – French Prudential Supervisory and Resolution Authority.

AMF *Autorité des marchés financiers* – French Financial Markets Authority.

BCE *Banque centrale européenne* – European Central Bank.

CRBF *Comité de réglementation bancaire et financière* – Banking and Financial Regulation Committee.

CRD Capital Requirement Directive – European directive on regulatory capital.

CRM Credit risk mitigation.

DTA Deferred tax assets.

EBA European Banking Authority.

ETI *Entreprise de taille intermédiaire* – Medium-sized business.

ESR European Solvency Ratio.

FBF *Fédération bancaire française* – French Banking Federation.

FCPE *Fonds commun de placement entreprise* – Company employee investment fund.

FCPI *Fonds d'investissement de proximité dans l'innovation* – Local innovation investment fund. UCITS with significant vested tax benefits subject to holding the shares for at least five years.

FED Federal Reserve System - Central bank of the United States.

FRA Forward Rate Agreement.

FTE Full-time equivalent.

HQLA (level 1/level 2) High Quality Liquid Asset [level 1: extremely high liquidity and quality/level 2: liquidity and quality below level 1].

IARD *Incendie, accidents et risques divers* – Property and casualty insurance.

IAS International Accounting Standards.

IDD Insurance Distribution Directive.

IFRS International Financial Reporting Standards.

M&A Mergers and acquisitions.

NACE (code) Statistical classification of economic activities in the European Community.

NII Net interest income.

NRE French law on New Economic Regulations.

OSTs *Opérations sur titres* – Security trades.

OTC Over-the-counter.

PACTE (law) *Plan d'action pour la croissance et la transformation des entreprises* – Action plan for business growth and transformation.

RWA Risk-weighted assets.

SCPI *Société civile de placement immobilier* – Real estate investment company.

TMO *Taux moyen obligataire* – Fixed-rate bond index.

UCITS Undertakings for Collective Investment in Transferable Securities.

Definitions

A

ABCP Asset-Backed Commercial Paper Money market security whose payments are derived from cash flows from a pool of underlying assets. ABCP conduits: off-balance sheet securitization vehicles used to finance a variety of bank assets through commercial paper with maturities of less than one year.

ABS Asset-Backed Securities Securities representing a pool of financial assets, excluding mortgage loans, whose cash flows are derived from the underlying asset or pool of assets.

Add-on^[1] Additional requirement.

ALM Asset and Liability Management A set of management techniques and tools aimed at measuring, controlling and analyzing overall balance sheet and off-balance sheet financial risks [mainly liquidity risk and interest rate risk].

AQR Asset Quality Review Includes the prudential risk assessment, the asset quality review and stress tests.

Arbitrage 1 – On a market, a transaction involving the sale of a security, financial product or currency to buy a different one. For a life insurance policy, a transaction that involves transferring some or all of the savings from one vehicle to another. 2 – Legal term for a form of alternative dispute settlement. The resolution of a dispute is referred to a third party, the arbitrator, who is selected by the parties and whose decision is binding thereon [as opposed to mediation].

AT1 Additional Tier 1 capital Instruments with no incentive or obligation to redeem [in particular step-ups in interest rates]. The AT1 instruments are subject to a loss absorption mechanism that is triggered when the CET1 ratio falls below a certain threshold.

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr-et-notice-relative-aux-modalites-de-calcul-des-ratios-prudentiels-dans-le-cadre-de-la-crd4>.

B

Basel I (the Basel Accords) Prudential framework established in 1988 by the Basel Committee to ensure the solvency and stability of the international banking system by setting an international standard minimum limit on the amount of equity of banks. It introduces a minimum ratio of capital to total risks borne by the bank of 8%.

Basel II (the Basel Accords) Prudential framework for better assessment and limitation of the risks borne by credit institutions. It comprises three complementary and interdependent pillars: – Pillar 1, the foundation of the minimum requirements: it aims to ensure a minimum coverage of credit, market and operational risks by capital; – Pillar 2 establishes the principle of a structured dialogue between institutions and regulators; – Pillar 3 focuses on market discipline. It seeks to improve banks' financial transparency by requiring that they disclose the information third parties would need to understand their capital adequacy.

