2020
Universal Registration Document

including the annual
financial report of BFCM

Crédit Mutuel
Alliance Fédérale

BANQUE FÉDÉRATIVE
Crédit Mutuel

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2020 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 and that of BFCM. This document will be useful for all BFCM refinancing programs (Euro Medium-Term Notes Program; U.S. Medium-Term Notes Program; Euro Commercial Paper; Negociable debt securities)

The universal registration document was filed on April 21, 2021, 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.

“

Being the bank for all, united and committed to the climate

EDITORIAL

Nicolas Théry & Daniel Baal

What should be highlighted in 2020?

Above all, the exceptional mobilization of our 15,000 elected members and 72,000 employees to support our customers and members! Against the background of the crisis, this mobilization enabled us to confirm the relevance of our cooperative model and achieve solid results. In a social distancing era, our 28,000 dedicated account managers and elected members remained in contact via all channels, resulting in a close relationship and strengthened trust.

It is also worth noting the agility demonstrated by our local networks and business line subsidiaries, which reflects our ability to adapt and support our customers and members in all circumstances.

And the results provide a clear demonstration: Crédit Mutuel Alliance Fédérale's net banking income proved resilient with a strong uptrend in the second half; the CET1 solvency ratio remained one of the strongest among European banks. Activity saw an acceleration in lending to meet the needs of businesses and individuals across all regions. In 2020, net inflows reached a record level with outstanding deposits up by 21.4%.

The decline in net profit/(loss) (€2,595 million) is mainly due to the increase in provisions for non-proven risks: a duty of care in anticipation of economic deterioration.

An unprecedented period of crisis that highlighted the relevance of the cooperative model and its values?

Yes, 2020 revealed who we are, proven cooperation, cooperation in motion, with solidarity-based measures, collective mobilization, an acceleration of customer service driven by innovation adapted to needs.

In terms of solidarity, €201 million were granted without compensation: mutual aid recovery bonus, elimination of ban charges for incidents for fragile customers, mutual aid for students, etc. We also contributed to the national effort via the solidarity fund and the granting to companies and professionals of 130,000 State-guaranteed loans.

For non-profits, cultural and sports organizations, we have maintained our partnerships and set up solidarity-based actions, with immediate effects.

For the environment, we have strengthened our sectoral policies and adopted a mobility policy to support the energy transition. The Crédit Mutuel Alliance Fédérale Foundation, launched at the end of March 2021, to serve the environment and the regions, follows this same line and will be financed by a contribution from our entities based on their carbon emissions.

For our employees, we have taken measures in line with their mobilization: exceptional mobilization bonus, general increase of 0.5% of the payroll expense, budget of 1.5% dedicated to individual increase measures, signature of an agreement on quality of life at work, in particular to define the procedures for implementing remote working.

Proof of mutual action. It reflects our *raison d'être, Ensemble, écouter et agir* (Listening and acting together), and reinforces our benefit corporation commitment.

What does this change of status entail?

In 2020, Crédit Mutuel Alliance Fédérale will have been the first bank to adopt the benefit corporation status. This decision, which stems from Crédit Mutuel's DNA and collective momentum, is a commitment for the future: be a fully mobilized company to help and serve customers and members according to their needs. The *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan that we drafted in the midst of a health crisis is an extensive description of our *raison d'être.* It is fully in line with the missions our *raison d'être* embodies in respect of society. In short, being the bank for all, united and committed to the climate.

Nicolas Théry
Chairman

Daniel Baal
Chief executive officer

Crédit Mutuel Alliance Fédérale is a partner of the Fédération Française d'Athlétisme (FFA).

2020 Key figures

26.7 million
CUSTOMERS

72,000
EMPLOYEES

more than 5 million
MEMBERS

more than 4,300
BRANCHES

Income statement

(in € millions)	December 2018	December 2019	December 2020
Net banking income	14,070	14,569	**14,238**
Gross operating income/(loss)	5,356	5,627	**5,371**
Net profit/(loss)	2,993	3,145	**2,595**
Cost/income ratio	61.9%	61.4%	**62.3%**

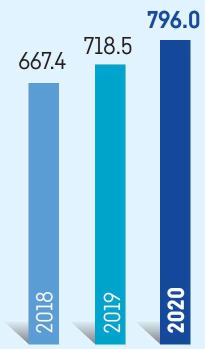
Capital

	2018	2019	**2020**
CET1 Ratio	16.6%	17.3%	**17.8%**
Overall solvency ratio	19.7%	20.4%	**20.8%**
Leverage ratio	6.2%	6.4%	**6.9%**

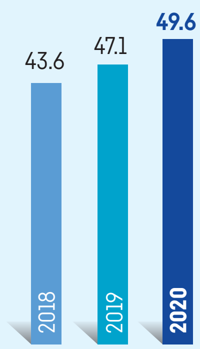
Data calculated without transitional measures.

Balance sheet

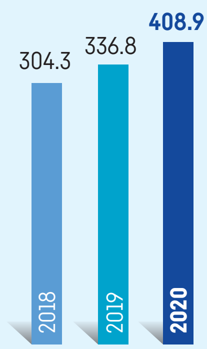
BALANCE SHEET TOTAL
(in € billions)



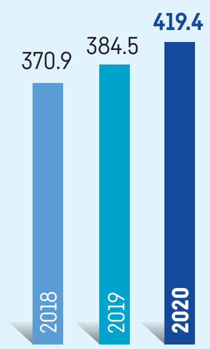
EQUITY
(in € billions)



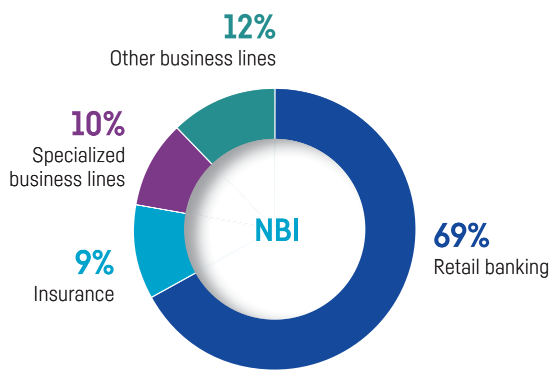
CUSTOMER DEPOSITS
(in € billions)

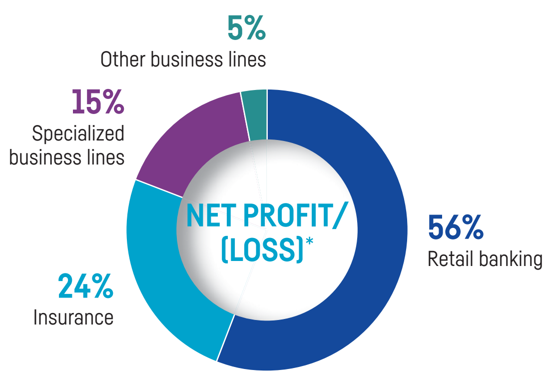


CUSTOMER LOANS
(in € billions)



Breakdown of NBI and net profit by business line





* *Excluding the holding company segment and the capital gain on the disposal of Euro-Information Telecom.*

Ratings

	Standard & Poor's At 11/17/2020	Moody's At 11/18/2020	Fitch Ratings At 12/15/2020*
LT/ST counterpart**	A+/ A-1	Aa2/ P-1	AA-
Issuer/ LT Preferred Senior Debt	A	Aa3	AA-
Outlook	Negative	Stable	Negative
ST Preferred senior debt	A-1	P-1	F1+
Intrinsic rating***	a	a3	a+

* The "Issuer Default Rating" is stable at A+.
** The counterparty ratings represent ratings from 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 Ratings.
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.

Our business model

Crédit Mutuel Alliance Fédérale, the local relational bank in an omnichannel world.

OUR RESOURCES

OUR BUSINESS LINES: MULTI-SERVICE BANKING AND INSURANCE

A solid bank that belongs to its customers

More than 5,000,000 members

15,000 cooperative elected members

One member = one vote

A regional and omnichannel bank

More than 4,300 branches

28,000 customer account managers

€2.8 billion invested in the real economy through private equity

A bank committed to its customers

72,000 employees serving **26,700,000** customers

Powerful brands

Crédit Mutuel, **favorite bank of French citizens** [2], 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 **17.8%**

€49.6 bn in equity

Retail banking
56%
of net profit/(loss)[1]

Our networks: Crédit Mutuel, CIC, BECM, TARGOBANK

Business line subsidiaries: Cofidis Group, factoring, leasing, asset management, employee savings, real estate

Insurance
24%
of net profit/(loss)[1]

Life insurance, property insurance, personal insurance, creditor insurance

Specialized business lines
15%
of net profit/(loss)[1]

Private banking, corporate banking, capital markets, private equity

Our other business lines
5%
of net profit/(loss)[1]

IT, logistics, press and holding companies

MISSION 1

MISSION 5
As a responsible company, we actively work for a more fair and sustainable society.

MISSION 4
As a solidarity-based company, we contribute to regional development

[1] Contribution of the operational business lines to net profit/(loss in 2020 excluding the holding company segment and excluding the capital gain on the disposal of Euro-Information Telecom.

[2] Source: Ifop Posternak quarterly survey. Since 2013, first place in the Bank ranking obtained 15 times out of 17.

[3] Apple and Android stores. March 2021. Panel: French retail banks.

[4] French banking groups scope.
The data for this business model are at the end of 2020.

One *raison d'être, Ensemble, écouter et agir* (Listening and acting together), and **five missions** which guide our action to serve our members and customers and contribute to the common good.

OUR FOUR 2019-2023 STRATEGIC PRIORITIES

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

MISSION 2

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

MISSION 3

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

Be the reference relational bank in an omnichannel world

Be a committed bank in tune with a changing world

Be a multi-service innovative bank

Use our robustness to drive our cooperative model

#ENSEMBLE NOUVEAUMONDE
Plus vite, plus loin !

OUR VALUE CREATION: SUSTAINABLE COLLECTIVE PERFORMANCE

A long-term commitment to our customers

€419.4bn in outstanding loans

More than 93% of loans granted locally

Omnichannel close relations

7,000,000 customer appointments, in branches, by phone, e-mail or video

A dedicated account manager for each customer

Concrete actions for the climate

Carbon footprint reduction for loan and investment portfolios

Plan **for coal phase-out** by 2030

A company that acts in the interest of society

75% of NBI generated in France

Close to **5,000** hires with open-ended contracts

A constant innovative approach

6,700,000 deeds and contracts signed electronically

Remote banking: **2 billion** connections

Crédit Mutuel and CIC, among **the best rated** banking applications in stores[3]

A sustainable and efficient company

NBI: **€14.2bn**

Net profit: **€2.6bn**

Industry leading operational efficiency[4] with a cost/income ratio of **62.3%**

Our strategic plan

#ENSEMBLE NOUVEAUMONDE
Plus vite, plus loin !

Faced with the economic and social disruption accentuated by the health crisis, Crédit Mutuel Alliance Fédérale has decided to review its strategic plan, at the end of 2020. The Group is thus demonstrating its ambition to accelerate its transformation in order to overcome the crisis and reaffirm the relevance of its decentralized, relational mutual banking model anchored in the regions.

Be the reference relational bank in a digital world

Offer an **account manager to all,** attentive and close, even online

Optimize local networks to address customer expectations in an appropriate manner

Deploy an **ever more efficient** organization

Strengthen synergies within the group

Be a committed bank in tune with a changing world

Make Crédit Mutuel Alliance Fédérale **the environmental and societal reference**

Support business development through increased training for elected members and employees

Increase collective efficiency by pooling resources

Be a multi-service innovative bank

Strengthen customer focus in IT project management

Simplify offers and processes, notably *via* powerful cognitive tools

Maintain technological lead at the service of development, security and data protection

Use our robustness to drive our cooperative model

Increase selectivity in the allocation of capital and liquidity

Focus development in banking, insurance and financial and technological services in the eurozone

Increase profitability *via* new business synergies at the service of networks

Our ambitions for 2023

Human development and cooperative goals

100% of employees trained in transformation

Gender equality in management and governance positions

Membership rate **> 90%**

Reduction of the Group's carbon footprint: **-30%** *vs* end 2019

Increased funding for projects with a high climate impact: **+30%** *vs* end 2019

Reduction of customer portfolio carbon footprint [1]: **-15%** *vs* end 2019

Financial objectives

NBI: **€14.6bn**

Cost/income ratio: **61%**

Net profit **> €3.1bn**

Profitability on regulatory assets: between **1.2** and **1.4%**

CET 1: between **17** and **18%** [2]

Technological indicators

100% of current applications available online

IT processing performed on our systems **> 99.99%**

(1) Corporate customer portfolio, asset management and insurance.
(2) In a constant regulatory environment.

Our *raison d'être* *Ensemble, écouter et agir* (Listening and acting together)

AT THE CORE OF OUR SUPPORT DURING THE HEALTH CRISIS

In 2020, Crédit Mutuel Alliance Fédérale adopted a *raison d'être, Ensemble, écouter et agir* (Listening and acting together), and became the first bank to adopt a benefit corporation status. This strong commitment showed what this really means during the health crisis. All the teams stood alongside the members and customers, reflecting our values of solidarity and civic banking.

Together

Because Crédit Mutuel Alliance Fédérale is an organization in which everyone, elected officials and employees, work with the same objectives: from the local Crédit Mutuel bank to the federation, from the CIC local branch to the regional bank, from support functions to subsidiaries.

Listen

Because Crédit Mutuel Alliance Fédérale is attentive to the needs of its members and customers, open to the major changes in the world, and strives to reconcile each individual's interests with the success of all.

Act

To put to work the collective strength and spirit of innovation of its elected representatives and employees in order to make the banking and insurance businesses serve the life paths and aspirations of all, from individuals to companies.

3 WORDS THAT UNITE US

To affirm the identity and values of Crédit Mutuel Alliance Fédérale and mobilize skills and energies around shared action

Our *raison d'être* in motion in 2020

Maintaining ties with our customers

7 million appointments honored in 2020 in banks and branches or online thanks to the Rendez-Vous Visio

28,000 account managers involved

96% of branches remained open during the first lockdown

Support measures for our customers

Companies and professionals:

***Prime de relance mutualiste* (mutual stimulus bonus) of €179 million** granted to policyholders of professional multi-risk insurance, with business interruption coverage

130,000 State-guaranteed loans granted (€19.5 billion committed)

Almost €1.6 million in loans installments deferred automatically

€4.8 million in financial aid granted to **32,000 students and apprentices:**

€150 of **exceptional bonus** for student loan holderss

Automatic deferral of student loan installments [1]

Interest-free loan to help with IT equipment [2]

Total exemption of bank charges for incidents [3] for **fragile customers**

Pay Asso solution free for more than **2,300 associations**

Adaptation of our offerings and solutions

Contactless payment up to €50 on all bank cardss

Bank e-withdrawal, unprecedented system enabling customers without a withdrawal card to withdraw cash from the Group's ATMs

Capacity for 50,000 daily simultaneous connections for employees with the highest security standards

Support for our employees[4]

Exceptional bonus of €2,000 paid to all employees to reward their exceptional commitment

Signature of an agreement on quality of life at work defining the procedures for implementing remote work

(1) For customers holding a student loan taken out before or on April 30, 2020, for which the amortization period began between May 15, 2020 and December 31, 2020.
(2) For young people under the age of 28.
(3) Customers with the fragile customer offering. Details of the relevant charges available on creditmutuel.fr
(4) Scope of Crédit Mutuel and CIC single status.

After winning the 14th edition of the Transat Jacques Vabre Normandie Le Havre in 2019, Ian Lipinski continued to triumph. He finished first in the Drheam Cup 2020, then second in the Normandy Channel Race in October. These achievements are the result of a collective ambition, innovation and winning mindset that represent the Crédit Mutuel brand.

1

Presentation of Crédit Mutuel Alliance Fédérale and BFCM

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Crédit Mutuel Alliance Fédérale is made up of 1,401 local Crédit Mutuel banks, 12 regional banks, 13 federations, Caisse Fédérale de Crédit Mutuel (CFCM) and Banque Fédérative de Crédit Mutuel (BFCM).

Crédit Mutuel Alliance Fédérale is affiliated with 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. It is responsible for ensuring the coherence of the Crédit Mutuel network and the proper functioning of the institutions and companies affiliated with it.

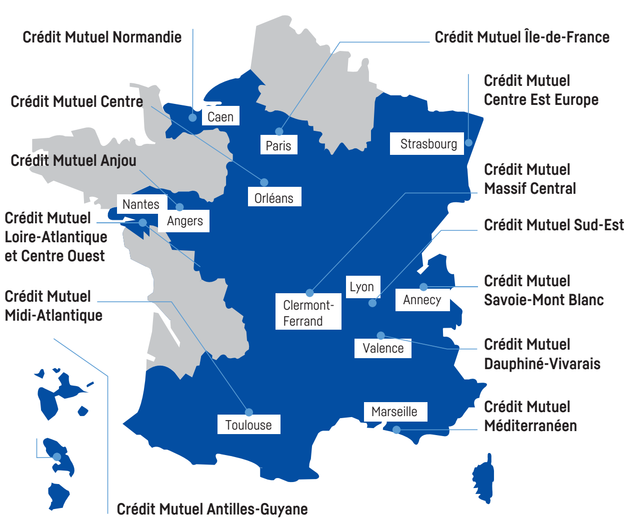
Crédit Mutuel Alliance Fédérale is an important marketing network for the products and services of the specialized subsidiaries owned by BFCM which reward the business flows brought in through the payment of commissions to the local banks. Crédit Mutuel Alliance Fédérale's consolidated financial statements provide a comprehensive overview of the Group's activities. They include entities not included in the consolidation scope of BFCM alone 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).

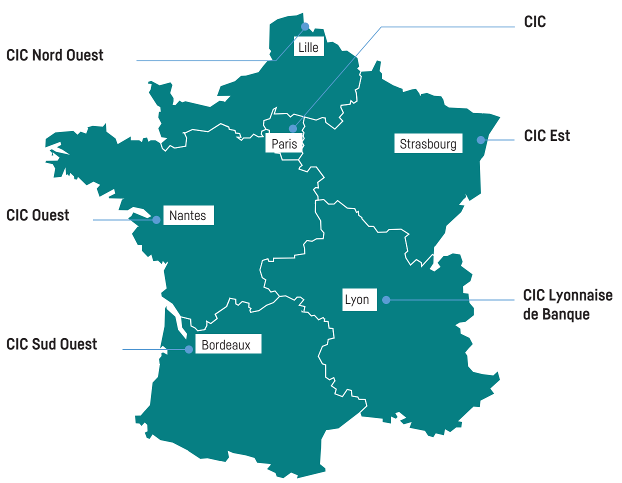
As of December 31, 2020, Crédit Mutuel Alliance Fédérale had 26.7 million customers, 4,313 branches and 71,994 staff.

1.1 ORGANIZATION OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

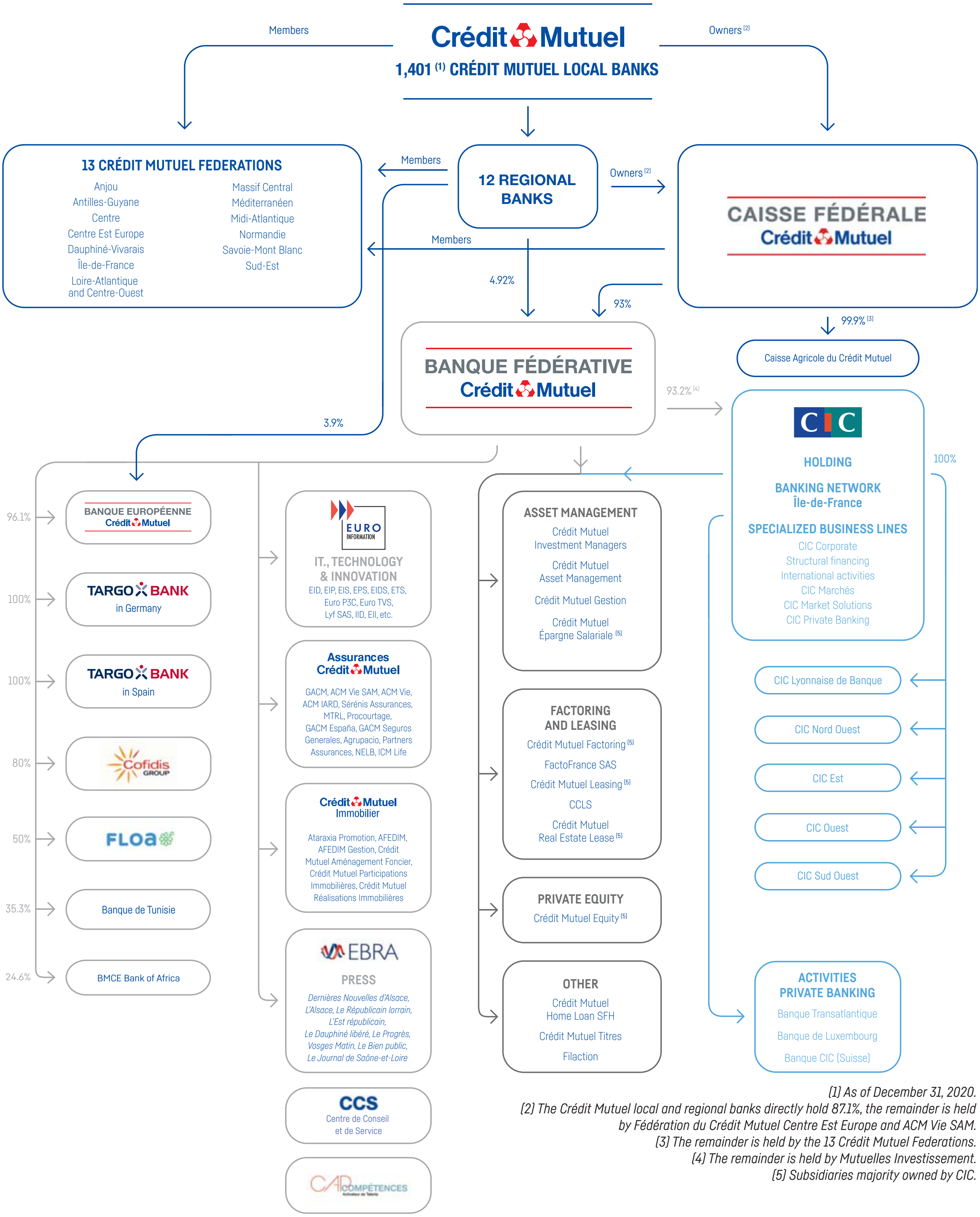
Crédit Mutuel Alliance Fédérale's organization reflects its status as a cooperative bank and its local presence close to its customers and members.

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.





ORGANIZATIONAL CHART OF CREDIT MUTUEL ALLIANCE FEDERALE



(1) As of December 31, 2020.
(2) The Crédit Mutuel local and regional banks directly hold 87.1%, the remainder is held by Fédération du Crédit Mutuel Centre Est Europe and ACM Vie SAM.
(3) The remainder is held by the 13 Crédit Mutuel Federations.
(4) The remainder is held by Mutuelles Investissement.
(5) Subsidiaries majority owned by CIC.

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 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.

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, 2020, the banking and insurance network of Crédit Mutuel's banks had 1,401 local banks and 1,964 branches, as well as 7.5 million customers, of which 5.1 million members.

1.1.2 The 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.

At the end of December 2020, Crédit Mutuel Alliance Fédérale had 13 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-Vivarais (Valence) Crédit Mutuel Anjou (Angers), Crédit Mutuel Massif Central (Clermont-Ferrand) and Crédit Mutuel Antilles-Guyane (Fort de France).

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 12 other federations through partnership agreements signed between 1993 and 2019.

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, Crédit Mutuel life insurance bodies 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

The current configuration of the Banque Fédérative du Crédit Mutuel is the result of restructuring operations undertaken in 1992.

BFCM has several key business activities:

- BFCM also serves as the refinancing facility for Crédit Mutuel Alliance Fédérale and thus acts on the financial markets as an issuer of financial instruments 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; BFCM mainly acts as custodian of Crédit Mutuel Alliance Fédérale's investment funds. The role of the custodian consists in preserving the interest of the unit-holders of UCIs by ensuring the regularity of the management decisions. BFCM therefore has three regulatory tasks: (i) custody of assets, *i.e.* the conservation and keeping of the register of other assets (forward financial instruments and other directly owned registered securities); (ii) controlling the conformity of management decisions in the UCIs; (iii) Cash Monitoring. BFCM contractually performs liability management for the UCIs, if the management has been entrusted by the management company.
- 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, 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.

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 appoint their representative to the district, a body common to a group of Crédit Mutuel banks; the district Chairman automatically becomes a member of the Board of Directors of the federation. This means they are then able to become a member of the Board of Directors of CFCM 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 five regional groups comprising 18 federations:

- Crédit Mutuel Alliance Fédérale comprising 13 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 Nord Europe regional group (Lille);
- 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) and companies on a list kept by CNCM are affiliated to it.

The CNCM has continued to make changes to its structure and its operations and governance in accordance with the request of the European Central Bank (ECB), its supervisor. In 2020, the CNCM made clarifications to the solidarity and resolution mechanism at the national level at the request of the resolution authority.

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.

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 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 THE BUSINESS LINES OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

Crédit Mutuel Alliance Fédérale

Contribution of the operational business lines [1] to net profit 2020

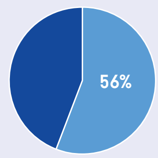
Retail Banking

Bank networks

- Regulatory perimeter (cooperative sector)
  - Caisse Fédérale de Crédit Mutuel
  - 1,401 Crédit Mutuel local banks
- CIC
  - CIC Ile-de-France
  - Regional banks
- TARGOBANK in Germany
- TARGOBANK in Spain
- Banque Européenne du Crédit Mutuel

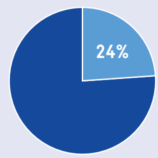
Business line subsidiaries

- Cofidis Group
- Crédit Mutuel Factoring / Factofrance
- Crédit Mutuel Real Estate Lease
- Crédit Mutuel Asset Management
- Crédit Mutuel Épargne Salariale
- Crédit Mutuel Home Loan SFH
- Floa Bank
- Crédit Mutuel Leasing / CCLS
- Targo Factoring / Targo Leasing
- Crédit Mutuel Investment Managers
- Crédit Mutuel Immobilier



Insurance

- Groupe des Assurances du Crédit Mutuel



Specialized business lines

Private banking

- Banque de Luxembourg
- Banque Transatlantique France, Luxembourg, Belgium, London
- Banque CIC (Suisse)

Corporate banking

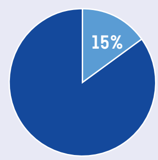
- CIC Corporate
- CIC specialized lending
- CIC international activities foreign branches

Capital Markets

- CIC Marchés
- CIC Market Solutions

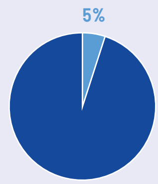
Private equity

- Crédit Mutuel Equity
- CIC Capital Canada, Switzerland, Deutschland, Ventures Quebec



Other activities: IT, logistics and press

- Euro Information
- Euro Protection Surveillance (Homiris)
- CCS (Centre de Conseil et de Service)
- Crédit Mutuel Titres
- Lyf Pay (holding percentage: 49%)
- Press

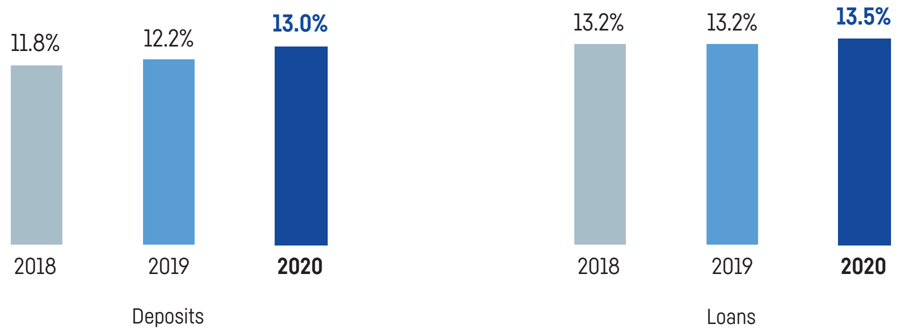


(1) Excluding the holding companies segment and the capital gain on the disposal of Euro-Information Telecom.

Through the 13 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 [1] 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 13.0% (+0.8 points) and 13.5% (+0.3 points) respectively. The Crédit Mutuel group has 17.2% market share in bank loans and 16.6% market share in deposits.

MARKET SHARE*



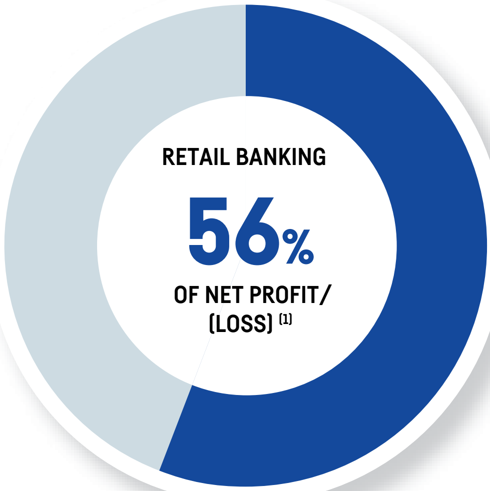
** Source: Centralisations Financières Territoriales - Banque de France.*

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

1.3.1 Retail banking, the group's core business line

4 local banking networks

Crédit Mutuel · CIC · Banque Européenne Crédit Mutuel · TARGOBANK



Business line subsidiaries

Cofidis Group and subsidiaries of the factoring and receivables management, leasing, asset management, employee savings and real estate business lines.

€340 billion
Outstanding loans

€342.8 billion
Outstanding deposits

26.5 million
CUSTOMERS

€13 billion euros
in outstanding loans for Cofidis Group

Crédit Mutuel Asset Management, **the fourth largest French asset management company** [2]

Over 1.4 million employee savings accounts under management

23% market share in France in factoring [3]

(1) Share of Crédit Mutuel Alliance Fédérale's net profit/(loss) excluding the holding company segment and excluding the capital gain on the disposal of Euro-Information Telecom.
(2) Source: Six, December 2020.
(3) Source: Association française des sociétés financières.

Retail banking is the core business line of Crédit Mutuel Alliance Fédérale and accounted for 69% of its net banking income in 2020. 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, Floa Bank 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 2020, 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 business activity increased over the year as a whole. €356 billion in funds were collected in 2020 compared to €297 billion in 2019. Outstanding loans to customers stood at €383 billion in 2020, up nearly 10% over a year.

1.3.1.1 Crédit Mutuel Alliance Fédérale's retail banking and insurance networks

1.3.1.1.1 Crédit Mutuel banking and insurance network

Supported by the expertise of 18,835 employees, Crédit Mutuel's network of local banks helps 7.5 million retail customers, businesses, farmers, and voluntary association customers carry out their projects. The retail bank covers all its customers' needs for current accounts, means of payment, savings, financing and insurance. Crédit Mutuel offers its 6.5 million retail customers products tailored to each age such as financing for driving licenses, rental or purchase of the first flat, life insurance, but also to their everyday needs with a range of practical services including mobile telephony, internet subscription or remote home security systems. It also offers dedicated employee savings, welfare or health products for business owners or employees, to the

558,000 craftsmen, traders and liberal professionals who comprise its business customers. Crédit Mutuel's range of products therefore helps farmers purchase or rent farming equipment. The 88,000 farmer customers can therefore insure themselves against weather-related catastrophes or manage their exposure to the prices of certain crops. The retail bank also covers the specific needs of associations, foundations, works councils and non-profit organizations, which together represent 4% of its customers. The products available cover their specific needs for receiving donations or subscriptions in partnership with HelloAsso, a free Internet tool for receiving online payments.

As a cooperative bank, which is not listed on a stock exchange, Crédit Mutuel belongs to each of its customer-members who therefore can take part in their bank's Shareholders' Meeting. There are 5.1 million members, nearly 84% of the customers are members of their bank. Customers' needs are catered for by a network of 1,964 branches supplemented by a dedicated omni-channel customer service organization: telephone, mobile apps and websites providing access to the services offered, 24/7.

Outstanding deposits attained €141.7 billion in 2020, an increase of 17.4% from 2019. The search for short-term investments to secure a portion of unconsumed income is illustrated by the increase in current accounts in credit (+33%) and passbook accounts (+15%) for year end 2020.

Outstanding loans increased by 10.5% to €148.6 billion at the end of December 2020. They include the activity of the two new member federations for €3.3 billion as well as the state-guaranteed loans (SGLs) for €3.3 billion. On a like-for-like basis, the increase was 8.1%, driven by home loans (+7.8%) and SGLs.

Diversification of income continued during the fiscal year as is shown by the increase in the sale of ancillary services: +2.9% for casualty insurance policies, +2.6% for mobile telephony and +1.9% for theft protection (Homiris) for year end 2020.

1.3.1.1.2 The 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 5.35 million retail customers, professionals, farmers, non-profit organizations and businesses.

CIC establishes a close relationship with its customers through an efficient, effective and modern omni-channel organization. Customers can therefore choose between obtaining advice at one of the 1,837 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 2021 Banking – Quality Awards, with the highest score in the Remote Customer Service category.

The network provides continuous support for its customers and their project financing activities. In 2020, the network's commitments increased by more than 12% driven by home loans (+6.3%), investment loans (+5.3%) and, above all, operating loans (through state-guaranteed loans – SGLs) which increased by almost 217%. Outstanding deposits grew by 16.7% 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 with increases in the number of contracts for remote banking (+4%), Homiris theft protection (+2.3%) and mobile telephony (+4.3%).

2020 was marked by the merger of CIC Iberbanco with CIC – including that of IT systems – with no impact on customers who benefit from the same services and keep their advisor, branch and remote banking. A bank open on two worlds, CIC Iberbanco meets the needs of the Spanish, Portuguese and Latin American communities in France, as well as French people who invest in the Iberian Peninsula.

CIC reinforced its offers for each customer segment in 2020:

- the Pay Pro product for professionals, which allows online payment without a website;
- the roll-out of the digitization of CICAGRI and CIC-APPRO, which helps to secure and develop relationships with partners;
- the evolution of the Pay Asso product with the introduction of an interface facilitating management by customers;
- the launch of the retirement savings plan and a new loan insurance offer for businesses.

Throughout the year, CIC has worked to support its sports partners, including the French Cycling Federation, the French Athletics 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 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 provides tailored support for German companies in France and for German subsidiaries of French groups by drawing on its in-depth knowledge of local markets. It operates as a partner for developers and real estate companies on the real estate market.

To support its 20,200 customers in all their needs in France and beyond, BECM makes its 431 employees available through a commercial sales network of 55 branches and its subsidiary in Monaco. The geographical breakdown is as follows: 47 branches in France and eight branches in Germany. The network is organized by market with 37 branches for the business market, 16 branches for the real estate professionals and two branches focused on the consumer market. The opening of a branch in Clermont-Ferrand in 2020 completed Crédit Mutuel's presence in the territories of Crédit Mutuel Massif Central.

Measured in average monthly capital, customer loans were up by 9.7% to €18 billion at the end of 2020, including €1.1 billion in state-guaranteed loans. Deposits rose sharply by 17% to €19.8 billion. The health crisis generated strong growth in capital with a strengthened liquidity position. The net banking income decreased by 5.2% to €306 million.

1.3.1.1.4 TARGOBANK in Germany

Established in the 250 main German cities, TARGOBANK meets the needs of retail customers and businesses by offering banking, insurance, factoring and leasing solutions. The market leader in consumer credit and factoring, TARGOBANK combines the advantages of an online bank with those of a network bank. It offers its customers fast, efficient service and personalized advice in a branch, at home or by telephone.

In 2020, the complementary nature of the distribution channels enabled the bank to continue to serve its 3.7 million customers during the two lockdown periods imposed in Germany. The bank has adapted its processes to continue to support its customers by telephone. Remote sales channels, up 33% compared to 2019, helped to cushion the impact from the closure of branches to the public during the first lockdown.

The bank's market share in amortizable loans thus stood at 11.6% over the year, up by 13% compared to that observed in 2019. Outstanding loans increased by 3.9% to €20.8 billion. The volumes of customer deposits attained €21.3 billion at the end of 2020, an increase of 12.7%.

Concerned about controlling its carbon footprint, TARGOBANK is giving concrete form to its commitment by converting the electricity supply to its 337 branches and central sites into green energy.

In terms of customer relations, the bank was once again recognized for the quality of its service. It was ranked in the Top three *Deutschlands Kundenchampions* and "Best Customer Service" by the FAZ Institute in the banking category. In addition, the *Kundenmonitor* barometer award for the "Best Network Bank" in terms of customer satisfaction [1] recognizes the quality of the management of the health crisis and the rapid support that TARGOBANK provided to its customers in difficulty.

TARGOBANK has been named a "Top Employer" for the 15th time in a row by the Top Employers Institute. In particular, the jury recognized the consistency of the actions implemented in terms of quality of life at work, health, training and benefits offered to its employees with the values put forward through the employer brand "TARGOBANK BANK.ECHT.ANDERS".

1.3.1.1.5 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 provides nearly 134,700 customers with specialized advisors available in branches or through the 85 branches spread across the country's main economic zones. Gross loans outstanding amounted to €2.5 billion in 2020, up by 7.7%. Outstanding customer deposits stabilized at €2 billion.

In 2020, TARGOBANK in Spain continued to roll out a multi-channel model with the start of the reconfiguration of its branches into "stores", combined with a renovated Web/App environment to optimize the customer experience. This approach also resulted in the launch of a new current account for retail customers and a record activity in terms of new customers and the granting of home loans.

1.3.1.2 Business line subsidiaries

1.3.1.2.1 Cofidis Group

Cofidis Group (formerly known as Groupe Cofidis Participations) is the core business of Crédit Mutuel Alliance Fédérale, specializing in consumer credit and online banking. Founded in France in 1982, Cofidis Group subsequently developed in Europe from a unique concept: distance lending. An approach that requires constant innovation in terms of product and service creation, relationship commitments and technological innovations.

Cofidis Group creates, sells and manages a wide range of financial services: personal loans, revolving credit, payment solutions, debt repurchase, insurance, personal risk products, online banking, etc. With over 5,400 employees, Cofidis Group is present in nine European countries: France, Belgium, Spain, Italy, Portugal, Czech Republic, Hungary, Slovakia and Poland. It deploys its activity through three commercial brands: Cofidis, Créatis and Monabanq. A player strongly committed to supporting its customers, Cofidis Group relies in all its subsidiaries on personalized advice, innovative tools and services and on credit education. Cofidis Group wants to make consumers informed and responsible actors in their budget.

The numerous awards received in its subsidiaries bear witness to a continuous investment in the quality of the customer experience. Cofidis France, Cofidis Spain and Monabanq were elected Customer Service of the Year for the 8th, 6th and 3rd times respectively. Cofidis Hungary, Italy and Portugal also received a trophy for the quality of their customer relations. In addition, Cofidis France was the first company to be awarded the "Happy Team, Happy Customer" label, which promotes the symmetry of attention. Finally, in spite of the health crisis, employees did not hesitate to salute, as part of the "Great Place to Work" surveys, the decisions taken by Cofidis Group to protect the health of employees and maintain activity in all subsidiaries in Europe.

In terms of activity, Cofidis Group was able to remain very present in the consumer credit market in 2020, with a production of €6.7 billion, down only 10% compared to 2019. Gross outstanding loans increased 1.6% *versus* the end of 2019, amounting to €15,234 billion at the end of December 2020. Cofidis Group won market share by remaining committed to its customers in a difficult context. Cofidis' diversified model has held up well in all nine countries where it operates, thus confirming the strength of the Cofidis business model.

In 2020, the Créatis brand managed to stabilize its activity through its digitized processes such as electronic signatures, and to maintain relations with its brokers from the start of the crisis. Monabanq, the group's online bank, successfully launched its new commercial offering during the crisis and confirmed its profitability trajectory.

On the development side, in 2020 Cofidis Group pursued partnerships in e-commerce, notably by extending its contract with Amazon until 2023, developing its diversification strategy in its subsidiaries and strengthening synergies with Crédit Mutuel Alliance Fédérale. Despite the health context, the ambitions of the "Experience First" group project implemented in 2019 have been met: that of innovation at the service of customer and partner relations, that of a leadership that keeps the human being at the heart of its concerns in order to live and provide an extraordinary experience. After the launch of the CSR project #Like in 2019 to reinforce its social commitments and act for inclusion, Cofidis Group completed its project with an environmental component by launching "#LikeMyPlanet". This contest made it possible to unite employees with challenges throughout Europe. The teams have made more than 180 commitments to reduce their carbon footprint by 2023.

(1) November 2020.

1.3.1.2.2 Factoring and receivables management

In France, Crédit Mutuel Alliance Fédérale's factoring sector is structured around Crédit Mutuel Factoring, the historical business center for the financing and management of trade receivables, and Factofrance. The factoring sector represented a 23% market share in France at September 30, 2020 [1].

It is involved in the short-term financing of over 12,000 businesses and professionals, in France and abroad. It offers a large range of factoring and notified business receivables (Dailly) management solutions. These offers are accompanied by additional services, particularly in terms of trade receivables monitoring, collections and guarantees against insolvency. Factofrance also offers an inventory financing product backed by the factoring contract.

In 2020, after a sharp decline in the factoring market (-8.8% in France at September 30, 2020), the volume of receivables purchased by the sector is in line with the same trend (-8.7%). At the end of the fiscal year, outstandings in the factoring sector stood at €11.4 billion, down by 8.9%. The sector's export revenue now represents 28% of overall revenue.

In terms of innovations, the sector multiplied its initiatives in 2020:

- launch of the Premium Pack guarantee option for factoring contracts with integrated insolvency guarantees. It allows the automation of guarantee requests up to €15,000 associated with contractual financing of buyers regardless of the approval defined (offer subject to eligibility);
- launch of the state-guaranteed order financing product in collaboration with the factors. This system runs until June 30, 2021;
- reinforcement of E-services packages with the launch of Digifact and the deployment of E-defact. These two platforms dedicated to microenterprises and SMEs allow the digital and instantaneous transmission of receivables and associated documents.

At the same time, the sector has strengthened its proximity to its customers through specific support measures – conditions and financing – to meet the exceptional needs related to the context in 2020. This approach was approved by 86% of customers according to a survey carried out after the first lockdown.

Finally, we note a strong presence within the distribution networks through the deployment of many dematerialized events such as webinars or online classes.

1.3.1.2.3 Finance leasing

Equipment Leasing

Crédit Mutuel Leasing and CCLS form the leasing sector of Crédit Mutuel Alliance Fédérale. With a 12% market share in its national market, this business line is a major player in equipment leasing in France.

Crédit Mutuel Leasing is a subsidiary that has specialized for more than 50 years 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.

In France, Crédit Mutuel Leasing relies on a largely decentralized organization, as close as possible to the networks and its customers, making available cutting-edge technology, thorough comprehensive appraisals and quality advice. In the Benelux, Germany and Spain, its bilingual and bi-cultural teams put their expertise to work for business customers thanks to dedicated leasing solutions but also through framework agreements.

CCLS specializes in the financing of professional capital goods. Thanks to its strong sectoral expertise, it mainly operates through a network of partners on the office automation, IT, rolling stock, hoisting equipment or medical equipment markets. Through its equipment financing and management activities, CCLS works in close collaboration with distributors and equipment manufacturers. It enables them to develop their sales thanks to customized financing programs, while maintaining the exclusivity of their commercial relationship.

In 2020, the overall activity of the leasing sector amounted to nearly €4.7 billion, down by 21% compared to 2019. The rebound in the second half of the year, partly due to the network of CCLS partners, did not compensate for the decline in business activity in the first half. International production accounted for 17% of Crédit Mutuel Leasing's overall activity, compared with 20% in 2019, as a result of the decline in the activity of short-term leasing companies. Outstandings are resilient and reached €12 billion at the end of 2020, an increase of 4%.

To cope with the health crisis, Crédit Mutuel Leasing is stepping up the digitization of its offer within Crédit Mutuel Alliance Fédérale networks. As such, it is developing a portal dedicated to mobility in online banking sites. From now on, the customer benefits from real-time request follow-up initiated in branch or on the Web.

The implementation of a solution for the electronic signature of lease financing with businesses, professionals, farmers and local authorities has led to the signing of nearly 6,500 contracts. In addition, the development of a fully digitized process for financing agricultural and wine-growing equipment is at the end of the pilot phase. It should be rolled out to the 2,700 dealers, partners of Crédit Mutuel Leasing, from January 2021.

To support its customers during the crisis period, Crédit Mutuel Leasing has completed its Eco-mobility offer allowing for the payment of leases only from 2021. CCLS, for its part, continued to develop synergies with Crédit Mutuel Alliance Fédérale networks. They have led to the signing of major partnerships with national and international manufacturers in the field of transport and construction.

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 businesses, professionals, social economy players and institutions, and customers of Crédit Mutuel Alliance Fédérale. It offers financing adapted to the acquisition or construction of business premises: commercial, logistics, industrial premises, healthcare institutions, offices or hotels. Crédit Mutuel Real Estate Lease relies on the technical, legal, tax, financial and regulatory expertise of its regional specialists. Its products are distributed under the Crédit Mutuel Real Estate Lease brand in the Crédit Mutuel banks and under CIC Real Estate Lease brand in the CIC branches.

On the strength of its expertise and the dynamism of its banks and branch networks, Crédit Mutuel Real Estate Lease granted €763 million in financing in 2020. At the end of the fiscal year, outstandings were up reaching €5.49 billion.

(1) Source: French Association of Financial Companies (ASF).

In 2020, Crédit Mutuel Real Estate Lease continued to set up and develop digital tools in the banking networks. The instantaneous realization of real estate leasing financing assessments thus allows faster access to customer expectations. Significant work was also undertaken during the year to accelerate the digitization of the processes for setting up real estate leasing transactions. In addition, Crédit Mutuel Real Estate Lease defined the appropriate financing methods for projects involving High Environmental Quality buildings or integrating electricity production processes.

1.3.1.2.4 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 six Crédit Mutuel Alliance Fédérale management structures. The partner entities of the expertise center are: Crédit Mutuel Asset Management (CM-AM), Banque de Luxembourg Investments (BLI), CIC for issues of structured products by CIC Market Solutions, Cigogne Management, CIC Private Debt and Dubly Transatlantique Gestion. They totaled more than €112 billion in assets at the balance sheet date.

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 offices in France and Luxembourg, Crédit Mutuel Investment Managers' 46 employees, including 30 sales persons, intervene in six European countries.

2020, Crédit Mutuel Investment Managers' first fiscal year, has seen a great deal of news. In a year marked by high market volatility due to the health crisis and the first lockdown, the teams mobilized to support the Crédit Mutuel and CIC networks. On April 17, Crédit Mutuel Investment Managers obtained its ACPR approval as an investment company, enabling it to provide all the services required for this activity. The teams were formed, bringing the workforce to 32 employees in France and 14 in Europe at the end of December. Crédit Mutuel Investment Managers positioned itself in Luxembourg by creating a branch and setting up its activity linked to its role as a business center, representing producers within the framework of savings governance. Communication actions for the brand were launched.

The year 2020 was marked by a significant net premium income of €8.3 billion in money market funds in Europe. Net premium income into CM-AM and BLI funds and mandates, excluding money market funds, amounted to €2.2 billion in Europe, making Crédit Mutuel Investment Managers one of the French asset management players who recorded the best inflows.

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 the 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. Crédit Mutuel Asset Management covers all listed asset classes and management styles. Its strategy is based primarily on the balance between the search for performance and risk management. It also has a wide range of employee savings funds. With more than €70 billion in assets at the end of 2020, Crédit Mutuel Asset Management confirms its position as France's fourth largest asset management company [1].

Crédit Mutuel Asset Management integrates non-financial criteria – environmental, social and corporate governance – into its management strategy with an offer of 20 SRI, solidarity and sharing funds. A signatory of the Principles for Responsible Investment since 2012, Crédit Mutuel Asset Management obtained an A+ rating in 2020 for its commitment to sustainable and responsible finance. This expertise in non-financial criteria led Crédit Mutuel Asset Management to create a department dedicated to responsible and sustainable finance in 2020. On the back of these investments, the new range of SRI, GreenFin and ESG-labeled funds amounted to nearly €2.5 billion at the balance sheet date.

In 2020 Crédit Mutuel Asset Management received several awards, in France and abroad, recognizing the expertise of teams made up of nearly 250 employees, including around fifty asset managers. The CM-AM Conviction Euro fund was awarded by "Sello FundsPeople", the CM-AM Small & Midcap Euro fund won the third prize of the *Globe de la Gestion* and the CM-AM Europe Growth and CM-AM Tempéré International funds received the *Mieux Vivre Votre Argent* performance label. In addition to its funds, Crédit Mutuel Asset Management was also recognized as the most responsible fund manager in France for 2020 by *CFI.co* magazine[2]. It also received the *Transparence de la Gestion Financière 2020* label awarded by *L'Agefi* magazine. In addition, Crédit Mutuel Asset Management obtained the *Relance* label from the French Ministry of the Economy and Finance for its CM-AM Entrepreneurs fund and the *Tibi* qualification for the CM-AM Global Innovation fund.

As a committed player in responsible finance, Crédit Mutuel Asset Management donates part of the investment income from the CM-AM France Emploi fund each year to the France Active association. This year, an amount equivalent to 50% of the fund's management fees was donated to this association as part of a solidarity-based approach and to give meaning to its customers' savings.

In 2020, Crédit Mutuel Asset Management finalized its MSR action plan in line with Crédit Mutuel Alliance Fédérale's ambitions in the field, in particular by raising employee awareness of the digital footprint and green-gestures in the office. They also took part in Cleanup Days, workshops and conferences on the topic of climate risks.

The informational mini-series "Corentin and responsible finance", launched at the end of 2019, was enhanced by seven new videos produced in 2020. These videos offer an instructive approach to responsible finance. They are published on LinkedIn and available on the Crédit Mutuel Asset Management website.

Crédit Mutuel Gestion

Crédit Mutuel Gestion is the portfolio management company that offers customer-members management services for their financial assets held through securities accounts, share savings plans or insurance policies. Whether they are retail investors, professionals, businesses or non-profit organizations, customers can delegate the management of their assets – discretionary management, arbitrage mandate (*mandat d'arbitrage*), dedicated funds – or benefit from the advice of financial market professionals. Working in close collaboration with the networks, Crédit Mutuel Gestion has always opted for proximity. The 165 employees are spread across the country in six regional hubs and 21 management centers.

(1) Source: Six, December 2020.
(2) Capital Finance International.

The organization implemented in 2020 made it possible to quickly adapt to the context of the health crisis, resulting in a strong mobilization of the teams. Commercial activity led to the opening of 5,875 new policies, resulting in a gross contribution of €2.2 billion. Thanks to net capital injections of €768 million, assets under management reached €14.6 billion with a limited market effect. Likewise, the contribution to the network's results reached an all-time high of €81 million.

In 2020, 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. For example, it participates in fund selection and allocation advice for the portfolios managed by Assurances du Crédit Mutuel. Its expertise in UCI selection was recognized in 2020 by *L'Agefi* with the award of the "Best Fund Selector".

1.3.1.2.5 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 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 over 1.34 million employee savings accounts and 62,053 corporate customers with overall managed outstandings of €10 billion. The distribution of new contracts remained above the threshold of 15,000, amounting to 15,148 new subscriptions, down by 3.8%. Gross premium income remained high at €1,437 million (-3.2%), including €180.6 million (-44.5%) for payments on new contracts. Net premium income reached an all-time high of €534.6 million, an increase of 38.1%.

In terms of activity, the year was marked by the end of the marketing of the inter-company collective retirement savings plan, or PERCOI, in favor of other savings products. This end of year recorded a boost in sales in the 3rd quarter. 2020 was also marked by the adaptation of offerings and tools as part of the application of the PACTE law.

Launched in 2019, the robo-advisor management model that delivers personalized asset allocation advice based on the investor's profile is fully operational. The provision of a virtual Employee Savings and Retirement Assistant, based on IBM's artificial intelligence technologies, now enables Crédit Mutuel bank and CIC branch advisors to quickly and easily obtain answers to their main questions and those of their customers.

1.3.1.2.6 Others

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 the real estate activities on the national territory and had 299 employees on December 31, 2020. Crédit Mutuel Immobilier implements an innovation policy in order to offer new sources of development.

Crédit Mutuel Immobilier:

- develops and markets real estate programs of main residences and buy-to-let investments;
- acquires land to develop integrated development zones and produce building land;
- 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. 54% of investors/lessors *via* AFEDIM signed a management agreement with AFEDIM Gestion in 2020.

In 2020, AFEDIM launched the marketing of existing homes by creating its first dedicated branches under the name AFEDIM Transactions. The Crédit Mutuel Aménagement Foncier subsidiary began marketing its land through AFEDIM and began the implementation of an environmental performance approach for its programs.

The redesign of Crédit Mutuel Immobilier's website optimizes the visibility of its real estate offers. Thus, according to their profile, the people who visit the site are directed towards the corresponding services.

AFEDIM is in the process of redesigning its website, which will merge most of the sites into one. Dedicated to the marketing of all the Group's real estate products and services, it will offer a complete catalog of properties and various spaces improving the customer experience and relation.

Crédit Mutuel Home Loan SFH

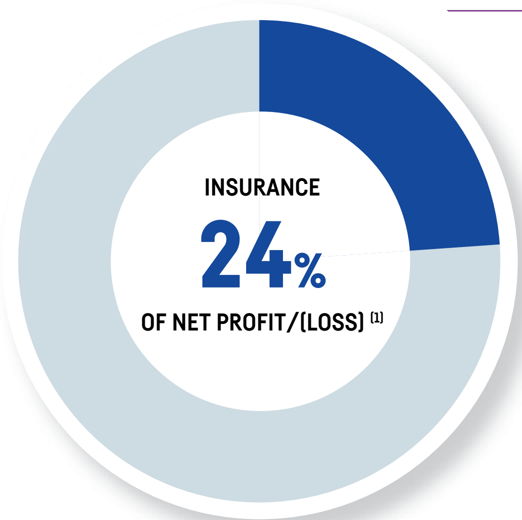
Crédit Mutuel Home Loan SFH, a subsidiary of Banque Fédérative du Crédit Mutuel, is responsible for raising funds from international investors. It borrows on the financial markets by issuing residential-mortgage backed securities rated AAA by the rating agencies when they are guaranteed by the network's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

In 2020, the health crisis forced the government authorities to react quickly, in particular by implementing monetary measures. These, almost unlimited, from central banks including the ECB, were accompanied by large-scale budgetary support from national governments and the European Commission.

Despite this context, Crédit Mutuel Home Loan SFH performed two major issues for an amount of €1,250 million at ten years (coupon rate of 0.125%) in January and of €1,750 million at five years (coupon rate of 0.125%) in April.

(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.

1.3.2 Insurance



12.8 million
policyholders

34.7 million
contracts

€10.3 billion
in revenue

More than a quarter
of claims filed online

(1) Share of Crédit Mutuel Alliance Fédérale's net profit/(loss) excluding the holding company segment and excluding the capital gain on the disposal of Euro-Information Telecom.

Groupe des Assurances du Crédit Mutuel (GACM) is a major player in property and personal protection insurance in France, covering the needs of retail, professional and corporate customers. Backed by 50 years of experience in banking and insurance, the activity of GACM is fully integrated in Crédit Mutuel Alliance Fédérale on commercial and technological levels. Distribution is carried out through the Crédit Mutuel and CIC banking networks and through other subsidiaries in France, Spain, Belgium and Luxembourg. 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 its customers solutions to diversify their savings, finance projects, prepare for retirement or transfer capital. They have a range of management services at their disposal, including packaged formulas, controlled management and arbitrage mandates.

It markets personal insurance products covering personal property (auto insurance, home insurance) as well as business activity (premises, equipment, vehicle, civil liability and legal protection). The e-declaration is a quick way to file a home or auto claim in a few clicks, 24/7. In 2020, more than one in four claims were made online.

In personal insurance, the health coverage offered is in line with the profiles and needs of policyholders. All contracts benefit from access to the *Avance Santé* card for the payment of healthcare costs without immediate debit. The personal risk insurance offer anticipates the consequences of dependency or funeral arrangements with a range of products which includes an annuity or assistance payments.

GACM's loan insurance covers the loans contracted by retail customers, professionals and businesses against unforeseeable circumstances. Thanks to the maintenance of the medical acceptance, the justification of the policy holder's state of health provided for the first loan contracted for the acquisition of his or her main residence does not have to be renewed for the following loan applications for the acquisition of main residences.

In 2020, the insurance activity covered more than 12.8 million policyholders, an increase of 2.2%. It generated revenue of €10.4 billion, down 14.8%. Gross premium income in life insurance fell sharply due to the health crisis but also due to the measures put in place to improve the diversification of savings in a very low interest rate environment. In 2020, as part of the PACTE law, the GACM launched new offers: an individual retirement savings plan (PER), allowing policyholders to build up a supplementary pension, and a mandatory company PER, rolled out at the end of the year.

In property insurance, revenue continued to grow, driven by growth in the automotive and home portfolios, despite the difficult context. The GACM also continues to grow in the professional and corporate market with the deployment of Multi Pro, a new multi-risk professional offer. Personal insurance is a key area of development and a growth driver for GACM. Revenue recorded a more limited increase over the year, mainly due to the end of the Individual Complementary Health Assistance (ACS) scheme. Loan insurance also benefited from the launch at the end of 2020 of a new professional and corporate offer, fully integrated into the loan sales process.

Finally, for all lines of business, GACM continued to implement its strategy of improving its products and services for policyholders. The search for ever simpler remote customer relations has thus become a reality, notably through the deployment of electronic signatures and e-declaration of medical leave. The provision of a new insurance space on the Internet dedicated to professionals also supports GACM's development strategy in the professional and corporate market. Bringing together all of the consultations and actions in a single, easy-to-use interface, this space gives professional and corporate policyholders a clearer and more comprehensive view of their coverage.

1.3.3 Specialized business lines

Corporate banking

€16.7 billion outstanding deposits

€19.2 billion outstanding loans

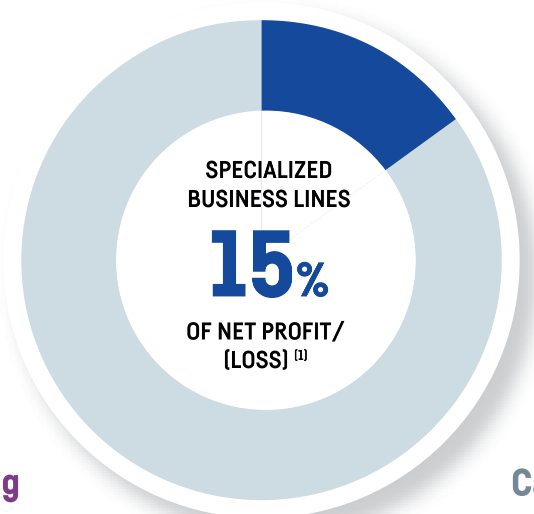
5 branches and 37 representation offices abroad

Private equity

€2.8 billion of assets invested in the portfolio

Over 340 shareholdings

Eight locations in France & **international presence** in Germany, Switzerland, Canada and USA



Private banking

A CIC Private Banking business line within the CIC network **and three subsidiaries:** Banque Transatlantique Group, Banque de Luxembourg and CIC Suisse

€162 billion of capital under management

Nearly 184,000 customers

Capital Markets

+60 participations in initial operations

+135 management companies registered

(1) Share of net income of Crédit Mutuel Alliance Fédérale excluding segment Holding company and excluding the capital gain on the disposal of Euro-Information Telecom.

1.3.3.1 Private banking

The private banking business of Crédit Mutuel Alliance Fédérale 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 Private Banking and Banque Transatlantique. CIC Private Banking, 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 aboard. 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 184,000 customers. Depending on its market and its capabilities, each entity may intervene in other customer segments than just the private clientele.

The private banking business [1] totaled €162 billion in assets under management and €25 billion in loans.

(1) Data on all private banking business (CIC Private Banking, Banque Transatlantique Group, Banque de Luxembourg and Banque CIC Switzerland).

1.3.3.1.1 CIC Banque Privée

With 323 employees in more than 50 cities in France, CIC Private Banking has been working with wealthy estates households and business executives to develop their personal and professional wealth for more than 150 years.

CIC Private Banking offers high added value services in the financial engineering and wealth, asset allocation and financial management fields. Alongside the wealth management engineers, the private bankers meet with business owners to identify their needs. They also help them to define their entrepreneurial and asset strategy and offer them tailored solutions in synergy with the network's expert business support. CIC Private Banking benefits from the national presence of the CIC network and its representation offices worldwide.

In 2020, a new reporting tool was deployed allowing customers to have a real-time overview of their assets and their evolution. Always concerned with listening to its customers, a perception survey was conducted among them. It shows their level of satisfaction with both the quality of the services provided and the relationship maintained with their private banker.

The year was also marked by the organization of a philanthropic competition, *Les Lauréats du Cœur*. The involvement of CIC Private Banking employees has enabled six regional associations and foundations to raise funds.

1.3.3.1.2 Banque Transatlantique Group

Banque Transatlantique Group is one of Crédit Mutuel Alliance Fédérale entities responsible for the private management of Crédit Mutuel Alliance Fédérale's customers. For more than a century, it has earned, through the distinctiveness of its services and business lines, the confidence of its customers: executive management, entrepreneurs, French citizens working abroad, private investors, large foundations and non-profit organizations.

As a leading player, Banque Transatlantique assists customers in the management, optimization and transmission of their assets. It has recognized expertise in private banking and asset management through its subsidiary Dubly Transatlantique Gestion. With its strong expertise in shareholding mechanisms and plan management, Banque Transatlantique meets the needs of French and international companies of all sizes. It also offers comprehensive support to French nationals living abroad in the management of their assets, thanks to its expertise in taxation and international law. Banque Transatlantique also advises its customers in carrying out their projects by integrating their philanthropic approach into their wealth management strategy.

Its 420 employees, including around a hundred abroad, bring their expertise to Banque Transatlantique Group's customers both in France, through its 11 offices in Paris and in other regions, and abroad. Banque Transatlantique has a network of ten international offices to support its historical customers in the expatriate world. This network, made up of banking subsidiaries, branches and representative offices, is thus established in Geneva, London, Luxembourg, Brussels, Hong Kong, Singapore, Montreal and New York, Boston and San Francisco. In 2020, Banque Transatlantique was ranked as a leading bank in the Wealth Management – Affiliated Private Banks category by *Décideurs Magazine*. Its asset management subsidiary, Dubly Transatlantique Gestion, was ranked seventh in the *Corbeille d'Or* category of the magazine *Mieux vivre votre Argent*.

During the year, Banque Transatlantique launched the first edition of the *Observatoire de l'Expatriation – Banque Transatlantique* in partnership with Union des Français de l'Étranger (UFE) 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.

At the end of the year, a participatory project called *Nouvel R* was launched, involving all employees in 21 structural projects for the coming years. These must address three issues: restoring the appeal of the head office premises and rethinking workspaces, promoting the autonomy of employees, and facilitating the appropriation by customers of the bank's offer and its expertise.

Finally, Banque Transatlantique is pursuing its philanthropic activities in two areas. For the benefit of its customers, it is developing the Transatlantic Endowment Fund, which facilitates and encourages its customers' initiatives. Working for associations, it allows Banque Transatlantique and Dubly Transatlantique Gestion employees to get involved in the Solidarity Days.

1.3.3.1.3 Banque de Luxembourg

With more than 1,000 employees, Banque de Luxembourg is a benchmark bank for private banking services in Europe, particularly in Luxembourg and Belgium. Specializing in asset management, wealth management, financing and banking services, it serves three types of customers: private customers, corporates and entrepreneurs as well as professional customersfrom the asset management sector.

Banque de Luxembourg offers its private customers a comprehensive and tailor-made solution to meet their needs in terms of the preservation, management and transmission of family assets. It also advises families on issues related to governance or the creation of philanthropic projects. Asset management is provided by BLI – Banque de Luxembourg Investments, the bank's management company, and by the private banking investments teams. The financing activity offers customers a complete range of solutions for private, professional or entrepreneurial projects.

Banque de Luxembourg also advises real estate entrepreneurs and professionals active in Luxembourg on project financing and financial management. In addition, a pioneer in the development of a skills division devoted to investment funds, it provides fund initiators with all the services required for creating their investment vehicles, their central administration and their international distribution. It also offers complete support to independent managers who delegate their administrative tasks, thus being able to focus entirely on management and growth of their business capital.

Banque de Luxembourg was rewarded on several occasions in 2020 for its asset management through its BLI management company and for the performance of its funds. In particular, it received the 2020 European Funds Trophy awarded by Fundclass in the category of "Best Asset Management Company" in Luxembourg. Three in-house funds were also certified sustainable and responsible, BL – Equities Europe and BL – Equities America completing the BL – Sustainable Horizon under the French SRI Label, thus testifying to the expertise of the teams in this area.

Advisors remain the cornerstone of an omnichannel relationship, whose importance has been accentuated by the health crisis. Thus, Banque de Luxembourg continued to develop its digital tools to improve the customer experience. In particular, it enriched the advisor tool and launched a project to create a new technological base to optimize account opening. A Portfolio Management System was also put in place to solidify the infrastructure that supports discretionary management. At the same time, Banque de Luxembourg deployed new technologies such as digital signatures, robotization and electronic document management to gain efficiency and thus better serve customers.

In addition, the bank continues to innovate through the extension of so-called agile practices in project management and the implementation of digital projects for example, the implementation of an information management system based on a single, cross-functional and secure data warehouse to capitalize on the bank's data.

Finally, as a responsible and committed bank, taking into account the interests of all its stakeholders is an integral part of its *raison d'être*. In 2020 it consulted stakeholders to build an initial materiality matrix. As a result, it was able to define its areas of commitment, the implementation of which will ultimately generate value for its customers, employees, the bank itself, the Group and society. In this context, it has notably set up a commitment policy, extended its SRI investment product offering and also participated in the Luxembourg government's stabilization program in the context of the health crisis.

1.3.3.1.4 Banque CIC (Suisse)

Established in Switzerland for more than 100 years and present in nine locations, Banque CIC (Suisse) is an omnichannel bank combining tradition and innovation, efficiency and flexibility. It aims to meet the financial needs of businesses, entrepreneurs and private individuals. 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. These include Clevercircles, an asset management platform, and CIC eLounge, an e-banking solution. CIC eLounge, which launched in 2019, is getting rave reviews from customers and experts alike, who have given it two awards in 2020. It received bronze in the "Technology" category at the Best of Swiss Web Award and bronze in the "Functionality" category at the Best of Swiss Apps 2020.

Banque CIC (Suisse) recorded remarkable growth in 2020. It leverages its omnichannel approach by combining personal support and customer proximity with the eLounge solution. The entrepreneurial commitment of customers combined with their confidence in the strength of Banque CIC (Suisse) has enabled the bank to substantially expand its investment and lending activities. The continued increase in the number of customers with complex and new needs in the areas of business succession, documentary and foreign exchange transactions and specific investment opportunities contributed to the good development of Banque CIC (Suisse) during the year.

1.3.3.2 Corporate banking

The corporate banking business line meets the strategic challenges of Crédit Mutuel Alliance Fédérale's key account and institutional customers with 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. The corporate banking business line offers specialized financing and development solutions tailored 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, in their development and in the framework of a long-term relationship. It also offers its solutions to institutional investors (insurance companies or pension funds) and to public/semi-public bodies such as large non-profits or social organizations. Organized by economic sector, the CIC Corporate team is made up of sales associates with a customer portfolio. They advise and provide financing solutions tailored to each need, activity and sector, by drawing on and coordinating the expertise of Crédit Mutuel Alliance Fédérale's business lines in France and abroad.

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 which fit each type of transaction in France and abroad through its subsidiaries in New York, London, Brussels, Hong Kong and Singapore. CIC also offers a management activity to third parties through CIC Private Debt management company.

CIC's acquisitions financing business line supports customers' projects for corporate transfer, external growth and development. Its expertise and know-how in structuring enable it to offer financing adapted to each type of transaction.

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. While Europe predominates in the geographical breakdown of assets under management (more than 70% of authorizations in 2020), CIC is also involved in projects in Asia Pacific and the Americas. Financing with a positive climate impact was up and totaled €2.2 billion at the end of 2020.

The asset financing business line offers its expertise both in France and abroad. It operates in the aeronautics sector for the financing of aircraft fleets or in maritime transport 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 that 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. CIC Private Debt offers a complete range of private debt with four financing solutions: Mezzanine and Unitranche, Senior Mid Cap Debt, Senior Large Cap Debt and Infrastructure Debt. CIC Private Debt, which has nine funds under management, managed €2.5 billion of assets at the end of 2020. As a signatory to the Principles for Responsible Investment and the France Invest Charter, CIC Private Debt strengthened its social and environmental commitments in 2020 through CIC Private Debt Philanthropy, a fund supporting public interest projects.

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. In addition, these representative offices maintain effective relationships with local banks, with local customer branches, and respond to customer requests and needs (market information, search for a distributor, supplier, a commercial agent, etc.) and intervene locally on behalf of Crédit Mutuel Alliance Fédérale's other business lines, in close collaboration with CIC Aidexport branch. 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 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 and flexible 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 2020, CIC Aidexport has simplified its offer and divided it into four areas: launch, development, sourcing optimization and implantation. In total, nearly 220 companies received support in 2020, including through CIC Aidexport, in addition to the companies supported by the representative offices alone.

1.3.3.3 Capital markets

Market transactions taken on by CIC and BFCM are performed in accordance with safe and prudent management norms, for the financing and investment needs of Crédit Mutuel Alliance Fédérale, as well as for its customers. Capital market transactions revolve around three types of activities: Group cash management, commercial market activities and rates-equities-credit investment activities. Teams are located primarily in France, but also in the New York, London and Singapore branches.

The group's cash management activity covers all entities of Crédit Mutuel Alliance Fédérale, including CIC. Being a matter of management of the banks' balance sheet, the profits/(losses) are included in those of the group's other activities or, failing that, in that of the holding company.

The commercial business line, under the name of CIC Market Solutions, mainly provides services to the customers of the group's banks, and for this reason redistributes the bulk of the profitability back to them.

The Investment business line represents *in fine* the net profit/(loss) of capital markets as it is summarized in this presentation. The asset management skills developed for proprietary trading are offered to customers through funds managed by the subsidiary Cigogne Management SA.

1.3.3.3.1 Capital markets dedicated to Crédit Mutuel Alliance Fédérale customers

CIC Market Solutions is the department within CIC in charge of capital markets and post-market on behalf of the customers of Crédit Mutuel Alliance Fédérale. CIC Market Solutions offers corporate customers and financial institutions solutions within the scope of their overall relationship with Crédit Mutuel Alliance Fédérale.

With €6.3 billion of structured EMTNs at the end of 2020, CIC Market Solutions enables its corporate customers and financial institutions to subscribe to an original and high performing range of investment products, through its CIC issuance program. The underlyings may be rate instruments, credit instruments or equity instruments.

CIC Market Solutions also advises and accompanies corporate customers and financial institutions in their risk hedging issues in terms of interest rates, exchange rates and commodities. After analyzing their needs, CIC Market Solutions provides both standard hedging solutions as well as tailored solutions that are fully customized and adapted to the risk issue identified. In 2020, more than 100,000 hedging transactions were processed with more than 5,000 customers. CIC Market Solutions operates mainly in the euro interest rate market, in the foreign exchange market with an offer on thirty major currencies, and in the main commodity categories: energy, industrial metals and agricultural commodities markets.

CIC Market Solutions is the group's business center for financial transactions in capital markets and other financial operations and was involved in 60 primary bond and equity operations 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) and sponsored research, and evaluation and diagnosis.

CIC Market Solutions also has a 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 UCITs and AIFs. With over 135 deposited management companies and over 32,000 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.

CIC Market Solutions draws on the expertise of its analysts (economics and strategy, equity and credit) and on its partners to assist financial institutions in their investment decisions by offering them a wide range of equity research on 550 European companies. In 2020, CIC signed a cooperation agreement with M.M.Warburg & Co, which extends its offer to Germany, in addition to the pre-existing European partnership, ESN LLP (European Securities Network). The partnership with M.M.Warburg & Co aims to extend the CIC offering to companies and investors in Germany and France. Lastly, CIC Market Solutions carries out transactions on financial instruments for its customers: bonds, equities, ETFs and derivatives on regulated markets.

CIC Market Solutions also supports its customers internationally through its presence in the United States (CIC Market Solutions Inc., a CIC subsidiary and chaperoning broker for equity intermediation activities) and in Asia through its trading floor activities in Singapore (CIC Market Solutions Asia offers risk hedging and asset management solutions for the Asian subsidiaries of its European customers and for local customers, such as companies and financial institutions).

1.3.3.3.2 Fixed income-equities-credit investments

The fixed income-equities-credit 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 its 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 expertise deployed is also used for Crédit Mutuel Alliance Fédérale's alternative management company, Cigogne Management SA, which CIC provides investment advice for.

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.

Despite the health crisis, the investment business line, which includes activity in France and the New York and Singapore branches, achieved results in 2020 that were above budget and better than in 2019, excluding the exceptional income on New York in 2019.

Cigogne Management SA's performance is down compared to 2019, but is in line with comparable industry indexes.

The performance in 2020 of the alternative management fund Stork, the main investment vehicle, is at the level of its target, *i.e.* Euribor +2 to 3%.

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 – from start-up to transmission – it gives them the resources and time necessary to implement their transformation projects. Crédit Mutuel Equity is present in France through eight regional offices, and internationally in Germany, Switzerland, Canada and the United States.

Crédit Mutuel Equity brings together more than 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.

2020 was marked by very strong business momentum and the resilience of the portfolio, demonstrating great overall strength.

To support their growth, €580.1 million was invested in proprietary trading, of which nearly 60% in portfolio companies. This year, Crédit Mutuel Equity made twenty new investments, including Chausson Matériaux (building materials trading), Ogeu (bottling and distribution of regional water and soft drinks), Planity (online beauty appointments), Exceet Card Group (provider of comprehensive smart card services), Étoile Secours (medical transport and funeral services), Verpack (packaging in luxury markets) and Makila (cloud-based tool powered by artificial intelligence and machine learning). More than €110 million were dedicated to the infrastructure sector, notably through Siloé Infrastructures and Aventron. Siloé Infrastructures is an infrastructure investment fund for which Crédit Mutuel Equity is the sponsor and main subscriber. Aventron is a company positioned in the operation of hydroelectric plants and solar and wind farms.

Portfolio rotation is once again active in 2020. Divestments freed up €350.9 million of gains including reversal of provisions on disposal. The main divestments relate to Agta Record (design, manufacture and sale of automatic doors, security, fire and smoke protection systems), Septeo (software publisher specializing in the legal and real estate world), Proplast (food packaging for local authorities and sealing machines), Biscuit International (cookie manufacturer), Index Éducation (publisher of educational software), Clinique Développement (healthcare establishments), Financière Saturne/Fortier Beaulieu (leather goods), Holding GS3/System (manufacture of mattresses, cushions and anti-bedsore accessories), Potager City (online trading of fresh produce-fruit and vegetables) and Le Calvez (road transport). At the end of 2020 the proprietary trading portfolio had more than €2.8 billion of outstandings invested in over 340 diversified interests.

The deployment outside France continues. The investments in Crédit Mutuel Equity's seven international sites represented nearly €250 million in assets invested at the balance sheet date.

In third-party management, in 2020 Crédit Mutuel Capital Privéfinalized the launch of the Siloé Infrastructures fund. This fund, with €500 million in capital, is dedicated to infrastructure projects that meet the challenges of green, energy, demographic and digital transitions. With a long-term approach, its mission is to meet the structural investment needs related to these changes and generate positive, concrete and measurable impacts for the benefit of the regions. Indeed, the projects supported by Crédit Mutuel Capital Privé through Siloé Infrastructures, meet this need:

- 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.

Outstanding funds under management amounted to €120.7 million.

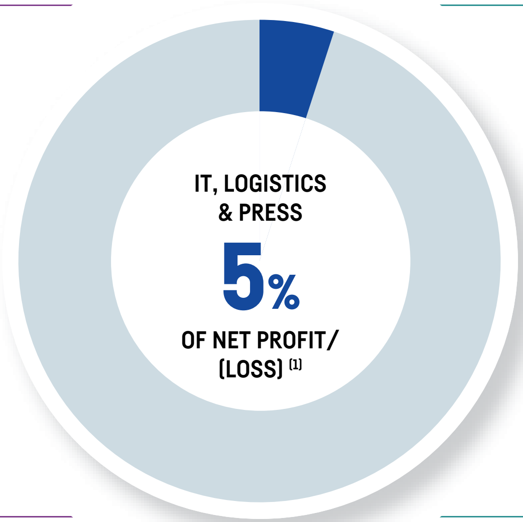
For its part, CIC Conseil carried out 25 consulting operations in 2020, enabling it to carry out a record year in terms of the number of transactions.

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 in order to make them more financially and non-financially sound (CSR). This requires, in particular, the definition of a responsible and sustainable roadmap using governance as a lever or the implementation of impact monitoring tools.

Lastly, to respond to the need for companies to rethink their business models and innovate in order to sustain their activities, Crédit Mutuel Equity finalized the development of a platform dedicated to innovation in 2020. Intended for the senior managers of the companies it supports, 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

EPS,
French leader in residential remote surveillance [2]
under the HOMIRIS brand



9
regional press titles
450 million
page views per month

(1) Share of Crédit Mutuel Alliance Fédérale's net profit/(loss) excluding the holding company segment and excluding the capital gain on the disposal of Euro-Information Telecom.
(2) Source: Atlas 2020 en toute sécurité.

This division comprises the group's IT companies, logistic structures and press activities.

EI Télécom (EIT)

Telephony remains at the heart of Crédit Mutuel Alliance Fédérale's diversification strategy and in 2020 reached 2.3 million subscribers (+195,000 contracts) via EI Télécom.

The long-term partnership entered into with Bouygues Telecom on December 31, 2020, through the sale of EIT and an exclusive distribution agreement with this partner, will make it possible to continue and develop telecom offers in the Crédit Mutuel and CIC banking networks for retail customers, non-profit organizations, professionals and businesses.

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 France's leader in residential remote surveillance [1] with around 33% market share.

In 2020, EPS continued its development with the signature of more than 49,500 new contracts and now has more than 521,000 subscribers.

During 2020, EPS enriched its Homiris brand offering by launching a new video service for professionals. The quality of service provided by EPS through Homiris was rewarded by the *Élu Service Client de l'Année 2021* trophy [2] in the "Alarm and Remote Surveillance" category, and by the *Meilleure Enseigne de l'Année 2021* label [3] in the "Remote Surveillance" category awarded by *Capital* magazine.

The Lyf Pay electronic wallet

Lyf Pay is a French app, leader in augmented mobile payment. It offers simple, cutting-edge and secure mobile payment solutions to more than 1.7 million users.

Lyf Pay supports major retailers and independent professionals in the digitization of their customer relations as well as in streamlining and diversifying their purchasing journey.

Free and secure, the Lyf Pay application offers a wide variety of payment services. It enables individuals to:

- pay between friends (sending, receiving, pooling money);
- pay in-store and online (payment, loyalty);
- pay without going to the cash register (Scan & Go, Click & Collect, pay at the table, etc.).

In 2020 with the health crisis, the Lyf Pro remote payment solution was widely acclaimed by professional customers. Installed on a smartphone, this payment application for professionals allows a cell phone to be used as an electronic payment terminal. Nomadic and without commitment, it has facilitated the work of restaurant owners for take-away sales, of greengrocers for deliveries and of independent health professionals.

Lyf Pay is supported in its growth by leading shareholders in banking, payments and mass distribution such as BNP Paribas, Crédit Mutuel [4], Auchan, the Casino group, Mastercard and Oney.

Press

Crédit Mutuel Alliance Fédérale holds nine regional newspapers: *Vosges Matin, Le Dauphiné Libéré, Le Bien Public, L'Est Républicain, Les Dernières Nouvelles d'Alsace, L'Alsace, Le Progrès de Lyon, Le Républicain Lorrain,* and *Le Journal de Saône-et-Loire*. These regional press titles are distributed in 23 departments in the East of France.

With a circulation of 850,000 copies per day, the Group is the leader in France's daily printed regional press. On average the newspapers' websites and web app receive a total of 120 million visits and 450 million pages viewed every month.

In 2020, thanks in particular to a new in-app offer and to the new digital acquisition channel, digital subscriptions grew by 150% compared to November 2019. Numerous videos and podcasts have been added to digital platforms, with a clear increase in audiences. The acquisition of a stake in Digiteka, a video network, and the acquisition of Label Info, a TV press agency, will gradually strengthen the range and relevance of the audiovisual content on offer. On the editorial side, a Gaming section was launched as well as an Environment column completed once a month by a print supplement *Ici on agit* ("We act here"). In terms of printing, daily newspapers are now PEFC certified (Program for the Endorsement of Forest Certification), thus attesting to best practices in paper sourcing.

(1) Source: Atlas 2020 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 from July 22 to August 30, 2020, and published in Capital magazine in November 2020.
(4) Crédit Mutuel Anjou, Crédit Mutuel du Centre, Crédit Mutuel Centre Est Europe, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Île-de-France, Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel Méditerranéen, Crédit Mutuel de Normandie, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel du Sud Est, Crédit Mutuel Nord Europe, Crédit Mutuel Océan, Crédit Mutuel Maine-Anjou, Basse-Normandie, Crédit Mutuel Antilles-Guyane.

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.

1885 Creation of the first federations: Basse-Alsace and Haute-Alsace.

1897 Creation of the Lorraine federation.

1905 Creation of the Alsace-Lorraine federation.

1933 Creation of Banque Fédérative du Crédit Mutuel under the name Banque Mosellane on June 1.

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).

1971 Creation of Assurances du Crédit Mutuel. Opening of the Bischenberg training center.

1972 Expansion into Franche-Comté; the group is renamed Fédération du Crédit Mutuel d'Alsace, de Lorraine et de Franche-Comté.

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 activity 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 activity 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.

2002 Partnership between CMCEE, CMCSE and Crédit Mutuel Île-de-France (CMIDF).

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).

2006 Fédération Crédit Mutuel Savoie-Mont Blanc joins the Caisse Interfédérale, bringing the number of member federations to four.

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.

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 l'*Est Républicain* by BFCM through France Est by BFCM.

Acquisition, on December 5, of 100% of the capital of Citibank Germany by BFCM.

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.

2010 Creation with Banco Popular of a network that strengthens the Group's network in France and neighboring countries (particularly in Spain).

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.

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, specializing in used car loans in Portugal, Hungary, Slovakia and Poland, and Centax, specializing in guaranteeing payments by check or card in the distribution sector in Italy.

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, on July 20, 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 (BPE) 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 (NEA) and its subsidiaries by Groupe des Assurances du Crédit Mutuel (GACM).

Changes to the articles of association, approved by the members of the 30 local banks of Crédit Mutuel Massif Central allowing them to become members of Caisse Fédérale de Crédit Mutuel effective from January 1, 2020 at the latest.

The change of name of Groupe Crédit Mutuel CM11 which becomes Crédit Mutuel Alliance Fédérale on November 9.

Crédit Mutuel Alliance Fédérale launches, on November 13, its strategic plan for 2019-2023, *ensemble#nouveaumonde*, (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#nouveaumonde* (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. Crédit Mutuel Alliance Fédérale now has 13 federations.

Launch, in January, of Crédit Mutuel Investment Managers, Crédit Mutuel Alliance Fédérale's asset management business center. Organized according to a multi-entity model, it draws on the existing strengths within the various management entities, to improve the promotion and enhance the group's expertise in several asset classes.

BFCM acquires 9.36% of Cofidis Participations' capital, increasing its interest to 80%. This transaction is part of the existing shareholders' agreement between BFCM and Argosyn/Martinter.

Adoption by the *Chambre Syndicale et Interfédérale* (CSI), on June 11, of the *raison d'être* of Caisse Fédérale de Crédit Mutuel (CFdeCM), the parent bank of Crédit Mutuel Alliance Fédérale: "*Ensemble, écouter et agir*" (listening and acting together). On September 7, CFdeCM also adopts the benefit corporation status provided for in the 2019 PACTE law. Five missions reflecting the identity of a cooperative, inclusive, ethical, supportive and responsible company are validated.

Approval of the revised strategic plan on December 3 *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) by the CSI, in line with the *raison d'être* and missions previously adopted. Faced with the economic and social upheavals accentuated by the health crisis, this plan reaffirms four priorities, realistic ambitions and strong commitments.

Merger of CIC Iberbanco with CIC (bank code 30066) in the last quarter.

Sale of 100% of the share capital of Euro-Information Télécom to Bouygues Télécom on December 31. Establishment of a long-term distribution agreement enabling more than 4,200 local Crédit Mutuel banks and CIC bank branches to distribute Bouygues Telecom's fixed and mobile products and services.

2021 Approval on January 15, by a large majority (135 votes out of 136 votes), of Crédit Mutuel Nord Europe's elected representatives of Crédit Mutuel Alliance Fédérale membership strategy. In view of the legal, social and regulatory steps to be taken, the merger is expected to take effect no earlier than January 1, 2022.

Creation and official launch on March 30 of Fondation Crédit Mutuel Alliance Fédérale. Sheltered by Fondation de France, this foundation aims to unite all the networks, subsidiaries, employees and elected representatives of Crédit Mutuel Alliance Fédérale around major and collective philanthropic actions in two areas: the environment and the territories.

Since 2019, Crédit Mutuel has been a partner of the Fédération Française d'Athlétisme (FFA). It supports the main French championships and major international meetings such as the Wanda Paris Diamond League. This commitment is also reflected in the FFA's support program for young athletes in their professional and sports careers.

2

Crédit Mutuel Alliance Fédérale and BFCM business report

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2.1 ECONOMIC AND REGULATORY ENVIRONMENT IN 2020

2.1.1 Economic environment

2020 marked by the pandemic

The unprecedented health crisis hit the global economy in 2020. The evolution of COVID-19 contamination punctuated economic activity throughout the year. The strict lockdown measures put in place in the first half of the year in several countries led to the cessation of activities and a powerful impact on global growth. While this rebounded with the lifting of lockdown measures, the difficulty of controlling the pandemic in the absence of medical solutions forced some countries to impose new restrictions during the autumn. In this context, the States associated with the central banks had to intervene massively. To support businesses and households, they implemented budget support schemes or ultra-accommodating monetary policies. The launch of vaccination campaigns, the improvement in political visibility with the election of Joe Biden in the United States, the Brexit agreement and the validation of the European recovery plan brought, at the end of the year, some glimmers of hope.