Basel III (the Basel Accords) In 2009, the Basel Committee announced several series of measures to reinforce financial regulation and supervision. New rules were published to reinforce Basel II on prudential coverage of market risks and securitization transactions, risk management under Pillar 2, transparency under Pillar 3.

Banking book⁽¹⁾ Banking portfolio. All assets or off-balance sheet items that are not part of the trading portfolio.

Benefit corporation Notion introduced by the Pacte law of 2019 allowing a company to declare its *raison d'être* in its articles of association through one or more social and environmental objectives. An independent third-party body must be appointed to verify the execution of the missions x stated in the articles of association.

BCBS 239 Basel Committee on Banking Supervision The Basel Committee issued its "14 principles for effective risk data aggregation and risk reporting" to enhance banks' ability to aggregate their risk data.

Broker Stock market intermediary who buys and sells on behalf of his or her customers.

C

Cash Flow Hedge Hedge of the exposure to variability in the cash flows of a recognized asset or liability or of a highly probable forecast transaction and that could affect profit or loss.

CAD Capital Adequacy Directive (minimum equity requirements) European Directive imposing capital requirements on investment firms and credit institutions.

CCF Credit Conversion Factor Conversion factor for off-balance sheet outstandings. This is the ratio between (i) the unused amount of a commitment that could be drawn down and at risk at the time of default and (ii) the unused amount of the commitment. Under the standardized approach, the regulator determines this factor. Under the internal ratings-based (IRB) approach, the CCF is calculated by the bank based on a review of its own customers' behavior.

CCR Credit and counterparty risk Risk of loss due to the default of a counterparty. RWAs and capital requirements concerning the credit and counterparty risk include the amounts related to the hedging of CVAs inherent to over-the-counter derivatives other than credit derivatives recognized as reducing RWAs for credit risk, as well as RWAs and capital requirements pertaining to contributions to the default fund of a central counterparty.

CDS Credit Default Swap⁽¹⁾ Default hedging. Contract in which an institution that would like to protect against the risk of non-payment of a loan it holds makes regular payments to a third party in exchange for which it receives a predetermined amount should the default in fact occur.

CET1 ratio Ratio between Common Equity Tier 1 and assets weighted by risks (RWAs), according to the CRD4/CRR rules.

CET 1 Common Equity Tier 1 A component of Tier 1 capital consisting of share capital instruments and the associated issue premiums, reserves, retained earnings and the general banking risks reserve.

CGU Cash-Generating Unit The smallest identifiable group of assets whose cash flow is largely independent of the cash flows generated by other assets or groups of assets, in accordance with IAS 36.

CIU Collective investment undertaking⁽¹⁾ Investment fund which pools the savings of a large number of investors in order to invest in marketable securities (shares, bonds, etc.) or in real estate (for real estate UCIs [OPCIs]). This amount is invested by professionals (investment management firms) in a diversified range of assets according to a defined strategy.

CLO Collateralized Loan Obligations Securitization of loans of different sizes structured in multiple tranches.

CMBS Commercial Mortgage-Backed Securities Debt security backed by an asset portfolio of mortgage-backed corporate real estate loans.

Cost/income ratio Ratio indicating the proportion of NBI (net banking income) used to cover operating expenses (operating costs of the business). It is calculated by dividing operating expenses by NBI.

Collateral A transferable asset or guarantee provided as a pledge to repay a loan if the beneficiary of the loan is unable to meet its payment obligations.

COREP Common Solvency Ratio Reporting Name of the prudential reporting promoted by the Committee of European Banking Supervisors (CEBS).

Cost of proven risk Net provisions on impaired assets (non-performing loans).

Cost of non-proven risk Introduced by IFRS 9, which imposes a new impairment model based on the principle of provisioning all or part of the expected losses, meaning a statistical provisioning when the loan is granted.

Covered bonds Simple securitization instruments. Covered bonds comparable with conventional bonds, with protection in the event of the bond issuer's insolvency. Covered bonds are backed by a pool of assets, allowing payments to be made to bondholders. Covered bonds are usually backed by mortgages or public sector (local government) debt.

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr-et-notice-relative-aux-modalites-de-calcul-des-ratios-prudentiels-dans-le-cadre-de-la-crd4>.

CRD4 European directive that transposes the proposals of the Basel III Accords, which define the rules for bank capital. More specifically, it provides a harmonized definition of capital, proposes rules on liquidity, and seeks to address pro-cyclicality.

CRM Credit Risk Mitigation Mitigation of credit risk by taking into account real securities, personal sureties and credit derivatives, or clearing or novation mechanisms.

CRR (under Pillar 3) Capital Requirement Regulation European Capital Requirements Regulation (like CRD4), which aims to stabilize and strengthen the banking system by forcing banks to set aside more capital, including high-quality capital, to mitigate the effects of crises.

CVA Credit Valuation Adjustment Accounting adjustment to the fair value measurement of over-the-counter derivatives (interest-rate swaps whether or not they are collateralized, etc.). The adjustment involves incorporating a discount equal to the market value of the counterparty default risk into the valuation of products.

D

Derivatives^[1] Financial instruments whose value depends on the price of another instrument (a stock, a bond, etc.) that professionals call the “underlying”.

Desk Each desk on a trading floor specializes in a particular product or market segment.

DSN Deeply Subordinated Notes Perpetual subordinated issuance giving rise to perpetual remuneration. Their indefinite duration is due to the absence of a contractual repayment commitment made at the option of the issuer. In the event of liquidation, they are repaid from other creditors.

E

EAD Exposure At Default Likely amount of exposure at risk at the time of default. This concerns the institution’s on- and off-balance sheet exposures in the event of counterparty default. Off-balance sheet exposures are converted to balance sheet equivalents using internal or regulatory conversion factors.

EBA European Banking Authority European supervisory authority that replaced the Committee of European Banking Supervisors (CEBS). Its purpose is to promote harmonized and more reliable European standards and can override national supervisors in an emergency. In addition to the new stress tests, the EBA must ensure application of new international solvency and liquidity standards.

EFP *É exigence en Fonds Propres*/Capital requirement Its amount is obtained by applying a rate of 8% to the weighted risks (or RWAs).

EL Expected Loss Loss expected in the event of default. It is determined by multiplying exposure at default (EAD) by probability of default (PD) and by loss given default (LGD).

EMTN Euro Medium Term Note Debt security generally maturing in five to ten years. These securities may have very different characteristics depending on the issuance programs, including more or less complex arrangements in terms of remuneration or guaranteed capital.

EONIA Euro OverNight Index Average The daily benchmark rate for unsecured (*i.e.* not backed by securities) interbank deposits made overnight in the eurozone.

ETF Exchange Traded Funds Funds that reproduce the changes in an index. When investors buy an ETF, they are exposed to rises and falls in the securities that make up the index in question without having to buy them. An ETF can be bought or sold on the stock market throughout the trading day just like “traditional” shares. ETFs are subject to approval by the AMF or another European authority.

EURIBOR Euro Interbank Offered Rate Inter-bank rate offered in euros. Eurozone monetary market reference rate.

European Securities and Markets Authority “ESMA” The ESMA groups regulators of the financial markets of the European Union member states. This authority helps create standards and common practices on regulation and supervision.

F

Fair Value Hedge Hedge of exposure to changes in the fair value of a financial instrument that is attributable to a particular risk and could affect profit or loss.

FATF Financial Action Task Force Intergovernmental organization, the objectives of which are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

FIP *Fonds d’investissement de proximité*/Local Investment Fund. Fund whose assets are made up of at least 70% of unlisted French SMEs from four neighboring regions and created less than seven years ago.

Front office Traders on the trading floor who handle market, foreign currency and interest rate transactions.

FSB Financial Stability Board A body of 26 financial authorities, several international organizations and bodies that develop financial stability standards. It facilitates cooperation in the supervision and oversight of financial institutions.