Governments and central banks assisting economies in the face of the pandemic

In the euro zone, the first lockdown led to a sharp drop in activity and a historic recession in the first half of the year. While growth rebounded sharply thanks to lifting of lockdown measures during the summer, the upturn was short-lived. The return of the pandemic in the autumn led to the strengthening of health constraints until the end of the year. European economies have been able to adapt to these restrictions. The impact was much weaker than in the spring, with a greater decoupling of the various business sectors. In order to limit bankruptcies and layoffs, governments deployed unprecedented budgetary support using emergency measures and cooperation between member countries never seen before. The approved intra-European recovery plan of €750 billion consists of loans, subsidies and a common debt. However, these actions will inevitably increase the public debt. This is why the European Central Bank implemented an ultra-accommodating monetary policy, which has been greatly strengthened, to limit the impact on interest rates. A new asset purchase envelope was rolled out – and raised several times – to ensure extremely favorable financing conditions and to support liquidity for banks and investors.

In the United States, the health measures implemented in the first half of the year were less stringent than in the euro zone, resulting in a smaller economic downturn. However, the health situation has remained very uneven across the states, and several pandemic waves have occurred, requiring restrictions to be maintained. The US economy has been surprisingly resilient, with support for households and businesses playing a crucial role. The first massive stimulus package, approved in the spring (more than US$3 trillion, or about 15% of GDP), continued to have an impact on the economy through the fourth quarter, thanks to consumption driven by the lag effect of rising household income. However, in view of the gradual dissipation of this budgetary support and the risk of a relapse in growth in the midst of the resurgence of the pandemic following the holidays, the US Congress approved a new stimulus package of US$892 billion in December. The Fed also provided historic monetary support with the cut in its key interest rates (-150 bps. to [0%; 0.25%]), massive asset purchases and unprecedented programs for the financing of businesses and local authorities. While the institution did not have to ease its monetary policy further in the second half of the year, it did provide support over time.

The first country affected by the pandemic, China has gradually regained its role as a global growth engine thanks to good health management and the increase in global demand. A gradual return to normalcy enabled China to return to its pre-crisis GDP level in the second quarter and end the year with a positive growth rate. The country has also helped to boost the industrial sectors of developed countries and its neighbors, including the member countries of the new Asia-Pacific free trade agreement “RCEP” concluded in mid-November. For other emerging countries, controlling the pandemic remains very difficult. However, the health constraints put in place weigh less heavily on the economy than in developed countries. While they did not all benefit equally from the Chinese powerhouse, emerging countries were able to take advantage of renewed confidence in the second half of the year, continued strong budget support and the recovery in commodity prices.

After a very sharp fall until April, due to the US benchmark WTI temporarily going negative and tensions over storage capacity and the collapse of demand, oil prices have recovered. This recovery was driven by the gradual reopening of economies and the sharp reduction in global production. The dynamism of demand in Asia, and especially in China, contributed to the strong increase in Brent prices at the end of the year, settling at around $50 per barrel. The increase is mainly due to the determination of OPEC+ (OPEC + Russia) to sustainably support prices, by showing flexibility in its production cuts.

Better visibility on the international political context

In the United States, Democrat Joe Biden won the presidential election. The Democratic Party retained its majority in the House of Representatives, before finally winning the Senate, following the elections in Georgia on January 5, 2021. Joe Biden will prioritize the fight against the pandemic, the validation of a new recovery plan, massive investments in infrastructure and the fight against global warming. Internationally, the focus is on reducing commercial risks, particularly with developed countries. China will remain at the heart of Washington's foreign policy.

In Europe, after a year of chaotic discussions leading to a sudden exit of the United Kingdom from the European Union, an agreement was reached on December 24, seven days before the end of the Brexit transition period. In order to validate a free trade agreement on goods that avoids the introduction of customs duties, London and Brussels made compromises on blocking points such as fishing and the maintenance of a fair level of competition. However, several factors slowed the positive impact on the pound sterling. Indeed, border controls will remain necessary, the agreement does not cover services, and the arrival of a new variant of COVID-19 has forced the country to go back into lockdown. The economic and logistical cost will be significant for the UK and businesses.

In France, historic recession against the backdrop of a pandemic

In France, the lockdown measures, in place from March 17, 2020, led to a very marked fall in GDP in the first half of the year. In the euro zone, France was one of the countries most affected in terms of growth due to a longer lockdown period resulting in a loss of activity of around -30% in April. The lifting of lockdown measures, from mid-May, and the government support measures allowed growth to rebound very strongly during the summer. To preserve employment, the purchasing power of households and limit bankruptcies, the government introduced short-time working, state-guaranteed loans, and solidarity funds, pending the deployment of the recovery plan of €100 billion to prepare for the post-crisis period. However, the autumn marked the end of the economic upturn with the strong resumption of the pandemic and the return of health restrictions, leading to a second lockdown at the end of October. Although it was less damaging to activity than the first (-12% loss of activity in November), it hit certain sectors such as services hard. The decline in the pace of new COVID-19 cases was not as strong as expected, leading to a delay in the program to reopen certain activities after the lockdown was lifted on December 15.

2.1.2 Regulatory environment

The banking regulatory framework has been considerably expanded since the financial crisis of 2008. The measures issued by the various authorities at the international, European level or in the countries in which Crédit Mutuel Alliance Fédérale operates are likely to have a significant impact. 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.

2020 is marked by numerous regulatory changes related to the COVID-19 pandemic, the completion of projects launched in previous years, and the strengthening of the framework in new risk areas. The main changes are as follows:

- the global spread of COVID-19 early in the year led to a massive response from central banks, regulators and supervisors at all levels. Several regulatory adjustments have been adopted to enable banks to support the economy and withstand the economic and financial shocks caused by this pandemic:
  - postponing by one year, starting in 2023, the entry into force of the prudential measures planned as part of the finalization of the Basel III agreements, including the Fundamental Review of the Trading Book (FRTB),
  - European Banking Authority (EBA) guidelines on loan repayment moratoria applied in the context of the health crisis. The EBA authorized banks not to automatically reclassify as restructured loans that benefited from maturity extensions during the first wave of the pandemic,
  - amendments to the second European regulation on capital requirements (CRR2) in response to the COVID-19 crisis – so-called "quick fix" amendments. They aim to increase the capacity of banks to lend and finance the economy, and to absorb losses related to the pandemic. In particular, they introduced transitional provisions regarding the application of IFRS 9, a revised prudential treatment of investments in software and specific measures on the leverage ratio,
  - postponement or relaxation of several regulatory requirements and/or regulatory reports to be produced under the Single Supervisory Mechanism (SSM), in particular the streamlining associated with the Supervisory Review and Assessment Process (SREP) in 2020. It is also worth noting the postponement by the EBA of the stress tests for European banks, initially planned for 2020, and the removal of the counter-cyclical cushion set by the High Council for Financial Stability (HCFS);
- changes were incorporated under the European Banking Package (CRR2/CRD5/BRRD2) and the revision of the order of November 3, 2014, which is currently being finalized, on the internal control of banking institutions. They concern:
  - risk management,
  - governance,
  - capital management, in particular the extension of the so-called "Danish compromise" system relating to the prudential treatment of investments in insurance subsidiaries,
  - the terms of resolution, including the setting of requirements in terms of the MREL ratio;

- several guidelines, principles and guides from European authorities – including those of the European Central Bank (ECB) and the EBA – were published or entered into force this year to strengthen the regulatory framework relating to certain risk areas. They concern in particular:
  - IT and cybersecurity risk management with the entry into force of the EBA guidelines on information and communication technology (ICT) risk management and security,
  - climate risk management through the publication of the ECB's guide to climate and environmental risks and the conduct by the ACPR of a stress test on climate-related risks,
  - the management of outsourcing with the entry into force of the EBA guidelines on this topic,
  - the prudential consolidation, which was the subject of the publication of a revised guide in January 2021 following the consultation launched in 2020 by the ECB;
- the United Kingdom officially left the European Union (EU) on January 31, 2020. A transition period then elapsed until December 31, 2020, when the United Kingdom finally withdrew from the Single Market. The post-Brexit rules entered into force on January 1, 2021. For banks, this withdrawal had several operational consequences, in particular the repatriation within the EU of exposures recognized in the United Kingdom for EU customers without local needs;
- in December 2020, the HCSF strengthened its recommendation on the criteria for granting home loans and warned of the legally binding nature of the measures from the summer of 2021;
- several regulations relating to banking compliance, including those governing the fight against money laundering and terrorist financing (AML/CTF), were published in 2020: the French transposition of the fifth AML/CTF Directive and orders strengthening the asset freeze mechanism. In January 2021, the results of the work on the new order on the AML/CTF and asset freezing mechanism and internal control were published. At European level, a set of guidelines on AML/CTF cooperation and information exchange have entered into force.

In 2021, several regulatory issues remain at the center of discussions:

- the transposition into European law (CRR3/CRD6) of the finalized Basel III agreements, in particular the basis for calculating the output floor;
- requirements for monitoring so-called "emerging" risks, including IT risks (IT Operational Resilience Directive, DORA), and climate risks (implementation of a sustainable European taxonomy and revision of the European directive on non-financial information);
- new regulatory reports on financial conglomerates, in particular on risk concentration and intra-group exposures;
- preparation for the implementation of IFRS 17 which has a particular impact on insurance companies;
- the international reform of reference interest rates (IBOR) coming into force gradually from 2021. Within the European Union, the €STR will replace the EONIA at the end of the reform involving work on the management of contracts and offsetting as well as accounting changes.

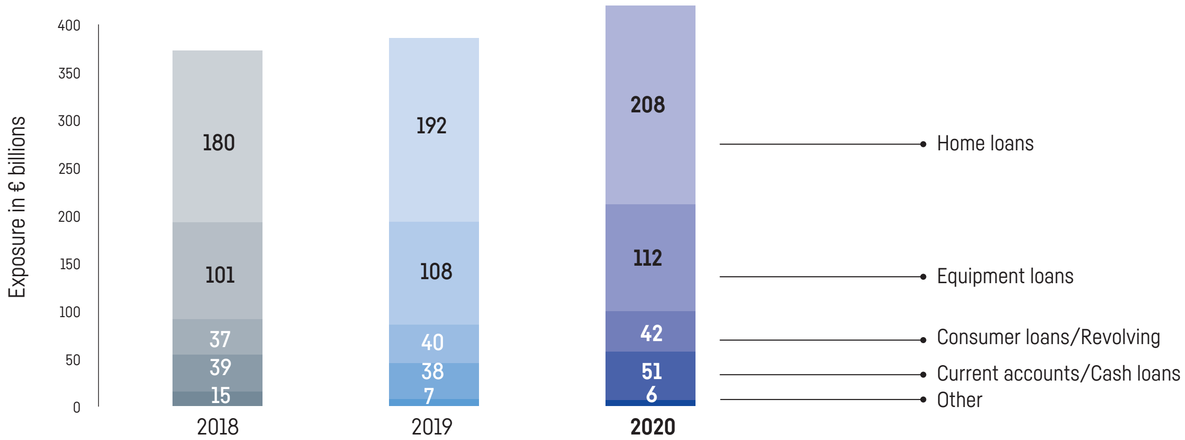
2.2 ACTIVITIES AND RESULTS OF CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

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. The retail banking regularly contributes nearly three quarters of Crédit Mutuel Alliance Fédérale's Net banking income (69% in 2020). Generally, corporate and investment banking, including proprietary trading, as well as private banking and private equity, represent a relatively low share of net banking income. In addition, customers in the insurance and private banking sectors are often retail banking customers; the group's retail 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 2018, 2019 and 2020.



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 remained stable over the 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 Methodology notes

Changes at constant scope are calculated by neutralizing the following entries in the scope of consolidation:

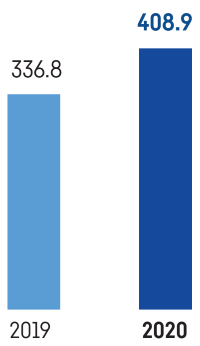
- Retail banking sector: Federations of Crédit Mutuel Antilles-Guyane (Fort-de-France) and Crédit Mutuel Massif Central (Clermont-Ferrand);
- Private equity sector: CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.

Crédit Mutuel Alliance Fédérale *(in € millions)*	2020	Change in scope	2020 at constant scope	2019	Change at constant scope In %	Change at constant scope In €m
Net banking income	**14,238**	**138**	**14,100**	**14,569**	**-3.2%**	**-469**
General operating expenses	-8,867	-89	-8,778	-8,942	-1.8%	+164
of which supervision and resolution costs	*-270*	*-1*	*-269*	*-212*	*+26.5%*	*-56*
Gross operating income/(loss)	**5,371**	**49**	**5,322**	**5,627**	**-5.4%**	**-305**
Cost of risk	-2,377	-12	-2,365	-1,061	x2.2	-1,304
Cost of proven risk	*-1,023*	*-5*	*-1,018*	*-945*	*+7.6%*	*-72*
Cost of non-proven risk	*-1,354*	*-7*	*-1,347*	*-116*	*x11.7*	*-1,232*
Operating income	**2,994**	**37**	**2,957**	**4,566**	**-35.2%**	**-1,609**
Net gains and losses on other assets and ECC	570	0	569	86	ns	+483
Profit/(loss) before tax	**3,563**	**37**	**3,526**	**4,652**	**-24.2%**	**-1,126**
Income tax	-968	-7	-961	-1,507	-36.2%	+546
Net profit/(loss	**2,595**	**30**	**2,566**	**3,145**	**-18.4%**	**-580**
Non-controlling interests	306	-	306	313	-2.2%	-7
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**2,289**	**30**	**2,260**	**2,832**	**-20.2%**	**-573**

2.2.2.2 Change in activities in 2020

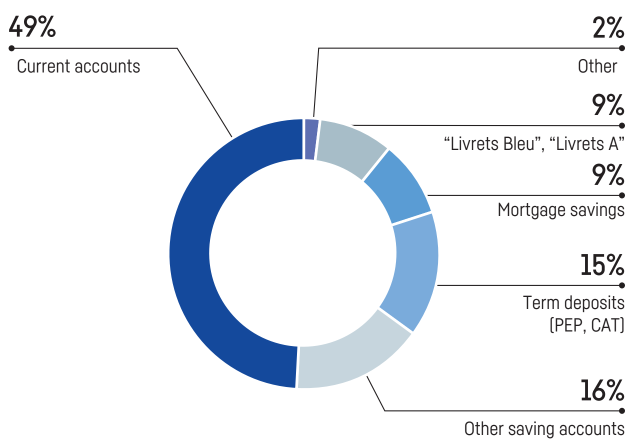
Outstanding customer deposits were up sharply by 21.4% (+€72 billion) year-on-year and reached €408.9 billion. The search by customers for short-term investments to secure a portion of unconsumed revenue is illustrated by the increase in current accounts in credit (+33%) and passbook accounts (+11%).

CUSTOMER DEPOSITS



Outstanding customer deposits on 12/31 in € billions

STRUCTURE OF DEPOSITS ON 12/31/2020



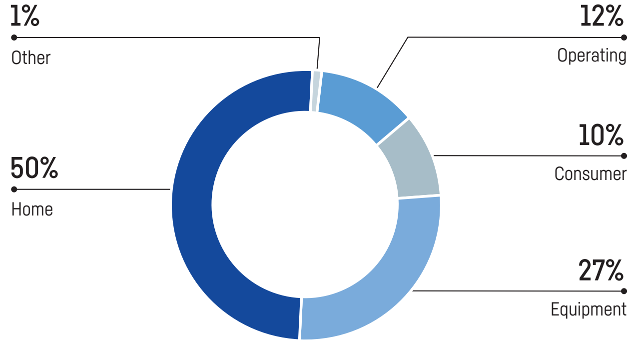
Outstanding loans increased by 9.1% to €419.4 billion at the end of December 2020. They include the activity of the two new member federations for €3.3 billion. This increase is notably driven by companies' search for liquidity in the face of the crisis. These have activated two levers causing the increase in outstandings: the drawing down of credit lines and state-guaranteed loans, of which Crédit Mutuel Alliance Fédérale has 17.9 billion outstanding.

The continued low interest rates and a residential real estate market that has resisted despite the health crisis led to an increase in outstanding home loans of 8.7% to €208.3 billion.

CUSTOMER LOANS

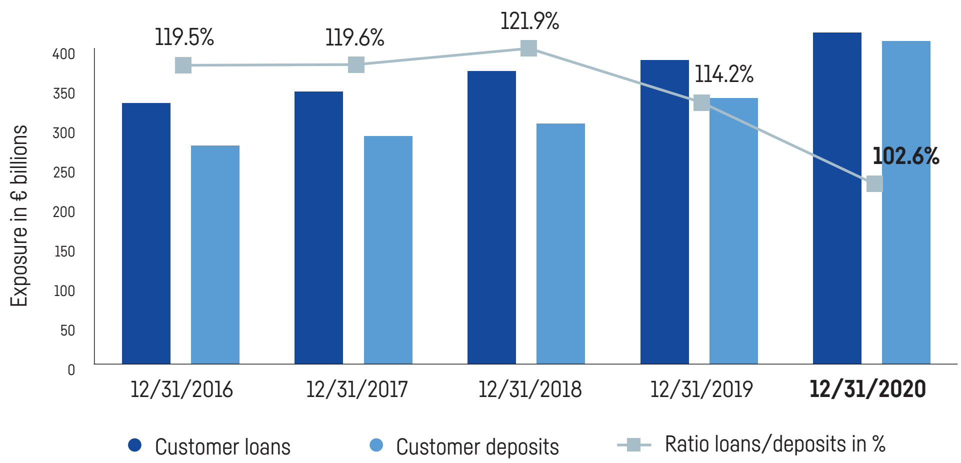
Outstanding loans to customers on 12/31 in € billions

STRUCTURE OF LOANS ON 12/31/2020



In 2020, the growth in outstanding deposits, which was greater than that of outstanding loans (21.4% *versus* 9.1%) led to a 11.6 point improvement in the loan/deposit ratio, which stood at 102.6% at the end of December 2020.

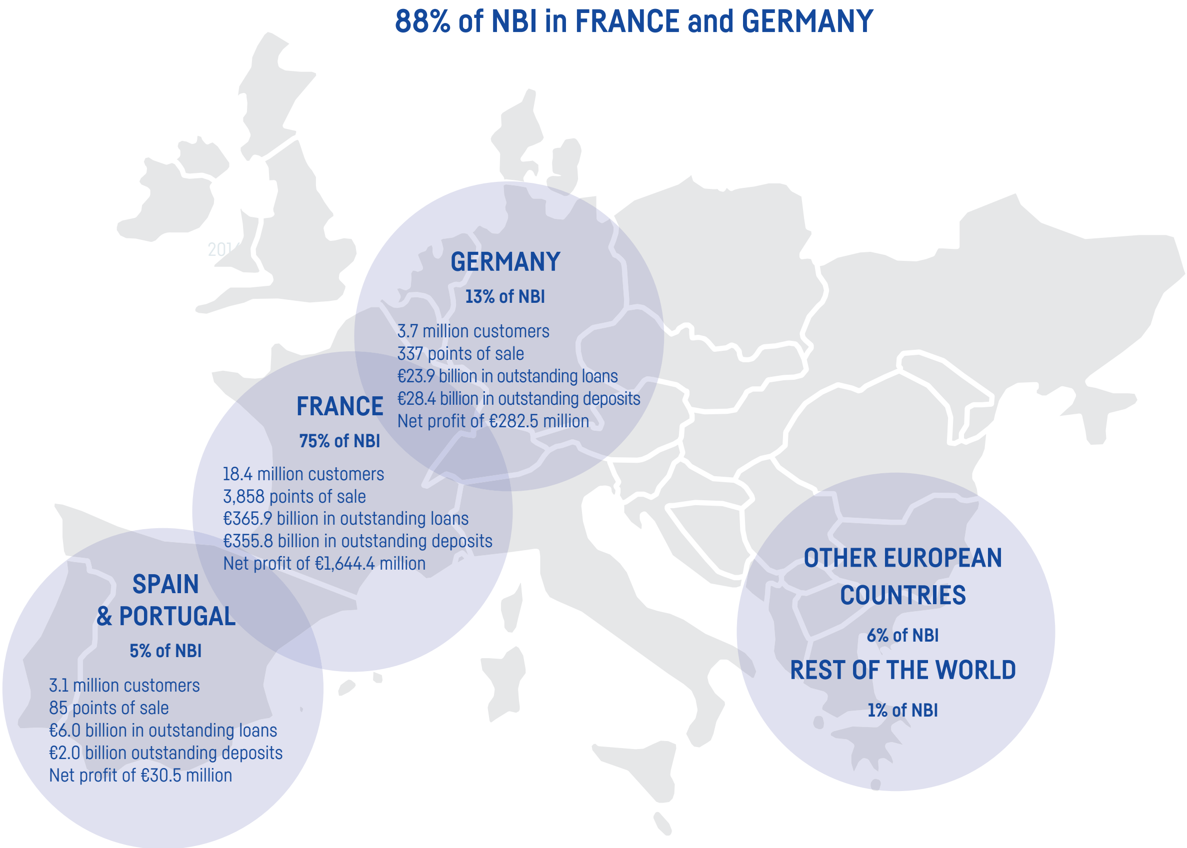
CHANGE IN LOANS/DEPOSITS RATIO



2.2.2.3 Regional breakdown of revenues

The Group's activity in France represents three quarters of the Group's net banking income (75% in 2020). 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 a quarter (25%) of the group's net banking income.

GEOGRAPHICAL BREAKDOWN OF NBI AT 12/31/2020



Proportion of NBI	France	Abroad
12/31/2020	75%	25%
12/31/2019	76%	24%
12/31/2018	77%	23%
12/31/2008	94%	6%

2

2.2.2.4 Results of Crédit Mutuel Alliance Fédérale

(in € millions)	2020	2019	Change	Change at constant scope[2]
Net banking income	**14,238**	**14,569**	**-2.3%**	**-3.2%**
General operating expenses	-8,867	-8,942	-0.8%	-1.8%
including contribution to the single resolution fund and supervision costs	*-270*	*-212*	*+27.0%*	*+26.5%*
Gross operating income/(loss)	**5,371**	**5,627**	**-4.5%**	**-5.4%**
Cost of risk	-2,377	-1,061	+124.0%	x2.2
cost of proven risk	*-1,023*	*-945*	*+8.2%*	*+7.6%*
cost of non-proven risk	*-1,354*	*-116*	*x11.7*	*x11.7*
Operating income	**2,994**	**4,566**	**-34.4%**	**-35.2%**
Net gains and losses on other assets and ECC[1]	570	86	ns	ns
Profit/(loss) before tax	**3,563**	**4,652**	**-23.4%**	**-24.2%**
Income tax	-968	-1,507	-35.8%	-36.2%
Net profit/(loss	**2,595**	**3,145**	**-17.5%**	**-18.4%**
Non-controlling interests	306	313	-2.2%	-2.2%
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**2,289**	**2,832**	**-19.2%**	**-20.2%**

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

(2) Excluding additions to the consolidation scope in 2020: Crédit Mutuel Antilles-Guyane, Crédit Mutuel Massif Central, CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.

Net banking income (NBI)

Crédit Mutuel Alliance Fédérale's net banking income amounted to €14,238 million in 2020, down by 2.3% year-on-year.

With the exception of retail banking (+0.1%) and private banking (+9.5%), the global health and economic crisis weighed on Crédit Mutuel Alliance Fédérale's revenues.

Net banking income from the operational business lines *(in € millions)*	2020	2019	Gross change	Change at constant scope
Retail banking	**10,543**	**10,537**	**+0.1%**	**-1.1%**
o/w banking networks	*8,585*	*8,631*	*-0.5%*	*-1.9%*
of which business line subsidiaries	*1,958*	*1,906*	*+2.7%*	*+2.7%*
Insurance	**1,457**	**1,778**	**-18.0%**	**-18.0%**
Specialized business lines	**1,517**	**1,557**	**-2.6%**	**-2.6%**
Private banking	626	572	+9.5%	+9.5%
Corporate banking	381	383	-0.5%	-0.5%
Capital Markets	319	337	-5.4%	-5.4%
Private equity	190	265	-28.2%	-34.1%
IT, logistics and press	**1,812**	**1,806**	**+0.3%**	**+0.3%**

Due to the pressure of low interest rates on the interest margin and thanks to the maintenance of the level of commissions (+0.8%), net banking income for **retail banking** increased by 0.1% to reach a total of €10,543 million in 2020. It represents the largest share (69%) of the revenues of the operating business lines.

Increased support for policyholders, notably through strong non-contractual measures such as the mutual recovery bonus, and the fall in interest rates and market volatility, lead to a decrease in net **insurance** income of 18% to €1,457 million.

After a very active year in terms of both inflows and asset management, net banking income for **private banking** rose by 9.5% to €626 million.

A good level of revenues, particularly on structured financing, enabled the net banking income of the **corporate banking** business to remain stable (-0.5%) at €381 million in 2020.

Capital markets produced net banking income of €319 million in 2020, down 5.4%, with strong growth in commercial activity partially offsetting the unfavorable base effect related to non-recurring capital gains in 2019.

The **private equity** activity achieved a good level of investment and divestment activity, but its net banking income (€190 million in 2020) was down 28.2%. It is affected by the decrease in the valuation at fair value through profit or loss of part of the portfolio investments.

General operating expenses and gross operating income

General operating expenses were down by 0.8% compared to 2019 and amounted to €8,867 million.

These expenses are impacted by contributions to the Single Resolution Fund and supervision fees[1], which amounted to €270 million in 2020 compared to €212 million in 2019, *i.e.* an increase of 27%.

The overall cost/income ratio stood at 62.3%. Retail banking managed its general operating expenses perfectly (-3%) in the face of declining revenues. As a result, its cost/income ratio improved by 120 basis points, to 61.5%.

Gross operating income contracted by 4.5% year-on-year to €5,371 million.

Cost of risk and non-performing loans

The cost of risk amounted to €2,377 million in 2020, more than double that of 2019 (€1,061 million).

The increase in provisioning for performing loans (cost of non-proven risk – articles of association 1 & 2) increased from €116 million in 2019 to €1,354 million in 2020. It explains most of the increase in the total cost of risk over one year.

This increase reflects a policy of prudence and anticipation of future risk deterioration, which has resulted in the adaptation of provisioning rates to the context and in lump-sum allocations to the economic sectors deemed to be the most sensitive.

In view of the uncertainties concerning the evolution of the health situation and to take into account the more lasting consequences on the economy, Crédit Mutuel Alliance Fédérale has maintained and strengthened the provisioning efforts made in the first-half accounts:

- on performing loans (S1 & S2), the scenario weightings decided in the first half of the year have been maintained. These weightings strengthen the pessimistic scenario (75% in 2020 *versus* 40% in 2019) and suppress the optimistic scenario (1% in 2020 *versus* 10% in 2019). As a result, the neutral scenario drops to 24% in 2020 from 50% in 2019;
- in line with the measures taken in the first half of the year, sectoral provisions have been recorded for vulnerable sectors. As a result, a provision was made for €821 million in nine business sectors, representing a net exposure to default on state-guaranteed loans of €10.8 billion, classified as outstanding loans under IFRS 9.

	Provisioning rates (applied to net exposures at default)	
Sensitive sectors	**Large corporates**	**Retail banking**
A	10.5%	14.0%
B	7.5%	10.0%
C	4.5%	6.0%

A Hotels, restaurants.
B Tourism and seasonal activities; Air transport; Vehicle hire.
C Specialized distribution; Automotive Industrial transportation; Aeronautical subcontractors.

Exposure (net of state-guaranteed loans) represents approximately 2% of our total customer exposure.

The cost of proven risk (status 3) was up by €78 million. It reflects good asset quality from a diversified loan portfolio consisting mainly of home loans (50%) and investment and operating loans to businesses (39%).

The bad debt ratio was down – year-on-year – to 2.9% at the end of 2020 compared to 3.1% at the end of 2019, and the coverage ratio stood at 52.1%.

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

(in € millions)	12/31/2020	12/31/2019	12/31/2018
Customer loans (net outstandings)	419,413	384,535	370,886
Gross amount of outstanding loans to customers	429,024	392,979	378,995
Gross non-performing loans	12,497	12,079	11,577
Provisions for impairment of receivables	9,611	8,444	8,109
o/w provisions for impairment of non-performing receivables	6,509	6,471	6,264
o/w provisions for impairment of performing loans	3,102	1,973	1,845
Share of non-performing receivables in gross loans	2.9%	3.1%	3.1%
Coverage ratio on non-performing receivables	52.1%	53.6%	54.1%

Profit/(loss) before tax

The profit before tax was down by 23.4% year-on-year at €3,563 million.

It was negatively affected by the sharp increase in the cost of risk and favorably by the capital gain on the disposal of the mobile telephony subsidiary Euro-Information Télécom recognized in the line “Net gains and losses on other assets and ECC” of the income statement.

Net profit/(loss)

The net profit for 2020 was €2,595 million compared to €3,145 million in 2019 (-17.5%).

This decline reflects the crisis context affecting revenues and, above all, the high level of uncertainty caused by the COVID-19 pandemic on risks, which has led to the prudent allocation of an increased share of performing loans.

(1) Contribution to the ECB’s Single Resolution Fund (SRF), contribution to the Deposit Guarantee Fund, ECB control costs, support fund for local authorities, contribution for ACPR control costs, administrative costs related to the ECB’s Single Resolution Board (SRB), AMF contribution.

2.2.2.5 Results by activity of Crédit Mutuel Alliance Fédérale

2.2.2.5.1 Retail banking

In 2020, retail banking represented 69% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	2020	2019	Change	Change at constant scope[2]
Net banking income	**10,543**	**10,537**	**+0.1%**	**-1.1%**
General operating expenses	-6,487	-6,607	-1.8%	-3.0%
Gross operating income/(loss)	**4,056**	**3,929**	**+3.2%**	**+2.2%**
Cost of risk	-2,070	-913	x2.3	x2.3
cost of proven risk	*-907*	*-813*	*+11.6%*	*+11.0%*
cost of non-proven risk	*-1,163*	*-100*	*x11.6*	*x11.5*
Operating income	**1,986**	**3,016**	**-34.2%**	**-35.2%**
Net gains and losses on other assets and ECC[1]	-2	-4	-53.4%	-50.3%
Profit/(loss) before tax	**1,984**	**3,012**	**-34.1%**	**-35.1%**
Income tax	-718	-1,042	-31.0%	-31.7%
NET PROFIT/(LOSS)	**1,266**	**1,971**	**-35.8%**	**-36.9%**

(1) ECC = Equity consolidated companies = proportionate share of the net profit/(loss) from equity consolidated companies.
(2) Excluding additions to the consolidation scope in 2020: Crédit Mutuel Antilles-Guyane and Crédit Mutuel Massif Central.

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, Floa Bank 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.

As for the Group as a whole, and despite the resilience of its revenues (+0.1%), the net profit of retail banking was affected by the sharp increase in the cost of risk of €1,157 million, of which €94 million for the cost of proven risk and €1,063 million for the cost of non-proven risk.

Bank networks

The net banking income from the **banking and insurance network of Crédit Mutuel** banks increased by 3.3% to €3,186 million. Despite unfavorably low rates, the Crédit Mutuel network maintained its interest margin (+3.5%) due to volumes and increased commissions (+4.6%).

General operating expenses were down by 1.2%.

The cost of risk rose sharply (€279 million in 2020 compared to €58 million in 2019) under the effect of the cost of non-proven risk, which amounted to €227 million compared to €2 million in 2019, while the cost of proven risk decreased by 7.5%.

The profit before tax hence fell by 11.7%, and net profit by 3.4% to €492 million.

The net banking income from **CIC's banking and insurance network** fell by 2.4% to €3,418 million. Still penalized by low interest rates, the CIC branch network saw its interest margin decrease by 2.7%. Commissions fell slightly (-0.5%) as a result of financial commissions.

The general operating expenses were kept under control (-1.4%).

The cost of risk rose sharply (€758 million in 2020 versus €180 million in 2019), under the effect of the cost of non-proven risk, which amounted to €580 million compared to €30 million in 2019, while the cost of proven risk rose by €27 million.

Profit before tax was down by 55.7%.

The net banking income of **BECM** fell by 5.2% to €306 million. General operating expenses were down by 2.8% despite the increase in contributions to single resolution costs and supervision costs. The cost of risk rose by €65 million to €107.6 million. Net profit decreased by 47% to €60.5 million.

Net banking income of **TARGOBANK** in Germany was broadly stable compared to last year (+0.7%). Spending was down by 1.5%, mainly due to the reduction of direct marketing campaigns during lockdown phases. The cost of risk was up by €116 million and the net profit was €291 million.

Business line subsidiairies

The business line subsidiairies comprise Cofidis Group and the specialized subsidiaries 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.

In terms of activity, Cofidis Group was able to remain very present in the consumer credit market in 2020, with a production of €6.7 billion, down only 10% compared to 2019. Outstanding loans increased 1.6% versus the end of 2019, amounting to €15.2 billion at the end of December 2020. The net banking income amounted to €1,358 million (+0.2%) and net profit fell by 11.8% to €187 million.

2.2.2.5.2 Insurance

In 2020, insurance represented 9% 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 business line for the fiscal years 2019 and 2020.

(in € millions)	2020	2019	Change
Net insurance income	**1,457**	**1,778**	**-18.0%**
General operating expenses	-629	-629	-0.1%
Gross operating income/(loss)	**829**	**1,149**	**-27.9%**
Net gains and losses on other assets and ECC*	1	97	ns
Profit/(loss) before tax	**829**	**1,246**	**-33.5%**
Income tax	-286	-374	-23.4%
NET PROFIT/(LOSS)	**543**	**873**	**-37.8%**

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

The health and economic crisis, caused by the COVID-19 pandemic, has strongly affected the activity and results of the Crédit Mutuel Insurance Group (GACM) in 2020. This year has been an opportunity to demonstrate our solidarity, by standing by our customers in difficult times. Assurances du Crédit Mutuel (ACM) has therefore took strong solidarity measures for a total amount of €200 million. Restated for these exceptional actions, the net income from the insurance business line amounted to €1,657 million at the end of 2020, down 6.8% from €1,457 million excluding restatement.

The continued decline in interest rates led to additional provisions. The decline in the stock markets had a negative impact of €133 million on GACM's financial results assessed under international accounting standards (IFRS).

The profit contributed by GACM thus amounted to €543 million, down by 37.8% compared to December 31, 2019 (€873 million). This decrease reflects the cooperative gestures in favor of policyholders, decided by the ACMs, as well as a good resistance of our activities.

2.2.2.5.3 Private banking

In 2020, private banking represented 4% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	2020	2019	Change
Net banking income	**626**	**572**	**+9.5%**
General operating expenses	-413	-413	-0.1%
Gross operating income/(loss)	**213**	**159**	**+34.3%**
Cost of risk	-32	6	ns
Operating income	**181**	**165**	**+10.0%**
Net gains and losses on other assets and ECC*	0	2	ns
Profit/(loss) before tax	**181**	**166**	**+9.0%**
Income tax	-39	-33	+18.9%
NET PROFIT/(LOSS)	**142**	**133**	**+6.5%**

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

Private banking subsidiaries' business was strong in 2020, posting a very healthy level of new funds, bringing savings deposits to €135.9 billion at the end of the year, up 9.2%. This increase relates to both deposits (+4.8%) and financial savings (+10.3%).

Outstanding loans reached €15.7 billion, an increase of 7.6%. Private banking revenues (€626 million) increased by 9.5% compared with 2019 due to the good level of commercial activity.

The general operating expenses totaled €413 million, stable compared to 2019.

The cost of risk posted a net provision of €32 million in 2020, compared to a €6 million net reversal in 2019.

The operating income therefore increased by 10% to €181 million and net profit by 6.5% to €142 million.

2.2.2.5.4 Corporate banking and capital markets

In 2020, corporate banking and capital markets activities represented 5% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

(in € millions)	2020	2019	Change
Net banking income	**700**	**720**	**-2.8%**
General operating expenses	-347	-347	+0.1%
Gross operating income/(loss)	**353**	**373**	**-5.5%**
Cost of risk	-272	-141	+92.9%
Operating income	**80**	**232**	**-65.4%**
Net gains and losses on other assets and ECC*	4	0	ns
Profit/(loss) before tax	**85**	**232**	**-63.6%**
Income tax	-11	-19	-41.9%
NET PROFIT/(LOSS)	**74**	**214**	**-65.5%**

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

Corporate banking

Outstanding deposits rose by more than €6 billion to €15.8 billion at the end of 2020, and outstanding loans were stable at €19.4 billion.

The net banking income from corporate banking decreased by 2.8% in 2020, amid low interest rates that weighed on margins, deposit-taking and lending conditions.

Expenses were kept under control (+0.1%) but the significant allocations to the cost of risk on performing loans (€178 million, *i.e.* 78 basis points) led to a sharp drop in net profit to €6 million compared to €133 million in 2019.

Capital markets

At the end of December 2020, Capital Market's net banking income was €319 million (*versus* €337 million at the end of December 2019).

The investment business line (including France, the New York and Singapore branches, and Cigogne Management SA) generated IFRS net banking income of €223 million, an improvement on December 31, 2019, excluding the exceptional net banking income in New York of US$34 million in 2019.

The commercial activity (CIC Market Solutions and Singapore) was very active and achieved IFRS net banking income of €95 million, up €8 million compared with December 31, 2019, after €81 million in commissions paid, up 7%.

2.2.2.5.5 Private equity

In 2020, private equity represented 1% of the revenues of Crédit Mutuel Alliance Fédérale's operating business lines.

	2020	2019	Change at constant scope(1)
Net banking income	**190**	**265**	**-34.1%**
General operating expenses	-65	-51	+9.3%
Gross operating income/(loss)	**126**	**214**	**-44.5%**
Cost of risk	-1	0	ns
Profit/(loss) before tax	**125**	**214**	**-44.9%**
Income tax	3	-1	ns
NET PROFIT/(LOSS)	**128**	**213**	**-43.1%**

(1) Excluding additions to the consolidation scope in 2020: CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.

Despite the economic context, which has been severely affected by the health crisis, which has had an impact onthe valuations of some of the holdings, 2020 was nevertheless a record year in terms of disposals.

At the same time, €580 million were invested, up 37% on the previous year, including 20 new transactions representing €238.5 million.

2.2.2.5.6 IT, logistics, press and holding company

These activities are composed of two separate sectors.

The first IT, logistics, 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, El Télécom provider of mobile telephony services to retail banking customers, Euro Protection Surveillance for home surveillance services under the Homiris brand, 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 and Holding business line for the 2019 and 2020 fiscal years.

(in € millions)	2020	2019	Change
Net banking income	**1,618**	**1,652**	**-2.1%**
General operating expenses	-1,824	-1,850	-1.4%
Gross operating income/(loss)	**-206**	**-198**	**-4.2%**
Cost of risk	-1	-13	ns
Operating income	**-207**	**-210**	**+1.4%**
Net gains and losses on other assets and ECC*	567	-9	ns
Profit/(loss) before tax	**359**	**-219**	**ns**
Income tax	83	-39	ns
NET PROFIT/(LOSS)	**442**	**-258**	**NS**

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

The net banking income from the IT, logistics, press and holding business line came to €1,618 million in 2020, *versus* €1,652 million in 2019. These figures are explained as follows:

- the group's IT, logistics, press activity generated net banking income or commercial margins for a total amount of €1,812 million in 2020, up from €1,806 million in 2019, representing an increase of 0.3%. This increase results mainly from the growth of Euro-Information, Euro-Information Développement, Euro Protection Surveillance and El Télécom. The contribution from the press segment fell by 9.9% to €246 million;
- the Holding activities of the group generated negative net banking income of €194 million in 2020, notably including the cost of carry of fixed expenditure, the cost of equity and development plans.

General operating expenses decreased by 1.4%, from €1,850 million in 2019 to €1,824 million in 2020.

The item "Net gains/(losses) on other assets and ECC" recorded the capital gain on the disposal of El Télécom in 2020.

The IT, logistics, press and Holding business line recorded a net profit of €442 million in 2020, compared to a loss of €258 million in 2019.

2.2.2.6 Financial position of Crédit Mutuel Alliance Fédérale

2.2.2.6.1 Balance sheet

The structure of the balance sheet is the reflection of the commercial banking activity 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: 102.6% as of December 31, 2020 compared to 114.2% in 2019;
- 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 165.2% on average over 2020.

On December 31, 2020, shareholders' equity came to €49.6 billion and Common Equity Tier 1 to €41.7 billion. The ratio of Common Equity Tier 1 without transitional measures stood at 17.8%, one of the best at the European level. The overall ratio without transitory measures stood at 20.8% and the leverage ratio with application of the delegated act without transitory measures at 6.9% compared to 6.4% in 2019.

Assets

Summary. The consolidated assets of the group stood at €796 billion on December 31, 2020, up from €718.5 billion as of December 31, 2019 (up 10.8%).

This 10.8% increase in total assets (+€77.5 billion) mainly derives from the increase in loans and receivables to customers (+€34.9 billion, *i.e.* +9.1%), cash and central bank outstandings (+€28.4 billion) and loans and receivables to 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 the private equity business line). 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 €27.8 billion at December 31, 2020 compared to €31.9 billion at December 31, 2019. Financial assets at fair value through profit or loss represented 3% of the total assets of the group on December 31, 2020.

Financial assets at fair value through equity. Financial assets at fair value through equity mainly include bonds and other debt securities for €20.9 billion and government securities for €12.1 billion.

Loans and receivables to credit institutions. Loans and receivables to credit institutions are composed of demand deposits, inter-bank loans and securities subject to repurchase agreements. Loans and receivables to credit institutions reached €56.3 billion as of December 31, 2020, compared to €40.8 billion on December 31, 2019.

Loans and receivables to customers. Loans and receivables to customers stood at €419.4 billion on December 31, 2020, *versus* €384.5 billion on December 31, 2019, a gross increase of 9.1%.

Liabilities (excluding shareholders' equity)

Summary. The group's consolidated liabilities excluding shareholders' equity stood at €746.4 billion as of December 31, 2020, up from €671.4 billion on December 31, 2019 (up 11.2%). These liabilities include subordinated debt at €7.3 billion on December 31, 2020 and €8.2 billion on December 31, 2019. The increase in liabilities excluding equity recorded in 2020 is mainly due to the increase in debts due to customers (mainly deposits) of €72.1 billion (+21.4%) and debts due to credit institutions of €3.8 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 €15.3 billion at December 31, 2020, compared with €18.9 billion at December 31, 2019.

Debts due to credit institutions. Debts due to credit institutions rose by €3.8 billion (up 10.5%) to €40.3 billion as of December 31, 2020.

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 €408.9 billion as of December 31, 2020, *versus* €336.8 billion on December 31, 2019. 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 €127 billion as of December 31, 2020, up 1.8% compared to December 31, 2019.

Liabilities related to contracts of the insurance business line. Liabilities related to contracts of the insurance business line stood at €126.5 billion as of December 31, 2020, compared to €125.3 billion on December 31, 2019, *i.e.* an increase of 0.9%.

Consolidated equity

The consolidated equity attributable to the group stood at €46.5 billion on December 31, 2020, versus €43.8 billion on December 31, 2019; this change primarily corresponds to net carryover.

Non-controlling interests went from €3,320 million on December 31, 2019 to €3,115 million on December 31, 2020.

2.2.2.6.2 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.

2020 was marked by the appearance of the COVID-19 pandemic, requiring a significant and prolonged strengthening of the support measures of central banks, including the European Central Bank (ECB). At the same time, impressive budgetary measures were implemented, notably by the European Commission and numerous countries.

Apart from a short period of tension in mid-March, before the launch of this massive support, the market was generally favorable to issuers with particularly attractive conditions for access to liquidity.

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

In total, the outstanding amount of external funding raised on the markets amounted to €147.0 billion at the end of December 2020, an increase of 2.4% compared to the end of 2019.

Short-term funding (less than one year) totaled €48.6 billion at the end of 2020, down 6.6% year-on-year. They represent 33% of all market funding raised, down 3 points compared to 2019. The significant improvement in the Group's commitment coefficient has enabled the central treasury to reduce its access to short-term funding.

Medium-and long-term funding totaled €98.4 billion at end-2020, up 7.5% on 2019. In 2020, Crédit Mutuel Alliance Fédérale raised €14.5 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. These MLT funds were 81.1% raised in euros, with the remaining 18.9% raised in foreign currencies (US dollar, yen, pound sterling, Swiss franc), underscoring the efficiency of the group's investor diversification strategy. Public issues and private placements accounted for 63% and 37% of the total, respectively.

The average maturity of the MLT funding raised in 2020 was 6.2 years, slightly higher than in 2019 (5.7 years).

2020 refinancing program

In 2020, public issues raised amounted to an equivalent of €9.2 billion and broke down as follows:

- BFCM by way of senior European Medium-Term Notes (EMTN) of which:
  - €750 million over seven years, issued in October (green bond),
  - GBP 600 million over five years, issued in February,
  - CHF 180 million over eight years issued in February,
  - USD 1 billion over three years, issued in November (US144A format),
  - JPY 63.6 billion over five, seven and ten years, issued in October (Samurai format);
- BFCM (EMTN NPS format): €3.250 billion over ten years, issued in January, June and October;
- Crédit Mutuel Home Loan SFH: €3 billion over ten and five years completed in January and April.

LCR and liquidity buffer

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

- an average LCR of 165.2% for 2020 (142.8% for 2019);
- average high quality liquidity assets (HQLA) totaling €116.8 billion, 75% of which deposited with central banks (mainly the ECB).

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

Crédit Mutuel Alliance Fédérale *(in € billions)*	**12/31/2020**
Cash deposited in central banks	102.1
LCR securities (after LCR haircut)	27.8
o/w HQLA Level 1 securities	*22.1*
Other eligible assets, central banks (after ECB haircut)	59.2
TOTAL LIQUIDITY RESERVES	**189.1**

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

Targeted refinancing operations

Two financing lines, approved in 2019, were signed with the European Investment Bank (EIB) in 2020:

- in March 2020: a lending package of €100 million targeting young farmers and climate change mitigation and dedicated to SMEs/ISEs in the agricultural and bio-economy sectors with a minimum contribution of 50% for climate change mitigation.

  In December 2020, BFCM drew down a first tranche of €50 million over a period of nine years;
- in April 2020: a "Loans for SMEs & ISEs III" package of €250 million.

In addition, as part of the EU PL response to COVID-19 crisis for SME & MIDCAPS program announced in April 2020, the EIB allocated to BFCM in June 2020 an amount of €350 million dedicated to supporting SMEs and ISEs weakened by the health crisis.

This unprecedented scheme complements state-guaranteed loans (SGLs). Through subsidized loans, it aims to meet investment needs to build the future.

2.2.2.6.3 Solvency

As of December 31, 2020, Crédit Mutuel Alliance Fédérale's shareholders' equity amounted to €49.6 billion, compared to €47.1 billion at the end of 2019, an increase of €2.5 billion due to carryforwards.

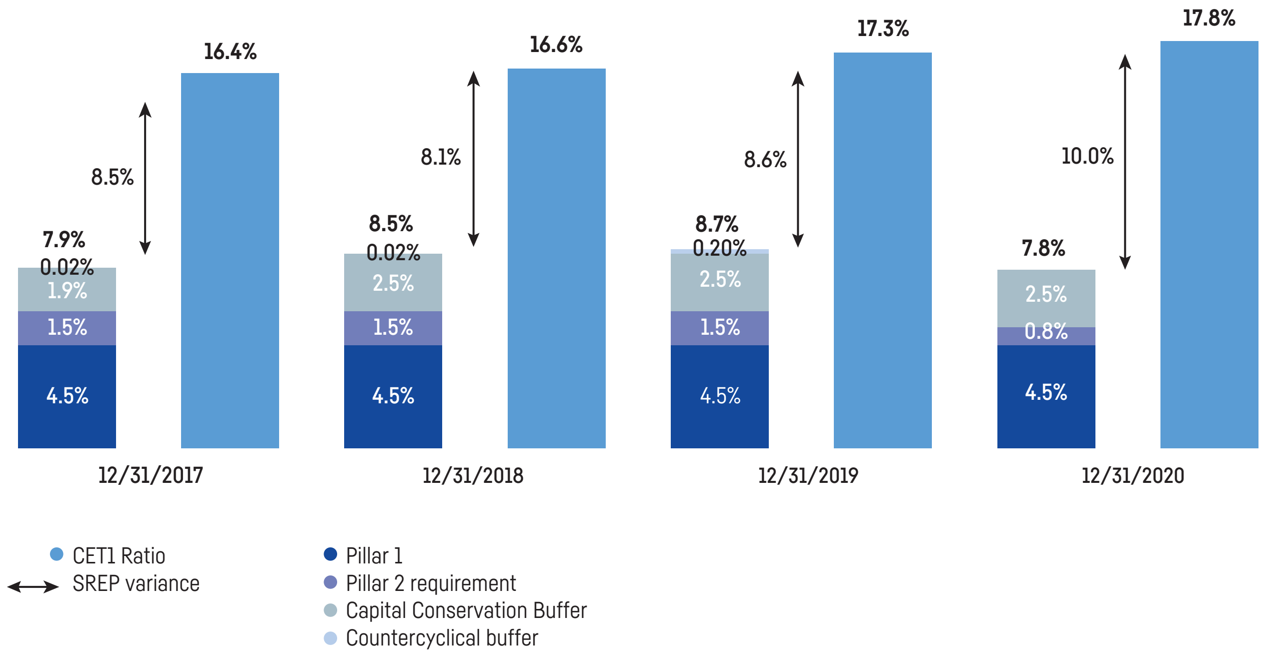
At December 31, 2020, Crédit Mutuel Alliance Fédérale had a very solid solvency position, with a **Common Equity Tier 1 (CET1) ratio** of 17.8%[1] up 50 basis points year-on-year. The Tier 1 ratio stood at 17.8%[1] at the end of December 2020 and the overall solvency ratio reached 20.8%[1].

Prudential capital CET1 reached almost €41.7 billion, up 6.9% due to retained earnings and the issue of shares.

Risk-weighted assets (RWAs) stood at €233.8 billion on December 31, 2020 (compared to €225.7 billion at the end of December 2019, up 3.6%). Risk-weighted assets in terms of credit risk accounted for 90% of the total, at €209.9 billion.

The group's strong capital generation, driven by the fact that almost all of its earnings are set aside in reserves, allows it to absorb regulatory pressure and, for several years now, to maintain distance from SREP (Supervisory Review and Evaluation Process).

SREP CET1 REQUIREMENTS AND ACTUAL DIFFERENCE (IN %)



The **leverage ratio was 6.9%** at December 31, 2020 (6.4% at end-December 2019) after excluding central bank exposures as authorized by the ECB at the end of 2020.

The Crédit Mutuel group (the "Group", "Crédit Mutuel") has received its updated notification of minimum capital requirements and eligible commitments on a consolidated basis for the resolution group, composed of the central body (Confédération Nationale du Crédit Mutuel), its affiliated entities including Banque Fédérative du Crédit Mutuel, and all their subsidiaries (the "MREL requirement").

Crédit Mutuel's external **MREL** requirement is set at 20.99% of the Group's risk-weighted assets (RWAs) and 6.55% of the leverage ratio. It must be covered by the Group's consolidated own funds and eligible commitments issued directly by the central body and its affiliated entities.

The subordination MREL requirement is at 14.35% of RWAs and 6.55% of the leverage ratio.

Crédit Mutuel is well above the requirements set by the regulator, with a subordinated MREL ratio (own funds, eligible subordinated and senior non-preferred liabilities) of 21.02% of the Group's RWAs and a leverage ratio of 9.67% at December 31, 2020.

Thus, the global and subordinated requirements are only hedged with the Group's consolidated own funds as at December 31, 2020.

(1) Without transitory measures.

2.2.2.6.4 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.

	LT/ST counterparty[2]	Issuer/LT Preferred senior debt	Outlook	ST Preferred senior debt	Intrinsic rating[3]	Date of most recent publication
Standard & Poor's	A+/A-1	A	Negative	A-1	a	11/17/2020
Moody's	Aa2/P-1	Aa3	Stable	P-1	a3	11/18/2020
Fitch Ratings[1]	AA-	AA-	Negative	F1+	a+	12/15/2020

(1) The "Issuer Default Rating" is stable at A+.

(2) The counterparty ratings represent ratings from the following agencies: Resolution Counterparty at Standard & Poor's, Counterparty Risk Rating at Moody's, and Derivative Counterparty Rating at Fitch Ratings.

(3) 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.

Standard & Poor's: Crédit Mutuel group rating.

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

Fitch Ratings: Crédit Mutuel Alliance Fédérale rating.

In November and December 2020, the three main agencies published comprehensive analyzes of Crédit Mutuel Alliance Fédérale (Fitch Ratings and Moody's) and the Crédit Mutuel group (Standard & Poor's).

The resilience of their fundamentals was highlighted, resulting in a confirmation of all their ratings.

As a reminder, the negative prospects at Fitch Ratings and Standard & Poor's were assigned between March and April 2020, following the development of the pandemic and as part of bundled rating actions of European banks. On the other hand, the outlook remained stable at Moody's.

In addition, on March 30, 2020, Fitch Ratings upgraded the Senior Preferred long-term (LT) and short-term (ST) ratings by one notch from A+/F1 to AA-/F1+ as well as the Derivative Counterparty from A+ to AA-, considering that Crédit Mutuel Group should be able to meet its MREL requirement (Minimum Requirement for Own Funds and Eligible Liabilities) without recourse to Preferred Senior Debt, within a 3-to-5-year horizon.

At the end of December 2020, the Crédit Mutuel Group was well above the requirements of the regulator with regard to the MREL ratio (see 2.2.2.6.3).

This improvement is the result of a change in the agency's methodology. The central "Issuer Default Rating" remained unchanged at A+.

2.2.2.7 Alternative performance indicators

ALTERNATIVE PERFORMANCE MEASURES (APM) – ARTICLE 223-1 OF THE GENERAL REGULATIONS OF THE *AUTORITÉ DES MARCHÉS FINANCIERS* (AMF – FRENCH FINANCIAL MARKETS AUTHORITY)/POLICIES OF THE ESMA (ESMA/2015/1415)

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 "general operating expenses" and "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" items of the consolidated income statement) to "IFRS net banking income"	Measure of the bank's operational efficiency
Overall cost of customer risk related to the outstanding loans *(expressed in% or in basis points)*	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 non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2) – See note to the financial statements. Application of IFRS 9. Impairment is recognized for all financial assets that have not been objectively indicated as individual losses.	Measurement of the level of unrealized risk
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 outstandings held by our customers – 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 "allocations to/reversals of 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 using consolidated balance sheet items: ratio expressed as a percentage of total customer loans ("loans and receivables to customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	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 to 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	2020	2019
General operating expenses	-8,867	-8,942
Net banking income	14,238	14,569
COST/INCOME RATIO	**62.3%**	**61.4%**

Cost/income ratio for retail banking	2020	2019
General operating expenses for retail banking	-6,487	-6,607
Net banking income for retail banking	10,543	10,537
COST/INCOME RATIO FOR RETAIL BANKING	**61.5%**	**62.7%**

Loans/deposits	2020	2019
Net customer loans	419,413	384,535
Customer deposits	408,901	336,806
LOANS/DEPOSITS	**102.6%**	**114.2%**

Coverage ratio	2020	2019
Impairment (S3)	6,509	6,471
Individually-impaired receivables, gross (S3)	12,497	12,079
COVERAGE RATIO	**52.1%**	**53.6%**

Rate of non-performing loans	2020	2019
Individually-impaired receivables, gross (S3)	12,497	12,079
Gross loans to customers	429,024	392,979
RATE OF NON-PERFORMING LOANS	**2.9%**	**3.1%**

Cost of customer risk related to outstanding loans	2020	2019
Cost of customer risk	-2,008	-1,071
Gross loans to customers	429,024	392,979
COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	**0.47%**	**0.27%**

2.2.3 Recent developments and prospects

2.2.3.1 Post-balance sheet events

At the end of the Crédit Mutuel Nord Europe (CMNE) Shareholders' Meeting held on January 15, 2021, the Chairmen of the CMNE local banks approved by a very large majority (135 votes out of 136) the strategy for Crédit Mutuel Nord Europe to join Crédit Mutuel Alliance Fédérale, which could take effect on January 1, 2022.

2.2.3.2 Prospects

In response to the economic and social upheavals accentuated by the health crisis, Crédit Mutuel Alliance Fédérale revised its 2019-2023 strategic plan at the end of 2020 to accelerate its technological and human investments in line with its environmental and societal commitments.

This plan is the basis for going faster and further, and for gaining the trust of our customers, members and prospective customers every day by remaining faithful to our cooperative ideals. It is based on four priorities:

- be the reference relational bank in a digital world;
- be a committed bank in tune with a changing world;
- be an innovative, multi-service bank;
- put solidity at the service of the development of the cooperative model.

To affirm its identity and values, and to mobilize its skills and energies around a common dynamic, in October 2020 Crédit Mutuel Alliance Fédérale adopted its *raison d'être "Ensemble, écouter et agir"* (listening and acting together). Crédit Mutuel Alliance Fédérale was the first bank to adopt the status of benefit corporation.

2.3 BFCM'S ACTIVITIES AND CONSOLIDATED EARNINGS

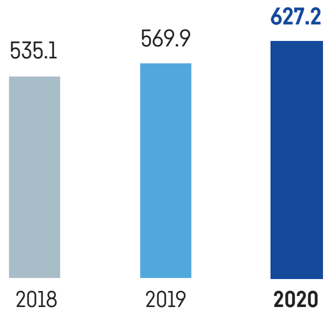
2.3.1 BFCM activities and consolidated earnings – consolidated scope

2.3.1.1 Key figures

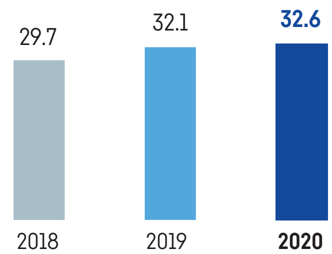
(in € millions)	2020	2019	2018
Net banking income	10,262	10,865	10,354
Operating income	2,091	3,641	3,498
Net profit/(loss	1,508	2,663	2,440
Net profit/(loss) attributable to the group	1,284	2,282	2,084
Cost/income ratio*	59.2%	57.3%	58.4%

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

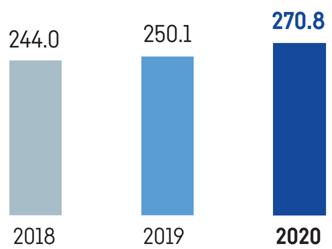
TOTAL BALANCE SHEET
(in € billions at December 31)



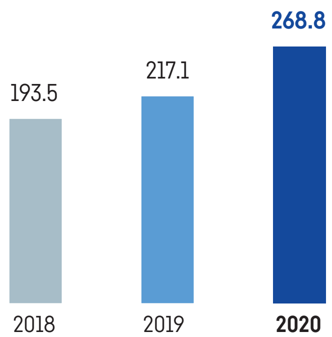
EQUITY
(in € billions at December 31)



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 IFRS balance sheet was €627.2 billion at the end of 2020, compared to €569.9 billion (+10.1%) at December 31, 2019.

The outstanding customer deposits totaled €268.8 billion at the end of December 2020, up by 23.8% compared with 2019, due to sustained growth in current accounts (up €37.5 billion) and term deposits (up €5.2 billion).

Total net outstanding customer loans stood at €270.8 billion at the end of 2020, up by 8.3% over 2019. Outstanding equipment loans grew by 4.1% to €74.5 billion.

On the liabilities side, the increase came mainly from debts due to customers (up €51.7 billion) and debts due to credit institutions (up €4.9 billion).

Financial liabilities measured at fair value through profit or loss amounted to €15.5 billion in 2020, compared to €18.9 billion at December 31, 2019.

Amounts due to credit institutions came to €44.8 billion, up €4.9 billion on the previous year level of €39.9 billion.

The "Due to customers" item on the liabilities side of the balance sheet is made up of customer savings deposits, including accrued interest. These deposits rose 23.8% to €268.8 billion at the end of 2020. Of this, CIC entities alone accounted for around 79% (€213.5 billion), TARGOBANK in Germany for 8% (€21.2 billion), and BECM for 7% (€19.3 billion).

Issues of securities other than those measured at fair value through profit or loss totaled €127.3 billion, up 1.8% year-on-year. Bonds accounted for most of this, with outstanding amounts of €64 billion, followed by interbank market securities and negotiable debt securities (€58.2 billion). The balance of the item consists of certificates of deposit and related debt.

Liabilities relating to insurance contracts, representing commitments to policyholders, totaled €112.6 billion (+1.2%), of which €57.7 billion in customer savings.

The bulk of non-controlling interests recognized as liabilities (€4 billion at the end of 2020) 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 €28.5 billion, up 2.6% year-on-year (+€724 million).

On the assets side, investments on the interbank market comprised assets in cash and with the Central Bank in the amount of €99.1 billion and with credit institutions in the amount of €54.8 billion.

Total customer receivables rose from €250.1 billion to €270.8 billion (up 8.3%) at the end of 2020.

77% of all loans are granted through CIC entities (€208.7 billion). TARGOBANK in Germany's loan portfolio (€19.4 billion) accounted for 7% of total outstanding loans, followed by BECM (€17.4 billion) and the Cofidis group (€13.1 billion).

Financial assets measured at fair value through profit or loss amounted to €27.7 billion compared to €31.8 billion the previous year.

Goodwill in the amount of €4.0 billion resulted mainly from the acquisition of TARGOBANK Germany securities in December 2008 (€2.9 billion), the acquisition of a stake in the Cofidis Group at the beginning of March 2009 (€457 million), and the purchase of CIC securities (residual goodwill of €506 million) as well as Factofrance SA securities acquired in July 2016 (€68 million).

2.3.1.3 Analysis of the consolidated income statement

(in € millions)	2020	2019	Change
Net banking income	**10,262**	**10,865**	**-5.5%**
General operating expenses	-6,077	-6,226	-2.4%
including contribution to the single resolution fund and supervision costs	*-216*	*-174*	*+24.2%*
Gross operating income/(loss)	**4,185**	**4,639**	**-9.8%**
Cost of risk	**-2,094**	**-998**	**x2.1**
cost of proven risk	*-966*	*-884*	*+9.3%*
cost of non-proven risk	*-1,128*	*-114*	*x9.9*
Operating income	**2,091**	**3,641**	**-42.6%**
Net gains and losses on other assets and ECC*	138	145	-4.9%
Profit/(loss) before tax	**2,229**	**3,786**	**-41.1%**
Income tax	-721	-1,124	-35.8%
Net profit/(loss	**1,508**	**2,663**	**-43.4%**
Non-controlling interests	224	380	-41.2%
NET INCOME ATTRIBUTABLE TO THE GROUP	**1,284**	**2,282**	**-43.7%**

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

Net banking income (NBI)

Due to the pressure of low interest rates on the interest margin and the decline in commissions (-1.3%), net banking income for **retail banking** decreased by 1.3%, to reach €7,352 million in 2020.

Increased support for policyholders, notably through strong non-contractual measures such as the mutual recovery bonus, the fall in interest rates and market volatility, lead to a decrease in net **insurance** income of 21.1% to €1,360 million.

After a very active year in terms of both inflows and asset management, net banking income for **private banking** rose by 9.5% to €626 million.

A good level of revenues, particularly on structured financing, enabled the net banking income for **corporate banking** to remain stable (-0.5%) at €381 million in 2020.

Capital markets produced net banking income of €319 million in 2020, down 5.4%, with strong growth in commercial activity partially offsetting the unfavorable base effect related to non-recurring capital gains in 2019.

Private equity achieved a good level of investment and divestment activity, but its net banking income (€190 million in 2020) was down by 28.2%. It is affected by the decrease in the valuation at fair value through profit or loss of part of the portfolio investments.

General operating expenses and gross operating income

General operating expenses were down by 2.4% compared to 2019 and amounted to €6,077 million.

These expenses are impacted by contributions to the Single Resolution Fund and supervision fees[1], which amounted to €216 million in 2020 compared to €174 million in 2019, *i.e.* an increase of 24.2%.

The overall cost/income ratio stood at 59.2%.

Gross operating income contracted by 9.8% year-on-year to €4,185 million.

Cost of risk and non-performing loans

The cost of risk amounted to €2,094 million in 2020, more than double that of 2019 (€998 million).

The increase in provisioning for performing loans (cost of non-proven risk – articles of association 1 & 2) increased from €114 million in 2019 to €1,128 million in 2020. It explains most of the increase in the total cost of risk over one year.

This increase reflects a policy of prudence and anticipation of future risk deterioration, which has resulted in the adaptation of provisioning rates to the context and in lump-sum allocations to the economic sectors deemed to be the most sensitive.

In view of the uncertainties concerning the evolution of the health situation and to take into account the more lasting consequences on the economy, Crédit Mutuel Alliance Fédérale has maintained and strengthened the provisioning efforts made in the first-half accounts:

- on performing loans (S1 & S2), the scenario weightings decided in the first half of the year have been maintained. These weightings strengthen the pessimistic scenario (75% in 2020 *versus* 40% in 2019) and suppress the optimistic scenario (1% in 2020 *versus* 10% in 2019). As a result, the neutral scenario drops to 24% in 2020 from 50% in 2019;
- in line with the measures taken in the first half of the year, sectoral provisions have been recorded for vulnerable sectors.

	Provisioning rates (applied to net exposures at default)	
Sensitive sectors	**Large corporates**	**Retail banking**
A	10.5%	14.0%
B	7.5%	10.0%
C	4.5%	6.0%

A Hotels, restaurants.

B Tourism and seasonal activities; Air transport; Vehicle hire.

C Specialized distribution; Automotive Industrial transportation; Aeronautical subcontractors.

The cost of proven risk (status 3) was up by €82 million. It reflects good asset quality from a diversified loan portfolio.

The bad debt ratio was down – year-on-year – to 3.7% at the end of 2020 compared to 3.9% at the end of 2019, and the coverage ratio stood at 53.4%.

As a percentage of outstanding loans, the cost of customer risk reached 63 basis points at the end of 2020 compared to 39 at the end of 2019.

(in € billions)	12/31/2020	12/31/2019	12/31/2018
Customer loans (net outstandings)	270.8	250.1	244.0
Gross amount of outstanding loans to customers	279.0	257.3	250.8
Gross non-performing loans	10.5	10.1	9.5
Provisions for impairment of receivables	8.1	7.2	6.8
o/w provisions for impairment of non-performing receivables	5.6	5.6	5.3
o/w provisions for impairment on performing loans	2.5	1.6	1.5
Share of non-performing receivables in gross loans	3.7%	3.9%	3.8%
Coverage ratio on non-performing receivables	53.4%	55.0%	55.9%

(1) Contribution to the ECB's Single Resolution Fund (SRF), contribution to the Deposit Guarantee Fund, ECB control costs, support fund for local authorities, contribution for ACPR control costs, administrative costs related to the ECB's Single Resolution Board (SRB), AMF contribution.

Profit/(loss) before tax

The profit before tax was down by 41.1% year-on-year at €2,229 million.

It was negatively affected by the sharp increase in the cost of risk.

Net profit/(loss)

Net profit for 2020 was €1,508 million, compared with €2,663 million in 2019 (-43.4%).

This decline reflects the crisis context affecting revenues and, above all, the high level of uncertainty caused by the COVID-19 pandemic on risks, which has led to the prudent allocation of an increased share of performing loans.

Transactions with Crédit Mutuel Alliance Fédérale entities

BFCM's consolidated gross operating loss in 2020 was -€277 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 €375 million in 2020 compared with €382 million in 2019. Net commissions increased to -€18 million. Net expenses on other activities recognized by these entities stood at €520 million in 2020, compared with €467 million in 2019.

As of December 31, 2020, the outstanding loans granted to the Crédit Mutuel Alliance Fédérale entities that are not part of the BFCM consolidation scope totaled €30.9 billion.

2.3.1.4 Analysis of results by activity

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

(in € millions)	2020	2019	Change
Net banking income	**7,352**	**7,449**	**-1.3%**
General operating expenses	-4,279	-4,373	-2.1%
Gross operating income/(loss)	**3,073**	**3,077**	**-0.1%**
Cost of risk	**-1,791**	**-855**	**x2.1.**
cost of proven risk	*-855*	*-756*	*+13.0%*
cost of non-proven risk	*-936*	*-98*	*x9.5*
Operating income	**1,282**	**2,222**	**-42.3%**
Net gains and losses on other assets and ECC*	-4	-8	-55.8%
Profit/(loss) before tax	**1,278**	**2,214**	**-42.3%**
Income tax	-505	-752	-32.9%
NET PROFIT/(LOSS)	**773**	**1,461**	**-47.1%**

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

Net banking income from retail bank insurance activities was down slightly by 1.3% compared to 2019 and amounted to €7,352 million.

Operating expenses were well under control (down 2.1%) and gross operating income was almost stable at €3,073 million.

As for the Group as a whole, and despite the resilience of its revenues (-1.3%), the net profit of retail banking was affected by the sharp increase in the cost of risk of €937 million, of which €99 million for the cost of proven risk and €838 million for the cost of non-proven risk.

2.3.1.4.2 Insurance

(in € millions)	2020	2019	Change
Net insurance income	**1360**	**1723**	**-21.1%**
General operating expenses	-603	-600	+0.6%
Gross operating income/(loss)	**757**	**1,123**	**-32.6%**
Net gains and losses on other assets and ECC*	2	97	ns
Profit/(loss) before tax	**759**	**1220**	**-37.8%**
Income tax	-251	-362	-30.7%
NET PROFIT/(LOSS)	**508**	**859**	**-40.8%**

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

The health and economic crisis, caused by the COVID-19 pandemic, has strongly affected the activity and results of the Crédit Mutuel Insurance Group (GACM) in 2020. This year has been an opportunity to demonstrate our solidarity, to stand by our customers in difficult times. Assurances du Crédit Mutuel (ACM) has therefore decided to take strong solidarity measures for a total amount of €200 million.

The continued decline in interest rates led to additional provisions. The decline in the stock markets had a negative impact on GACM's financial results, assessed under international accounting standards (IFRS).

The profit contributed by GACM thus amounted to €508 million, down by 40.8% compared to December 31, 2019 (€859 million). This decrease reflects the cooperative gestures in favor of policyholders, decided by the ACMs, as well as a good resistance of our activities.

2.3.1.4.3 Private banking

(in € millions)	2020	2019	Change
Net banking income	**626**	**572**	**+9.5%**
General operating expenses	-413	-413	-0.1%
Gross operating income/(loss)	**213**	**159**	**+34.3%**
Cost of risk	-32	6	ns
Operating income	**181**	**165**	**+10.0%**
Net gains and losses on other assets and ECC*	0	2	ns
Profit/(loss) before tax	**181**	**166**	**+9.0%**
Income tax	-39	-33	+18.9%
NET PROFIT/(LOSS)	**142**	**133**	**+6.5%**

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

Private banking subsidiaries' business was strong in 2020, posting a very healthy level of new funds, bringing savings deposits to €135.9 billion at the end of the year, up 9.2%. This increase relates to both deposits (+4.8%) and financial savings (+10.3%).

Outstanding loans reached €15.7 billion, an increase of 7.6%.

Private banking revenues (€626 million) increased by 9.5% compared with 2019 due to the good level of commercial activity.

The general operating expenses totaled €413 million, stable compared to 2019.

The cost of risk posted a net provision of €32 million in 2020, compared to a €6 million net reversal in 2019.

The operating income therefore increased by 10% to €181 million and net profit by 6.5% to €142 million.

2.3.1.4.4 Corporate banking and capital markets

(in € millions)	2020	2019	Change
Net banking income	**700**	**720**	**-2.8%**
General operating expenses	-347	-347	+0.1%
Gross operating income/(loss)	**353**	**373**	**-5.5%**
Cost of risk	-272	-141	+92.9%
Operating income	**80**	**232**	**-65.4%**
Net gains and losses on other assets and ECC*	4	0	ns
Profit/(loss) before tax	**85**	**232**	**-63.6%**
Income tax	-11	-19	-41.9%
NET PROFIT/(LOSS)	**74**	**214**	**-65.5%**

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

Corporate banking

Outstanding deposits rose by more than €6 billion to €15.8 billion at the end of 2020, and outstanding loans were stable at €19.4 billion.

The Net banking income from corporate banking decreased by 0.5% in 2020, amid low interest rates that weighed on margins, deposit-taking and lending conditions.

Expenses were kept under control (+1.6%) but the significant allocations to the cost of risk on performing loans (€178 million, *i.e.* 78 basis points) led to a sharp drop in net profit to €6 million compared to €133 million in 2019.

Capital markets

At the end of December 2020, Capital Market's net banking income was €319 million (versus €337 million at the end of December 2019).

The investment business line (including France, the New York and Singapore branches, and Cigogne Management SA) generated IFRS net banking income of €223 million, an improvement on December 31, 2019, excluding the exceptional net banking income in New York of US$34 million in 2019.

The commercial activity (CIC Market Solutions and Singapore) was very active and achieved IFRS net banking income of €95 million, up €8 million compared with December 31, 2019, after €81 million in commissions paid, up 7%.

2.3.1.4.5 Private equity

(in € millions)	2020	2019	Change at constant scope*
Net banking income	**190**	**265**	**-34.1%**
General operating expenses	-65	-51	+9.3%
Gross operating income/(loss)	**126**	**214**	**-44.5%**
Cost of risk	-1	0	ns
Profit/(loss) before tax	**125**	**214**	**-44.9%**
Income tax	3	-1	ns
NET PROFIT/(LOSS)	**128**	**213**	**-43.2%**

* *Excluding additions to the consolidation scope in 2020: CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec and CIC Capital Deutschland GmbH.*

Despite the very deteriorated economic context of the health crisis impacting the valuations of some of the holdings, 2020 was nevertheless a record year in terms of disposals.

At the same time, €580 million were invested, up 37% on the previous year, including 20 new operations representing €238.5 million.

2.3.1.4.6 IT, logistics, press and Holding company

The table below presents the elements constituting the profit/(loss) of the IT, logistics, press and holding business line for the 2019 and 2020 fiscal years.

(in € millions)	2020	2019	Change
Net banking income	**103**	**223**	**-53.9%**
General operating expenses	-440	-530	-17.0%
Gross operating income/(loss)	**-337**	**-307**	**-9.9%**
Cost of risk	3	-7	ns
Operating income	**-335**	**-314**	**-6.4%**
Net gains and losses on other assets and ECC*	136	55	ns
Profit/(loss) before tax	**-199**	**-260**	**+23.5%**
Income tax	81	42	ns
NET PROFIT/(LOSS)	**-118**	**-217**	**+45.8%**

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

The IT, logistics, press and holding business line generated a net banking income of €103 million in 2020, *versus* €223 million in 2019. The net loss amounted to €118 million in 2020, compared to a loss of €217 million in 2019.

2.3.1.5 Alternative performance measures

ALTERNATIVE PERFORMANCE MEASURES (APM) – ARTICLE 223-1 OF THE GENERAL REGULATIONS OF THE *AUTORITÉ DES MARCHÉS FINANCIERS* (AMF – FRENCH FINANCIAL MARKETS AUTHORITY)/POLICIES OF THE ESMA (ESMA/2015/1415)

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 "general operating expenses" and "allocations/reversals of depreciation, amortization and provisions for property, plant and equipment and intangible assets" items of the consolidated income statement) to "IFRS net banking income"	Measure of the bank's operational efficiency
Overall cost of customer risk related to the outstanding loans *(expressed in% or in basis points)*	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 non-proven risk	Expected losses at 12 months (S1) + expected losses at maturity (S2) – See note to the financial statements. Application of IFRS 9. Impairment is recognized for all financial assets that have not been objectively indicated as individual losses.	Measurement of the level of unrealized risk
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 outstandings held by our customers – 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 "allocations to/reversals of 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 using consolidated balance sheet items: ratio expressed as a percentage of total customer loans ("loans and receivables to customers" item of the asset side of the consolidated balance sheet) to customer deposits ("due to customers" item of the liabilities side of the consolidated balance sheet)	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 to 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	2020	2019
General operating expenses	-6,077	-6,226
Net banking income	10,262	10,865
COST/INCOME RATIO	**59.2%**	**57.3%**

Cost of customer risk related to outstanding loans	12/31/2020	12/31/2019
Cost of customer risk	-1,748	-991
Gross loans to customers	278,953	257,341
COST OF CUSTOMER RISK RELATED TO OUTSTANDING LOANS	**0.63%**	**0.39%**

Coverage ratio	12/31/2020	12/31/2019
Impairment (S3)	5,576	5,562
Individually-impaired receivables, gross (S3)	10,451	10,108
COVERAGE RATIO	**53.4%**	**55.0%**

Rate of non-performing loans	12/31/2020	12/31/2019
Individually-impaired receivables, gross (S3)	10,451	10,108
Gross loans to customers	278,953	257,341
RATE OF NON-PERFORMING LOANS	**3.7%**	**3.9%**

2.3.2 Recent developments and prospects

2.3.2.1 Events after the reporting period

None.

2.3.2.2 Prospects

In response to the economic and social upheavals accentuated by the health crisis, Crédit Mutuel Alliance Fédérale revised its 2019-2023 strategic plan at the end of 2020 to accelerate its technological and human investments in line with its environmental and societal commitments.

This plan is the basis for going faster and further, and for gaining the trust of our customers, members and prospective customers every day by remaining faithful to our cooperative ideals. It is based on four priorities:

- be the reference relational bank in a digital world;
- be a committed bank in tune with a changing world;
- be an innovative, multi-service bank;
- put solidity at the service of the development of the cooperative model.

To affirm its identity and values, and to mobilize its skills and energies around a common dynamic, in October 2020 Crédit Mutuel Alliance Fédérale adopted its *raison d'être "Ensemble, écouter et agir"* (listening and acting together). Crédit Mutuel Alliance Fédérale was the first bank to adopt the status of benefit corporation.

2.4 BFCM'S 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 "2.2.2.6.2 Liquidity and refinancing" in this chapter.

Depository for undertakings for collective investment (UCIs)

The role of a custodian for undertakings in collective investment (UCIs), undertakings for collective investment in transferable securities (UCITS), alternative investment funds (AIFs), and securitization vehicles is to safeguard the interests of the shareholders in these funds and vehicles.

In this regard, the custodian has three regulatory duties:

- asset safekeeping, *i.e.* custody (mainly marketable securities) and record-keeping for other financial instruments (forward financial instruments and other registered financial instruments). This responsibility is entrusted to specialized units of Crédit Mutuel Alliance Fédérale;
- ensuring the regulatory compliance of management decisions;
- cash monitoring.

It may also contractually perform liability management when said management has been delegated by the management company. This task mainly consists in processing share subscription and redemption orders initiated by customers. This activity is carried out by the specialized units of Crédit Mutuel Alliance Fédérale.

2020 was marked by the following:

- the custodian audit certified its level of expertise by confirming ISAE 3402 Type 2 standard for the period from October 1, 2019 to September 30, 2020. The control plan was effectively hedged, reaching a coverage ratio of close to 100%;
- the custodian continued to develop its internal control system by broadening the scope and increasing the frequency of the tasks supervised;
- at the request of the regulator, the custodian shall produce the annual information file under its new standardized form;
- the custodian supported Crédit Mutuel Investment Manager in the development of the international marketing of Crédit Mutuel Asset Management UCIs;
- BFCM deploys its relationship entry and monitoring system in compliance with security criteria based on the risk-based approach;
- important work has been carried out in the supervision of foreign sub-custodians in the field of asset custody and outsourced essential services on which the custodian relies to perform its mission;
- BFCM attended meetings of the Custodian Group of the French Association of Securities Professionals (*Association Française des Professionnels des Titres* – AFTI).

At the end of December 2020, Banque Fédérative du Crédit Mutuel was the custodian of 929 UCIs with total assets of €73 billion. The number of UCIs fell slightly (-25 UCIs), with outstanding deposits increasing by 6.3% compared to the end of 2019. This change is mainly due to the increase in UCITS outstandings (in particular money market funds, up 20.7% over the period).

The large majority of UCIs deposited at Banque Fédérative du Crédit Mutuel (83.3% in number, 95.5% in outstandings) are managed by the group's management companies, Crédit Mutuel Asset Management, Crédit Mutuel Gestion, Crédit Mutuel Capital Privé, CIC Private Debt and Dubly Transatlantique Gestion.

The other deposited UCIs, mainly specializing in private equity and securitization, are spread between some 20 management companies outside Crédit Mutuel Alliance Fédérale.

2.4.2 Management report on BFCM's annual financial statements

2.4.2.1 Balance sheet

The balance sheet adopted on December 31, 2020 totals €203.1 billion, up by 5.8% compared to the previous fiscal year.

On the liability side, the debts to credit institutions totaled €82.8 billion and mainly consisted of term loans to organizations of the group, demand accounts (€27.4 billion) and securities given under repurchase agreements in the context of TLTRO (€17.1 billion). Term loans to organizations of the group stand at €35.1 billion, the majority of which come from resources collected by its subsidiary Crédit Mutuel Home Loan SFH (€25.8 billion) and by CIC and its regional banks (€8.5 billion).

Amounts due to customers totaled €9.4 billion. This item is mainly composed of demand accounts in credit (€8.6 billion) and term deposits and borrowing from financial customers (€0.8 billion).

Securities liabilities totaled €86.0 billion and are composed of securities in the interbank market (€4.0 billion), negotiable debt securities (€34.8 billion), bonds and monetary EMTNs (€47.2 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 €13.2 billion on December 31, 2020 (including the 2020 profit of €679.7 million), against €12.9 billion at the end of 2019.

On the asset side, the central treasury of Crédit Mutuel Alliance Fédérale was reflected by receivables held on credit institutions at €117.1 billion. The refinancing granted to Caisse Fédérale de Crédit Mutuel represents €30.1 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 (€4.9 billion), CIC Group and its finance leasing and factoring subsidiaries (€56.1 billion), the Cofidis group (€10.9 billion), the Factofrance group (€4.0 billion) and other subsidiaries (€3.3 billion). BFCM also refinances €2.3 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 €83.2 million after deducting provisions of €32.2 million.

Short-term investment securities, investment securities and those ancillary to transactions constitute the other uses of cash (€26.6 billion).

Investments in associates, which stand at €16.3 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 euros)

	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total
Number of invoices	6	-	-	-	-	6
Amount	104,025	-	-	-	-	104,025
Percentage of total	0.10%	-	-	-	-	0.10%

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 2020.

2.4.2.3 Income statement

Interest and similar income amounted to €3.21 billion (€2.8 billion consisting of transactions with credit institutions) and interest and similar expenses stood at €3.25 billion (€1.9 billion in interest paid to credit institutions and €1.2 billion on securities issued), representing a net interest margin of -€41.7 million, against -€46.3 million in 2019.

Income from variable-income securities (shares) for €1.025 billion mainly consists of dividends received from subsidiaries of BFCM (€1.006 billion).

The positive impacts on the trading portfolios for €5.4 million mainly arose from foreign exchange gains on assets denominated in foreign currencies (€1.6 million) and net reversals of provisions on the swapped bond portfolio (€3.9 million) related to interest rate changes.

The provisions (net of reversals) of provisions for impairment (-€161.3 million) constitute most of the item "profit and loss on short-term investment portfolios" (-€114.5 million).

After recognition of commissions and other elements related to operation, net banking income stood at €901.3 million, compared to €2 billion in 2019.

General operating expenses, which were slightly up +4.9%, totaled €72.7 million (against €69.3 million in 2019).

In 2020, €29.5 million of cost of risk were recorded in part following a deterioration in the risk on certain customer loans.

The balance of the item "profit and loss on non-current assets" of €118.9 million is composed of capital gain and loss, both realized and unrealized, on our investments in listed non-consolidated companies, mainly corresponding to valuation adjustments.

The corporate income tax item for €70 thousand is mostly composed of a tax adjustment over previous fiscal years.

2.4.2.4 The proposals of the board to the meeting

Finally, in 2020 BFCM recorded profit of €679.7 million.

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

- 2020 profit: €679,724,686.90;
- retained earnings: €584,825.40;
- representing a total of: €680,309,512.30.

We propose:

- payment of a dividend of €3.02 to each of the 33,770,590 shares entitled to dividends over the full year, representing a distribution of €101,987,181.80 in total. 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 €578,000,000.00 to the optional reserve;
- to allocate €322,330.50 to retained earnings.

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

	2017	2018	2019
Amount in euros	€2.40	€3.85	€8.90
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

(in euros)	2016	2017	2018	2019	2020
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 FISCAL YEAR					
a) Net banking income, income from the securities portfolio and miscellaneous	466,909,335.69	593,256,096.24	1,105,048,350.22	1,998,597,811.55	901,303,696.79
b) Profit/(loss) before tax, employee share ownership and allocations to depreciation, amortization and provisions	903,621,214.10	451,465,440.48	1,606,289,203.09	1,866,736,070.27	952,920,846.80
c) Income tax	250,799.70	-476,290.93	1,955,240.36	141,414.89	-70,286.50
d) Employee share ownership due pursuant to the fiscal year	97,960.46	130,512.29	112,693.25	164,089.45	172,342.04
e) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	269,287,297.83	-162,400,325.59	991,617,934.79	2,003,541,913.11	679,724,686.90
f) Distributed profit	130,016,771.50	81,049,416.00*	130,016,771.50	300,558,251.00	101,987,181.80
3. EARNINGS PER SHARE					
a) Profit/(loss) after tax and employee share ownership but before allocations to depreciation, amortization and provisions	26.75	13.38	47.50	55.27	28.21
b) Profit/(loss) after tax, employee share ownership and allocations to depreciation, amortization and provisions	7.97	-4.81	29.36	59.33	20.13
c) Dividend assigned to each share over the full year	3.85	2.40*	3.85	8.90	3.02
4. STAFF					
a) Average workforce employed during the fiscal year	32	68	67	69	71
b) Amount of the payroll expense for the fiscal year	6,111,275.25	8,148,624.87	7,933,548.00	7,815,574.59	8,657,266.62
c) Amounts paid pursuant to social benefits for the fiscal year (Social Security, social work)	2,672,813.48	3,665,236.87	3,528,052.07	3,521,611.95	4,066,721.55

** The dividend distributed in 2017 was deducted from reserves.*

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.

Crédit Mutuel and CIC are ranked first and second respectively in the “2021 Best Employer” ranking in the banking and financial services sector out of a total of 18 institutions assessed by Capital magazine.

3
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 2020 fiscal year, a consolidated statement of the 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.

3.1.1 Presentation of the scope, business model and vigilance plan

3.1.1.1 Crédit Mutuel Alliance Fédérale Scope

Crédit Mutuel Alliance Fédérale is made up of 1,401 local Crédit Mutuel banks, 10 regional banks, 13 federations, Caisse Fédérale de Crédit Mutuel (CFCM) and Banque Fédérative de Crédit Mutuel (BFCM).

Crédit Mutuel Alliance Fédérale is affiliated with 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. 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 owned by BFCM. The latter reward the business flows brought in through the payment of commissions to the local banks.

In view of this 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 10278) for all the affiliated local cooperative 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,CIC and its subsidiaries, 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 appended to this report.

The scope retained for the collection and consolidation of the data in this report represents, in number of entities, 77% of the consolidated scope. The change in the percentage compared to 2019 is due to a change in calculation method. 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 Investment 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.

From a regulatory, technical and financial standpoint, 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 and 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 cooperative banks that are affiliated to the federation and use the same banking code as Caisse Fédérale de Crédit Mutuel.

Since January 1, 2020, the regulatory perimeter comprises 13 Crédit Mutuel federations that have forged partnerships authorized by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) and which resulted in the creation of Caisse Fédérale de Crédit Mutuel, the local cooperative bank common to the 13 Crédit Mutuel groups formed by:

- 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-Vivarais – 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).

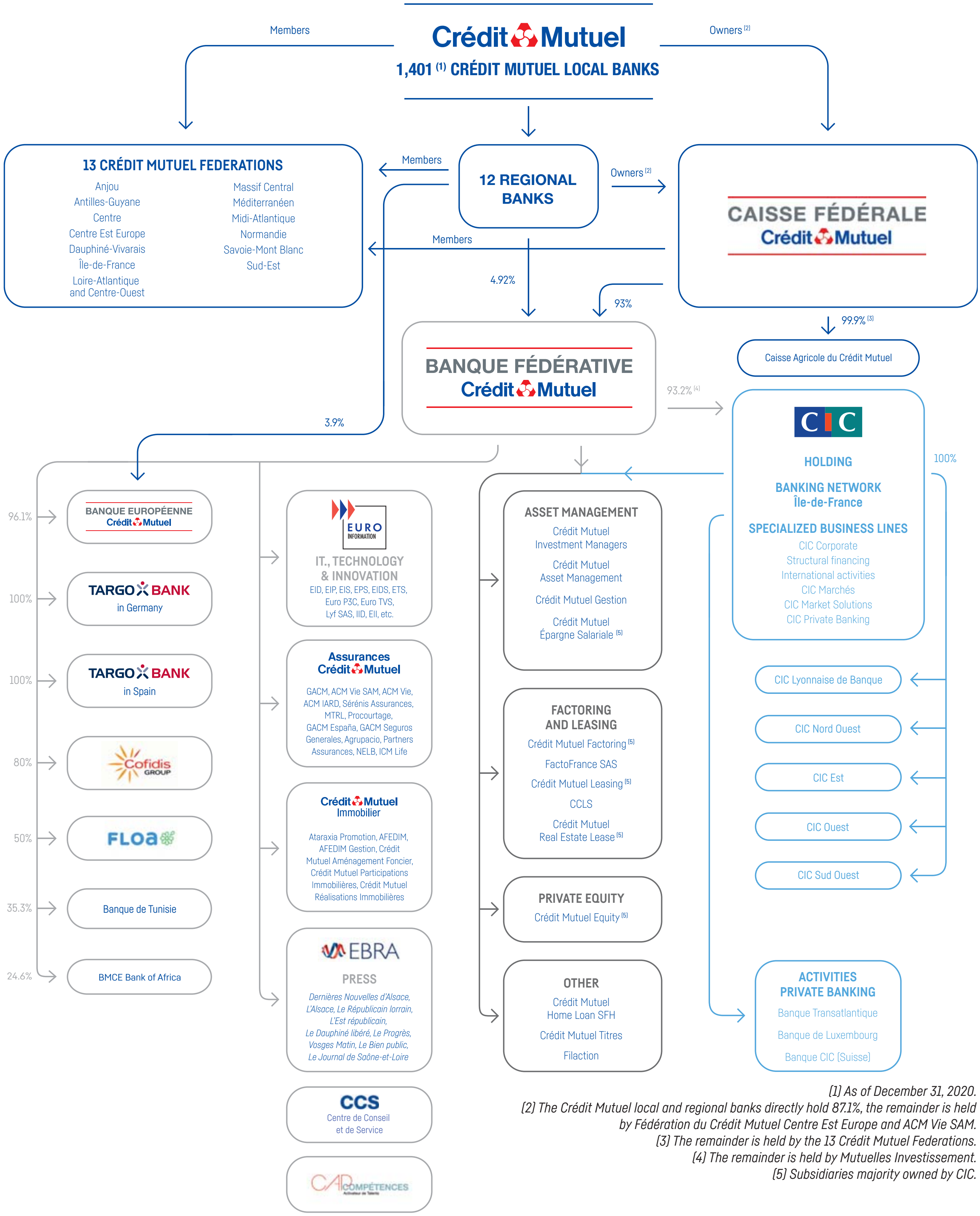
Each local bank is a member of the federation of its geographic region and each federation is autonomous within its territory.

Crédit Mutuel Alliance Fédérale comprises the 13 federations listed above as well as Caisse Fédérale de Crédit Mutuel, Banque Fédérative de Crédit Mutuel (BFCM) and all its subsidiaries, notably CIC, Euro-Information, Assurances du Crédit Mutuel (ACM), TARGOBANK, Cofidis, Banque Européenne du Crédit Mutuel (BECM) and Banque Transatlantique.

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.

3

ORGANIZATIONAL CHART OF CREDIT MUTUEL ALLIANCE FEDERALE



(1) As of December 31, 2020.
(2) The Crédit Mutuel local and regional banks directly hold 87.1%, the remainder is held by Fédération du Crédit Mutuel Centre Est Europe and ACM Vie SAM.
(3) The remainder is held by the 13 Crédit Mutuel Federations.
(4) The remainder is held by Mutuelles Investissement.
(5) Subsidiaries majority owned by CIC.

3.1.1.2 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.

The business model of Crédit Mutuel Alliance Fédérale is described in the introductory booklet of the universal registration document of Crédit Mutuel Alliance Fédérale/BFCM.

3.1.1.3 Crédit Mutuel Alliance Fédérale: the first benefit corporation bank

Crédit Mutuel Alliance Fédérale has adopted a *raison d'être* in line with its values: "*Ensemble, écouter et agir*" (listening and acting together).

It also 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 shared organization, we support our customers and members in their best interests;
- a bank for all, members and customers, employees and elected representatives, we act for everyone and refuse any discrimination;
- respectful of everyone's privacy, we place technology and innovation to serve people;
- as a solidarity-based company, we contribute to regional development;
- as a responsible company, we actively work for a more fair and sustainable society.

The cooperative elected members and employees played an active role in building this *raison d'être* and the five missions. The monitoring of the performance of these missions is entrusted to a Mission Committee which 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.

3.1.1.4 Adaptation measures to address the COVID-19 health crisis[1]

Review of the *ensemble#nouveaumonde* (together#today's world) strategic plan

The 2019-2023 *ensemble#nouveaumonde (together#today's world, faster further!)* strategic plan is based on a principle, technology to serve people, and an alliance of Crédit Mutuel local banks, federations and subsidiaries working together for efficiency, while respecting subsidiarity.

Faced with the economic and social disruption accentuated by the health crisis, Crédit Mutuel Alliance Fédérale has decided to review its strategic plan, which has been renamed *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!). In order to accelerate technological and relationship-driven investments in line with its environmental commitments, the new strategic plan is based on four priorities:

- be the reference relationship-driven bank strengthening the position of advisors, who play an essential role in building and developing omnichannel relationships, optimizing the distribution networks and setting up an even more efficient organization to market the multi-service offer;
- be a committed bank adapted to a new era by strengthening the group's commitments to all members and customers and pooling resources for increased collective efficiency;
- be an innovative multi-service bank by stepping up customer focus in the management of IT projects and building an ecosystem of long-term partnerships for new services;
- using the group's solid fundamentals to serve the development of its mutualist model by being more selective in the allocation of capital and liquidity and by developing new synergies to serve customers and members.

(1) The elements are described in the introductory booklet of the Crédit Mutuel Alliance Fédérale/BFCM URD.

Summary of support measures for members and customers

In order to address the challenges of the health and economic crisis, Crédit Mutuel Alliance Fédérale, capitalizing on its strong employee engagement, has implemented a set of measures to ensure business continuity and protect customers, employees and third parties. Crédit Mutuel Alliance Fédérale demonstrated its operational capacity, owing to its powerful local networks and technology, and the performance of its business line subsidiaries.

Omnichannel Close to our customers	Support measures	Solidarity measures	Committed to our employees
Seven million meetings with customers via physical meetings, video conferences, calls and letters	State-guaranteed loans 130,000 SGLs granted €19.5 billion (€17.5 billion withdrawn)	Cooperative Recovery Bonus 25,400 policyholders €179 million	A capacity for 50,000 daily simultaneous connections for employees with the highest security standards
Over 28,000 account managers mobilized within the Crédit Mutuel and CIC networks	Job retention No partial unemployment or activity suspension	Contribution to solidarity funds €17 million	€2,000 exceptional bonus for all employees
96% of branches in our retail network remained open during the first lockdown	Various measures to support financially vulnerable customers	Support for 32,000 students €4.8 million	

3.1.1.5 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 of Crédit Mutuel Alliance Fédérale 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 Crédit Mutuel Alliance Fédérale.

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 for each ESG area.

In 2020, the risk rating procedure (provided by experts) was 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. The rating scale ranges from 1 (very significant risk) to 5 (non-significant 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 did not lead to any changes to the classification of significant ESG risks previously identified.

The ESG risk mapping also features risk prevention and mitigation measures as well as the main performance indicators.

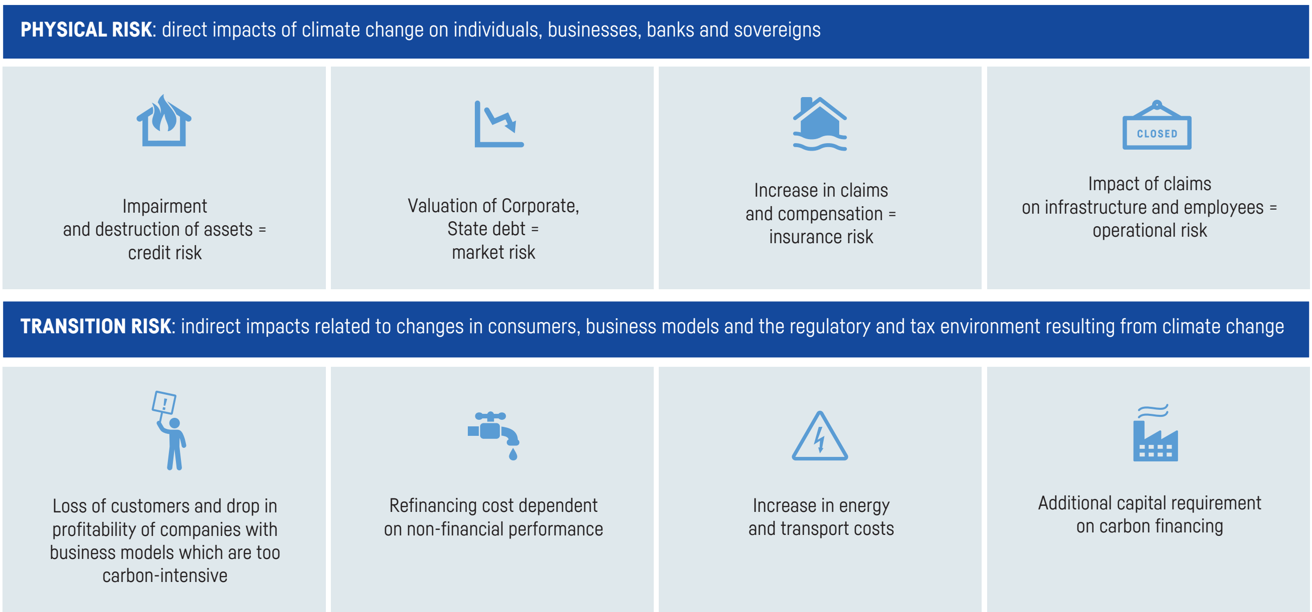
The mapping of significant ESG risks is approved by Crédit Mutuel Alliance Fédérale's Risk Committee (executive body) and the Risk Monitoring Committee (deliberative body).

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.

Integration of climate risks

The mapping of ESG risks also addresses environmental risks, which include the challenges of assessing climate risks (physical and transition risk). This section will be supplemented by a specific mapping covering the assessment and management of climate risks for the scope of Crédit Mutuel Alliance Fédérale's activities. Preparatory work started in 2020 to understand the challenges of physical and transition risks on the business model. This work is being carried out hand in hand with the risk department of Confédération Nationale du Crédit Mutuel and will be completed in 2021.

FIRST IMPACT ANALYSIS OF CLIMATE RISKS: A TWO-FOLD RISK WITH MULTIPLE CONSEQUENCES



MAPPING OF SIGNIFICANT ESG RISKS

SUMMARY

Non-financial information category	Significant non-financial risks	Prevention measures
GOVERNANCE		
Lack of training of elected representatives	■ Risk of decisions incoherent with the strategy of the group	■ Training plan dedicated to each profile of elected representative
Lack of attractiveness of membership	■ Risk of compromise of the cooperative model	■ Organization of cooperative life ■ Encourage the involvement of elected representatives in local life
Poor customer advice Unsuitable goods and services sold	■ Risk of losing customers	■ Routine quality measures ■ Satisfaction surveys ■ Adaptation of proposed offerings
SOCIAL		
Transformation of skills Lack of employee training	■ Risk of non-compliance of banking and insurance operations	■ Significant training budget ■ Specific training related to insurance products ■ Support for all employees in digital transformation
Demotivation of staff (management, professional recognition, QLW, etc.)	■ Risk of non-respect of procedures ■ Risk of failure to advise customers/prospects – Loss of NBI	■ Internal support mechanism for employees (regular interviews, group charters and agreements, measures for improving QLW, etc.)
SOCIETAL		
Lack of awareness of the ESG issues in the group purchasing policy	■ Risk of non-respect of the vigilance plan	■ Respect of purchasing policy ■ Signing of supplier charter
Malice in the handling of customer/prospect banking operations	■ Risk of internal or external fraud ■ Risk of conflicts of interest ■ Risk of information theft	■ Strengthening of the control procedures of banking and insurance operations
IT systems security failure	■ Risk of downtime in bank IT systems ■ Risk of cybercrime ■ Risk of non-respect of general regulation on the protection of customer data	■ IT Systems Security Committee ■ Certification ISO 27001 ■ Training of employees in GDPR (General Data Protection Regulation)
FIGHT AGAINST CORRUPTION		
Non-respect of procedures	■ Risk of corruption	■ Regular training of employees ■ Internal controls
HUMAN RIGHTS		
Controversies over the non-respect of human rights	■ Risk of exposure through banking and insurance activities ■ Risk of non-respect of the vigilance plan	■ Contractual clauses ■ Crisis management mechanism ■ Scoring tool-assisted monitoring ■ Monthly reporting and compilation of a list of excluded securities for asset management purposes ■ Communication of the vigilance plan
ENVIRONMENTAL		
Absence of dedicated SMR governance	■ Regulatory risk (poor application of regulatory texts)	■ Crédit Mutuel Alliance Fédérale's CSR commitment ■ Validation of decisions by the Boards of Directors of the umbrella bodies ■ Dedicated organization with contacts in each entity
Lack of consideration for the carbon footprint of the group's entities in the exercise of their activities	■ Risk to reputation ■ Regulatory risk	■ Carbon offset 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	■ Risk of losing customers and attractiveness (impact on NBI)	■ Sectoral policies & integration of ESG criteria into lending and investment management
Absence of prevention measures to reduce the carbon footprint of banking and investment operations	■ Financial risk (depreciation of controversial securities in the portfolio)	■ Roll-out of the climate strategy for coal and non-conventional hydrocarbon activities
Lack of consideration for risks associated with climate change	■ Risk of transition ■ Physical risk	■ Exploratory approach to climate risk assessment: establishing country limits integrating climate and ESG risks

Non-financial information category	Performance indicators
GOVERNANCE	
■ Training rate of elected members *(Chapter 3.1.2.2.2)*	■ Training rate of local elected members: 29.79%
■ Membership rate *(Chapter 3.1.2.2.2 – GOUV62; GOUV63; GOUV65)*	■ Membership rate: 77.66% (stable)
■ Posternak Ifop barometer[1] *(Chapter 3.1.2.2.1)* ■ Complaints monitoring indicator *(Chapter 3.1.2.2.1)*	■ Complaints monitoring indicator: 62,648 claims recorded in 2020 (69,547 in 2019)
SOCIAL	
■ Training indicators *(Chapter 3.1.2.2.4 – SOC46; SOC47; SOC48; SOC50)* ■ Percentage of employees who have validated training courses for insurance products ■ Transformation training rate *(Chapter 3.1.2.2.4)*	■ Training indicators (i) SOC46: amount of payroll invested in training: €122.6 million; (ii) SOC47: percentage of payroll expense dedicated to training: 3.91%; (iii) SOC50: number of hours devoted to training: 1.8 MH. ■ Percentage of employees who have validated training courses for insurance products: 93% of insurance training courses were certified in 2020 (20,428 training courses delivered). ■ Transformation training rate: 52% of employees enrolled in the "digital passport" training course have been certified.
■ Rate of job rotation *(Chapter 3.1.2.2.4)* ■ Absenteeism indicator: number of days of absence *(Chapter 3.3.1.2.2.4 – 3.4.1 – 3.5.1 – SOC38; SOC39; SOC40; SOC41)*	■ Rate of job rotation: 3.42% (excluding foreign subsidiaries) ■ Absenteeism indicator – Number of days of absence: 806,090
SOCIETAL	
■ Number of supplier charters signed (*Chapter 3.1.2.2.3)*	■ Number of supplier charters signed: over 3,300 charters were signed by CCS and Euro-Information suppliers.
■ Percentage of total claims for the year related to external fraud or internal fraud *(Chapter 3.1.2.2.1)*	■ Percentage of total claims for the year related to external fraud or internal fraud: Internal and external fraud amounted to €32.9 million and represented 34.5% of total claims. ■ At ACM level: over 1,100 fraudulent files. Fraud accounted for 6% of claims.
■ Rate of availability of primary TP applications[2] *(Chapter 3.4.2)* ■ Impact of claims >€1,000 (*Chapter 3.1.1.6 – 3.4.2)* ■ Rate of training in GDPR *(Chapter 3.1.1.6)*	■ Rate of availability of primary TP applications[2]: the rate was 99.43% (99.54% in 2019). ■ Impact of claims >€1,000: 269 claims in 2019 (298 in 2019). ■ Rate of training in GDPR: 80% of employees have completed an e-learning course on the GDPR in its entirety.
FIGHT AGAINST CORRUPTION	
■ Percentage of employees trained in the fight against corruption *(Chapter 3.1.1.6)*	■ Percentage of employees trained in the fight against corruption: 79% of training was performed by the employees in question in 2020.
HUMAN RIGHTS	
■ Number of alerts from the "Option to Report" tool *(Chapter 3.1.1.6 – Unpublished data)*	■ Number of alerts from the "Option to Report" monitoring tool: Unpublished data.
ENVIRONMENTAL	
■ Five SMR indicators included in the strategic plan ensemble#nouveaumonde, plus vite, plus loin ! (together#today's world, faster, further!): Human and Cooperative Indicators (Chapter 3.1.2.2)	■ The progress of projects is detailed in the chapters identified, in particular the "Environmental Improvement" section.
■ GHG emissions: five-year goal of 30% reduction in the group's carbon footprint (Chapter 3.1.2.2 and 3.1.2.2.5)	
■ Growth rate of renewable energy project financing commitments *(Chapter 3.1.2.2.5)*	
■ Monitoring of exposures eligible for sectoral policies	
■ Quarterly monitoring of limits by country	

(1) Posternak Ifop barometer: https://presse.creditmutuel.com/le-credit-mutuel-reste-ndeg1-des-banques-au-barometre-posternak-ifop-1/.
(2) TP: Transaction Processing – Major applications used by the banking network and customers.

3.1.1.6 Vigilance plan

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, including CIC and its subsidiaries.

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 is accessible to employees of each Crédit Mutuel Alliance Fédérale entity, particularly through the Intranet. 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].

Presentation of Crédit Mutuel Alliance Fédérale's vigilance plan

Details 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 – SMR – which has been implemented for several years by Crédit Mutuel Alliance Fédérale.

Scope of the vigilance plan

The vigilance plan makes it possible to identify risks and prevent serious harm in the following areas:

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 (subsidiaries and employees) or its partners (suppliers and intermediaries) on their stakeholders within the context of established commercial relationships.

Health and safety of individuals

Definitions

The WHO defines health as the "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.

Examples of risks to safety and health at work

Physical activity (working on a screen, lumbago, etc.), noise, occupational or chemically-caused cancers (asbestos, etc.), travel, psycho-social risks (aggression, external violence, occupational exhaustion or burn out, harassment and internal violence, stress, suicide), etc.

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.

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.

(1) https://www.bfcm.creditmutuel.fr/fr/investisseurs/information-financiere-reglementee.html

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;
- environmental health (impact of the environment on human health).

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.

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.

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.

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 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 concept 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.

(1) Gross risk is defined without taking into account the control environment.

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.

Assessment procedures concerning the status of suppliers and subcontractors

Regular assessment of the status of subcontractors and suppliers outside of the group with which there is a commercial relationship is conducted with the help of various operational procedures within Crédit Mutuel Alliance Fédérale.

Bidding process procedures

Most purchases are made by the group's 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.

Collection of documentation and information on suppliers outside the group

Numerous elements that make it possible to check on the identity of the supplier, its repute 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[1] 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.

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, the group establishes a policy 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 in the group (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, combatting money laundering,
  - established 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.

Outsourcing of essential services

The framework procedure for controlling the outsourcing of the "critical or material" activities drawn up by Crédit Mutuel Alliance Fédérale's central compliance and permanent control departments includes the policy, procedure and its annexes. These documents are updated as needed.

(1) National Council on Private Security Activities (Conseil national des activités privées de sécurité).

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 is signed for each essential outsourced activity.

The outsourcing section of the internal control report is updated every year.

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.

In customer relations

Relationships based on ethics and the code of conduct

Rules of proper conduct exist within the group 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.

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.

- The 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, strengthened 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 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 2020, almost 80% of the employees targeted by *Cap Compétences* completed an e-learning course on the General Data Protection Regulation (GDPR).

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, which changes every year to adapt to new risks and strengthens defenses. Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites. 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.

(1) General Data Protection Regulation.

To which the following have been added:

- traceability of information;
- identification/authentication of people accessing the information.

In 2020, the pandemic resulted 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.

Various monitoring indicators have been implemented, such as:

- the rate of availability of primary TP applications[1], which is close to 100% in 2020 as in 2019 (SOT102);
- the number of IT claims costing more than €1,000. The latter was down in 2020 with 269 claims (including 39 related to the COVID-19 pandemic) compared to 298 in 2019 (SOT103).

Employees are also informed of 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 and warnings. A newsletter on security was also published by Euro-Information for all the group's employees *via* the intranet.

Customer protection in the design of new products

- 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.

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, it is under the aegis of the Fragile or Vulnerable Customer Committee that the recommendations of the Observatory of banking inclusion – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence in 2019 concerning fragile customers and the cap on bank charges were implemented to (review of the most impactful changes):

- keep customers identified as fragile because they are eligible for the over-indebtedness procedure throughout the period they are registered in the *Fichier des Incidents de remboursements des Crédits aux Particuliers* (National Database on Household Credit Repayment Incidents – FICP);
- register a customer in more timely manner, when identified as vulnerable, in the *Fichier Central des Chèques* (Central Check Register – FCC): the Governor indicated that this measure would become optional (meeting with the French Ministry of Economy and Finance 02/21/2020);
- take into account average incidents over three months: the regulation which stipulates adding incidents over three consecutive months is applied;
- publish the criteria for detecting fragility: this publication was made in June 2020 as part of the policy on commitment to fragile or vulnerable customers, which was updated at the same time to incorporate the progress made in the operational system relating to banking inclusion;
- roll out:
  - a voluntary detection system, allowing the customer relationship manager to create a file for a customer identified as "financially fragile" without any automated detection, which has been integrated into the internal management tool,
  - a predictive financial fragility detection system;
- include in the bank criteria:
  - theoretical fees and not only fees charged to alleviate the mechanical outputs of the fragility,
  - the nine fees included in the scope of the ceiling;
- activate the new bank detection criterion based on the accumulation of five incidents during the same month.

Changes under way:

- capping on banking incident fees:
  - cap set as from the month of financial fragility,
  - cap set on the date the expense is recognized and not on the transaction date,
  - cap set on the third party and not per account held (a cap of €25/month or €20/month and €200/year per customer on all their accounts).

The changes concerning the cap on banking incident fees require a complete overhaul of the existing management rules based on prior information on fees. Their feasibility required a prior impact assessment by the IT teams concerned and they will not be able to go into production until July 2021.

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

- promoting support for vulnerable people: a partnership agreement was signed with CRESUS and three departments are in the "pilot" phase.

In addition, under the emergency measures adopted during the COVID-19 health crisis:

1. specific measures were adopted in favor of the fragile customer base during the first wave of the lockdown: a total exemption from incident fees was put in place for customers holding the fragile customer offer and, for other vulnerable customers, the cap on incident fees has been reduced from €25 to €20/month;
2. at the request of the Banque de France's individual customers department, a centralized entry point for DAC (*Droit Au Compte* – the right to have an account) designations during the health crisis was set up within the Customer Protection Division.

In 2020, the 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, following the measures taken by the public authorities during the first half of 2020, Crédit Mutuel Alliance Fédérale defined a specific processing and monitoring procedure:

- from the opening in February of the public website "SIGNAL CONSO" of the DGCCRF[1] allowing consumers to report on difficulties encountered with a professional, including banks, in particular those relating to bank fees, contracts, advertising and any other topic;
- and, also, as soon as the whistleblowing unit was set up in May 2020 with Banque de France's individual customer department, intended for vulnerable customers: it may be referred to by consumer associations or *Points Conseil Budget* (PCB – budget management advice network) in the event of issues related to banking inclusion and/or requests for further information regarding the failure to detect a situation of vulnerability, access to a specific offer, or the absence of a cap on banking fees.

Accessibility of banking services

Faced with the health crisis, Crédit Mutuel Alliance Fédérale took the necessary measures to guarantee the continuity of services and the safety of its customers. The measures taken (masks worn by both customers and employees, access to hydro-alcoholic gel, protection screens, hygiaphones, etc.) made it possible to welcome customers.

In this context of crisis, Crédit Mutuel Alliance Fédérale proposed an innovative e-dispenser solution for customers who do not have cards. This secure system allows customers to make cash withdrawals outside the cash desks of banks and branches in compliance with the precautionary measures recommended by the health authorities.

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. Moreover, 100% of ATMs are now accessible to the visually-impaired.

Bank statements are provided in braille and Crédit Mutuel Alliance Fédérale has been committed for several years to an accessibility process to make its branches and apps accessible to all, including to seniors and persons with disabilities or with functional impairments, on any type of support (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 video 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 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.

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. Finally, the glossaries of the Advisory Committee of the financial sector and financial literacy guides ("The Keys to the Bank") produced by the *Fédération bancaire française* (French Banking Federation - FBF) are accessible on the bank's website.

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:

1. their advisor or the manager of their bank/branch (level 1) in order to find the solution best suited to their situation;
2. the customer relationship department (level 2) if they are not satisfied with the answer provided at level 1;
3. 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 preferred contacts, 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.

Crédit Mutuel Alliance Fédérale 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.

(1) French Competition, Consumer and Fraud regulator.

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 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 Customer Complaints Committee of Crédit Mutuel Alliance Fédérale, whose objective is to carry out qualitative and quantitative analyzes of complaints to validate action plans.

In 2020, the number of claims for Crédit Mutuel Alliance Fédérale was 62,648, down by 9.9% compared to 2019. For the 13 federations belonging to Caisse Fédérale de Crédit Mutuel and to CIC banks, the number of claims totaled 32,057. Claims handled by level 2 represent 0.77 claims per 1,000 customers.

Mediation process

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.

Sectoral policies

In 2015, sectoral policies were formalized to define the methods of intervention with regard to the activities of coal-fired power plants, defense and security, civil nuclear energy and mining. 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 to promote the fight against global warming.

To this end in 2020, Crédit Mutuel Alliance Fédérale reinforced its environmental commitment to support the energy transition of the economy through the implementation of three new sectoral policies:

- **Carbon policy**: Crédit Mutuel Alliance Fédérale decided to reduce the exposure of its finance and investment portfolios to coal to zero by 2030 for all countries in the world. This includes the end of the financing of coal-fired power plants and coal mining and the freezing of financial support for companies identified as developing new coal capacities and the disposal of investments in those developing new coal capacities. In addition, relative and absolute thresholds have been put in place to support the coal phase-out plan by 2030;
- **Hydrocarbon policy**: Crédit Mutuel Alliance Fédérale has decided to stop financing projects related to the exploration, production, transport infrastructure or infrastructure for the conversion of shale oil or shale gas, oil from oil sands, heavy and extra-heavy oil and oil extracted in the Arctic;
- **Mobility policy**: Crédit Mutuel Alliance Fédérale has decided to strictly limit the financing granted to assets with the lowest carbon emissions. This policy 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).

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.

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 the 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 identify 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, but 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 half-yearly portfolio review.

Projects are selected on the basis of a set of criteria including social, environmental and ethical 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).

(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.

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 funds projects in countries where the political and solvency risks are contained (*i.e.* "designated countries" in the sense 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).

Taking into account the environmental impact in real estate leasing financing to companies

Crédit Mutuel Real Estate Lease requires tenants to conduct an environmental assessment following various stages, depending on the case:

- in the "upstream phase": an environmental review completed on a documentary basis;
- in "phase 1": an environmental review comprising at least a documentary research and a site visit by an expert to possibly detect any site-specific risk factors;
- in "phase 2": an environmental review comprising an in-depth site investigation that could entail soil surveys, groundwater checking, etc.

Private equity and ESG criteria

The social responsibility of Crédit Mutuel Equity 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 analyzed during investment project reviews. Identified points of improvement are subject to monitoring during the detention period of participation.

Socially responsible investment

The investment strategies of the group's asset management subsidiaries are based on the active and rigorous selection of sovereign and corporate issuers.

In 2019, Crédit Mutuel Asset Management began 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. In line with this segmentation, Crédit Mutuel Asset Management clarified, at the end of 2020, its classification in terms of market practices and regulatory changes[1].

As a result, Crédit Mutuel Asset Management's responsible funds are now classified as follows:

- funds significantly committed to the ESG criteria, with reference to the approaches based on a significant commitment in management defined in recent AMF doctrine. This classification includes funds with responsible finance certification (SRI, Greenfin, CIES and Finansol);
- funds committed to ESG criteria, with reference to non-significant approaches defined in recent AMF Doctrine.

Accordingly, to complement its corporate project, Crédit Mutuel Asset Management published a new responsible investment policy in early 2020 covering its SRI asset management and ESG inclusion activities. In particular, Crédit Mutuel Asset Management's SRI approach is consistent with the principles of French State certification.

Crédit Mutuel Asset Management received the 2020 award for "Most Responsible Fund Manager"[2] (France) by *Capital Finance International* magazine (*CFI.co*).

BLI-Banque de Luxembourg Investments, an asset management subsidiary of Banque de Luxembourg, has also strengthened its Sustainable and Responsible Investment (SRI) policy through:

- an in-depth analysis of the controversies as well as the commitment and voting policies defined in order to fulfill its responsibility as an active shareholder;
- the integration of ESG factors in the investment processes for all equity and mixed strategies as well as for the majority of fixed income strategies;
- the development of proprietary ESG scoring for the valuation of sovereign bonds.

An internal Socially Responsible Investment Committee (SRIC) is responsible for the ESG approach.

In the relationship with subcontractors and suppliers

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. Crédit Mutuel Alliance Fédérale pays particular attention 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.

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.

(1) At European level, application of the "Disclosure" Regulation and in France the implementation of the AMF (Autorité des marchés financiers) 2020-03 doctrine.
(2) "Top French responsible fund manager in 2020".

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.

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. Each of them must sign the document.

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.

The management of the supplier relationship within the Euro-Information structure is part of the ISO 9001 V2015 certified quality 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 this 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.

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 defined by internal rules, its three appendices and the code of conduct (*recueil de déontologie*);
- the code of conduct (*recueil de déontologie*), which entered into force on December 5, 2019. It lays down the rules and principles applicable to all elected members and employees in the performance of their duties. It highlights the values and commitments of Crédit Mutuel Alliance Fédérale:
  - 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 member 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 (*recueil de déontologie*), which is intended for directors and chairs of the Board of Directors and Supervisory Board of Crédit Mutuel, branch managers of CIC and BECM, as well as a certain number of heads of Crédit Mutuel Alliance Fédérale's head offices and business lines. Its scope was extended in 2020 to all group entities in France and abroad. For FY 2020, the questionnaire used to support this report was revised and adapted to the new code of conduct (*recueil de déontologie*). The dedicated tool, known as "ETHIK," was completely transformed and made more user-friendly;
- 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) that employees may suffer or that they may cause in the context of their activity.

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, etc.;
- group agreement on supporting employees in the use of digital tools and the right to disconnect (signed in April 2018);
- 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.

Prevention of direct environmental impact generated by the activity of employees within the company

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.). As part of the environmental assessment of the banking and insurance policy carried out by Riposte Verte, the group ranked fourth in the PAP 50 barometer for the 50 largest banks and insurance companies;
- waste management: "collection of used printer cartridges" procedure, selective sorting mechanism (paper recycling, recovery of used batteries, etc.).

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 employee 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.

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. The monitoring indicator, overseen by the compliance department is not published for reasons of confidentiality.

2020 assessment of the application of the code of conduct *(recueil de déontologie)*

As in 2019, the 2020 assessment was marked by the participation of 98.7% of the 3,800 employees concerned by the questionnaire. It made it possible to verify that the rules of good conduct set out in the code of conduct (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 4.3 to 4.9 on a graduated scale of 0 to 5 and an overall average of 4.7 out of 5). It highlighted the difficulties of implementation which could be encountered for some subjects such as training (management of schedules) and areas for possible improvement.

Compliance with the rules mentioned in the assessment covers:

- 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.

Monitoring of self-training modules

In addition, in 2020, the 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, 87% of training courses were completed by Crédit Mutuel Alliance Fédérale employees.

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 2020, 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 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 creation of a user guide for the ISS platform to complete the sectoral policy analysis grids;
- the overhaul of the operating procedure of analysis grids for the oil and gas, civil nuclear energy, coal, defense and security, mining and mobility segments as well as other operating segments;
- the formalization of a product governance and monitoring policy.

In addition, the commitment policy for fragile and vulnerable customers was also reviewed in order to incorporate the new measures.

In the relationship with employees, the actions carried out were as follows:

- the code of conduct (*recueil de déontologie*): extension of the assessment to a wider scope of entities and roll-out of the interactive and bilingual ETHIK tool (French and English);
- the signing of the framework agreement on QLW (quality of life at work): measures related to remote working, occupational health (psycho-social risks, etc.), work organization (organization, transport, responsible management, etc.) and which provides for the implementation of monitoring indicators.

In the relationship with subcontractors and suppliers:

The procedure for outsourcing activities and identifying and qualifying services was reviewed. In particular, it includes "other sensitive services" that are not subject to any regulations but require the application of stricter internal requirements according to the risk analysis carried out. Two CSR risk criteria were included in the risk analysis, CSR reputation risk and CSR non-compliance risk (in line with sectoral policies).

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/2017/3/27/2017-399/jo/texte
Sectoral policies	https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html

3.1.2 Strategic orientations and SMR positioning 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.

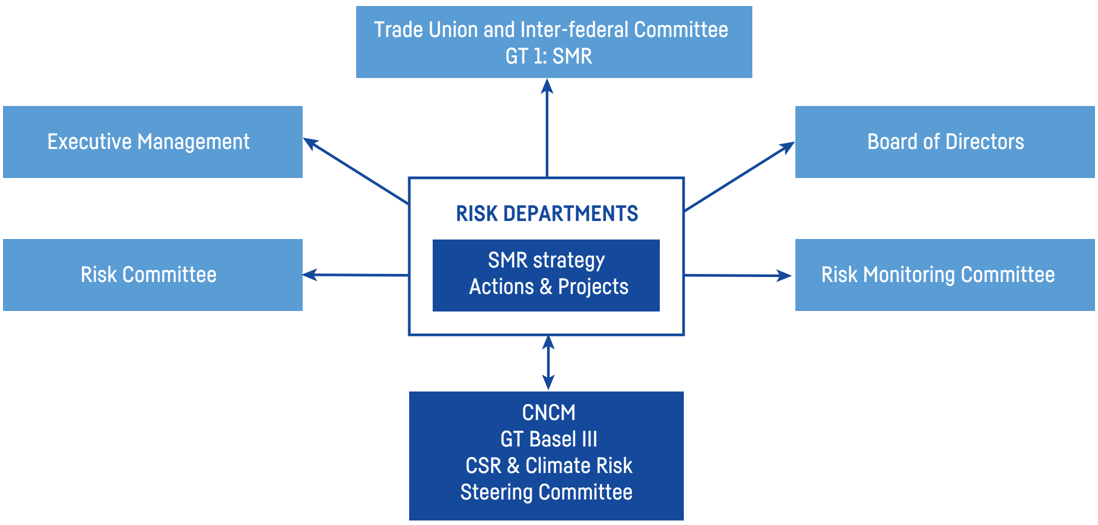
The results enabled to select six SDGs (numbers 3, 4, 5, 8, 9 and 13), whose challenges correspond to the group's SMR commitments.

3.1.2.1 SMR, a function integrated into the risk, compliance and permanent control department of Crédit Mutuel Alliance Fédérale

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 will be addressed to ensure the proper execution of its development strategy. The dedicated SMR team works closely with its network of expert correspondents present in each Crédit Mutuel Alliance Fédérale entity.

In addition, at the highest level in the chain of command, the SMR initiative of Crédit Mutuel Alliance Fédérale is underpinned by responsible and committed governance. Crédit Mutuel Alliance Fédérale's 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 Trade Union and Inter-federal Committee, 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.

GOVERNANCE STRUCTURE



3.1.2.2 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 objectives 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.

In 2020, Crédit Mutuel Alliance Fédérale strengthened its ambitions in the fight against climate change by setting a new target to reduce the carbon footprint of its corporate, asset management and insurance portfolios by 15%. This new target is included in the review of the *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan and complements those already set in the initial strategic plan.

Through this objective, Crédit Mutuel Alliance Fédérale has set itself tangible commitments to meet the guidelines of the Paris Agreements on climate change, which aim to limit the increase in temperatures by between 1.5 and 2 °C by 2100.

The SMR approach integrated in Crédit Mutuel Alliance Fédérale's strategic plan, is a vehicle for performance and sustainable solidity that translates into human and mutualist development goals:

- 100%[1] of employees trained in transformation;
- gender equality in management and governance positions[2];
- membership rate in excess of 90%;
- reduction of more than 30% in the group's carbon footprint;
- increase in funding for projects with a high climate impact of 30%;
- reduction in the carbon footprint of customer portfolios[3] of 15%.

(1) Scope of entities that adhere to the group's collective agreement.
(2) CIC regional banks and its subsidiaries, Crédit Mutuel federations and Group subsidiaries (excluding foreign subsidiaries) meeting regulatory requirements.
(3) Corporate loans and investment portfolios in asset management and insurance.

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. This year the group obtained a C rating from ISS Oekom and was 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.

NON-FINANCIAL RATING BFCM [1]

	vigeo eiris	SUSTAINALYTICS	MSCI	ISS ESG
Echelle	Assessment of ESG criteria (0 – 100)	Assessment of ESG risk [2] (0 – 40)	Assessment of ESG criteria (CCC – AAA)	Assessment of ESG criteria (D- – A+)
2018	56	NC	BBB	C-
2019	63	30.6	AA	C-
2020	65	21.8	AA	C

(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).

3.1.2.2.1 Being attentive to members and customers

Crédit Mutuel Alliance Fédérale's goal is to create a lasting relationship with its customers and members. The objective is to ensure that members 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 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 analyzes *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. In addition, to build customer loyalty in the networks, a satisfaction survey is offered after each customer meeting with their advisor. When customers express dissatisfaction during this exchange, support is provided to systematically process their complaint. The objective of this approach is to identify areas for improvement and identify priorities to be implemented to improve customer experience.

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 42/100 in the fourth quarter of 2020. Furthermore, Crédit Mutuel and CIC networks both won awards at the Bank Quality Awards of 2021 (based on surveys conducted in 2020). Three criteria were used to assess the establishments and determine their final ranking: quality of service, responsiveness and a strong link with customer values. CIC obtained the best rating in the remote customer service category.

Listening to members and customers of Crédit Mutuel insurance companies

Crédit Mutuel insurance companies set up a "Voice of the customer" survey concerning the digital insurance features on the Internet (EASI) for private individuals and the Auto, Home and Personal Protection Declaration. 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. The results were positive and vary from an average of 3.75/5 for the EASI functionalities to 4.73/5 for the Personal Protection declaration. The average scores obtained for the Auto and Home e-declaration were 4.66/5 and 4.62/5 respectively.

Processing of claims

In 2020, the number of claims for Crédit Mutuel Alliance Fédérale was 62,648, down by 9.9% compared to 2019. For the 13 federations belonging to Caisse Fédérale de Crédit Mutuel and the CIC banks, the number of claims totaled 32,057. Claims handled by level 2 represent 0.77 claims per 1,000 customers.

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, it is under the aegis of the Fragile or Vulnerable Customer Committee (set up at the end of 2018) that the recommendations of the OIB[2] – Banque de France, the expectations of the public authorities and the recommendations of the ACPR resulting from the due diligence in 2019 concerning fragile customers and the cap on banking fees were implemented to (review of the most impactful changes):

- keep customers identified as fragile because they are eligible for the over-indebtedness procedure throughout the period they are registered in the *Fichier des Incidents de remboursements des Crédits aux Particuliers* (National Database on Household Credit Repayment Incidents – FICP);
- register a customer in more timely manner, when identified as vulnerable, on the *Fichier Central des Chèques* (Central Check Register – FCC): the Governor indicated that this measure would become optional (meeting with the MINEFI on 02/21/2020);
- take into account average incidents over three months: we apply the regulation which stipulates adding incidents over three consecutive months;
- publish the criteria for detecting fragility: this publication was carried out in June 2020 as part of the policy on commitment to fragile or vulnerable customers, which was updated at the same time to incorporate the progress made in the operational system relating to banking inclusion;
- roll out:
  - a voluntary detection system, allowing the customer relationship manager to create a file for a customer identified as "financially fragile" without any automated detection, which has been integrated into the internal management tool,
  - a predictive financial fragility detection system;
- include in the bank criteria:
  - theoretical fees and not only fees charged to alleviate the mechanical outputs of the fragility,
  - the fees included in the scope of the ceiling;
- activate the new bank detection criterion based on the accumulation of five incidents during the same month.

(1) *The Posternak-Ifop barometer was created 19 years ago to help businesses analyze citizen reactions and consumer behavior. https://presse.creditmutuel.com/le-credit-mutuel-reste-ndeg1-des-banques-au-barometre-posternak-ifop-1/*
(2) *OIB: Observatoire de l'inclusion bancaire – the Banking Inclusion Observatory, created by the law of July 26, 2013 and regulated by the Order of June 30, 2014, is chaired by the Governor of Banque de France. The Observatory, which brings together representatives of all stakeholders (public bodies, associations, banks), is the central body for measuring and promoting banking inclusion.*

Changes under way are:

- capping banking incident fees:
  - cap set as from the month of financial fragility,
  - cap set on the date the expense is recognized and not on the transaction date,
  - cap set on the third party and not per account held (a cap of €25/month or €20/month and €200/year per customer on all their accounts).

The changes concerning the cap of banking incident fees require a complete overhaul of the existing management rules based on prior information on fees. Their feasibility required a prior impact assessment by the IT teams concerned and they will not be able to go into production until July 2021;

- promoting support for vulnerable people: a partnership agreement was signed with CRESUS and three departments are in the "pilot" phase.

In addition, under the emergency measures adopted during the COVID-19 health crisis,

1. specific measures were adopted in favor of the fragile customer base during the first wave of the lockdown: a total exemption from incident fees was put in place for customers holding the fragile customer offer and, for other vulnerable customers, the cap on incident fees has been reduced from €25 to €20/month.
2. At the request of the Banque de France's individual customers department, a centralized entry point for DAC (*Droit Au Compte* – the right to have an account) designations during the health crisis was set up within the Customer Protection Unit.

FIGURES ON ACTIONS IN FAVOR OF FRAGILE AND VULNERABLE CUSTOMERS

(1) Fragile or Vulnerable Customer Committee.

Risk control

Crédit Mutuel Alliance Fédérale provides its employees with a high level of continuous training to ensure they are well versed in prevention measures related to the fight against money laundering and terrorist financing. Moreover, the Group develops technological and in particular cognitive solutions to optimize employee effectiveness. 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, 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 are identified notably concerning customers (project financing, sector 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, annexed to the internal rules, and revised in 2018 and 2020 after a legal process of consultation with the social partners, summarizes the primary contractual, regulatory and statutory provisions in force with regard to the code of conduct. 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 management is asked to monitor the respect for these principles whose application is subject to regular verification by the control and compliance departments.

The amount of claims related to internal and external fraud for Crédit Mutuel Alliance Fédérale reached €32.9 million in 2020. The breakdown of claims compared to total claims is 1.7% for internal fraud and 30% for external fraud.

(1) Details of the vigilance plan are presented in section 3.1.1.4 of this Chapter 3.

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 mapping 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 2020, 79% (up by 26 points in total compared to 2019) 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 management department has the independence and the resources required to carry out its task with complete impartiality.

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 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 and assigned 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, 2013 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 "Base Erosion and Profit Shifting – BEPS action 13" – 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 strengthen 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.

Countries that do not practice automatic exchange of information according to the OCDE standards are classified on 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 (PEP) residing in a country on the red list are not authorized in any case.

All direct or indirect relationships with offshore domiciliation companies, consulting firms offering offshore structures are prohibited. It is also prohibited to advise such companies or firms.

Representatives of interests

The Sapin 2 Law created a specific regime for representatives of special interests, supervised by the High Authority for Transparency in Public Life (HATVP), 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.

3.1.2.2.2 Effectiveness of the governance bodies

The purpose of the data presented under governance information, 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, 2021, by the local cooperative 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 cooperative banks. For information entered in early 2021 corresponding to fiscal year 2020, 1,325 out of 1,369 local cooperative banks responded and approved the questionnaire, *i.e.* a response rate of 96.78%;
- the administrative data of elected members: offices, functions, age etc. This data is entered by the local cooperative bank managers throughout the year as necessary and notably when terms of office are renewed;
- training of elected members: a common application 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 Secretary'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. In 2020, a skills development plan for cooperative elected members was put in place to enable the professional and academic careers of elected members to be recognized. This new system provides each elected member with an extensive and diversified range of training courses adapted to their role and responsibility within the cooperative 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, 2020 data)

The rate of customer members across the 13 federations is stable representing 77.66% of eligible customers[1].

In 2020, Crédit Mutuel Alliance Fédérale's banks welcomed 301,571 new members and saw the departure of 222,426 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 cooperative model, a differentiating factor in its mode of operation is explained in 67.82% of cases. At the same time, employees are trained in cooperative governance and 71.32% of bank employees have completed this training.

To increase the number of member customers in the banks, 54.42% of them carry out specific actions such as welcome meetings to present the role and responsibility of a member (3.32%)[2] and/or send specific information, notably on the information addressed during the Shareholders' Meeting (23.25%).

Boards – Democratic control

In 2020, 872 newly elected members joined the boards of the local cooperative banks following the elections at the local cooperative 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 cooperative 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 60 for men).

In addition, 46.34% of local cooperative banks carry out actions to feminize their Boards of Directors and/or Supervisory Boards. For some local cooperative banks this is a priority (614 banks).

In parallel with the actions identified as part of cooperative 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 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 implementation of the "Green Attitude" initiative (Crédit Mutuel de Normandie) aimed at organizing events involving elected representatives and employees on the ambitions of the SMR approach. A game of the goose was organized within the Boards of Directors of the banks to raise the awareness among elected members on the environment, diversity, environmental responsibility, quality of life at work, disability, etc.;
- adoption of the SMR commission to support the SMR action plan. The SMR commission takes action to integrate the SMR strategy into the board's guidelines and to consider ways of increasing the participation of members in the Shareholders' Meetings of the local banks to ensure a sound cooperative functioning.

In addition, the SMR teams share these various achievements during regular meetings to identify the best actions available and submit them to the other federations *via* collaborative tools available on a platform shared by all of Crédit Mutuel Alliance Fédérale's SMR contacts.

(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.

SOCIOPROFESSIONAL CATEGORIES OF ELECTED MEMBERS IN 2020

	2020	2019
Farmers	702	686
Trades people – merchants – business owners	1,781	1,728
Senior executives	3,896	3,802
Intermediary professions	1,694	1,702
Employees	1,473	1,439
Workers	282	288
Retired individuals	5,229	5,241
Other persons not actively employed	360	350

Membership momentum

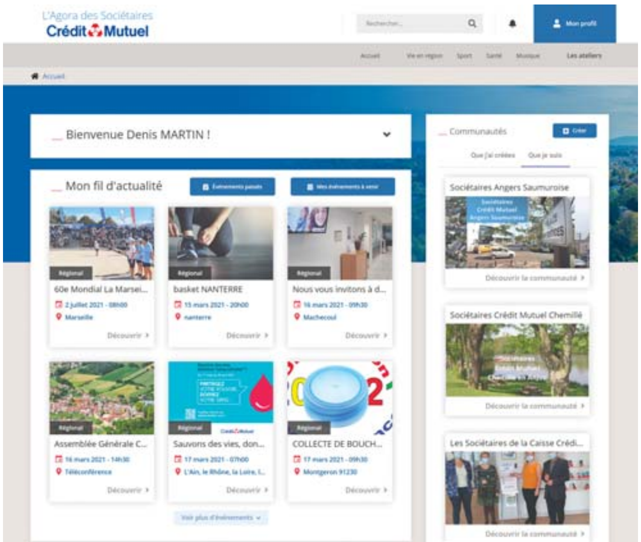
The smooth running of cooperative activities is underpinned by the wealth of opinions and expectations of the members. The aim is to enhance the attractiveness of mutualist values, particularly among young employees, and to take advantage of the Shareholders' Meetings of local cooperative banks, which 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 cooperative 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 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 regional bank in local events.

To stimulate cooperative life and facilitate interactions between members, Crédit Mutuel Alliance Fédérale created the Member Agora. The main objectives of Agora, a social network and exchange platform, are to:

- promote the operating model of the cooperative bank among customers through the commitment of elected representatives, members and employees;
- 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.



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. The group has adopted a skills development plan for elected members of the cooperative companies and for directors structured around three objectives.

The first aim is to develop the skills of the elected members and provide customized, targeted training programs delivered by cooperative 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#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!).

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, etc., supplemented by certification modules allowing elected members to showcase their cooperative commitment in a professional context. In addition, 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 cooperative 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 cooperative ecosystem, which aims to build a community plan mobilizing all stakeholders in the training ecosystem for elected members (correspondents in each bank, federal and inter-federal commissions, elected leaders and employees) and implemented by each federation under the principle of subsidiarity.

In 2020, the percentage of local elected members trained was 29.79% with 11,780 training sessions delivered (down 17.7% compared to 2019). This decrease is explained by the health measures imposed by COVID-19 and the roll-out in September of alternative training methods.

Quantitative data

Code	Indicator description	End-2020 data	End-2019 data
GOUV63	Total number of members	5,052,180	4,780,287
GOUV62	Number of adult individual customers and legal person customers	6,505,017	6,193,315
GOUV65	Percentage of members among adult individual customers and legal person customers	77.66%	77.18%

Boards – Democratic control

COMPOSITION

	Women	Men
Number of elected members in 2020 – Women/Men distinction	5,836	9,581

	Board of Directors	Supervisory Board
Number of elected members in 2020 – Board of Directors/Supervisory Board distinction[1]	10,919	4,498

(1) Only concerns the CMCEE, CMDV, CMN, CMSE and CMSMB federations. Data at 12/31/2020.

The Shareholders' Meeting (SM)

The Shareholders' Meetings of the banks are the foundation of cooperative governance. Key moments for exchange, information and expression of cooperative democracy, they illustrate the strength of the model. The health crisis has obliged the banks to adapt the organization of Shareholders' Meetings, which for a large part, had to be held by conference call as from March 2020. As a result, the figures (members present and represented at Shareholders' Meetings, attendance rate, average cost, etc.) were not monitored.

Breakdown of the arrangements for holding Shareholders' Meetings:

- by video conference, 75%;
- face-to-face at the bank and viseo-conference (mixed), 14%;
- face-to-face before the health crisis, 8%;
- face-to-face at the bank head office after the lockdown period, 3%.

In anticipation of the Shareholders' Meeting in 2021, 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.

The Crédit Mutuel Alliance Fédérale banks are organizing a video recording and streaming broadcast of their Shareholders' Meeting, thus using effective tools for the exercise of cooperative democracy.

Education and training

MEMBERSHIP DEVELOPMENT

When initiating relationships with new customers, is the cooperative difference presented?	Yes for 898 local cooperative banks (67.82%)
Are documents provided?	Yes for 635 local cooperative banks (47.92%)
Have you organized a meeting for new members?	Yes for 44 local cooperative banks (3.32%)
Have you informed them that they will be invited to the SM?	Yes for 308 local cooperative banks (23.25%)

TRAINING OF ELECTED MEMBERS

Training course reports provided at board meetings	Yes for 1,025 local cooperative banks (79.64%)
Training courses met expectations	Yes for 1,053 local cooperative banks (83.97%)
Are suggestions for new training topics sent to the Chairman of the elected members committee?	Yes for 339 local cooperative banks (26.86%)

Inter-cooperation

ASSOCIATIONS

Association-customers of Crédit Mutuel local cooperative banks	Initiatives directed at associations: number of local cooperative banks that allocate a budget
225,071	1,162 local cooperative bank (87.37% of respondents)

OTHER GOVERNANCE INDICATORS

Indicator	Indicator code	Unit	Value 2020	Value 2019
Number of new directors – local cooperative banks	GOUV14	No.	872	1,125
Number of new women directors – local cooperative banks	GOUV15	No.	414	542
Number of director training hours – local cooperative banks	GOUV56	No.	10,510	12,851[1]

(1) Revised 2019 figure.

3.1.2.2.3 Societal ambition

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.

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.

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 to respect the human rights and fundamental freedoms, health and safety of people and the environment, as well as the rights of employees in the context of activities carried out with the entities of Crédit Mutuel Alliance Fédérale. The supplier undertakes to respect the laws applicable to the protection of 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 2020, 3,209 charters were signed by CCS suppliers (suppliers whose revenue is greater than €5,000) and nearly 80 by Euro-Information suppliers (SOT100) (suppliers whose revenue is greater than €1 million).

Regional development

Crédit Mutuel Alliance Fédérale, 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.).

In 2020, Crédit Mutuel Alliance Fédérale, through its private equity subsidiary Crédit Mutuel Equity, paid €500,000 to match ADIE's *prêt d'honneur* loan fund. This contribution will enable ADIE to offer 0% stimulus loans to the companies it supports, particularly affected by the economic crisis.

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 local levels so as to supplement the mechanisms already in place within the Crédit Mutuel Alliance Fédérale entities.

For example, Crédit Mutuel Loire-Atlantique Centre-Ouest has been awarded the "Entreprise Welcoming" label. This "Welcoming Company" scheme was launched by Nantes Métropole. It was thought and designed in consultation with local players with initiatives to promote relationships between companies and the general public in the area of employment. The objective is to take a practical approach in its region to promote employment by carrying out actions such as:

- introducing the activity and business lines to job seekers, young people investigating career paths, adults changing careers and to people with disabilities through open days;
- welcoming interns from third-year undergraduate onwards, job seekers, students in immersion periods;
- accompanying, supporting and advising people excluded from employment by offering simulated recruitment interviews, networking and mentoring.

This label rewards Crédit Mutuel Loire-Atlantique Centre-Ouest's contribution to promoting diversity in companies and strengthening the fight against discrimination in access to employment.

Solidarity commissions have also been set up by the Boards of Directors of the local cooperative banks to support member-customers in difficulty. Crédit Mutuel Loire-Atlantique, with the help of the CAF (French Family Benefits Office), has compiled a list of families who may be entitled to financial aid in the context of the crisis.

Promote 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 cooperative banks of Crédit Mutuel, the branches of CIC and all the subsidiaries. The overall budget earmarked for patronage and sponsoring was €38 million for the 2020 fiscal year (SOT52) and €27 million for the 13 Federations of Crédit Mutuel.

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. From July 1, 2020, Crédit Mutuel Alliance Fédérale decided to make the Pay Asso service free of charge for all associations until the end of the fiscal year in order to support 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 payment solution for collecting electronic donations *via* mobile devices. This mobile app also allows associations to create and develop their relationship with their donor by using the mobile device as a new channel of communication and to simplify and manage their events thanks to a solution that covers tickets sales, collection and payment.

Focus on some of the partnerships of Crédit Mutuel Alliance Fédérale's entities

Fédération du Crédit Mutuel Loire-Atlantique Centre-Ouest (CM LACO)

In collaboration with other local companies, Federation CM LACO manages the Pro Greffe and Génavie foundations. The Pro Greffe Foundation supports basic organ-transplant research and the Genavie Foundation cardiovascular disease research carried out by the *Institut du Thorax* (Thorax Institute). The operation involves triggering a donation to the sponsorship foundation each time someone younger than 26 years of age opens a passbook savings account.

Federation CM LACO is also strongly committed to several social housing structures. Its subsidiary Atlantique Habitations manages more than 12,000 social housing units. Its role is to provide a range of adapted new or rehabilitated housing solutions to meet the needs of people with moderate resources. This structure produces around 200 housing units per year.

Fédération du Sud Est (CMSE)

Fédération du Sud Est has signed a partnership agreement with the FORSE association, whose objective is to promote CSR throughout the Auvergne Rhône Alpes region. As part of the reinforcement of Crédit Mutuel Alliance Fédérale's environmental strategy, the Fédération du Sud Est has given its support to the association by providing a grant of €10,000. The federation also took part in the fifth Trophies ceremony which rewards practical initiatives taken by companies to foster sustainable development. The prize was awarded to SAS Maison Routin for its wastewater treatment policy.

Fédération du Crédit Mutuel Anjou (CMA)

Fédération CMA supports the Athletics Committee through a partnership promoting the Performance Academy. This is an innovative concept enabling young athletes to develop their athletic practice while benefiting from academic and solidarity-based support. The objective is to provide access to high-level sport by combining both an educational and sports school curriculum without leaving the initial school. The system was rolled out in 14 schools and represents 90 intervention sessions.

As part of a partnership with the *Premier Plans* Angers Festival, Fédération CMA also proposed the creation of a film-concert called *Le Caméraman*. A tour was organized in 2020. The aim was to offer people who are the most affected by the cultural divide a new and affordable artistic experience.

Cofidis

Cofidis has chosen a solidarity action with the Help Assos association in order to provide support to the most disadvantaged communities. The fifth edition of the Christmas Boxes Initiative for homeless people in 2020 (shoe boxes made up of donations) enabled Cofidis to distribute 166 boxes, despite the unusual conditions due to the health crisis. The Cofidis group topped up this solidarity action by donating €6,000 to the Banque Alimentaire du Nord.

Assurances du Crédit Mutuel (ACM)

In 2020, Assurances du Crédit Mutuel continued to support the fight against skin cancer by contributing to the financing of the "Together against Melanoma" initiative. This sponsorship between ACM Vie SA and the Institut Gustave Roussy, the leading center for the fight against cancer in Europe, takes the form of an annual grant of €400,000 and financial support for each download of the "Iskin" prevention mobile app.

Actions to develop entrepreneurship over all the territories and to support innovation

The 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.

Two communication systems specific to CIC and Crédit Mutuel have been deployed: "Start innovation CIC" and "Semeur d'innovation" for Crédit Mutuel.

In 2020, a multi-regional competition was organized in a fully digital format on CIC. The goal was to identify regional start-ups throughout the country and promote innovative regional initiatives at the national level. The competition recognized three winners for each regional jury: *Grand Prix, Prix de l'International and Prix Coup de Cœur*. The first two winners were selected to participate in the national final.

In addition, Fédération Crédit Mutuel Anjou (Fédération CMA), partner of the Maine et Loire Economic Awards, sponsored the Young Business Creator of the Year Award. The Pick'n Pay company won the trophy by proposing a solution to reinforce customer security by avoiding contact with the keys of the payment terminal.

Quantitative data

Section	Indicator	Indicator code	Unit	Value 2020	Value 2019
Societal	SRI assets under management	SOT28	€ billion	2.4[1]	1.8
	Total assets under management by the management company	SOT28BASE	€ billion	70.1	59.7
	Assets under management in socially responsible employee savings plans	SOT37	€m	1,065	904
	Number of NPO customers (associations, labor organizations, works councils, etc.)	SOT40	No.	420,675	400,245[2]
	Total budget dedicated to patronage and sponsorship	SOT52	€m	37.9	53[3]
	Number of applications processed – ADIE	SOT16	No.	3,009	Amount published in the CNCM report
	Amount of lines of credit made available – ADIE	SOT17	€m	9.4	Amount published in the CNCM report
	Number of new micro-loans financed – France Active	SOT19A	No.	Amount published in the CNCM report	108[4]
	Amount guaranteed – France Active	SOT20A	€m	Amount published in the CNCM report	3.04[4]
	Number of Nacres loans disbursed with an additional loan granted by the group	SOT 19B	No.	Amount published in the CNCM report	
	Loan amounts – France Active Nacre	SOT20B	€m	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	€m	Amount published in the CNCM report	

(1) In 2019, Crédit Mutuel Asset Management began 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. In line with this segmentation, Crédit Mutuel Asset Management clarified, at the end of 2020, its classification in terms of market practices and regulatory changes. As a result, Crédit Mutuel Asset Management's responsible funds are now classified as follows:

- *Funds significantly committed to the ESG criteria, with reference to the approaches based on a significant commitment in management defined in recent AMF doctrine. This classification includes funds with responsible finance certification (SRI, Greenfin, CIES and Finansol).*
- *Funds committed to ESG criteria, with reference to non-significant approaches defined in recent AMF Doctrine.*

(2) Revised data for 2019.

(3) Scope = 11 federations and CIC.

(4) Scope Crédit Mutuel Alliance Fédérale excluding CIC.

Code	Indicator description	End-2020 data	End-2019 data
SOT01	Number of Crédit Mutuel Alliance Fédérale sales outlets	4,313[1]	4,338[1]
SOT27	Number of loans on preferential terms (€3,000) granted	1,53,281[2]	1,458,012[2]
SOT26	Amount of loans on preferential terms (€3,000) granted	€853,179,895[2]	€769,536,110[2]
SOT33	Assets under management excl. capitalization of *livrets d'épargne pour les autres* (savings account that benefits humanitarian organizations)	€167,344,478	€114,866,174[3]
SOT35	Amount from solidarity products paid to associations	€364,043	€389,550[3]
SOT37	Assets under management in socially responsible employee savings plans	€1,065,661,226.25	€904,863,039.25
SOT13	Amount of micro-loans granted	€366,965	€457,071
SOT63	Eco-loans: number of loans granted during the year	9,784	9,302
SOT65	Total amount of interest-free loans granted during the year	€123,817,992	€119,910,613
SOT68	Amount of loans for renewable energy granted to business customers and farmers	€151,400,000	€95,600,000
SOT83	Outstanding customer loans	€419,413,000,000	€384,535,000,000
SOT84	Home loan	€208,265,000,000	€191,564,000,000
SOT85	Consumer loan	€41,542,000,000	€40,056,000,000
SOT52	Total budget dedicated to patronage and sponsorship *(in millions of euros)*	37.9	53[4]

(1) Scope: Federations + CIC.

(2) Scope: Crédit Mutuel Alliance Fédérale + Cofidis France + TARGOBANK Germany.

(3) 2019 data has been changed.

(4) Scope: Crédit Mutuel Alliance Fédérale + CIC.

3.1.2.2.4 Social ambition

Equal opportunity

Promoting diversity, equal opportunity 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 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, more than 60% of secondary school students in attendance under third-year undergraduate internships in several Crédit Mutuel Alliance Fédérale structures come from REP and REP+ colleges.

   To remain as close as possible to community players and to relaunch social mobility for young people, partnerships with associations such as *Nos Quartiers ont du Talent, Institut Télémaque, Sport dans la Ville* and *Tous en Stage* were signed with Crédit Mutuel Alliance Fédérale companies, thereby enabling students in grades four to six to be mentored by a corporate tutor over the long term.

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#nouveaumonde, 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 in 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 2020, more than 1,250 work-study trainees were recruited, including 36% from priority areas or rural municipalities. To reinforce its commitment to work-study programs, Crédit Mutuel Alliance Fédérale created an apprenticeship training center (CFA).

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 company'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*, a French corporate community for a more inclusive economy created in December 2018. This community, which originally brought together 13 companies, of which Crédit Mutuel Alliance Fédérale currently has 33 members. Actions to promote the inclusion of young people are carried out in six regions: Seine Saint Denis, Strasbourg, Lyon, Marseille, Bordeaux and Rouen. 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 the CIC Est premises in November 2019 to help young people build their future.

4. "Buy": encourage responsible purchasing, particularly from businesses in lower-income neighborhoods.

In 2019, Crédit Mutuel Alliance Fédérale 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 entire strategic plan *ensemble#nouveaumonde 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 bank manager positions in the Crédit Mutuel network and/or the branches in the CIC network) and governance positions (members of the Management Committees in the group's 42 entities satisfying the regulatory conditions and/or significant entities in the group).

Moreover, workplace equality between women and men is one of the major causes of the government, which has decided to implement an obligation of results. Since March 1, 2019, companies with 1,000 or more employees must measure and report[1] 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. In 2020, 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.

In addition, an agreement on the employment and integration of disabled people was signed in September 2019 to promote actions to employ disabled people, help them remain in employment and adapt to new technologies. A disability officer was appointed in the human resources department of Crédit Mutuel Alliance Fédérale. The officer is responsible for the orientation, information and support of disabled employees as well as actions to raise awareness on this subject.

(1) *https://www.creditmutuel.com/partage/fr/CNCM/telechargements/presse-et-publications/publications/index-egalite-homme-femme/20210223-nos-resultats-index-homme-femme-cncm.pdf*

In 2020, Crédit Mutuel Alliance Fédérale strengthened its commitment to disability by launching, with the support of the AGEFIPH (*Association de Gestion du Fond pour l'Insertion Professionnelle des Personnes Handicapées*), an advisory diagnostic on the group's scope. This assessment was carried out by a specialized firm commissioned by Agefiph. An audit communicated to Crédit Mutuel Alliance Fédérale entities will be used to draw up a disability action plan.

A community of disability correspondents bringing together the correspondents of each Crédit Mutuel Alliance Fédérale company has been set up. The disability correspondents have all attended a training session entitled "Being a disability correspondent at the Crédit Mutuel Alliance Fédérale". Crédit Mutuel Alliance Fédérale entities were also able to participate in online forums organized by Hello Handicap.

Several events were held in different entities during the European Disability Employment Week to raise employee awareness of invisible disability through online workshops, face-to-face presentations, and specific actions to allow employees to exchange and obtain information in complete confidence.

Support career development and mobility

Agreement on the management of jobs and career paths (GEPP – Gestion des Emploi et des Parcours Professionnels) 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.

It is with this in mind that Crédit Mutuel Alliance Fédérale's latest agreement was signed unanimously in June 2020 by the trade unions.

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. These measures, together in a specific agreement, were already part of the skills development strategy for the employees of Crédit Mutuel Alliance Fédérale entities, whose largest subsidiaries were unanimously recognized as "Top employers in 2021".

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 2020, 4.45%[1] of the payroll expense was allocated to the training Crédit Mutuel Alliance Fédérale employees. To meet the training needs during lockdown periods, 250 modules were adapted for remote training purposes. This educational investment has made it possible to support professional development and to carry out all the certifying training courses which are key in conducting business.

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 courses include technical knowledge and alternate sessions devoted to role play, experimentation and consolidation. They are developed regularly in terms of content and duration.

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. 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, the majority of Crédit Mutuel and CIC branch managers have followed the school of directors' training course, which is carried out over a period of four to five months, it being specified that candidates for the position of director are excused from any activity outside of the apprenticeship itself. Through this program, more than 1,600 employees have been trained as managers of local cooperative banks or branches.

The objective of the revised *ensemble#nouveaumonde, plus vite, plus loin !* ("together#today's world, faster, further!") strategic plan is to train 100% of employees in transformation. 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 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 of digital tools. At the end of December 2020, more than 45,000 people had registered for the digital passport. 52% completed their certification.

(1) Human resources scope including consolidated and non-consolidated Crédit Mutuel Alliance Fédérale entities.

A relational visa enables the network's employees to position their level of knowledge of tools such as the electronic signature, email analyzer, search engines and online banking.

Promote Quality of Life at Work (QLW)

Crédit Mutuel Alliance Fédérale is committed to a QLW approach fostered by its cooperative values. Reconcile the improvement both in employees' working conditions and the overall performance in a rapidly changing environment remains the priority.

This commitment depends on several 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 the long term, Crédit Mutuel Alliance Fédérale has included these issues on the agenda of the *ensemble#nouveaumonde, plus vite, plus loin !* ("together#today's world, faster, further!") strategic plan 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 basis applicable to all the entities that fall under the Group Agreement, which must then implement it within their organization through a logic of proximity and responsibility. The framework agreement on Quality of Life at Work and remote working was signed by the majority of social partners on October 28, 2020. This framework agreement provides for a series of basic measures that may be supplemented by specific commitments for each entity.

Framework of common measures of the QLW framework agreement:

- 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;
- facilitate work-life balance: charter on the right to disconnect, development of employee and facilitator services.

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 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 already resulted in the signature of several agreements only four months after the signature of the framework agreement.

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 the new strategic plan, which clearly includes high-quality, local social dialog as a key driver to achieve our goals.

"These changes require quality social dialog. A certain number of subjects give rise to framework agreements at group level but most of the dialog must take place locally, in a responsible manner and as close as possible to the field. Employee representatives are closely involved in decisions".

Within the 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;
  - and on a 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.

As part of this area of responsibility, the Crédit Mutuel Alliance Fédérale entities consulted their respective SECs in 2020 on the new *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan.

- 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, the union representatives are also appointed at the level of the Caisse Fédérale de Crédit Mutuel (Group Agreement scope), namely the group union representatives. They are the contacts for Executive Management to negotiate group agreements with. Their role is specified in the Group Agreement on trade union rights of December 5, 2018.

In 2020, several agreements were signed with the group union representatives, proof of a strong social dialog within Crédit Mutuel Alliance Fédérale.

These agreements include the following agreements:

- agreement on jobs and career path management in companies covered by the Group Agreement;
- framework agreement on Quality of Life at Work and remote work;
- agreement to close the points-based supplementary pension plan of January 1, 2008 and to set up a new supplementary pension plan from January 1, 2021;
- agreement to transform the group's PERCO regulation of March 31, 2011 into a GROUP PERCOL;
- wage-related agreements;
- amendments to the agreement on the payment of a bonus to support purchasing power.

Employment

Total workforce

Crédit Mutuel Alliance Fédérale employed 72,437[1] employees at the end of 2020, including more than 55,000 employees working in France.

Hires

New hires on permanent contracts (CDI) are mainly taking place in the Crédit Mutuel and CIC networks. 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 commitments. In addition, employer brand communication campaigns support the recruitment process throughout the year.

Since 2017, the group has used an HR tool that is regularly enhanced with new functionalities: Talentsoft. Modern and interactive, it promotes dialog and discussion and offers employees the possibility to express their desire for mobility at any time and to prepare appraisal interviews.

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-LOGER and CSE Executive Relocations. If there is no obligation for both the employer and the employee to call on any of these companies, the latter, as professionals, have experience, recognized competence and know-how in job mobility assistance services.

(1) Entities managed by the human resources department including the consolidated and non-consolidated entities of Crédit Mutuel Alliance Fédérale.

Quantitative data

WORKFORCE

Section	Indicator	Indicator code	Unit	Value 2020	Value 2019
Social	Workforce on the payroll	SOC01_BIS	No.	70,311	70,953
	Workforce: Women executives on open-ended contracts – France	SOC01_F201	No.	10,512	10,118
	Workforce: Non-executive women employees on open-ended contracts – France	SOC01_F202	No.	20,467	20,863
	Workforce: Women executives on fixed-term contracts – France	SOC01_F203	No.	41	74
	Workforce: Non-executive women employees on fixed-term contracts – France	SOC01_F204	No.	1,349	1,561
	Workforce: Men directors on open-ended contracts – France	SOC01_H211	No.	13,986	13,877
	Workforce: Non-executive men employees on open-ended contracts – France	SOC01_H212	No.	9,870	10,019
	Workforce: Men directors on fixed-term contracts – France	SOC01_H213	No.	55	77
	Workforce: Non-executive men employees on fixed-term contracts – France	SOC01_H214	No.	1,157	1,151
	Workforce: Women abroad	SOC01_F205	No.	7,228	7,391
	of which: women in management functions	SOC01_FM205	No.	918	991
	of which: women without managerial functions	SOC01_FNM205	No.	6,310	6,400
	Workforce: Men abroad	SOC01_H215	No.	5,646	5,822
	of which: men in management functions	SOC01_HM215	No.	1,375	1,488
	of which: men without managerial functions	SOC01_HNM215	No.	4,271	4,334

BREAKDOWN OF EMPLOYEES BY GENDER AND AGE[1]

Indicator code	Indicator description	Data at end of 2020
SOC88	Workforce < 25 years old	4,242
SOC90	Workforce 25-29 years old	7,306
SOC92	Workforce 30-34 years old	9,124
SOC94	Workforce 35-39 years old	10,417
SOC96	Workforce 40-44 years old	10,297
SOC98	Workforce 45-49 years old	9,113
SOC100	Workforce 50-54 years old	7,564
SOC102	Workforce 55-59 years old	8,130
SOC104	Workforce 60 years old and older	4,118

Indicator code	Indicator description	Data at end of 2020
SOC89	Female workforce < 25 years old	2,330
SOC91	Female workforce 25-29 years old	4,214
SOC93	Female workforce 30-34 years old	5,413
SOC95	Female workforce 35-39 years old	6,260
SOC97	Female workforce 40-44 years old	6,003
SOC99	Female workforce 45-49 years old	4,949
SOC101	Female workforce 50-54 years old	4,057
SOC103	Female workforce 55-59 years old	4,326
SOC105	Female workforce 60 years old and older	1,849

HIRES

Code	Indicator description	End-2020 data	End-2019 data
SOC13	Recruitment: Total number of hires	12,054	17,172
SOC15	Women hired	6,483	9,347
SOC16	Hires with open-ended contracts	4,987	5,885

DEPARTURES

Code	Indicator description	End-2020 data	End-2019 data
SOC19	Number of employees with open-ended contracts that quit the organization	5,373	4,868
SOC20	Number of employees with open-ended contracts that quit the organization (layoffs)	779	1,023

(1) Data available for total workforce of Crédit Mutuel Alliance Fédérale.

COMPENSATION AND CHANGES IN COMPENSATION

Code	Indicator description	End-2020 data	End-2019 data
SOC73	Gross payroll excluding employers' contributions	€3,135.31 million	€3,084.99 million
SOC107	Total gross annual compensation of employees with open-ended contracts	€3,039.99 million	€2,968.60 million
SOC108	Total gross annual compensation of employees with open-ended contracts – non-managerial level	€1,312.64 million	€1,324.71 million
SOC109	Total gross annual compensation of employees with open-ended contracts – managerial level	€1,727.34 million	€1,643.88 million
SOC80	Total amount of social security contributions paid	€1,678.27 million	€1,544.88 million

ORGANIZATION OF WORK TIME

Code	Indicator description	End-2020 data*	End-2019 data*
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	61,805	60,725
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	8,506	8,915

* *This data corresponds to the scope of Crédit Mutuel Alliance Fédérale, excluding CIC's foreign subsidiaries.*

ABSENTEEISM

Code	Indicator description	End-2020 data	End-2019 data
SOC38	Total number of days of absence	806,090[1]	693,909[1]
SOC39	Number of days of absence due to illness	789,092	673,200
SOC40	Number of days of absence due to workplace accidents	16,998	20,709
SOC41	Number of days of absence for maternity/paternity	325,456	334,423

(1) The data excludes days of absence due to illness and accident.

TRAINING

Code	Indicator description	End-2020 data	End-2019 data
SOC46*	Payroll expense allocated to training (payroll expense for training)	€122.6 million	€171.2 million
SOC47*	Percentage of payroll expense allocated to training	3.91%	5.56%
SOC48*	Number of employees who received training	66,355	68,411
SOC49*	Percentage of employees trained	94.37%	96.41%
SOC50*	Total number of hours allocated to employee training	1,801,447	2,429,706

* *Excluding the ACM partners scope and certain press entities.*

EQUALITY OF TREATMENT

Code	Indicator description	End-2020 data	End-2019 data
SOC68	Number of disabled workers in the total workforce	1,760	1,749
SOC39	Percentage of disabled workers in the total workforce	2.50%	2.46%
SOC63	Percentage of women among managerial promotions	40.9%	37.5%

3.1.2.2.5 Environmental ambition

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 maintained the decision to reduce its carbon footprint by 30% by the time of the new ensemble #nouveaumonde plus vite, plus loin ! (together#today's world faster, further!) strategic plan. To meet this objective, 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.

The calculation of France's carbon footprint is based on data for 2019 and has been modified to refine data collection for certain emission items. This work is part of a continuous improvement process that aims to roll out actions to reduce the footprint.

2019 focused on the appropriation of the calculation methodology and the development of an internal tool based on the experience acquired during the work carried out in 2018. Efforts have focused on reducing emissions related to energy consumption, which has fallen by nearly 15% and continued to fall by 6% in 2019.

Likewise, the travel policy (reduction in kilometers travelled by plane and private car) and the policy to promote vehicles that emit less CO_2 (reduction in fuel and energy emissions) helped to reduce emissions by nearly 30% between 2018 and 2019 in terms of business travel.

In 2020, the number of video-conferences organized increased from 451,241 in 2019 to 1,847,677 in 2020, allowing for a reduction of 355 million kilometers travelled. This increase is due to the massive use of remote working 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 2020, the number of kilometers travelled by the fleet as a whole decreased by 16%.

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 plug-in hybrid vehicles increased from 0.8% in 2019 to 8.4% in 2020. Orders for non-plug-in hybrid vehicles increased by 10.5%.

In addition, the company car charter no longer allows the purchase of vehicles with diesel engines. In 2020, the number of kilometers travelled by the diesel fleet decreased by 29%.

These decisions have been supported by an internal advertising campaign to encourage a reduction in the number of kilometers notably by producing reports and recommendations to restrict business travel.

In 2020, 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 public transport and promoting rail. For journey that can be completed by train, air travel is no longer available on the travel booking platform.

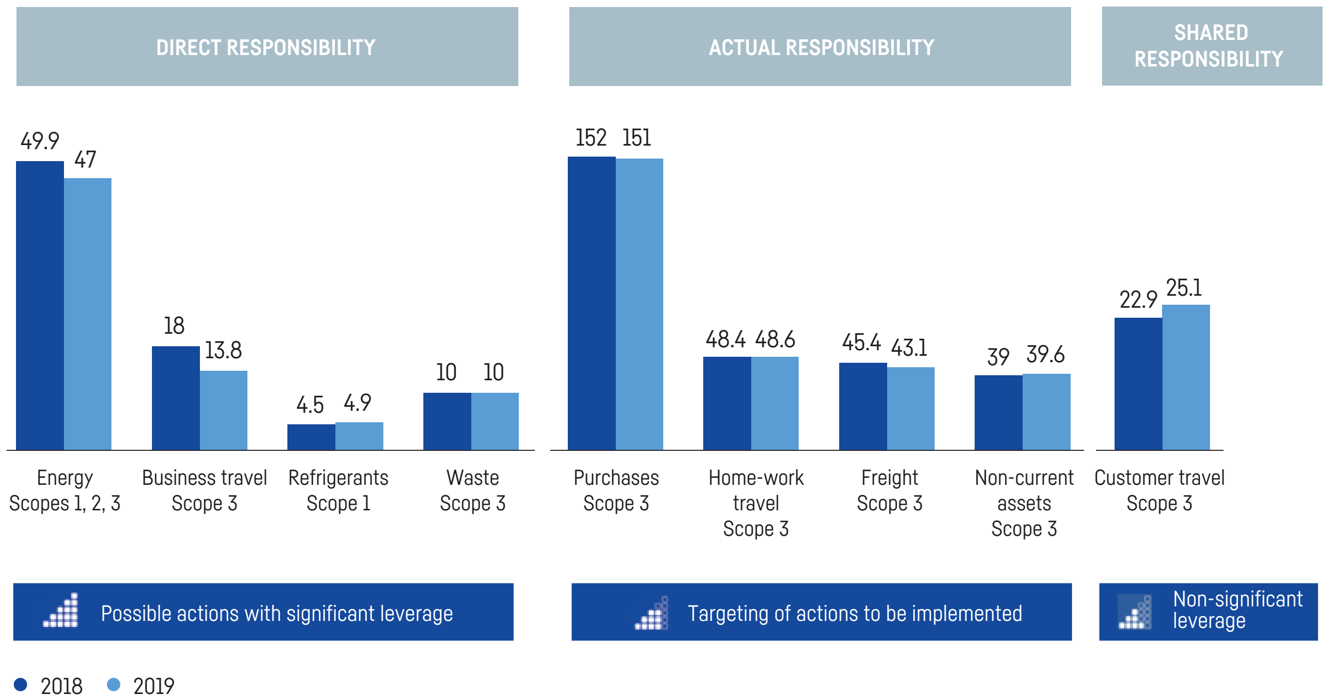
Carbon contribution policy

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 addition to this initiative, the Cofidis subsidiary launched the #likemyplanet initiative, offering its employees the opportunity to carry out environmental projects (a platform dedicated to bartering to bring the circular economy to life on the Campus).

COMPARATIVE ANALYSIS OF FRANCE'S CARBON FOOTPRINT (IN KTCO2EQ.), OFFICE LIFE SCOPE

2019: 383 kTCO2eq*
2018 corrected: 390 kTCO2eq
Target for 2023: -30%



**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

At the end of 2020 and after an 18-month project, Crédit Mutuel Alliance Fédérale obtained ISO 50001 certification from AFNOR Certification.

The initiative is aimed at improving the energy performance of installations through more effective monitoring and action plans. This approach is based on improving the energy efficiency of buildings, the use of new technologies but also more eco-responsible behaviour by all employees. For this purpose, an e-learning module is implemented in the remote training tool (FORMAD). It raises employee awareness on positive actions and enables them to measure the impact of their daily behaviour.

This certification highlights the necessary mobilization of each contributor to reduce energy consumption and the work carried out:

- identification of the most energy-intensive buildings and implementation of corrective measures;
- optimization of the energy performance of buildings;
- reduction of consumption and awareness-raising of eco-friendly actions;
- improvement of the car fleet.

Recommendations for temperatures and buildings

They 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 ±2°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 ±2°C). For ADEME, this translates into an energy saving of 7%.

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 parallel, Crédit Mutuel Alliance Fédérale has entered into a partnership with Voltalia to procure green electricity. The group has 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 2021. 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.

Crédit Mutuel Alliance Fédérale is developing a policy for managing emails, paper printing and using videoconferencing. In 2020, 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 2020, on the occasion of Sustainable Development Week, Caisse Fédérale de Crédit Mutuel and Euro-Information organized the first Eco Clean-Up Week for all Crédit Mutuel Alliance Fédérale entities. Employees were invited to optimize their digital carbon footprint by reducing and eliminating files and emails. This operation made it possible to delete nearly five million digital files representing around 4 million MB, or the equivalent of 60 metric tons of CO_2. This operation will be repeated every six months.

At the same time, Crédit Mutuel Asset Management launched an awareness-raising campaign on the impact of digital technology among its teams. For four consecutive days, employees received four posters on emails, web browsing, data storage and a suggestion of small internal challenges. The shared tips aimed to raise employee awareness on the impact of digital tools on climate change and to offer advice to optimize their impact. All the documents proposed are available to all entities on the "Being an eco-citizen at work" environment.

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: seasonality, number of people potentially present (taking into account HR data: training, holidays and various hazards such as weather or other events likely to reduce the number of visitors to the restaurant).

In 2020, employee volunteers offered a survey to all Wacken employees. The questions addressed the perception of food, diet, waste reduction and satisfaction regarding the meals on offer. The attendance rate was 31% and enabled the organization of an exhibition entitled "Well-being in my plate, Well-being on my planet" presenting the environmental initiatives taken by company restaurants and the commitment of their local suppliers.

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 also accessible to all elected members.

Actions to reduce Crédit Mutuel Alliance Fédérale's financing and investment portfolios' carbon footprint

The majority of the CO_2 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 and investment portfolios is to analyze the weight (CO_2 impact) of each investment/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 new strategic plan *ensemble#nouveaumonde, plus vite, plus loin !* (together#todaysworld faster, further!), 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 on its financing portfolio for large companies and on its financial investments in the context of its insurance and asset management activities. 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[1] (LF SIR) to measure the carbon footprint of its credit and investment portfolios (excluding Crédit Mutuel Asset Management). LF SIR 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.

(1) https://www.la-francaise.com/fr/nous-connaitre/nos-expertises/linvestissement-durable/

The results distinguish three types of carbon indexes expressed in tons of CO_2 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 CO_2 emissions according to the weight of assets by counterparty in the portfolio. This indicator allows for a detailed analysis of the investment/financing choices to be made to support certain sectors to invest towards business models that respect the energy transition.