G

GAAP Generally Accepted Accounting Principles^[1] Accounting standards in force in the United States, defined by the Financial Accounting Standards Board.

Gross exposure Exposure before accounting for provisions, adjustments and risk mitigation techniques.

H

Hybrid security Security that combines the characteristics of equity and debt (convertible bonds, equity notes, etc.).

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr-et-notice-relative-aux-modalites-de-calcul-des-ratios-prudentiels-dans-le-cadre-de-la-crd4>.

I

IBoxx Index made up of bonds with a range of maturities.

ICAAP Internal Capital Adequacy Assessment Process Regulatory procedure for assessing whether banks have sufficient capital to cover all the risks to which they are exposed. The ICAAP must describe the procedures for calculating and stress-testing the institution's various risks. The supervisor approves the institution's ICAAP once a year.

ILAAP Internal Liquidity Adequacy Assessment Process Regulatory procedure which can assess whether the situation of the institution is sufficient to cover the liquidity risk. The principle involves finding out the measures that the institution uses to control and mitigate this risk.

Investment grade Long-term rating assigned by an external agency ranging from AAA/Aaa to BBB-/Baa3 for a counterparty or an underlying issue. A rating of BB+/Ba1 or below signifies a Non-Investment Grade instrument.

Insurance savings product Life insurance outstandings held by our customers – management data [insurance company].

IRB Internal Rating Based Internal rating system. The regulations have set a standard rating system but each institution may develop its own internal rating system.

Itraxx Credit derivatives market. It consists of the most liquid names in the European and Asian markets.

K

KRI Key Risk Indicators Key indicators of operational risks. Elements for modeling the internal approaches [AMA – Advanced Measurement Approach] implemented by the banks. Identified through risk mapping carried out in advance. The indicators must be data that are objective, quantifiable and continuously monitored. Each indicator has a threshold above which systematic actions are triggered. The indicators must be reviewed periodically as their relevance depends on the effectiveness of the risk control measures put in place.

L

LCR Liquidity Coverage Ratio Short-term, 30-day ratio that requires banks to continuously hold enough high-quality liquid assets to bear an acute crisis. This monthly ratio is one of the provisions of Basel III.

LGD Loss Given Default Ratio of loss in the event of default expressed as a percentage of EAD.

LGD* (read “LGD star”) A specific LGD for non-retail exposures using an internal rating method.

Liquidity The ability to cover short-term maturities. A market or security is liquid when transactions [buy/sell] can be carried out seamlessly, without sharp price fluctuations, due to high trading volumes.

Liquidity buffer Buffer required to meet cash outflows assuming the markets are closed and there is no access to any liquidity.

Liquidity risk An institution's ability to secure the funds needed to finance its commitments at a reasonable price at any time.

Loss given default (LGD) See LGD.

M

Mark-to-model Valuation of a financial instrument at fair value based on a financial model, in the absence of a market price.

Market risk Risk related to Capital Markets and the volatility of markets (rates, foreign exchange, liquidity, counterparty), which presents a risk of loss on an instrument due to adverse movements in market prices, for the minimum period needed to liquidate the position [one day, one month, etc.].

Mezzanine Form of financing that falls between equity and debt. In terms of rank, mezzanine debt is subordinate to “senior” debt but is senior to shares.

Micro-hedging Hedging of the interest-rate, foreign-exchange or credit risks of an asset portfolio on an asset-by-asset basis.

Mid-cap Medium-sized market capitalization.

MIF1/MIF2/MIFID2/MIFIR European directive on markets in financial instruments [MIF 1], which entered into force on November 1, 2007 and defines the major guidelines for Capital Market activities in Europe. In 2018, MIF 2 was introduced to complement MIF 1. MIF 2 aims to enhance the security, transparency and operation of financial markets while also strengthening investor protection.

MREL Minimum Requirement Eligible Liabilities Minimum level of debts eligible for “bail-in” (MREL), in a credit institution. A rate of about 8% of liabilities according to the Bank Recovery and Resolution Directive, but which the national resolution authority will set on a case-by-case basis.