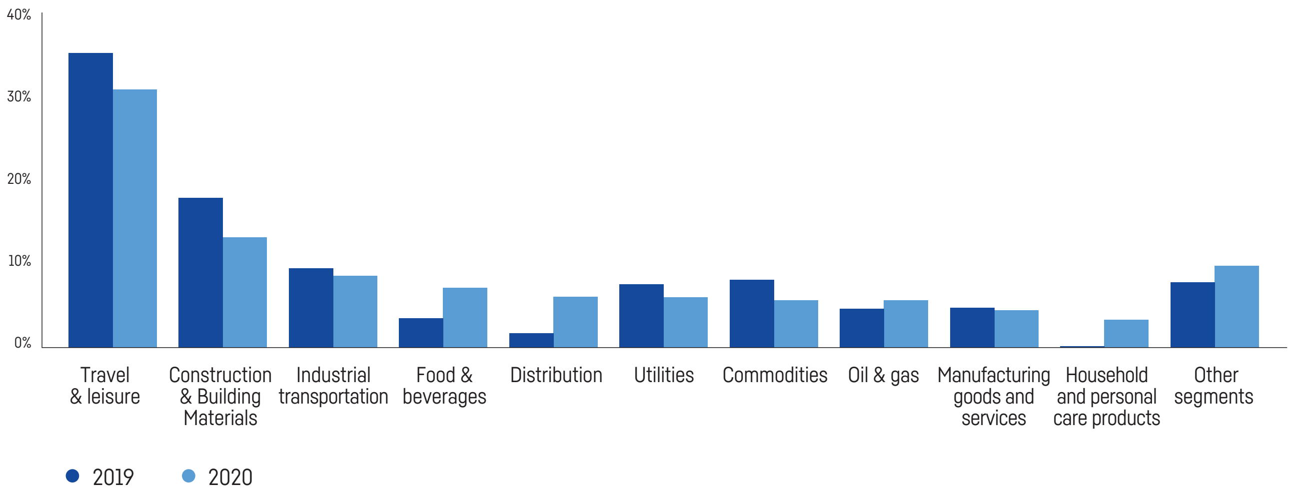
Results:

The carbon footprint of financing decreased by 10.3% between 2019 and 2020 based on a broader scope (information collected allowing the estimation of carbon emissions for non-reporting companies). 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 less than 6% of the carbon footprint). The geographical distribution matches the profile of Crédit Mutuel Alliance Fédérale's corporate customers which is focused on accompanying French companies: 52% of the carbon footprint is focused on French companies.

CARBON FOOTPRINT OF THE CORPORATE FINANCING PORTFOLIO

	2020	2019	2018
Carbon footprint (tCO_2/€m lent)	256.6	286.0	348.6
Carbon intensity of the portfolio (total emissions/total revenue)	209.3	288.0	351.0
Weighted average carbon intensity (Portfolio weight x Carbon intensity)	299.1	286.9	387.1

SECTORAL ANALYSIS

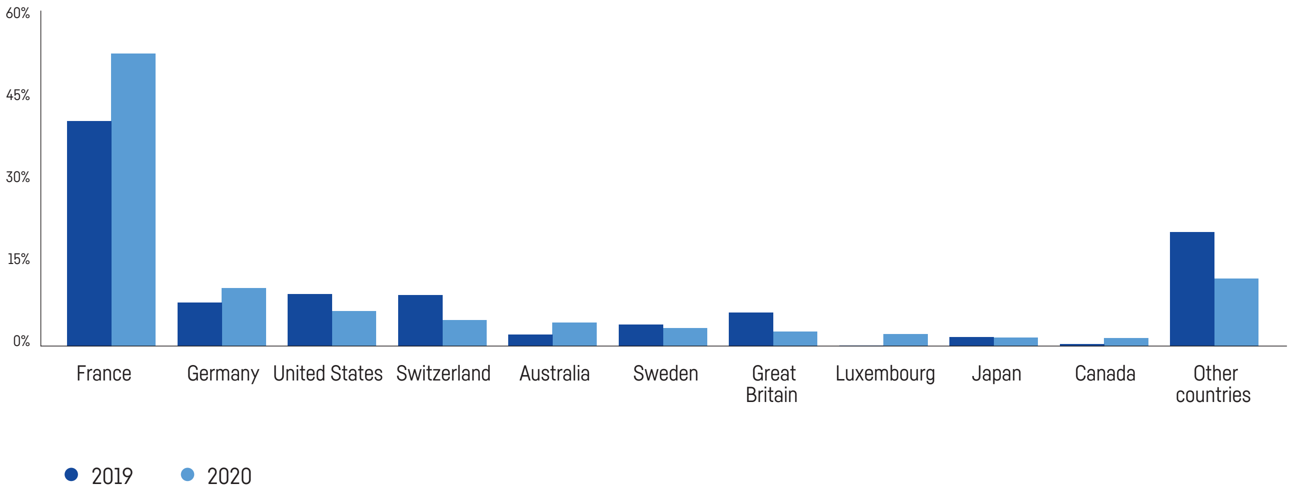


The sectors with the highest emissions are Travel & leisure (including airlines), Public Buildings and Works, and Industrial transportation, which account for 52.2% of the portfolio's carbon footprint.

The Oil and gas sector is only in eighth place with a contribution of 5.6%.

The improved coverage of the portfolio in 2020 increased the share of lower-emitting sectors such as the food industry, household products and retail. As a result, the share of the Travel & Leisure sector fell by 4.4 points compared to 2019, although it is still predominant. The Public Buildings and Works sector also recorded a decline of 4.7 points.

GEOGRAPHICAL ANALYSIS



The improved portfolio coverage mainly benefited French and German companies. Their share in the portfolio increased from 40% in 2019 to nearly 52% in 2020, and from 7% to 10% respectively. The share of American companies has dropped from nearly 10% to around 6%.

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 (GHS) adopted by the Member States of the International Maritime Organization (IMO) 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 (IMO) 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 of December 31, 2019 is +1.1 above the IMO[1]. curve. This analysis was validated by the Bureau Véritas firm appointed for this purpose in November 2020.

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 mobility but also to enable them to benefit from the subsidies for purchasing an electric vehicle (ecological bonus and/or conversion allowance). Over 75,000 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.

  Production of loans granted in 2020: €10.7 million.

- 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.

  Production of loans granted in 2020: €8.8 million.

(1) https://www.bfcm.creditmutuel.fr/fr/rsm/politiques-sectorielles/index.html

Crédit Mutuel Asset Management

In addition, 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. These commitments are materialized by the launch of thematic funds notably on the climate and energy transition. 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 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 major actions carried out in 2020. It obtained an A+ rating for its commitment to sustainable and responsible finance. On the back of these investments, the new range of SRI-, GreenFin- and ESG-labeled funds amounted to nearly €2.5 billion at the balance sheet date.

The asset management subsidiary of Crédit Mutuel Alliance Fédérale, a committed and responsible player for over 15 years, is determined to shift all of its management to a sustainable and responsible finance approach.

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.

3

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. More than a dozen unit-linked products labelled as "socially responsible investments" (SRI) or pursuing a responsible and socially responsible approach are offered in the financial range of life insurance and capital-pension policies, as well as in PER retirement savings contracts. All these funds have been rigorously selected for their objectives in favour of the ecological transition, sustainable growth and job creation in France. Since November 2020, 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-CIC Objectif Environnement, which aims to play an active role in protecting people and their environment.

Crédit Mutuel insurance also encourages its customers to reduce the carbon footprint of travel *via* the "soft mobility" bonus and the "carpooling" bonus included in their car and home offers.

Renewable energy financing trends

In 2020, CIC's project finance department financed 31 projects, including 12 in renewable energies: eight onshore wind farm projects, totalling nearly 1,500 MW (five projects in France, two in the USA and one in Canada), three offshore wind farm projects in Europe representing nearly 2,900 MW (Fécamp wind farm in France and Dogger Bank wind farm in the United Kingdom), and a portfolio of methanization units in France. The outstandings for renewable energy projects (cumulative authorizations) at the end of December 2020 reached €1.8 billion, comprised mainly of onshore and offshore wind projects, solar and biomass, which represents a 14% increase compared to the end of 2019.

CIC also financed 14 infrastructure projects, including two heating networks and several fiber networks in France, motorways in Croatia, Portugal and Australia, and a subway in Spain and Australia. All projects financed strictly comply with the environmental standards of the host country.

The group's strategic plan, *ensemble#nouveaumonde* (together#today's world), sets the increase in the financing of projects with a strong 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 5.2.2.7).

In parallel, the Crédit Mutuel and CIC networks provided financing for almost 2,200 renewable energy projects to assist customers in the professional, private, agricultural and business markets. As an example, Crédit Mutuel Loire-Atlantique and Centre-Ouest provided financing for a farm of nine wind turbines to produce electricity for almost 4,300 homes. A solar farm was also built to provide electricity for 3,000 homes.

Inaugural Green Bond issue of BFCM (Banque Fédérative du Crédit Mutuel)

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. The aim of this first inaugural issue was to focus on selected "green" assets (financing of renewable wind and solar projects and new residential buildings under the RT2012 standard).

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. This first issue, whose implementation methods comply with the best market standards and has been recognized for the transparency of the methodologies applied (calculation of emissions avoided, selection of eligible assets, etc.) was a great success among bond investors. This issue was included in the Bloomberg Barclays MSCI Green Bond Index of December 2020.

All documents are available on the website dedicated to investors: https://www.bfcm.creditmutuel.fr/fr/investisseurs/presentation.html

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

Governance and 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 on 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	▪ Governance at the highest level ▪ Inclusion in financial risk management ▪ Sectoral policies key to the strategy
Organization	▪ 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	▪ 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. All projects developed are presented to 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 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].

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.

The risks related to climate change, mainly analyzed in the context of operational risks (whose potential consequences can be minimized thanks to the EBCP), have evolved.

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 limit[2] 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. The limits are calculated dynamically and are reviewed at least in accordance with the annual updates of the index.

Specific adjustments can be made to the system to rapidly take any new project into account specifically linked to combating climate change which is implemented in a country, in order to avoid penalizing proactive countries which are trying to improve their capacity to withstand climate change now and in the future.

This system is part of an iterative approach to evaluate how climate risks are monitored and is adjusted in accordance with the advances made by the connected projects within Crédit Mutuel Alliance Fédérale.

(1) Work in progress described in Chapter 3.1.1.5.
(2) https://gain.nd.edu/

Pilot ACPR and EBA climate exercises:

The Confédération Nationale du Crédit Mutuel coordinated the entire process for the two fiscal years and proposed the creation of a dedicated working group composed of members of the risk and CSR department of each of the regional groups. The purpose of these exercises 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.

Through regular discussions, various methodologies were adopted in order to:

- validate the scope of the initial data for the fiscal year (breakdown of exposures at December 12, 2019, according to the requested template by geographical area, exposure category and business sector);
- specify the assumptions used for the projections from 2019 to 2050;
- define a methodology for measuring and projecting greenhouse gas emissions (in CO_2 equivalent) in the various sectors;
- discuss possible sectoral policies and arbitration to be used, in order to readjust the projections of outstandings according to their impacts in terms of emissions.

CLIMATE EXERCISES

ACPR	EBA
Physical and transmission risk Credit risk Market risk	Physical risk: damage to property, automotive and health Credit risk Market risk

Four geographic areas: Fr. | Excluding Fr. | UE | USA and rest of the world — Must represent 85% of exposures

Occurrence of four shocks: 2020 – 2025 – 2030 – 2050

Static balance sheet (2020–2030) / Dynamic balance sheet (2030–2050)

ACPR		EBA	
Oct. to Dec. 2020	1st dispatch, delivery of results	Oct. to Dec. 2020	1st dispatch, details by counterparty
Jan. to Mar. 2021	Consistency phase with institutions and 2nd dispatch	Jan. to Mar. 2021	2nd dispatch, taxonomy integration

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 aims to promote best environmental, social and governance practices. At each new investment in a company's shares or bonds, GACM's asset managers have access to a complete analysis of the three criteria, E, S and G, notably through data provided by ISS-OEKOM. This analysis constitutes an aid to decision-making in the investment process, in addition to the financial criteria that are usually analyzed. Exclusion approaches are also used to prevent any new investment in companies with a significant ESG risk. Accordingly, the GACM ESG policy encourages investment in accordance with the values of Crédit Mutuel Alliance Fédérale group 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 incorporates the requirements of 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. 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.).

For indirect investments made *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.

As a committed investor, GACM finances specific environmental or social projects. Nearly €3 billion of investments in the portfolio as at the end of 2020 are dedicated to the development of activities promoting the transition to a low-carbon economy and around €800 million for projects with both social and environmental objectives. Total investments in these two topics amounted to €3.8 billion, *i.e.* nearly 4% of the group's assets.

(1) Available at https://www.acm.fr/fr/document/Rapport-ESG-GACM-2019.pdf

Lastly, as a committed investor, GACM leverages shareholder commitment to encourage companies to improve their ESG practices and vote for resolutions with this in mind.

GACM's ESG approach is set out in detail in a specific report available at https://www.acm.fr/fr/nous-connaitre/nos-publications/rapports-transition-energetique-des-assurances-du-credit-mutuel.html.

Crédit Mutuel Asset Management (report on the energy transition law)[1]

At the end of 2018, Crédit Mutuel Asset Management launched its strategic project "Towards Responsible and Sustainable Finance", which plays a full role in the medium-term *ensemble#nouveaumonde* (together#today's world) plan 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.

As part of the overhaul of this range, Crédit Mutuel Asset Management is improving its system and gradually deploying a proprietary ESG analysis model throughout the whole of its investment sphere, based on suppliers of external data and internal analyses conducted by an experienced team. The active and rigorous selection of sovereign and corporate issuers performed by Crédit Mutuel Asset Management is based on:

- the exclusion of companies involved in the production or trade of anti-personnel mines and cluster munitions (Ottawa Convention and Oslo Treaty) as well as States not respecting international norms or conventions;
- the selection of businesses whose activity contributes to sustainable development, by the very nature of the company or the products and/or services offered; in particular, the best-in-class SRI approach of Crédit Mutuel Asset Management is primarily based on a non-financial analysis of companies according to environmental, social and governance (ESG) criteria, supplemented by consideration of the societal policy and the commitment of the company to a responsible approach. Sectoral specificities are taken in account and regular meetings with company executives take place. For States, the following is taken into account: the legal framework, respect for fundamental freedoms, protection of the environment and living conditions, economic well-being. A selection is then made by retaining only 50% of the initial securities. Then, a choice is made to create a funds portfolio by retaining securities presenting the best potential stock performance;
- shareholder activism (closely monitoring controversies, dialog with businesses on improvement of their social responsibility policy, systematic vote at Shareholders' Meetings). The principle of Crédit Mutuel Asset Management's voting policy is to cover all shares held by all companies, of whatever size, nationality or share of the voting rights held. It is based on respect for the rights of minority shareholders, fairness between shareholders, the transparency and quality of information provided to shareholders, the balance of powers between the management bodies, the sustainability and integration of the long-term strategy of companies and, lastly, support to the best practices of corporate governance. Since the end of 2019, Crédit Mutuel Asset Management's voting policy has been integrated into the monthly reporting for the funds concerned in the form of a pictogram.

Quantitative data

Code	Indicator description	End-2020 data	End-2019 data
ENV05	Total energy consumption	389,726,065 kWh	417,636,599 kWh

Code	Indicator description	End-2020 data	End-2019 data
ENV32	Number of video-conferences	1,847,677	451,241

Code	Indicator description	End-2020 data	End-2019 data
ENV15	Recycled used paper as output (waste)	5,433 metric tons	5,461 metric tons
ENV16	Number of used toner cartridges recycled after use	61,659	69,092

WATER CONSUMPTION

Code	Indicator description	End-2020 data	End-2019 data
ENV04	Water consumption (m^3)	505,200*	580,083*

* *All entities excluding TARGOBANK in Germany.*

COMMODITY CONSUMPTION

Code	Indicator description	End-2020 data	End-2019 data
ENV09	Total paper consumption	6,668 metric tons	7,817 metric tons
ENV10	Total consumption of paper for internal use	1,986 metric tons	2,423 metric tons
ENV11	Total paper consumption for external use	4,682 metric tons	5,393 metric tons
ENV15R	Total recycled paper purchased	1,093 metric tons	717 metric tons

(1) Available at https://www.cmcic-am.fr/partage/fr/CC/CM-CIC-AM/telechargements/ESG-article-173.pdf

3.1.3 Crédit Mutuel Alliance Fédérale sectoral policies

Crédit Mutuel Alliance Fédérale, in the conduct of its diversified business, may be involved in transactions, including on sensitive segments with 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 define a scope of intervention, and to set criteria and principles for the conduct of its 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 cooperative 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.

From 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).

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. 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 addition, the Boards of Directors of the umbrella bodies validated the reviewed commitment policy for 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 behaviour that is respectful of the interests of customers and good business practices. A committee for fragile or vulnerable customers has been created to monitor projects and validate proposals submitted by the dedicated working group.

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

Coal sectoral policy

1. **Companies included in the Global Coal Exit List (437 companies):**
   - 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 to a plan to close all their coal assets by 2030. These requests may be subject to an escalation procedure with Executive Management.

Hydrocarbons

Hydrocarbons sectoral policy

1. **In the case of project financing or an investment dedicated to non-conventional hydrocarbons:**

   Financing and investment dedicated to exploration, production, transport infrastructure (oil pipeline, gas pipeline and storage units) or processing (oil refineries, gas liquefaction terminals) are prohibited in the following cases:
   - shale oil or shale gas,
   - oil from bituminous sands,
   - heavy and extra heavy oil,
   - deep water oil,
   - oil extracted in the Arctic.
2. **In the case of banking or financial transactions and as from the publication of the O&G list of the NGO Urgewald, restrictive criteria will be put in place such as:**
   - small proportion of revenue generated by unconventional hydrocarbon,
   - the company does not undertake exploration of new oil fields (conventional or not) and new unconventional gas fields.

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:
- air transport segment
- maritime transport segment
- road transport segment

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 (LCVs) and industrial vehicles (IVs) meeting at least the Euro 6 standard are eligible for financing.

Mining

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 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

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

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.

3.2 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 Imprimeries (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 N° 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.

3

3.2.1 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	Data missing for ACM Partners and certain press entities
SOC107	Total gross annual compensation *(in €)* of open-ended contract employees	-
SOC108	Total gross annual compensation *(in €)* – non-managerial open-ended contracts	-
SOC109	Total gross annual compensation *(in €)* – managerial open-ended contracts	-
GOUV15	Number of new women directors – local banks	-
GOUV56	Number of director training hours (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 ■ Cofidis
SOT52	Total budget dedicated to patronage and sponsorship[1]	This indicator concerns: ■ the 13 Crédit Mutuel Alliance Fédérale federations ■ CIC foreign subsidiaries excluding Banque du Luxembourg and Banque du Luxembourg Investment

(1) This indicator may include budgets allocated in 2020, 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 2020 calendar year.

3.2.2 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
	AMGEN SEGUROS GENERALES COMPAÑIA DE SEGUROS Y REASEGUROS
	Asesoramiento en Seguros y Prevision Atlantis
	Asistencia Avancada Barcelona
	Atlantis Asesores
	Atlantis Correduria de Seguros y Consultoria Actuarial
	ATLANTIS VIDA, COMPAÑIA DE SEGUROS Y REASEGUROS
	GACM ESPAÑA
	Groupe des Assurances du Crédit Mutuel (GACM)
	ICM LIFE
	MTRL
	Partners
	Procourtage
	Sérénis Assurances
	Targo Seguros Mediacion (formerly Oy Mediacion)
	ACM VIE Mutuelle
	NELL
	NELB
	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-Douilhet Gestion
	Transatlantique Gestion
	Crédit Mutuel Capital
Cofidis	Cofidis Belgium
	Cofidis Spain
	Cofidis France
	Cofidis Hungary
	Cofidis Italy
	Cofidis Portugal
	Cofidis Czech Republic
	Cofidis SA Poland
	Cofidis SA Slovakia
	Creatis
	GEIE Synergie
	Monabanq

Level	Company
EI	EI Télécom
	Euro-Information Production
	Euro Protection Surveillance
	Euro-Information
	Euro-Information Développements
	Euro-Information Services
Federations	Caisse Fédérale de Crédit Mutuel
	Caisse Régionale CMMC
	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 CM Antilles-Guyane
	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 Antilles-Guyane
	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 Européenne du Crédit Mutuel Monaco
	Banque Fédérative du Crédit Mutuel (BFCM)
	BECM Francfort
	BECM Saint Martin
	Cartes et Crédits à la Consommation
	CIC Iberbanco
	Crédit Mutuel Asset Management
	Crédit Mutuel Gestion
	Crédit Mutuel Immobilier
	Crédit Mutuel Caution Habitat
	Centre de Conseil et de Service
	CCLS
	Factofrance
	Cofacrédit
	Targo Deutschland GmbH
	Targo Dienstleistungs GmbH
	Targo Factoring GmbH
	Targo Finanzberatung GmbH
	Targo Technology GmbH
	Targo Technology GmbH Singapore Branch
	Targo Leasing GmbH
	Targo Management AG
	TARGOBANK AG
	TARGOBANK in Spain
Press	Affiches d'Alsace Lorraine
	Alsacienne de Portage DNA
	Est Bourgogne Médias
	Groupe Républicain Lorrain Imprimerie (GRLI)
	Groupe Dauphiné Media
	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 N° 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
	Ebra Medias Alsace
	Ebra Médias Lorraine Franche Comté
	Société d'Investissements Médias (SIM)

3.2.3 Main management rules

The 2020 data collection process began in September 2019 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 group membership, are supplied by the 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 expenses 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 agencies, 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, 2019 to June 30, 2020; 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, are 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.

The selected 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.

3.3 INFORMATION ON REGULATORY REQUIREMENTS

Informations 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	3.1.1 – Presentation of the scope, business model and vigilance plan Section: Crédit Mutuel Alliance Fédérale's business model
Presentation of the main non-financial risks	3.1.1 – Presentation of the scope, business model and vigilance plan Non-financial risks and opportunities for Crédit Mutuel Alliance Fédérale
Presentation of policies and indicators	3.2.1 – Strategic orientation and SMR positioning of Crédit Mutuel Alliance Fédérale

3.4 CSR OF THE TECHNOLOGY DIVISION

3.4.1 Quantitative data

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
ENV04	Water consumption	Cubic meter	38,013
ENV05	Total energy consumption	Kilo Watt Hour	66,669,774
ENV05_01	Steam water in urban networks	Kilo Watt Hour	3,729,527
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	704,705
ENV06	Electrical energy consumption	Kilo Watt Hour	57,973,943
ENV07	Gas energy consumption	Kilo Watt Hour	3,744,508
ENV08	Fuel energy consumption	Liters	51,554
ENV09	Total paper consumption	Metric tons	167.11
ENV10	Total consumption of paper for internal use	Metric tons	20.16
ENV11	Total paper consumption for external use	Metric tons	146.94
ENV13	Consumption of toner cartridges	Whole number	2,476
ENV15	Recycled used paper as output (waste)	Metric tons	369
ENV15L	Total labelled paper purchased	Metric tons	118
ENV15R	Total recycled paper purchased	Metric tons	4.65
ENV16	Used toner cartridges recycled after use	Whole number	4,958
ENV18	Business travel – air	Kilometers	1,176,549
ENV19	Business travel – train	Kilometers	2,499,545
ENV20	Vehicle fleet of the entity – number of km all vehicles	Kilometers	19,409,749
ENV23	Business travel – employee vehicle	Kilometers	436,773
ENV24	Business travel – collective transport – bus-cars-metro-tram	Kilometers	61,526
ENV25	Business travel – taxi & car rental	Kilometers	348,905
ENV31	Number of videoconferencing equipment	Whole number	314
ENV32	Number of videoconferences	Whole number	371,673
ENV33	Total duration of videoconferences	Centesimal hours	488,787
ENV34	Documents digitized (paper avoided)	Metric tons	358
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	62
GOUV02	Number of women on the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	14
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	6
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	35
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board age ≥ 60 years	Whole number	20
SOC01	Total workforce in FTE	Full-Time Equivalent	5,264
SOC01_BIS	Registered workforce	Natural Persons	5,301
SOC01_FM205	Workforce: women managers abroad	Natural Persons	0
SOC01_FNM205	Workforce: women non-managers abroad	Natural Persons	0
SOC01_F201	Workforce: female managers with open-ended contracts in France	Natural Persons	950
SOC01_F202	Workforce: female non-managers with open-ended contracts in France	Natural Persons	329
SOC01_F203	Workforce: female managers on fixed-term contracts in France	Natural Persons	3
SOC01_F204	Worfforce: female non-managers with fixed-term contracts in France	Natural Persons	38

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
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	Workforce : male managers with open-ended contracts in France	Natural Persons	2,863
SOC01_H212	Workforce: male non-managers with open-ended contracts in France	Natural Persons	950
SOC01_H213	Workforce: male managers with fixed-term contracts in France	Natural Persons	4
SOC01_H214	Workforce: male non-managers with fixed-term contracts in France	Natural Persons	164
SOC01_H215	Workforce: men abroad	Natural Persons	0
SOC02	Total workforce France (Open-ended + Fixed-term contracts) – Natural Persons	Natural Persons	5,301
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	3,820
SOC05	Total workforce with fixed-term + open-ended contracts – non-managers	Natural Persons	1,481
SOC07	Workforce – Women (individuals)	Natural Persons	1,320
SOC08	Workforce – open-ended contract	Natural Persons	5,092
SOC08_NCADRE	Workforce – open-ended contract – non-managers	Whole number	1,279
SOC08BIS	Workforce – open-ended contract – women	Whole number	1,279
SOC09	Workforce – fixed-term contract	Natural Persons	209
SOC12	% open-ended contract employees	Percentage rate	96.05
SOC13	Total hires	Natural Persons	613
SOC14	Men hired	Natural Persons	443
SOC15	Women hired	Natural Persons	170
SOC16	Hires with open-ended contracts	Natural Persons	437
SOC17	Hires with fixed-term employment contracts	Natural Persons	176
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	216
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	25
SOC27	Turnover (resignations + layoffs + end of probationary period + conventional breach of contract)/(individual workforce)	Percentage rate	3.16
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	5,130
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	171
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	46,168
SOC39	Number of days of absence due to illness	Working days	45,415
SOC40	Number of days of absence due to workplace accidents	Working days	753
SOC41	Number of days of absence for maternity/paternity	Working days	8,858
SOC44	Number of declared workplace accidents with medical leave	Whole number	32
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	3,928,732
SOC47	% of payroll expense invested in training	Percentage rate	2
SOC48	Number of employees who have had at least one training session	Whole number	4,672
SOC49	% of trained employees	Percentage rate	88.13
SOC50	Total number of hours allocated to employee training	Centesimal hours	68,913
SOC52	Number of work-study trainings	Whole number	82
SOC53	Number of work-study trainings with professionalization contract	Whole number	18
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	64
SOC59	Number of women among managerial staff	Whole number	953
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	166

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
SOC62	Number of women among managerial promotions	Whole number	44
SOC63	% of women among managerial promotions	Percentage rate	26.50
SOC68	Number of disabled workers in the total workforce	Whole number	89
SOC71	% of disabled workers in the total workforce	Percentage rate	1.67
SOC73	Gross payroll excluding employers' contributions *(in €)*	Euros	235,995,362
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	45,645
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	32,168
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	50,165
SOC81	Total amount of bonus (profit-sharing and shareholding) *(in € – excluding employer contributions)*	Euros	30,737,857
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	5,217
SOC88	Workforce < 25 years old	Natural Persons	285
SOC89	Women < 25 years old	Natural Persons	46
SOC90	Workforce 25 – 29 years old	Natural Persons	550
SOC91	Women 25 – 29 years old	Natural Persons	148
SOC92	Workforce 30 – 34 years old	Natural Persons	812
SOC93	Women 30 – 34 years old	Natural Persons	207
SOC94	Workforce 35 – 39 years old	Natural Persons	830
SOC95	Women 35 – 39 years old	Natural Persons	191
SOC96	Workforce 40 – 44 years old	Natural Persons	798
SOC97	Women 40 – 44 years old	Natural Persons	214
SOC98	Workforce 45 – 49 years old	Natural Persons	841
SOC99	of which women 45 – 49 years old	Natural Persons	215
SOC100	Workforce 50 – 54 years old	Natural Persons	534
SOC101	Women 50 – 54 years old	Natural Persons	117
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	204
SOC105	Women 60 years old and older	Natural Persons	54
SOC107	Total gross annual compensation *(in €)* of employees with open-ended contracts	Euros	232,426,509
SOC108	Total gross annual compensation *(in €)* of non-managerial employees with open-ended contracts	Euros	41,143,815
SOC109	Total gross annual compensation *(in €)* of managerial employees with open-ended contracts	Euros	191,282,694

3.4.2 Specific report of the technology division (Euro-Information, EI)

Every year, this document brings together different entities working in the IT business.

The scope has not changed and the main subsidiaries of Euro-Information 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-Information Télécom (EIT)** which deploys the group's mobile telephony offering. On December 31, 2020, EIT was sold as part of a long-term partnership with Bouygues Telecom;
- **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

The regulations in force have led us to reflect concerning CSR (Corporate Social Responsibility) in terms of risk in 2019, 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.

New indicators were defined at the same time and implemented, aiming to respond to these scenarios and enable management of these risks. This makes it possible for the second year, to assess their relevance, to analyze which trend the group is on and to be able to improve them.

3.4.2.1 Actions by scenario

The absence of dedicated SMR governance

In 2018, the group defined a new strategic plan, ensemble#nouveaumonde (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 cooperative model in the face of the crisis. It is now called ensemble#nouveaumonde, plus vite, plus loin ! (together#today's world, faster, further!). Euro-Information remains part of this strategic plan and has an additional objective of providing the group with the IT resources necessary to this approach.

In addition to this new 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* with five missions now integrated into the corporate purpose of Caisse Fédérale de Crédit Mutuel and CIC:

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

SMR is therefore fully integrated into governance and indicators on human and mutualist development have been defined and will be monitored. The EI subsidiaries contribute to the shared objective of reducing the carbon footprint by 30%. In addition, the group has a strong ambition to increase the financing of projects with a high climate impact by 30% and at the same time to reduce the carbon footprint of the customer portfolio by 15%.

Group management is carried out by a risk management team. In this context, action-sharing meetings with all of Crédit Mutuel Alliance Fédérale's SMR correspondents in which the Euro-Information correspondent participates are organized. Documentary sharing was created in 2020 to coordinate/reuse/optimize the actions of everyone within the group.

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 2020). 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 ones 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 and/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 signature of a charter with suppliers and the group has decided to initiate this approach with the largest preexisting 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.

In addition, a new version of the internal rules issued at the end of 2018 recalls a certain number of elements concerning the EI 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.

Two developments should be noted 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 in the process), two "CSR Risk" criteria were included in the risk analysis, "CSR reputation risk" and "CSR non-compliance risk" (linked with sector policies).

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 installed base (see the section on the equipment circuit) thus contributes to reducing our energy consumption.

In 2020, Crédit Mutuel Alliance Fédérale decided, through its subsidiary Euro-Information, to donate around 500 laptops to various associations and universities (Les Restos du Cœur, Emmaüs, care homes, etc.), in order to participate in supporting 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 our activities. Here are the major actions:

GT Digital Moderation

At the end of 2019, CIGREF (*Club informatique des grandes entreprises françaises*) decided to set up a working group called *GT Sobriété Numérique* (GT Digital Moderation). 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. CIGREF began its studies on "eco-responsible IS" in 2009 and has constantly reiterated its commitment to this subject. With this working group, CIGREF undertakes to support its members in this "technical-energy" transition and has prepared tools and methods enabling IT departments to operationally contribute to the low carbon agendas of their companies.

Euro-Information took part in the creation of this working group and participated in the discussions undertaken in 2020. The working group carried out a structured analysis and engaged with companies to learn more about their commitment in this respect (Dell, Orange, Google, etc.). This 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.).

Many best practices are in place within Euro-Information without these, however, being communicated. For example:

- promote the reuse (second life) of equipment (EIS/Circuit Broker);
- where a second life is not possible, ensure an appropriate recycling/destruction process;
- optimize the architecture and layout ofdatacenter rooms;
- virtualize servers and storage units;
- define archiving and data cleaning rules in line with the GDPR.

This participation led Euro-Information to complement its reflection on this growing issue and Euro-Information will study its positioning in terms of these 100 best practices. This is fully in line with the aim of reducing the group's carbon footprint. In addition, Euro-Information intends to remain involved and play an active role during the second year of the working group proposed by CIGREF, which will work on digital sobriety metrics.

Equipment circuit

On behalf of Euro-Information, Euro-Information Services (EIS) provides installation and maintenance services for IT equipment and associated logistics services.

In 2020, more than 10,100 man/days were dedicated to replacing end-of-life products (printers, workstations, laptops, inverters, PLCs, electronic payment terminals, etc.).

Nearly 133,587 defective products were processed by the repair shop, 38,340 uninstalled products were reconditioned and 33,101 were directed to our broker. This figure is lower than that of 2019 (51,524 repackaged products). In the context of the EIS pandemic, its Emergency and Business Continuity Plan (EBCP) was triggered by suspending this activity for three months.

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 18,800 trips in 2020 compared to 2011. In addition, the decrease in the percentage of recurrence in the area of ATMs saved 3,514 interventions compared to 2010.

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).

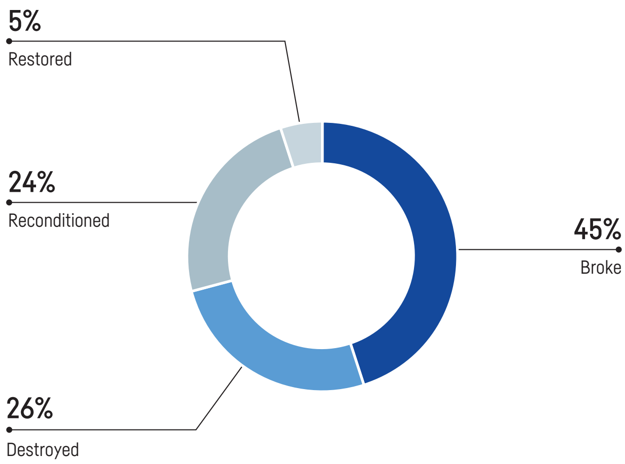
The goal is to reduce the time in the "restored" state and to send, where appropriate, to the broker, as soon as possible to allow reuse.

This analysis can be done by product families and customer entities from 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.

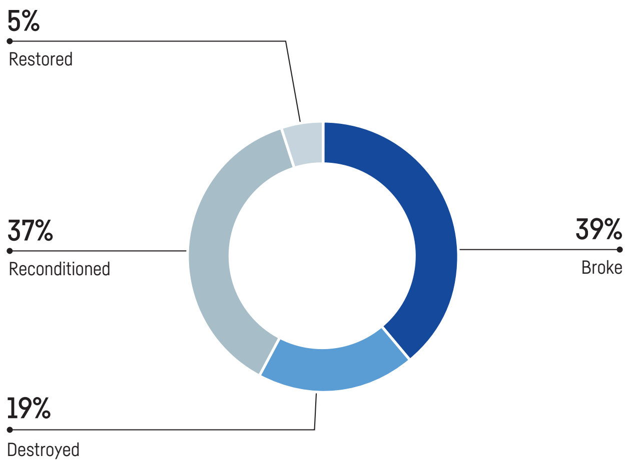
This vision is partial and based on the stages of the physical circuit. EIS is reviewing its organization with the construction of a new management site in Mulhouse. This will make it possible to refine this monitoring andtake advantage of the introduction of new processes and tools.

Here are the findings:

2019 – ALL EQUIPMENT



2020 – ALL EQUIPMENT

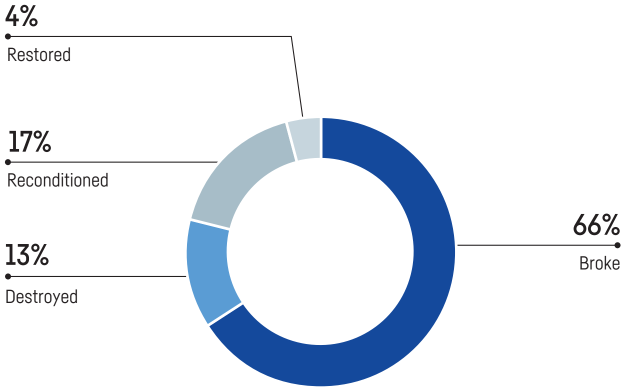


It is necessary to note an evolution of the treatment by focusing on the fleet in 2020. Between the fleet of 2019 and that of 2020, the Reconditioned/Destroyed breakdown, which represents 56% of the fleet, has changed with 19% of destruction compared to 26% in 2019. The share of refurbished products increased by 13 percentage points (with 7% fewer destroyed and 6% fewer broke) and represents 37% of equipment withdrawn from the fleet, which is very positive.

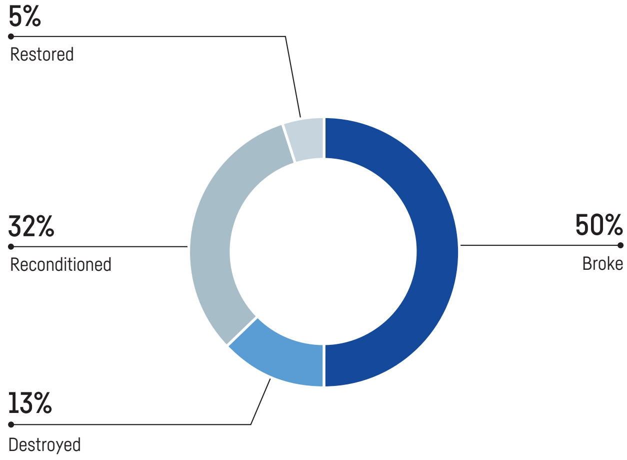
The transfer to the broker has decreased with 39% against 45% in 2020. The analysis highlights the sharp increase in the reconditioning of defective materials. This is particularly related to screens with reconditioning rising from 15% to 31%, ATMs from 25% to 42% and readers from 3% to 25%.

The trend for large families of equipment (screens, workstations and portables, printers), which represented 42% of the movements in 2020, is logically different. For the broker part, we went from 66% to 50%, for the Repackaging part from 17% to 32%, while the Destroyed part remained stable and represented 13% of this family.

2019: MONITORS, PRINTERS, WORKSTATIONS AND LAPTOPS



2020: MONITORS, PRINTERS, TERMINALS AND LAPTOPS



Since 2018, the breadth of historical data allows us to understand the future of a fleet in five years and therefore to compare two generations.

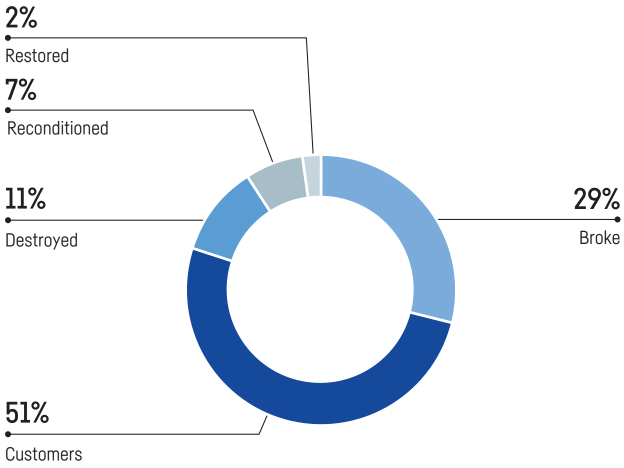
Out of an installed base of 630,000 references in 2015, the situation in 2019 was:

- 48.2% were renewed;
- 59% sold to brokers;
- 22% were destroyed;
- 15% were reconditioned.

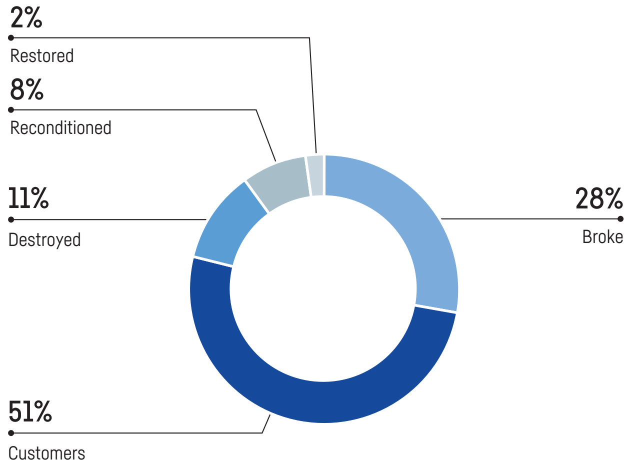
In 2020, it is noted that:

- an increase in the installed base under management (initial installed base of 665,500 in 2016);
- stable volumes destroyed and reconditioned (11% and 2%);
- minor variation between the customer installed base and broker installed base (51%/28% against 51%/29%) that we can associate with the extension in the service life of products.

PARK VISION 2015-2019



PARK VISION 2016-2020



A variation on the major families of products is still observed. For workstations and laptops, major tools of the group's employees, 80% were renewed in the five-year period with 70% to the broker, 5% reconditioned and therefore only 5% destroyed. Conversely, for the screens or printers family, only 36% of the installed base is renewed, with 21% going to the broker, 7% for reconditioning and 8% for destruction. A uniform 2% of products are in the reconditioned state, which corresponds to equipment in the process of assignment to its new category.

In the second half of 2020, an additional recycling channel for keyboards and mouse devices was set up. The banks, branches and head offices can return these items to EIS for recycling. This system relies on the group's existing shuttles and will facilitate the recovery of used equipment. This new system should start to result in an increased proportion of recycled products and makes it easier to manage the WEEE destruction process of such devices.

IP phone management

A partnership with CONNEXING was signed for purchases of fixed IP telephones. This company resells recycled used IP phones. With an eco-responsible approach this company 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.

CONNEXING has defined three levels of eco-recycled partnership:

- Silver, for 100 trees planted;
- Gold, for 200 trees planted;
- Platinum for 500 trees planted.

Over the last four years, the group obtained the PLATINUM level, with 3,854 trees planted for Euro-Information in 2020 (against 3,850 in 2019, 3,848 in 2018 and 3,598 in 2017), representing the equivalent of 36,035 kg of CO_2 saved.

In addition, EIS also works with CONNEXING for the repair or reconditioning of IP telephones in order to extend their service life.

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. Euro-Information's Lille site was being extended with the construction of a new machine room. Delivery was delayed due to the suspension of work following the COVID-19 pandemic. The project will be operational in 2021.

The next project will be to replace the computer rooms in Strasbourg with a new datacenter deploying the latest innovations in energy optimization. Lands have been acquired around Dijon to carry out this new project, which should be ready by 2023/2024.

All these projects will use free chilling (adaptation of the cooling method depending on the outside temperature) and confinement (disappearance of hot spots by separating the bays in a better way and building cold aisles). For Verlinghem, this could represent savings of 3,800,000 KWh for a load of 1,000 w/m2 (*i.e.* around €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

In 2020, the group decided to obtain ISO 50001 certification. This project, launched in 2019 and managed by CCS, targets the banks and branches, head offices and datacenters. This standard drives energy efficiency and defines the guidelines necessary for the development of a methodical energy management that favors energy performance and promotes environmental protection. The scope of Crédit Mutuel Alliance Fédérale's EMS covers all of its 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 its entire fleet of nearly 3,300 vehicles. At Euro-Information level, this certification targets datacenters, buildings occupied by EI staff and its subsidiaries,the vehicle fleet (company and service vehicles) and all IT equipment.

This management system is recent and needs to be finalized. An e-learning program will be disseminated among all staff.

For example, this certification made it possible to capitalize on the one-degree increase in the temperature of the Osny machine rooms, representing an estimated savings of 196 gigawatts per year.

Significant work will be carried out in 2021 on the energy measurement of datacenters in together with the EIP and CCS teams, such as improving the reliability of the measurements and defining new indicators in addition to the PUE.

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.

Energy consumption is also improved in the context of recurring work, with the deployment of LED lightingin the administrative offices and machine rooms and 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. This solution is used for training and in contact with the customer/member. The development of this solution continues with the realization of video appointments with customers by using Skype over the web or on mobiles, with the following objectives:

- 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 2020 are:

- the entire Crédit Mutuel Alliance Fédérale network was operational on June 4;
- the entire group was operational at the end of 2020;
- 42,125 meetings at group level (compared to 385 in 2019).

The use of these new resources has also increased significantly following the measures to combat COVID-19 (teleworking, replacement of face-to-face meetings by Skype meetings, etc.), leading of course to a sharp reduction in business travel and home-work travel. YouTube has also been used to hold important meetings such as Crédit Mutuel Shareholders' Meetings and staff meetings. Face-to-face training has been largely replaced by remote training since June.

A new version of Skype is being developed. Remote work 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.

Shutdown of workstations at night

Euro-Information has been deploying a solution for shutting down workstations at night in banks and branches for several years. A new version was deployed in 2018 enabling more refined planning of shutdowns. Indeed, the tool is connected with the institution/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.

To finish, this version is accompanied by the construction of a report for better understanding the impact of this shut-down and for measuring developments 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 2020, the group's cumulative gain is estimated to be €209,330 in electricity, corresponding to approximately 333 metric tons of CO_2 not produced.

The pandemic, lockdown and the mass arrival of remote work are creating a new situation that must be analyzed and detailed in 2021. Several new parameters must be taken into account:

- the impact of switching off is reflected in the employees' home consumption. Actual consumption on the group's sites is therefore virtually zero during teleworking;
- remote automatic shut-down and restart is more complex to perform and monitor;
- the consumption-focused approach is very different because employees who do not have a permanent place at home will tend to start/stop their workstations manually, which is beneficial but, as indicated previously, is more difficult to monitor.

Reduction and processing of non-electronic waste

Euro-Information is gradually coming into compliance 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 mugs and/or glass bottles;
- centralized waste sorting terminal, with recycling circuit.

The implementation of these measures continued in 2020 at the various head offices and branches. However, the COVID-19 pandemic has weakened these changes with the need to individualize certain services (as for collective catering with the provision of individual meal trays).

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.

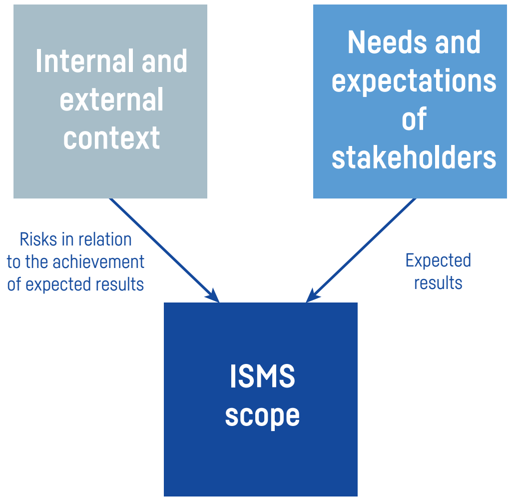
All means are implemented to secure the community system.

Thus, based on the ISO 27001:2013 standard, an Information Security Management System (ISMS) is deployed on all of the production sites described above.

This ISO 27001:2013 standard is 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:

- increasing trust among stakeholders (shareholders, supervisory authorities, banks, federations, partners, suppliers, personnel of Euro-Information);
- having a competitive advantage when responding to the bidding process;
- systematically treating IT security risks in the areas concerned;
- controlling 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, in 2017, the ISO/IEC 27001:2013 certification audit. This certification was confirmed during the monitoring audits in 2018 and 2019, then renewed in 2020 as part of a first combined ISO9001 (Quality Management System) – ISO27001 (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:

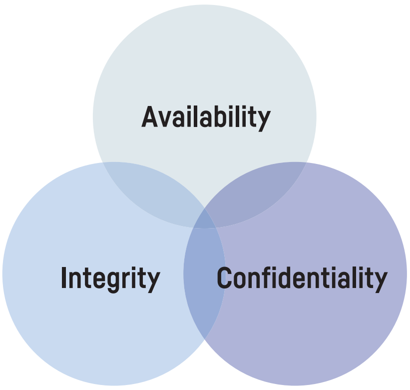
The objective is to combine the two management systems by integrating security measures into the mapping of business processes, in order to ensure that they are included at the early stages of products and services supply. This methodology will make it possible to extend the ISMS to development activities, by adapting the processes, the assessment and treatment of risks, the control plan as well as training and awareness-raising actions in line with the new requirements.

The extension of the ISMS scope to development activities was part of the *ensemble#nouveaumonde* (together#today's world) strategic plan with the aim of having the ISO 27001 management system applied in 2022 and certified in 2023 with 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 the reliability of the data.

SECURITY COMPONENTS: AVAILABILITY, INTEGRITY, CONFIDENTIALITY



To which we add:

- **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;
- lastly, the CERT Crédit Mutuel Euro-Information to manage the resolution of security incidents, monitor and inform about threats.

Security control tower publishes a Security newsletter. It presents the past week's news on topics related to security generally and/or to news about bank security.

NEWSLETTER SÉCURITÉ #204

DOCUMENT INTERNE | 14/01/2021

[TCS]
LE CONSEIL DE LA SEMAINE

Qu'on le souhaite ou non, les réseaux sociaux sont devenus quasi-omniprésents et peuvent être une source d'information importante pour les acteurs malveillants. Afin de réduire ces risques, il est possible d'adopter quelques bonnes pratiques :

- Protégez l'accès à vos comptes via un mot de passe suffisamment robuste ou en utilisant la double authentification
- Vérifiez périodiquement vos paramètres de confidentialité
- Maitrisez vos publications
- Faites attention à qui vous parlez
- Contrôlez les applications tierces
- Évitez les ordinateurs et les réseaux Wi-Fi publics
- Vérifiez régulièrement les connexions à votre compte
- Faites preuve de discernement avec les informations publiées
- Utilisez en toute connaissance de cause l'authentification avec votre compte de réseau social sur d'autres sites
- Supprimez votre compte si vous ne l'utilisez plus.

Pour plus de détails, n'hésitez pas à rechercher les bonnes pratiques de communication sur les réseaux sociaux sur votre Pixis.

Comme toujours, n'hésitez pas à solliciter vos interlocuteurs sécurité habituels si vous avez un doute ou une question sur un sujet lié à la sécurité informatique.

La banque centrale néo-zélandaise victime d'une cyberattaque

La Banque centrale de Nouvelle-Zélande a déclaré avoir été victime d'une cyberattaque. Bien qu'il soit pour l'heure difficile d'affirmer que l'attaque visait spécialement la banque. En effet, la compromission est liée au système de partage de fichiers Accellion et d'autres utilisateurs de ce système sont également concernés. Des informations commerciales et personnelles sensibles semblent faire partie des données compromises. En août dernier, le secteur financier néo-zélandais avait été secoué par une attaque DDOS majeure ciblant la bourse du pays. Le NCSC (équivalent de l'ANSSI en France) a souligné que le nombre d'attaques contre des structures nationales avait fortement augmenté au cours de l'année 2020.

Sources : UsineDigitale (FR), DW (EN)

WhatsApp force ses utilisateurs à autoriser le partage de données avec Facebook

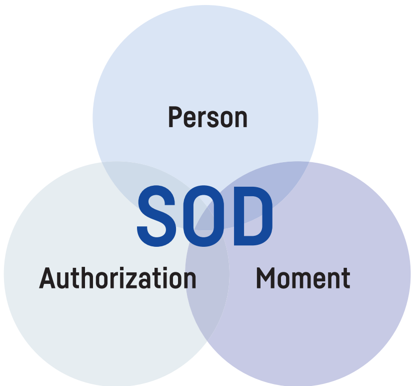
Loin des promesses des débuts, WhatsApp qui se vantait d'être l'une des meilleures applications de messagerie en terme de confidentialité enchaine les scandales depuis que Facebook a racheté l'entreprise. Le dernier en date est la mise à jour de la politique de confidentialité qui entrera en vigueur le 8 février prochain. Cette mise à jour inclut le fait d'autoriser le partage de ses données à l'ensemble des marques appartenant au groupe Facebook ainsi qu'à des partenaires tiers de l'entreprise. À noter cependant que les utilisateurs Européens sont pour le moment épargnés par la mesure. Par ailleurs, cette décision de Facebook a propulsé l'application Signal, une messagerie chiffrée de bout-en-bout (développée par une fondation à but non lucratif), en top des téléchargements ces derniers jours.

Sources : ZDNet (FR), ZDNet (FR)

Document interne – Ne pas diffuser en dehors des entreprises dont le système d'information est géré par Euro-Information

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 behaviour 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:



For example, Internet services are a part of the areas where security is indispensable. For this, there is complete segregation between the Internet and Intranet environments. State of the art protection is provided by:

- a firewall device;
- application gateways (proxies);
- demilitarized zones (DMZ);
- WAFs (application firewalls);
- antivirus software;
- BlueCoat filters;
- intrusion detection systems (IDS) and intrusion prevention systems (IPS);
- a hybrid solution to combat denial of service;
- the preservation of trace;
- the use of Q-RADAR, a tool to detect, warn and stem attacks on our information system (SIEM: Security Information and Event Management) with its power of analysis and correlation of hundreds of thousands of traces generated by our equipment;
- the intrusion tests conducted each year confirm the strength of our infrastructure, the quality of our applications and the IT teams' need to maintain a high level of expertise to deal with constantly evolving threats. New tools were deployed to manage these tests and manage and monitor the vulnerabilities detected.

All elements of our security system allow our 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 the group's technological infrastructure to store, process and transmit payment card information.

It was decided to increase the scope of certification. This ambitious and innovative project had a first success with the award, on April 30, 2019, of certification of batch 1.0 (acquisition scope). This has resulted in five years of projects mobilizing more than 70 Euro-Information teams and aiming to provide this new environment 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.

After this first success was followed, on April 30, 2020, a new milestone was achieved with the renewal of the certification of batch 1.0, as well as the certification of the extension to batch 1.1 (also within acquisition scope). 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 are to:

- add the remaining acquisition applications to this environment (batch 1.2 for the 2021 audit and the last batch 1.3 for 2022). LSB (Self-Service Banking) 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", the purpose of which is to make sure, by challenging the teams throughout the year, that everything remains compliant for the annual renewal of the certifications.

Note the arrival of 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. Following a mock audit and constraints related to the various moratoriums at the end of 2020 (including those relating to Prime Day and Black Friday), the certification was postponed to February 2021 with a migration of customers to 3DSv2 by the end of March 2021 to comply with PSD2 and the VISA mandate.

Another audit, PCI PIN, is also under preparation by the electronic payment teams. It could take place in the second half of 2021. It will probably be monitored in 2022 by a PCI P2PE audit.

PROJECT STARTED

IN PROGRESS

These new audits bring additional activity to the PCI Governance team (ZS30) for the organization of audits and support for the teams, but also to the PCI Office for monitoring the compliance of these new scopes.

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 PRA[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;
- intrusion tests and source code reviews are led by the EI Sécurité team and in 2020 resulted in tests on:
  - six security audits,
  - 11 DMZ (DeMilitarized Zone: zone containing the servers accessible from the Internet),
  - 13 mobile applications,
  - 145 web applications,
  - 8 source code audits,
  - 145 backtests to validate the corrections implemented.

    The Red Team conducted:
    - two audits,
    - six intrusion tests,
    - three analyzes of critical vulnerabilities and their exploitability,
    - the development of tools to carry out the missions,
    - from support to secure development.

  The SOC carries out compliance checks on infrastructure elements (network, servers, etc.) and thus carried out in 2020:
  - 83 web site scans;
  - 10,901 equipment scans.

In addition:

- a cyber crisis exercise involving more than 30 people was carried out to test the organization and theability to respond.
- several awareness-raising actions were carried out in 2020:
  - the publication of best practice sheets:
    - phishing,
    - nomadism,
    - messaging,
    - sensitive data,
  - the continuation of e-learning, which concluded at the end of February 2021,
  - the on-boarding guide,
  - a cyber security webinar organized with CIC Ouest for corporate customers,
  - recurring communication actions, 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,

(1) BRP: Business Resumption Plan.

- changes have also taken 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.

Specific vision of the impact of the pandemic on cyber security

After March and April that were fairly comparable to non-crisis months, May marked a breakthrough and showed a clear increase in the level of threat.

Malicious mail has gradually increased to become a very significant threat in terms of number of attempts and the potential for harm over the period, particularly in November with the activity of the EMOTET attacker group and after a peak reached in September.

This group of attackers, specialized in the initial compromise of an Information System, floods French, Spanish and Italian companies in particular, without specifically targeting the group, with thousands of malicious e-mails every day, with an evolving methodology that makes the message credible: attachments containing a macro or protected by a password, malicious links that appear to be the target's trademark, reuse of real e-mail conversations exfiltrated during successful compromises (in particular, notary studies), etc.

Once a computer has been successfully compromised, EMOTET resells this qualified access to other groups of attackers specializing in various techniques, including ransomware attacks (malware that encrypts all or part of the files stored on the computer and possibly the network shares accessible by this computer in order to render them unusable except by paying a ransom).

No employee workstation was actually compromised as a result of the EMOTET attacks, thanks to the filtering carried out by the various security equipment and the actions taken by our teams to adapt to changes in the group of attackers' operating method.

Over the last half of the year, the trend was of 67% of malicious or unsolicited emails blocked by our protective equipment. However, some of the malicious e-mails were delivered to employees and were subsequently processed.

The type of threat also changed in June with almost daily denial of service attacks as from June, 22. These attacks were completely blocked by the group's systems and had no impact on the service, but nevertheless reached high levels (more than two million malicious network packets per second and per datacenter).

The phishing targeting our members and customers was very strong concerning the Crédit Mutuel, Monabanq and then Beobank trademarks. In this case, it follows sustained phishing campaigns on the subject of compensation related to the COVID-19 pandemic in Belgium (government measure).

Upon the decision of the Security Committee, the brand protection contract has been extended to all group trademarks since December 2020 to counter the infringement of brands and executives.

The level of the threat was considered high to very high in the fourth quarter of 2020, in particular due to the sustained volumes of malicious emails targeting employees and the COVID-19 health crisis more generally. This trend is visible thoughoutthe group, without being explicitly targeted, as well as the entire banking sector and beyond.

Security has been reinforced, both through awareness-raising actions for employees on current risks, technical detection and protection measures, as well as organizational measures in the security teams. Other complementary measures are being prepared.

Numerous organizations are impacted daily by compromises of their information systems and/or ransomware attacks with or without data leaks, including some of of the group's partners and colleagues.

Precautionary measures are defined and have been used in some of these attacks to protect the group's own Information System. Teams keep a close watch on the subject to identify as early as possible the problems encountered by the partners.

Lastly, a major IT security incident, a supply chain attack in December 2020, was closely analyzed and monitored by the security teams, without the group being directly affected.

Installation of the new Z15 technology from IBM

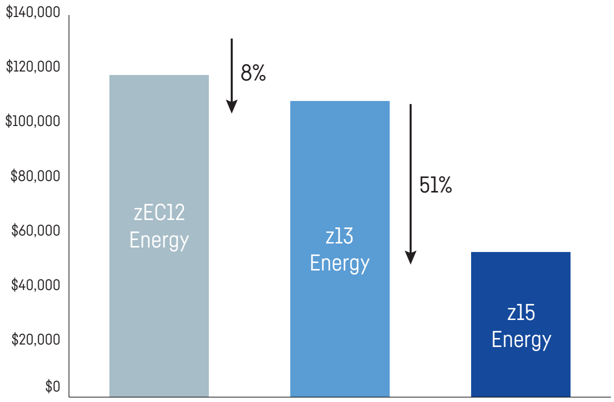
In 2020, two IBM machines using Z15 technology were implemented at the Strasbourg and Osny sites. They should provide greater security, resilience and agility through:

- 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).

The Strasbourg development machine (shut-down of Z14 June 30, 2020) and the Osny machine were switched on Z15 (shut-down of Z14 on September 30, 2020). The installation of the production Z15 in Strasbourg is planned for the first half of 2021, while the one in Lille will be installed during the second half of the year.



Certification of the new computer room

The plan to expand the Lille datacenter aims to set up a Tier-4 security level (Uptime institute). This corresponds to the maximum level of security for a datacenter with an uptime of 99.995% corresponding to an average annual downtime of 0.4 hours. In 2019, the new computer rooms in Lille obtained official Tier-4 Design certification, the first part of the certification. The certification process was delayed in connection with the finalization of the works; it is now scheduled for the end of 2021.

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.

Project for securing personal data

Under the new European GDPR regulations, complete compliance with the texts for all scopes of the entities of the group is established since 2018.

It aims to ensure that the personal data of customers, prospects and employees is better protected and increases their control over their own data.

This regulation has created new obligations and requirements on customer information with respect to the collection, registration and storage of personal data.

The GDPR program was broken down into 15 projects to cover the whole of the scope. This program is evaluated at about 24,000 man/days. In 2020, 6,272 man/days were devoted to the development of this program.

DPOs (data protection officers) and DPCs (data protection correspondents) were appointed in 2018 for each of the banks, federations and subsidiaries. In 2020, this list was extended to cover all segments.

A compliance repository for all treatments has been implemented and is gradually being enriched.

The archiving and deletion of data stored for the customer-members and prospects (right to forget) is completely reviewed. The historical record has been cleaned and the processes of deletion and archiving are reviewed. Cleaning has also been done in the data relating to production, decision-making and in the documents in the Electronic Document Management (EDM) system.

An e-learning training course was distributed 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 course will be extended to all personnel of the Crédit Mutuel and CIC networks.

The proposed improvement in the control of the localization of personal data is in progress *via* the gradual deployment of a data dictionary. META software was deployed as data dictionaries. At the end of 2020, 675 applications had been integrated.

During the year, the GDPR scope was enhanced with several features in order to better measure compliance; new features will be implemented in 2021.

For staff, a monthly GDPR newsletter is provided to continue awareness-raising/training.

3

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)

In 2020, Crédit Mutuel Alliance Fédérale was surveyed in the scope of "PAP50 Banking and Insurance". 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. This study analyzed:

- paper consumption;
- the environmental responsibility of paper;
- sorting and selective collection of used paper;
- commitments to improve the policy.

The last study was conducted in 2014. Crédit Mutuel, CIC and Cofidis were audited separately and were incorrectly classified 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. The results were published on November 4. Crédit Mutuel Alliance Fédérale and its subsidiaries occupy fourth place in the final ranking and the first position among banks. The score rose from 22 to 79 out of 100.

A specific analysis was provided to define areas for improvement for the coming years.

This scenario addressed in other ways.

Reduction of paper consumption

The use of electronic signatures continued to grow in 2020 with 10.5 million signatures compared to 9.5 in 2019. This corresponds to about 8 million contracts signed, a lower figure due tomulti-signatory contracts.

The increase in 2020 was lower than expected due to the health crisis, which reduced the number of bank/branch signatures in March/April/May. This figure was not offset by the increase in the number of Internet signatures.

56% of the contracts were signed electronically this year (against 41% in 2018). There are therefore now more electronic contracts than paper contracts.

This deployment also has an indirect impact on energy consumption (Scope 3) because paper documents no longer need to be circulated to scanning centers by shuttle.

The roll out of projects to limit paper documents continues. This involves an increase in the scope of electronic signatures and online subscription and by facilitating and securing the exchange of electronic documents. Thus, the volume of five billion documents in our EDM system has been crossed.

In 2020, actions focused on the deployment of the electronic signature in the securities scope (subscriptions/redemptions of UCIs, public subscriptions, responses to securities transactions, disposals of unlisted securities on PEAs, insurance, individual protection, life insurance, Auto and HRM rider, etc.), the signing of counter transactions for less than €1,500, employment contracts in the context of mobility, the home or consumer loan instruction, etc.

On the new product, the LDDS,for the *Livret de Développement Durable Solidaire*, the focus has been on reducing paper, with only 15% of regulatory mail sent in paper format.

29,000 tablets are currently installed across the networks. Between January and November 2020, in particular due to the health crisis, remote signatures increased by almost 20% from 5.5 million to 6.5 million. The rate of use of tablets is 58% for eligible contracts, the target being 70%.

Dematerialization of the electronic payslip (BPE) for the entire group has been generalized. In 2020, it increased slightly, with 95% of group employees against 94.1% in 2019 receiving the electronic payslip. The rate is 95.3% 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 items reducing or eliminating them to save paper, printing and mail shuttles. At the end of 2020, the proportion of documents for the group's internal use in paper format decreased sharply, from 0.51% to 0.43%.

Printing on MFP (multi-function printers for printing, photocopying, scanning, fax, etc.) through virtual mailboxes

This is a new approach to network printing where 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. Statistical tools under development will allow to accurately assess the savings made with two-sided printing and securing but also the residual potential.

The figures for 2020 reflect approximately 60% printing on both sides, with an increase of around 12% since the beginning of the year. The gains attributable to final non-printing have increased due to remote work where employees print out of "habit" when they do not have the ability to pick up documents while they are at their home. Volume increased by 25% between the first and last quarters of 2020. The figures will be improved as soon as the developments are available and depending on the return to more normal operations.

Unbleached recycled paper

The willingness to use unbleached recycled paper is part of Crédit Mutuel Alliance Fédérale's CSR policy. At first, the scope will be limited to the head offices. However, future extension to the network is not ruled out. A new type of paper integrating the technical and functional constraints and in line with our 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 but are increasing. However, this represented more than 120 metric tons of paper in 2020 compared to 95 metric tons in 2019. The results of the PAP50 study mentioned above will be taken into account to continue progress.

In addition, regarding the scenarios in the "Social" and "Societal" aspects that the group is managing, other actions are to be reported:

Home/Work travel

On the subject of home-work travel, "7th SENS", a more extensive tool will soon take over from OPTIMIX. 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.).

This new tool should be implemented at the end of the first quarter of 2021.

Part of the group's discussions on promoting and controlling new modes of transport and the deployment of remote work. New possibilities were made available for remote work, with adaptations, to the capacity to use these new resources. This capacity was stepped up significantly in the context of the COVID-19 pandemic. A new unit is being set up to increase current capacity and replenish it.

Standard remote work configurations have been designed and validated to facilitate the setting-up of equipment at employees' homes. The signing of QLW agreements will therefore be accompanied by the roll-out of these solutions.

Teleworking 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.

CSR tools for reporting and group carbon assessment monitoring tool

Each year, the CSR declaration tool evolves, as well as its alignment with the declaration scope. It was once again the basis of the group's NFPS (Non-Financial Performance Statement) indicators on the SMR component.

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 will be rolled out in 2020 and will therefore be used for the 2021 statement.

To better monitor the growth of videoconferencing, monthly instead of annual statistics on videoconferences were introduced.

In addition to this reporting tool intended for experts, a process was introduced in 2020 to create a new tool for all group entities. It will provide detailed carbon footprint monitoring for each group entity.

After the calculation of the 2018 footprint performed with Carbone 4, the calculation of the carbon footprint for 2019 was performed 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 everyone take action personally.

Eco Clean Up Week

As part of the Sustainable Development Week, Crédit Mutuel Alliance Fédérale has set up 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 then to communicate how much CO_2 was eliminated by deleting this data. The action also included the cleaning of personal mailboxes.

The first experience shows the way forward This type of action will be repeated on a regular basis, to extend the targeted scopewith the expectation that this becomes a reflex like turning off the light when leaving a room. The next action is scheduled for March 2021.

The results observed were as follows:

- 4,690,766 files representing 4,080,349.45 MB, *i.e.* 3.9 TB, were deleted;
- 1,713,953 MB was freed up on the group's electronic mailboxes;
- 1 MB is equivalent to 19 grams of CO_2.

The savings achieved are of the order of 77.5 metric tons of CO_2 for files and 25.7 metric tons of CO_2 for the elimination of emails.

Inclusion of workers with disabilities

Action has been taken as part of the integration of 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 Développements has been welcoming employees at the Villeneuve d'Ascq and Verlinghem sites since 2018.

Disabled workers are also integrated through various partners such as Tribü, which employs disabled workers to collect waste at the Tassin site.

Eco Conduite at EIS

Since 2012, EIS has implemented a specific mechanism to promote eco-driving. This process continued in 2020 and the following actions were to be reported:

- eco-driving training: 0 sessions in 2020 due to COVID-19 pandemic; training has been postponed to 2021;
- "eco-driving" reminders on the following topics:
  - update of some knowledge of the Highway Code in 2020,
  - COVID-19 special news-flash,
  - mobile phone,
  - glazing in winter;
- decrease in fuel consumption which was 6.70 l/100 km at launch in 2012:
  - 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 6.03 l/100 km in 2020.

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 Crédit Mutuel Anjou and Fédération Crédit Mutuel Sud-Est 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.

AGORA means:

- 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 and branches, 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.

Relations with Le Groupe 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 CO_2 equivalent in 2019 to achieve carbon neutrality. This neutrality is certified by an organization. We received a carbon neutrality certificate in 2020.

The awarding of this certificate was the occasion to start discussions between the two groups on the developments of the respective CSR initiatives. This could lead to various joint actions such as the introduction of the ECOLOGIC Label on mail sent to customers, attesting to the carbon neutrality of mail.

3.4.2.2 New indicators

To monitor all actions a study began in 2019 on defining relevant indicators. Concerning the security approach of the Information System, three angles make it possible to follow:

- **Availability angle:** The 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 has been extremely high for 11 months out of 12, with an annual average of 99.43% against 99.54% in 2019.

RATE OF AVAILABILITY OF PRIMARY TP APPLICATIONS

Granularity	2019-01	2019-02	2019-03	2019-04	2019-05	2019-06	2019-07	2019-08	2019-09	2019-10	2019-11	2019-12
Global	99.40 %	99.35 %	99.58 %	99.52 %	99.44 %	99.68 %	99.61 %	99.72 %	99.42 %	99.60 %	99.57 %	99.53 %

Granularity	2020-01	2020-02	2020-03	2020-04	2020-05	2020-06	2020-07	2020-08	2020-09	2020-10	2020-11	2020-12
Global	99.53%	99.54%	99.45%	99.40%	99.47%	99.02%	98.84%	99.54%	99.67%	99.54%	99.84%	99.96%

The scope of applications for IT staff has been added. The scope has also changed due to the migration of Crédit Mutuel Massif Central and the consolidation of Crédit Mutuel Antilles-Guyane into Crédit Mutuel Alliance Fédérale. The availability in July 2020 is only related to problems with a monitoring script of an application used by IT staff, the script for measuring the availability of Quality Center malfunctioned and entered in the statistics although it was available during that time. The objective was nevertheless achieved for users.

The levels of availability achieved are very high even if the annual average is slightly lower than in 2019 down -0.11%;

- **Claims angle:** the treatments must be reliable and the malfunctions must be the least impacting possible. IT disasters costing more than €1,000 are monitored. This number is very low. It was 246 in 2017, 239 in 2018, 298 in 2019 and 269 in 2020. Accordingly, a decrease was observed in 2020, and that this number includes 39 incidents in connection with the COVID-19 pandemic. These 39 claims are significant since they have a considerable financial impact representing 70% of the amounts related to the claims. The COVID-19 crisis had an impact on other types of claims, particularly those related to external factors that cannot always be controlled. For example, ATMs saw a decrease in the number of claims of 29.56% in 2020 and overall 193 claims were reported, the lowest number in the last five years.
- **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 controled) 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, accounts or applications compromised):

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);

- **harm to availability** (DDOS, theft, sabotage, etc.):

This category is intended to classify all security incidents concerning harm to the logical or physical availability of our 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, there were, for example, 175 “impaired availability-type” attacks and 57 “attempted intrusion-type” attacks.

In 2019, 277 “impaired availability-type” attacks and 27 “intrusion attempts” were recorded.

In 2020, there was only one “intrusion attempt” and 244 “impaired availability-type” attacks.

These indicators confirm the necessity of being equipped to counter attacks of the DDOS type. In 2019 a solution was deployed to combat distributed denial of service (DDOS), which can quickly react in case of attacks of this type and improve supervision through this tool. This made it possible, from 2019, to react quickly and protect against attacks of this type. The number is down slightly.

3.5 CSR POLICY OF THE PRESS DIVISION

3.5.1 Quantitative data

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
ENV01P	Newsprint	Metric tons	42,398
ENV02P	of which labelled paper	Metric tons	49,937
ENV03P	Aluminum plates	Metric tons	253
ENV04	Water consumption	Cubic meter	31,855
ENV04P	Newspaper ink and prints	Metric tons	597.38
ENV05	Total energy consumption	Kilo Watt Hour	37,512,386
ENV05_01	Steam water in urban networks	Kilo Watt Hour	963,247
ENV05_02	Chilled water in urban networks	Kilo Watt Hour	937,800
ENV05P	Packaging	Metric tons	159.38
ENV06	Electrical energy consumption	Kilo Watt Hour	25,366,680
ENV06P	Waste – reel start and end	Metric tons	1911.19
ENV07	Gas energy consumption	Kilo Watt Hour	9,915,675
ENV07P	Waste – fall of white paper from rotating machines	Metric tons	357.74
ENV08	Fuel energy consumption	Liters	32,800
ENV08P	Waste – print returns	Metric tons	6,410
ENV09	Total paper consumption	Metric tons	139
ENV09P	Waste – inserts	Metric tons	789
ENV10	Total consumption of paper for internal use	Metric tons	103
ENV11	Total paper consumption for external use	Metric tons	36
ENV13	Consumption of toner cartridges	Whole number	2,483
ENV15	Recycled used paper as output (waste)	Metric tons	31.97
ENV15L	Total labelled paper purchased	Metric tons	79.19
ENV15R	Total recycled paper purchased	Metric tons	0.11
ENV15RP	Recycled newspaper	Metric tons	41,094
ENV16	Used toner cartridges recycled after use	Whole number	899
ENV18	Business travel – air	Kilometers	107,107
ENV19	Business travel – train	Kilometers	853,506
ENV20	Vehicle fleet of the entity – number of km all vehicles	Kilometers	13,070,461
ENV23	Business travel – employee vehicle	Kilometers	2,198,458
ENV25	Business travel – taxi & car rental	Kilometers	66,776
ENV29P	Transport – transalliance	Metric tons	38,958
ENV30	Fugitive emissions of frigorific gases	Kilograms	161.37
ENV30P	Transport – La Poste	Metric tons	2,122
ENV31	Number of videoconferencing equipment	Whole number	11
ENV32	Number of videoconferences	Whole number	263
ENV33	Total duration of videoconferences	Centesimal hours	1,413
ENV34	Documents digitized (paper avoided)	Metric tons	57.17
GOUV01	Total number of members of the Board of Directors of the structure (in the sense of capitalistic company)	Whole number	52
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	10

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
GOUV09_04	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged 50-59 years	Whole number	12
GOUV09_05	Subsidiaries: number of directors from the Board of Directors or Supervisory Board aged ≥60 years	Whole number	26
SOC01	Total workforce in FTE	Full-Time Equivalent	3,872
SOC01_BIS	Registered workforce	Natural Persons	5,924
SOC01_F201	Female managers with open-ended contracts in France	Natural Persons	926
SOC01_F202	Female non-managers with open-ended contracts in France	Natural Persons	1,739
SOC01_F203	Female managers on fixed-term contracts in France	Natural Persons	27
SOC01_F204	Female non-managers with fixed-term contracts in France	Natural Persons	115
SOC01_H211	Male managers with open-ended contracts in France	Natural Persons	1,266
SOC01_H212	Male non-managers with open-ended contracts in France	Natural Persons	1,653
SOC01_H213	Male managers with fixed-term contracts in France	Natural Persons	31
SOC01_H214	Male non-managers with fixed-term contracts in France	Natural Persons	167
SOC02	Total workforce France (Open-ended + Fixed-term contracts) – Natural Persons	Natural Persons	5,924
SOC04	Total workforce with fixed-term + open-ended contracts – managers	Natural Persons	2,250
SOC05	Total workforce with fixed-term + open-ended contracts – non-managers	Natural Persons	3,674
SOC07	Workforce – Women (individuals)	Natural Persons	2,807
SOC08	Workforce – open-ended contract	Natural Persons	5,584
SOC08_NCADRE	Workforce – open-ended contract – non-managers	Whole number	3,392
SOC08BIS	Workforce – open-ended contract – women	Whole number	2,665
SOC09	Workforce – fixed-term contract	Natural Persons	340
SOC12	% open-ended contract employees	Percentage rate	94.26
SOC13	Total hires	Natural Persons	3,102
SOC14	Men hired	Natural Persons	1,783
SOC15	Women hired	Natural Persons	1,319
SOC16	Hires with open-ended contracts	Natural Persons	622
SOC17	Hires with fixed-term employment contracts	Natural Persons	2,480
SOC19	Number of employees with open-ended contracts that quit the organization	Natural Persons	894
SOC20	Number of employees with open-ended contracts that quit the organization on dismissals	Natural Persons	166
SOC29	Number of full-time employees with open-ended or fixed-term contracts (including full-time parental leave)	Natural Persons	3,272
SOC30	Number of part-time employees with open-ended or fixed-term contracts and managers with reduced day package	Natural Persons	2,652
SOC38	Total number of days of absence	Working days	74,965
SOC39	Number of days of absence due to illness	Working days	70,781
SOC40	Number of days of absence due to workplace accidents	Working days	4,184
SOC41	Number of days of absence for maternity/paternity	Working days	3,518
SOC46	Payroll invested in training (payroll expense for training in euros)	Euros	974,459*
SOC47	% of payroll expense invested in training	Percentage rate	1*
SOC48	Number of employees who have had at least one training session	Whole number	1,766*
SOC49	% of trained employees	Percentage rate	29.81*
SOC50	Total number of hours allocated to employee training	Centesimal hours	17,212*
SOC51	Average number of training hours per beneficiary employee	Working days	2.9
SOC52	Number of work-study trainings	Whole number	44
SOC53	Number of work-study trainings with professionalization contract	Whole number	36
SOC54	Number of work-study trainings with apprenticeship contract	Whole number	8
SOC59	Number of women among managerial staff	Whole number	953
SOC60	% of women among managerial staff	Percentage rate	42.35

Indicator code	Indicator description	Unit of expression	Quantity collected 2020
SOC61	Number of managers promoted in the year to a higher level of function	Natural Persons	163
SOC62	Number of women among managerial promotions	Whole number	72
SOC63	% of women among managerial promotions	Percentage rate	44.17
SOC68	Number of disabled workers in the total workforce	Whole number	205
SOC71	% of disabled workers in the total workforce	Percentage rate	3.46
SOC73	Gross payroll excluding employers' contributions *(in €)*	Euros	182,308,074
SOC74	Average annual compensation of employees with open-ended contracts – all statuses	Euros	31,601.36
SOC75	Average annual compensation of employees with open-ended contracts – non-managers – all statuses	Euros	16,192.90
SOC76	Average annual compensation of employees with open-ended contracts – managers – all statuses	Euros	55,445.13
SOC81	Total amount of bonus (profit-sharing and shareholding) *(in € – excluding employer contributions)*	Euros	173,089
SOC82	Number of employees having received a profit-sharing and shareholding bonus	Whole number	1,035
SOC88	Workforce < 25 years old	Natural Persons	228
SOC89	Women < 25 years old	Natural Persons	99
SOC90	Workforce 25-29 years old	Natural Persons	276
SOC91	Women 25-29 years old	Natural Persons	139
SOC92	Workforce 30-34 years old	Natural Persons	294
SOC93	Women 30-34 years old	Natural Persons	156
SOC94	Workforce 35-39 years old	Natural Persons	466
SOC95	Women 35-39 years old	Natural Persons	235
SOC96	Workforce 40-44 years old	Natural Persons	538
SOC97	Women 40-44 years old	Natural Persons	259
SOC98	Workforce 45-49 years old	Natural Persons	802
SOC99	of which women 45-49 years old	Natural Persons	396
SOC100	Workforce 50-54 years old	Natural Persons	948
SOC101	Women 50-54 years old	Natural Persons	440
SOC102	Workforce 55-59 years old	Natural Persons	1,161
SOC103	Women 55-59 years old	Natural Persons	577
SOC104	Workforce 60 years old and older	Natural Persons	1,211
SOC105	Women 60 years old and older	Natural Persons	506
SOC107	Total gross annual compensation *(in €)* of employees with open-ended contracts	Euros	176,462,047
SOC108	Total gross annual compensation *(in €)* of non-managerial employees with open-ended contracts	Euros	54,926,322
SOC109	Total gross annual compensation *(in €)* of managerial employees with open-ended contracts	Euros	121,535,725

* *Training data missing for some press entities in 2020.*

3.5.2 Specific report of the press division

Crédit Mutuel's press activity includes around thirty companies, including eight companies publishing nine regional and departmental daily newspapers and two companies publishing three regional weekly newspapers. This represents information coverage in more than 24 departments in eastern France, almost than nine hundred thousand copies sold per day, and nearly 5,950 employees[1]. The press business also has four advertising agencies, serving publishers, which provide a true environment for sales teams to become providers of customer communication solutions.

As part of the commitments and missions pursued by Crédit Mutuel, the leading "benefit corporation", all the companies in the press division are constantly seeking to improve rules and procedures, particularly with regard to social, ethical and environmental responsibility.

The socioprofessional categories of press companies are journalists, which represents a thirdof the press companies employees, workers or technicians depending on the entity and managerial staff (administrative or technical).

The contracts are mostly open-ended. Fixed-term contracts or temporary workers are also used.

Unlike other group companies, porting companies (APDNA and MEDIAPORTAGE) have the distinction of mostly employing part-time employees. Indeed, the activity consists of carrying the newspaper in the morning, the daily working time is therefore less than seven hours. For these entities, the proportion of part-time employees in relation to the total number of employees is more than 98%.

Despite the impact of the COVID-19 pandemic, the activity of press publishers was stable throughout 2020 and newspapers were released daily, even at the peak of the crisis.

Extended Producer Responsibility (EPR)

The year in 2020 was marked by the obtaining of PEFC certification (Program for the Endorsement of Forest Certification) for the newspapers printed by the group's four printing centers. This certification, the process of which was initiated in 2019, attests, on the one hand, the group's 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 an effort to reduce its environmental impact, publishing companies have committed since 2018 to reducing their production of plastic packaging and favoring kraft paper packaging. In addition, the publishing companies are continuing their partnership with CITEO, a non-profit company created by the merger of Eco-emballages and Ecofolio. They report annually the tonnage of paper put on the market, in accordance with the energy transition law for green growth.

In addition, the modernization of equipment has significantly reduced the amount of waste paper from printers.

Continuation of the steps taken in previous years

Throughout 2020, the publishing companies continued their various initiatives undertaken in previous years, in particular:

- in terms of health and safety at work, companies continued their actions to prevent psychosocial risks and raise awareness of workplace risks (musculoskeletal disorders, employee awareness campaign on workstation ergonomics, etc.);
- in terms of buildings, by continuing thermal and sound insulation work 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 a communication campaign targeting group employees;
- by renewing the various environmental initiatives already implemented in previous years: advertising in favour of selective sorting, publication of a supplement dedicated to the environment "Here we act" and recycling, participation in local events, etc.

As far as the plates are concerned, our companies perform two levels of savings:

- in terms of water and electrical energy using specific plates (PLATINIUM KODAK type plate);
- in terms of the waste produced by modifying the CTP (plate printing) lines or by blocking unauthorized plate outlets.

In addition, the partnership with VEOLIA ensures the sorting and processing of recyclable and non-recyclable materials from printing works or construction work. By promoting a short circuit with local factories, this collaboration also makes it possible to recycle all leftover paper (white paper, etc.), unsold newspapers and other waste.

Finally, with regard to inks and other chemicals, newspapers are looking for less dangerous products for humans and the environment and to optimize the doses of solvents used (dosing pump). These products are also analyzed and compared to safety data sheets provided by the occupational health department or sent periodically to the DRIRE.

(1) Including salaried newspapers carriers – workforce (natural persons) as of 11/30/2020.

Restructuring operations

2020 was marked by the beginning of the installation work of the new printing site located in Houdemont. This project, supported by BFCM, BECM and DGMIC, will ultimately reduce fixed maintenance costs and improve the group's industrial performance. The new infrastructure should be operational during the second quarter of 2021.

In addition, in line with the group's transformation plan, the construction of the new shared services center called Ebra Services took place throughout 2020. An agreement was signed in February 2020 with the trade unions to set the operating procedures for Ebra Services. Training initiatives began in September 2020 and will continue until the end of the first half of 2021 to support Ebra Services employees and enable them to successfully complete their assignments. This new entity will provide the necessary support for the design of newspapers by offering graphic studio, print and web scheduling, digital traffic, ad entry, IT and customer relations center services. Operational from January 1, 2021, Ebra Services will have 230 employees, including 20% from external hires.

Numerous social initiatives

In order to ensure maximum protection for its employees in the specific context of a health crisis, the companies in the press division have implemented various measures to combat the spread of COVID-19 and have made adjustments to applicable rules.

Thus, in line with the health instructions relating to "barrier gestures" and "physical distancing", the group has facilitated the taking of and access to screening tests for all of its employees. Remote work was also been implemented when the activity allowed for it. In addition, low wages and compensation for sick leave were fully maintained and the variable compensation of sales representatives was ensured.

In 2020, a new training platform called Ebra Académie was launched. Deployed in all group companies, this online platform supports all group employees through various training courses, both remotely and face-to-face. The training offer also provides courses adapted to different profiles including the press professions: journalist, assistant, IRP, etc.

In 2020, nearly 498 days of face-to-face training were provided and 2,960 employees followed one of the eight training courses offered. In 2021, the group will further its objectives of improving the professionalization and adaptation of its employees, in particular by promoting the sharing of skills and experience through local ambassadors and mentor/mentee pairs.

The group also continued its social action by launching a program on the same "Living together" theme. A survey was carried out based on a sample of populations. In addition, the group committed to holding negotiations aimed at concluding a "Living Together" agreement, measuring the Quality of Life at work through measurable indicators and objectives, shared commitments and practical initiatives (*e.g.* remote work).

Finally, the introduction of a group mobility policy and a Career Committee will enable to set up individual support for employees, to promote internal mobility and to organize appraisal interviews every year.

The transformation operations begun in 2019 also led to the establishment, from January 1, 2020, of two new regional offices for the Alsatian and Lorraine-Franc-Comtois divisions. All the sales representatives and assistants of these new entities have been included, in the same way as the group's other agencies, in a specific training program. The latter spans three years and aims to harmonize and strengthen commercial practices. However, the health crisis has affected the operations of the advertising agencies with a significant reduction in their activities.

3.6 REPORT OF THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED IN THE MANAGEMENT REPORT OF CAISSE FÉDÉRALE DE CRÉDIT MUTUEL

Fiscal year ended on December 31, 2020

Report of the independent third party on the consolidated non-financial performance statement in the management report

To the Shareholders' Meeting,

As an independent third party, accredited by COFRAC under number 3-1681 (scope of accreditation available on the www.cofrac.fr website) and member of the network of one of the Statutory Auditors of your cooperative (hereinafter the "Entity"), we present to you our report on the consolidated non-financial performance statement for the fiscal year ended December 31, 2020 (hereinafter the "Statement"), presented in the management report in accordance with the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

The Entity's responsibility

The Board of Directors is responsible for preparing a statement in accordance with the legal and regulatory provisions, 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, including key performance indicators.

The Statement was prepared in application of the Entity's procedures (hereinafter the "Guidelines"), the significant items of which are presented in the Statement or available on request at the Entity's headquarters.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the profession's code of ethics. Furthermore, we have implemented a quality control system that includes documented policies and procedures intended to ensure compliance with ethical rules, professional standards and applicable regulations and legislation.

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 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 (hereinafter the "Information").

However, 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 anticorruption and combating tax evasion, nor on the compliance of the products and services with the applicable regulations.

Nature and scope of the work

Our work described below was carried out in accordance with the provisions of Articles A.225-1 *et seq.* off the French Commercial Code, the professional doctrine of the *Compagnie nationale des commissaires aux comptes* relating to this intervention and the international standard ISAE 3000[1]:

- we took due note of all the businesses 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 provided for in the second paragraph of Article L.22-10-36 concerning therespect 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 of the Commercial Code 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 1. For the risk: lack of consideration for risks associated with climate change, our work was conducted at the level of the consolidating entity, for other risks, work was conducted at the level of the consolidating entity and in a selection of entities listed below: CIC Nord Ouest, Crédit Mutuel Centre Est Europe;
- 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 of the Commercial Code with 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,
  - detailed tests based on sampling, 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 64% of the workforce and 36% 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.

We consider that the work that we conducted in exercising our professional judgment enables us to formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work was conducted by a skilled team of six persons, took place between November 2020 and March 2021 and lasted for approximately fifteen weeks.

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.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Conclusion

Based on our work, we did not observe any significant misstatement likely to call into question the consolidated statement's compliance with the applicable regulatory requirements or the true and fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

Paris-La Défense, April 8, 2021

Independent third-party body
EY & Associés

Abder Aouad	Caroline Delérable
Associate	Sustainable Development Partner

Appendix 1: Information considered to be the most important

Quantitative information (including key performance indicators)	Qualitative information (actions or results)
SOCIETAL AND GOVERNANCE INFORMATION	
Quantitative information (including key performance indicators) ■ Training plans for elected members ■ Membership rate ■ Number of local banks ■ Number of new directors and elected members in local banks ■ Total number of director training hours ■ Number of claims	**Qualitative information (actions or results)** ■ Actions taken to make membership more attractive ■ Actions implemented to process customer claims
SOCIAL INFORMATION	
Quantitative information (including key performance indicators) ■ Workforce on permanent contracts as of December 31, 2020 ■ Share of employees trained in digital transformation ■ Number of employees who have had at least one training session, total number of training hours ■ Rate of job rotation ■ Total number of days of absence	**Qualitative information (actions or results)** ■ Employee digital training plan, including the Digital Passport ■ Actions taken to promote gender equality ■ Actions to encourage employee engagement
ENVIRONMENTAL AND BUSINESS INFORMATION	
Quantitative information (including key performance indicators) ■ Building energy consumption ■ Financing approvals for renewable energy projects carried out by the specialized financing team (CIC scope) ■ Number of renewable energy projects funded by networks	**Qualitative information (actions or results)** ■ Reduction of the carbon footprint of the group's buildings, clean travel policy ■ Sectoral policies for the integration of non-financial rules when financing ■ Actions to integrate ESG ratings when granting financing ■ Actions to take account of climate risk in investments *via* country

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In its *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan, Crédit Mutuel Alliance Fédérale reiterated its ambition to achieve gender parity in governance and management positions by 2023.

4
Corporate governance

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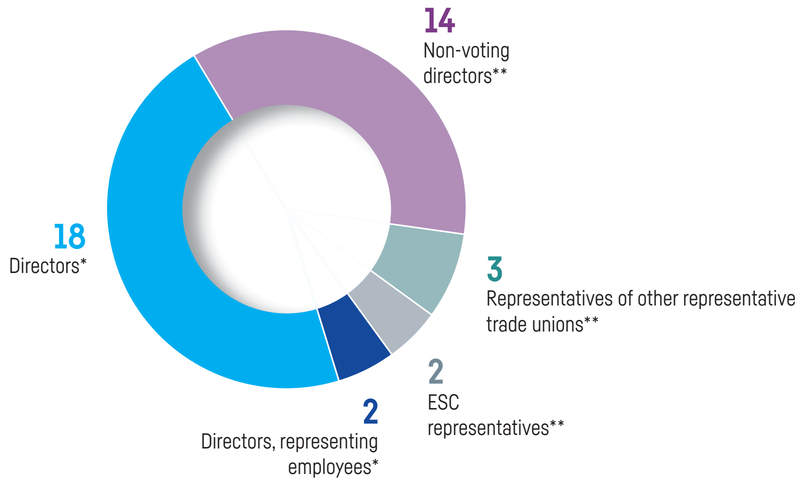
4.1 CAISSE FÉDÉRALE DE CRÉDIT MUTUEL – CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

7
Meetings

91.5%
Attendance rate of Directors

61.3
Average age of directors
(as of 04/21/2021)



** Deliberative votes.*
*** Advisory votes.*

EXECUTIVE MANAGEMENT

1 CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

1 DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

1 DEPUTY CHIEF EXECUTIVE OFFICER

SPECIALIZED COMMITTEES

REMUNERATION COMMITTEE
5 MEMBERS
and **1 associate member** representing federation
4 Meetings
85% Attendance rate of members

APPOINTMENTS COMMITTEE
4 MEMBERS
and **2 associate members** representing federations
7 Meetings
89% Attendance rate of members

GROUP AUDITING AND ACCOUNTING COMMITTEE
4 MEMBERS
and **14 associate members** representing federations
5 Meetings
100% Attendance rate of members

GROUP RISK MONITORING COMMITTEE
5 MEMBERS
and **10 associate members** representing federations
6 Meetings
93% Attendance rate of 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 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;
- any restrictions that the Board of Directors may impose on the powers of the chief executive officer;
- 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 limitations that the Board of Directors places 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. To that end, it should be noted that the European Banking Authority (EBA) issued guidelines on internal governance on September 26, 2017 (EBA/GL/2017/11) as well as joint guidelines with the European Securities and Markets Authority (ESMA) on assessments of the suitability of members of the management body and holders of key positions on September 26, 2017 (EBA/GL/2017/12). In its compliance notice of June 4, 2018, the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) explained to the entities audited that it intended to comply fully with the internal governance guidelines and partially with the suitability assessment guidelines.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

"Without prejudice to the powers of the European Central Bank, the ACPR intends to comply partially with the fitness assessment guidelines of September 26, 2017. The ACPR intends to comply with the guidelines, with the exception of provisions for assessment by the supervisory authority of the fitness of holders of key positions at each appointment or renewal. The statement of non-compliance applies to paragraphs 162 and 176 (transmission of results to the competent authority and documentation relating to internal assessment) and paragraphs 171 and 172 (assessment of the fitness of persons responsible for internal control functions and of the chief financial officer by the competent authority). 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 in the supervisory bodies with two reservations of interpretation:

- *formal independence is not an obligatory test of fitness under the regulations, which would be enforceable in the context of a review 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;*
- *mere non-compliance with one or more of the criteria listed in the guidelines (paragraph 91) does not disqualify a member from being defined as independent. These assumptions alone do not define independence and analysis of this attribute must also take into account other criteria, especially ones that might be developed by French companies pursuant to the French Commercial Code that could make it possible to achieve the same goal.*

Pursuant to paragraph 89) b) of the fitness assessment guidelines, the ACPR also intends not to require the attendance of independent members in CRD institutions wholly owned by a CRD institution and in CRD institutions of insignificant importance that are investment firms."

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, 2020

Presentation of the Board of Directors at December 31, 2020

	Nationality	Age[1]	Start of term of office	Committees[2]	Attendance at board
Nicolas THÉRY *Chairman*		55	2014	GRMC	100%
Chantal DUBOIS *Vice-chairwoman*		68	2017	-	100%
Gérard CORMORÈCHE *Director*		63	1995	GAAC	100%
Bernard DALBIEZ *Director*		62	2019	GRMC Appointments	100%
Etienne GRAD *Director*		68	2018	GAAC	84%
Nicolas HABERT *Director*		58	2020	GRMC	100%
Véronique HEMBERGER *Director*		69	2018	GAAC	100%
Christine LEENDERS *Director*		65	2017	GRMC Remuneration	84%
Mireille LEFEBURE *Director*		68	2017	-	100%
Jean-Louis MAÎTRE *Director*		64	2019	-	100%
Elia MARTINS *Director*		50	2018	-	84%
Laurence MIRAS *Director*		56	2017	Appointments	84%
Gérard OLIGER *Director*		69	2018	**Appointments** Remuneration	84%
Frédéric RANCHON *Director*		54	2018	-	100%
Agnès ROUXEL *Director*		63	2017	Appointments	67%
Daniel SCHOEPF *Director*		66	2018	**GRMC**	100%
Annie VIROT *Director*		66	2017	**Remuneration**	100%
Alex WEIMERT *Director*		66	2020	-	75%
Audrey HAMMERER *Director representing employees*		43	2016	Remuneration	84%
Laurent TORRE *Director representing employees*		53	2020	-	84%
Bernard BASSE *Non-voting director*		68	2005	GRMC	67%
Jean-Pierre DELCASSO *Non-voting director*		73	2020	-	67%
Philippe GALLIENNE *Non-voting director*		64	2019	Remuneration	100%
Charles GERBER *Non-voting director*		66	2020	GAAC	100%
Jean-François JOUFFRAY *Non-voting director*		72	2001	**GAAC** GRMC Appointments Remuneration	100%

	Nationality	Age[1]	Start of term of office	Committees[2]	Attendance at board
Damien LIEVENS *Non-voting director*	French	50	2017	-	84%
Gérard LINDACHER *Non-voting director*	French	69	2017	-	100%
Lucien MIARA *Non-voting director*	French	72	2019	-	100%
Philippe RAGE *Non-voting director*	French	60	2020	-	100%
Gislhaine RAVANEL *Non-voting director*	French	68	2020	-	80%
Alain TÊTEDOIE *Non-voting director*	French	56	2017	-	84%
Philippe TUFFREAU *Non-voting director*	French	65	2017	-	100%
Didier VIEILLY *Non-voting director*	French	64	2015	-	84%
Michel VIEUX *Non-voting director*	French	70	2017	GRMC	100%

In the Committees column, the Committee Chairmen are shown in bold in blue.

(1) Age on April 21, 2021.

(2) GRMC: Group Risk Monitoring Committee – GAAC: Group Auditing and Accounting Committee – Remuneration: Remuneration Committee – Appointments: Appointments Committee.

THE FOUR SPECIALIZED COMMITTEES OF THE BOARD OF DIRECTORS

Remuneration 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 14 associate members representing federations		5 members and 10 associate members representing federations	
4 meetings	88% attendance	7 meetings	88% attendance	5 meetings	90% attendance	6 meetings	94.4% attendance

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 by-laws 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

- Daniel Baal, chief executive officer and effective manager;
- Éric Petitgand, deputy chief executive officer and effective manager;
- Frantz Rublé, deputy chief executive officer.

4.1.3 Positions and functions held by the corporate officers

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 CEO 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.

Nicolas Théry is a graduate of Science Po Paris and 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, 2020

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
Banque CIC Nord Ouest
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
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 Executive Board
Groupe des Assurances du Crédit Mutuel
Member of the Supervisory Board
Cofidis
Cofidis Participations
Deputy chief executive officer
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
Groupe des Assurances du Crédit Mutuel
Director
TARGOBANK 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

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 Centre-Ouest. 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 appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

Chairwoman
Fondation du Crédit Mutuel Loire-Atlantique et Centre Ouest
Vice-chairwoman of the Board of Directors
Fédération du Crédit Mutuel de Loire-Atlantique et Centre-Ouest
Caisse Régionale du Crédit Mutuel de Loire-Atlantique et Centre-Ouest
Director
Caisse de Crédit Mutuel de Limoges Centre

Terms of office expired over the past five fiscal years

Permanent representative of Caisse Fédérale 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 *Chevalier du mérite agricole* 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, 2020

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-Saônece
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
SICA D'habitat Rural du Rhône et de la Loire
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 CORMORECHE

Terms of office expired over the past five fiscal years

Non-voting director
Crédit Industriel et Commercial

Bernard Dalbiez

Born on 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 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. Since 2018, he has been District Chairman and Vice-Chairman of Fédération du Crédit Mutuel Méditerranéen.

Director
Member of the Group Risk Monitoring Committee and the Appointments Committee
First appointed to the board: 2019
Term expires: 2022

Other offices held as of December 31, 2020

Chairman of the Board of Directors

Caisse de Crédit Mutuel Marseille Pelletan

Chairman of the Supervisory Board

Société Actimut

Vice-Chairman of the Board of Directors and Chairman of District Centre Est

Fédération du Crédit Mutuel Méditerranéen

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'Étude 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: 2021

Other offices held as of December 31, 2020

Chairman

SAS GRAD Etienne 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 center 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 of Crédit Mutuel Midi-Atlantique.

Director
Member of the Group Risk Monitoring Committee
First appointed to the board: 2020
Term expires: 2021

Other offices held as of December 31, 2020

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
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

None

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: 2021

Other offices held as of December 31, 2020

Chairwoman
UNCME
Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Enseignant 67
Permanent representative of BFCM, director and member of the CUS District
Fédération du Crédit Mutuel Centre Est Europe

Terms of office expired over the past five fiscal years

None

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 Rurale 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 Remuneration Committee
First appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

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 de Crédit Mutuel Anjou
Caisse Régionale de 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

None

Mireille Lefebure

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 Caisse de Crédit Mutuel Tours Halles, where she has been chairwoman 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 appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

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

None

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, 2020

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

None

Elia 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 and Caisse Régionale du Crédit Mutuel Île-de-France.

Director
First appointed to the board: 2018
Term expires: 2021

Other offices held as of December 31, 2020

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel Paris 8 Europe
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Fédération du Crédit Mutuel Île-de-France

Terms of office expired over the past five fiscal years

None

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 appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

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

None

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 Remuneration Committee
First appointed to the board: 2018
Term expires: 2022

Other offices held as of December 31, 2020

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

None

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: 2021

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Fédération du Crédit Mutuel Massif Central
Caisse Régionale du Crédit Mutuel Massif Central
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

None

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 appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

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
Member and chairwoman of the Commission of Elected Representatives
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

Member of the Board of Directors
MEDEF 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, 2020

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
Assurances 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.

Director
Chairwoman of the Remuneration Committee
First appointment to the board: 2017
Term expires: 2023

Other offices held as of December 31, 2020

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

Terms of office expired over the past five fiscal years

None

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 local bank of Crédit mutuel de Guyane before becoming Chairman of Crédit Mutuel Antilles-Guyane in October 2016.

Director
First appointed to the board: 2020
Term expires: 2023

Other offices held as of December 31, 2020

Chairman of the Board of Directors

Fédération du Crédit Mutuel Antilles Guyane

Caisse Régionale du Crédit Mutuel Antilles-Guyane

Permanent representative of Caisse Régionale du Crédit Mutuel Antilles-Guyane, director

Assurances du Crédit Mutuel VIE SAM

Managing partner

Guyane Technologies Systèmes

Non-voting director

Confédération Nationale de Crédit Mutuel

Caisse Centrale de Crédit Mutuel

Terms of office expired over the past five fiscal years

None

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 Remuneration Committee
First appointed to the board: 2016
Term expires: 2022

Other offices held as of December 31, 2020

None

Terms of office expired over the past five fiscal years

None

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, 2020

None

Terms of office expired over the past five fiscal years

None

Directors whose terms of office expired in 2020[1]

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 CAP 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
First appointed to the board: 1999
Term expires: 2020

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Caisse de Crédit Mutuel de la Largue
Director
Banque Fédérative du Crédit Mutuel
Director and Chairman of the District of Altkirch-St-Louis
Fédération du Crédit Mutuel Centre Est Europe
Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Member of the Board of Directors
Caisse Fédérale de Crédit Mutuel

Senior management

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 Organisation 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, 2020

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 Participations
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 de Crédit Mutuel Île-de-France. member of the Management Board
Euro-Information

(1) *For the sake of transparency, the directors of Crédit Mutuel Alliance Fédérale whose terms of office within CFdeCM came to an end during 2020 but who also hold offices within Crédit Mutuel Alliance Fédérale are listed below.*

Éric Petitgand

Born on February 4, 1964
Nationality: French

Business address:
4 rue Frédéric-Guillaume Raiffeisen
67000 Strasbourg

Summary of main areas of expertise and experience

Eric 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 Caisse Centrale du Crédit Mutuel as back-office manager of markets. In 1996, he was a special assistant to the chief executive officer and sales director at Crédit Mutuel Centre Est Europe. In 1999, he was named regional executive of Fédération du Crédit Mutuel Centre Est Europe before being named chief executive officer of Fédération and Caisse Fédérale de Crédit Mutuel Savoie Mont-Blanc in 2003, then Vice-Chairman and head of operations of the shared services center 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, 2020

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 Fédérale de Crédit Mutuel Antilles-Guyane
Fédération du Crédit Mutuel Antilles-Guyane

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 Committee
Euro-Information

Member of the Management Committee
Euro-Information Télécom

Member of the Supervisory Board
Centre de Conseil et de Service – CCS

Permanent representative of Placinvest, director
Crédit Mutuel Investment Managers

Director
LYF

Terms of office expired over the past five fiscal years

Chairman
Filaction

Vice-Chairman
Cemcice Servicios España
Monetico International

Member of the Board of Directors
Cautionnement Mutuel de l'Habitat

Member of the Supervisory Board
Euro-Information Production

Member of the Management Board
Euro-Information Direct Services

Permanent representative of Caisse Fédérale de Crédit Mutuel, member of the Management Board
Euro-TVS
Euro-Information Épithète

Permanent representative of CIC Associés, director
Creatis Crédit Mutuel Asset Management

Chief executive officer
Caisse régionale du Crédit Mutuel Savoie-Mont Blanc
Fédération du Crédit Mutuel Savoie-Mont Blanc

Permanent representative of Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc, director
ACM – IARD SA

4.1.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

None.

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 20, 2020.

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 the employees, in accordance with Article L.225-27-1 of 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.

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 the training experience while controlling our carbon footprint;
- **the cooperative ecosystem** that mobilizes all stakeholders around a shared plan.

It has set up several 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, thanks to the support of distance learning. For elected members 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 (remote coaching) 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.

The plan also includes the creation of a "Mutualist Bank Director" university degree in the fall of 2021, in partnership with the Faculty of Law, Political Science and Management at University of Strasbourg. The plan will enable, mostly remotely, 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.

Conflicts of interest concerning the administrative, management and supervisory bodies

Members of the board and Executive Management are subject to the legal and regulatory obligations applicable to conflicts of interest. Each of the senior managers, directors and non-voting members of Caisse Fédérale de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale described in its code of conduct (*recueil de déontologie*). 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, 2020, 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 the Board of Directors 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

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.

As of December 31, 2020, the representation of women on the Board of Directors of Caisse Fédérale de Crédit Mutuel was 40%.

- 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 *ensemble#nouveaumonde, plus vite, plus loin !* (together#tomorrow's world, faster, further!) strategic plan reaffirms the group's ambition to strengthen diversity in the composition of its governance, with in particular the objective of achieving equal representation between 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.

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 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 2020

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 19, 2020

The Board of Directors meeting of February 19, 2020 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2019;
- three-year forecast for the consolidated financial statements;
- update on ALM, interest rate and liquidity risk;
- report of the Group Auditing and Accounting Committee, including presentation of the assessment of key permanent control, periodic control and compliance functions;
- observations of the Statutory Auditors;
- report of the Group Risk Monitoring Committee, including the presentation of the assessment of the key risk management function "Information on operational risks";
- relations with regulators and follow-up letters;
- preventive recovery plan;
- operational risks and non-compliance risks: 2019 summaries;
- validation of the CIC Marchés and Group treasury rules for 2020;
- approval of the liquidity emergency plan;
- social and mutualist responsibility: sectoral policies, actions to reduce the carbon footprint by 30%;
- reports of the Remuneration Committee and the Appointments Committee, including presentation of summary of assessments from boards of directors;
- presentation of the assessment of Executive Management and approval of all assessments of the committee and key functions;
- savings, loans, insurance, services;
- operating conditions;
- development plan;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- five-year authorization and ceiling for issuance of shares;
- presentation of the financial statements as of December 31, 2019;
- approval of the annual comprehensive and consolidated financial statements as of December 31, 2019;
- general operating expenses in 2019 – final figures;
- information on the replacement of an employee director;
- regulated agreements;
- affiliation of new Crédit Mutuel banks.

Meeting of April 2, 2020

The Board of Directors meeting of April 2, 2020 focused on the following topics in particular:

- managing the COVID-19 crisis;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- follow-up of the SREP recommendation on Brexit;
- report of the Remuneration Committee meeting of March 26, 2020 and approval of the annual report on the policy and practices for the compensation of risk takers and of the overall compensation package for risk takers;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Board of Directors;
- report of the Appointments Committee;
- management report and corporate governance report;
- proposed changes in the composition of the Board of Directors;
- proposals for the appointment of voting and non-voting directors to the boards of CNCM and CCCM;
- preparation and convening of the ordinary Shareholders' Meeting of May 6, 2020;
- affiliation of new Crédit Mutuel banks.

Meeting of June 25, 2020

The Board of Directors meeting of June 25, 2020 notably focused on the following topic:

- completion with Bouygues Telecom of a strategic partnership for the distribution of fixed and mobile telephony solutions, including the Box, with the affiliation of Euro-Information Telecom to Bouygues Telecom.

Meeting of July 8, 2020

The Board of Directors meeting of July 8, 2020 focused on the following topics in particular:

- notice of the Extraordinary Shareholders' Meeting of September 7, 2020.

Meeting of July 30, 2020

The Board of Directors meeting of July 30, 2020 focused on the following topics in particular:

- presentation of the Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2020;
- approval of the consolidated financial statements of Banque Fédérative du Crédit Mutuel at June 30, 2020;
- Group Audit and Accounting Committee reports;
- observations of the Statutory Auditors;
- report from the Group Risk Monitoring Committee;
- ICAAP and ILAAP reports and mechanisms;
- relations with regulators and follow-up letters;
- report from the Fragile or Vulnerable Customers Committee;
- report of the Appointments Committee, including the assessment of the Board of Directors of Caisse Fédérale de Crédit Mutuel;

- report of the Remuneration Committee;
- savings, loans, insurance, services;
- operating conditions;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- approval of the Crédit Mutuel Alliance Fédérale consolidated financial statements as of June 30, 2020;
- composition of the Group Auditing and Accounting Committee;
- appointment of a Vice-Chairman;
- appointment of a non-voting director;
- affiliation of new Crédit Mutuel banks.

Meeting of November 4, 2020

The Board of Directors meeting of November 4, 2020 focused on the following topics in particular:

- update on the health crisis and its consequences on operations.

Meeting of November 20, 2020

The Board of Directors meeting of November 20, 2020 focused on the following topics in particular:

- key points on the Crédit Mutuel Alliance Fédérale consolidated financial statements;
- Group Audit and Accounting Committee report;
- report from the Group Risk Monitoring Committee;
- relations with regulators and follow-up letters;
- appointment of a new group inspector general and appointment of a deputy inspector general;
- report of the Appointments Committee;
- report of the Remuneration Committee and approval of the compensation policy;
- savings, loans, insurance, services;
- customer relations management plan – Objectives – Budget;
- development plan budget;
- Interest Rate and Financial Policy Committee;
- accreditation, municipal loans and special credits;
- revised strategic plan: opinion of the Social and Economic Committee on the update to the strategic plan and approval of the revised strategic plan;
- 2020 forecast corporate income per ANC standard;
- general operating expenses in 2020-2021 general operating expenses budget;
- interest rate and liquidity risk management at the end of September 2020;
- new associate member of the Group Auditing and Accounting Committee;
- extension of the scope of the Appointments Committee and amendment of the internal rules of the Board of Directors;
- inter-federal plan to develop the skills of elected members;
- affiliation of new Crédit Mutuel banks.

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 Remuneration 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 20, 2020.

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 proposed by the Boards of Directors of the federations for the duration of their term of office as federal directors. One of the members of the Remuneration Committee must be an employee director.

Remuneration Committee

Composition of the Remuneration Committee at December 31, 2020

As of December 31, 2020, the Remuneration Committee was composed of a Chairman, four members including one employee director and one associate member.

Members	Status	Attendance rate in 2020
Annie Virot	Chairwoman	100%
Christine Leenders	Member	50%
Gérard Oliger	Member	100%
Philippe Gallienne	Member	100%
Audrey Hammerer	Member	100%
Jean-François Jouffray	Associate member	100%

Duties of the Remuneration Committee

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Remuneration 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;
- the Crédit Mutuel Alliance Fédérale entities consolidated by Caisse Fédérale de Crédit Mutuel taken as the parent company of the consolidated Crédit Mutuel Alliance Fédérale 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 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 Remuneration 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 Remuneration Committee reviews the annual audit report on compensation policy and/or the follow-up report on audit assignments.

In addition, the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Committee delivers its opinion at the end of the coordination process. The Remuneration Committee reports to the Board of Directors.

Appointments Committee

Composition of the Appointments Committee at December 31, 2020

As of December 31, 2020, the Appointments Committee was composed of a Chairman, three members and two associate members.

Members	Status	Attendance rate in 2020
Gérard Oliger	Chairman	100%
Bernard Dalbiez	Member	80%
Laurence Miras	Member	86%
Agnès Rouxel	Member	86%
Mireille Gavillon	Associate member	71%
Jean-François Jouffray	Associate member	100%

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:

- identify and recommend 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;
- assess the balance and diversity of knowledge, skills and experience available individually and collectively to the members of the Board of Directors;
- specify the missions and qualifications required for the functions performed on the board and assess the time to be devoted to those functions;
- set a target to be achieved for the balanced representation of women and men on the board and develop a policy to achieve that target;
- prepare 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;
- review 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;
- review 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;
- ensure 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 2019 was presented to the Board of Directors of Caisse Fédérale de Crédit Mutuel on July 30, 2020. The result was a very positive overall. Three major strengths have been identified within the board:

- management transparency;
- diversity among members;
- freedom of speech.

The members consider that it would be advisable to pursue the objectives of parity, and consider that the composition of the board as well as its agenda could be more restricted. Areas for improvement are proposed in line with these observations: more training, with in-depth thematic analyses and the increase in skills and integration of new members for better cohesion.

Group Auditing and Accounting Committee

Composition of the Group Auditing and Accounting Committee at December 31, 2020

As of December 31, 2020, the Auditing and Accounting Committee was composed of a Chairman, three members and fourteen associate members.

Members	Status	Attendance rate in 2020
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	40%
Patrice Garrigues	Associate member	80%
Charles Gerber	Associate member	100%
Jean-Claude Lordelot	Associate member	100%
Yves Magnin	Associate member	80%
Alexandre Martial	Associate member	100%
Patrick Morel	Associate member	80%
Bich Van Ngo	Associate member	100%
Jean-François Parra	Associate member	100%
Alain Pupel	Associate member	100%
René Schwartz	Associate member	80%
Stephane 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,
  - 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 Auditing and Accounting Committee 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, 2020

As of December 31, 2020, the Risk Monitoring Committee was composed of a Chairman, four members and ten associate members.

Members	Status	Attendance rate in 2020
Daniel Schoepf	Chairman	100%
Bernard Dalbiez	Member	100%
Nicolas Habert	Member	100%
Christine Leenders	Member	100%
Nicolas Théry	Member	67%
Gilles Berrée	Associate member	100%
Bernard Basse	Associate member	100%
Didier Benonie	Associate member	100%
Hubert Chauvin	Associate member	100%
Patrick Hoche	Associate member	83%
Jean-François Jouffray	Associate member	100%
Claude Levêque	Associate member	83%
Laurent Benoit	Associate member	83%
Pascal Tissot	Associate member	100%
Michel Vieux	Associate member	100%

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 the 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) annually,
  - 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 the 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 CIC New York's activity as part of a "US Risks Committee" as requested by the local supervisory authorities,
  - 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 the 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 Remuneration 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 (*recueil de déontologie*) 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 the 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 values and texts, respect for the individual, duty of good management, duty of confidentiality, duty of reserve, voluntary work and independence of elected representatives, duty of training and conflicts of interest.

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 composed of the members appointed by the *Chambre Syndicale et Interfédérale,* one elected member and one employee representative per partner Federation:

- the elected representatives are proposed by the Board of Directors of their home federation from among the elected representatives of that federation who participate in the Chambre Interfédérale or, failing that, from among the elected representatives sitting in the federal bodies;
- the employee representatives are proposed by the Works Council of their home federation from among the representatives who participate in the Chambre Interfédérale.

The director of Crédit Mutuel Alliance Fédérale's human resources, the group general secretariat, the inspector general, the heads of compliance and the heads of elected member relations at the federations contribute to the committee's work in an advisory capacity.

The committee is chaired by an elected member of the Chamber representing the member banks. He or she is proposed by the Board of Directors of Fédération du Crédit Mutuel Centre Est Europe.

4.1.5.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-13 par. 2 of the French Monetary and Financial Code, banking regulations require the separation of the functions of Chairman of the supervisory body and effective manager of the institution. The effective management of the institution is assumed by at least two people. The effective management enjoys all powers attached to it by banking and financial laws and regulations, both internally and with respect 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 board meetings of July 29, 2016 and April 6, 2017 and the board of April 2, 2020 relating to the renewal of senior managers, did not limit the powers of the two effective managers as defined by law and our articles of association and internal rules.

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:

- ensuring consistency between employee behavior and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to developing risk management control;
- promoting career advancement through internal training and encouraging employees' long-term commitment;
- 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 the 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 therefore does not encourage risk-taking in excess of the level of risk defined by Crédit Mutuel Alliance Fédérale. It is 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 the 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 Article 104 of the Order of November 3, 2014, Articles L.511-89 *et seq.* of the French Monetary and Financial Code, and Commission Delegated Regulation (EU) No. 604/2014 of March 4, 2014, 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 20, 2020.

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 2020 as set out in the aforementioned Article L.511-73 was €132,500,000.

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[1] 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 Remuneration 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 *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) on a consolidated basis, the Board of Directors of such institution may decide that the functions assigned to the regulatory committees (Risk, Appointments, Remuneration) 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.

Coordination process for changes in the compensation of Crédit Mutuel Alliance Fédérale's senior executives

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 Remuneration Committee gives its opinion on a proposal for the coordination process. The Remuneration Committee reports to the Board of Directors.

(1) With a few exceptions abroad.

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.

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 Remuneration Committee meeting 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 the 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 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, 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 the 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 19, 2020, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2020.

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.

However, the two corporate officers of Caisse Fédérale de Crédit Mutuel did not receive any other specific benefits.

the Chairman of the Board of Directors and the chief executive officer of Caisse Fédérale du Crédit Mutuel do not benefit from any variable component in their compensation, in accordance with the principles of Crédit Mutuel Alliance Fédérale's compensation policy.

No capital securities or securities giving access to share capital or the right to acquire capital securities of BFCM or CIC were 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, 2020, Nicolas Théry and Daniel Baal hold said type of loans.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2020

2020 *Amounts in euros*[a]	Origin	Fixed portion[b]	Variable portion[b]	Benefits in kind[c]	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

(a) These are gross amounts corresponding to amounts paid during the year.

(b) 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.

(c) Company cars and/or senior executive insurance policy (GSC).

2019 *Amounts in euros*[a]	Origin	Fixed portion	Variable portion[b]	Benefits[c]	Employer contributions for supplementary benefits	Total
Nicolas Théry	Crédit Mutuel	711,462[1]		11,748	10,462	733,672
	CIC	104,167[1]			505	104,672
Daniel Baal	Crédit Mutuel	808,961[2]		3,881	9,447	822,289

(1) Annual compensation of €725,510 over five months (€475,510 for the Crédit Mutuel part and €250,000 for the CIC part) and annual compensation of €880,000 over seven months for the Crédit Mutuel part.

(2) Annual compensation of €709,506 over five months and annual compensation of €880,000 over seven months.

4

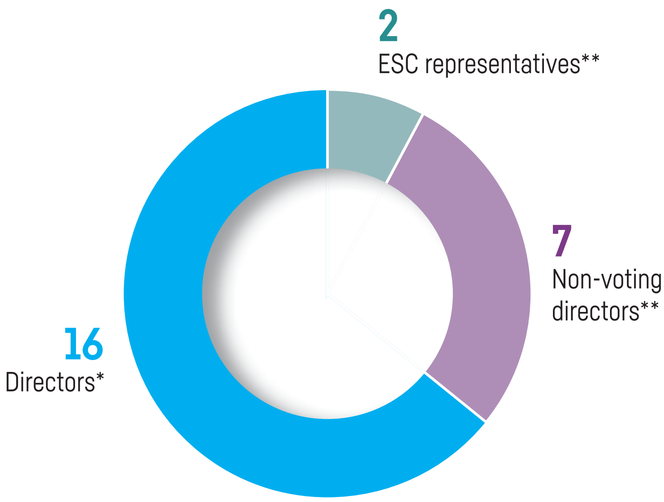
4.2 BFCM – CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

7
Meetings

87.5%
Attendance rate of Directors

62.7
Average age of directors
(as of 04/21/2021)



Deliberative votes.
*** Advisory votes.*

EXECUTIVE MANAGEMENT

1
CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

1
DEPUTY CHIEF EXECUTIVE OFFICER, EFFECTIVE MANAGER

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 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;
- any restrictions that the Board of Directors may impose on the powers of the chief executive officer;
- 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. To that end, it should be noted that the European Banking Authority (EBA) issued guidelines on internal governance on September 26, 2017 (EBA/GL/2017/11) as well as joint guidelines with the European Securities and Markets Authority (ESMA) on assessments of the suitability of members of the management body and holders of key positions on September 26, 2017 (EBA/GL/2017/12). In its compliance notice of June 4, 2018, the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) explained to the entities audited that it intended to comply fully with the internal governance guidelines and partially with the suitability assessment guidelines.

An excerpt from the ACPR's compliance notice on how to apply the suitability assessment guidelines is reproduced below:

"Without prejudice to the powers of the European Central Bank, the ACPR intends to comply partially with the fitness assessment guidelines of September 26, 2017. The ACPR intends to comply with the guidelines, with the exception of provisions for assessment by the supervisory authority of the fitness of holders of key positions at each appointment or renewal. The statement of non-compliance applies to paragraphs 162 and 176 (transmission of results to the competent authority and documentation relating to internal assessment) and paragraphs 171 and 172 (assessment of the fitness of persons responsible for internal control functions and of the chief financial officer by the competent authority). 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 in the supervisory bodies with two reservations of interpretation:

- *formal independence is not an obligatory test of fitness under the regulations, which would be enforceable in the context of a review 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;*
- *mere non-compliance with one or more of the criteria listed in the guidelines (paragraph 91) does not disqualify a member from being defined as independent. These assumptions alone do not define independence and analysis of this attribute must also take into account other criteria, especially ones that might be developed by French companies pursuant to the French Commercial Code that could make it possible to achieve the same goal.*

Pursuant to paragraph 89) b) of the fitness assessment guidelines, the ACPR also intends not to require the attendance of independent members in CRD institutions wholly owned by a CRD institution and in CRD institutions of insignificant importance that are investment firms."

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, 2020

Presentation of the Board of Directors

	Nationality	Age[1]	Start of term of office	Committees[2]	Attendance at board
Nicolas THÉRY *Chairman*		55	2014	GRMC	100%
Michel VIEUX *Vice-Chairman*		70	2011	GRMC	84%
Jean-Marc BUSNEL *Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director*		61	2018	/	71%
Gérard CORMORÈCHE *Director*		63	2001	GAAC	100%
Claude COURTOIS *Director*		67	2019	/	84%
Philippe GALLIENNE *Director*		64	2019	Remuneration	100%
Charles GERBER *Director*		66	2020	GAAC	100%
Olivier GUIOT *Director*		53	2020	/	100%
Elio GUMBS *Director*		59	2020	/	25%
Nicolas HABERT *Director*		58	2020	GRMC	100%
Albert MAYER *Director*		65	2018	/	84%
Gislhaine RAVANEL *Director*		68	2019	/	84%
René SCHWARTZ *Director*		63	2018	GAAC	100%
Francis SINGLER *Director*		64	2018	/	100%
Alain TÊTEDOIE *Director*		56	2007	/	84%
Dominique TRINQUET *Director*		70	2019	/	87%
Michel ANDRZEJEWSKI *Non-voting director*		70	2018	/	100%
Jean-Louis BAZILLE *Non-voting director*		71	2012	/	67%
Pascal DAVID *Non-voting director*		59	2018	/	84%
Jean-Claude LORDELOT *Non-voting director*		67	2018	GAAC	100%
Christian MULLER *Non-voting director*		64	2018	/	50%
Jacques SIMON *Non-voting director*		65	2018	/	100%
Philippe TUFFREAU *Non-voting director*		65	2017	/	100%

(1) Age on April 21, 2021.

(2) Banque Fédérative du Crédit Mutuel is a member of the four specialized committees of Caisse Fédérale de Crédit Mutuel: the group Risk Monitoring Committee (GRMC), the group Auditing and Accounting Committee (GAAC), the Appointments Committee and the Remuneration Committee.

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

- Daniel Baal, chief executive officer and effective manager;
- Alexandre Saada, deputy chief executive officer and effective manager.

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 CEO 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.

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: 2022

Other offices held as of December 31, 2020

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
Banque CIC Nord Ouest
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
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
Director
Caisse de Crédit Mutuel Strasbourg Vosges
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 Executive Board
Groupe des Assurances du Crédit Mutuel
Member of the Supervisory Board
Cofidis
Cofidis Participations
Deputy chief executive officer
Caisse Fédérale de Crédit Mutuel
Banque Fédérative du Crédit Mutuel
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

Michel Vieux

Born on April 12, 1951

Nationality: French

Business address:

130-132 avenue Victor Hugo
26009 Valence

Summary of main areas of expertise and experience

Michel Vieux holds a Bachelor's degree in Mathematics from the University 1 of Grenoble and is a graduate of the Institut d'Études Commerciales de Grenoble: Master's Degree in Management Sciences, Diploma of Advanced Studies, Finance option, Research studies in doctoral studies at the postgraduate level.

Michel Vieux is Chairman of Fédération and Caisse Régionale du Crédit Mutuel Dauphiné Vivarais. During his professional career, he has held positions as professor of economics and management, continuing education advisor, consultant in financial analysis and director of a training organization.

He has extensive mutualist experience at Crédit Mutuel, where he has held various positions since 1984, first at local and regional level before being appointed confederal director in 2000.

Vice-Chairman of the Board of Directors
Associate member of the group Risk Monitoring Committee of Caisse Fédérale de Crédit Mutuel
First appointment to the board: 2011
Term expires: 2023

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Fédération du Crédit Mutuel Dauphiné-Vivarais
Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais
Caisse de Crédit Mutuel de Pierrelatte
Caisse de Crédit Mutuel de la Vallée du Rhône
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Director (representing CRCM Dauphiné-Vivarais)
Assurances du Crédit Mutuel Vie SAM
Honorary Chairman of the Board of Directors
Caisse de Crédit Mutuel Agriculture de Valréas
Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Member of the Supervisory Board
Banque Européenne du Crédit Mutuel
Director
Caisse Fédérale de Crédit Mutuel
Non-voting director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
Co-managing partner
Sud Est Transactions Immobilières

4

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 and has been industrial director of the ACOME group since 2018. 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).

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, member of the Board of Directors
First appointed to the board: 2018
Term expires: 2021

Other offices held as of December 31, 2020

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 Harcouet
Caisse de Crédit Mutuel Solidaire
Vice-Chairman of the Supervisory Board
SODEREC
Director
Confédération Nationale du Crédit Mutuel
Caisse Centrale du Crédit Mutuel
ACOME SA
Permanent representative of Caisse Fédérale de Crédit Mutuel de Maine-Anjou et Basse-Normandie, director
Assurances du Crédit Mutuel Vie SAM
ACM IARD SA

Terms of office expired over the past five fiscal years

Chairman of the Board of Directors
IDEA OPTICAL

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 the CORMORECHE SARL specializing in the processing of red beetroot. He was awarded the insignia of *Chevalier du mérite agricole* 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 appointment to the board: 2001
Term expires: 2022

Other offices held as of December 31, 2020

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
SICA D'habitat Rural du Rhône et de la Loire
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, 2020

Chairman of the Board of Directors
Caisse de Crédit Mutuel de Montpellier Antigone
Caisse de Crédit Mutuel Bassin de Thau
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
Member of the Board of Directors
Caisse de Crédit Mutuel de Perpignan Kennedy
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 Remuneration Committee
First appointed to the board: 2019
Term expires: 2022

Other offices held as of December 31, 2020

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
Member of the Board of Directors
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

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 CAP 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, 2020

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
Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Member of the Board of Directors
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, 2020

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. In 2008, he became a director of a Crédit Mutuel local bank and was appointed Chairman in 2017. Since 2005, he has been a director of Fédération and Caisse Régionale de Crédit Mutuel Antilles Guyane.

Director
First appointed to the board: 2020
Term expires: 2021

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Caisse de Crédit Mutuel de Saint Martin
Director
Fédération du Crédit Mutuel Antilles Guyane
Caisse Régionale du Crédit Mutuel Antilles Guyane

Terms of office expired over the past five fiscal years

None

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 center 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 of 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: 2021

Other offices held as of December 31, 2020
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
Assurances du Crédit Mutuel Vie SAM
Permanent representative of Marsovalor
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
None

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: 2021

Offices held as of December 31, 2020
Chairman of the Board of Directors
Caisse de Crédit Mutuel Freyming Hombourg-Haut
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
Chairman
Mayer Albert Expertise et Audit Comptable

Gislhaine 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, Gislhaine 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, 2020

Chairwoman of the Board of Directors
Caisse de Crédit Mutuel de Chamonix

Member of the Board of Directors and chairwoman of the Arve/Genevois District
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

None

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: 2021

Other offices held as of December 31, 2020

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 (1359) bank.

Director
First appointed to the board: 2018
Term expires: 2021

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Caisse de Crédit Mutuel Ried Centre Alsace

Member of the Management 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

None

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: 2021

Other offices held as of December 31, 2020

Chairman
Thalie Holding
Chairman of the Board of Directors
Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest
Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest
Chairman of the Supervisory Board
Crédit Mutuel Immobilier
Chairman of the Supervisory Board
Centre de Conseil et de Service (CCS)
Vice-Chairman of the Supervisory Board
Banque Européenne du Crédit Mutuel
Chairman and permanent representative of Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest
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 Fédérale du Crédit Mutuel Loire Atlantique et Centre-Ouest, director
Assurances du Crédit Mutuel Vie SAM
Representing Thalie Holding
La Fraiseraie SAS
Managing partner
GFA La Fraiseraie
SCEA La Fraiseraie
Non-voting director
Caisse Fédérale de Crédit Mutuel

Terms of office expired over the past five fiscal years

Director
Caisse Fédérale de Crédit Mutuel

Dominique Trinquet

Born on November 13, 1950
Nationality: French

Business address:
18 rue de la Rochefoucauld
75009 Paris

Summary of main areas of expertise and experience

Holder of a State license as an Automobile Expert, Dominique Trinquet has been an independent expert with Trinquet since 1986.

In 2000, he was elected Chairman of the of the Crédit Mutuel du Mantois local bank. Since 2002, he has been a director of Caisse Régionale du Crédit Mutuel Île-de-France, of which he is also Vice-Chairman.

Director
First appointed to the board: 2019
Term expires: 2022

Other offices held as of December 31, 2020

Chairman of the Board of Directors
Caisse de Crédit Mutuel du Mantois
Vice-Chairman of the Board of Directors
Caisse Régionale du Crédit Mutuel Île-de-France
Managing partner
Cabinet Expertises D. TRINQUET

Terms of office expired over the past five fiscal years

Non-voting director
Banque Fédérative du Crédit Mutuel

Senior management

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 Organisation 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, 2020

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 Participations
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
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

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, specialized 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.

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 expires: 2021

Other offices held as of December 31, 2020

Chairman of the Board of Directors
CIC Ouest
Crédit Mutuel Home Loan SFH
Permanent representative of BFCM, director
Banque de Tunisie
Permanent representative of Marsovalor, director
Crédit Mutuel Investment Managers
Member of the Supervisory Board
TARGOBANK AG
Targodeutschland GmbH
Director
Cofidis France
Cofidis Participations

Terms of office expired over the past five fiscal years

Permanent representative of BFCM, director
Opuntia (LUXE TV) SA
Non-voting director
Cofidis France
Cofidis Participations

4.2.4 Delegations of authority granted by the Shareholders' Meeting to the Board of Directors for capital increases currently in use

None.

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.

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.

It has set up several 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 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 (remote coaching) 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.

The plan also includes the creation of a "Mutualist Bank director" university degree in the fall of 2021, in partnership with the Faculty of law, political science and management at University of Strasbourg. The plan will enable, mostly remotely, 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.

Conflicts of interest concerning the administrative, management and supervisory bodies

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 members of Banque Fédérative de Crédit Mutuel adhere to the values and commitments of Crédit Mutuel Alliance Fédérale group as described in its code of conduct (*recueil d'éthique et de déontologie*). The purpose of this code is to prevent and, where necessary, manage conflict of interest cases.

Service contracts

As of December 31, 2020, 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 *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!) strategic plan reaffirms the group's ambition to strengthen diversity in the composition of its governance, with in particular the objective of achieving equal representation between 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.

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 2020

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 19, 2020

The Board of Directors meeting of February 19, 2020 focused on the following topics in particular:

- presentation of the balance sheet and consolidated financial statements as of December 31, 2019;
- approval of the annual and consolidated financial statements as of December 31, 2019;
- general operating expenses in 2019 – final figures;
- three-year forecast for the consolidated financial statements;
- update on ALM, interest rate and liquidity risk;
- report of the group Auditing and Accounting Committee, including presentation of the assessment of key permanent control, periodic control and compliance functions;
- observations of the Statutory Auditors;
- report of the group Risk Monitoring Committee (GRMC), including the presentation of the assessment of the key risk management function "Information on operational risks";
- information on relations with regulators and follow-up letters;
- preventive recovery plan;
- operational risks and non-compliance risks: 2019 summaries;
- approval of 2020 bodies of rules of CIC Marchés and group treasury;

- approval of the liquidity emergency plan;
- social and mutualist responsibility: validation of sectoral policies and actions to reduce the carbon footprint by 30%;
- report of the Remuneration Committee;
- report of the Appointments Committee, including presentation of summary of assessments from Boards Committees;
- presentation of the assessment of Executive Management and approval of all assessments of committees and key functions;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale;
- renewal of authorizations for issues;
- update on merger and acquisition holding activities;
- related-party agreements: no new regulated agreements were signed in 2019;
- affiliation of new Crédit Mutuel branches.

Meeting of April 2, 2020

The Board of Directors meeting of April 2, 2020 focused on the following topics in particular:

- managing the COVID-19 crisis;
- presentation and review of the annual internal control report;
- approval of the AML/CFT annual internal control report;
- follow-up of the SREP recommendation on Brexit;
- breakdown of the overall compensation package under the charter governing the exercise of offices of members of the Board of Directors;
- management reports and corporate governance reports;
- proposed changes in the composition of the Board of Directors;
- preparation and convening of the ordinary Shareholders' Meeting of May 6, 2020;
- affiliation of new Crédit Mutuel banks.

Meeting of May 19, 2020

The Board of Directors meeting of May 19, 2020 notably focused on the following topic:

- acquisition of 9.36% of Cofidis Participations and call option on the balance of the remaining shares.

Meeting of June 25, 2020

The Board of Directors meeting of June 25, 2020 notably focused on the following topic:

- completion with Bouygues Telecom of a strategic partnership for the distribution of fixed and mobile telephony solutions, including the Box, with the affiliation of Euro-Information Telecom to Bouygues Telecom.

Meeting of July 30, 2020

The Board of Directors meeting of July 30, 2020 focused on the following topics in particular:

- presentation of Crédit Mutuel Alliance Fédérale consolidated financial statements at June 30, 2020;
- approval of the consolidated financial statements of Banque Fédérative du Crédit Mutuel at June 30, 2020;
- Group Audit and Accounting Committee reports;
- observations of the Statutory Auditors;
- reports from the Group Risk Monitoring Committee;
- risk mapping;
- presentation of ICAAP and ILAAP reports and mechanisms;
- information on relations with regulators and follow-up letters;
- report from the Fragile or Vulnerable Customers Committee;
- report of the Appointments Committee, including the assessment of the Board of Directors;
- report of the Remuneration Committee;
- approval of the consolidated financial statements of Banque Fédérative du Crédit Mutuel at June 30, 2020;
- update on the group's cash position and liquidity;
- update on merger and acquisition holding activities;
- reappointment of the Vice-Chairman;
- specific request to the Confederation;
- convening of the extraordinary Shareholders' Meeting;
- affiliation of new Crédit Mutuel banks.

Meeting of November 4, 2020

The Board of Directors meeting of November 4, 2020 focused on the following topics in particular:

- update on the health crisis and its consequences on operations.

Meeting of November 20, 2020

The Board of Directors meeting of November 20, 2020 focused on the following topics in particular:

- key points on Crédit Mutuel Alliance Fédérale consolidated financial statements;
- Group Audit and Accounting Committee report;
- report from the group Risk Monitoring Committee;
- information on relations with regulators and follow-up letters;
- appointment of a new group inspector general and appointment of a deputy inspector general;
- report of the Appointments Committee;
- report of the Remuneration Committee and approval of the compensation policy;
- 2020 forecast corporate income per ANC standard;
- general operating expenses in 2020/2021 general operating expenses budget;
- update on the cash flow and liquidity of Crédit Mutuel Alliance Fédérale;
- acquisitions/disposals;
- subsidiaries and equity investments;

- revised strategic plan: opinion of the Social and Economic Committee on the update to the strategic plan and approval of the revised strategic plan;
- affiliation of new Crédit Mutuel banks.

4.2.5.3 Crédit Mutuel Alliance Fédérale regulatory committees

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 Remuneration 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 4.2.5.3 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 (*recueil de déontologie*) 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 the 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 behaviour in terms of respect for values and texts, respect for the individual, duty of good management, duty of confidentiality, duty of reserve, voluntary work and independence of elected representatives, duty of training and conflicts of interest.

4.2.5.5 Executive Management

Composition and prerogatives of Executive Management

In accordance with Article L.511-13 para. 2 of the French Monetary and Financial Code, banking regulations require the separation of the functions of Chairman of the supervisory body and effective manager of the institution. The effective management of the institution is assumed by at least two people. The effective management enjoys all powers attached to it by banking and financial laws and regulations, both internally and with respect 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.

Prerogatives of Executive Management

The board meetings of April 6, 2017 and February 21, 2018 relating to appointments and the board of April 2, 2020 relating to the renewal of senior managers did not limit the powers of the two effective managers as defined by law and our Articles of association and internal rules.

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 benefits package for the Chairman and the chief executive officer within Caisse Fédérale de Crédit Mutuel starting June 1, 2019, the BFCM Board of Directors decided on February 20, 2019 that the offices of Chairman of the Board of Directors and chief executive officer would no longer be remunerated as of June 1, 2019.

Guiding principles

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 Remuneration 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 the 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 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 the 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 19, 2020, the Board of Directors of Caisse Fédérale de Crédit Mutuel decided to maintain the same levels of compensation for 2020.

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.

However, the two corporate officers of Caisse Fédérale de Crédit Mutuel did not receive any other specific benefits.

The Chairman of the Board of Directors and the chief executive officer of Caisse Fédérale du Crédit Mutuel do not benefit from any variable component in their compensation, in accordance with the principles of Crédit Mutuel Alliance Fédérale's compensation policy.

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.

As of December 31, 2020, Nicolas Théry and Daniel Baal hold said type of loans.

COMPENSATION RECEIVED BY THE GROUP'S KEY EXECUTIVES FROM JANUARY 1 TO DECEMBER 31, 2020

2020 *Amounts in euros[a]*	Origin	Fixed portion	Variable portion[b]	Benefits in kind[c]	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

(a) These are gross amounts corresponding to amounts paid during the year.

(b) 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.

(c) Company cars and/or senior executive insurance policy (GSC).

2019 *Amounts in euros[a]*	Origin	Fixed portion	Variable portion[b]	Benefits in kind[c]	Employer contributions for supplementary benefits	Total
	Crédit Mutuel	711,462[1]	-	11,748	10,462	733,672
Nicolas Théry	CIC	104,167[1]	-	-	505	104,672
Daniel Baal	Crédit Mutuel	808,961[2]	-	3,881	9,447	822,289

(1) Annual compensation of €725,510 over five months (€475,510 for the Crédit Mutuel part and €250,000 for CIC part) and annual compensation of €880,000 over seven months for the Crédit Mutuel part.

(2) Annual compensation of €709,506 over five months and annual compensation of €880,000 over seven months.

CIC is the founding partner of the 2021 Easter Festival, which is believed to be one of the top five European classical music festivals. CIC has made this a major focus of its patronage actions. With the aim of making classical music accessible to all, in 2021 the festival has adapted to the health situation and offered a free entirely digital format made possible thanks to the dedication of enthusiasts.

5

Risks and capital adequacy – Pillar 3

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INTRODUCTION

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 primarily serve to meet the guidelines on reporting requirements found in part 8 of EU Regulation No. 575/2013 on capital requirements and the guidelines of the European Banking Authority on liquidity coverage ratio (LCR) reporting.

Since the 2008 crisis, the Basel Committee, whose directives have been largely transposed into European law, the regulatory authority and the European supervisor have sought to make banks stronger and more able to absorb economic shocks, notably by a stricter definition of capital, more homogeneous rules for calculating weighted assets, and the introduction of a leverage ratio, a short-term liquidity coverage ratio (LCR) and a long-term one (NSFR or Net Stable Funding Ratio), a Single Supervisory Mechanism and a Single Resolution Mechanism.

Crédit Mutuel Alliance Fédérale has incorporated all of the regulatory changes and, from a solvency level already high before the crisis, continued to add to its capital and its risk measurement and monitoring system, as evidenced by the items listed in this section on Pillar 3.

5.1 KEY FIGURES

5.1.1 Solvency

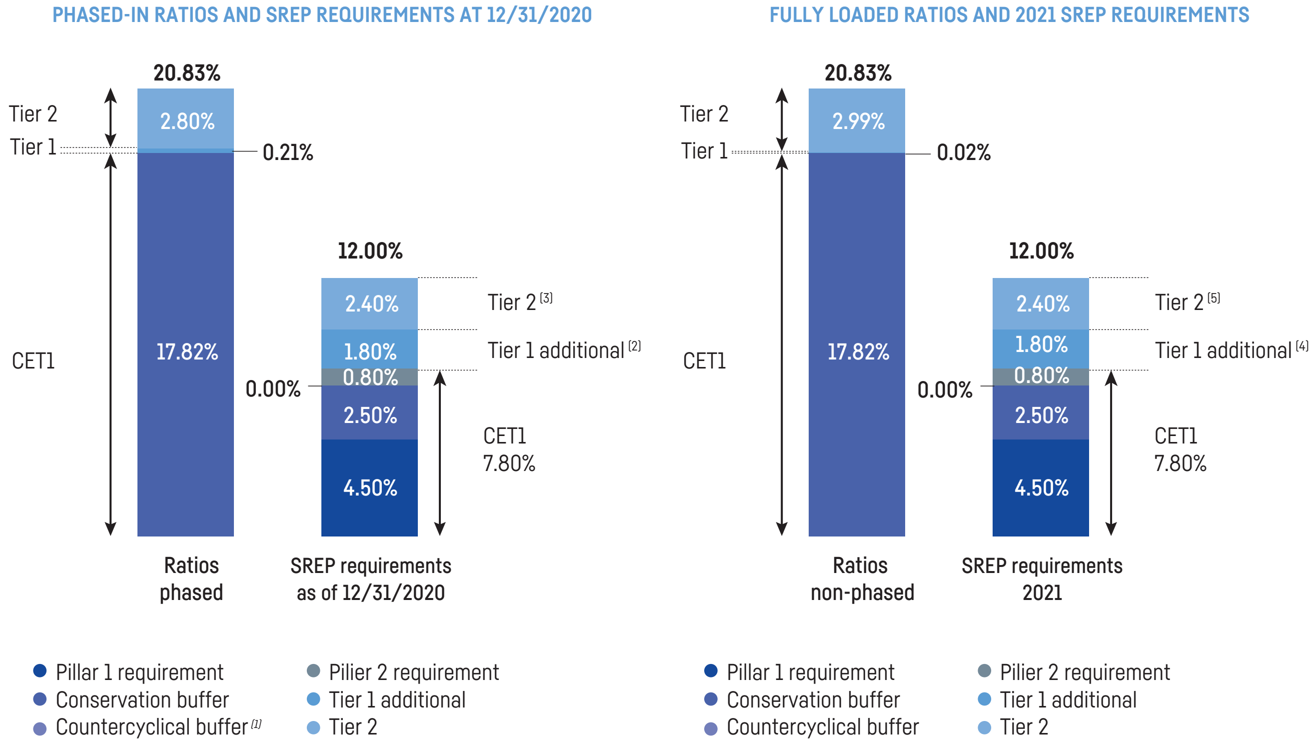
Solvency ratio

TABLE 1: SOLVENCY RATIOS

	Phased-in ratios[1]		Fully loaded ratios[2]	
(in € millions)	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Common Equity Tier 1 capital (CET 1)	41,676	38,995	41,676	38,995
Additional Tier 1 capital (AT1)	474	744	41	94
Tier 2 capital (T2)	6,566	6,331	6,999	6,953
TOTAL SHAREHOLDERS' EQUITY	**48,717**	**46,070**	**48,717**	**46,042**
TOTAL RISK-WEIGHTED ASSETS	**233,825**	**225,713**	**233,825**	**225,713**
Common Equity T1 (CET1) ratio	17.8%	17.3%	17.8%	17.3%
Tier 1 ratio (T1)	18.0%	17.6%	17.8%	17.3%
Overall ratio	20.8%	20.4%	20.8%	20.4%

(1) With the application of transitional measures.
(2) Without transitional measures.

GRAPH 1: REGULATORY REQUIREMENTS AND SOLVENCY RATIOS

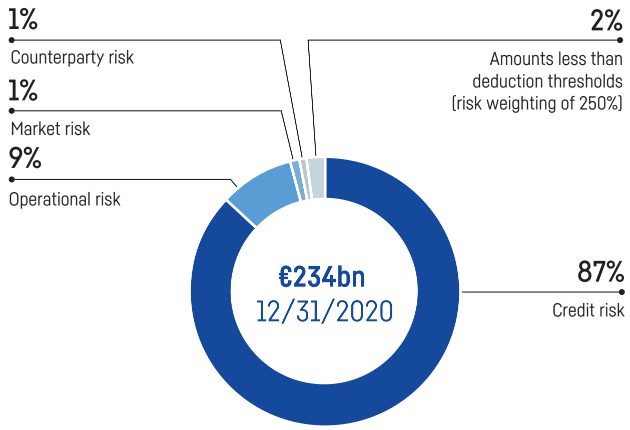


(1) According to the decision of HCSF, the BaFin and the BNB to fully release the buffer of counter-cyclical bank shareholders' equity, as a consequence of the crisis related to COVID-19.
(2) Of which 0.3% for Pillar 2 Requirement.
(3) Of which 0.4% for Pillar 2 Requirement.
(4) Of which 0.3% for Pillar 2 Requirement.
(5) Of which 0.4% for Pillar 2 Requirement.

TABLE 2: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK *(value)*

(in € millions)	12/31/2020	12/31/2019
Credit risk	201,319	195,224
Operational risk	19,975	19,149
Market risk	3,400	2,784
Counterparty risk	2,618	2,614
Securitization exposure in the banking book	1,272	953
Settlement risk	0	1
Amounts less than deduction thresholds (risk weighting of 250%)	5,240	4,988
TOTAL RWAS	**233,825**	**225,713**

GRAPH 2: RISK-WEIGHTED ASSETS (RWAS) BY TYPE OF RISK *(percentage)*



Credit risk

TABLE 3: EXPOSURE AT DEFAULT (EAD) BROKEN DOWN BY CATEGORY *(value)*

(in € millions)	12/31/2020	12/31/2019
Retail customers	306,195	287,247
Corporates	139,545	131,616
Central governments and similar, and central banks	174,755	123,814
Institutions (banks)	34,679	30,271
Equities	14,492	13,974
Other assets	6,956	7,015
TOTAL EAD	**676,622**	**593,937**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 3: EXPOSURE AT DEFAULT (EAD) BY CATEGORY *(percentage)*

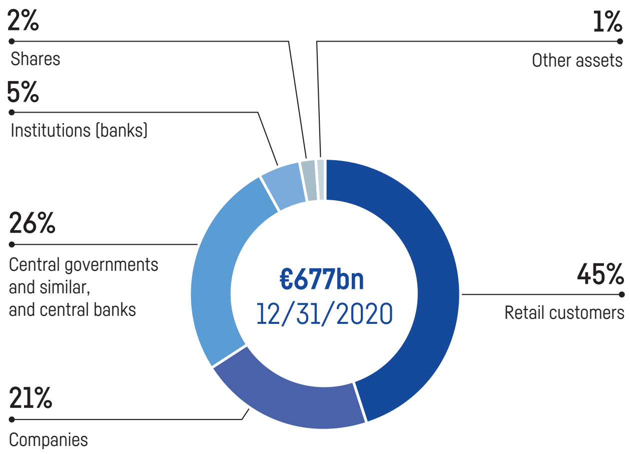


TABLE 4: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA *(value)*

(in € millions)	12/31/2020	12/31/2019
Europe zone	**651,346**	**568,965**
France	568,717	490,730
Germany	35,092	31,773
Others countries	47,537	46,462
Rest of World	**25,276**	**24,972**
United States	9,596	10,196
Others countries	15,680	14,776
TOTAL EAD	**676,622**	**593,937**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 4: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA *(percentage)*

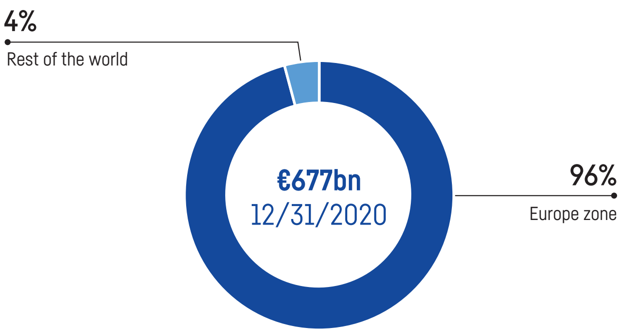


CHART 5: EXPOSURE AT DEFAULT (EAD) BY GEOGRAPHIC AREA – EUROPE *(percentage)*

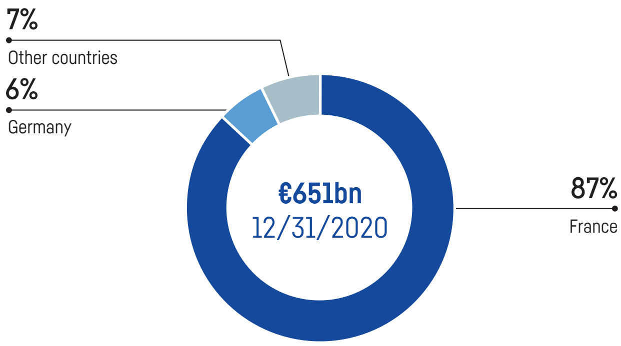


TABLE 5: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY *(value)*

(in € millions)	12/31/2020	12/31/2019
Corporates	85,898	82,831
Retail customers	59,389	58,598
Equities	46,106	44,257
Institutions (banks)	5,535	5,375
Central governments and similar, and central banks	3,178	2,611
Other assets	6,453	6,540
TOTAL RWAS	**206,559**	**200,212**

Excluding counterparty credit risk and securitization exposure in the banking book.

GRAPH 6: RISK-WEIGHTED ASSETS (RWAS) BY CATEGORY *(percentage)*

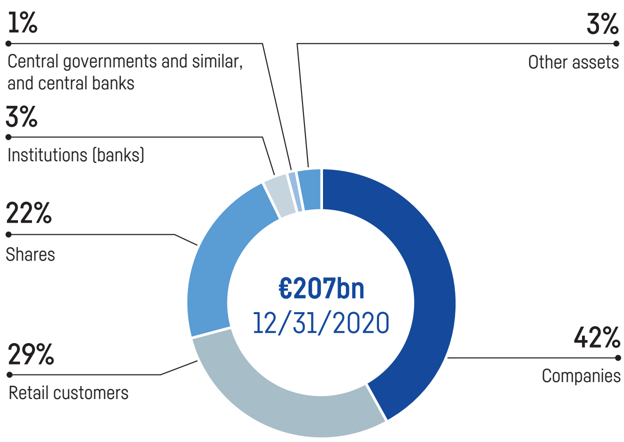


TABLE 6: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA *(value)*

(in € millions)	12/31/2020	12/31/2019
Europe zone	**193,607**	**187,117**
France	149,122	141,445
Germany	21,088	20,406
Others countries	23,397	25,266
Rest of World	**12,952**	**13,095**
United States	4,750	4,687
Others countries	8,202	8,408
TOTAL RWAS	**206,559**	**200,212**

Excluding counterparty credit risk and securitization exposure in the banking book.

CHART 7: RISK-WEIGHTED ASSETS (RWAS) BY GEOGRAPHIC AREA *(percentage)*

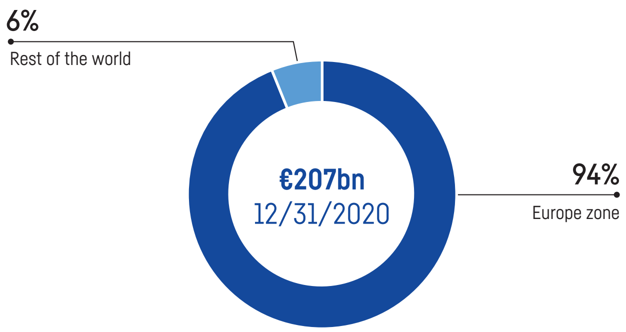
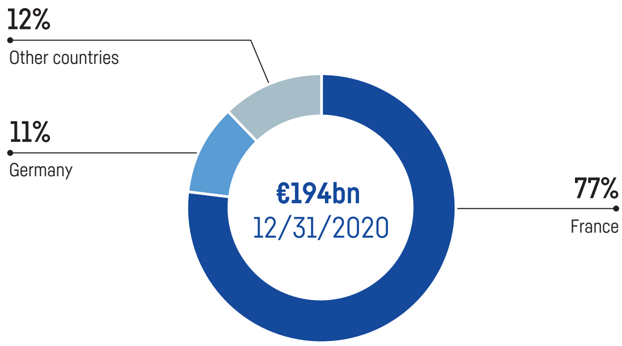


CHART 8: RISK-WEIGHTED ASSETS (RWA) BY GEOGRAPHIC AREA – EUROPE *(percentage)*



Leverage ratio

TABLE 7: LEVERAGE RATIOS

PHASED-IN LEVERAGE RATIO[1]

	12/31/2020		
(in € millions)	With COVID-19 transitional measures[2]	Without COVID-19 transitional measures	12/31/2019
Tier 1 capital	42,151	42,151	39,739
TOTAL LEVERAGE EXPOSURE (TOTAL EXPOSURE MEASURE)	**603,022**	**683,918**	**611,219**
Leverage ratio	7.0%	6.2%	6.5%

(1) With application of transitional measures.

(2) Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 500 ter of the CCR. "Quick Fix" measure applicable until June 27, 2021.

FULLY LOADED LEVERAGE RATIO(1)

	12/31/2020		
(in € millions)	With COVID-19 transitional measures[2]	Without COVID-19 transitional measures	12/31/2019
Tier 1 capital	41,718	41,718	39,090
TOTAL LEVERAGE EXPOSURE (TOTAL EXPOSURE MEASURE)	**603,022**	**683,918**	**611,219**
Leverage ratio	6.9%	6.1%	6.4%

(1) Without transitional measures.

(2) Includes the periodic exclusion of Central Bank exposure in light of the COVID-19 pandemic, in accordance with Article 500 ter of the CCR. "Quick Fix" measure applicable until June 27, 2021.

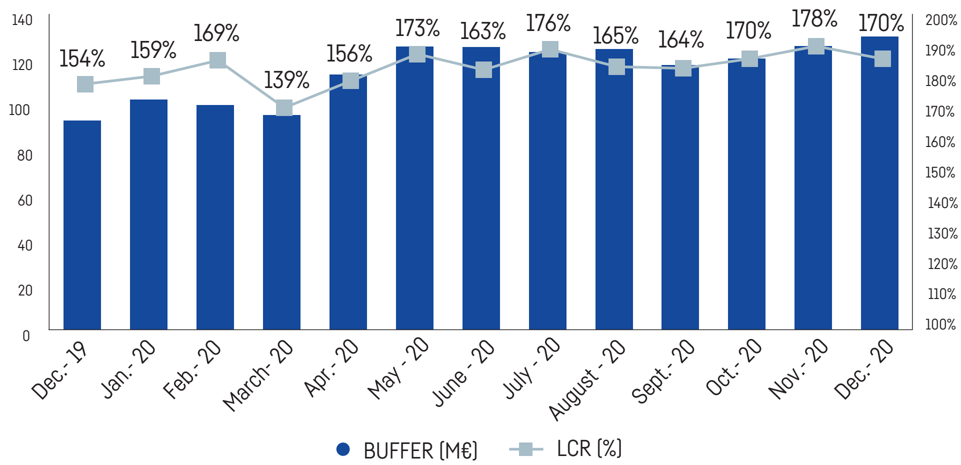
5.1.2 Liquidity

TABLE 8: LIQUIDITY COVERAGE RATIO (LCR)

Annual and average LCR *(in € millions)*	Annual LCR (end of month)		Average ratio at end of half-year (over 12 sliding months)[2]			
	12/31/2020	12/31/2019	06/30/2020	12/31/2020	06/30/2019	12/31/2019
Liquidity buffer (after weighting)	**129,890**	**92,792**	**99,110**	**116,765**	**82,131**	**85,906**
o/w Central Bank exposures and collections	*103,131*	*67,344*	*72,763*	*89,171*	*60,129*	*61,450*
o/w other HQLA[1]	*26,759*	*25,448*	*26,346*	*27,594*	*22,002*	*24,456*
Net cash outflows	76,305	60,358	64,287	70,735	60,277	60,172
Liquidity Coverage Ratio - LCR	170.2%	153.7%	154.2%	165.1%	136.3%	142.8%

(1) High Quality Liquid Assets.
(2) Number of data points used in the calculation of averages: 12.

CHART 9: CHANGE IN LCR AND LIQUIDITY BUFFER IN 2020



5.2 RISK FACTORS

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 the 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 numerous risks relating to its activities of retail banking, insurance, corporate banking and capital markets, private banking and private equity. Given the specific nature of the group's organization, the risks shown below are those identified, to date, as being important and specific to Crédit Mutuel Alliance Fédérale (and therefore Banque Fédérative du Crédit Mutuel) and which could have a major adverse effect on its activity, its financial position and/or its results and outlook.

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. This mapping is based on a qualitative scale to assess the probability of occurrence of risks and their potential impacts. It takes into account both the Group's balance sheet structure (exposure by type of risk, associated RWA, etc.) and its revenue structure.

Below are the main factors that can significantly influence the main risks of the group. Major risks are formalized first within each category.

The COVID-19 pandemic and its spread worldwide caused a shock to the world economy and a marked slowdown in activity. Generally speaking, this health crisis has accentuated the potential impact of the various risk factors on the financial position of Crédit Mutuel Alliance Fédérale. Details of these impacts are specified for each relevant risk factor.

5.2.1 Risks related to the group's banking and insurance activities

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 €789 billion on December 31, 2020, and mobilized about 90% of the group's Pillar 1 capital requirements pursuant to the Basel III regulations.

Bank and government support measures have had the effect of numbing conventional credit risk indicators. For example, corporate defaults fell sharply in France in 2020, even though the pandemic brought certain industries to a halt (hotels and restaurants) or led to unprecedented declines in other industries with a massive recourse to borrowing (over €19 billion structured under State-guaranteed loans) throughout the course of the year. 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 impact on the group's credit risk exposures.

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 current crisis is generating massive recourse to debt to cope with sharp drops in activity and cash inflows observed 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. At December 31, 2020, Crédit Mutuel Alliance Fédérale's non-performing loans' ratio was 2.91% and the cost of risk was €2,377 million (as a fraction of gross outstanding loans, the cost of customer risk was 0.468%), the figure for 2020 being more than double (x2.2) the figure recorded for 2019. This amount partly contains 57% of provisions (€1.4 billion) of a forward-looking nature that could prove insufficient if the consequences of the crisis prove to be more serious than anticipated at the time they were created (end-2020). During 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.** Under the standard method, the change in credit quality has little impact on the calculation of weighted risks and therefore on the solvency ratio. But if the credit portfolios have been authorized by the supervisor to use internal models to calculate weighted risks, any deterioration of the affected portfolios increases the denominator of the solvency ratio. Within Crédit Mutuel Alliance Fédérale, 64% of total exposure to credit risk is subject to internal rating[1] 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 increases this risk in view of the increased indebtedness of economic agents and the decline in their financial income, which is particularly high in certain sectors of activity (such as air transport, leisure activities or hotels and restaurants, sectors where the group is exposed (see Pillar 3 – Table 31 "Travel & leisure" sector).

(1) According to the level of estimated risk associated with a counterparty, an internal rating is assigned to it, which will influence the capital requirements for credit risk.

c. Due to the size of its portfolio of real estate loans (50% of customer loans or around €208 billion at December 31, 2020), mainly in France, the **group is exposed to a potential 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, a rise in unemployment rate, etc.). 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 significantly affected for a considerable period of time by a decline in the real estate market. Following the 2008 crisis, the cost of risk on the network's portfolio of real estate loans reached 0.10% of balance-sheet commitments during two years (2009 and 2010). It reached 0.01% of home loans on the balance sheet in 2020, down from 2019 (0.02%).

d. Crédit Mutuel Alliance Fédérale has unitary exposure that is relatively high to certain Sovereign States, 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, the group is principally exposed to France, mainly the Banque de France – member of the euro system – and to the Caisse des Dépôts et Consignations (equivalent to French sovereign risk, due to the mechanism for centralizing deposits from regulated savings). Other than Sovereign States, on December 31, 2020, single exposures, on- and off-balance sheet, exceeding €300 million (representing about 10% of the net profit/loss to banks and companies represented respectively €6.3 billion for ten counterparties and €40.4 billion for 64 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 activities

Due to its banking and insurance business, which results from its majority holding of nearly 80% 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.

The two main risk factors specific to its insurance activities are market risk and underwriting risk.

a. Market risk related to insurance activities: 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 contact 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.

At December 31, 2020, market risks accounted for 55% of GACM's SCR. At December 31, 2020, the structure of the investment portfolio (€101.9 billion excluding unit-linked investments) is divided as follows: 76.6% interest rate products, 12.3% equity and equity-like instruments, and 5.8% real estate (the remaining 5.3% is placed in money-market instruments). It should be noted that in 2020, the decrease in rates observed compared to 2019 and the decline in the equity markets linked to the COVID-19 pandemic had a negative impact on GACM's financial results.

b. Underwriting risk: underwriting risk concerns GACM's personal protection insurance, loan insurance, savings, retirement, non-life and health insurance activities.

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.

At December 31, 2020, the underwriting risks accounted for 37% of GACM's SCR, of which 13% is connected to life underwriting risk, 14% to health underwriting risk and 10% to non-life underwriting risk. It should be noted that in 2020, the COVID-19 pandemic led to more claims due to the increase in the number of deaths and medical leave, which had a negative impact on the technical results of GACM.

5.2.2 Financial 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 macroeconomic environment, particularly those affected by the current or anticipated economic environment, and those related to changes in market conditions, in particular those affecting revenues and the level of market prices.

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.

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 165.2% over 2020 which represents an excess of €46.1 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. Crédit Mutuel Alliance Fédérale's liquidity reserve totals €189.1 billion as of December 31, 2020.

The loans/deposits accounting ratio or commitment ratio complements the set of liquidity indicators. Subject to the regulatory treatment (leak rate in particular) of deposits counted in the calculation of the LCR, the improvement in this ratio contributes positively to the LCR. The loans/deposits ratio shows a level of 102.6% at December 31, 2020.

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. The ratings assigned to it are based primarily on a review, within the scope of Crédit Mutuel Alliance Fédérale, of the governance, strategy, quality and diversity of the revenue sources, the capital adequacy, the quality and structure of the balance sheet, the risk management and risk appetite. BFCM's long-term (Senior Preferred) ratings as of December 31, 2020 werethe following:

- AA- / negative outlook from Fitch;
- Aa3 / stable outlook from Moody's;
- A / negative outlook from Standard & Poor's (this last agency rates the Crédit Mutuel group and its principal issuers).

A decrease in these credit ratings could have an impact on the refinancing of Crédit Mutuel Alliance Fédérale. It 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.

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 accounts) 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 have an impact on Crédit Mutuel Alliance Fédérale's long-term interest rate levels and are likely to 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 a decrease in short-term interest rates with a NPV of -4.17% relative to Common Equity Tier 1 capital as of December 31, 2020. 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 sustained fall in short and long rates). The "sustained fall in short and long rates" scenario is the most unfavorable scenario for Crédit Mutuel Alliance Fédérale, with a two-year impact on GDP of -6.21%, or -€778 million at December 31, 2020.

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. The consequence 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. In addition, 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 exit from 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 in interest rates 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.**

   Adjustments to 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 activities is described in risk factor 5.2.1.2 connected to insurance activities 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.

a. **A worsening of economic prospects would negatively affect the financial 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.** 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 €555 million, which represents 1.1% of Crédit Mutuel Alliance Fédérale's overall regulatory capital (€49 billion). As of December 31, 2020, this amount had been used up to the amount of €378 million.

2020 was marked by an unprecedented financial crisis, which severely affected asset valuations. The debt and equity markets fell sharply at the end of February. This led CIC Marchés to post a decline in IFRS NBI at June 30, 2020. Since then, the markets have bounced back with a recovery in equity indexes and a tightening of credit spreads. CIC Marchés ended the year with an IFRS NBI of €299 million and a pre-tax income of €92 million (€312 million and €104 million in 2019, 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 5.2 on 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 the occurrence of this risk is almost certain but the effective implementation will gradually occur between 2022 and 2028. 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% for all establishments 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 €93 billion of balance-sheet and off-balance-sheet exposure on December 31, 2020.

b. **From 2023, 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. 64% 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. The application of the output floor will be done gradually between 2023 (50%) and 2028 (72.5%) and will adversely impact the solvency ratio.

c. As indicated in the section on credit risks, the group's exposure to real estate risks is significant. **They will also be unfavorably affected by the regulations when the new standard method applies in 2023.** 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.* €158 billion at December 31, 2020 – is 35% (and around 12% 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. **The aim of the Targeted Review of Internal Models** or TRIM carried out by the European Central Bank (ECB) with European banking institutions **may result in a decline of the level of ratios**, because of additional requirements on the RWAs or additional prudential margins on Basel parameters (PD, LGD, CCF).

e. The transposition into national law at the end of 2020 of the European BRRD 2 Directive (Bank Recovery and Resolution Directive) adopted in December 2018 by the Council of the EU and the Parliament resulted in new measures and obligations for banks' resolution mechanism. **Adjustments scheduled for 2021** (publication expected of a new MREL Policy (Minimum Requirement for own funds and Eligible Liabilities) **could increase the number of entities subject to the policy** (on an individual basis) requiring Crédit Mutuel Alliance Fédérale subsidiaries to comply with an internal MREL. The Crédit Mutuel group's MREL requirements also, *de facto*, constrains the structure of Crédit Mutuel Alliance Fédérale's debt and will require it to instead fund through the subordinated debt markets, impacting the cost, strategy and potentially Crédit Mutuel Alliance Fédérale's financing capacity.

5.2.3.2 Governance-related risks

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 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 EU Regulation 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 EU Regulation 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 2020, €1.6 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 14 (representing €1.6 billion of capital allocated for proven loss of €116 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 proven loss in 2020 were (i) fraud (ii) errors (iii) employment and workplace safety practices (related to the COVID-19 crisis) and (iv) policy towards customers, products and commercial practices.

Fraud represented 38% of the group's proven loss in 2020 (of which 32% for external fraud) and 43% 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 0.82% of the group's net banking income in 2020.

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.

The COVID-19 pandemic and the prolonged containment of the population decided by the government led to the restriction of access for both customers and employees to the group's sales outlets and central services, which had a *de facto* impact on the conditions under which the activity is carried out. As the risk of a new wave of the pandemic cannot be ruled out, new constraints on demand and the continuation of activities could affect Crédit Mutuel Alliance Fédérale.

As an indication, the COVID-19 pandemic resulted in claims estimated at around €19 million.

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 according to the carbon taxonomy of financing.

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. The monitoring of exposures eligible for sectoral policies thus 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. At December 31, 2020, €39.5 billion in outstandings were eligible for sectoral policies (compared to €38.6 billion at December 31, 2019).

5.3 RISK MANAGEMENT (EU OVA)

5.3.1 Risk profile

Crédit Mutuel Alliance Fédérale is a cooperative 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, 2020. As of December 31, 2019 only the Crédit Mutuel group is listed by the ACPR among the Other Systemically Important Institutions (O-SII)[2], 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 (89% at December 31, 2020) in its total capital requirements and the predominance 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).

True to its cooperative model, Crédit Mutuel Alliance Fédérale strives to maintain and strengthen its financial stability from which its derives its soundness and durability. Regular allocations to reserves also shore up its financial health. Its Common Equity Tier 1 (CET1) solvency ratio of 17.8%, applying transitional measures, positions it among the safest of European banks.

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 cooperative 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;
- 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).

(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.

5.3.3 Risk management

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, domotics, 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 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

- Collect and process the risk data concerning all of the banking and non-banking 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.
- Identify and analyze emerging risks in respect of the structural or economic contexts of the activities, 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

- Assess the risks, as well as the 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.
- Set up a system to measure risks and track indicators for each category of risks (credit, liquidity, interest rate, market, solvency, operational, non-compliance, insurance, etc.), in line with the risk appetite of Crédit Mutuel Alliance Fédérale.
- Establish a detection system involving early warning (alert threshold) 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.
- Produce, in coordination with the risk department of CNCM, a risk map assessing the materiality of each group risk, covering the relevant scope.

Monitor

- Track the activities involving risk-taking and risk exposures, in respect of the risk appetite, the risk limits defined, and the ensuing capital and liquidity requirements.
- Monitor any breaches of limits and ensure they are managed in accordance with applicable measures and procedures.
- Ensure that identified risks are effectively monitored, measured and controlled by the operational units and that the risk mitigation measures are properly implemented.

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 (Group Risk Committee) and supervisory (Risk Monitoring Committee) bodies.
- Prepare support material, notes and analyses of major or emerging risks for executive and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors.
- Notify the executive 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 and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors in the event of any malfunctions detected within the framework of its risk monitoring mission, in particular the exceeding of alert thresholds and limits.
- Advise the executive and supervisory bodies, in particular Executive Management, the Risk Committee and the Board of Directors, on the measures that could be taken to reduce risks, in line with the group's risk appetite and strategy.
- Take action as often as necessary to guide decisions that may generate significant risks, or even call into question decisions 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 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 indicators and risk limits.
- Steer, in coordination with the risk department of CNCM, the annual measures involved in the Supervisory Review and Evaluation Process (SREP) conducted by the ECB, including the risk appetite framework, the ICAAP and the ILAAP.
- Coordinate the network of risk officers in charge of the measurement, monitoring and management of risks within the different entities and structures of Crédit Mutuel Alliance Fédérale, in order to disseminate the "risk" culture and risk appetite of Crédit Mutuel Alliance Fédérale.
- 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).

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 and supervisory interviews, 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, and concerning the group's positioning in relation to its main competitors' ranking, changes in strategy and results;
- handling relations with financial and non-financial rating agencies;
- defining and implementing the policy of Crédit Mutuel Alliance Fédérale in terms of social and cooperative responsibility (SCR), in particular concerning sector policies.

5.3.3.1.2 Oversight of internal control processes

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 director of risk, 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 six times in 2020 (January 10, April 9, April 30, June 24, September 23 and November 17). These meetings were the subject of minutes 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 and risks related to the group's specialized business lines (insurance, consumer credit, private banking, factoring, etc.).

The GRC met four times in 2020 (March 20, June 17, September 17 and December 18). These sessions were supplemented with weekly updates on the risks from March to May and then monthly updates from June given the context of the COVID-19 crisis.

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. It describes in particular the system for granting loans. It contains attachments relating to capital markets as well as to 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 management 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.

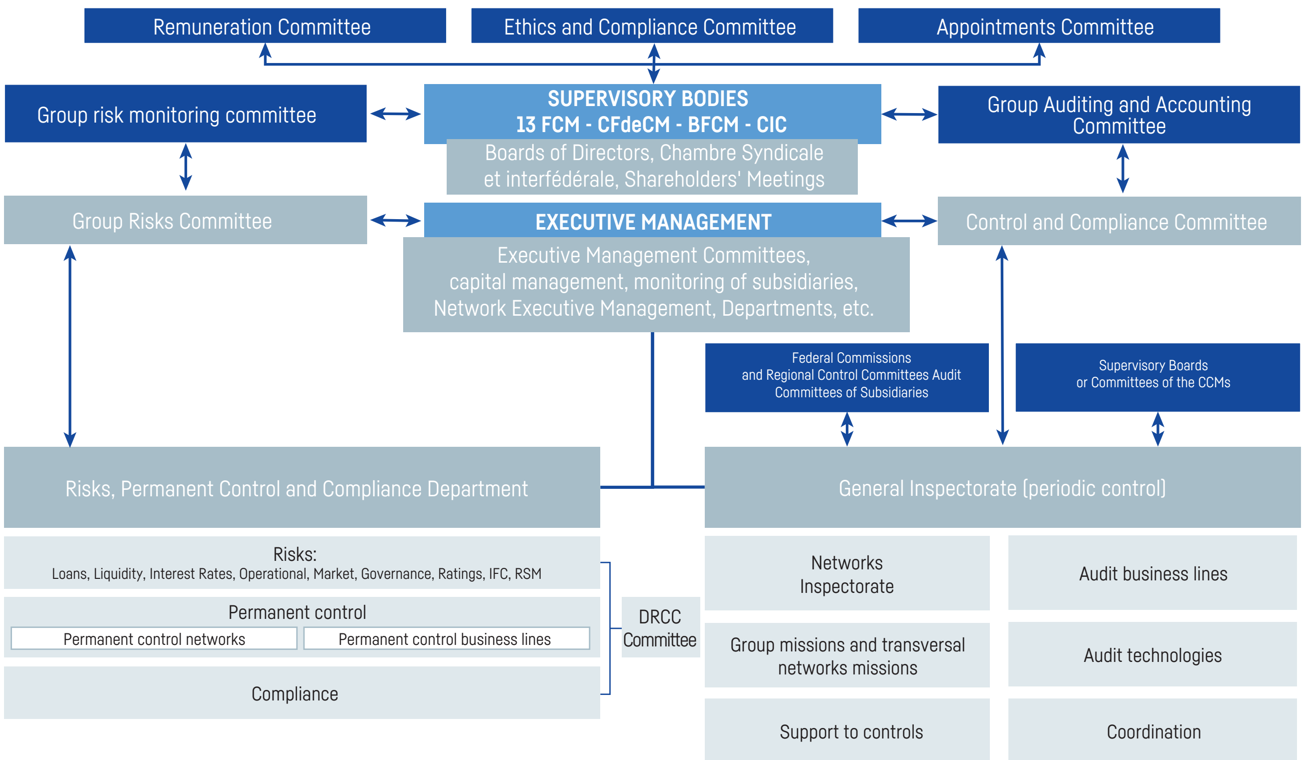
In this context, it has various regulatory tools used to identify, monitor, control and report on risks: in particular, risk mapping, the risk appetite framework and the system for monitoring alert thresholds and associated limits, the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), as well as the preventive recovery plan.