N

NDI Negotiable Debt Instruments Short-term investments comprising negotiable medium-term notes, certificates of deposit or OTC commercial paper.

Netting/Offsets Netting systems are used to reduce the number of interbank settlements, the risks incurred on counterparties and the liquidity needs of participants.

New lending Amounts of new funds made available to customers – source: management data, sum of individual data for entities in the “Retail Banking – banking network” segment.

NSFR ratio (Net Stable Funding Ratio) One-year ratio that compares available stable funding and required stable funding. The one-year coverage ratio for resources must be 100%. Amounts to be funded are weighted by their liquidity and sources of funding by their stability. This quarterly ratio is part of the Basel III provisions.

O

OAT Obligations Assimilables du Trésor/Fungible treasury bonds^[1] Government bonds issued by the French Treasury. These listed bonds are called “fungible” because each new series (tranche) issued is linked to an already existing series with the same characteristics: interest rate, nominal value, maturity, repayment terms.

OCI Other Comprehensive Income This corresponds to revenues, expenses, gains and losses and other similar items that contributed to an increase or decrease in equity but which are excluded from the income statement. It includes, among others, unrealized gains and losses on short-term investment securities recognized at fair value and unrealized foreign currency gains or losses.

[1] Source: <http://fbf.fr/secteur-bancaire-francais/lexique>.

OPE Offre Publique d'Échange/Exchange offer^[1] Transaction in which an entity publicly announces to shareholders of a listed company (the target company) that it has agreed to acquire their securities. The entity offers to acquire the securities in exchange for existing securities or securities to be issued in the future.

Option^[1] Financial instrument which enables an investor to obtain the right, at a future date, to purchase (call) or to sell (put), a financial asset (share, bond, currency) at a price fixed in advance. An option is a risky product.

P

PD Probability of Default Expressed as a percentage over a one-year horizon and calculated by the bank based on its observation of default rates over a long-term period. PD is calculated by type of borrower and type of loan.

PUPA Plan d'urgence et de poursuite de l'activité/Contingency and Business Continuity Plan. Series of measures aiming to ensure, under various crisis scenarios (including extreme shocks), the continuation of services or other vital or important operating tasks at the company concerned (where required, in a temporarily downgraded mode), as well as the planned resumption of activities and the mitigation of losses

R

Raison d'être Notion integrated in the Pacte law of 2019, the *raison d'être* is a course of action that the company sets itself. It may be included in the articles of association. It provides "a framework for the most important decisions, in order to materialize the self-interest of society and the company, and social and environmental considerations" according to the Notat-Senard report.

Rating Assessment by a financial rating agency (Moody's, Fitch Ratings, Standard & Poor's) of the financial solvency risk of a national government or another public authority or of a given transaction: bond issue, securitization, etc. The rating has a direct impact on the cost of raising capital.

Rating agency Agency that assesses the financial solvency risk of a company, bank, national government, local government (municipality [*commune*], department [*département*], region [*région*]) or financial transaction. Its role is to measure the risk of non-repayment of the debts that the borrower issues.

Real security Guarantee that binds a specific asset on which the creditor may be paid in the event of default of his debtor (e.g. pledge on movable property or real estate mortgage).

Representative office^[1] Office established by a bank in a foreign country where activity is limited to representation and information. This office may not carry out banking transactions.

Retail Retail banking.

RMBS Residential Mortgage-Backed Securities Securitization of residential mortgages.

RWA Risk-Weighted Assets The amount of assets are based on banks' exposures and their associated risk levels, which depend on the counterparties' creditworthiness, measured using the methods provided for in the Basel II framework.

S

Secondary market Market on which securities that have already been issued are traded, also known as the stock exchange.

Securitization Financial technique which consists of transferring to investors financial assets such as debt (for example, unpaid invoices or outstanding loans), by transforming this debt, through an *ad hoc* company known as a Special Purpose Vehicle, into financial securities issued on the Capital Markets.