5.3.4 Internal control system

5.3.4.1 General framework

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

As the basis of sound management of banking activities, the principles and methods applicable in the area of internal control and risk measurement are governed by numerous French and European legislative and regulatory provisions, supplemented by a number of international 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. 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, the group issues an annual report in the format recommended by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority), on internal control and on risk measurement and oversight, in light of which a detailed review of control processes is carried out.

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 operations 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;
- 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, the system comprises 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 periodic control by the former. The consistency of the overall system is ensured by a Control and Compliance Committee chaired by a Group Executive Manager. This committee reports to the Group Auditing and Accounting Committee, which represents the group's supervisory bodies.

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 operational activities, controls are performed by:

- periodic control staff, for in-depth, 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 activities 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;
- validating the annual internal control report (AICR) and its half-yearly implementation before its presentation to the group Auditing and Accounting Committee (GAAC);
- 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 2020 (March 6, June 16, September 30 and December 1).

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 cooperative 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 company 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 principles and methods 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 2020.

The Group Auditing and Accounting Committee met four times in 2020 (February 17, April 27, July 29 and September 21) and twice with a more limited number of members (March 31 and December 4). These meetings were the subject of minutes intended for the deliberative bodies of the different federations.

It examined the annual financial statements for the year ended December 31, 2020 in its meeting of February 12, 2021 and had no particular observations to make.

Remuneration 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 Remuneration Committee, the scope of which extends to all its subsidiaries. It gives its opinions on the proposals made by the Board of Directors 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 Remuneration Committee reports regularly on it 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

These are aimed at providing a mapping of network risks, by consolidating all types of assignments based on a common catalog of points of control. They are regularly updated. Access to the information necessary for carrying out the controls is provided by the IT system.

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 on the network 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 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 also 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

They are distributed over the intranet and are permanently accessible *via* search engines to all employees. The control applications refer to them and links have been created to facilitate consultation and use. "Framework procedures" have been established at group level (central control functions) in a number of areas, in particular compliance and periodic control, as well as permanent control of the networks, governed by the central function of Crédit Mutuel Alliance Fédérale.

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 15 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;
- overheads (personnel costs 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.

Individual company 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 programed 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

Pursuant to EU Regulation 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 (FCT). 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 at December 31, 2020 are given in the tables below.

TABLE 9: DIFFERENCES BETWEEN THE ACCOUNTING AND REGULATORY CONSOLIDATIONS AND CORRESPONDENCE BETWEEN THE FINANCIAL STATEMENTS AND REGULATORY RISK CATEGORIES (EU LI1)

			Carrying amounts of items				
(in € millions)	Carrying amounts as per the published financial statements	Carrying amounts under the regulatory scope of consolidation	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
Assets							
Cash, central banks – Assets	99,575	99,575	99,575	-	-	-	-
Financial assets at fair value through profit or loss	27,804	30,047	5,224	13,540	-	24,807	-
Hedging derivatives – Assets	1,988	1,988	-	1,988	-	-	-
Financial assets at fair value through other comprehensive income	33,694	33,686	27,585	-	6,101	-	-
Securities at amortized cost	2,996	2,996	2,496	-	-	-	500
Loans and receivables to credit institutions and similar at amortized cost	56,278	55,596	48,625	6,959	-	-	12
Loans and receivables due from customers at amortized cost	419,413	420,916	419,789	1,048	-	-	79
Revaluation adjustment on interest-rate-hedged portfolios	2,453	2,453	-	-	-	-	2,453
Short-term investments in the insurance business line and reinsurers' share of technical provisions	131,056	-	-	-	-	-	-
Current tax assets	1,444	1,205	1,205	-	-	-	-
Deferred tax assets	1,804	1,280	1,256	-	-	-	24
Accruals and other assets	8,091	7,965	7,965	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-	-
Deferred profit-sharing	-	-	-	-	-	-	-
Investment in associates	637	9,262	9,262	-	-	-	-
Investment property	82	82	82	-	-	-	-
Property, plant and equipment and finance leases	3,897	3,611	3,611	-	-	-	-
Intangible assets	730	620	-	-	-	-	620
Goodwill	4,036	3,927	-	-	-	-	3,927
TOTAL ASSETS	**795,978**	**675,209**	**626,676**	**23,534**	**6,101**	**24,807**	**7,613**

(1) Financial assets may contain counterparty and market risks. This concerns derivatives and repurchase agreements.

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(in € millions)	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
Liabilities							
Central banks – Liabilities	575	575	-	-	-	-	575
Financial liabilities at fair value through profit or loss	15,263	17,462	-	16,353	-	17,444	-
Hedging derivatives – Liabilities	2,084	2,084	-	2,084	-	-	-
Liabilities to credit institutions	40,294	40,318	-	4,531	-	-	35,787
Due to customers	408,901	409,704	-	565	-	-	409,140
Debt securities	127,004	133,785	-	-	-	-	133,785
Revaluation adjustment on interest-rate-hedged portfolios	27	27	-	-	-	-	27
Current tax liabilities	668	577	-	-	-	-	577
Deferred tax liabilities	1,252	460	452	-	-	-	9
Accruals and other liabilities	12,760	12,493	-	-	-	-	12,493
Liabilities on assets held for sale	-	-	-	-	-	-	-
Technical provisions	118,498	-	-	-	-	-	-
Liabilities to credit institutions – JV	7,103	-	-	-	-	-	-
Debt securities – JV	-	-	-	-	-	-	-
Trading derivatives	-	-	-	-	-	-	-
Liabilities to cred. inst.	132	-	-	-	-	-	-
Hedging derivatives – Liabilities	-	-	-	-	-	-	-
Other liabilities	428	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Subordinated debt issued by insurance cos.	300	-	-	-	-	-	-
Provisions for risks and expenses	3,808	2,965	-	-	-	-	2,965
Subordinated debt issued by bank	7,304	7,304	-	-	-	-	7,304
Total shareholders' equity	49,576	47,455	-	-	-	-	47,455
Shareholders' equity attributable to the group	46,461	46,461	-	-	-	-	46,461
Share capital and related pay-ins	6,773	6,773	-	-	-	-	6,773
Consolidated reserves – Group	36,463	36,463	-	-	-	-	36,463
Unrealized gains and (losses) recognized directly in equity – Group	935	935	-	-	-	-	935
Net profit/(loss) – Group	2,289	2,289	-	-	-	-	2,289
Shareholders' equity – Non-controlling interests	3,115	994	-	-	-	-	994
TOTAL LIABILITIES	**795,978**	**675,209**	**452**	**23,533**	**-**	**17,444**	**650,115**

(1) Financial assets may contain counterparty and market risks. This concerns derivatives and repurchase agreements.

TABLE 10: MAIN SOURCES OF DIFFERENCES BETWEEN CARRYING AND REGULATORY AMOUNTS OF EXPOSURE (EU LI2)

			Items subject to:			
	(in € millions)	**Total items involved**	**credit risk framework**	**counterparty risk framework[1]**	**securitization provision**	**market risk framework**
1	**Carrying amount of assets in the regulatory consolidation (as per Table LI1)**	**680,967**	**626,525**	**23,534**	**6,101**	**24,807**
2		**32,990**	**452**	**15,094**	**-**	**17,444**
	Carrying amount of liabilities and equity in the regulatory consolidation (as per Table LI1)	-	-	-	-	-
3	**Net total in the regulatory consolidation**	**647,977**	**626,073**	**8,441**	**6,101**	**7,362**
4	**Off-balance-sheet commitments**	**146,011**	**145,997**	**-**	**14**	**-**
	OBO valuation diff.	**-102,430**	**-102,430**	**-**	**-**	**-**
5	Valuation diff.	2,701	-	2,701	-	-
6	Diff. due to differing rules for offsetting other than those already in line 2[2]	161	-	8,439	-	161
7	Diff. from the inclusion of provisions	5,898	5,898	-	-	-
8	Diff. due to prudential filters	-	-	-	-	-
9	Other	1,084	1,084	-	-	-
10	**Regulatory exposure amounts**	**701,402**	**676,622**	**11,142**	**6,115**	**7,523**

(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.

TABLE 11: DESCRIPTION OF THE SCOPE OF CONSOLIDATION DIFFERENCES (EU LI3)

		Accounting regulatory method				
Name of the entity/combination	**Accounting consolidation method**	**Full consolidation**	**Proportional consolidation**	**Not consolidated, not deducted[1]**	**Deducted**	**Description of entity**
Groupe des Assurances du Crédit Mutuel[2]	**Full consolidation[3]**	**-**	**-**	**X**	**-**	**Insurance companies**
Press[2]	**Full consolidation[4]**	**-**	**-**	**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
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
LYF SAS (formerly Fivory SAS)	Consolidation using the equity method	-	X	-	-	Logistics and holding company services

(1) Refers to entities exempt from the deduction from equity or benefiting from the Danish Compromise. They are included in the RWAs for calculating credit risk.
(2) Detail by entity appears in Appendix 1.
(3) Except ASTREE Assurances, which is equity-accounted.
(4) 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.

5.5 REGULATORY CAPITAL

5.5.1 Composition of regulatory capital (EU CC1)

Since January 1, 2014, regulatory capital has been determined in accordance with section 1 of EU Regulation 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 EU Regulation 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, at December 31, 2020, 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.

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.

As part of the "Quick fix" regulation, Crédit Mutuel Alliance Fédérale has implemented in an advanced manner the exemption from deduction on the net value of intangible assets on software amortized over three years provided for under CRR2.

Crédit Mutuel Alliance Fédérale did 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 2020.

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 12: RECONCILIATION OF REGULATORY OWN FUNDS TO BALANCE SHEET (EU CC2)

	(in € millions)	Accounting consolidation	Regulatory consolidation	Difference
	Shareholders' equity	**49,575**	**47,454**	**-**
1	**Shareholders' equity – attributable to the group – exc. OCI**	**45,525**	**45,525**	**-**
	Subscribed capital and issue premiums	6,773	6,773	-
	Consolidated reserves – Group	36,463	36,463	-
	Consolidated earnings – Group	2,289	2,289	-
2	**Shareholders' equity – non-controlling interests – exc. OCI**	**2,762**	**985**	**-**
	Consolidated reserves – Non-controlling interests	2,456	785	1,671
	Consolidated net income – Non-controlling interests	306	200	106
3	**Unrealized gains or losses – attributable to the group**	**935**	**935**	**-**
	o/w capital instruments	660	660	-
	o/w debt instruments	769	769	-
	o/w cash flow hedges	-	-	-
	Unrealized gains or losses – non-controlling interests	**353**	**9**	**344**
	Other balance sheet items	**-**	**-**	**-**
4	Intangible assets (a)	730	620	110
	Goodwill (inc. In the value of equity-accounted investments)	4,092	4,078	14
5	Deferred tax	-	-	-
	Assets	1,804	1,280	524
	o/w DTA from tax loss	*24*	*24*	-
	Liabilities	1,252	460	792
	o/w DTL from intangible assets (b)	-	-	-
6	Subordinated debt	7,604	7,304	300

	(in € millions)	CET1	AT1	T2
	Own funds	**41,676**	**474**	**6,566**
1	**Own funds – attributable to the group**	**46,804**	**-**	**-**
	Called-up capital paid in and issue premiums*	6,767	-	-
	Prior year earnings not distributed	37,806	-	-
	Profit or loss (attributable to the group)	2,289	-	-
	(-) Share of interim profits or ineligible closing date profits	-58	-	-
2	**Own funds – non-controlling interests**	**218**	**41**	**55**
	Eligible non-controlling interests*	218	41	55
3	**Unrealized gains or losses – attributable to the group**	**-408**		
	*o/w capital instruments**	*83*	-	-
	*o/w debt instruments**	*-47*	-	-
	o/w cash flow hedges	-	-	-
	Other balance sheet items put into the calculation of Own funds	**-4,938**	**433**	**6,511**
4	(-) Gross amount of other intangible assets, Inc. DTL on intangible assets (a)-(b)	-620	-	-
	(-) Goodwill on intangible assets	-4,078	-	-
5	(-) DTA dependent on future profits and not arising from temporary differences net of related tax liabilities	-15	-	-
6	Subordinated debt*	-	433	6,834
	Deductions and prudential filters *(details on following page)*	-224	-	-323

Asterisks (*) indicate the existence of transitional clauses.

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Differences from the regulatory balance sheet numbered below can be explained as follows:

1. the difference reflects the treatment required by the notice of the General Secretariat of the ACPR concerning capital gains and losses on the books of companies accounted by the equity method (see Point 3);
2. non-controlling interests are subject to a special calculation under the CRR;
3. the difference reflects the treatment required by the notice of the General Secretariat of the ACPR concerning capital gains and losses on the books of companies accounted by the equity method (see Point 1);
4. intangible assets deducted from equity includes the related deferred tax liabilities;
5. deferred tax assets and liabilities are subject to special treatment under European regulations;
6. subordinated debt held in equity differs from the accounting statements due to items considered ineligible by the CRR regulation and the calculation of a regulatory discount over the past five years for fixed-term debts.

(in € millions)	CET1	AT1	T2
Detail on deductions and prudential filters	**-224**	**-**	**-323**
(-) Securitization positions that can, optionally, be weighted at 1,250%	-12	-	-
(-) Instruments of relevant entities in which the institution does not have a material investment*	-	-	-
(-) Instruments of relevant entities in which the institution has a material investment*	-	-	-500
Excess deductions by level of capital	-	-	-
Using the IRB approach, the negative difference between provisions and expected losses	-259	-	-
Using the IRB approach, the positive difference between provisions and expected losses	-		610
Credit risk adjustments – Standard approach	-	-	-
Prudential filter: Reserve for cash flow hedges	-	-	-
Prudential filter: Value adjustments due to requirements for conservative valuation	-65	-	-
Prudential filter: Gains or losses in the JV resulting from own credit risk on derivative liability instruments	-2	-	-
Other	113	-	-433

The principal characteristics of capital instruments in the format of Appendix II to EU implementing Regulation No. 1423/2013 of December 20, 2013 are presented in Appendix 2.

Likewise, detailed information on capital in the format of Appendix VI to EU implementing Regulation No. 1423/2013 of December 20, 2013 are presented in Appendix 3.

5.5.2 Capital requirements

TABLE 13: OVERVIEW OF RISK-WEIGHTED ASSETS (EU OV1)

		RWAs (Risk-weighted assets)		Minimum capital requirements
(in € millions)		12/31/2020	12/31/2019	12/31/2020
-	**Credit risk (excl. counterparty risk – CCR)**	**201,319**	**195,224**	**16,106**
Article 438 (c)(d)	o/w standard approach	54,836	55,855	4,387
Article 438 (c)(d)	o/w basic internal ratings-based approach	13,419	12,775	1,073
Article 438 (c)(d)	o/w advanced internal ratings-based approach	91,525	86,804	7,322
Article 438 (d)	o/w shares in IRB approach	41,539	39,790	3,323
Article 107, Article 438 (c)(d)	**Counterparty risk**	**2,618**	**2,614**	**209**
Article 438 (c)(d)	o/w market value	1,958	1,877	157
Article 438 (c)(d)	o/w initial exposure	-	-	-
-	o/w standard approach applied to counterparty risk (SA – CCR)	-	-	-
-	o/w internal models method (IMM)	-	-	-
Article 438 (c)(d)	o/w amount of risk exposure for contributions to the default fund of an SPC	159	155	13
Article 438 (c)(d)	o/w CVA	501	582	40
Article 438 (e)	**Settlement risk**	**-**	**1**	**-**
Article 449 (o)(i)	**Securitization exposure in the banking book**	**1,272**	**953**	**102**
-	o/w internal ratings-based approach (IR)	-	410	-
-	o/w supervisory formula method	-	-	-
-	o/w internal valuation approach	-	-	-
-	o/w standard approach (SA)	1,272	543	102
Article 438 (e)	**Market risk**	**3,400**	**2,784**	**272**
-	o/w standard approach (SA)	3,400	2,784	272
-	o/w approach based on the internal models method (IMM)	-	-	-
Article 438 (e)	**Major risks**	**-**	**-**	**-**
Article 438 (f)	**Operational risk**	**19,975**	**19,149**	**1,598**
-	o/w base indicator approach	1,763	1,654	141
-	o/w standard approach	732	706	59
-	o/w advanced measurement approach	17,481	16,789	1,398
Article 437 (2), Article 48 and Article 60	**Amounts less than deduction thresholds (with risk weighting of 250%)**	**5,240**	**4,989**	**419**
Article 500	**Floor adjustment**	**-**	**-**	**-**
	TOTAL	**233,825**	**225,713**	**18,706**

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5.6 PRUDENTIAL METRICS

5.6.1 Solvency ratio (EU CC1)

The group's solvency ratios at December 31, 2020, after consolidation of net profit/(loss) after estimated dividend distribution, are presented in the following table.

TABLE 14: SOLVENCY RATIOS

(in € millions)	12/31/2020	12/31/2019
Common equity Tier 1 (CET1) capital	**41,676**	**38,995**
Capital	6,767	6,470
Eligible reserves before adjustments	39,847	37,828
Deductions from Common Equity Tier 1 capital	-4,938	-5,303
Additional Tier 1 (AT1) capital	**474**	**744**
Tier 2 (T2) capital	**6,566**	**6,331**
TOTAL OWN FUNDS	**48,717**	**46,070**
Risk-weighted assets for credit risk	209,948	203,197
Risk-weighted assets for market risk	3,901	3,367
Risk-weighted assets for operational risk	19,975	19,149
TOTAL RISK-WEIGHTED ASSETS	**233,825**	**225,713**
Solvency ratios		
Common Equity T1 (CET1) ratio	17.8%	17.3%
Tier 1 ratio	18.0%	17.6%
Overall ratio	20.8%	20.4%
For information: Ratios without transitional clauses		
Common Equity T1 (CET1) ratio	*17.8%*	*17.3%*
Tier 1 ratio	17.8%	17.3%
Overall ratio	*20.8%*	*20.4%*

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 at December 31, 2020;
- 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 latest press release of December 29, 2020, the HCSF decided to maintain its countercyclical capital buffer rate at 0%.

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.

During the year, the following changes had been expected:

- from January 1, 2020, exposures in Luxembourg were to be subject to a countercyclical capital buffer of 0.25%;
- from July 1, 2020, exposures in Germany were to be subject to a countercyclical capital buffer of 0.25%;
- from July 1, 2020, exposures in Belgium were to be subject to a countercyclical capital buffer of 0.5%, requiring a recognition decision on the part of the HSCF.

(1) CRR: part 3/title 1/chapter 1/section 1/Article 92.

However, in the light of the COVID-19 crisis, the following decisions were taken:

- 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 is maintained throughout 2020;
- 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 is maintained throughout 2020;
- FPC, for exposures in the United Kingdom, fully eased the countercyclical capital buffer from March 24, 2020 this decision is maintained throughout the year 2020;
- 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 OSII (Other Systemically Important Institutions) buffer, which applies solely at the nationally consolidated level.

TABLE 15: AMOUNT OF COUNTERCYCLICAL CAPITAL BUFFER SPECIFIC TO THE INSTITUTION (EU CCY-B2)

(in € millions)		12/2020	12/2019
010	Total risk-weighted assets	233,825	225,713
020	Countercyclical buffer ratio specific to the institution	0.0084%	0.2036%
030	Required countercyclical buffer specific to the institution	20	460

TABLE 16: GEOGRAPHICAL BREAKDOWN OF RELEVANT CREDIT EXPOSURES FOR THE CALCULATION OF COUNTERCYCLICAL CAPITAL BUFFER (EU CCY-B1)

	12/2020											
	General credit exposures		Trading book exposures		Securitization exposures		Capital requirements					
(in € millions)	Amount exposed to risk using standard approach	Amount exposed to risk using IR approach	Sum of long and short positions in the trading book	Value of trading book exposures using internal models	Amount exposed to risk using standard approach	Amount exposed to risk using IR approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securitization exposures	Total	Weighting of capital requirements	Countercyclical buffer ratio
Luxembourg	2,972	1,956	-	-	-	10	288	-	1	288	1.78%	0.25%
Hong Kong	28	988	-	-	-	-	39	-	0	39	0.24%	1.00%
Czech republic	211	7	-	-	-	-	15	-	0	15	0.09%	0.50%
Norway	31	464	-	-	-	-	9	-	0	9	0.06%	1.00%
Slovakia	142	2	-	-	-	-	9	-	0	9	0.05%	1.00%
Bulgaria	9	1	-	-	-	-	1	-	0	1	0.00%	0.50%

	12/2019											
	General credit exposures		Trading book exposures		Securitization exposures		Capital requirements					
(in € millions)	Amount exposed to risk using standard approach	Amount exposed to risk using IR approach	Sum of long and short positions in the trading book	Value of trading book exposures using internal models	Amount exposed to risk using standard approach	Amount exposed to risk using IR approach	Of which: general credit exposures	Of which: trading book exposures	Of which: securitization exposures	Total	Weighting of capital requirements	Countercyclical buffer ratio
France	21,215	348,035	-	-	522	829	10,892	-	12	10,905	70.31%	0.25%
UK	760	2,825	-	-	27	334	185	-	6	191	1.22%	1.00%
Ireland	79	820	-	-	26	36	45	-	1	45	0.29%	1.00%
Hong Kong	15	821	-	-	-	84	31	-	-	31	0.20%	2.00%
Sweden	82	1,122	-	-	-	-	25	-	-	25	0.16%	2.50%
Czech republic	204	8	-	-	-	-	15	-	-	15	0.10%	1.50%
Norway	36	484	-	-	-	-	12	-	-	12	0.08%	2.50%
Denmark	78	151	-	-	-	-	11	-	-	11	0.07%	1.00%
Slovakia	115	2	-	-	-	-	8	-	-	8	0.05%	1.50%
Bulgaria	8	1	-	-	-	-	1	-	-	1	0.00%	0.50%
Lithuania	4	-	-	-	-	-	-	-	-	-	0.00%	1.00%
Iceland	1	-	-	-	-	-	-	-	-	-	0.00%	1.75%

5.6.2 Major risks

Banks must measure and limit their exposures to a single recipient, customer or group of customers.

Article 395 of EU Regulation 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.

Article 392 of EU Regulation 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 17: MAJOR RISKS

CORPORATES

Risk concentration	12/31/2020	12/31/2019
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	64	56
Total commitments *(in € millions)*, of which	40,362	37,369
Balance sheet total	14,756	14,340
Total off-balance-sheet guarantees and financing	25,606	23,029
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	205	202
Total commitments *(in € millions)*, of which	62,210	60,733
Balance sheet total	25,233	27,242
Total off-balance-sheet guarantees and financing	36,977	33,491

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale exc. FLOA (formerly Banque Casino).
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	12/31/2020	12/31/2019
COMMITMENTS IN EXCESS OF €300 MILLION		
Number of counterparty groups	10	8
Total commitments *(in € millions)*, of which	6,316	5,097
Balance sheet total	5,005	4,116
Total off-balance-sheet guarantees and financing	1,312	981
COMMITMENTS IN EXCESS OF €100 MILLION		
Number of counterparty groups	24	22
Total commitments *(in € millions)*, of which	8,351	7,455
Balance sheet total	6,545	5,956
Total off-balance-sheet guarantees and financing	1,807	1,499

Source: "Major Risks" declaration across Crédit Mutuel Alliance Fédérale exc. FLOA (formerly Banque Casino). 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 and intra-group exposures 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 (acronym for the 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:

$$\text{Conglomerate Ratio} = \frac{\text{Total capital of the conglomerate}}{\text{Banking requirements + Insurance requirements}}$$

At December 31, 2020, the group’s conglomerate had a capital requirement coverage ratio of 176% (174% in 2019) after inclusion of earnings net of estimated 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 10 largest exposures in the institutions and the 10 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 18: NON-DEDUCTIBLE HOLDINGS IN INSURANCE COMPANIES (EU INS1)

(in € millions)	12/2020	12/2019
Holdings of capital instruments of a financial sector entity where the institution has a significant investment not deducted from own funds (before risk-weighting)	8,611	8,073
TOTAL RWAS	**31,862**	**29,870**

TABLE 19: CAPITAL INSTRUMENTS ISSUED BY A FINANCIAL SECTOR ENTITY NOT DEDUCTED FROM OWN FUNDS (EU INS1)

(in € millions)	12/2020	12/2019
Holdings of capital instruments of a financial sector entity where the institution has a significant investment deducted from own funds	500	500

(1) Public administrations, central banks and intra-group exposures are not considered to be single “customer” recipients.

5.6.4 Leverage ratio

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 Crédit Mutuel Alliance Fédérale.

TABLE 20: LEVERAGE RATIO – JOINT STATEMENT (EU LR2-LRCOM)

MAIN COMPONENTS OF THE LEVERAGE RATIO

(in € millions)		Exposures at 12/31/2020	Exposures at 12/31/2019
BALANCE SHEET (EXCLUDING DERIVATIVES AND TEMPORARY SALES OF SECURITIES)			
1	Balance sheet items (excluding derivatives, temporary sales of securities, fiduciary assets, but including collateral)	652,407	574,525
2	(Assets deducted to determine Tier 1)	-259	-434
3	**Total balance sheet exposures (excl. derivatives, temporary sales of securities and fiduciary assets) – sum of lines 1 and 2**	**652,148**	**574,091**
DERIVATIVES			
4	Replacement cost for all derivatives (*i.e.* net of eligible margin calls received)	1,395	1,136
5	Adds-on for future potential exposures associated with derivatives (mark-to-market method)	2,699	2,973
7	(Deductions of cash margin calls paid as part of transactions in derivatives)	-2,881	-2,482
9	Effective notional amount adjusted for credit derivatives sold	4,781	8,474
10	(Adjusted effective notional offsets and deductions of add-ons for credit derivatives sold)	-3,017	-6,315
11	**Total exposures from derivatives – sum of lines 4 to 10**	**2,978**	**3,786**
EXPOSURES FROM TEMPORARY SALES OF SECURITIES			
12	Gross assets equal to temporary sales of securities (without offset) after adjusting for transactions accounted as sales	14,406	15,990
14	Exposures to counterparty credit risk from assets related to temporary sales of securities	2	13
16	**Total exposures from temporary sales of securities – sum of lines 12 to 15a**	**14,408**	**16,003**
OTHER OFF-BALANCE-SHEET EXPOSURES			
17	Off-balance-sheet exposures in gross notional amount	123,894	112,109
18	(Adjustments and equivalent credit risk amounts)	-79,443	-70,819
19	**Other off-balance-sheet exposures – sum of lines 17 to 18**	**44,451**	**41,289**
Exempt exposure under Articles 429.7 and 429.14 of the CRR (on- and off-balance sheet)			
EU-19a	(Exemption of intra-group exposures (individual basis) per Article 429.7 of the CRR (on- and off-balance sheet))	-	-
EU-19b	(Exemption of exposures under Article 429.14 of the CRR (on- and off-balance sheet)[1]	-110,962	-23,950
CAPITAL AND TOTAL EXPOSURE			
20	**Tier 1**	**42,151**	**39,739**
21	**Total exposures – sum of lines 3, 11, 16, 19, EU-19a and EU-19b**	**603,022**	**611,219**
LEVERAGE RATIO			
22	**Leverage ratio**	**7.0%**	**6.5%**
22a	**Leverage ratio (excluding the impact of temporary exclusions on central bank exposures)**	**6.2%**	**N/A**
TRANSITIONAL ARRANGEMENTS CHOSEN AND AMOUNTS OF DE-RECOGNIZED FIDUCIARY ITEMS			
EU-23	Transitional arrangements chosen to define the measurement of capital	YES	YES

(1) Starting January 1, 2019 the group is allowed to deduct from its leverage exposure the centralized savings in the Caisse des Dépôts et Consignations. For the year ending December 31, 2020, the Group is integrating the transitional measure on central bank exposures as part of the "Quick fix".

TABLE 21: SUMMARY OF RECONCILIATION BETWEEN ACCOUNTING ASSETS AND EXPOSURES FOR LEVERAGE RATIO PURPOSES (EU LR1-LRSUM)

RECONCILIATION OF ACCOUNTING ASSETS AND EXPOSURES USED FOR THE LEVERAGE RATIO

(in € millions)		Exposures at 12/31/2020	Exposures at 12/31/2018
1	**Consolidated assets in the reported financial statements**	**795,978**	**718,519**
2	Adjustments for entities in the accounting consolidation but outside the regulatory consolidation	-120,770	-116,416
3	(Adjustments for fiduciary assets recognized in the accounting balance sheet under the applicable accounting framework but left out of the leverage ratio calculation in accordance with article 429.13 of the CRR)	N/A Crédit Mutuel Alliance Fédérale	
4	Adjustments for derivatives	-1,917	-1,764
5	Adjustments for temporary sales of securities (SFTs)	529	-544
6	Adjustments for off-balance-sheet items (converted to credit equivalents)	44,451	41,289
EU-6a	(Adjustments for intra-group exposures left out of the leverage ratio calculation, in accordance with Article 429.7 of the CRR)	-	-
EU-6b	(Adjustments for exposures left out of the leverage ratio calculation, in accordance with Article 429.14 of the CRR) – CDC receivable and transient measure "Quick fix"	-110,962	-23,950
7	Other adjustments	-4,287	-5,915
8	**TOTAL LEVERAGE RATIO EXPOSURE**	**603,022**	**611,219**

TABLE 22: 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

(in € millions)		Exposures at 12/31/2020	Exposures at 12/31/2019
EU-1	**Total balance sheet exposures[1] of which:**	**538,564**	**548,093**
EU-2	**Trading book exposures**	**14,413**	**14,072**
EU-3	**Banking book exposures, of which:**	**524,151**	**534,021**
EU-4	Secured bonds	4,681	5,241
EU-5	Exposures treated as sovereigns	58,519	94,243
EU-6	Exposures from regional governments, multilateral development banks, international organizations and public sector entities not treated as sovereign	4,626	4,968
EU-7	Institutions	28,590	23,771
EU-8	Secured by real estate mortgages	172,092	159,829
EU-9	Retail exposures	136,000	127,043
EU-10	Corporate exposures	86,266	85,763
EU-11	Exposures in default	5,829	5,398
EU-12	Other exposures (equities, securitizations and other assets unrelated to credit exposures)	27,549	27,765

(1) Excluding derivatives, temporary sales of securities and exempt exposures.

5.7 CAPITAL ADEQUACY

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 framework, which can be understood as having the following stages:

- 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/20165/10, 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 banking

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 activities, 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 over 70% 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 risks, primarily by incorporating into the lending process an 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 EU Regulation 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 one 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 roll-out continued in 2020 for entities using the standardized method and should be completed in 2021.

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.

5.8.1.4 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, 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".

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 *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) has authorized the group to use its internal ratings system to calculate its regulatory capital requirements in respect of credit risk:

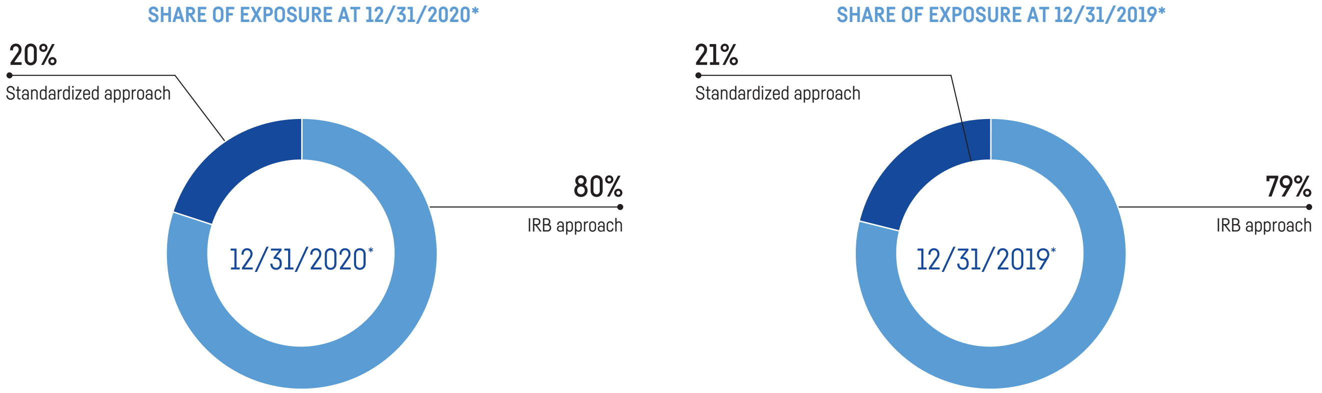
- using the advanced method, as from June 30, 2008, for the retail customer book;
- using the foundation method, as from December 31, 2008, for the banking book;
- using the advanced method, as from December 31, 2012, for the corporate and banking books;
- using the advanced method, as from March 31, 2018, for the real estate development book.

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% at December 31, 2020.

CHART 10: FRACTION OF GROSS EXPOSURES UNDER THE ADVANCED AND STANDARDIZED METHODS (EU CR6-A)



* Measure on the scope of Institutions, Corporate and Retail customers.

TABLE 23: TOTAL AND AVERAGE NET AMOUNT OF EXPOSURES (EU CRB-B)

(in € millions) at 12/31/2020	Net exposures at end of period	Average net exposures over the year
Governments and central banks	-	-
Institutions (banks)	35,015	36,388
Corporates	146,890	143,022
o/w: Specialized lending	11,061	10,638
o/w: SMEs	34,799	32,562
Retail customers	288,428	279,851
Exposures secured by real estate mortgages	151,753	147,863
o/w: SMEs	24,290	23,408
o/w: Non-SMEs	127,463	124,455
Revolving	18,756	18,481
Other – retail customers	117,919	113,507
o/w: SMEs	37,050	34,786
o/w: Non-SMEs	80,868	78,721
Equities	13,443	13,029
Other assets	5,482	5,361
Total IRB approach	**489,258**	**477,651**
Governments and central banks	123,212	108,673
Regional or local authorities	5,293	5,504
Public sector (public organizations excluding central governments)	33,374	32,318
Multilateral development banks	1,086	1,132
International organizations	1,057	1,140
Institutions (banks)	2,541	2,701
Corporates	33,960	34,245
o/w: SMEs	4,764	5,243
Retail customers	47,818	46,987
o/w: SMEs	8,187	8,413
Exposures secured by real estate mortgages	8,856	8,597
o/w: SMEs	519	2,011
Exposures in default	2,667	2,251
Exposures presenting an especially high risk	1,312	1,007
Covered bonds	-	6
Exposures from institutions and corporates given a short-term credit evaluation	-	-
Exposures in the form of UCIT shares or equities	59	58
Equity exposure	416	436
Other assets	1,474	1,606
Total standard approach	**263,125**	**246,663**
TOTAL	**752,383**	**724,314**

(in € millions) **at 12/31/2019**	**Net exposures at end of period**	**Average net exposures over the year**
Governments and central banks	-	-
Institutions (banks)	30,632	30,347
Corporates	130,213	128,051
o/w: Specialized lending	10,341	10,016
o/w: SMEs	28,525	27,741
Retail customers	262,848	257,232
Exposures secured by real estate mortgages	142,544	140,117
o/w: SMEs	22,131	21,501
o/w: Non-SMEs	120,413	118,616
Revolving	17,721	17,322
Other – retail customers	102,582	99,793
o/w: SMEs	29,257	28,688
o/w: Non-SMEs	73,325	71,105
Equities	13,265	13,159
Other assets	5,375	5,597
Total IRB approach	**442,333**	**434,385**
Governments and central banks	90,387	81,768
Regional or local authorities	5,658	5,822
Public sector (public organizations excluding central governments)	26,653	25,903
Multilateral development banks	670	684
International organizations	925	878
Institutions (banks)	1,721	1,679
Corporates	38,014	36,260
o/w: SMEs	4,904	4,554
Retail customers	47,288	45,989
o/w: SMEs	9,945	9,772
Exposures secured by real estate mortgages	6,811	7,311
o/w: SMEs	462	465
Exposures in default	1,998	1,889
Exposures presenting an especially high risk	924	606
Covered bonds	36	33
Exposures from institutions and corporates given a short-term credit evaluation	-	-
Exposures in the form of UCIT shares or equities	4	4
Equity exposure	412	468
Other assets	1,639	1,706
Total standard approach	**223,140**	**210,999**
TOTAL	**665,473**	**645,384**

TABLE 24: GEOGRAPHICAL DISTRIBUTION OF EXPOSURES (EU CRB-C)

(in € millions) at 12/31/2020	Net exposures												
	Europe zone	France	Germany	Belgium	Spain	Luxembourg	Netherlands	UK	Other	Rest of World	United States	Canada	Other	Total
Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	32,495	25,866	1,289	205	146	43	618	789	3,539	2,520	453	976	1,091	35,015
Corporates	134,042	117,529	4,179	1,712	640	2,565	2,143	2,504	2,771	12,848	6,080	184	6,584	146,890
Retail customers	287,250	284,830	203	301	108	186	42	387	1,194	1,178	259	75	844	288,428
Equities	12,445	12,324	3	23	22	66	0	1	7	998	173	0	825	13,443
Other assets	5,397	5,391	4	0	0	0	0	2	0	85	62	0	24	5,482
Total IRB approach	**471,629**	**445,940**	**5,678**	**2,241**	**915**	**2,859**	**2,802**	**3,683**	**7,511**	**17,630**	**7,027**	**1,235**	**9,368**	**489,258**
Governments and central banks	116,163	101,950	6,396	828	1,418	1,444	175	1	3,951	7,049	3,520	195	3,333	123,212
Regional or local authorities	5,242	4,863	376	0	1	1	0	0	1	51	0	37	14	5,293
Public sector (public organizations excluding central governments)	33,374	33,310	63	0	0	1	0	0	0	0	0	0	0	33,374
Multilateral development banks	0	0	0	0	0	0	0	0	0	1,086	0	0	1,086	1,086
International organizations	0	0	0	0	0	0	0	0	0	1,057	0	0	1,057	1,057
Institutions (banks)	2,398	663	482	149	69	698	17	114	207	143	73	37	34	2,541
Corporates	32,291	8,371	12,961	780	1,350	1,514	647	774	5,894	1,670	474	75	1,121	33,960
Retail customers	47,704	13,760	25,491	1,333	2,305	219	31	81	4,483	114	5	3	107	47,818
Exposures secured by real estate mortgages	8,650	340	52	145	1,147	1,500	16	192	5,259	206	19	0	187	8,856
Exposures in default	2,599	1,211	644	35	182	36	13	50	429	68	4	2	61	2,667
Exposures presenting an especially high risk	1,172	567	51	0	0	62	0	0	492	139	27	113	0	1,312
Covered bonds	0	0	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	0	0
Exposures in the form of UCIT shares or equities	59	0	0	0	0	59	0	0	0	0	0	0	0	59
Equity exposure	206	117	1	3	3	20	0	0	61	211	211	0	0	416
Other assets	1,470	319	491	115	166	155	11	0	214	4	0	4	0	1,474
Total standard approach	**251,327**	**165,470**	**47,006**	**3,389**	**6,640**	**5,710**	**909**	**1,212**	**20,992**	**11,797**	**4,333**	**466**	**6,999**	**263,125**
TOTAL	**722,956**	**611,410**	**52,684**	**5,630**	**7,555**	**8,569**	**3,711**	**4,895**	**28,503**	**29,427**	**11,360**	**1,700**	**16,367**	**752,383**

Crédit Mutuel Alliance Fédérale is fundamentally a French and European firm. The geographic breakdown of net exposures at December 31, 2020 reflects that, with 96% of commitments in the European region.

	Net exposures													
(in € millions) **at 12/31/2019**	**Europe zone**	**France**	**Ger-many**	**Bel-gium**	**Spain**	**Luxem-bourg**	**Nether-lands**	**UK**	**other**	**Rest of World**	**United States**	**Canada**	**Other**	**Total**
Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	27,732	22,151	547	304	121	212	608	905	2,882	2,900	682	888	1,330	30,632
Corporates	117,833	101,931	3,866	1,382	771	2,485	2,166	2,384	2,848	12,380	5,539	203	6,638	130,213
Retail customers	261,682	259,311	213	287	109	178	36	377	1,170	1,166	288	63	815	262,848
Equities	12,139	12,052	3	15	0	62	0	1	7	1,127	154	0	972	13,265
Other assets	5,281	5,264	3	5	0	0	0	10	0	94	75	0	18	5,375
Total IRB approach	**424,666**	**400,709**	**4,632**	**1,994**	**1,001**	**2,937**	**2,810**	**3,677**	**6,907**	**17,666**	**6,738**	**1,155**	**9,773**	**442,333**
Governments and central banks	82,670	71,979	3,991	759	1,067	1,377	206	21	3,268	7,718	4,319	273	3,126	90,387
Regional or local authorities	5,632	5,152	477	0	1	1	0	0	1	26	0	25	0	5,658
Public sector (public organizations excluding central governments)	26,653	26,156	493	0	0	5	0	0	0	0	0	0	0	26,653
Multilateral development banks	0	0	0	0	0	0	0	0	0	670	0	0	670	670
International organizations	0	0	0	0	0	0	0	0	0	925	0	0	925	925
Institutions (banks)	1,472	586	454	11	82	68	0	114	157	249	190	18	41	1,721
Corporates	35,984	8,745	14,069	947	1,467	1,850	659	895	7,353	2,029	734	81	1,214	38,014
Retail customers	47,240	13,596	24,600	1,263	2,497	153	21	61	5,048	48	8	3	37	47,288
Exposures secured by real estate mortgages	6,743	285	29	126	1,075	1,391	1	34	3,802	68	2	0	66	6,811
Exposures in default	1,957	1,075	421	36	177	10	11	47	180	41	9	0	32	1,998
Exposures presenting an especially high risk	815	404	33	1	0	67	0	0	309	109	1	109	0	924
Covered bonds	36	36	0	0	0	0	0	0	0	0	0	0	0	36
Exposures from institutions and corporates given a short-term credit evaluation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exposures in the form of UCIT shares or equities	4	0	0	0	0	4	0	0	0	0	0	0	0	4
Equity exposure	214	92	3	4	3	77	0	0	35	198	198	0	0	412
Other assets	1,639	400	632	150	136	194	2	0	124	0	0	0	0	1,639
Total standard approach	**211,060**	**128,506**	**45,202**	**3,298**	**6,506**	**5,198**	**900**	**1,173**	**20,278**	**12,080**	**5,460**	**510**	**6,110**	**223,140**
TOTAL	**635,726**	**529,215**	**49,833**	**5,292**	**7,507**	**8,135**	**3,710**	**4,850**	**27,185**	**29,746**	**12,198**	**1,665**	**15,883**	**665,473**

TABLE 25: CONCENTRATION OF EXPOSURES BY TYPE OF INDUSTRY OR COUNTERPARTY (EU CRB-D)

Net exposures by type of industry or counterparty *(in € millions)* **as of 12/31/2020**	**Public administration**	**Banks and financial institutions**	**Retail customers**	**Individual business owners**	**Farmers**	**Non-profit organizations**	**Travel & leisure**	**Chemistry**	**Distribution**	**Automotive**	**Construction & building materials**	**Manufacturing goods and services**	**Healthcare**	**Other financial activities**
Governments and central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions (banks)	-	35,015	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	223	1,366	1,662	5,113	1,659	13,215	4,035	11,809	11,075	3,532	9,487
Retail customers	-	-	229,226	17,288	6,846	700	3,060	58	5,428	1,022	4,093	2,918	548	2,293
Equities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total IRB approach	**-**	**35,015**	**229,226**	**17,510**	**8,212**	**2,362**	**8,173**	**1,717**	**18,643**	**5,057**	**15,903**	**13,993**	**4,080**	**11,780**
Governments and central banks	123,212	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional or local authorities	5,293	-	-	-	-	-	-	-	-	-	-	-	-	-
Public sector (public organizations excluding central governments)	33,374	-	-	-	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	1,086	-	-	-	-	-	-	-	-	-	-	-	-	-
International organizations	1,057	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions (banks)	-	2,541	-	-	-	-	-	-	-	-	-	-	-	-
Corporates	-	-	6	5	11	27	243	133	2,464	1,012	955	1,243	357	1,500
Retail customers	-	-	39,318	90	58	27	104	26	896	157	1,063	648	213	76
Exposures secured by real estate mortgages	-	-	4,461	221	-	-	157	3	101	15	85	75	90	224
Exposures in default	31	13	1,468	24	5	1	23	6	139	202	128	144	10	37
Exposures presenting an especially high risk	-	-	-	0	1	0	3	2	125	11	33	53	7	3
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity exposure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total standard approach	**164,052**	**2,554**	**45,254**	**340**	**75**	**55**	**529**	**170**	**3,725**	**1,397**	**2,264**	**2,162**	**676**	**1,841**
TOTAL	**164,052**	**37,569**	**274,480**	**17,850**	**8,286**	**2,417**	**8,702**	**1,887**	**22,368**	**6,455**	**18,167**	**16,154**	**4,757**	**13,621**

(1) For leasing and factoring entities in Germany purchased from General Electric: no data for customer segment books.

	Industrial transportation	Household products	Real estate development	Other real estate (incl. rental and RE invest.)	Utilities	Food & beverages	Media	Holdings companies & conglomerates	High technology	Oil & gas commodities	Telecommunications	Other group subsidiaries[1]	Miscellaneous	Equities	Other assets	Total
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,015
	7,320	3,616	10,185	14,256	3,264	7,023	2,922	10,262	5,482	5,754	1,423	271	11,937	-	-	146,890
	1,446	427	-	2,449	294	725	348	990	371	106	31	-	7,758	-	-	288,428
	-	-	-	-	-	-	-	-	-	-	-	-	-	13,443	-	13,443
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,482	5,482
	8,766	**4,043**	**10,185**	**16,705**	**3,558**	**7,748**	**3,269**	**11,252**	**5,854**	**5,859**	**1,455**	**271**	**19,696**	**13,443**	**5,482**	**489,258**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	123,212
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,293
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,374
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,086
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,057
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,541
	953	309	37	777	399	538	134	414	446	194	261	17,033	4,509	-	-	33,960
	337	71	-	98	71	164	69	54	66	41	7	3,825	339	-	-	47,818
	19	5	-	3,554	37	13	18	59	13	13	-	-	-306	-	-	8,856
	34	32	3	142	4	20	33	11	6	22	0	21	109	-	-	2,667
	14	5	1	1	2	11	4	2	4	14	1	-	440	574	-	1,312
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	59	-	59
	-	-	-	-	-	-	-	-	-	-	-	-	-	416	-	416
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,474	1,474
	1,357	**422**	**41**	**4,572**	**512**	**747**	**259**	**540**	**535**	**285**	**269**	**20,879**	**5,092**	**1,049**	**1,474**	**263,125**
	10,123	**4,465**	**10,226**	**21,277**	**4,070**	**8,495**	**3,528**	**11,791**	**6,389**	**6,144**	**1,724**	**21,150**	**24,788**	**14,492**	**6,956**	**752,383**

Net exposures by type of industry or counterparty *(in € millions)* **as of 12/31/2019**	**Public adminis-tration**	**Banks and financial insti-tutions**	**Retail custo-mers**	**Indivi-dual business owners**	**Farmers**	**Non-profit organi-zations**	**Travel & leisure**	**Chemis-try**	**Distri-bution**	**Auto-motive**	**Construc-tion & building materials**	**Manu-facturing goods and services**	**Health-care**	**Other financial activi-ties**
Governments and central banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	0	30,632	0	0	0	0	0	0	0	0	0	0	0	0
Corporates	0	0	0	240	1,136	1,574	4,527	1,620	11,157	3,405	9,999	9,249	3,380	8,051
Retail customers	0	0	213,259	15,529	6,382	625	2,283	41	3,863	704	2,942	2,043	424	2,262
Equities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total IRB approach	**0**	**30,632**	**213,259**	**15,769**	**7,518**	**2,199**	**6,810**	**1,660**	**15,020**	**4,108**	**12,940**	**11,292**	**3,803**	**10,312**
Governments and central banks	90,387	0	0	0	0	0	0	0	0	0	0	0	0	0
Regional or local authorities	5,658	0	0	0	0	0	0	0	0	0	0	0	0	0
Public sector (public organizations excluding central governments)	26,653	0	0	0	0	0	0	0	0	0	0	0	0	0
Multilateral development banks	670	0	0	0	0	0	0	0	0	0	0	0	0	0
International organizations	925	0	0	0	0	0	0	0	0	0	0	0	0	0
Institutions (banks)	0	1,721	0	0	0	0	0	0	0	0	0	0	0	0
Corporates	0	0	0	5	25	31	146	116	2,273	1,130	756	995	249	162
Retail customers	0	0	37,058	129	115	145	109	25	829	143	1,051	633	140	72
Exposures secured by real estate mortgages	0	0	4,055	219	0	0	22	1	15	3	20	8	12	6
Exposures in default	39	0	1,199	27	4	3	12	1	128	12	92	76	15	9
Exposures presenting an especially high risk	0	0	9	0	1	0	22	2	100	14	46	65	6	5
Covered bonds	0	36	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	0	0
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity exposure	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total standard approach	**124,332**	**1,757**	**42,322**	**379**	**145**	**180**	**311**	**146**	**3,344**	**1,302**	**1,964**	**1,777**	**422**	**253**
TOTAL	**124,332**	**32,389**	**255,581**	**16,148**	**7,663**	**2,379**	**7,121**	**1,806**	**18,365**	**5,410**	**14,904**	**13,069**	**4,225**	**10,566**

(1) CIC Suisse, BDL and the leasing and factoring entities in Germany purchased from General Electric: no data for customer segment books.

	Industrial transportation	Household products	Real estate development	Other real estate (incl. rental and RE invest.)	Utilities	Food & beverages	Media	Holdings companies & conglomerates	High technology	Oil & gas commodities	Telecommunications	Other group subsidiaries[1]	Miscellaneous	Equities	Other assets	Total
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30,632
	6,916	2,796	9,667	12,881	3,016	6,302	2,593	9,564	4,328	5,126	1,418	296	10,972	0	0	130,213
	1,192	322	0	1,969	246	570	175	976	199	95	16	0	6,732	0	0	262,848
	0	0	0	0	0	0	0	0	0	0	0	0	0	13,265	0	13,265
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,375	5,375
	8,108	**3,119**	**9,667**	**14,850**	**3,261**	**6,873**	**2,768**	**10,540**	**4,528**	**5,222**	**1,434**	**296**	**17,704**	**13,265**	**5,375**	**442,333**
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90,387
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,658
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26,653
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	670
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	925
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,721
	426	266	33	168	366	507	132	286	553	219	227	23,725	5,217	0	0	38,014
	302	82	0	87	39	144	67	91	74	45	8	5,027	874	0	0	47,288
	5	1	0	185	2	6	0	1	0	1	0	2,194	57	0	0	6,811
	25	37	3	32	4	16	19	12	12	6	2	114	98	0	0	1,998
	13	6	3	3	5	18	5	5	7	10	3	269	16	292	0	924
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	4
	0	0	0	0	0	0	0	0	0	0	0	0	0	412	0	412
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,639	1,639
	771	**392**	**39**	**475**	**415**	**691**	**222**	**394**	**646**	**281**	**240**	**31,329**	**6,262**	**707**	**1,639**	**223,140**
	8,879	**3,510**	**9,706**	**15,325**	**3,677**	**7,564**	**2,990**	**10,934**	**5,174**	**5,503**	**1,674**	**31,625**	**23,966**	**13,973**	**7,014**	**665,473**

Crédit Mutuel Alliance Fédérale has traditionally shown a good diversity in its exposures. Such great diversity enables it to reduce the risk of concentration that might exist with heavy exposure to one sector. The two most significant sectors are retail customers (36%) and public administration (22%).

TABLE 26: MATURITY OF GROSS EXPOSURES – BROKEN DOWN BY REMAINING MATURITY (EU CRB-E)

Gross exposure *(in € millions)* as of 12/31/2020	<1 month	1 month <D <3 months	3 months <D <1 year	1 year <D <2 years	2 years <D <5 years	D >5 years	Indefinite	Total
BALANCE SHEET								
Governments and central banks	103,772	3,476	7,189	1,721	6,016	35,829	151	158,155
Institutions	4,667	6,565	1,545	2,650	14,275	8,067	65	37,835
Corporates	24,688	10,341	17,680	10,608	27,943	24,895	27	116,182
Retail customers	15,877	6,523	30,661	27,843	71,282	152,970	1	305,156
TOTAL	**149,004**	**26,906**	**57,074**	**42,822**	**119,516**	**221,761**	**244**	**617,327**
OFF-BALANCE SHEET								
Governments and central banks	100	7	212	43	592	43	4	1,001
Institutions	2,895	50	321	557	200	282	349	4,654
Corporates	25,397	4,126	8,501	7,054	18,411	3,885	5,938	73,311
Retail customers	24,881	1,097	2,105	3,532	609	10,359	2,332	44,914
TOTAL	**53,273**	**5,280**	**11,139**	**11,185**	**19,811**	**14,570**	**8,622**	**123,880**

Gross exposure *(in € millions)* as of 12/31/2019	<1 month	1 month <D <3 months	3 months <D <1 year	1 year <D <2 years	2 years <D <5 years	D >5 years	Indefinite	Total
BALANCE SHEET								
Governments and central banks	72,951	2,389	4,515	2,303	4,788	30,956	115	118,017
Institutions	4,426	11,899	2,571	1,979	4,994	8,041	32	33,942
Corporates	26,877	9,499	9,207	9,831	27,857	24,079	18	107,367
Retail customers	16,293	6,518	21,284	26,552	67,453	141,340	1	279,440
TOTAL	**120,547**	**30,304**	**37,576**	**40,665**	**105,092**	**204,417**	**165**	**538,766**
OFF-BALANCE SHEET								
Governments and central banks	118	1	83	183	300	359	4	1,048
Institutions	2,034	84	440	181	389	322	291	3,740
Corporates	21,347	3,732	6,456	5,841	18,444	2,961	7,579	66,360
Retail customers	23,878	2,163	2,268	3,181	913	9,083	1,928	43,413
TOTAL	**47,377**	**5,979**	**9,246**	**9,385**	**20,046**	**12,725**	**9,802**	**114,561**

5.8.3 Credit quality of assets (EU CRB-A)

5.8.3.1 Impaired and overdue exposures

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 developments related to the implementation of this new definition are the following:

- 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 countdown of the number of days begins upon the simultaneous exceeding of two thresholds – the absolute materiality threshold (€100 for Retail, €500 for Corporate) and the relative materiality threshold (late payment of over 1% of balance sheet commitments). The countdown 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;
- 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.

The definitions and financial information concerning payment arrears are provided in the part of the financial report titled "Payment arrears".

5.8.3.2 Impairment for credit risk

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 (HDPs); 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 LDPs, 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 at origination, the lower the group's relative tolerance to a significant risk deterioration.

For HDPs, 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 (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.

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 used.

COVID-19 health crisis

Crédit Mutuel Alliance Fédérale is committed to the government support system for the economy in response to the COVID-19 health crisis. This system resulted in the granting of maturity extensions to business and corporate customers and State-guaranteed loans to support their cash flow.

Under the financial market mechanisms, the expiry of maturities granted until September 30, 2020 did not automatically constitute an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification into restructured assets (forborne). Maturity extensions granted beyond this date represent individual support measures, as a result of which the transfer to status 2, 3 or restructured assets takes place in compliance with group rules.

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.

Crédit Mutuel Alliance Fédérale took into account the unprecedented and brutal nature of the COVID-19 crisis on the macroeconomic environment to review the prospective dimension of provisioning.

Given the highly uncertain context, the weights of the scenarios were revised in line with the Banque de France's macroeconomic projections. The weighting of the pessimistic scenario was increased on the Order of June 30, 2020 and remains in force as of December 31, 2020.

This first measure was accompanied by a hardening of the pessimistic scenario for the portfolios with high default rates of individuals and sole traders at December 31, 2020.

Lastly, in accordance with the authorities' recommendations, Crédit Mutuel Alliance Fédérale has set aside an additional provision to anticipate the increase in claims experienced in the sectors considered to be the most vulnerable to the health crisis: tourism, gaming, leisure, hotels, restaurants, automotive and aeronautics (excluding manufacturers), clothing, beverage sales, light vehicle rental, industrial passenger transport and air transport. This provision was established in accordance with a group methodology, defined at national level and which takes into account the impacts of successive lockdowns.

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, 2020 benefit from a State guarantee of up to 90%.

TABLE 27: CREDIT QUALITY OF STATE-GUARANTEED LOANS

(in € millions) 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	Inflows from non-performing exposures
New loans and advances issued subject to public guarantee schemes	**17,619**	**204**	**15,761**	**133**
of which: households	-	-	-	-
of which: secured by residential real estate	-	-	-	-
of which: non-financial corporations	17,611	201	15,761	133
of which: small and medium-sized enterprises	14,344	-	-	84
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 02, 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 28: 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[2]							Gross carrying amount
		Performing			Non-performing				Performing			Non-performing			
(in € millions) **At 12/31/2020**			Of which: exposures subject to renegotiation measures	Of which: Instruments with a significant increase in credit risk since initial recognition but not impaired		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		Of which: exposures subject to renegotiation measures	Of which: unlikely payment, not past due or past due < 90 days	Inflows from non-performing exposures
Loans and advances subject to moratoriums[1]	**56,926**	**56,386**	213	5,389	**540**	164	134	-633	**-469**	-19	-166	**-164**	-54	-22	**222**
of which: households	**1,411**	**1,312**	57	247	**99**	7	50	-125	**-81**	-11	-48	**-45**	-3	-2	**61**
of which: secured by residential real estate	**-**	**-**	-	-	**-**	-	-	-	**-**	-	-	**-**	-	-	**-**
of which: non-financial corporations	**55,384**	**54,943**	157	5,142	**440**	157	83	-506	**-388**	-8	-118	**-119**	-51	-19	**161**
of which: small and medium-sized enterprises	**49,124**	**48,748**	136	905	**377**	139	82	-441	**-342**	-7	-108	**-98**	-42	-19	**147**
of which: secured by commercial real estate	**1,027**	**1,019**	10	-	**8**	6	-	-5	**-4**	-	-	**-1**	-1	-	**2**

(1) Repayments of moratoriums granted in 2020 amounted to €56,248 billion as of December 31, 2020. The remaining amount due is €0.678 billion at as of December 31, 2020.
(2) Excluding additional provisions on sensitive sectors related to the COVID-19 crisis.

TABLE 29: VOLUME OF LOANS AND ADVANCES SUBJECT TO STATUTORY AND NON-LEGISLATIVE MORATORIA BY RESIDUAL MATURITY

		Gross carrying amount							
					Residual maturity of moratoriums				
(in € millions) **At 12/31/2020**	**Number of debtors**		**Of which: legislative moratoriums**	**Of which: expired**	**≤ 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	-	-	-
of which: secured by residential real estate	-	-	-	-	-	-	-	-	-
of which: non-financial corporations	-	55,384	45	54,888	493	2	-	-	-
of which: small and medium-sized enterprises	-	*49,124*	*45*	*48,644*	*478*	*2*	-	-	-
of which: secured by commercial real estate	-	*1,027*	-	*1,027*	-	-	-	-	-

5.8.3.5 Restructured exposures

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 following tables break down the non-performing and litigated loans and the provisions related to them as at December 31, 2020 by business sector or type of counterparty, their Basel treatment and their geographic area.

TABLE 30: CREDIT QUALITY OF EXPOSURES BY CATEGORY OF EXPOSURE AND BY INSTRUMENT (EU CR1-A)

	Gross exposures				
(in € millions) **At 12/31/2020**	Performing exposures	Non-performing exposures	Specific provisions	Collective provisions	Net exposures
Governments and central banks	-	-	-	-	-
Institutions (banks)	35,019	2	6	-	35,015
Corporates	146,780	2,671	2,560	-	146,890
o/w: specialized lending	10,970	148	57	-	11,061
o/w: SMEs	34,462	934	597	-	34,799
Retail customers	286,890	4,769	3,231	-	288,428
o/w: secured by real estate mortgages	150,798	2,153	1,198	-	151,753
o/w: SMEs	24,050	581	341	-	24,290
o/w: non-SMEs	126,747	1,572	856	-	127,463
o/w: revolving	18,748	138	130	-	18,756
o/w: other retail customers	117,344	2,478	1,903	-	117,919
o/w: SMEs	36,478	1,746	1,174	-	37,050
o/w: non-SMEs	80,866	732	729	-	80,868
Equities	13,443	-	-	-	13,443
Other assets	5,482	-	0	-	5,482
Total IRB approach	**487,614**	**7,442**	**5,798**	**-**	**489,258**
Governments and central banks	123,218	-	6	-	123,212
Regional or local authorities	5,295	-	2	-	5,293
Public sector (public organizations excluding central governments)	33,374	-	0	-	33,374
Multilateral development banks	1,086	-	0	-	1,086
International organizations	1,057	-	0	-	1,057
Institutions (banks)	2,543	-	2	-	2,541
Corporates	34,090	-	130	-	33,960
o/w: SMEs	4,767	-	2	-	4,764
Retail customers	49,015	-	1,197	-	47,818
o/w: SMEs	8,200	-	13	-	8,187
Exposures secured by real estate mortgages	8,859	-	3	-	8,856
o/w: SMEs	519	-	0	-	519
Exposures in default	-	5,801	3,134	-	2,667
Exposures presenting an especially high risk	1,312	-	0	-	1,312
Covered bonds	-	-	-	-	-
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-
Exposures in the form of UCIT shares or equities	59	-	-	-	59
Equity exposure	416	-	0	-	416
Other assets	1,474	-	-	-	1,474
Total standard approach	**261,798**	**5,801**	**4,475**	**-**	**263,125**
TOTAL	**749,413**	**13,243**	**10,272**	**-**	**752,383**

(in € millions) **At 12/31/2019**	Gross exposures				
	Performing exposures	**Non-performing exposures**	**Specific provisions**	**Collective provisions**	**Net exposures**
Governments and central banks	-	-	-	-	-
Institutions (banks)	30,637	1	7	-	30,632
Corporates	129,500	2,417	1,705	-	130,213
o/w: specialized lending	10,244	128	31	-	10,341
o/w: SMEs	28,165	906	545	-	28,525
Retail customers	261,012	4,804	2,969	-	262,848
o/w: secured by real estate mortgages	141,426	2,239	1,121	-	142,544
o/w: SMEs	21,865	579	313	-	22,131
o/w: non-SMEs	119,561	1,660	807	-	120,413
o/w: revolving	17,709	136	123	-	17,721
o/w: other retail customers	101,877	2,430	1,725	-	102,582
o/w: SMEs	28,740	1,674	1,157	-	29,257
o/w: non-SMEs	73,137	756	568	-	73,325
Equities	13,267	-	2	-	13,265
Other assets	5,375	-	0	-	5,375
Total IRB approach	**439,792**	**7,223**	**4,682**	**-**	**442,333**
Governments and central banks	90,400	-	13	-	90,387
Regional or local authorities	5,661	-	3	-	5,658
Public sector (public organizations excluding central governments)	26,653	-	0	-	26,653
Multilateral development banks	670	-	0	-	670
International organizations	925	-	0	-	925
Institutions (banks)	1,721	-	1	-	1,721
Corporates	38,096	-	82	-	38,014
o/w: SMEs	4,906	-	2	-	4,904
Retail customers	48,251	-	963	-	47,288
o/w: SMEs	9,955	-	10	-	9,945
Exposures secured by real estate mortgages	6,820	-	9	-	6,811
o/w: SMEs	463	-	0	-	462
Exposures in default	-	5,087	3,089	-	1,998
Exposures presenting an especially high risk	924	-	0	-	924
Covered bonds	36	-	-	-	36
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-
Exposures in the form of UCIT shares or equities	4	-	-	-	4
Equity exposure	412	-	-	-	412
Other assets	1,639	-	-	-	1,639
Total standard approach	**222,214**	**5,087**	**4,161**	**-**	**223,140**
TOTAL	**662,006**	**12,310**	**8,844**	**-**	**665,473**

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TABLE 31: CREDIT QUALITY OF EXPOSURES BY SECTOR OF ACTIVITY OR TYPE OF COUNTERPARTY (EU CR1-B)

(in € millions) **At 12/31/2020**	Gross exposures		Specific provisions	Collective provisions	Net exposures
	Performing exposures	Non-performing exposures			
Public administration	164,030	34	12	-	164,052
Banks and financial institutions	37,563	16	10	-	37,569
Retail customers	273,396	6,729	5,645	-	274,480
Individual business owners	17,734	358	241	-	17,850
Farmers	8,173	274	161	-	8,286
Non-profit organizations	2,421	18	22	-	2,417
Travel & leisure	9,161	472	931	-	8,702
Chemistry	1,884	17	15	-	1,887
Distribution	22,055	975	661	-	22,368
Automotive	6,272	338	156	-	6,455
Construction & building materials	17,756	653	243	-	18,167
Manufacturing goods and services	15,901	476	222	-	16,154
Healthcare	4,772	32	48	-	4,757
Other financial activities	13,504	389	273	-	13,621
Industrial transportation	10,036	275	188	-	10,123
Household products	4,397	142	75	-	4,465
Real estate development	10,188	192	154	-	10,226
Other real estate (incl. rental and RE invest.)	21,114	327	163	-	21,277
Utilities	4,032	55	17	-	4,070
Food & beverages	8,451	169	125	-	8,495
Media	3,485	82	39	-	3,528
Holdings companies & conglomerates	11,622	347	178	-	11,791
High technology	6,372	58	42	-	6,389
Oil & gas commodities	6,022	213	91	-	6,144
Telecommunications	1,704	28	8	-	1,724
Other group subsidiaries*	21,164	48	62	-	21,150
Miscellaneous	24,754	524	490	-	24,788
Equities	14,492	-	0	-	14,492
Other assets	6,956	-	0	-	6,956
TOTAL	**749,413**	**13,243**	**10,272**	**-**	**752,383**

* *Leasing and factoring entities in Germany purchased from General Electric: no data for customer segment books.*

(in € millions) **At 12/31/2019**	**Gross exposures** Performing exposures	Non-performing exposures	Specific provisions	Collective provisions	Net exposures
Public administration	124,310	41	19	-	124,332
Banks and financial institutions	32,395	2	7	-	32,389
Retail customers	254,206	6,540	5,165	-	255,581
Individual business owners	16,016	375	243	-	16,148
Farmers	7,557	251	145	-	7,663
Non-profit organizations	2,382	18	21	-	2,379
Travel & leisure	6,974	405	258	-	7,121
Chemistry	1,806	10	10	-	1,806
Distribution	17,983	907	526	-	18,365
Automotive	5,384	94	67	-	5,410
Construction & building materials	14,667	443	206	-	14,904
Manufacturing goods and services	12,905	354	191	-	13,069
Healthcare	4,219	39	32	-	4,225
Other financial activities	10,471	348	253	-	10,566
Industrial transportation	8,735	263	119	-	8,879
Household products	3,450	130	69	-	3,510
Real estate development	9,647	187	128	-	9,706
Other real estate (incl. rental and RE invest.)	15,260	180	115	-	15,325
Utilities	3,610	84	17	-	3,677
Food & beverages	7,504	176	116	-	7,564
Media	2,961	63	35	-	2,990
Holdings companies & conglomerates	10,750	353	169	-	10,934
High technology	5,145	58	30	-	5,174
Oil & gas commodities	5,470	200	167	-	5,503
Telecommunications	1,646	34	7	-	1,674
Other group subsidiaries*	31,567	161	103	-	31,625
Miscellaneous	23,999	593	625	-	23,966
Equities	13,974	-	2	-	13,973
Other assets	7,015	-	0	-	7,014
TOTAL	**662,006**	**12,310**	**8,844**	**-**	**665,473**

* *CIC Suisse, BDL, leasing and factoring entities purchased from General Electric.*

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TABLE 32: CREDIT QUALITY OF EXPOSURES BY GEOGRAPHIC AREA (EU CR1-C)

(in € millions) **At 12/31/2020**	Gross exposures		Specific provisions	Collective provisions	Net exposures
	Performing exposures	Non-performing exposures			
Europe zone	**720,150**	**12,933**	**10,127**	**-**	**722,956**
France	609,088	9,264	6,943	-	611,410
Germany	52,684	1,762	1,762	-	52,684
Belgium	5,624	146	140	-	5,630
Spain	7,515	601	561	-	7,555
Luxembourg	8,542	68	41	-	8,569
Netherlands	3,705	15	8	-	3,711
UK	4,854	63	22	-	4,895
Other	28,138	1,014	650	-	28,503
Rest of World	**29,262**	**310**	**145**	**-**	**29,427**
United States	11,355	64	59	-	11,360
Canada	1,701	3	3	-	1,700
Other	16,207	243	83	-	16,367
TOTAL	**749,413**	**13,243**	**10,272**	**-**	**752,383**

(in € millions) **At 12/31/2019**	Gross exposures		Specific provisions	Collective provisions	Net exposures
	Performing exposures	Non-performing exposures			
Europe zone	**632,439**	**12,010**	**8,723**	**-**	**635,726**
France	526,158	8,982	5,926	-	529,215
Germany	49,927	1,475	1,569	-	49,833
Belgium	5,230	149	87	-	5,292
Spain	7,418	580	492	-	7,507
Luxembourg	8,130	31	27	-	8,135
Netherlands	3,702	13	5	-	3,710
UK	4,807	65	22	-	4,850
Other	27,067	714	596	-	27,185
Rest of World	**29,566**	**300**	**120**	**-**	**29,746**
United States	12,168	79	49	-	12,198
Canada	1,665	1	2	-	1,665
Other	15,734	220	70	-	15,883
TOTAL	**662,006**		**8,844**	**-**	**665,473**

TABLE 33: MATURITY OF PAST-DUE EXPOSURES (EU CR1-D)

(in € millions) **At 12/31/2020**	Gross carrying amount – Performing loans – No arrears or in arrears ≤ 30 days	Gross carrying amount – Performing loans – > 30 days ≤ 90 days	Gross carrying amount – Non-performing loans – Probability of arrears or in arrears ≤ 90 days	Gross carrying amount – Non-performing loans – In arrears > 90 days and ≤ 180 days	Gross carrying amount – Non-performing loans – In arrears > 180 days and ≤ 1 year	Gross carrying amount – Non-performing loans – In arrears > 1 year ≤ 5 years	Gross carrying amount – Non-performing loans – In arrears > 5 years
Loans	570,332	1,444	3,064	700	1,056	5,874	1,896
Debt securities	36,609	-	206	-	-	-	-
TOTAL	**606,942**	**1,444**	**3,270**	**700**	**1,056**	**5,874**	**1,896**

(in € millions) **At 12/31/2019**	Gross carrying amount – Performing loans – No arrears or in arrears ≤ 30 days	Gross carrying amount – Performing loans – > 30 days ≤ 90 days	Gross carrying amount – Non-performing loans – Probability of arrears or in arrears ≤ 90 days	Gross carrying amount – Non-performing loans – In arrears > 90 days and ≤ 180 days	Gross carrying amount – Non-performing loans – In arrears > 180 days and ≤ 1 year	Gross carrying amount – Non-performing loans – In arrears > 1 year ≤ 5 years	Gross carrying amount – Non-performing loans – In arrears > 5 years
Loans	491,332	1,035	2,799	405	644	7,911	404
Debt securities	38,388	-	48	-	-	136	-
TOTAL	**529,720**	**1,035**	**2,847**	**405**	**644**	**8,047**	**404**

TABLE 34: NON-PERFORMING AND FORBORNE EXPOSURES (EU CR1-E)

(in € millions) **At 12/31/2020**	Gross carrying amount of performing and non-performing exposures	Gross carrying amount – o/w performing loans with arrears > 30 days and ≤ 90 days	Gross carrying amount – o/w performing restructured loans	Gross carrying amount – o/w non-performing loans	Gross carrying amount – o/w non-performing loans – o/w loans in default	Gross carrying amount – o/w non-performing loans – o/w loans downgraded on the books	Gross carrying amount – o/w non-performing loans – o/w restructured loans	Accumulated impairment and negative adjustment of fair value attributable to Credit Risk – o/w performing loans	Accumulated impairment – o/w performing loans – o/w restructured loans	Accumulated impairment – o/w non-performing loans	Accumulated impairment – o/w non-performing loans – o/w restructured loans	Sureties and guarantees received – o/w non-performing loans	Sureties and guarantees received – o/w restructured loans
Debt securities	**36,815**	**-**	**-**	**206**	**206**	**206**	**125**	**15**	**-**	**183**	**-**	**-**	**-**
Loans and advances	**584,367**	**1,444**	**642**	**12,591**	**12,591**	**12,591**	**1,796**	**3,125**	**71**	**6,564**	**1,382**	**3,088**	**1,325**
of which: small and medium-sized enterprises	*177,255*	*649*	*65*	*5,830*	*5,830*	*5,830*	*537*	*1,132*	*12*	*2,708*	*360*	*1,982*	*755*
of which: Households – loans secured by residential real estate	*101,345*	*74*	*90*	*1,083*	*1,083*	*1,083*	*144*	*220*	*8*	*333*	*66*	*696*	*329*
of which: Households – consumer credit	*45,212*	*300*	*481*	*4,239*	*4,239*	*4,239*	*963*	*1,200*	*49*	*2,862*	*802*	*84*	*52*
Off-balance sheet	**146,520**	**-**	**12,525**	**358**	**358**	**-**	**10,946**	**362**	**- 72**	**147**	**-**	**79**	**17,183**

(in € millions) **At 12/31/2019**	Gross carrying amount of performing and non-performing exposures	Gross carrying amount – o/w performing loans with arrears > 30 days and ≤ 90 days	Gross carrying amount – o/w performing restructured loans	Gross carrying amount – o/w non-performing loans	Gross carrying amount – o/w non-performing loans – o/w loans in default	Gross carrying amount – o/w non-performing loans – o/w loans downgraded on the books	Gross carrying amount – o/w non-performing loans – o/w restructured loans	Accumulated impairment and negative adjustment of fair value attributable to Credit Risk – o/w performing loans	Accumulated impairment – o/w performing loans – o/w restructured loans	Accumulated impairment – o/w non-performing loans	Accumulated impairment – o/w non-performing loans – o/w restructured loans	Sureties and guarantees received – o/w non-performing loans	Sureties and guarantees received – o/w restructured loans
Debt securities	**38,573**	**-**	**-**	**185**	**185**	**185**	**136**	**18**	**-**	**168**	**-**	**-**	**-**
Loans and advances	**504,529**	**1,035**	**766**	**12,163**	**12,163**	**12,163**	**2,309**	**1,993**	**72**	**6,519**	**1,113**	**2,853**	**1,005**
of which: small and medium-sized enterprises	*133,031*	*390*	*217*	*4,686*	*4,686*	*4,686*	*478*	*554*	*8*	*2,288*	*204*	*1,579*	*408*
of which: Households – loans secured by residential real estate	*94,535*	*82*	*94*	*1,117*	*1,117*	*1,117*	*252*	*134*	*4*	*360*	*66*	*698*	*275*
of which: Households – consumer credit	*43,746*	*374*	*384*	*4,036*	*4,036*	*4,036*	*930*	*968*	*55*	*2,849*	*511*	*29*	*14*
Off-balance sheet	**124,502**	**-**	**8**	**336**	**336**	**-**	**6**	**143**	**-**	**139**	**-**	**93**	**8**

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TABLE 35: CREDIT QUALITY OF FORBORNE EXPOSURES (EU TEMPLATE 1)

(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	o/w loans in default	o/w impaired loans	On restructured performing loans	On restructured non-performing loans		o/w collateral and guarantees on restructured exposure
Loans and advances	**1,027**	**3,074**	**3,074**	**3,074**	**-71**	**-1,382**	**1,325**	**919**
Due to 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**

(in € millions) At 12/31/2019	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	o/w loans in default	o/w impaired loans	On restructured performing loans	On restructured non-performing loans		o/w collateral and guarantees on restructured exposure
Loans and advances	**766**	**2,309**	**2,309**	**2,309**	**-72**	**-1,113**	**1,005**	**663**
Due to central banks	0	0	0	0	0	0	0	0
Public administration	0	0	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0	0	0
Other financial institutions	17	83	83	83	-1	-54	44	29
Non-financial corporations	262	1,011	1,011	1,011	-11	-471	652	437
Households	487	1,215	1,215	1,215	-60	-587	309	197
Debt instruments	**0**	**136**	**136**	**136**	**0**	**0**	**0**	**0**
Loan commitments given	**8**	**6**	**6**	**6**	**0**	**0**	**8**	**0**
TOTAL	**774**	**2,452**	**2,452**	**2,452**	**-72**	**-1,113**	**1,013**	**663**

TABLE 36: CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY REMAINING MATURITY (EU TEMPLATE 3)

GROSS CARRYING AMOUNT/NOMINAL AMOUNT

(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**
Due to 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**
Due to 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**
Due to 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**

	Gross carrying amount/nominal amount								
	Performing loans			Non-performing loans					
(in € millions) **At 12/31/2019**		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	**419,584**	**418,550**	**1,035**	**12,163**	**2,799**	**405**	**644**	**8,315**	**12,163**
Due to central banks	115	115	0	0	0	0	0	0	0
Public administration	6,399	6,367	33	40	16	0	0	24	40
Credit institutions	35,000	35,000	0	1	0	0	0	1	1
Other financial institutions	10,393	10,386	7	190	74	0	1	116	190
Non-financial corporations	187,400	186,890	510	6,526	1,757	120	108	4,541	6,526
o/w: SMEs	128,346	127,956	390	4,686	884	99	81	3,622	4,686
Households	180,277	179,792	485	5,406	952	285	535	3,634	5,406
Debt instruments	**38,388**	**38,388**	**0**	**185**	**48**	**0**	**0**	**136**	**185**
Due to central banks	840	840	0	0	0	0	0	0	0
Public administration	16,103	16,103	0	0	0	0	0	0	0
Credit institutions	11,104	11,104	0	1	1	0	0	0	1
Other financial institutions	5,956	5,956	0	140	4	0	0	136	140
Non-financial corporations	4,385	4,385	0	44	44	0	0	0	44
Off-balance-sheet commitments	**124,166**	**-**	**-**	**336**	**-**	**-**	**-**	**-**	**336**
Due to central banks	45	-	-	0	-	-	-	-	0
Public administration	1,334	-	-	0	-	-	-	-	0
Credit institutions	31,223	-	-	43	-	-	-	-	43
Other financial institutions	3,039	-	-	3	-	-	-	-	3
Non-financial corporations	59,678	-	-	271	-	-	-	-	271
Households	28,848	-	-	18	-	-	-	-	18
TOTAL	**582,138**	**456,937**	**1,035**	**12,683**	**2,847**	**405**	**644**	**8,452**	**12,683**

TABLE 37: PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS (EU TEMPLATE 4)

	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					
(in € millions) At 12/31/2020		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	Partial cumulative reversals	On performing loans	On non-performing loans
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**
Due to 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**
Due to 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**
Due to 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**

	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					
(in € millions) **At 12/31/2019**		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	Partial cumulative reversals	On performing loans	On non-performing loans
Loans and advances	**419,584**	**397,986**	**21,598**	**12,163**	**-**	**12,163**	**-1,993**	**-930**	**-1,063**	**-6,519**	**-**	**-6,519**	**-**	**244,041**	**2,853**
Due to central banks	115	115	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	6,399	6,302	97	40	-	40	-9	-7	-2	-3	-	-3	-	1,340	14
Credit institutions	35,000	35,000	0	1	-	1	-2	-2	0	0	-	0	-	116	0
Other financial institutions	10,393	10,042	350	190	-	190	-18	-13	-4	-86	-	-86	-	3,479	78
Non-financial corporations	187,400	174,870	12,530	6,526	-	6,526	-783	-327	-457	-3,049	-	-3,049	-	111,108	1,961
o/w: SMEs	128,346	118,718	9,628	4,686	-	4,686	-554	-187	-367	-2,288	-	-2,288	-	89,413	1,579
Households	180,277	171,657	8,620	5,406	-	5,406	-1,181	-581	-600	-3,380	-	-3,380	-	127,998	800
Debt instruments	**38,388**	**37,695**	**105**	**185**	**-**	**185**	**-18**	**-16**	**-2**	**-168**	**-**	**-168**	**-**	**0**	**0**
Due to central banks	840	823	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	16,103	16,070	33	0	-	0	-4	-4	0	0	-	0	-	0	0
Credit institutions	11,104	11,037	17	1	-	1	-8	-7	-2	-1	-	-1	-	0	0
Other financial institutions	5,956	5,840	0	140	-	140	-1	-1	0	-138	-	-138	-	0	0
Non-financial corporations	4,385	3,925	55	44	-	44	-4	-4	0	-29	-	-29	-	0	0
Off-balance-sheet commitments	**124,166**	**122,312**	**1,854**	**336**	**-**	**336**	**-143**	**-95**	**-48**	**-139**	**-**	**-139**	**-**	**16,015**	**93**
Due to central banks	45	45	0	0	-	0	0	0	0	0	-	0	-	0	0
Public administration	1,334	1,334	0	0	-	0	0	0	0	0	-	0	-	658	0
Credit institutions	31,223	30,974	249	43	-	43	-2	-2	0	-21	-	-21	-	176	4
Other financial institutions	3,039	3,004	35	3	-	3	-5	-4	-1	-2	-	-2	-	426	1
Non-financial corporations	59,678	58,575	1,104	271	-	271	-115	-73	-42	-115	-	-115	-	10,445	82
Households	28,848	28,382	466	18	-	18	-21	-16	-5	-1	-	-1	-	4,310	5
TOTAL	**582,138**	**557,994**	**23,557**	**12,683**	**-**	**12,683**	**-2,154**	**-1,041**	**-1,113**	**-6,826**	**-**	**-6,826**	**-**	**260,056**	**2,946**

TABLE 38: COLLATERAL OBTAINED BY TAKING POSSESSION AND EXECUTION PROCESSES (EU TEMPLATE 9)

(in € millions) **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
Residential real estate property	*49*	*-13*
Commercial property	-	-
Real estate mortgages	-	-
Equity and debt instruments	-	-
Other	-	-
TOTAL	**49**	**-13**

(in € millions) **At 12/31/2019**	Collateral obtained by taking possession (accumulated)	
	Value at initial recognition	Cumulative negative change
Property, plant and equipment	-	-
Other than property, plant and equipment	54	-10
Residential real estate property	*54*	*-10*
Commercial property	-	-
Real estate mortgages	-	-
Equity and debt instruments	-	-
Other	-	-
TOTAL	**54**	**-10**

5.8.4 Reconciliation of adjustments for credit risk

The following table shows the change over time in the balance of adjustments for credit risk.

TABLE 39: CHANGE IN THE BALANCE OF ADJUSTMENTS FOR CREDIT RISK (EU CR2-A)

(in € millions) **At 12/31/2020**	Accumulated adjustments due to specific credit risk	Accumulated adjustments due to overall credit risk
Opening balance	**-8,698**	**-**
Increases due at origination and on acquisition	-1,483	-
Decreases due on derecognition	368	-
Changes due to changes in (net) credit risks	-681	-
Changes due to (net) amendments without derecognition	-53	-
Change due to updating the models	0	-
Reversals of provisions due to classification in loss	855	-
Currency translation adjustment	0	-
Recombination of companies, including acquisitions/disposals of subsidiaries	0	-
Other	-197	-
CLOSING BALANCE	**-9,888**	**-**

(in € millions) **At 12/32/2019**	Accumulated adjustments due to specific credit risk	Accumulated adjustments due to overall credit risk
Opening balance	**-8,395**	**-**
Increases due at origination and on acquisition	-758	-
Decreases due on derecognition	261	-
Changes due to changes in (net) credit risks	-197	-
Changes due to (net) amendments without derecognition	-151	-
Change due to updating the models	0	-
Reversals of provisions due to classification in loss	694	-
Currency translation adjustment	0	-
Recombination of companies, including acquisitions/disposals of subsidiaries	0	-
Other	-151	-
CLOSING BALANCE	**-8,698**	**-**

5.8.5 Standardized approach

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 40: BREAKDOWN OF EXPOSURES UNDER THE STANDARDIZED APPROACH (EU CR5)

Categories of exposures as of 12/31/2020 *(in € millions)*	Weighting										
	0%	10%	20%	35%	50%	75%	100%	150%	250%	Other	Total
Governments and central banks	131,944	0	489	0	96	0	51	0	804	0	133,384
Regional or local authorities	399	0	4,742	0	13	0	1	0	0	0	5,155
Public sector (public organizations excluding central governments)	34,054	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	1,086
International organizations	1,057	0	0	0	0	0	0	0	0	0	1,057
Institutions (banks)	1	0	2,177	0	78	0	16	0	0	0	2,273
Corporates	0	0	675	0	1,759	0	16,129	149	0	0	18,713
Retail customers	0	0	0	0	0	35,565	0	0	0	0	35,565
Exposures secured by real estate mortgages	0	0	0	5,108	2,700	261	629	0	0	0	8,698
Exposures in default	9	0	0	0	0	0	1,573	952	0	0	2,534
Exposures presenting a particular high risk	0	0	0	0	0	0	0	1,290	0	0	1,290
Covered bonds	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
Exposures in the form of UCIT shares or equities	0	0	0	0	0	0	59	0	0	0	59
Equity exposure	0	0	0	0	0	0	416	0	1	0	416
Other assets	0	0	3	0	7	0	1,447	0	0	17	1,474
TOTAL	**168,550**	**0**	**8,087**	**5,108**	**4,653**	**35,827**	**20,321**	**2,391**	**804**	**17**	**245,757**

Categories of exposures as of 12/31/2019 *(in € millions)*	Weighting										
	0%	10%	20%	35%	50%	75%	100%	150%	250%	Autres	Total
Governments and central banks	88,148	0	374	0	105	0	66	0	550	0	89,244
Regional or local authorities	391	0	5,096	0	0	0	0	0	0	0	5,487
Public sector (public organizations excluding central governments)	27,464	0	0	0	0	0	0	0	0	0	27,464
Multilateral development banks	670	0	0	0	0	0	0	0	0	0	670
International organizations	925	0	0	0	0	0	0	0	0	0	925
Institutions (banks)	2	0	1,477	0	72	0	1	0	0	0	1,552
Corporates	0	0	724	0	2,298	0	19,607	121	0	0	22,751
Retail customers	0	0	0	0	0	34,755	0	0	0	0	34,755
Exposures secured by real estate mortgages	0	0	0	5,129	1,458	57	68	0	0	0	6,713
Exposures in default	9	0	0	0	0	0	1,271	658	0	0	1,938
Exposures presenting a particular high risk	0	0	0	0	0	0	0	894	0	0	894
Covered bonds	0	36	0	0	0	0	0	0	0	0	36
Exposures from institutions and corporates given a short-term credit evaluation	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	4	0	0	0	4
Equity exposure	0	0	0	0	0	0	411	0	1	0	412
Other assets	0	0	0	0	0	0	1,639	0	0	0	1,639
TOTAL	**117,609**	**36**	**7,671**	**5,129**	**3,934**	**34,812**	**23,068**	**1,673**	**551**	**0**	**194,484**

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.