Secured bond A bond whose interest payments and principal repayments are secured by investment grade mortgages or public sector loans on which investors have a preferential claim.

Senior (security) Security benefiting from specific guarantees and priority repayment.

SFH Société de financement de l'habitat/Home loan financing firms. Subsidiaries of generalist banks, the objective of which is to grant or finance home loans.

Sponsor (in the context of securitization)^[1]

The sponsor is an institution, separate from the originator, which establishes and manages a program of asset-backed commercial paper (ABCP) or any other operation, or securitization structure within which it purchases the exposures of third parties.

Spread The difference between the yield on the bond and the yield on a risk-free bond with the same maturity; the benchmark for the latter can be either the government bond rate or the swap rate.

SREP Supervisory Review and Evaluation Process The objective of the SREP is to ensure that entities have implemented adequate provisions, strategies, procedures and mechanisms and that they have sufficient capital and liquidity to ensure sound and prudent management of the risks they may face, in particular those identified by stress tests and systemic risks.

SRF Single Resolution Fund Fund designed to help failing banks refinance themselves during the resolution phase. This phase involves implementing the plan endorsed by the Single Resolution Board (SRB), during which the bank in question no longer has access to the interbank market.

SRI Socially Responsible Investment The process asset management companies use to select the marketable securities that make up their portfolio by systematically taking into account the issuer's environmental, social and governance (ESG) practices, in addition to financial criteria. This management is ideally accompanied by dialogs with the management companies and the active exercise of the voting rights attached to the securities.

Stress-test Stress tests of earnings and capital seek to assess a company's ability to withstand various crisis scenarios and an economic downturn. Pillar 2 of Basel II requires that stress tests be conducted.

Stressed Value at Risk (SVaR) It adjusts for the VaR procyclicality by applying scenarios that have been calibrated to a stress period, and not just to the continuous 12-month historical observation period, to portfolio positions at a given calculation date.

Swap Contract that is equivalent to swapping only the value differential.

[1] Source: <http://fbf.fr/fr/secteur-bancaire-francais/lexique>.

T

Tier 1 capital This consists of Common Equity Tier 1 (CET1) capital and Additional Tier 1 (AT1) capital.

Tier 2 capital Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

Tier 1 Ratio Ratio between Tier 1 capital and assets weighted by risks, according to the CRD4/CRR rules.

TLTRO Targeted Long-Term Refinancing Operation Targeted Long-Term Refinancing Operations are part of the ECB's monetary policy. TLTRO grant long-term loans to banks to encourage them to increase their lending (for TILTRO II) up to three times the net amount of the loans granted to non-financial private agents (excluding home mortgages).

TRACFIN *Traitement du renseignement et action contre les circuits financiers clandestins* Unit for intelligence processing and action against illicit financial networks.

Trading Buy and sell transactions on various types of assets (shares, commodities, currencies) intended to make a profit. Trading is generally done by a trader who buys and sells financial income from the trading floor of a financial institution.

Treasury shares Shares of its own stock held by a company, in particular under share buyback programs. Treasury shares have no voting rights and are not included in the earnings per share calculation.

U

Underlying asset Financial instrument (share, bond, etc.) on which an investment is based. The change in the value of the underlying determines the change in the value of the investment.

V

Value at Risk (VaR)^[1] This is defined as the maximum potential loss following an adverse change in market prices over a specified period of time and at a given level of probability (also called the confidence level). It is an aggregate and probabilistic measure of market risk.

Volatility Range of variation in the price of a security, fund, market or index over a given period. This degree gives an indication of the investment risk. The higher the degree of change, the greater the likelihood that the security, fund or index will undergo significant changes in the future.

[1] Source: <https://acpr.banque-france.fr/glossaire-acpr-et-notice-relative-aux-modalites-de-calcul-des-ratios-prudentiels-dans-le-cadre-de-la-crd4>.

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Find some of the news and developments of Crédit Mutuel Alliance Fédérale in pictures throughout the document.