5.8.6 Internal rating systems

5.8.6.1 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.

5.8.6.2 Model mapping

Modeled parameter	Category of exposure	Portfolios	Number of models	Methodology
PD	**Institutions**	Financial institutions	2 models: Banks, Covered Bonds	Expert-type model based on a grid containing qualitative and quantitative variables
	Corporates	Large Corporates (LC) (Revenue >€500 million)	6 models depending on the type of counterparty and sector	Expert-type model based on a grid containing qualitative and quantitative variables
		"Mass" corporate (Revenue < €500 million)	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 model based on a grid containing qualitative and quantitative variables
		Others Corporates	2 models: RE Invest. Cos., Insurance	Expert-type model 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	Expert-type model dependent on the counterparty and the contract, based on qualitative and quantitative information
		"Mass" corporate	1 model applied to eight segments according to the type of loan and nature of security	Quantitative-type models based on internal collection flows
	Retail		1 model applied to ten 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 four segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data
	Retail		1 model applied to eight segments according to the type of loan	Quantitative model, calibration of CCFs based on internal data

TABLE 41: IRB APPROACH – CREDIT RISK EXPOSURES BY EXPOSURE CLASS AND PD RANGE (EU CR6)

(in € millions) At 12/32/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF *(%)*	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 (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 (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 (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 (default)	4,660	109	73	4,618
	Subtotal	**259,616**	**32,043**	**36**	**264,231**

	Average PD (%)	Number of debtors	Average LGD (%)	Average maturity (years)	RWAs	Density of RWAs (%)	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**

(in € millions) At 12/32/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF *(%)*	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 (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 (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 (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 (default)	132	6	20	133
	Subtotal	**7,413**	**11,473**	**20**	**9,719**

Average PD (%)	Number of debtors	Average LGD (%)	Average maturity (years)	RWAs	Density of RWAs (%)	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**

(in € millions) At 12/32/2020	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF *(%)*	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 (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 (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 (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 *(%)*	Number of debtors	Average LGD *(%)*	Average maturity *(years)*	RWAs	Density of RWAs *(%)*	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**

(in € millions) **At 12/32/2019**	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF *(%)*	EAD
GOVERNMENTS AND CENTRAL BANKS	**Subtotal**	**-**	**-**	**-**	**-**
INSTITUTIONS (BANKS)					
	0 to < 0.15	26,391	2,268	32	27,053
	0.15 to < 0.25	172	313	63	379
	0.25 to < 0.50	750	263	60	873
	0.50 to < 0.75	-	-	-	-
	0.75 to < 2.50	168	51	36	187
	2.50 to < 10.00	129	84	31	157
	10.00 to < 100.00	13	35	38	32
	100 (default)	1	-	-	1
	Subtotal	**27,625**	**3,014**	**38**	**28,682**
CORPORATES					
	0 to < 0.15	7,375	13,964	46	14,063
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	13,897	16,620	43	21,022
	0.50 to < 0.75	8,506	1,444	44	9,145
	0.75 to < 2.50	30,564	10,933	45	35,215
	2.50 to < 10.00	10,676	3,341	50	12,258
	10.00 to < 100.00	1,493	465	49	1,693
	100 (default)	2,073	194	80	2,251
	Subtotal	**74,583**	**46,962**	**45**	**95,648**
o/w: specialized lending					
	Subtotal	**-**	**-**	**-**	**-**
o/w: SMEs					
	0 to < 0.15	-	-	-	-
	0.15 to < 0.25	-	-	-	-
	0.25 to < 0.50	3,942	511	52	4,209
	0.50 to < 0.75	5,361	698	48	5,695
	0.75 to < 2.50	11,168	1,687	49	11,994
	2.50 to < 10.00	3,566	599	54	3,891
	10.00 to < 100.00	539	94	45	581
	100 (default)	822	84	90	898
	Subtotal	**25,397**	**3,673**	**51**	**27,267**
RETAIL CUSTOMERS					
	0 to < 0.15	86,515	11,288	34	90,403
	0.15 to < 0.25	31,769	4,150	36	33,279
	0.25 to < 0.50	39,172	2,894	36	40,215
	0.50 to < 0.75	14,174	2,808	34	15,123
	0.75 to < 2.50	33,227	5,638	38	35,384
	2.50 to < 10.00	20,203	2,775	40	21,316
	10.00 to < 100.00	6,027	372	39	6,171
	100 (default)	4,687	117	80	4,780
	Subtotal	**235,774**	**30,043**	**36**	**246,671**

	Average PD (%)	Number of debtors	Average LGD (%)	Average maturity (years)	RWAs	Density of RWAs (%)	EL	Corrected values & provisions
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	0.04	185	34	2.5	3,661	14	3	5
	0.23	44	39	2.5	231	61	-	-
	0.43	44	37	2.5	679	78	1	1
	-	-	-	-	-	-	-	-
	1.02	32	26	2.5	143	77	1	-
	2.82	44	40	2.5	235	150	2	-
	21.61	30	41	2.5	88	275	3	-
	99.98	1	45	2.5	-	-	-	-
	0.10	**380**	**34**	**2.5**	**5,039**	**18**	**11**	**7**
	0.10	296	30	2.5	3,019	21	4	6
	-	-	-	-	-	-	-	-
	0.34	4,631	27	2.5	7,834	37	19	16
	0.54	5,145	22	2.5	3,125	34	11	6
	1.28	15,241	28	2.5	22,255	63	122	70
	4.41	5,235	29	2.5	11,594	95	148	202
	17.69	1,420	28	2.5	2,498	148	80	85
	100.00	1,952	61	2.5	1,153	51	1,354	1,287
	3.84	**33,920**	**28**	**2.5**	**51,480**	**54**	**1,738**	**1,672**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	0.31	2,681	21	3	1,039	25	3	1
	0.54	3,832	21	3	1,807	32	7	4
	1.29	9,026	21	3	5,205	43	33	26
	4.46	2,980	22	3	2,517	65	38	38
	17.42	854	22	3	559	96	22	21
	100.00	1,199	65	3	688	77	532	455
	5.03	**20,572**	**23**	**3**	**11,816**	**43**	**635**	**545**
	0.07	2,593,295	14	-	2,214	2	9	7
	0.20	1,006,540	15	-	1,891	6	10	8
	0.37	531,611	15	-	3,632	9	22	15
	0.59	619,865	18	-	1,947	13	16	11
	1.39	1,286,400	16	-	7,045	20	80	82
	5.00	726,348	17	-	7,802	37	182	278
	20.41	246,579	17	-	4,007	65	211	275
	100.00	159,240	53	-	1,749	37	2,376	2,294
	3.23	**7,169,878**	**16**	**-**	**30,286**	**12**	**2,905**	**2,969**

(in € millions) **At 12/32/2019**	**PD range**	**Gross exposures initially on balance sheet**	**Pre-CCF off-balance-sheet exposures**	**Average CCF** *(%)*	**EAD**
o/w: exposures secured by real estate mortgages					
	0 to < 0.15	48,532	1,369	41	49,092
	0.15 to < 0.25	19,448	518	41	19,660
	0.25 to < 0.50	27,785	640	41	28,048
	0.50 to < 0.75	7,163	184	42	7,240
	0.75 to < 2.50	19,986	620	41	20,243
	2.50 to < 10.00	11,121	283	42	11,241
	10.00 to < 100.00	3,723	52	42	3,745
	100 (default)	2,230	8	41	2,234
	Subtotal	**139,990**	**3,675**	**41**	**141,503**
o/w: SMEs					
	0 to < 0.15	-	-	-	-
	0.15 to < 0.25	1,380	37	42	1,395
	0.25 to < 0.50	6,310	131	42	6,365
	0.50 to < 0.75	4,576	116	42	4,626
	0.75 to < 2.50	4,387	157	42	4,453
	2.50 to < 10.00	3,271	121	43	3,323
	10.00 to < 100.00	1,354	24	42	1,365
	100 (default)	578	1	42	578
	Subtotal	**21,857**	**587**	**42**	**22,105**
o/w: non-SMEs					
	0 to < 0.15	48,532	1,369	41	49,092
	0.15 to < 0.25	18,069	481	41	18,266
	0.25 to < 0.50	21,475	509	41	21,683
	0.50 to < 0.75	2,586	68	42	2,615
	0.75 to < 2.50	15,599	463	41	15,790
	2.50 to < 10.00	7,850	162	41	7,917
	10.00 to < 100.00	2,369	28	41	2,381
	100 (default)	1,652	7	41	1,655
	Subtotal	**118,133**	**3,088**	**41**	**119,398**
o/w: revolving					
	0 to < 0.15	2,343	5,708	20	3,491
	0.15 to < 0.25	1,116	1,616	20	1,441
	0.25 to < 0.50	528	594	20	647
	0.50 to < 0.75	785	881	20	962
	0.75 to < 2.50	1,491	1,198	20	1,732
	2.50 to < 10.00	781	400	20	861
	10.00 to < 100.00	213	55	20	224
	100 (default)	130	6	20	132
	Subtotal	**7,388**	**10,457**	**20**	**9,489**

	Average PD (%)	Number of debtors	Average LGD (%)	Average maturity (years)	RWAs	Density of RWAs (%)	EL	Corrected values & provisions
	0.07	376,778	14	-	1,237	3	5	4
	0.19	142,919	14	-	1,112	6	5	4
	0.37	193,525	15	-	2,604	9	15	10
	0.58	36,327	17	-	968	13	7	5
	1.32	145,776	15	-	4,371	22	39	44
	4.74	71,817	15	-	5,201	46	79	145
	19.69	25,485	15	-	3,000	80	110	167
	100.00	19,681	46	-	747	33	965	742
	2.82	**1,012,308**	**15**	**-**	**19,240**	**14**	**1,226**	**1,121**
	-	-	-	-	-	-	-	-
	0.16	10,377	15	-	61	4	0	0
	0.36	36,576	17	-	539	8	4	1
	0.58	22,779	17	-	577	12	5	3
	1.57	22,999	17	-	1,032	23	12	11
	4.86	17,174	17	-	1,487	45	27	37
	19.19	8,081	16	-	994	73	43	65
	100.00	4,261	48	-	240	41	260	195
	5.08	**122,247**	**17**	**-**	**4,929**	**22**	**350**	**313**
	0.07	376,778	14	-	1,237	3	5	4
	0.20	132,542	14	-	1,052	6	5	4
	0.37	156,949	14	-	2,065	10	11	9
	0.57	13,548	16	-	391	15	2	2
	1.24	122,777	14	-	3,340	21	27	33
	4.68	54,643	14	-	3,714	47	52	107
	19.98	17,404	14	-	2,005	84	67	102
	100.00	15,420	45	-	507	31	706	547
	2.40	**890,061**	**14**	**-**	**14,311**	**12**	**875**	**807**
	0.08	529,740	30	-	56	2	1	1
	0.21	196,809	30	-	52	4	1	1
	0.38	76,376	30	-	38	6	1	1
	0.51	152,567	30	-	71	7	1	1
	1.50	276,869	30	-	287	17	8	6
	5.29	144,909	30	-	344	40	14	10
	19.75	44,288	30	-	189	84	13	10
	100.00	22,581	56	-	30	23	71	94
	2.75	**1,444,139**	**31**	**-**	**1,066**	**11**	**110**	**123**

(in € millions) At 12/32/2019	PD range	Gross exposures initially on balance sheet	Pre-CCF off-balance-sheet exposures	Average CCF *(%)*	EAD
o/w: other retail customers					
	0 to < 0.15	35,639	4,211	52	37,820
	0.15 to < 0.25	11,204	2,017	48	12,178
	0.25 to < 0.50	10,859	1,661	40	11,520
	0.50 to < 0.75	6,227	1,742	40	6,921
	0.75 to < 2.50	11,749	3,820	43	13,409
	2.50 to < 10.00	8,301	2,092	44	9,214
	10.00 to < 100.00	2,091	265	42	2,202
	100 (default)	2,326	104	86	2,415
	Subtotal	**88,396**	**15,911**	**46**	**95,678**
o/w: SMEs					
	0 to < 0.15	-	-	-	-
	0.15 to < 0.25	2,354	527	38	2,551
	0.25 to < 0.50	3,384	882	32	3,663
	0.50 to < 0.75	4,646	1,186	32	5,027
	0.75 to < 2.50	5,743	1,385	34	6,220
	2.50 to < 10.00	5,768	1,223	37	6,218
	10.00 to < 100.00	1,445	198	36	1,517
	100 (default)	1,582	91	89	1,664
	Subtotal	**24,922**	**5,492**	**35**	**26,860**
o/w: non-SMEs					
	0 to < 0.15	35,639	4,211	52	37,820
	0.15 to < 0.25	8,851	1,490	52	9,626
	0.25 to < 0.50	7,475	779	49	7,856
	0.50 to < 0.75	1,581	556	56	1,894
	0.75 to < 2.50	6,006	2,435	49	7,189
	2.50 to < 10.00	2,534	869	53	2,996
	10.00 to < 100.00	646	66	59	685
	100 (default)	744	12	63	752
	Subtotal	**63,475**	**10,419**	**51**	**68,818**
Equities					
Equities	**Subtotal**	**-**	**-**	**-**	**-**
TOTAL	**TOTAL**	**320,586**	**74,971**	**43**	**352,161**

Average PD (%)	Number of debtors	Average LGD (%)	Average maturity (years)	RWAs	Density of RWAs (%)	EL	Corrected values & provisions
0.06	1,686,777	13	-	922	2	3	2
0.20	666,812	15	-	727	6	4	3
0.36	261,710	15	-	990	9	6	4
0.61	430,971	18	-	909	13	8	5
1.49	863,755	16	-	2,387	18	33	33
5.28	509,622	18	-	2,256	24	89	123
21.71	176,806	18	-	818	37	87	98
100.00	116,978	59	-	972	40	1,339	1,457
3.88	**4,713,431**	**16**	**-**	**9,980**	**10**	**1,569**	**1,725**
-	-	-	-	-	-	-	-
0.20	63,204	18	-	160	6	1	1
0.33	68,358	18	-	304	8	2	1
0.63	71,483	19	-	646	13	6	4
1.62	104,927	19	-	1,168	19	19	15
5.49	117,196	19	-	1,470	24	64	60
22.44	50,870	19	-	541	36	64	71
100.00	39,736	60	-	771	46	934	1,005
9.29	**515,774**	**21**	**-**	**5,061**	**19**	**1,090**	**1,157**
0.06	1,686,777	13	-	922	2	3	2
0.20	603,608	14	-	566	6	3	2
0.37	193,352	13	-	686	9	4	3
0.54	359,488	17	-	262	14	2	1
1.37	758,828	14	-	1,219	17	14	18
4.84	392,426	17	-	786	26	25	63
20.09	125,936	17	-	277	40	23	27
100.00	77,242	56	-	201	27	405	452
1.77	**4,197,657**	**14**	**-**	**4,919**	**7**	**479**	**568**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.22	**7,037,609**	**21**	**2.5**	**80,635**	**23**	**4,503**	**4,499**

5

5.8.6.3 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 Crédit 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; and
- 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 models 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.

5.8.6.4 Permanent and periodic control

The Crédit 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 permanent control is to lead, coordinate and standardize all the Crédit 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 Crédit 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.

5.8.6.5 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 42: RWA FLOW STATEMENTS OF CREDIT RISK EXPOSURES UNDER THE IRB APPROACH (EU CR8)

Balance sheet and Off-balance sheet *(in € millions)*	**RWAs**	**Capital requirements**
RWAs December 2019	**201,321**	**16,106**
Total assets	8,741	699
Asset quality	-458	-37
Model upgrades	0	0
Methodology and policy	0	0
Acquisitions and disposals	598	48
Currency movements	0	0
Other*	-2,211	-177
RWAs December 2020	**207,990**	**16,639**

* *o/w impact of approval of new default.*

TABLE 43: 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 44: IRB – SPECIALIZED LENDING AND EQUITIES (EU CR10)

Regulatory categories *(in € millions)* At 12/31/2020	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Amount of exposure	RWAs	Expected losses
Category 1	Less than 2.5 years	745	108	50%	821	428	0
	2.5 years or more	5,655	501	70%	5,976	4,359	24
Category 2	Less than 2.5 years	238	77	70%	255	186	1
	2.5 years or more	2,275	560	90%	2,609	2,447	21
Category 3	Less than 2.5 years	44	17	115%	54	65	2
	2.5 years or more	439	160	115%	539	646	15
Category 4	Less than 2.5 years	12	110	250%	94	246	8
	2.5 years or more	16	0	250%	17	45	1
Category 5	Less than 2.5 years	9	1	0%	11	0	6
	2.5 years or more	96	0	0%	127	0	63
TOTAL	**LESS THAN 2.5 YEARS**	**1,047**	**312**	**-**	**1,236**	**925**	**16**
	2.5 YEARS OR MORE	**8,481**	**1,221**	**-**	**9,268**	**7,496**	**125**

Categories	Amount of exposure	Weighting	RWAs	Capital requirements
Exposures in capital requirements	1,790	190%	3,401	272
Exposures to equities traded on regulated exchanges	233	290%	675	54
Other equity exposure[1]	10,118	370%	37,437	2,995
Large investments in the financial sector[2]	1,303	250%	3,257	261
TOTAL	**13,443**	**-**	**44,769**	**3,582**

(1) Including €8,611 million of exposures related to Groupe des Assurances du Crédit Mutuel, treated according to the Danish compromise.
(2) Including Banque de Tunisie and Caisse Centrale de Crédit Mutuel.

Regulatory categories *(in € millions)* At 12/31/2019	Remaining maturity	On-balance-sheet amount	Off-balance-sheet amount	Weighting	Amount of exposure	RWAs	Expected losses
Category 1	Less than 2.5 years	633	213	50%	791	412	0
	2.5 years or more	5,707	382	70%	5,932	4,327	24
Category 2	Less than 2.5 years	199	95	70%	269	196	1
	2.5 years or more	1,627	275	90%	1,734	1,627	14
Category 3	Less than 2.5 years	19	17	115%	33	39	1
	2.5 years or more	597	337	115%	830	994	23
Category 4	Less than 2.5 years	12	100	250%	87	226	7
	2.5 years or more	17	0	250%	21	54	2
Category 5	Less than 2.5 years	17	1	0%	19	0	10
	2.5 years or more	93	0	0%	94	0	47
TOTAL	**LESS THAN 2.5 YEARS**	**879**	**426**	**-**	**1,198**	**873**	**19**
	2.5 YEARS OR MORE	**8,041**	**994**	**-**	**8,611**	**7,001**	**109**

Categories	Amount of exposure	Weighting	RWA	Capital requirements
Exposures in capital requirements	2,185	190%	4,152	332
Exposures to equities traded on regulated exchanges	7	290%	20	2
Other equity exposure[1]	9,618	370%	35,592	2,847
Large investments in the financial sector[2]	1,455	250%	3,639	291
TOTAL	**13,265**	**-**	**43,403**	**3,472**

(1) Including €8,073 million of exposures related to Groupe des Assurances du Crédit Mutuel, treated according to the Danish compromise.
(2) Including Banque de Tunisie and Caisse Centrale de Crédit Mutuel.

5.9 COUNTERPARTY RISK

Qualitative information reporting requirements on CCR (EU CCRA)

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 45: CCR EXPOSURE ANALYSIS BY APPROACH (EU CCR1)

(in € millions) **At 12/32/2020**	Notional amounts	Replacement cost/ current market value	Future potential credit exposure	Effective expected positive exposure	Multiplier	EAD (Value exposed to post-CRM risk)	RWAs
Method using market prices	-	2,815	2,020	-	-	3,305	1,860
Initial exposure	-	-	-	-	-	-	-
Standardized approach	-	-	-	-	-	-	-
IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
o/w equity financing transactions	-	-	-	-	-	-	-
o/w derivatives and deferred settlement transactions	-	-	-	-	-	-	-
o/w exposure from a cross-product netting agreement	-	-	-	-	-	-	-
Simple method based on financial collateral (for SFTs)	-	-	-	-	-	-	-
General method based on financial collateral (for SFTs)	-	-	-	-	-	6,928	67
VaR for SFTs	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**1,926**

(in € millions) **At 12/32/2019**	Notional amounts	Replacement cost/ current market value	Future potential credit exposure	Effective expected positive exposure	Multiplier	EAD (Value exposed to post-CRM risk)	RWAs
Method using market prices	-	4,011	2,231	-	-	3,338	1,780
Initial exposure	-	-	-	-	-	-	-
Standardized approach	-	-	-	-	-	-	-
IMM (for derivatives and SFTs)	-	-	-	-	-	-	-
o/w equity financing transactions	-	-	-	-	-	-	-
o/w derivatives and deferred settlement transactions	-	-	-	-	-	-	-
o/w exposure from a cross-product netting agreement	-	-	-	-	-	-	-
Simple method based on financial collateral (for SFTs)	-	-	-	-	-	-	-
General method based on financial collateral (for SFTs)	-	-	-	-	-	8,454	80
VaR for SFTs	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**		**1,860**

TABLE 46: CVA CAPITAL REQUIREMENTS (EU CCR2)

(in € millions) At 12/32/2020	Exposure amount	RWAs
Total portfolios subject to advanced CVA requirement	**-**	**-**
i) VaR component (including x3 multiplier)	-	-
ii) SVaR component under stress (including the 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**

(in € millions) At 12/32/2019	Exposure amount	RWAs
Total portfolios subject to advanced CVA requirement	**-**	**-**
i) VaR component (including x3 multiplier)	-	-
ii) SVaR component under stress (including the x3 multiplier)	-	-
Total portfolios subject to standard CVA requirement	**1,777**	**582**
Total of method based on original exposure	**-**	**-**
Total subject to the CVA capital charge	**1,777**	**582**

TABLE 47: STANDARDIZED APPROACH – CCR EXPOSURES BY REGULATORY PORTFOLIO AND RISK WEIGHTING (EU CCR3)

Categories of exposure *(in € millions)* as of 12/31/2020	EAD						
	Weighting						
	0%	2%	20%	50%	75%	100%	Total
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**

Categories of exposure *(in € millions)* as of 12/31/2019	EAD						
	Weighting						
	0%	2%	20%	50%	75%	100%	Total
Governments and central banks	0	0	0	0	0	0	0
Regional or local authorities	5	0	0	0	0	3	8
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	863	46	0	0	0	908
Corporates	0	0	0	0	0	133	133
Retail customers	0	0	0	0	22	0	22
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	**6**	**863**	**46**	**0**	**22**	**139**	**1,075**

TABLE 48: IRB APPROACH – CCR EXPOSURES BY PORTFOLIO AND PD SCALE (EU CCR4)

(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 (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	1174	43	2.5	101	82
	0.75 to < 2.50	395	1.42	1046	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 (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 (default)	-	-	-	-	-	-	-
	Subtotal	**2**	**0.46**	**121**	**45**	**-**	**-**	**6**
TOTAL		**9,674**	**0.34**	**3,614**	**18**	**2.4**	**1,494**	**15.4**

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(in € millions) At 12/32/2019	PD range	EAD	Average PD	Average LGD	Average maturity	RWAs	RWA density
INSTITUTIONS (BANKS)							
	0 to < 0.15	7,449	0.06	14	1.8	381	5
	0.15 to < 0.25	860	0.23	20	1.9	224	26
	0.25 to < 0.50	41	0.44	-	1.5	12	30
	0.50 to < 0.75	-	-	-	-	-	-
	0.75 to < 2.50	-	-	-	-	-	-
	2.50 to < 10.00	-	-	-	-	-	-
	10.00 to < 100.00	-	-	-	-	-	-
	100 (default)	-	-	-	-	-	-
	Subtotal	**8,349**	**0.08**	**15**	**1.8**	**617**	**7**
CORPORATES							
	0 to < 0.15	2,146	0.05	13	2.4	182	8
	0.15 to < 0.25	-	-	-	-	-	-
	0.25 to < 0.50	157	0.36	36	2.5	83	53
	0.50 to < 0.75	99	0.55	29	2.5	50	51
	0.75 to < 2.50	339	1.10	48	2.5	368	109
	2.50 to < 10.00	165	3.79	25	2.5	128	77
	10.00 to < 100.00	6	19.39	41	2.5	15	229
	100 (default)	2	100.00	45	2.5	-	-
	Subtotal	**2,914**	**0.54**	**20**	**2.5**	**825**	**28**
RETAIL CUSTOMERS							
	0 to < 0.15	3	0.08	45	-	-	2
	0.15 to < 0.25	2	0.23	45	-	-	5
	0.25 to < 0.50	-	-	-	-	-	-
	0.50 to < 0.75	-	0.51	45	-	-	8
	0.75 to < 2.50	-	1.63	45	-	-	14
	2.50 to < 10.00	-	5.97	45	-	-	19
	10.00 to < 100.00	-	18.21	45	-	-	25
	100 (default)	-	-	-	-	-	-
	Subtotal	**6**	**0.55**	**45**	**-**	**-**	**5**
TOTAL		**11,269**	**0.20**	**16**	**2.4**	**1,442**	**13**

TABLE 49: CREDIT DERIVATIVE EXPOSURES (EU CCR6)

(in € millions) At 12/32/2020	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	-

(in € millions) At 12/32/2019	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notional amounts			
Single-name credit default swaps	10,638	6,695	-
Index credit default swaps	2,294	1,779	-
Total index credit default swaps	-	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
TOTAL NOTIONAL AMOUNTS	**12,932**	**8,474**	**-**
Fair values			
Positive fair value (asset)	-	111	-
Negative fair value (liability)	133	37	-

TABLE 50: RWA FLOW STATEMENTS OF CCR EXPOSURES UNDER THE INTERNAL MODEL METHOD (EU CCR7)

Derivatives and repurchase agreements *(in € millions)*	RWAs	Capital requirements
RWAs December 2019	**1,877**	**150**
Total assets	92	7
Asset quality	-11	-1
Model upgrades	0	0
Methodology and policy	0	0
Acquisitions and disposals	0	0
Currency movements	0	0
Other	0	0
RWAs December 2020	**1,958**	**157**

TABLE 51: EXPOSURES TO CENTRAL COUNTERPARTIES (EU CCR8)

(in € millions) **At 12/32/2020**	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 derivatives	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 derivatives	-	-
(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 12/32/2019**	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 derivatives	650	13
(ii) Listed derivatives	114	2
(iii) SFTs	92	2
(iv) Netting sets in which cross-product netting has been approved	-	-
Segregated initial margin	1,530	-
Non-segregated initial margin	-	-
Pre-funded default fund contributions	41	155
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 derivatives	-	-
(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.

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 52: CREDIT RISK MITIGATION (CRM) – GENERAL OVERVIEW (EU CR3)

(in € millions) **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.

(in € millions) **At 12/32/2019**	Unsecured exposures – Carrying amount	Secured exposures – Carrying amount*	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	615,684	4,613	3,443	1,170	0
Total debt securities	24,188	0	0	0	0
Total exposures	**639,872**	**4,613**	**3,443**	**1,170**	**0**
of which defaulted	5,558	65	14	51	0

* *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.*

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 53: STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS (EU CR4)

Categories of exposure as of 12/31/2020 *(in € millions)*	Net exposure On-balance-sheet amount	Net exposure Off-balance-sheet amount	EAD On-balance-sheet amount	EAD Off-balance-sheet amount	RWAs and RWA density RWA	RWAs and RWA density RWA density (%)
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**

Categories of exposure as of 12/31/2019 *(in € millions)*	Net exposure On-balance-sheet amount	Net exposure Off-balance-sheet amount	EAD On-balance-sheet amount	EAD Off-balance-sheet amount	RWAs and RWA density RWA	RWAs and RWA density RWA density (%)
Governments and central banks	89,583	804	89,020	223	1,569	2
Regional or local authorities	5,236	421	5,358	129	1,020	19
Public sector (public organizations excluding central governments)	26,409	244	27,187	277	-	-
Multilateral development banks	670	-	670	-	-	-
International organizations	925	-	925	-	-	-
Institutions (banks)	1,416	304	1,411	141	332	21
Corporates	20,243	17,770	19,558	3,193	20,981	92
Retail customers	33,997	13,291	33,749	1,006	25,071	72
Exposures secured by real estate mortgages	6,613	198	6,613	100	2,608	39
Exposures in default	1,966	32	1,916	22	2,258	117
Exposures presenting a particular high risk	895	29	879	14	1,332	149
Covered bonds	36	-	36	-	4	10
Exposures from institutions and corporates given a short-term credit evaluation	-	-	-	-	-	-
Exposures in the form of UCIT shares or equities	4	-	4	-	4	100
Equity exposure	412	-	412	-	413	100
Other assets	1,639	-	1,639	-	1,639	100
TOTAL	**190,046**	**33,094**	**189,379**	**5,104**	**57,231**	**29**

TABLE 54: 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 Crédit Mutuel Alliance Fédérale.

TABLE 55: IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES (EU CCR5-A)

(in € millions) **At 12/32/2020**	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	9,097	6,333	2,764	1,368	1,395
Repurchase agreements*	14,438	97	14,341	8,621	5,720
Cross-product netting	-	-	0		0
TOTAL	**23,534**	**6,430**	**17,104**	**9,989**	**7,115**

* *Note that, in the internal ratings-based approach, net exposures to repurchase and loan-to-loan transactions do not take into account the collateral held, as it is taken into account in the calculation of the loss given default (LGD*) method adopted by the Crédit Mutuel group in accordance with Article 228 § 2 of the CRR.*

(in € millions) **At 12/32/2019**	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	9,237	5,759	3,477	2,341	1,136
Repurchase agreements*	17,116	1,136	15,981	8,631	7,349
Cross-product netting					
TOTAL	**26,353**	**6,895**	**19,458**	**10,972**	**8,485**

* *Note that, in the internal ratings-based approach, net exposures to repurchase and loan-to-loan transactions do not take into account the collateral held, as it is taken into account in the calculation of the loss given default (LGD*) method adopted by the Crédit Mutuel group in accordance with Article 228 § 2 of the CRR.*

TABLE 56: COMPOSITION OF COLLATERAL FOR CCR EXPOSURES (EU CCR5-B)

	Collateral used in derivative transactions				Collateral used for temporary disposals of securities	
	Fair value of collateral received		Fair value of posted collateral			
(in € millions) **At 12/32/2020**	Segregated	Non-segregated	Segregated	Non-segregated	Fair value of collateral received	Fair value of posted collateral
Variation margin	-	1,424	-	2,978	148	137
Initial margin	-		1,782	-	13,934	17,554
TOTAL	**-**	**1,424**	**1,782**	**2,978**	**14,082**	**17,691**

Segregated: refers to collateral that is protected from default.

	Collateral used in derivative transactions				Collateral used for temporary disposals of securities	
	Fair value of collateral received		Fair valueof posted collateral			
(in € millions) **At 12/32/2019**	Segregated	Non-segregated	Segregated	Non-segregated	Fair value of collateral received	Fair value of posted collateral
Variation margin	-	2,347	-	2,539	163	158
Initial margin	-	-	2,058	-	15,355	18,180
TOTAL	**-**	**2,347**	**2,058**	**2,539**	**15,518**	**18,338**

Segregated: refers to collateral that is protected from default.

5.11 SECURITIZATION (EU SECA)

5.11.1 Objectives

In connection with its capital market activities, 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 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 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.

Lastly, capital markets have an application for measuring the impact of various scenarios on the positions (notably changes in prepayments, defaults and 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 result

5.11.3 Quantified data related to capital markets

In the 2020 fiscal year, group securitization investments decreased by €1.137 billion (down -14%), and represented a carrying amount of €6.820 billion as of December 31, 2020. The investments of the capital market arm of Crédit Mutuel Alliance Fédérale – called CIC Marchés – account for 83% of its securitization outstandings. The 2020 statistics in the tables presented in this section do not include the tranches sponsored by the American agencies Ginnie-Mae (Government National Mortgage Association) and SBA (Small Business Administration) for a total of €2.2 billion (€2.52 billion in 2019). 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 of the figures are investment grade (97%), most of which are classified as AAA. Tranches in the non-investment grade category are closely monitored and, in the case of Greece, provisioned. The portfolios are diversified, both in terms of type of exposure (RMBS, CMBS, CLO, ABS auto loans, ABS consumer loans, ABS credit cards) and geographical exposure (United States, France, Germany, Spain, Italy and United Kingdom).

TABLE 57: BEAKDOWN OF SECURITIZATION OUTSTANDINGS (EU SEC1)

Outstandings by portfolio *(in € millions)*	12/31/2020	12/31/2019
Banking book	6,126	6,910
Trading book	694	1,047
TOTAL OUTSTANDINGS*	**6,820**	**7,957**

* *These outstandings do not include the tranches sponsored by the US branches Ginnie-Mae and SBA.*

Investment grade/non-investment grade outstandings *(in %)*	12/31/2020	12/31/2019
Investment grade	99.8%	99.8%
Non-investment grade	0.2%	0.2%
TOTAL OUTSTANDINGS	**100%**	**100.0%**

Breakdown of outstandings by geographic zone *(in %)*	12/31/2020
USA	40.56%
France	24.44%
Germany	8.80%
Spain	4.98%
Italy	4.82%
UK	4.69%
Netherlands	4.10%
Australia	3.79%
Ireland	1.42%
Finland	1.36%
Austria	0.32%
Belgium	0.24%
South Korea	0.21%
Luxembourg	0.15%
Portugal	0.11%
Greece	0.02%
TOTAL OUTSTANDINGS	**100.00%**

Since 2008, the New York branch has been holding a portfolio of American RMBS issued before the 2008 crisis. This portfolio is managed on a run-off basis. At end-2020, the portfolio was practically extinguished. The remaining investments amount to USD 33K.

5.11.4 Capital market 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 Exposure 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 58: SECURITIZATION BY TYPE COVERED BY REGULATION (EU) 2017/2401 (EU SEC2)

Balance sheet: EAD *(in € millions)*	12/31/2020			
	Banking portfolio		Trading portfolio	Correlation portfolio
	New standard approach	External ratings approach	External ratings approach	External ratings approach
Investor	-	-	-	-
Balance sheet				
Classic securitization	489	5,612	704	-
Synthetic securitization	-	-	-	-
Off-balance-sheet				
Classic securitization	14	-	-	-
Synthetic securitization	-	-	-	-
Derivatives				
Classic securitization	-	-	-	-
Synthetic securitization	-	-	-	463
TOTAL	**502**	**5,612**	**704**	**463**

	12/31/2019			
	Banking book		Trading book	Correlation book
	New standard approach	External ratings approach	External ratings approach	Internal ratings approach
Investor	-	-	-	-
Balance sheet				
Classic securitization	435	1,611	598	-
Synthetic securitization	-	-	-	-
Off-balance-sheet				
Classic securitization	67	55	-	-
Synthetic securitization	-	-	-	-
Derivatives				
Classic securitization	-	-	-	-
Synthetic securitization	-	-	-	-
TOTAL	**502**	**1,666**	**598**	**-**

TABLE 59: BREAKDOWN OF OUTSTANDINGS BY CREDIT QUALITY STEP COVERED BY REGULATION (EU) 2017/2401 (EU SEC3)

Credit quality levels *(EAD in € millions)*	12/31/2020 Banking book External ratings approach	12/31/2020 Trading book External ratings approach
E1	5,084	403
E2	70	110
E3	148	29
E4	234	154
E5	6	-
E6	57	-
E7	-	-
E8	6	-
E9	1	-
E10	-	-
E11	0	-
E12	-	-
E13	-	5
E14	7	-
E15	-	-
E16	-	-
E17	1	2
Positions weighted at 1,250%	-	-
TOTAL	**5,612**	**704**

The external organizations used are Standard 1 Poor's, Moody's and Fitch Ratings.

Tranche of rw% *(EAD in € millions)*	12/31/2020 Banking book New standard approach
=< 20%	502
> 20% to 50%	-
> 50% to 100%	-
> 100% to 1,250%	-
Positions weighted at 1,250%	-
TOTAL	**502**

5

Credit quality levels *(EAD in € millions)*	12/31/2019	
	Banking book	Trading book
	External ratings approach	
E1	1,485	409
E2	-	58
E3	104	48
E4	63	84
E5	-	-
E6	14	-
E7	-	-
E8	-	-
E9	-	-
E10	-	-
E11	-	-
E12	-	-
E13	-	-
E14	-	-
E15	-	-
E16	-	-
E17	-	-
Positions weighted at 1,250%	-	-
TOTAL	**1,666**	**598**

The external organizations used are Standard 1 Poor's, Moody's and Fitch Ratings.

Tranche of rw% *(EAD in € millions)*	12/31/2019
	Banking book
	New standard approach
=< 20%	175
> 20% to 50%	73
> 50% to 100%	254
> 100% to 1,250%	-
Positions weighted at 1,250%	-
TOTAL	**502**

TABLE 60: CAPITAL REQUIREMENTS COVERED BY REGULATION (EU) 2017/2401 (EU SEC4)

Capital Requirements *(in € millions)*	12/31/2020			
	Banking book		Trading book	Correlation book
	New standard approach	External ratings approach	External ratings approach	Internal ratings approach
TOTAL	**5**	**96**	**11**	**7**

Capital Requirements *(in € millions)*	12/31/2019			
	Banking book		Trading book	Correlation book
	New standard approach	External ratings approach	External ratings approach	Internal ratings approach
TOTAL	**14**	**27**	**9**	**-**

5.12 CAPITAL MARKET RISK (EU MRA)

5.12.1 General structure

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".

Group activities are concentrated in France and in branches in London (group treasury), New York (investment activities) and Singapore (investment and commercial activities.) Crédit Mutuel Alliance Fédérale's appetite for capital markets is minimal. Capital consumption for market risk purposes was capped at 1% of the group's total capital at the end of 2020.

Group treasury

This business line is organized into three teams, one of which is dedicated to cash 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 bond instruments 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 department responsible for commercial activities. 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 Investment Solutions (IS) team uses CIC's issue programs to market investment products such as *Libre Arbitre* and Stork 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 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 market activities 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 market activities.

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 director of the finance division of Crédit Mutuel Alliance Fédérale and deputy chief executive officer of BFCM and comprises the head 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 market activities.

TABLE 61: MARKET RISK UNDER THE STANDARDIZED APPROACH (EU MR1)

(in € millions) **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**

(in € millions) **At 12/31/2019**	RWAs	Capital Requirements
Outright products		
Interest rate risk (general and specific)	1,100	88
Equity risk (general and specific)	938	75
Foreign exchange risk	530	42
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	33	3
Scenario approach	-	-
Securitization (specific risk)	182	15
TOTAL	**2,784**	**223**

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;
- 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 2020 for the fixed-income-equity-credit investment and commercial business lines was up compared to 2019 in order to take into account the impact of the new securitization regulations. For 2021, the limits have been slightly increased in the investment business, given the increased use of the banking book compared to the trading book. The capital allocated for the CVA expense is also calculated for the risk monitoring system.

Crédit Mutuel Alliance Fédérale VaR was €15.7 million at the end of 2020. A general stress test policy and a stress mechanism also help to manage risk, and there is an escalation procedure if limits are exceeded. For 2021, a Stressed VaR limit has been added as part of the risk appetite of Crédit Mutuel Alliance Fédérale and CIC.

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 cash position of CIC and BFCM must not exceed a limit of €1 billion for 2021, 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). Over the course of the year, capital consumption at CNC increased overall from €82.4 million to €79 million at the end of the year, with a high in March of €143.1 million.

The changes over the year stem mainly from the European capital adequacy on-balance-sheet items and are attributable to the use of bank DCs purchases as part of a market support system for Asset Management companies in the context of COVID-19.

2. Hybrid instruments:

Capital consumption was €61.5 million on average in 2020, and €52 million at the end of the year. The convertible bond inventory reached €2 billion at the end of 2020.

3. Credit:

These positions correspond to securities/CDS arbitrage (credit default swaps) or ABS (asset backed securities). For the corporate and financial credit portfolio, after a high of €68.2 million in March 2020, capital consumption fluctuated around €65.3 million during the first-half of the year before reaching €36.8 million at the end of 2020. The changes in activity are attributable to the liquidation of several bonds, ItraXX indices and CDX indices during the year. Regarding the ABS portfolio, capital risk consumption totaled around €57 million (€48.1 million at year-end) due to prudent risk management in peripheral countries and scaled-back positions in these countries.

4. M&A and other activities:

Capital consumption averaged €47.9 million in 2020, reaching a high of €66 million in December. This increase follows the changes of outstandings in M&A. The outstanding amount of the latter amounted to €579 million in December 2020 (the highest level reached during the year), compared to €265 million at the end of 2019.

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 at the end of the year were around €22 million and have remained low since the redemption of €1.7 billion in September 2014. Total outstanding government securities amounted to €1.2 billion in 2019 compared to €878 billion at the end of 2020, of which €0.6 billion in France.

5.12.4 Model-based risk

CIC Marché's risks and results control (RRC) team is in charge of developing the specific models used for valuing its positions. In 2020, 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 structure

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 risk governance and monitoring

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 draw-downs, 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, 2020, 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 -1.16% over one year (-€145.1 million in absolute value) and -2.05% over two years (-€256.2 million), in compliance with risk limits;
- for BFCM, sensitivity is -€147.2 million over one year and -€157.9 million over two years, -1.62% and -1.74% respectively as a percentage of NBI;
- Crédit Mutuel Alliance Fédérale NBI sensitivity indicators.

TABLE 62: NBI SENSITIVITY INDICATORS (EU IRRBB1)

NORMALIZED INTEREST RATE SHOCKS

	Sensitivity as a% of NBI	
At 12/31/2020	**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%

	Sensitivity as a% of NBI	
At 12/31/2019	**1 year**	**2 years**
Scenario S1	2.19%	2.69%
Scenario S2	-1.58%	-2.56%
Scenario S3	4.60%	5.40%
Scenario S4	0.67%	1.01%
Scenario S1 Constant balance sheet	1.88%	2.20%
Scenario S2 Constant balance sheet	-1.18%	-2.03%

STRESS SCENARIOS

	Sensitivity as a% of NBI	
At 12/31/2020	**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.*

	Sensitivity as a% of NBI	
At 12/31/2019	**1year**	**2 years**
Scenario S5	-0.70%	-4.00%
Scenario S5 *bis**	-1.22%	0.92%
Scenario S6	-1.36%	-4.08%
Scenario S6 *bis**	-1.87%	-2.07%

* *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.

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5.13.2.3 Regulatory indicator

The sensitivity of the net present value (NPV) is calculated in accordance with the EBA's recommendations:

- exclusion of capital and maturity of fixed 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 +0.74% in Tier 1 and Tier 2 capital (+€344 million in absolute value);
- a 200-bp. rise in interest rates makes for a decline of -0.46% (-€212 million).

TABLE 63: NPV SENSITIVITY AT +200 BPS. AND -200 BPS. (EU IRRBB1)

In% of Tier 1 and Tier 2 capital	12/31/2020
Sensitivity +200 bps.	-0.46%
Sensitivity -200 bps.	0.74%

In% of Tier 1 and Tier 2 capital	12/31/2019
Sensitivity +200 bps.	-1.72%
Sensitivity -200 bps.	1.20%

In% of CET1 capital	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%

In% of CET1 capital	12/31/2019
Sensitivity +200 bps.	-2.02%
Sensitivity -200 bps.	1.42%
Increase in short-term rates	-5.95%
Reduction in short-term rates	2.63%
Flattening	-8.48%
Sloping	6.35%

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.

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, BFCM and the other entities of Crédit Mutuel Alliance Fédérale (regional banks, BECM, etc.)

5.13.3 Liquidity risk management (EU LIQA & EU LIQ1)

5.13.3.1 Liquidity risk strategy and monitoring

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, 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.

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 cash 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 the commercial banking activity 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, Audit 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.

5.13.3.2.2 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 company and asset management entities enjoy autonomy in the measurement and operational management of their liquidity, have a robust liquidity risk monitoring system and regularly report the results of their business-appropriate liquidity stress tests to the group.

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 euro zone 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 12/31/2020 *(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*	*99,739*	*101,567*	*103,198*	*52,653*	*55,436*	*58,009*	*61,470*
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*	*66,802*	*68,564*	*70,384*	*39,881*	*41,760*	*44,097*	*42,849*
8	*Unsecured debt*	*6,684*	*7,600*	*7,877*	*8,523*	*6,684*	*7,600*	*7,877*	*12,767*
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	5,658	5,583	5,518	255	303	283	267
16	**Total cash outflows**					**79,561**	**83,312**	**86,748**	**90,903**
CASH INFLOWS									
17	Secured lending (such as reverse repurchase agreements)	9,105	6,701	4,521	2,471	3,556	2,831	2,001	1,044
18	Inflows from fully performing exposures	22,433	22,178	22,121	22,006	12,851	13,629	14,557	15,728
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**	**31,444**	**29,819**	**27,876**	**18,565**	**19,025**	**19,735**	**20,168**
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**					**60,995**	**64,287**	**67,013**	**70,680**
23	**Liquidity coverage ratio** *(%)*					**147.01%**	**154.17%**	**161.01%**	**165.20%**

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Extent of consolidation: consolidated At 12/31/2019 *(in € millions)*		Total unweighted value				Total weighted value			
Quarter ending on:		03/31/2019	06/30/2019	09/30/2019	12/31/2019	03/31/2019	06/30/2019	09/30/2019	12/31/2019
Number of data points used in the calculation of averages: 12									
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets**					**80,735**	**82,131**	**82,936**	**85,906**
CASH OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	202,284	206,231	210,260	214,440	13,486	13,787	14,091	14,400
3	*Stable deposits*	*146,748*	*149,178*	*151,697*	*154,329*	*7,337*	*7,459*	*7,585*	*7,716*
4	*Less stable deposits*	*55,505*	*57,024*	*58,534*	*60,082*	*6,118*	*6,299*	*6,477*	*6,654*
5	*Unsecured wholesale funding:*	*93,863*	*94,600*	*94,757*	*95,275*	*53,468*	*53,609*	*52,880*	*52,344*
6	*Operational deposits*	*21,970*	*22,512*	*23,395*	*24,406*	*5,256*	*5,384*	*5,597*	*5,842*
7	*Non-operational deposits*	*64,970*	*64,993*	*64,240*	*64,175*	*41,289*	*41,130*	*40,162*	*39,808*
8	*Unsecured debt*	*6,923*	*7,095*	*7,122*	*6,694*	*6,923*	*7,095*	*7,122*	*6,694*
9	Secured wholesale funding					3,251	3,175	3,385	3,509
10	Additional requirements	70,826	71,977	71,943	71,805	8,150	8,187	8,248	8,201
11	*Outflows related to derivative exposures and other collateral requirements*	*1,111*	*1,116*	*1,120*	*1,126*	*1,111*	*1,116*	*1,120*	*1,126*
12	*Outflows related to loss of funding on debt products*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
13	*Credit and liquidity facilities*	*69,716*	*70,861*	*70,823*	*70,679*	*7,039*	*7,071*	*7,127*	*7,075*
14	Other contractual funding obligations	302	286	257	246	301	286	256	245
15	Other contingent funding obligations	379	383	1,729	3,074	26	32	108	181
16	**Total cash outflows**					**78,682**	**79,075**	**78,969**	**78,880**
CASH INFLOWS									
17	Secured lending	10,451	9,904	9,362	9,131	3,632	3,418	3,277	3,383
18	Inflows from fully performing exposures	21,934	22,285	22,546	22,417	12,879	13,055	13,246	13,170
19	Other cash inflows	2,295	2,325	2,007	2,155	2,295	2,325	2,007	2,155
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**	**34,679**	**34,515**	**33,915**	**33,703**	**18,805**	**18,798**	**18,531**	**18,708**
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*	*34,679*	*34,515*	*33,915*	*33,703*	*18,805*	*18,798*	*18,531*	*18,708*
21	**Liquidity buffers**					**80,735**	**82,131**	**82,936**	**85,906**
22	**Total net cash outflows**					**59,877**	**60,277**	**60,439**	**60,172**
23	**Liquidity coverage ratio** *(%)*					**134.84%**	**136.26%**	**137.22%**	**142.77%**

TABLE 65: DETAILS OF LIQUIDITY BUFFER – LCR

Amount after ECB haircut *(in € millions)*	12/31/2020	12/31/2019
Tier 1	**124,121**	**87,562**
Cash deposited in central banks	100,631	65,063
HQLA	22,073	21,126
Cash deposits	1,417	1,373
Tier 2a	**3,172**	**965**
Tier 2b	**2,598**	**4,265**
TOTAL BUFFER	**129,890**	**92,792**

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 12/31/2020**	Residual contractual maturities ≤ 1 month[1]	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Indefinite[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
Of which debt securities, including bonds	*8,170*	*16,109*	*39,537*	*14,593*	*30,187*	*25,059*	*129*	*133,785*
Of which subordinated liabilities	*0*	*0*	*0*	*0*	*2,028*	*4,252*	*1,024*	*7,304*

Excludes insurance business line.
(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.

(in € millions) **At 12/31/2019**	Residual contractual maturities ≤ 1 month[1]	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	Indefinite[2]	Total
ASSETS								
Financial assets held for trading	8,665	2,901	6,180	2,483	4,699	2,795	644	28,367
Financial assets at fair value through profit or loss	14	18	11	56	214	191	4,640	5,143
Derivatives used for hedging purposes (assets)	1	86	560	727	800	247	0	2,420
Financial assets at fair value through equity	952	977	2,450	3,297	10,903	11,406	483	30,468
Loans and receivables (including finance leases)	53,659	15,103	32,726	38,034	97,080	189,477	140	426,219
Securities at amortized cost	247	5	5,199	290	1,257	754	61	7,814
Other assets	673	8,297	64	10	12	30	86	9,173
LIABILITIES								
Central bank deposits	715	0	0	0	0	0	0	715
Financial liabilities held for trading	8,272	3,892	4,053	225	1,804	1,057	2	19,305
Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0
Derivatives used for hedging purposes (liabilities)	48	28	542	404	814	456	0	2,291
Financial liabilities carried at amortized cost	287,509	27,670	80,438	29,790	57,462	36,379	516	519,764
Of which debt securities, including bonds	*7,902*	*13,543*	*44,040*	*11,087*	*32,989*	*22,711*	*0*	*132,272*
Of which subordinated liabilities	*0*	*0*	*1,009*	*0*	*1,019*	*5,272*	*1,018*	*8,317*

Excludes insurance business line.
(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.

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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 accrued interest 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.

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.

5.13.3.8 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.).

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 (89% of total liabilities). The only other significant currency is the American dollar (5.5% 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.

The group automatically centralizes the foreign currency positions of each entity *via* BFCM and CIC holding company on a daily basis for commercial transfers and cash flows, both income and expenses, denominated 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 financial information about the measurement approach used by the BFCM consolidated scope 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.

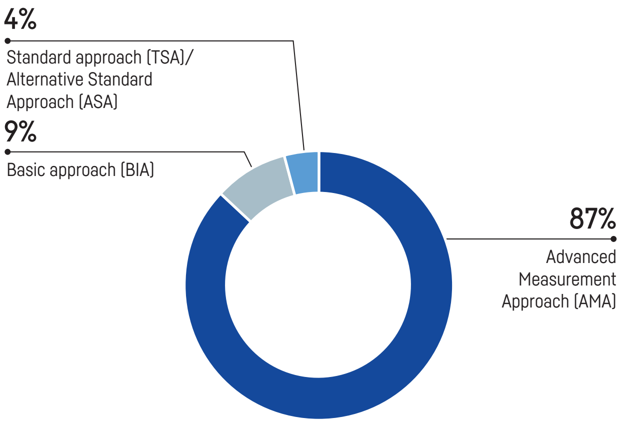
Moreover, the Crédit Mutuel group subscribes to an external database, the analysis of which helps to enhance risk mapping and the operational risk measurement system as a whole.

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% of the scope at December 31, 2020). 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 11: 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 reference 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.

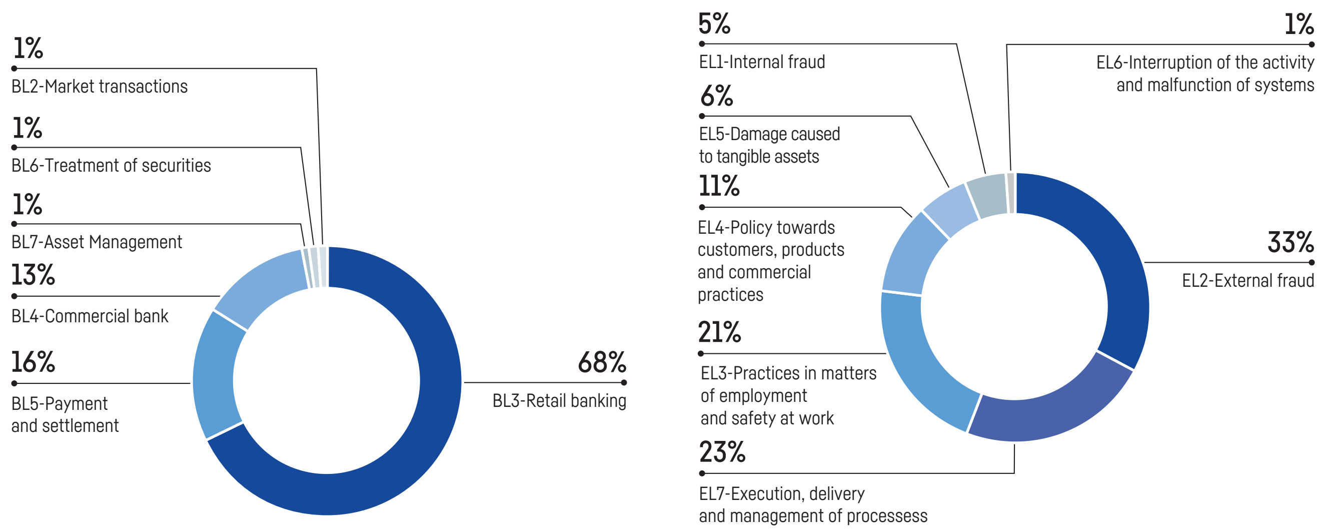
Crédit Mutuel group's insurance programs comply with the provisions of Articles 323 of EU Regulation No. 575/2013 of the European Parliament and Council of June 26, 2013 concerning the deduction of insurance under the advanced method approach (AMA).

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 €116.1 million in 2020, including €106.7 million in losses, €44 million in provisions and €34.5 million in reversals of provisions on past losses. It broke down as follows:

CHART 12: ANNUAL LOSS EXPERIENCE BY BUSINESS LINE AND BY RISK EVENT (EU OR1)



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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 cooperative responsibility”.

5.15 INFORMATION ON ENCUMBERED AND UNENCUMBERED ASSETS (EU TEMPLATE D)

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.

At December 31, 2020, the level and characteristics of encumbered and unencumbered assets for Crédit Mutuel Alliance Fédérale were as follows:

TABLE 67: ENCUMBERED AND UNENCUMBERED ASSETS(1) (EU TEMPLATE A)

(in € millions)	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)	**71,557**	**6,799**	-	-	**590,494**	**27,985**	-	-
Capital instruments	40	20	40	20	5,665	134	5,665	134
Debt securities	12,209	6,676	12,347	6,696	41,382	27,851	40,504	27,851
of which secured bonds	616	567	616	567	4,019	3,995	4,019	3,995
of which asset-backed securities	2,965	1,023	2,965	1,027	3,257	134	3,372	246
of which issued by public administrations	3,374	3,067	3,382	3,074	16,960	18,099	16,957	18,099
of which issued by financial institutions	6,502	1,896	6,596	2,045	15,586	8,507	15,340	8,507
of which issued by non-financial corporations	2,800	1,613	2,800	1,613	6,580	375	6,661	375
Other assets[2]	59,341	122	-	-	543,563	0	-	-

(1) The figures are presented in median values of end-of-quarter data for the elapsed year.
(2) O/w loans and advances.

TABLE 68: COLLATERAL RECEIVED* (EU TEMPLATE B)

(in € millions)	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	**13,960**	**9,556**	**8,597**	**2,599**
Loans on demand	0	0	1	0
Capital instruments	938	643	504	298
Debt securities	12,966	8,861	5,189	2,413
of which secured bonds	138	138	17	14
of which asset-backed securities	2,293	904	1,936	1,067
of which issued by public administrations	7,472	6,784	515	490
of which issued by financial institutions	4,025	1,149	3,266	1,364
of which issued by non-financial corporations	1,475	991	1,428	308
Loans and advances other than loans on demand	0	0	306	0
Other collateral received	0	0	2,884	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	**85,517**	**16,355**	**-**	**-**

* *The figures are presented in median values of end-of-quarter data for the elapsed year.*

TABLE 68: CARRYING AMOUNT OF ENCUMBERED ASSETS/COLLATERAL RECEIVED AND LIABILITIES BACKED* (EU TEMPLATE C)

(in € millions)	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	66,950	81,572

* *The figures are presented in median values of end-of-quarter data for the elapsed year.*

5.16 EQUITY RISK

The equity securities risk run by Crédit Mutuel Alliance Fédérale 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 €6,086 million as of December 31, 2020 compared to €5,218 million a year earlier.

5.16.2 Financial assets at fair value through equity

Financial assets at fair value through shareholders' equity stood at €565 million.

Long-term investments notably include VISA INC securities for €200 million.

5.16.3 Insurance business investments

Outstanding equities classified as investments by the insurance business stood at €41,841 million at end-December 2020, compared to €39,198 million a year earlier.

Long-term investments notably include Desjardins securities for €366 million and Covivio (formerly Foncière des Régions) securities for €549 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 70: RISKS RELATED TO THE PRIVATE EQUITY BUSINESS

Risks related to the private equity business	12/31/2020	12/31/2019
Number of listed lines	19	27
Number of unlisted lines	301	308
Number of funds	23	24
Portfolio revalued for proprietary trading *(in € millions)*	2,906	2,873
Capital managed on behalf of third parties *(in € millions)*	121	98

Source: Crédit Mutuel Equity.

Proprietary trading investments were spread over approximately 320 lines (excluding investments in funds), primarily covering small- and medium-sized enterprises.

5.18 REMUNERATION (EU REMA)

5.18.1 Remuneration supervisory bodies

Crédit Mutuel Alliance Fédérale, which is subject to supervision by the *Autorité de contrôle prudentiel et de résolution* (ACPR – French Prudential Supervisory and Resolution Authority) on a consolidated basis, decided at the meeting of the Board of Directors on February 27, 2015 to set up a Remuneration 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 Remuneration 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, 2020 to April 2, 2020, the Remuneration Committee was composed of:

- Mr. Gérard BONTOUX, Chairman;
- Mr. Gérard OLIGER;
- Ms. Christine LEENDERS;
- Ms. Annie VIROT;
- Mr. Jean-François JOUFFRAY;
- Mr. François TROILLARD.

From April 3, 2020 to December 31, 2020, the Remuneration Committee was composed of:

- Ms. Annie VIROT, Chairwoman;
- Mr. Philippe GALIENNE;
- Ms. Audrey HAMMERER;
- Mr. Jean-François JOUFFRAY;
- Mr. Gérard OLIGER;
- Ms. Christine LEENDERS.

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 2020, the Compensation Committee met four times, on February 17, March 26, July 28 and November 18.

Crédit Mutuel Alliance Fédérale did not commission any external consultations in 2020 concerning the compensation system.

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 remuneration, 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 businesses 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.

Thus, in 2020, the amount of variable compensation amounted to nearly 4% of total compensation within Crédit Mutuel Alliance Fédérale group.

Crédit Mutuel Alliance Fédérale applies all regulatory provisions for managing compensation.

The quantitative and qualitative criteria were applied to the structures whose consolidated balance sheet total under IFRS is greater than €10 billion:

- first consolidated level: Caisse Fédérale de Crédit Mutuel as consolidating body. The criteria are applied to the consolidated scope taking into account the entire sub-consolidation scope;
- second sub-consolidated level: structures, on a consolidated or individual basis, with a total Y-1 balance sheet of more than €10 billion: 11 identified institutions for which the criteria are applied in the same way as the first consolidated level: Caisse Fédérale de Crédit Mutuel, BFCM, TARGOBANK in Germany, Cofidis, BECM, CIC, CIC Est, CIC Nord Ouest, CIC Ouest, CIC Sud-Est, Lyonnaise de Banque and Banque de Luxembourg.

The identification was carried out on an individual and consolidated basis.

- In terms of quantitative criteria, risk takers correspond to employees:
  - with a total compensation greater than or equal to €500,000;
  - belonging to the 0.3% of employees (number rounded up) who received the highest total compensation during the previous fiscal year;

- were awarded, during the previous financial year, a total compensation equal to or greater than the lowest total compensation awarded during the same fiscal year to a member of Executive Management or fulfilling one of the criteria set out in points 1), 3), 5), 6), 8), 11), 12), 13) or 14) of Article 3 [of Delegated Regulation No. 604/2014].

Risk takers identified under the quantitative criteria may benefit from exemptions. A request was made to the ACPR on December 1, 2020 concerning 26 employees, some of whom work in foreign branches.

- For qualitative criteria, the list includes:
  - members of the Chairmanship and Executive Management of Crédit Mutuel Alliance Fédérale and its subsidiaries;
  - the heads of compliance, periodic control, permanent control and risks, at Crédit Mutuel Alliance Fédérale level;
  - risk managers and managers of major business units (*i.e.* operational units to which at least 2% of the internal capital of Crédit Mutuel Alliance Fédérale has been allocated);
  - 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;
  - 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;
  - the heads of major support functions at Crédit Mutuel Alliance Fédérale level: legal affairs, finance, taxation, budgeting, human resources and compensation policy, information technology and economic analysis;
  - with regard to the category of directors, due to the voluntary nature of this function and the umbrella role of the Remuneration Committee and the organization of the institution's internal control, Crédit Mutuel Alliance Fédérale chose to first select members of umbrella structures and specialized committees (*i.e.* members of Caisse Fédérale du Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Banque Européenne de Crédit Mutuel), as well as members of the supervisory bodies of entities whose balance sheet total consolidated under IFRS is over €10 billion.

As part of the recent transposition into French law of the CRD 5 Directive, the criteria for identifying the population of risk takers will change in 2021.

5.18.2 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 remuneration 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 favour 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.

The operational procedures implementing Crédit Mutuel Alliance Fédérale's compensation policy are documented so as to ensure, through permanent or periodic control, the understanding of the system and the traceability of decisions in relation to the principles and procedures in force.

As part of the regular review of the implementation of the principles of Crédit Mutuel Alliance Fédérale's compensation policy, on November 18, 2020 the Remuneration Committee proposed to the Board of Directors to update the compensation policy based on the following elements:

- changes resulting from the internal audit mission:
  - reiterate the documentation requirements for the allocation and determination of variable compensation,
  - indicate that certain foreign entities, due to the local regulatory context, have their own Remuneration Committees (TARGOBANK in Germany, Banque de Luxembourg, CIC Suisse, BT Belgium, TARGOBANK in Spain and Banque Casino);
- changes following the review by the risk and compliance department, including:
  - in order to monitor the appropriate consistency of the policy with the risk appetite framework, an indicator to monitor the variable portion in relation to the total compensation is in place since 2020.

These changes were proposed, excluding draft amendments in France to the Order of November 3, 2014 (Articles 199 to 201) and the provisions of the CMF communicated by the DGT to the market groups to transpose CRD 5.

At its first annual meeting, the Remuneration 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.

5.18.3 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;
- 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;
- 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 behaviour and Crédit Mutuel Alliance Fédérale's long-term objectives, in particular with respect to risk management control;
- promoting career advancement through internal training and fostering employees' long-term commitment;
- making sure that the capital base is regularly strengthened.

Thus, in 2020, the amount of variable compensation amounted to almost 4% of total compensation within Crédit Mutuel Alliance Fédérale group, 2.5% of general operating expenses and 0.4% of CET1.

With regard to identified personnel, the amount of variable compensation awarded represents 22% of the compensation within the scope of Crédit Mutuel Alliance Fédérale.

5.18.4 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;
- behaviour in terms of team spirit and responsiveness;
- professional behaviour in relation to the values, ethics and procedures of Crédit Mutuel Alliance Fédérale.

5.18.5 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.

In 2020, the variable compensation of risk-takers provides, in the event the variable compensation is greater than €100,000 the implementation of a deferred payment over a three-year period. This deferred payment represents at least 40% of the variable compensation. In addition, if the variable compensation exceeds a certain amount, up to 60% must be deferred.

Crédit Mutuel Alliance Fédérale has defined the following specific rules for a deferred payment as from the first euro combined with a deferred portion set at least at 40%:

- from €1 to €250,000, payments of 60% in Y+1;
- above €250,000 and up to €500,000, payment of 40% of the variable portion of this tranche in Y+1;
- and beyond, payment of 20% in Y+1.

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.

In 2021, in the new regulatory context and the transposition of CRD 5 in France, the rules will evolve with the integration of blocked cash, indexed to a composite indicator reflecting the performance of the entity.

The activities concerned by the request to exceed the 100% threshold are the trading room activities (investment business) in France and New York.

Indeed, the activity is 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 mangers 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;
- behaviour 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.

TABLE 71: SUMMARY OF COMPENSATION AWARDED DURING THE FISCAL YEAR (EU REM1)

(in € millions)		Management	Other members of the identified population
FIXED COMPENSATION AWARDED DURING THE YEAR			
	Number of employees	**286**	**365**
	Total fixed compensation	**41.07**	**63.11**
	O/w: compensation in cash	41.07	63.11
	O/w: shares and equivalent ownership rights	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-
	O/w: other types of compensation	-	-
VARIABLE COMPENSATION AWARDED DURING THE YEAR			
	Number of employees	**66**	**217**
	Total variable compensation	**6.74**	**22.10**
	O/w: compensation in cash	6.74	22.10
	O/w: deferred compensation	1.89	6.98
	O/w: shares and equivalent ownership rights	-	-
	O/w: deferred compensation	-	-
	O/w: other instruments linked to shares and other equivalent non-cash instruments	-	-
	O/w: deferred compensation	-	-
	O/w: other types of compensation	-	-
	O/w: deferred compensation	-	-
TOTAL COMPENSATION ALLOCATED DURING THE FISCAL YEAR			
	Total compensation allocated during the fiscal year	**47.81**	**85.20**

TABLE 72: SPECIAL PAYMENTS DURING THE FISCAL YEAR (EU REM2)

(in € millions)		Management	Other members of the identified population
Guaranteed premiums (paid during the year)	Number of employees	-	-
	Total amount	-	-
Arrival bonus (paid at the time of recruitment, during the year)	Number of employees	-	-
	Total amount	-	-
Severance pay (paid upon departure, during the year)	Number of employees	1	1
	Total amount	0.59	0.12

TABLE 73: DEFERRED COMPENSATION SUBJECT TO A LOCK-UP PERIOD (EU REM3)

(in € millions)	Deferred compensation not yet paid at reporting date (acquired in respect of previous years Y-1 and before): Total amount of deferred compensation outstanding	Deferred compensation not yet paid at reporting date (acquired in respect of previous years Y-1 and before): *Of which:* Total amount of deferred compensation outstanding subject to a lock-up period that may be subject to an implicit or explicit *ex-post* adjustment	Operations that took place in year Y (including compensation that will not be paid in Y): Total amount of changes during the year related to explicit *ex-post* adjustments	Operations that took place in year Y (including compensation that will not be paid in Y): Total amount of changes during the year related to implicit *ex-post* adjustments	Compensation paid in year Y: Total amount of deferred compensation paid during the year
Management	**3.36**	**3.36**	**0.05**	**-**	**1.47**
Cash	3.36	3.36	0.05	-	1.47
Shares and equivalent ownership rights	-	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	-	-	-	-	-
Other	-	-	-	-	-
Other members of the identified population	**12.71**	**12.71**	**-**	**-**	**6.8**
Cash	12.71	12.71	-	-	6.8
Shares and equivalent ownership rights	0	-	-	-	-
Other instruments linked to shares and other equivalent non-cash instruments	0	-	-	-	-
Other	0	-	-	-	-
TOTAL	**16.07**	**16.07**	**0.05**	**-**	**8.27**

TABLE 74: HIGH LEVELS OF COMPENSATION (EU REM4)

(Number of people)	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	**6**
Between 1.5 million and 2 million not included	-
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 75: BREAKDOWN OF THE IDENTIFIED POPULATION BY AREA OF ACTIVITY (EU REM5)

		Area of activity						
	Management	Investment banking	Retail banking	Asset management	Internal control functions	Corporate functions	Other	Total
Total number of members from the identified population				**651**				
Including members of the management body	286							**286**
Including members of Executive Management	-	21	58	3	10	27	2	**121**
Including other members of the identified population	-	61	74	10	57	37	5	**244**
Total compensation of the identified population	**47.81**	**31.73**	**26.91**	**2.87**	**11.44**	**11.29**	**0.97**	**133.02**
Of which variable compensation	6.74	13.72	5.03	0.99	1.31	1.05	-	**28.84**
Of which fixed compensation	41.07	18.01	21.88	1.88	10.13	10.24	0.97	**104.18**

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: Full consolidation	Proportional consolidation	Not consolidated, not deducted*	Deducted	Description of entity
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
Euro Automatic Cash	Consolidation using the equity method	-	X	-	-	F. Logistics and Holding companies
Euro Protection Surveillance	Full consolidation	-	-	X	-	F. Logistics and Holding companies
LYF SAS (formerly Fivory SAS)	Consolidation using the equity method	-	X	-	-	F. Logistics and Holding companies
Groupe Républicain Lorrain Communication (GRLC)	Full consolidation	-	-	X	-	F. Logistics and Holding companies
L'Est Républicain	Full consolidation	-	-	X	-	F. Logistics and Holding companies
SAP Alsace	Full consolidation	-	-	X	-	F. Logistics and Holding companies
Société d'Investissements Médias (SIM)	Full consolidation	-	-	X	-	F. Logistics and Holding companies
Société de Presse Investissement (SPI)	Full consolidation	-	-	X	-	F. Logistics and Holding companies
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 Avançada 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

Name of entity	Accounting consolidation method	Accounting regulatory method				Description of entity
		Full consolidation	Proportional consolidation	Not consolidated, not deducted*	Deducted	
GACM ESPAÑA	Full consolidation	-	-	X	-	G - Insurance companies
Groupe des Assurances du Crédit Mutuel (GACM)	Full consolidation	-	-	X	-	G - Insurance companies
ICM LIFE	Full consolidation	-	-	X	-	G - Insurance companies
MTRL	Full consolidation	-	-	X	-	G - Insurance companies
NELB (North Europe Life Belgium)	Full consolidation	-	-	X	-	G - Insurance companies
Partners	Full consolidation	-	-	X	-	G - Insurance companies
Procourtage	Full consolidation	-	-	X	-	G - Insurance companies
Sérénis Assurances	Full consolidation	-	-	X	-	G - Insurance companies
Targo seguros mediacion (formerly Voy Mediación)	Full consolidation	-	-	X	-	G - Insurance companies
Affiches d'Alsace Lorraine	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
Le Républicain Lorrain	Full consolidation	-	-	X	-	H. Other companies
Les Dernières Nouvelles d'Alsace	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
Publiprint Province n°1	Full consolidation	-	-	X	-	H. Other companies
Républicain Lorrain Communication	Full consolidation	-	-	X	-	H. Other companies
Républicain Lorrain – TV news	Full consolidation	-	-	X	-	H. Other companies
Foncière Masséna	Full consolidation	-	-	X	-	H. Other companies
SCI ACM	Full consolidation	-	-	X	-	H. Other companies
SCI ACM Cotentin	Full consolidation	-	-	X	-	H. Other companies
SCI Le Progrès Confluence	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 Issoire	Full consolidation	-	-	X	-	H. Other companies
Société d'Édition de l'Hebdomadaire du Louhannais et du Jura (SEHLJ)	Full consolidation	-	-	X	-	H. Other companies

* *Refers to entities exempt from the deduction from own funds or benefiting from the Danish Compromise. They are included in the RWAs for calculating credit risk.*

Appendix 2: Detailed information about capital (EU CCA)

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
Regulatory treatment		
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	Consolidated and (non-)consolidated	Consolidated and (non-)consolidated
Instrument type (to be specified by each jurisdiction)	Type B 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)	€213.23m	€6,553.87m
Nominal value of instrument	€15	€1
Issue price	€15	€1
Redemption amount	€15	€1
Accounting classification	Equity	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
Coupons/dividends		
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 (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 (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.

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
Regulatory treatment		
Transitional CRR rules (including additional CRR2)	20% Additional Tier 1 capital 80% Tier 2 capital	20% Additional Tier 1 capital 80% 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)	■ TSS ■ Art. 52 *et seq.* of the CRR ■ Art. 484 *et seq.* of the CRR	■ TSS ■ Art. 52 *et seq.* of the CRR ■ Art. 484 *et seq.* of the CRR
Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€733.59m	€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	■ 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	■ 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
Coupons/dividends		
Fixed or floating dividend/coupon	Fixed to floating	Fixed to floating
Coupon rate an any related index	6% then, from 12/15/2005, EUR CMS10 +0.10% with cap at 8%	7% then, as from 25/02/2006, 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.e.* two consecutive positive consolidated net earnings after the end of the intervention of the supervisor.	Reconstitution of principal if return to financial health, *i.e.* 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.e.* subordinated to any non-voting loan stock and investments in non-consolidated companies, ordinary subordinated instruments and non-subordinated instruments.	Deeply subordinated instrument *i.e.* subordinated to any non-voting loan stock and investments in non-consolidated companies, 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.

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
Regulatory treatment						
Transitional CRR rules (including additional CRR2)						
Post-transitional CRR rules (including additional CRR2)	Ineligible from January 1, 2022	Ineligible from January 1, 2022	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital
Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated level	Consolidated and non-consolidated	Consolidated and non-consolidated	Consolidated and non-consolidated	Consolidated and non-consolidated	Consolidated	Consolidated
Instrument type (to be specified by each jurisdiction)	■ Non-voting loan stock ■ Article 62 *et seq.* of CRR	■ Non-voting loan stock ■ Article 62 *et seq.* of CRR	■ Perpetual subordinated notes ■ Art. 62 *et seq.* of the CRR	■ Perpetual progressive-interest subordinated notes ■ Art. 62 *et seq.* of the CRR	■ Subordinated notes ■ Art. 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR
Amount recognized in regulatory capital (currency in millions as of most recent reporting date)	€8.28m	€12.18m	€18.96m	€0.53m	€670.73m	€939.73m
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	€20.06 million 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	09/11/2015
Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Dated
Initial maturity	Perpetual	Perpetual	Perpetual	Perpetual	21/05/2024	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	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
XS1385945131	XS1512677003	XS1587911451	XS1717355561	XS1824240136	FR0013425162
English unless subordination	English unless subordination	English unless subordination	English unless subordination	English unless subordination	French
Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital
Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital	Equity Tier 2 capital
Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
■ Subordinated notes ■ Article 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR	■ Subordinated notes ■ Article 62 *et seq.* of the CRR
€1,000.00m	€700.00m	€500.00m	€500.00m	€500.00m	€1,000.00m
€1,000.00m	€700.00m	€500.00m	€500.00m	€500.00m	€1,000.00m
€990.98m	€695.09m	€497.62m	€495.72m	€499.43m	99.684%
€1,000.00m	€700.00m	€500.00m	€500.00m	€500.00m	1 000,00 M€
Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
03/24/2016	11/04/2016	03/31/2017	11/15/2017	05/25/2018	06/18/2019
Dated	Dated	Dated	Dated	Dated	Dated
03/24/2026	11/04/2026	03/31/2027	11/15/2027	05/25/2028	06/18/2029
Yes	Yes	Yes	Yes	Yes	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	■ Partial or full call at issuer's discretion: 05/28/1997 at 130% of par value	■ Partial or full call at issuer's discretion: 06/01/1997 at 130% of par value	■ 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	■ Partial or total buyback option from the issuer: 12/26/1999 at par	■ 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	■ 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
Coupons/dividends						
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 twelve TMEs +0.25%	P1C +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
■ 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	■ 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	■ 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	■ 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	■ 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	■ 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
N/A	N/A	N/A	N/A	N/A	N/A
Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
2.375%	1.875%	2.625%	1.625%	2.500%	1.875%

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 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	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.

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
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A
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
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
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
No	No	No	No	No	No
N/A	N/A	N/A	N/A	N/A	N/A

Appendix 3: Qualitative information about capital instruments

(in € millions)		Amount at date of publication	Reference of Article of EU Regulation No. 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES				
1	Capital instruments and related issue premium accounts	6,767	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which shares	6,767	EBA list 26 (3)	
	of which issue premiums	0	EBA list 26 (3)	
2	Retained earnings	37,806	26 (1) c	
3	Accumulated other comprehensive income (and other reserves)	-408	26 (1)	
3a	Funds for general banking risks	0	26 (1) f	
4	Amount of qualifying items referred to in Art. 484 (3) and related share premium accounts subject to gradual exclusion from CET1	0	486 (2)	
5	Non-controlling interests eligible for CET1	218	84, 479, 480	
5a	Intermediate profits, net of any foreseeable expense and distribution of dividends, subject to independent control	2,231	26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**46,614**		
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS				
7	Additional value adjustments (negative amount)	-65	34, 105	
8	Intangible assets (net of related tax liabilities) (negative amount)	-4,586	36 (1) b, 37, 472 (4)	
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)	-15	36 (1) c, 38, 472 (5)	
11	Fair value reserves related to gains and losses on cash flow hedges	-0	33 a	
12	Negative amounts resulting from the calculation of expected losses	-259	36 (1) d, 40, 159, 472 (6)	
13	Any increase in equity resulting from securitized assets (negative amount)	0	32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-2	33 (1) b	
15	Defined benefit pension fund assets (negative amount)	0	36 (1) e, 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	36 (1) f, 41, 472 (8)	
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	36 (1) g, 41, 472 (9)	
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	36 (1) h, 43, 45, 46, 49 (2) (3), 79, 472 (10)	
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	36 (1) i, 43, 45, 47, 48 (1) b, 49 (1) to (3), 79, 470, 472 (11)	
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	-12	36 (1) k	
20b	■ *of which qualifying holdings outside the financial sector (negative amount)*	0	36 (1) k (i), 89 to 91	
20c	■ *of which securitization positions (negative amount)*	-12	36 (1) k (ii), 243 (1) b, 244 (1) b, 258	
20d	■ *of which free deliveries (negative amount)*	0	36 (1) k (iii), 379 (3)	

(in € millions)		Amount at date of publication	Reference of Article of EU Regulation No. 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
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	36 (1) c, 38, 48 (1) a, 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)	0	48 (1)	
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	36 (1) (i), 48 (1) b, 470, 472 (11)	
24	Empty value set in the EU	-		
25	■ *of which deferred tax assets arising from temporary differences*	0	36 (1) c, 38, 48 (1) a, 470, 472 (5)	
25a	Losses for the current fiscal year (negative amount)	0	36 (1) a, 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	36 (1) (i)	
26	Regulatory adjustments applied to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	0		
26a	Regulatory adjustments relating to unrealized gains and losses pursuant to Articles 467 and 468	0		
	■ *of which filter for unrealized loss on equity instruments*	0	467	
	■ *of which filter for unrealized loss on debt instruments*	0	467	
	■ *of which filter for unrealized gain on equity instruments*	0	468	
	■ *of which filter for unrealized gain on debt instruments*	0	468	
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	0	481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	0	36 (1) (i)	
28	**Total regulatory adjustments to Common Equity Tier (CET 1) capital**	**-4,938**		
29	**Common Equity Tier 1 (CET 1) capital**	**41,676**		
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS				
30	Capital instruments and related issue premium accounts	-	51, 52	
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	433	486 (3)	
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	41	85, 86, 480	
35	■ *of which instruments issued by subsidiaries subject to gradual exclusion*	-	486 (3)	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**474**		
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-	52 (1) b, 56 a, 57, 475 (2)	
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)	-	56b, 58, 475 (3)	
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)	-	56c, 59, 60, 79, 475 (4)	

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(in € millions)		Amount at date of publication	Reference of Article of EU Regulation No. 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
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)	-	56 d, 59, 79, 475 (4)	
41	Regulatory adjustments applied to Additional Tier 1 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.e.* CRR residual amounts)	-		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Art. 472 of Regulation (EU) No. 575/2013	-	472, 472 (3) a, 472 (4), 472 (6), 472 (8) a, 472 (9), 472 (10) a, 472 (11) a	
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Art. 475 of Regulation (EU) No. 575/2013	-	477, 477 (3), 477 (4) a	
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	467, 468, 481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	56 e	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**		
44	**Additional Tier 1 (AT1) capital**	**474**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**42,151**		
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS				
46	Capital instruments and related issue premium accounts	6,834	62, 63	
47	Amount of qualifying items referred to in Art. 484 (5) and related issue premium accounts subject to gradual exclusion from T2	0	486 (4)	
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	55	87, 88, 480	
49	*of which instruments issued by subsidiaries subject to gradual exclusion*	-	486 (4)	
50	Credit risk adjustments	610	62c and d	
51	**Tier 2 capital before regulatory adjustments**	**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)	-	63 b (i), 66 a, 67, 477 (2)	
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)	-	66 b, 68, 477 (3)	
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)	-	66c, 69, 70, 79, 477 (4)	
54a	*of which new holdings not subject transitional arrangements*	-		
54b	*of which holdings existing before January 1, 2013 and subject to transitional arrangements*	-		
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)	-500	66 d, 69, 79, 477 (4)	

(in € millions)		Amount at date of publication	Reference of Article of EU Regulation No. 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
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.e.* CRR residual amounts)	-433		
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Art. 472 of Regulation (EU) No. 575/2013	-	472, 472 (3) a, 472 (4), 472 (6), 472 (8) a, 472 (9), 472 (10) a, 472 (11) a	
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Art. 475 of Regulation (EU) No. 575/2013	-	475, 475 (2) a, 475 (3), 475 (4) a	
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	-433	467, 468, 481	
	of which subsidies received by leasing companies	-	481	
	of which unrealized gains on equity instruments reported as additional capital	-	481	
	of which restatement for holding of capital instruments	-	481	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-933**		
58	**Tier 2 (T2) capital**	**6,566**		
59	**Total capital (TC = T1 + T2)**	**48,717**		
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to gradual exclusion as prescribed in Regulation (EU) No. 575/2013	-		
	of which items not deducted from CET1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, deferred tax assets that rely on future profits net of related tax liabilities, indirect holding of own CET1, etc.)	-	472 (8) b	
	of which items not deducted from AT1 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, reciprocal cross holdings of AT1 capital instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	475, 475 (2) b, 475 (2) c, 475 (4) b	
	of which items not deducted from T2 (Regulation (EU) No. 575/2013, residual amounts) (items to be detailed line by line, for example, indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, etc.)	-	477, 477 (2) b, 477 (2) c, 477 (4) b	
60	**Total risk-weighted assets**	**233,825**		
EQUITY RATIOS AND BUFFERS				
61	**Common Equity Tier 1 capital (as a percentage of total risk exposure amount)**	**17.82%**	92 (2) a, 465	
62	**Tier 1 capital (as a percentage of total risk exposure amount)**	**18.03%**	92 (2) b, 465	
63	**Total capital (as a percentage of total risk exposure amount)**	**20.83%**	92 (2) c	
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)**	**2.50%**	CRD 128, 129, 130	
65	*of which capital conservation buffer requirement*	2.50%		
66	*of which countercyclical buffer requirement*	0.00%		

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(in € millions)		Amount at date of publication	Reference of Article of EU Regulation No. 575/2013	Amount subject to pre-Regulation (EU) No. 575/2013 treatment or residual amount pursuant to Regulation (EU) No. 575/2013
67	*of which systemic risk buffer requirement*	0.00%		
67a	*of which global systemically important institution (G-SII) or other systemically important institution (O-SII) buffer*	0.00%	CRD 131	
68	**Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of risk exposure amount)**	**13.32%**	CRD 128	
69	[non-relevant in EU regulations]	-		
70	[non-relevant in EU regulations]	-		
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)	618	36 (1) h, 45, 46, 472 (10), 56c, 59, 60, 475 (4), 66c, 69, 70, 477 (4)	
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)	1,292	36 (1) (i), 45, 48, 470, 472 (11)	
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)	804	36 (1) c, 38, 48, 470, 472 (5)	
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)	-	62	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	678	62	
78	Credit risk adjustments included in T2 in respect of exposures subject to the internal ratings approach (prior to the application of the cap)	-236	62	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	610	62	
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	-	484 (3), 486 (2) and (5)	
81	Amount excluded from CET1 due to cap (cap excess after redemptions and maturities)	-	484 (3), 486 (2) and (5)	
82	Current cap applicable to AT1 instruments subject to gradual exclusion	433	484 (4), 486 (3) et (5)	
83	Amount excluded from AT1 due to cap (cap excess after redemptions and maturities)	-551	484 (4), 486 (3) et (5)	
84	Current cap applicable to T2 instruments subject to gradual exclusion	18	484 (5), 486 (4) et (5)	
85	Amount excluded from T2 due to cap (cap excess after redemptions and maturities)	0	484 (5), 486 (4) et (5)	

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At the start of the Covid-19 pandemic, Crédit Mutuel Alliance Fédérale set up a temporary, free and highly secure solution for cardless cash withdrawals. E-Retrait Banque makes it possible to withdraw up to €500 from ATMs using a confidential code received by SMS.