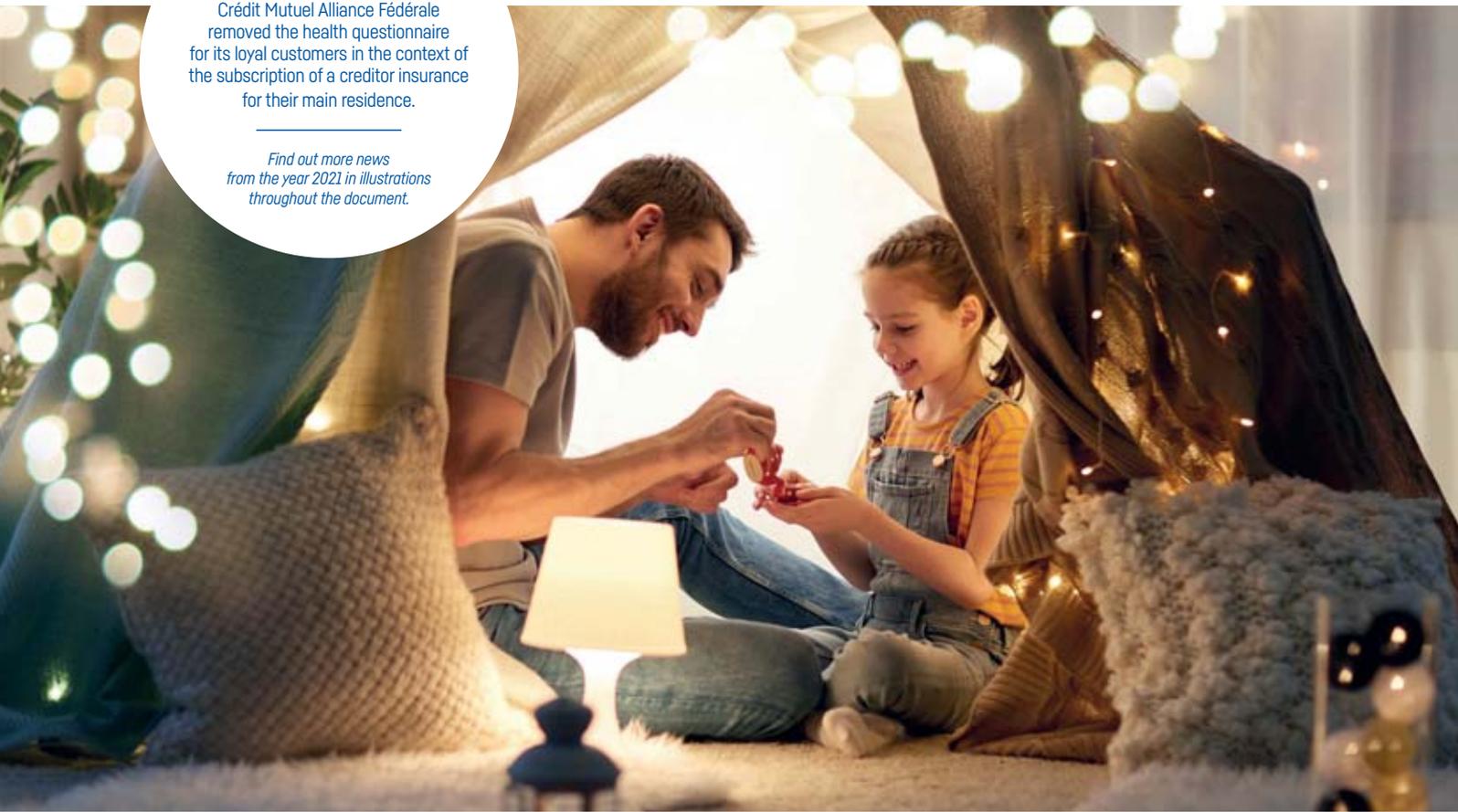
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In 2021,
Crédit Mutuel Alliance Fédérale
removed the health questionnaire
for its loyal customers in the context of
the subscription of a creditor insurance
for their main residence.

*Find out more news
from the year 2021 in illustrations
throughout the document.*



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