6

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)

(in € millions)	12/31/2020	12/31/2019	Notes
Cash, central banks	99,575	71,171	4
Financial assets at fair value through profit or loss	27,804	31,907	5a
Hedging derivatives	1,988	2,420	6a
Financial assets at fair value through other comprehensive income	33,694	30,459	7
Securities at amortized cost	2,996	2,813	10a
Loans and receivables to credit institutions and similar at amortized cost	56,278	40,825	10b
Loans and receivables due from customers at amortized cost	419,413	384,535	10c
Revaluation adjustment on rate-hedged books	2,453	2,079	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	131,056	129,869	13a
Current tax assets	1,444	1,611	14a
Deferred tax assets	1,804	1,529	14b
Accruals and other assets	8,091	9,342	15a
Non-current assets held for sale	0	726	3e
Investments in equity consolidated companies	637	620	16
Investment property	82	89	17
Property, plant and equipment	3,897	3,669	18a
Intangible assets	730	735	18b
Goodwill	4,036	4,118	19
TOTAL ASSETS	**795,978**	**718,519**	**-**

Balance sheet (liabilities)

(in € millions)	12/31/2020	12/31/2019	Notes
Due to central banks	575	715	4
Financial liabilities at fair value through profit or loss	15,263	18,854	5b
Hedging derivatives	2,084	2,291	6a
Debt securities at amortized cost	127,004	124,792	11a
Due to credit and similar institutions at amortized cost	40,294	36,461	11b
Amounts due to customers at amortized cost	408,901	336,806	11c
Revaluation adjustment on rate-hedged books	27	-4	6b
Current tax liabilities	668	787	14a
Deferred tax liabilities	1,252	1,295	14b
Deferred income, accrued charges and other liabilities*	12,760	11,628	15b
Debt related to non-current assets held for sale	0	725	3c
Liabilities relative to contracts of the insurance business line	126,461	125,289	13b
Provisions	3,808	3,498	20
Subordinated debt at amortized cost	7,304	8,235	21
Total shareholders' equity	**49,575**	**47,147**	**-**
Shareholders' equity attributable to the group	**46,460**	**43,827**	**-**
Capital and related reserves	6,773	6,482	22a
Consolidated reserves	36,463	33,552	22a
Gains and losses recognized directly in equity	935	961	22b
Profit/(loss) for the period	2,289	2,832	-
Shareholders' equity – Non-controlling interests	**3,115**	**3,320**	**-**
TOTAL LIABILITIES	**795,978**	**718,519**	**-**

6.1.2 Income statements

Income statement

(in € millions)	12/31/2020	12/31/2019	Notes
Interest and similar income	12,830	14,190	24
Interest and similar expenses	-5,769	-7,555	24
Commissions (income)	4,722	4,738	25
Commissions (expenses)	-1,072	-1,139	25
Net gains on financial instruments at fair value through profit or loss	75	771	26
Net gains or losses on financial assets at fair value through shareholders' equity	23	80	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	0	2	28
Net income from the insurance business line	2,383	2,617	29
Income from other activities	1,951	1,930	30
Expenses on other activities	-904	-1,065	30
Net banking income	**14,238**	**14,569**	**-**
Employee benefits expense	-5,281	-5,173	31 a
Other general operating expenses	-2,865	-3,146	31 b
Movements in depreciation, amortization and provisions for property and equipment and intangible assets	-721	-623	31 c
Gross operating income/(loss)	**5,371**	**5,627**	**-**
Cost of counterparty risk	-2,377	-1,061	32
Operating income	**2,994**	**4,566**	**-**
Share of net profit/(loss) of equity consolidated companies	-13	7	16
Net gains/(losses) on disposals of other assets	584	79	33
Changes in the value of goodwill	-2	0	34
Profit/(loss) before tax	**3,563**	**4,652**	**-**
Income tax	-968	-1,507	35
Post-tax gains/(losses) on discontinued operations	0	0	-
Net profit/(loss)	**2,595**	**3,145**	**-**
Net profit/(loss) – Non-controlling interests	306	313	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**2,289**	**2,832**	**-**

Statement of net profit/(loss) and profits and losses recognized directly in equity

(in € millions)	12/31/2020	12/31/2019
Net profit/(loss)	**2,595**	**3,145**
Translation adjustments	-108	35
Revaluation of financial assets at fair value through equity – capital instruments	-21	-5
Revaluation of insurance business investments	160	591
Remeasurement of hedging derivatives	-2	-1
Share of unrealized or deferred gains and losses of associates	-2	5
Total recyclable gains and losses recognized directly in equity	**26**	**626**
Revaluation of financial assets at fair value through equity – capital instruments at closing	39	67
Revaluation of financial assets at fair value through equity – capital instruments sold during the fiscal year	0	-0
Actuarial gains and losses on defined benefit plans	-64	-112
Share of non-recyclable gains and losses of equity consolidated companies	0	-1
Total non-recyclable gains and losses recognized directly in equity	**-25**	**-47**
Net profit/(loss) and gains and (losses) recognized directly in equity	**2,597**	**3,724**
o/w attributable to the group	*2,264*	*3,291*
o/w percentage of non-controlling interests	*333*	*433*

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

6

6.1.3 Changes in shareholders' equity

(in millions)	Capital	Pre-miums	Reserves[1]	Gains and losses recognized directly in equity: Trans-lation adjust-ments	Financial assets at fair value through other com-prehensive income	Hedging deriva-tives	Actu-arial gains and losses	Net profit/(loss) attribu-table to the group	Share-holders' equity attribu-table to the group	Non-control-ling interests	Total conso-lidated share-holders' equity
Shareholders' equity as of December 31, 2018	**6,167**	**0**	**30,926**	**-11**	**750**	**3**	**-240**	**2,695**	**40,290**	**3,306**	**43,595**
Appropriation of earnings from previous year	-	-	2,695	-	-	-	-	-2,695	0	-	0
Capital increase	315	-	-	-	-	-	-	-	315	-	315
Distribution of dividends	-	-	-88	-	-	-	-	-	-88	-430	-518
Acquisition of additional shareholdings or partial disposals	-	-		-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**315**	**0**	**2,607**	**0**	**0**	**0**	**0**	**-2,695**	**227**	**-430**	**-203**
Consolidated income for the period	-	-	-	-	-	-	-	2,832	2,832	314	3,145
Changes in gains and (losses) recognized directly in equity	-	-	-28	38	531	-1	-109	-	431	119	551
Subtotal	**0**	**0**	**-28**	**38**	**531**	**-1**	**-109**	**2,832**	**3,263**	**433**	**3,696**
Effects of acquisitions and disposals on non-controlling interests	-	-	-	-	0	-	-	-	0	-	0
Other changes	-	0	47	-	-	-	-	-	47	11	58
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[2]	-	-	-196	-	-	-	-	-	-196	-514	-710
Other changes[3]	155	0	346	-	-	-	-	-	501	-17	484
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020	**6,773**	**0**	**36,463**	**-87**	**1,435**	**0**	**-413**	**2,289**	**46,461**	**3,115**	**49,576**

(1) As of December 31, 2020 reserves comprised the legal reserve for €403 million, statutory reserves for €6,058 million and other reserves for €30,003 million.

(2) Contains the additional acquisition of EI Télécom (-€35 million) as well as the additional acquisition and call option relating to Cofidis (-€161 million).

(3) This includes the accession of Antilles-Guyane and Massif Central (€536 million) and an adjustment of -€44 million related to the deferred profit-sharing on the retained earnings of Foncière Masséna.

6.1.4 Statement of cash flows

(in € millions)	12/31/2020	12/31/2019
Net profit/(loss)	2,595	3,145
Income tax	968	1,507
Profit/(loss) before tax	**3,563**	**4,652**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	712	626
- Impairment of goodwill and other fixed assets	22	-1
+/- Net provisions and impairments	1,391	419
+/- Share of income from companies consolidated using the equity method	13	-7
+/- Net loss/gain from investing activities	4	29
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	2,564	8,595
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**4,706**	**9,660**
+/- Flows related to transactions with credit institutions	-11,462	-16,809
+/- Flows related to client transactions	31,239	19,476
+/- Flows related to other transactions affecting financial assets or liabilities	1,300	-6,102
+/- Flows related to other transactions affecting non-financial assets or liabilities	-361	-237
- Taxes paid	-1,002	-1,199
= Net decrease/(increase) in assets and liabilities from operating activities	**19,713**	**-4,871**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	**27,983**	**9,441**
+/- Flows related to financial assets and investments	4,696	464
+/- Flows related to investment property	-180	2
+/- Flows related to property, plant and equipment and intangible assets	-971	-585
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**3,545**	**-119**
+/- Cash flow to or from shareholders	58	-203
+/- Other net cash flows from financing activities	-3,655	5,680
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	**-3,596**	**5,477**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**-105**	**88**
Net increase/(decrease) in cash and cash equivalents (A + B+ C + D)	**27,827**	**14,888**
Net cash flow generated by operating activities (A)	27,983	9,441
Net cash flow generated from investing activities (B)	3,545	-119
Net cash flow related to financing transactions (C)	-3,596	5,477
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-105	88
Cash and cash equivalents at opening	**68,397**	**53,510**
Cash, central banks (assets & liabilities)	70,457	56,346
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-2,059	-2,837
Cash and cash equivalents at closing	**96,224**	**68,397**
Cash, central banks (assets & liabilities)	99,002	70,457
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-2,778	-2,059
CHANGE IN NET CASH POSITION	**27,827**	**14,888**

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

1.1 Accounting basis

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 have been drawn up in accordance with IFRS as adopted by the European Union on June 30, 2020.

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 advised by the *Autorité des normes comptables* (ANC – French Accounting Standards Authority) in its Recommendation No. 2017-02 relating to 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, 2020, the group has applied the amendments adopted by the European Union and the IFRIC decision:

Amendment to IAS 1 and IAS 8

It aims to modify the definition of the term "significance" in order to clarify and align it with the conceptual framework and IFRS standards. According to that amendment, information is of a significant nature (that is to say, it is relatively important) if it is reasonable to expect that its omission, inaccuracy or obfuscation would influence decisions made by primary users based on these financial statements in the general usage of such statements, which contain financial information on a given accounting entity.

Amendment to IFRS 3

This amendment clarifies the definition of an activity. It introduces a two-step analysis approach, which aims to facilitate the distinction between an acquisition of a business and an acquisition of a group of assets (the latter being accounted for in accordance with the standard applicable to it).

This amendment would have an impact on the group in the event of a change of control or the acquisition of an interest in a joint venture. The group has not carried out any such operations since January 1, 2020.

Amendment to IFRS 16 – COVID-19-related rent concessions

This amendment introduces a simplification measure for lessees receiving concessions within the context of the COVID-19 crisis.

It offers the option to dispense with analysis of lease amendments made within this context, if 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, 2021;
- 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, not recognized in the initial measurement of the liability.

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.

Benchmark rate reform and Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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.

The indices created from January 1, 2018 should now be compliant with the BMR Regulation and be validated by the regulator. Existing benchmarks may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023 (consultation in progress). Eventually, it will no longer be possible to use the former benchmark indexes (LIBOR, EONIA, EURIBOR, 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 has listed the impacts in the legal, commercial, organizational, tools and financial/accounting areas. It therefore began the work in project mode from the first quarter of 2019, and is ensuring that the risks associated with this transition are covered.

On accounting aspects, the IASB's work on the effects of the reform of benchmark rates on financial information was divided into two phases:

- phase 1, for the preparatory period of the reform: handling any potential impact on the existing hedging relationships (due to uncertainties concerning future indexes);
- phase 2, for the period of transition towards the new indexes as soon as they are defined: notably, the handling of questions related to the derecognition and documentation of hedging relationships (notably the ineffective part).

Since January 1, 2019, the group has applied the Phase 1 amendment to IAS 39, IFRS 9 and IFRS 7, published by the IASB, meaning that existing hedging relationships could be maintained 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.

The group believes that there are still uncertainties about the Eonia, Euribor and Libor rates as long as the European Commission has not formally appointed, according to the recommendations of the US ARRC for Libor or the RFR group for Eonia and Euribor, substitution indexes for contracts that do not have a robust fallback clause. This final position will be formalized by an amendment to the BMR Regulation ("BMR Review"), which will be published in 2021. It will establish the sustainability of the reformed Euribor and the status of the € STR as a successor to the EONIA.

Following its adoption by the European Union on January 14, 2021, the group decided to apply the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 early.

This introduces a derogatory accounting treatment of financial assets/liabilities, for which the changes in the basis for determining contractual cash flows result from 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.

This amendment provides for flexible hedge accounting for changes related to the IBOR reform (after definition of proxy indexes), in particular:

- updating 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.

With regard to contracts in inventory, the group began its work on the transition to replacement rates by:

- including fallback clauses in over-the-counter derivative contracts, repurchase agreements and loans and borrowings through adherence to the ISDA protocol (the application of which will be effective on January 25, 2021) or by updating the rules books of clearing houses for cleared derivatives. However, these clauses will only be activated in the event of triggering events, in particular in the event of a permanent cessation of listing of the indexes;
- incorporating from 2021 a "technical amendment relating to benchmark events" in the FBF agreements with corporate clients or bank counterparties, thereby ensuring the compliance of unmatured rate transactions entered into prior to February 2020;
- from 2021, updating contracts by bilateral negotiations between the parties or by updating commercial terms and conditions in 2021. The switch-over to the new replacement indexes for contracts in stock is already planned for retail banking.

Lastly, as of the reporting date, the group's interest rate risk management strategy has not been impacted, as transactions processed on the new indexes represent exposures considered as marginal.

At the group level, exposures not maturing in 2021 and which will be subject to the changes related to the IBOR reform are the following:

(in € millions)	Financial assets – Carrying amounts	Financial liabilities - Carrying amounts	Derivatives - Nominal value	of which hedging derivatives
Eonia	433	2,467	671	0
Euribor	34,320	11,296	173,988	134,276
GBP – Libor	941	10	2,915	203
USD – Libor	8,813	748	14,306	3,823

IFRIC decision of November 26, 2019 on the term of leases

It recalls that a contract is no longer enforceable when either the lessee or the lessor can terminate without the other's permission, subject at most to a negligible penalty. It clarifies that the notion of penalty is not limited to contractual termination indemnities but takes into account the economic incentives of the lessee not to terminate the contract.

A work site was launched in project mode in 2020 to implement this decision.

The assumptions used to determine the terms of 3/6/9 commercial leases and contracts with automatic extension have been reviewed in order to assess the reasonable certainty of continuation of the contract beyond its non-cancellable period, with regard to the specific characteristics of the assets concerned (bank branches, press center, administrative premises).

The main impact of the IFRIC decision was an extension of the term of leases with automatic extension. The impacts of a retroactive application of the IFRIC decision would have generated additional usage rights and lease liabilities of €302 million on January 1, 2019 and €259 million on December 31, 2019.

The group has therefore not restated the comparative fiscal years.

Amendment to IFRS 4 relating to the extension of the exemption period from the application of IFRS 9 for all insurance companies

It postpones the date of temporary exemption from IFRS 9 to January 1, 2023, following the postponement of the entry into force of IFRS 17.

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

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.

This financing represents 12-month bullet loans with grace periods of one to five years.

In its initial offer, its interest rate is 0%, plus the cost of the state guarantee (rebilled *via* a commission paid by the customer, ranging from 0.25% to 0.50% over the first year, depending on the size of the company).

(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.

In the amortizing phase, the SGL may include a first annual principal repayment. Within its legal and regulatory framework, this amortization method will not represent an indicator of "unlikely to pay" or a deterioration of credit risk.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they 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.

At December 31, 2020, state-guaranteed loans issued by the group amounted to €17.6 billion, guaranteed to the tune of €15.7 billion.

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. At December 31, 2020, their impairment amounted to approximately €54 million excluding segment provisions.

Credit repayment deferral (moratorium)

In the first half of 2020, the Crédit Mutuel group embarked on general support measures for businesses and individuals.

It has therefore granted automatic deferrals of loan repayments mainly to companies for up to six months (suspension of interest payments and/or deferral of capital repayments), with no additional charges or interest.

At December 31, 2020, 99% of the suspended maturities have been repaid. 1%, *i.e.* €678 million, remain active and have been adjusted or deferred to the final maturity, with interest charged.

The group did not recognize any significant cash flow losses for the loans that benefited from these easing measures between March and September 2020.

Credit risk

The Crédit Mutuel group has reviewed the publications issued at the end of March 2020[1] by the IASB and ESMA.

It uses judgment in accounting for expected credit losses in the exceptional context of the COVID-19 crisis.

In particular, the expiry of maturities granted until September 30, 2020 under the financial market system does not automatically constitute an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification as restructured assets (forbone).

Extension of deadlines granted beyond this date represent individual support measures.

The transfer to status 2 or 3 or to a restructured asset could take place in compliance with group rules.

As part of the provisioning of performing loans, the Crédit Mutuel group took into account the unprecedented and brutal nature of the COVID-19 crisis on the macro-economic environment.

The weighting of the pessimistic scenario has been increased in line with the Banque de France's macroeconomic projections[2], to calibrate the probabilities of forward looking defaults on all portfolios using the internal ratings-based method. This measure was accompanied by a hardening of the pessimistic scenario for individuals and individual business owners.

In addition to its direct impact on the amount of impairments, this increase also results in an increase in status 2 transfers linked to the increase in the probability of default at the balance sheet date.

It makes it possible to hedge against a future doubling of default rates for business customers/retail customers, a 75% increase in default rates for individuals and more than 50% for corporate customers excluding large corporates.

In accordance with the recommendations of the authorities, a lump-sum provision was made to anticipate the increase in the proven 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 nationally defined group methodology, which takes into account the impacts of successive lockdowns. It has been over-calculated on the basis of the probabilities of default on completion.

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.

Status 1 exposures to vulnerable sectors were fully transferred to status 2.

Its impact at December 31, 2020 is estimated at €821 million.

The group conducted a sensitivity test of the cost of risk (excluding segment provisions). An increase of 10 points for IRB entities and 5 points for standard model entities would lead to an additional provision of €97 million, or 7% of expected losses.

Targeted long-term refinancing operations - TLTRO III

The TLTRO III program allows 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. 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.

The banks' borrowing capacity has been increased to 50% of eligible outstandings (compared with 30% previously) and the time limit for exercising the repayment option on each operation has been shortened to 12 months.[3] The TLTRO III interest rate has been reduced by 50bp over the period from June 2020 to June 2021[4].

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(1) They refer to the IASB communication of March 27, 2020 on IFRS 9 and COVID-19, and the ESMA statement on the accounting implications of the COVID-19 crisis on the calculation of expected credit losses under IFRS 9 (of March 25, 2020).

(2) As the group's main exposure is to France, it uses the monthly publications of the Banque de France to define its macroeconomic prospects in addition to those of the OECD.

(3) Decision (EU) 2020/407 (March 17, 2020).

(4) 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).

At December 31, 2020, the group participated in the TLTRO III refinancing operations for an amount of €17.1 billion. These represent variable rate financial instruments recognized at amortized cost.

The effective interest rate on these operations is calculated on the basis of the refinancing rate obtained following the achievement of its credit growth targets; it takes into account the spreading of the subsidy over the life of the operation and the over-subsidy of 0.50% over one year.

1.2 Scope and methods of consolidation

Consolidating entity

Following the accession of Crédit Mutuel Antilles-Guyane and Crédit Mutuel Massif Central on January 1, 2020, Crédit Mutuel Alliance Fédérale now consists of 13 Crédit Mutuel federations: Centre Est Europe, Sud-Est, Île-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée, 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 Méditerranée (FCMM), Fédération du Crédit Mutuel d'Anjou (FCMA), Fédération du Crédit Mutuel Antilles-Guyane (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 Méditerranée (CRCMM), Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA), Caisse Régionale du Crédit Mutuel Antilles-Guyane (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.

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.

The consolidation scope comprises:

- ***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.

Consolidation methods

The consolidation methods used are the following:

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.

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.

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 capital 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.

Reporting date

The reporting date for all of the group's consolidated companies is December 31.

Elimination of intercompany transactions

Intercompany transactions and balances, as well as profits on intercompany sales that have a material impact on the consolidated financial statements, are eliminated.

Conversion of foreign currency accounts

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official exchange rate at the reporting date. 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.

Goodwill

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.

Goodwill

In accordance with IFRS 3R, when CIC acquires 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 at the lower of fair value net of selling costs and their net carrying amount. Goodwill corresponds to the amount 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 when it relates to fully-consolidated companies, and under the heading "Investments in associates" when it relates to equity consolidated companies.

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. These losses – which are 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.

1.3 Accounting policies and principles

1.3.1 Financial instruments under IFRS 9

1.3.1.1 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.

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 other comprehensive income 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 repayment[1] 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 UCIs 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.

(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.

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.

Financial assets at fair value through other comprehensive income

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 or deferred gains and losses booked to equity are only recognized in the income statement when they are sold or impaired (see section "1.3.1.7. Derecognition of financial assets and liabilities" and "1.3.1.8. 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 assets are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section "1.3.1.7. 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). Previously, this interest was presented in "Net gains or 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.

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 other comprehensive income

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 "1.3.1.7 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.

1.3.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

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, where 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.

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.), 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.

Regulated savings contracts

Amongst the liabilities at amortized cost are the comptes épargne logement (CEL – mortgage saving accounts) and plans épargne logement (PEL – mortgage saving plans), which are regulated French products accessible to customers (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 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 PEL and CEL. The impacts on profit/(loss) are recorded as interest paid to customers.

1.3.1.3 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.

1.3.1.4 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.

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".

Non-monetary financial assets and liabilities

Foreign currency 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 other comprehensive income.

1.3.1.5 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 and vanilla options), mainly of rates and classified essentially 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.

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 own counterparty risk 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.

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 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.

– 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 outs the risk management objectives determined by senior 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 edge 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 remeasurement 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 other comprehensive income". 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 "Remeasurement adjustment 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.

1.3.1.6 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.

1.3.1.7 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 other comprehensive income: 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 other comprehensive income: the unrealized gains or losses previously recognized under other comprehensive income, 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.

1.3.1.8 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, as well as to financing 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. The scope of this category is the same as that for loans impaired individually under IAS 39.

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.

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 executive bodies 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 IRFS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

Definition of the boundary between status 1 and 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 (LDPs).

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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 quantitative 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.

Statuses 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding amount of the loan at 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 (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

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, 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.

Status 3 – Non-performing loans

An impairment is recorded when there is objective proof, as a result of an event occurring after a loan or group of loans has been granted, that it is likely to 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 been applying the new definition of prudential default in accordance with the guidelines of the EBA and with the technical standards for the regulations on the concepts of the applicable materiality thresholds.

The main changes relating to the implementation of this new definition are as follows:

- 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;

- default is triggered when 90 consecutive days of arrears are ascertained at the level of a borrower/group of borrowers. 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 borrower arrears are reinitialized as soon as one of these two thresholds are crossed in a downwards direction;
- 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 use the new definition of default on the IRB entities according to 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 thus aligned the definitions of default in accounting terms (status 3) and regulatory terms. This change constitutes a change of estimation, for which the non-material impact is booked to profit (loss) during the period of the change.

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.

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 section “1.3.1.6. Financial guarantees and financing commitments” and “1.3.3.2. 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.

1.3.1.9 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.

Financial instruments traded in 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.

Financial instruments not traded in an 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.

Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: prices listed on active markets for identical assets or liabilities; This applies in particular to debt securities listed by at least three contributors and derivatives listed on an organized market;
- 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.

1.3.2 Insurance business line

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.

1.3.2.1 Insurance business line – 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 1.3.1.9.

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 on 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 the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied;

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”.

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

– a) Sustainable impairment, specific to shares and other capital 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 capital 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".

– b) 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.

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".

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".

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.

1.3.2.2 Insurance business line – Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

1.3.2.3 Insurance business line – 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).

1.3.3 Non-financial instruments

1.3.3.1 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.

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.

Thus, 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 “1.3.1.8 Measurement of credit risk”).

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.

1.3.3.2 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;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

1.3.3.3 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 benefits expense” except for the portion resulting from actuarial gains/(losses), which is recognized in unrealized or deferred gains and losses, under equity.

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 rate of increase in wages, 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, these are valued at fair value and their expected return impact profit (loss). Differences between actual and expected yields also constitute actuarial gains or 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.

Supplementary pensions within the pension funds

The AFB interim agreement dated September 13, 1993, modified pension plans for banking institutions. Since January 1, 1994, banks affiliate with the national plans, Arrco and Agirc. The four pension funds to which the group's banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from the mergers was converted into an IGRS (a French supplementary pension management institution) in 2009. It does not have an asset shortfall.

Other post-employment benefits under a defined benefit plan

Retirement benefits and supplementary pensions, including special schemes, are provisioned. They are assessed on the basis of the rights acquired for all active employees, based in particular on the turnover rate of the staff specific to the consolidated entities and the estimated future salary that the beneficiary will earn upon retirement plus social security contributions, where applicable. In France, retirement benefits in the banking network in France are at least 60% covered by insurance from ACM VIE – an insurance company which is part of the Crédit Mutuel group and is fully consolidated.

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. Expenses are recognized in the fiscal year in which the contribution must be paid.

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 quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Commitments for long service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

Supplemental pension plan for employees

In addition to the mandatory pension plans, the employees of the entities covered by the group collective agreement also benefit from a supplementary defined contribution pension plan provided by ACM VIE SA.

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.

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.

An expense is recognized for these short-term benefits in the fiscal year in which the services granting entitlement to these benefits were rendered to the business.

1.3.3.4 Non-current assets

Non-current assets of which the group is owner

Fixed assets included in the balance sheet include property, plant and equipment and intangible assets, as well as investment properties. 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.

Fixed 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;
- Computer 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".

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 using the diminishing balance method.

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 €5,000). 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 contractual term. As regards commercial leases, all new contracts of this type will be capitalized for a period of nine years by default, or for a period of 12 years for contracts in exception, 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 currencies;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

1.3.3.5 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.

1.3.3.6 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.

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 rates known at the end of the fiscal year, and applicable in subsequent fiscal 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.

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.

1.3.3.7 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.

1.3.3.8 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".

1.3.4 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, in particular, within 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 listed 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.

1.4 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 done so under normal market conditions, at the time these transactions are conducted.

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.

1.5 Standards and interpretations not yet adopted by the European Union

IFRS 17 – Insurance Contracts

This standard will replace IFRS 4, which allows insurance companies to conserve their local accounting principles for their insurance contracts and other contracts within the scope of IFRS 4. This is detrimental to the comparability of financial statements of entities in the sector.

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. This requires increasing use of complex models and concepts similar to those of Solvency 2 for the valuation of liabilities. This changes the mechanics of the income statement, due to the contractual amortization of the insurance services margin.

As part of the amendments to IFRS 17 published by the IASB in June 2020, the date of application of IFRS 17 initially scheduled for 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.

The provisions of IFRS 17 as published in 2017 and its recent amendments are pending adoption by the European authorities.

At the end of April 2020, the IASB ruled on the requirements for the granularity of reserve calculations and the grouping of contracts by underwriting year (annual cohorts). These remain unchanged, despite an incompatibility with the principle of mutualization. On September 30, 2020, EFRAG issued a favorable draft opinion on the adoption of IFRS 17, with the exception of the topic of annual cohorts, on which there was no consensus.

The group's Insurance division is continuing its work of analysis and preparation for the implementation of the provisions of IFRS 17. The group is continuing studies on financial communication at the conglomerate level in line with the studies of the IASB on primary financial statements.

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

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

It 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 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;
- IAS 41 – Agriculture: makes it possible to align the measurement of fair value under IAS 41 with that of other IFRS.

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 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;
- the insurance business line is composed of Groupe des Assurances du Crédit Mutuel;
- the financing and capital 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

12/31/2020	Retail bank	Insurance	Financing and markets	Private bank	Capital 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 to 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 other comprehensive income	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							
Due to 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 credit institutions	-	-	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

12/31/2019	Retail bank	Insurance	Financing and markets	Private bank	Capital equity	Logistics and holding company services	Total
ASSETS							
Cash, central banks	10,033	-	1,662	3,151	-	56,325	71,171
Financial assets at fair value through profit or loss	378	-	26,072	123	2,880	2,453	31,907
Hedging derivatives	11	-	467	2	-	1,941	2,420
Financial assets at amortized cost including:	378,627	-	23,435	17,490	15	8,606	428,173
■ *Loans and receivables to credit institutions and similar at amortized cost*	*29,040*	-	*2,598*	*931*	*1*	*8,255*	*40,825*
■ *Loans and receivables due from customers at amortized cost*	*349,268*	-	*20,321*	*14,598*	*2*	*347*	*384,535*
Financial assets at fair value through other comprehensive income	342	-	12,059	59	-	17,999	30,459
Short-term investments in the insurance business line and reinsurers' share of technical provisions	-	129,869	-	-	-	0	129,869
Investments in equity consolidated companies	82	17	-	-	-	521	620
LIABILITIES							
Due to central banks	0	-	5	0	-	710	715
Financial liabilities at fair value through profit or loss	2	-	18,488	129	-	235	18,854
Hedging derivatives – Liabilities	17	-	1,226	73	-	976	2,291
Liabilities to credit institutions	-	-	36,461		-	-	36,461
Due to customers	296,707	-	13,602	23,719	-	2,777	336,806
Debt securities	19,277	-	22,287	16	-	83,212	124,792

2b Breakdown of the income statement by business segment

12/31/2020	Retail bank	Insurance	Financing and markets	Private bank	Capital 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/(loss)	4,056	829	353	213	126	-206	0	5,371
Cost of counterparty risk	-2,070	-	-273	-32	-1	-	-1	-2,377
Gains on other assets*	-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/(loss) attributable to the group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,289**

* *Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (Notes 16 and 19).*

12/31/2019	Retail bank	Insurance	Financing and markets	Private bank	Capital equity	Publishing, logistics and holding company services	Inter-activities	Total
Net banking income	10,537	1,779	720	572	265	1,652	-956	14,569
General operating expenses	-6,608	-629	-347	-413	-51	-1,850	956	-8,942
Gross operating income/(loss)	3,929	1,149	373	159	214	-198	0	5,627
Cost of counterparty risk	-913	-	-141	6	0	-13	-	-1,061
Gains on other assets*	-4	97	-	2	-	-9	-	86
Profit/(loss) before tax	3,013	1,246	232	166	214	-219	0	4,652
Income tax	-1,042	-374	-19	-34	-1	-39	-	-1,507
Post-tax gains and losses on discontinued assets	-	-	-	-	-	-	-	0
Net profit/(loss)	**1,971**	**873**	**214**	**133**	**213**	**-258**	**0**	**3,145**
Non-controlling interests	-	-	-	-	-	-	-	313
Net profit/(loss) attributable to the group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,832**

* *Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill.*

2c Balance sheet breakdown by geographic area

	12/31/2020				12/31/2019			
	France	Europe excluding France	Other country*	Total	France	Europe excluding France	Other country*	Total
ASSETS								
Cash, central banks	88,869	9,502	1,204	99,575	63,106	6,396	1,668	71,171
Financial assets at fair value through profit or loss	24,183	308	3,313	27,804	28,950	119	2,837	31,907
Hedging derivatives	1,973	8	6	1,988	2,414	2	4	2,420
Financial assets at amortized cost	419,887	49,997	8,804	478,687	370,800	48,543	8,831	428,173
of which loans and receivables to credit institutions	*53,283*	*1,084*	*1,912*	*56,278*	*37,932*	*1,156*	*1,737*	*40,825*
of which loans and receivables to customers	*365,956*	*46,565*	*6,892*	*419,413*	*332,400*	*45,042*	*7,093*	*384,535*
Financial assets at fair value through other comprehensive income	26,537	284	6,873	33,694	23,201	259	7,000	30,459
Investments in the insurance business line and reinsurers' share of technical provisions	127,576	3,480	0	131,056	126,211	3,658	0	129,869
Investment in associates	517	3	117	637	500	8	112	620
LIABILITIES								
Due to central banks	574	1	0	575	710	0	4	715
Financial liabilities at fair value through profit or loss	14,132	197	934	15,263	18,280	130	444	18,854
Hedging derivatives	1,988	80	16	2,084	2,209	74	8	2,291
Liabilities to credit institutions	26,441	7,528	6,325	40,294	21,521	7,180	7,761	36,461
Due to customers	355,792	51,156	1,953	408,901	286,932	47,894	1,980	336,806
Debt securities	114,708	2,544	9,752	127,004	109,019	6,709	9,064	124,792

* *USA, Canada (in 2020), Singapore, Hong Kong, Saint Martin (until 2019) and Tunisia.*

2d Breakdown of income statement items by geographic area

	12/31/2020				12/31/2019			
	France	Europe excluding France	Other country[1]	Total	France	Europe excluding France	Other country[1]	Total
Net banking income[2]	10,910	3,124	204	14,238	11,275	3,098	195	14,569
General operating expenses	-7,028	-1,742	-97	-8,867	-7,063	-1,785	-94	-8,942
Gross operating income/(loss)	3,882	1,382	107	5,371	4,212	1,313	101	5,627
Cost of counterparty risk	-1,609	-731	-37	-2,377	-605	-444	-12	-1,061
Gains on other assets[3]	556	-2	15	570	79	-12	20	86
Profit/(loss) before tax	2,829	649	86	3,563	3,686	856	110	4,652
Total net profit/(loss)	2,075	444	76	2,595	2,446	593	106	3,145
NET INCOME ATTRIBUTABLE TO THE GROUP	**1,793**	**422**	**75**	**2,289**	**2,185**	**545**	**102**	**2,832**

(1) USA, Canada, Singapore, Hong Kong, Saint Martin, Tunisia and Morocco.
(2) 24.6% of NBI (excluding the logistics and holding business line) was generated abroad in 2020 (compared to 23.7% of NBI in 2019).
(3) including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the consolidation scope

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-Vivarais (FCMDV);
- Fédération du Crédit Mutuel Méditerranée (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 Loire-Atlantique Centre-Ouest (CRCMLACO);
- Caisse Régionale du Crédit Mutuel Centre (CRCMC);
- Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV);
- Caisse Régionale du Crédit Mutuel Méditerranée (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-Vivarais;
- Crédit Mutuel banks that are members of the Fédération du Crédit Mutuel Méditerranée;
- 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, 2019, the changes in the consolidation scope are as follows:

- scope of consolidation entries: Fédération de Crédit Mutuel Massif Central (FCMMC), Fédération de Crédit Mutuel Antilles-Guyane (FCMAG), Caisse Régionale du Crédit Mutuel Massif Central (CRCMMC), Caisse Régionale du Crédit Mutuel Antilles-Guyane (CRCMAG), Caisses du Crédit Mutuel Massif Central, Caisses du Crédit Mutuel Antilles-Guyane. CIC Capital Deutschland GmbH, CIC Capital Suisse SA, CIC Capital Canada Inc., CIC Capital Ventures Quebec;
- merger: CIC Iberbanco with CIC, NELL with ICM LIFE, CIC Caymans with CIC New York;
- exit from the consolidation scope: cessation of BECM Saint Martin, sale of El Télécom, dissolution of FCT CM-CIC Home Loans;
- name changes: Banque du Groupe Casino becomes FLOA.

		12/31/2020			12/31/2019		
	Country	Percentage Control	Percentage Interest	Method[1]	Percentage Control	Percentage Interest	Method[1]
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
BECM Saint Martin (branch of BECM)	Saint Martin	-	-	NC	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 Iberbanco	France	-	-	FU	100	98	FC
CIC Lyonnaise de Banque (LB)	France	100	98	FC	100	98	FC

	Country	12/31/2020 Percentage Control	12/31/2020 Percentage Interest	12/31/2020 Method[1]	12/31/2019 Percentage Control	12/31/2019 Percentage Interest	12/31/2019 Method[1]
CIC Lyonnaise de Banque Monaco (CIC LB branch)[3]	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 Grand Cayman (branch of CIC)[2]	Cayman Islands	-	-	FU	100	98	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	98	FC	100	98	FC
CIC Londres (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. BANKING NETWORK SUBSIDIARIES							
Bancas	France	50	49	EM	50	49	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	98	FC	100	98	FC
CCLS Leasing Solutions	France	100	98	FC	100	98	FC
Cofidis Belgium	Belgium	100	78	FC	100	69	FC
Cofidis France	France	100	78	FC	100	69	FC
Cofidis Spain (branch of Cofidis France)	Spain	100	78	FC	100	69	FC
Cofidis Hungary (branch of Cofidis France)	Hungary	100	78	FC	100	69	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	78	FC	100	69	FC
Cofidis SA Poland (branch of Cofidis France)	Poland	100	78	FC	100	69	FC
Cofidis SA Slovakia (branch of Cofidis France)	Slovakia	100	78	FC	100	69	FC
Cofidis Italy	Italy	100	78	FC	100	69	FC
Cofidis Czech Republic	Czech Republic	100	78	FC	100	69	FC
Creatis	France	100	78	FC	100	69	FC
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)	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
Factofrance	France	100	98	FC	100	98	FC
FCT CM-CIC Home loans	France	-	-	NC	100	98	FC
FLOA (formerly Banque du Groupe Casino)	France	50	49	EM	50	49	EM
Gesteurop	France	100	98	FC	100	98	FC

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		12/31/2020			12/31/2019		
	Country	Percentage Control	Percentage Interest	Method[1]	Percentage Control	Percentage Interest	Method[1]
LYF SA	France	44	43	EM	44	43	EM
Monabanq	France	100	78	FC	100	69	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)[3]	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 Londres (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	-	-	NC
CIC Capital Suisse SA	Switzerland	100	98	FC	-	-	NC
CIC Capital Deutschland Gmbh	Germany	100	98	FC	-	-	NC
CIC Capital Ventures Quebec	Canada	100	98	FC	-	-	NC
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							
Actimut	France	100	100	FC	100	100	FC
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
Caisse Centrale du Crédit Mutuel	France	50	54	EM	50	53	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 Participations	France	80	78	FC	71	69	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
EI Télécom	France	-	-	NC	95	76	FC
Euro Protection Surveillance	France	100	84	FC	100	84	FC
Groupe Républicain Lorrain Communication (GRLC)	France	100	98	FC	100	98	FC

		12/31/2020			12/31/2019		
	Country	Percentage Control	Percentage Interest	Method[1]	Percentage Control	Percentage Interest	Method[1]
L'Est Républicain	France	100	98	FC	100	98	FC
Lyf SAS	France	49	39	EM	45	36	EM
Mutuelles Investissement	France	100	98	FC	100	98	FC
SAP Alsace	France	100	98	FC	100	98	FC
Société d'Investissements Médias (SIM)	France	100	98	FC	100	98	FC
Société de Presse Investissement (SPI)	France	100	98	FC	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	100	98	FC	100	98	FC
G. INSURANCE COMPANIES							
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 (formerly AMGEN)	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	69	FC
MTRL	France	100	100	FC	100	100	FC
NELB (North Europe Life Belgium)	Belgium	100	78	FC	100	78	FC
Nord Europe Life Luxembourg (NELL)	Luxembourg	-	-	FU	100	78	FC
Partners	Belgium	100	78	FC	100	78	FC
Procourtage	France	100	78	FC	100	78	FC
Sérénis Assurances	France	100	78	FC	100	78	FC
Targo seguros mediacion	Spain	90	70	FC	90	69	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
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

		12/31/2020			12/31/2019		
	Country	Percentage Control	Percentage Interest	Method[1]	Percentage Control	Percentage Interest	Method[1]
EBRA Medias Alsace	France	100	97	FC	100	97	FC
EBRA Medias Lorraine Franche Comté	France	100	98	FC	100	98	FC
EBRA services	France	100	98	FC	100	98	FC
Est Bourgogne Médias	France	100	98	FC	100	98	FC
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	69	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
Journal de la Haute Marne	France	50	49	EM	50	49	EM
La Liberté de l'Est	France	97	95	FC	97	95	FC
La Tribune	France	100	98	FC	100	98	FC
Le Dauphiné Libéré	France	100	98	FC	100	98	FC
Le Républicain Lorrain	France	100	98	FC	100	98	FC
Les Dernières Nouvelles d'Alsace	France	99	97	FC	99	97	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 n°1	France	100	98	FC	100	98	FC
Républicain Lorrain Communication	France	100	98	FC	100	98	FC
Républicain Lorrain – TV news	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

(1) Method: FC = Full Consolidation; EM = Equity Method; NC = Unconsolidated; FU = Merged.
(2) Entity included in the accounts of the New York branch, the sole purpose being to refinance the New York branch through borrowing transactions in dollars from money market funds.
(3) Entities included in the 2019 scope at the level of their parent company accounts: Banque de Luxembourg Belgique (branch of Banque de Luxembourg), CIC Lyonnaise de Banque Monaco (branch of CIC LB).

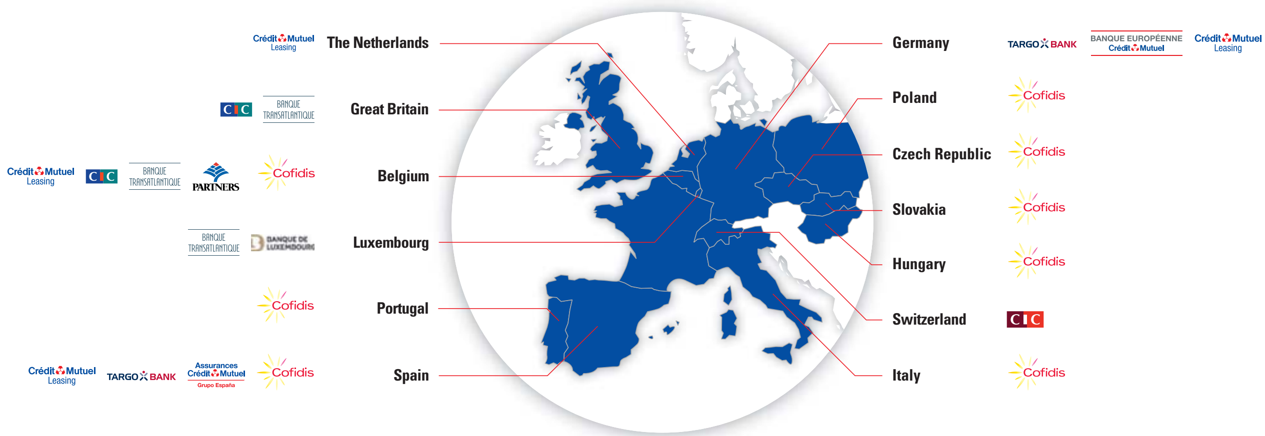
3b Information on entities included in the consolidation scope

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 January 6, 2020.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,695	537	-152	17	-115	5,868	0
Belgium	184	57	-16	4	-8	690	0
Canada	9	5	0	0	0	3	0
Spain	427	7	-15	7	-22	2,287	0
United States of America	104	33	-6	4	-10	92	0
France	10,899	4,607	-973	221	-1,785	53,393	0
Hong Kong	8	3	-1	0	-1	19	0
Hungary	36	4	-1	0	-2	346	0
Italy	66	-7	1	0	-5	296	0
Luxembourg	296	110	-16	-0	-30	919	0
Monaco	10	6	-2	0	-0	22	0
The Netherlands	0	0	-0	0	0	1	0
Poland	3	-2	0	0	-1	75	0
Portugal	190	81	-26	0	-7	760	0
Czech Republic	10	-4	0	0	-2	148	0
United Kingdom	46	21	-3	0	-4	69	0
Saint Martin (Dutch part)	2	-0	0	0	-0	5	0
Singapore	83	45	-7	-1	-5	137	0
Slovakia	5	-2	0	0	-1	63	0
Switzerland	167	55	-6	2	-13	378	0
Tunisia*	0	16	0	0	0	0	0
TOTAL	**14,238**	**5,574**	**-1,223**	**255**	**-2,010**	**65,571**	**0**

* *Entities consolidated using the equity method.*



3c Fully consolidated entities with significant non-controlling interests

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entitie[1]			
12/31/2020	Percentage of interest/ Percentage of voting rights	Net income (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)	Undis-closed 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 Belgique	22%	3	N/A[2]	0	915	13	-1	94
Cofidis France	22%	24	N/A[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.

	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
12/31/2019	Percentage of interest/ Percentage of voting rights	Net income (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)	Undis-closed reserves	NBI
Euro-Information	20%	21	225	-1	1,659	135	0	1,394
Groupe des Assurances du Crédit Mutuel (GACM)	22%	192	1,923	-405	125,032	860	1,462	1,727
Cofidis Belgique	31%	4	221	0	904	13	-1	96
Cofidis France	31%	23	340	0	9,914	83	-6	555

** Amounts before elimination of intercompany balances and transactions.*

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 risk of the group is essentially an operational risk of breach of 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.

	12/31/2020			12/31/2019		
	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	22,872	2,475	0	28,593	2,350
Carrying amounts of financial assets	0	12,848	881	0	13,381	943

(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 Non-current assets and liabilities held for sale

	12/31/2020	12/31/2019
Non-current assets held for sale	0	726
Non-current liabilities held for sale	0	725

Non-current assets and liabilities held for sale at December 31, 2019 corresponded to the NELL portfolio of our subsidiary Groupe des Assurances du Crédit Mutuel, which was sold in 2020.

Note 4 Cash, central banks (asset/liability)

	12/31/2020	12/31/2019
Cash, central banks – asset		
Due to central banks	98,158	69,797
of which mandatory reserves	*3,594*	*2,959*
Cash	1,417	1,374
Total	**99,575**	**71,171**
Central banks – liability	**575**	**715**

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2020				12/31/2019			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**11,316**	**496**	**4,732**	**16,544**	**11,378**	**437**	**4,721**	**16,536**
■ Government securities	408	0	0	408	941	0	0	941
■ Bonds and other debt securities	9,419	496	135	10,050	9,788	437	150	10,375
Listed	9,419	97	17	9,533	9,788	97	25	9,910
Non-listed	0	399	118	517	0	340	125	465
of which UCIs	*128*	-	*0*	*128*	*133*	-	*1*	*134*
■ Shares and other capital instruments	1,489	-	3,566	5,055	647	-	3,590	4,237
Listed	1,489	-	993	2,482	647	-	1,212	1,859
Non-listed	0	-	2,573	2,573	0	-	2,378	2,378
■ Long-term investments	-	-	1,031	1,031	-	-	981	981
Equity investments	-	-	341	341	-	-	347	347
Other long-term investments	-	-	296	296	-	-	260	260
Investments in associates	-	-	369	369	-	-	349	349
Other long-term investments	-	-	25	25	-	-	25	25
Derivative instruments	**2,827**	**-**	**-**	**2,827**	**3,011**	**-**	**-**	**3,011**
Loans and receivables	**8,426**	**0**	**7**	**8,433**	**12,360**	**0**	**0**	**12,360**
of which pensions	*8,426*	*0*		*8,426*	*12,360*	*0*		*12,360*
TOTAL	**22,569**	**496**	**4,739**	**27,804**	**26,749**	**437**	**4,721**	**31,907**

6

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

		% held	Fair value at 12/31/20	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/ (loss)
Banque Marocaine du Commerce Extérieur (BMCE)*	Listed	< 30%	7,874	27,796	315,749	13,861	2,576
Crédit Logement	Unlisted	< 10%	78	1,566	11,385	211	103
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	84	563	26,290	2	0

The figures (except the percentage held) relate to fiscal year 2019.

* *BMCE is not consolidated due to the absence of significant influence exercised by the group. BMCE 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

	12/31/2020	12/31/2019
Financial liabilities held for trading	15,263	18,854
Financial liabilities at fair value through profit or loss	0	0
TOTAL	**15,263**	**18,854**

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2020	12/31/2019
Short sales of securities	1,077	979
■ Government securities	0	0
■ Bonds and other debt securities	242	357
■ Shares and other capital instruments	835	622
Debts in respect of securities sold under repurchase agreements	11,447	15,084
Trading derivatives	2,706	2,786
Other financial liabilities held for trading	33	5
TOTAL	**15,263**	**18,854**

5c Analysis of trading derivatives

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount *	Assets	Liabilities
Interest rate derivatives	159,351	1,876	1,671	191,167	1,735	1,534
Swaps	95,754	1,660	1,394	106,177	1,614	1,325
Other firm contracts	36,113	0	0	54,003	2	1
Options and conditional instruments	27,484	216	277	30,987	119	208
Foreign exchange derivatives	137,024	760	685	121,205	1,022	845
Swaps	95,539	64	59	87,027	40	38
Other firm contracts	10,759	582	513	9,460	915	740
Options and conditional instruments	30,726	114	113	24,718	67	67
Other derivatives	19,325	191	350	26,833	255	407
Swaps	7,972	78	134	11,057	112	171
Other firm contracts	6,731	64	153	11,014	12	101
Options and conditional instruments	4,622	49	63	4,762	131	135
TOTAL	**315,700**	**2,827**	**2,706**	**339,205**	**3,011**	**2,786**

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.

* *The notional amounts of swaps and other firm contracts classified as rate instruments have been adjusted in 2019 to ensure consistency with the treatment applied in 2020.*

Note 6 Hedging

6a Hedging derivatives

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount *	Assets	Liabilities
Fair Value Hedges	154,549	1,988	2,084	157,425	2,420	2,286
Swaps	35,953	1,989	2,084	49,722	2,422	2,285
Other firm contracts	118,112	0	0	106,933	0	0
Options and conditional instruments	484	(1)	0	770	-2	1
Cash Flow Hedges	0	0	0	267	0	5
Swaps	0	0	0	267	0	5
Other firm contracts	0	0	0	0	0	0
Options and conditional instruments	0	0	0	0	0	0
TOTAL	**154,549**	**1,988**	**2,084**	**157,692**	**2,420**	**2,291**

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.

* *The notional amounts of other firm contracts classified as fair value hedges have been adjusted in 2019 to ensure consistency with the treatment applied in 2020.*

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	12/31/2020
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 adjustment on interest-risk hedged portfolios

	12/31/2020	12/31/2019
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	2,453	2,079
■ in financial liabilities	27	-4

6c Items micro-hedged under Fair Value Hedging

ASSET ITEMS HEDGED

	12/31/2020			12/31/2019		
	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	1,822	0	0	1,300	0	0
Customer loans at amortized cost	149,501	2,410	3	129,511	2,070	9
Securities at amortized cost	1,800	64	10	1,287	54	3
Financial assets at FVOCI	19,798	906	0	18,322	868	0
TOTAL	**172,921**	**3,380**	**13**	**150,420**	**2,992**	**12**

LIABILITY ITEMS HEDGED

	12/31/2020			12/31/2019		
	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	56,021	1,688	2	54,793	1,411	2
Liabilities to credit institutions	21,086	929	2	11,831	929	2
Due to customers	50,536	24	0	45,214	27	3
TOTAL	**127,643**	**2,641**	**4**	**111,838**	**2,367**	**7**

Note 7 Financial assets at fair value through other comprehensive income

	12/31/2020	12/31/2019
Government securities	12,142	10,262
Bonds and other debt securities	20,851	19,577
■ Listed	19,276	19,168
■ Non-listed	1,575	409
Accrued interest	151	165
Debt securities subtotal, gross	**33,144**	**30,004**
Of which impaired debt securities (S3)	1	2
Impairment of performing loans (S1/S2)	-15	-17
Other impairment (S3)	-1	-1
Debt securities subtotal, net	**33,128**	**29,986**
Shares and other capital instruments	7	26
■ Listed	4	16
■ Non-listed	3	10
Long-term investments	558	447
■ Equity investments	74	44
■ Other long-term investments	420	342
■ Investments in associates	64	61
Accrued interest	1	0
Subtotal, capital instruments	**566**	**473**
TOTAL	**33,694**	**30,459**
Of which unrealized capital gains or losses recognized under equity	-48	46
Of which listed equity investments.	0	-6

Note 8 Fair value hierarchy of financial instruments carried at fair value

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' 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 capital 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 capital instruments – Other FVPL*	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 – Transaction	0	0	0	0
Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
Loans and receivables due from customers – Transaction	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 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
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 – capital 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 capital 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**

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES IFRS 9				
Subordinated debt – 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 BUSINESS 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**

* *Notably 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 measurement method in which all significant inputs are based on observable market information.
- Level 3: measurement 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 capital instruments – Other FVPL	2,388	758	-732	-134	123	0	195	2,597

12/31/2019	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	26,203	3,004	1,253	30,459
Government and equivalent securities	10,342	0	0	10,342
Bonds and other debt securities	15,650	3,001	993	19,645
Shares and other capital instruments	24	2	0	26
Investments and other long-term securities	187	0	199	386
Investments in subsidiaries and associates	0	0	60	60
Trading/Fair value option/Other	10,870	16,471	4,566	31,907
Government securities and similar instruments – Trading	689	201	52	941
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	8,079	1,510	199	9,788
Bonds and other debt securities – Fair value option	33	0	404	437
Bonds and other debt securities – Other FVPL	102	0	48	150
Shares and other equity instruments – Trading	647	0	0	647
Shares and other capital instruments – Other FVPL*	1,203	0	2,388	3,591
Investments and other long-term securities – Other FVPL	2	0	604	606
Investments in subsidiaries and associates – Other FVPL	0	0	374	374
Loans and receivables due from credit institutions – Fair value option	0	0	0	0
Loans and receivables due from credit institutions – Transaction	0	0	0	0
Loans and receivables due from credit institutions – Other FVPL	0	0	0	0
Loans and receivables due from customers – Transaction	0	12,360	0	12,360
Loans and receivables due from customers – Other FVPL	0	0	0	0
Derivatives and other financial assets – Trading	115	2,399	497	3,011
Hedging derivatives	0	2,418	2	2,420
TOTAL	**37,073**	**21,893**	**5,821**	**64,786**
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	21,623	5,419	0	27,043
Transaction	0	0	0	0
Fair value option – debt securities	2,422	2,273	0	4,695
Fair value option – capital instruments	19,201	3,147	0	22,348
Hedging derivatives	0	0	0	0
Available-for-sale assets	79,714	3,227	633	83,574
Government and equivalent securities	18,256	205	0	18,461
Bonds and other debt securities	47,804	458	0	48,262
Shares and other capital instruments	12,716	2,564	1	15,281
Equity investments, shares in subsidiaries and associates and other long-term investments	937	0	632	1,570
TOTAL	**101,337**	**8,646**	**633**	**110,617**
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	125	18,282	448	18,854
Liabilities – Trading	0	15,085	0	15,085
Derivatives and other financial liabilities – Trading	125	3,197	448	3,770
Hedging derivatives	0	2,271	20	2,291
TOTAL	**125**	**20,553**	**468**	**21,146**
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	1	7,306	0	7,307
Transaction	1	0	0	1
Fair value option	0	7,306	0	7,306
Hedging derivatives	0	0	0	0
TOTAL	**1**	**7,306**	**0**	**7,307**

* *Notably 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.

The trading portfolios and the portfolios of securities at fair value through equity were valued at market price based on external data sourced from organized markets, leading brokers or, when no price was available, based on comparable securities quoted in the market.

SUMMARY

	Securities issued 12/31/2020	Securities issued 12/31/2019
RMBS	1,162	1,561
CMBS	6	662
CLO	3,448	3,561
Other ABS	2,214	2,185
TOTAL	**6,830**	**7,969**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES ON 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 shareholders' 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, United Kingdom	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**

EXPOSURES ON 12/31/2019

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	487	0	65	506	1,059
Amortized cost	53	0	300	533	886
Fair value – Others	8	0	0	0	8
Fair value through shareholders' equity	1,013	662	3196	1,145	6,016
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
France	334	0	571	606	1,511
Spain	112	0	0	188	301
United Kingdom	256	0	136	84	475
Europe excluding France, Spain, United Kingdom	470	0	247	774	1,490
USA	198	662	2608	254	3,722
Other	190	0		279	468
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
US Branches	194	659	0	0	853
AAA	1,163	4	3410	1,070	5,646
AA	168	0	96	582	846
A	17	0	44	0	60
BBB	7	0	0	25	31
BB	8	0	0	7	15
B or below	4	0	0	0	4
Not rated	0	0	11	502	513
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
Origination 2005 and earlier	39	51	0	0	90
Origination 2006-2008	94	0	0	20	114
Origination 2009-2011	65	4	0	0	69
Origination 2012-2019	1362	607	3561	2,165	7,696
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**

Note 10 Financial assets at amortized cost

	12/31/2020	12/31/2019
Securities at amortized cost	2,996	2,813
Loans and receivables to credit institutions	56,278	40,825
Loans and receivables to customers	419,413	384,535
TOTAL	**478,687**	**428,173**

10a Securities at amortized cost

	12/31/2020	12/31/2019
Securities	3,166	2,969
■ Government securities	1,614	1,663
■ Bonds and other debt securities	1,552	1,306
Listed	556	497
Non-listed	996	809
Accrued interest	13	12
TOTAL GROSS	**3,179**	**2,981**
of which impaired assets (S3)	*205*	*183*
Impairment of performing loans (S1/S2)	-1	-1
Other impairment (S3)	-182	-167
TOTAL NET	**2,996**	**2,813**

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	55,978	40,534
Crédit Mutuel network accounts*	32,539	26,187
Other ordinary accounts	2,861	2,940
Loans	4,464	3,195
Other receivables	13,945	6,572
Pensions	2,169	1,641
Accrued interest	301	293
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	**56,278**	**40,825**

* *Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).*

10c Loans and receivables due from customers at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	400,734	365,602
Commercial loans	13,217	15,273
Other customer receivables	386,923	349,718
■ home loans	208,066	191,365
■ other loans and receivables, including repurchase agreements[1]	178,857	158,353
Accrued interest	594	610
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	12,008	11,589
Receivables, gross	**412,742**	**377,191**
Impairment of performing loans (S1/S2)[2]	-2,951	-1,866
Other impairment (S3)	-6,324	-6,281
SUBTOTAL I	**403,467**	**369,043**
Finance leases (net investment)	15,792	15,298
■ Equipment	11,327	10,802
■ Real estate	4,465	4,496
Individually-impaired receivables, gross (S3)	489	490
Impairment of performing loans (S1/S2)	-151	-108
Other impairment (S3)	-186	-190
SUBTOTAL II	**15,944**	**15,491**
TOTAL	**419,413**	**384,535**
of which subordinated loans	13	14
of which pensions	973	912

(1) including a €18 billion increase in 2020 for state-guaranteed loans (SGL) granted within the context of the COVID-19 crisis.
(2) In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see note 1 Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
Amounts at 12/31/2020	13,636	3,672	311	-9	-7	-38

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross carrying amount	15,788	2,563	-1,748	-322	16,281
Impairment of non-recoverable lease payments	-297	-129	91	-1	-337
Net carrying amount	15,491	2,434	-1,657	-323	15,944

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	4,198	9,566	3,181	16,945
Present value of future lease payments	4,023	9,316	3,170	16,509
UNEARNED FINANCIAL INCOME	**175**	**250**	**11**	**436**

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2020	12/31/2019
Certificates of deposit	134	137
Interbank certificates and negotiable debt instruments	58,223	56,396
Bonds	63,642	66,421
Non-preferred senior securities	4,379	1,044
Related debt	626	793
TOTAL	**127,004**	**124,792**

11b Liabilities to credit institutions

	12/31/2020	12/31/2019
Crédit Mutuel network accounts	0	0
Other ordinary accounts	2,933	1,773
Borrowings	12,778	16,230
Other debt	4,455	5,156
Pensions*	20,049	13,257
Related debt	79	46
TOTAL	**40,294**	**36,461**

* *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 €17,090 million at December 31, 2020.*

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

	12/31/2020	12/31/2019
Special savings accounts	144,418	132,863
■ demand	100,937	90,901
■ term	43,481	41,962
Related liabilities on savings accounts	21	26
Subtotal	**144,439**	**132,889**
Demand accounts	202,938	148,568
Term deposits and borrowings	61,232	55,114
Pensions	89	3
Related debt	194	224
Other debt	10	8
Insurance and reinsurance debts	0	0
Subtotal	**264,462**	**203,917**
TOTAL	**408,901**	**336,806**

11 d Netting of financial assets and liabilities

12/31/2020	Gross value of financial assets	Gross value of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
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: Impact of master netting agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	Net amount
FINANCIAL LIABILITIES							
Derivatives	9,081	-4,291	4,791	-850	0	-3,330	611
Pensions	38,697	0	38,697	0	-38,502	-128	7
TOTAL	**47,778**	**-4,291**	**43,487**	**-850**	**-38,502**	**-3,457**	**618**

12/31/2019	Gross value of financial assets	Gross value of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
FINANCIAL ASSETS							
Derivatives	8,884	-3,452	5,432	-1,302	0	-2,526	1,604
Pensions	20,526	0	20,526	0	-20,338	-162	25
TOTAL	**29,410**	**-3,452**	**25,958**	**-1,302**	**-20,338**	**-2,689**	**1,629**

12/31/2019	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: Impact of master netting agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	Net amount
FINANCIAL LIABILITIES							
Derivatives	8,530	-3,452	5,078	-1,302	0	-2,244	1,532
Pensions	35,670	0	35,670	0	-35,493	-140	37
TOTAL	**44,200**	**-3,452**	**40,747**	**-1,302**	**-35,493**	**-2,384**	**1,568**

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 shown in the 2nd column correspond to accounting offsetting, under IAS 32, for transactions processed going through a clearing house.

The "impact of master netting agreements" column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsetting. 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 on the balance sheet in the miscellaneous asset or liability accounts.

Note 12 Gross values and movements in impairment provisions

12a Gross values subject to impairment

	12/31/2019	Acquisition/ production	Sale/ repayment	Transfer	Others*	12/31/2020
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**40,827**	**131,423**	**-115,994**	**0**	**24**	**56,280**
12-month expected losses (S1)	40,822	131,332	-115,899	0	24	56,279
expected losses at maturity (S2)	5	91	-95	0	0	1
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	**392,980**	**193,759**	**-160,967**	**0**	**3,254**	**429,025**
12-month expected losses (S1)	358,983	189,125	-154,855	-20,102	2,733	375,884
expected losses at maturity (S2)	21,917	4,510	-4,492	18,317	391	40,644
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	12,079	124	-1,620	1,785	130	12,497
Financial assets at amortized cost – securities	**2,981**	**3,137**	**-2,956**	**0**	**18**	**3,179**
with 12-month expected losses (S1)	2,798	3,067	-2,888	0	-3	2,973
with expected losses at maturity (S2)	0	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	183	70	-68	0	21	205
Financial assets at fair value through other comprehensive income – debt securities	**30,004**	**9,608**	**-6,468**	**0**	**0**	**33,144**
12-month expected losses (S1)	29,897	9,600	-6,388	-11	0	33,098
expected losses at maturity (S2)	105	8	-79	11	0	45
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	2	0	-1	0	0	1
TOTAL	**466,792**	**337,927**	**-286,385**		**3,296**	**521,628**

* *Includes the accession of CMAG and CMMC for €3.2 billion in "Loans and receivables to customers".*

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (CUSTOMER LOANS)

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 end of the period but not credit-impaired on initial recognition (S3)
< 0.1	0	89,929	1,639	0
0.1-0.25	0	117,573	1,295	0
0.26-0.99	1	83,248	3,569	0
1-2.99	3	51,159	11,747	0
3-9.99	6	28,845	13,204	0
>= 10	21	5,129	9,190	12,497
TOTAL	**31**	**375,884**	**40,644**	**12,497**

CONCENTRATION OF CREDIT RISK ON SENSITIVE BUSINESS SEGMENTS

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.

	Gross outstandings*			Write-downs			Net outstandings
Business segment	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**	
Aeronautics	-	392	27	-	-9	-9	401
Specialized distribution	-	1.403	148	-	-59	-70	1.422
Hotels, restaurants	-	4.362	304	-	-498	-159	4.008
Automotive	-	1.523	76	-	-74	-43	1.483
Vehicle hire	-	1.838	75	-	-45	-18	1.850
Tourism, games, leisure	-	1.385	126	-	-112	-102	1.297
Industrial transportation	-	445	12	-	-6	-4	447
Air transport	-	366	18	-	-38	-3	343
TOTAL	**-**	**11.714**	**786**	**-**	**-841**	**-408**	**11.252**

* *EAD net of guarantee on SGLs.*

12b Movements in impairment provisions

	12/31/2019	Addition	Reversal	Other	12/31/2020
Loans and receivables due from credit institutions	**-2**	**-2**	**2**	**0**	**-2**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-2	2	0	-2
Customer loans	**-8,445**	**-3,305**	**2,174**	**-36**	**-9,612**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-917	-569	300	12	-1,174
■ expected losses at maturity (S2)	-1,056	-1,323	458	-6	-1,927
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-6,471	-1,413	1,416	-42	-6,510
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	**-168**	**-130**	**97**	**18**	**-183**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1	-3	3	0	-1
■ expected losses at maturity (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	-167	-127	94	18	-182
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 fair value through other comprehensive income – debt securities	**-18**	**-5**	**8**	**-1**	**-16**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-15	-4	6	-1	-14
■ expected losses at maturity (S2)	-2	-1	2	0	-1
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-1	0	0	0	-1
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	**-8,633**	**-3,442**	**2,281**	**-19**	**-9,813**

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

	12/31/2020	12/31/2019
Fair value through profit or loss	27,904	27,043
■ Transaction	0	0
■ Fair value option – debt securities	3,606	4,695
■ Fair value option – capital instruments	24,298	22,348
Hedging derivatives	0	0
Available-for-sale*	86,230	83,575
■ Government and equivalent securities	17,432	18,461
■ Bonds and other debt securities	51,256	48,263
■ Shares and other capital instruments	16,005	15,281
■ Equity investments, shares in subsidiaries and associates and other long-term investments	1,537	1,570
Loans and receivables	5,812	5,914
Held-to-maturity	7,582	9,066
Sub-total financial assets	**127,530**	**125,598**
Investment property	**2,707**	**3,476**
Shares of reinsurers in the technical provisions and other assets	**821**	**796**
TOTAL	**131,056**	**129,870**

* *Of which SPPI assets of €67,459 million.*
The fair value of buildings recognized at amortized cost is €3,704 million at December 31, 2020.

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%	450	1,096	522	164
Covivio (formerly Foncière des Régions)	Listed	< 10%	12,358	25,720	889	1,262
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,486	6,813	240	392
Desjardins	Unlisted	< 30%	2,646	13,861	5,536	259

* *In millions of Canadian dollars.*

The figures (except the percentage held) relate to fiscal year 2019

BREAKDOWN BY STANDARD & POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets as a %
AAA	11%
AA+	2%
AA	26%
AA-	4%
A+	8%
A	7%
A-	10%
BBB+	12%
BBB	7%
BBB-	1%
BB+	0%
Not rated	11%
TOTAL	**100%**

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	12/31/2020	12/31/2019
Life	98,029	98,720
Non-life	4,955	4,409
Account units	15,206	13,695
Other	308	314
Total	**118,498**	**117,138**
Of which deferred profit sharing liabilities	17,732	17,787
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	429	424
NET TECHNICAL PROVISIONS	**118,069**	**116,714**

FINANCIAL LIABILITIES

	12/31/2020	12/31/2019
Fair value through profit or loss	7,103	7,307
■ Transaction	0	1
■ Fair value option	7,103	7,306
Hedging derivatives	0	0
Liabilities to credit institutions	132	153
Debt securities	0	0
Subordinated debt	300	300
Subtotal	**7,535**	**7,760**
Other liabilities	**428**	**391**
Total	**7,963**	**8,151**
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	**126,461**	**125,289**

Note 14 Income tax

14a Current tax

	12/31/2020	12/31/2019
Assets (through profit or loss)	1,444	1,611
Liabilities (through profit or loss)	668	787

14b Deferred taxes

	12/31/2020	12/31/2019
Assets (through profit or loss)	1,514	1,271
Assets (through shareholders' equity)	290	258
Liabilities (through profit or loss)	610	659
Liabilities (through shareholders' equity)	642	636

ANALYSIS OF DEFERRED TAXES BY MAJOR CATEGORIES

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in	-	-	-	-
■ impairment of financial assets	1,128	-	1,014	-
■ finance leasing reserve	-	350	-	396
■ revaluation of financial instruments	583	907	602	1,029
■ accrued expenses and accrued income	212	100	265	95
■ earnings of flow-through entities	-	-	-	-
■ insurance business line	69	83	56	112
■ other temporary differences	137	162	76	150
■ tax deficits	24	-	3	-
Offsets	-348	-348	-487	-487
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**1,804**	**1,252**	**1,529**	**1,295**

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2020	12/31/2019
ACCRUALS		
Collection accounts	136	260
Currency adjustment accounts	56	385
Accrued income	604	558
Other accruals	3,232	3,886
Subtotal	**4,028**	**5,089**
OTHER ASSETS		
Securities settlement accounts	64	119
Miscellaneous receivables	3,932	4,039
Inventories and similar	27	51
Other	41	45
Subtotal	**4,064**	**4,254**
TOTAL	**8,092**	**9,343**

15b Accruals and other liabilities

	12/31/2020	12/31/2019
ACCRUALS		
Accounts unavailable due to recovery procedures	78	46
Currency adjustment accounts	969	137
Accrued expenses	1,596	1,536
Deferred income	1,255	1,393
Other accruals	4,764	5,695
Subtotal	**8,661**	**8,807**
OTHER LIABILITIES		
Lease obligations - Real estate*	926	673
Lease obligations – Other	13	26
Securities settlement accounts	1,234	475
Outstanding amounts payable on securities	274	53
Sundry creditors	1,652	1,595
Subtotal	**4,099**	**2,822**
TOTAL	**12,761**	**11,629**

* *The additional lease liabilities recognized following the application of the IFRIC decision of November 26, 2019 amounted to €227 million at December 31, 2020.*

The retroactive application of the IFRIC decision would have generated an increase in lease obligations of €302 million on January 1, 2019 and of €259 million on December 31, 2019.

15c Lease obligations by residual term

12/31/2020	≤ 1 year	1 year < ≤ 3 years	3 years < ≤ 6 years	6 years < ≤ 9 years	> 9 years	TOTAL
Lease obligations	36	263	207	225	207	939
■ Real estate	23	263	207	225	207	926
■ Other	13	0	0	0	0	13

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

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[2]	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	**-**	**-**	**549**	**-14**	**9**	**-**
JOINT VENTURE						
Bancas	France	50.00%	0	0	0	NC[1]
Euro Automatic Cash	Spain	50.00%	3	-5	0	NC[1]
FLOA (formerly Banque du Groupe Casino)	France	50.00%	85	6	0	NC[1]
Total (2)	**-**	**-**	**88**	**1**	**0**	**-**
TOTAL (1)+(2)	**-**	**-**	**637**	**-13**	**9**	**-**

(1) NC: Not communicated.

(2) 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.

12/31/2019	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%	17	5	1	25
Banque de Tunisie	Tunisia	35.33%	172	9	5	195
Caisse Centrale du Crédit Mutuel[2]	France	53.48%	349	5	2	NC[1]
LYF SA	France	43.75%	7	0	0	NC[1]
Royale Marocaine d'Assurance (formerly RMA Watanya)[3]	Morocco	NA	0	6	0	NC[1]
Other equity investments	-	-	-7	-13		-
Total (1)	**-**	**-**	**536**	**12**	**8**	**-**
JOINT VENTURE						
Bancas	France	50.00%	1	0	0	NC[1]
Euro Automatic Cash	Spain	50.00%	8	-11	0	NC[1]
FLOA (formerly Banque du Groupe Casino)	France	50.00%	75	7	0	NC[1]
Total (2)	**-**	**-**	**84**	**-4**	**0**	**-**
TOTAL (1)+(2)	**-**	**-**	**620**	**7**	**8**	**-**

(1) NC: Not communicated.

(2) Caisse Centrale du Crédit Mutuel continued to be equity consolidated due to a notable influence despite the fact that the voting rights held exceeded 50% in 2019.

(3) Exit of RMA from the consolidation scope in 2019 following the sale of shares held by GACM.

16b Financial data published by the main equity consolidated companies

	12/31/2020					
	Balance sheet total	NBI or Revenues	GOI	Net profit/ (loss)	Reserves OCI	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) Amounts for 2019.
(2) In millions of Tunisian Dinar.
** NC: Not communicated.*

	12/31/2019					
	Balance sheet total	NBI or Revenues	GOI	Net profit/(loss)	Reserves OCI	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance[2]	607	131	59	52	21	185
Banque de Tunisie[1] [2]	5,990	328	161	111	NC*	839
CCCM	4,786	17	10	9	8	667
LYF SAS	13	1	-27	-28	0	-19
LYF SA	19	0	-1	-1	0	16
Royale Marocaine d'Assurance (formerly RMA Watanya)[1] [3]	333,002	18,604	4,264	973	3,800	6,194
JOINT VENTURE						
Euro Automatic Cash	72	14	3	0	2	58
FLOA (formerly Banque du Groupe Casino)	1,427	164	79	14	0	151

(1) Amounts for 2018.
(2) In millions of Tunisian Dinar.
(3) In millions of Moroccan Dirhams.
** NC: Not communicated.*

Note 17 Investment property

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost	158	3	-9	-2	150
Depreciation and impairment	-69	-3	4	-1	-69
Net amount	**89**	**0**	**-5**	**-3**	**82**

The fair value of investment property carried at amortized cost is comparable to its carrying amount.

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Note 18 Property, plant and equipment and intangible assets

18a Property, plant and equipment

	12/31/2019	Increase	Decrease	Other	12/31/2020
HISTORICAL COST					
Operating sites	570	3	-2	4	575
Operating buildings	5,088	151	-135	48	5,152
Usage rights – Real estate*	800	458	-20	6	1,244
Usage rights – Other	38	1	0	0	39
Other property, plant and equipment	2,779	437	-308	-62	2,846
Total	**9,275**	**1,050**	**-465**	**-4**	**9,856**
DEPRECIATION AND IMPAIRMENT					
Operating sites	-10	-2	0	0	-12
Operating buildings	-3,235	-176	102	-32	-3,341
Usage rights – Real estate	-133	-200	6	2	-325
Usage rights – Other	-13	-13	0	0	-26
Other property, plant and equipment	-2,216	-220	169	13	-2,254
Total	**-5,607**	**-611**	**277**	**-17**	**-5,958**
NET AMOUNT	**3,669**	**439**	**-188**	**-21**	**3,898**

* *The additional usage rights recognized following the application of the IFRIC decision of November 26, 2019 amounted to €227 million at December 31, 2020.*

The retroactive application of the IFRIC decision would have generated an increase in usage rights of €302 million at January 1, 2019 and of €259 million at December 31, 2019.

OF WHICH PROPERTIES RENTED UNDER FINANCE LEASES

	12/31/2019	Increase	Decrease	Other	12/31/2020
Operating sites	7	-	-	-	7
Operating buildings	104	-	-2	-	103
TOTAL	**111**	**0**	**-2**	**0**	**110**

18b Non-current assets

	12/31/2019	Increase	Decrease	Other	12/31/2020
HISTORICAL COST					
Internally developed intangible assets*	0	77	0	294	371
Purchased intangible assets	2,154	44	-31	-338	1,829
■ software	547	17	0	-105	459
■ other	1,607	27	-31	-233	1,370
Total	**2,154**	**121**	**-31**	**-44**	**2,200**
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets*	0	-67	0	-183	-250
Purchased intangible assets	-1,418	-43	19	222	-1,220
■ software	-493	-15	0	93	-415
■ other	-925	-28	19	129	-805
Total	**-1,418**	**-110**	**19**	**39**	**-1,470**
NET AMOUNT	**735**	**11**	**-12**	**-5**	**729**

* *These headings correspond to software developed internally and capitalized in our subsidiaries Euro-information and TARGOBANK AG.*

Note 19 Goodwill

	12/31/2019	Increase	Decrease	Variation in impairment	Other	12/31/2020
Gross goodwill	4,613	-	-	-	-78	4,535
Write-downs	-495	-	-	-2	-2	-499
NET GOODWILL	**4,118**	**-**	**-**	**-2**	**-80**	**4,036**

Cash generating units	Value of goodwill on 12/31/2019	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2020
TARGOBANK in Germany	2,851	-	-	-	-	2,851
Crédit Industriel et Commercial (CIC)	497	-	-	-	-	497
Cofidis Participations	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
EI Télécom	78	-	-	-	-78	-
Factofrance SA	68	-	-	-	-	68
GACM Seguros Generales Compañia de Seguros y Reaseguros SAU	53	-	-	-2	-2	49
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 Italie	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Other	22	-	-	-	-	22
TOTAL	**4,118**	**0**	**0**	**-2**	**-80**	**4,036**

The cash generating units to which the goodwill is assigned are subject to at least one test per year of their recoverable amount. 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, 2020, and the macroeconomic uncertainties for the years 2021 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;*
- *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 of December 31, 2020.*

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 in the value in use calculation also take into account prudential capital requirements. These capital requirements are calculated individually, based on the Tier 1 capital requirements defined in the group's capital allocation policy.

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, 2020 with:

- *7% for retail banking and leasing CGUs based in Germany;*
- *8% for retail banking, consumer credit and leasing CGUs located in France.*

The cash flows used to calculate the value in use are determined on the basis of regulatory capital requirements.

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	7%	8%	8%
Effect of a variation upwards of 50 basis points in the cost of capital	-9%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-7%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-3%	-3%	-3%

* *Cofidis France and Cofidis Participations.*

If the sensitivity assumptions below were used, goodwill would not be impaired.

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2019	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	12/31/2020
Provisions for risks	**389**	**445**	**-47**	**-223**	**44**	**608**
On guarantee commitments [2]	***212***	***303***	***-1***	***-96***	***0***	***418***
■ of which 12-month expected losses (S1)	37	34	0	-27	0	44
■ of which expected losses at maturity (S2)	36	215	0	-23	-1	227
■ of which provisions for execution of commitments upon signature	139	54	-1	-46	1	147
On financing commitments [2]	***70***	***99***	***0***	***-77***	***0***	***92***
■ of which 12-month expected losses (S1)	58	69	0	-54	0	73
■ of which expected losses at maturity (S2)	12	30	0	-23	0	19
Provisions for taxes	***8***	***1***	***0***	***0***	***0***	***9***
Provisions for claims and litigation	***64***	***30***	***-6***	***-18***	***-1***	***69***
Provision for risk on miscellaneous receivables	***34***	***13***	***-40***	***-31***	***45***	***21***
Other provisions	**1,547**	**172**	**-76**	**-76**	**-44**	**1,523**
■ Provisions for mortgage saving agreements	233	35	0	-1	2	269
■ Provisions for miscellaneous contingencies	943	50	-50	-55	-5	883
Other provisions [1]	371	87	-26	-20	-41	371
Provisions for retirement commitments	**1,562**	**75**	**-38**	**-12**	**89**	**1,676**
TOTAL	**3,498**	**692**	**-161**	**-311**	**89**	**3,807**

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totalling €310 million.
(2) In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see note 1 Accounting principles.

20b Retirement and other employee benefits

	12/31/2019	Additions for the year	Reversals for the year	Other changes	12/31/2020
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS:					
Retirement Benefits	1,218	62	-38	87	1,329
Supplementary pensions	159	8	-10	-4	153
Obligations for long service awards (other long-term benefits)	168	3	-2	4	173
Sub-total recognized	**1,545**	**73**	**-50**	**87**	**1,655**
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS:					
Commitments to employees and retirees [1]	17	3	0	2	22
Fair value of assets					
Sub-total recognized	**17**	**3**	**0**	**2**	**22**
TOTAL AMOUNT RECOGNIZED	**1,562**	**76**	**-50**	**89**	**1,676**

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2020	12/31/2019
Discount rate [2]	0.45%	0.75%
Expected increase in salaries [3]	Minimum 0.5%	Minimum 0.7%

(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 TO THE PROVISION RELATIVE TO RETIREMENT BENEFITS

						Actuarial difference relating to changes in assumptions						
	12/31/2019	Effect of discounting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	demographics	financial	Payment to beneficiaries	Contributions to plan	Mobility transfer	Others[1]	12/31/2020
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

Discount rate sensitivity:
Liabilities at -0.05% (-50bp): 152
Liabilities at 0.95% (+50bp): -156
Duration: 18

						Actuarial difference relating to changes in assumptions						
	12/31/2018	Effect of discounting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	demographics	financial	Payment to beneficiaries	Contributions to plan	Mobility transfer	Others[1]	12/31/2019
Commitments	1,502	22	0	55	-1	3	191	-50	0	0	-35	1,687
Non-group insurance policies and externally-managed assets	560	0	8	0	0	0	31	0	-14	0	-116	469
Provisions	942	22	-8	55	-1	3	160	-50	14	0	81	1,218

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2019	Effect of discounting	Actuarial gain and loss	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	Other	Fair value of assets 12/31/2020
Fair value of plan assets	1,095	3	32	-1	-17	37	-35	0	-26	1,088

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Capital instruments	Real estate	Other	Debt securities	Capital instruments	Real estate	Other
Composition of the assets of the plan	81%	12%	0%	6%	0%	0%	1%	0%

20c Provisions for risks arising from commitments on mortgage saving agreements

MORTGAGE SAVING PLANS (PEL)

	12/31/2020	12/31/2019
< 10 years old	24,178	22,465
> 10 years	10,834	10,864
TOTAL	**35,012**	**33,329**
Amounts outstanding under mortgage saving accounts (CEL)	3,258	3,004
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**38,270**	**36,333**

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2020	12/31/2019
Outstanding mortgage savings loans behind provisions for risks recognized as balance sheet assets	63	88

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2019	Allowances or net reversals	Other changes	12/31/2020
On mortgage saving accounts	0	0	0	-
On mortgage saving plans	232	34	2	268
On loans under mortgage saving agreements	1	0	0	1
Total	**233**	**34**	**2**	**269**
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY				
< 10 years old	173	22	1	196
> 10 years	59	13	0	73
TOTAL	**232**	**35**	**2**	**268**

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 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 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 PEL. The impacts on profit/(loss) are recorded as interest paid to customers.

The change in the provision mainly results from the decline in market rates.

Note 21 Subordinated debt

	12/31/2020	12/31/2019
Subordinated debt	6,200	7,119
Participating loans	20	20
Perpetual subordinated debt	1,003	1,006
Related debt	81	90
TOTAL	**7,304**	**8,235**

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Issue date	Issue amount	Amount balance sheet date[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	5/21/2014	€1,000m	€1,000m	3.00	5/21/2024
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	9/11/2015	€1,000m	€1,000m	3.00	9/11/2025
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	3/24/2016	€1,000m	€1,000m	2.375	3/24/2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11/4/2016	€700m	€700m	1.875	11/4/2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	3/31/2017	€500m	€500m	2.625	3/31/2027
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11/15/2017	€500m	€500m	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	5/25/2018	€500m	€500m	2.5	5/25/2028
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	6/18/2019	€1,000m	€1,000m	1.875	6/18/2029
Crédit Industriel et Commercial	Participatory	5/28/1985	€137m	€8m	[2]	[3]
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€750m	€734m	[4]	TBD
Banque Fédérative du Crédit Mutuel	TSS	2/25/2005	€250m	€250m	[5]	TBD

(1) Net intra-group amounts.
(2) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(3) Non-depreciable, but reimbursable at borrower's discretion as of 05/28/1997 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)

	12/31/2020	12/31/2019
Capital and reserves related to capital	6,773	6,482
■ Capital	6,773	6,482
■ Issue premium, contribution, merger, split, conversion	0	0
Consolidated reserves	36,463	33,552
■ Regulated reserves	6	6
■ Other reserves (including effects related to initial application)	36,315	33,430
■ of which profit on disposal of capital instruments	-21	-24
■ Retained earnings	142	116
TOTAL	**43,236**	**40,034**

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, 2020, the capital of the Crédit Mutuel banks is as follows:

- €213.2 million for A shares;
- €6,556.3 million for B shares;
- €3.6 million for P shares.

22b Unrealized or deferred gains and losses

	12/31/2020	12/31/2019
UNREALIZED OR DEFERRED GAINS OR LOSSES* RELATING TO:		
■ translation adjustments	-55	63
■ insurance business investments (assets available-for-sale)	1,405	1,264
■ financial assets at fair value through recyclable shareholders' equity – debt instruments	-50	-29
■ financial assets at fair value through non-recyclable shareholders' equity – capital instruments	81	42
■ hedging derivatives (CFH)	0	2
■ share of unrealized or deferred gains and losses of associates	-33	-31
■ actuarial gains and losses on defined benefit plans	-413	-349
TOTAL	**935**	**961**

* *Balances net of corporation tax and after shadow accounting treatment.*

22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2020	12/31/2019
	Operations	Operations
Translation adjustments		
Reclassification in income	0	0
Other movement	-118	34
Subtotal	**-118**	**34**
Revaluation of financial assets at FVOCI – debt instruments		
Reclassification in income	0	0
Other movement	-21	-5
Subtotal	**-21**	**-5**
Revaluation of financial assets at FVOCI – capital instruments		
Reclassification in income	0	0
Other movement	39	65
Subtotal	**39**	**65**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movement	-2	-1
Subtotal	**-2**	**-1**
Revaluation of insurance business investments		
Reclassification in income	0	-59
Other movement	141	529
Subtotal	**141**	**470**
Actuarial gains and losses on defined benefit plans	-64	-109
Share of unrealized or deferred gains and losses of associates	-2	5
TOTAL	**-26**	**459**

6

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2020			12/31/2019		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	-118	0	-118	34	0	34
Revaluation of financial assets at FVOCI – debt instruments	-28	8	-21	-9	4	-5
Revaluation of financial assets at FVOCI – capital instruments	42	-4	39	64	1	65
Remeasurement of hedging derivatives	-3	1	-2	-1	0	-1
Revaluation of insurance business investments	134	8	141	652	-181	470
Actuarial gains and losses on defined benefit plans	-99	35	-64	-165	56	-109
Share of unrealized or deferred gains and losses of associates	-2	0	-2	5	0	5
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	**-74**	**49**	**-26**	**579**	**-120**	**459**

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2020	12/31/2019
Funding commitments	**76,913**	**69,882**
Liabilities due to credit institutions	724	867
Commitments to customers	76,189	69,015
Guarantee commitments	**25,667**	**22,816**
Credit institution commitments	4,938	4,526
Customer commitments	20,729	18,290
Securities commitments	**3,638**	**2,389**
Other commitment given	3,638	2,389
Commitments pledged from the insurance business line	**4,606**	**3,907**

COMMITMENTS RECEIVED

	12/31/2020	12/31/2019
Funding commitments	**22,125**	**13,257**
Commitments received from credit Institutions	22,125	13,257
Guarantee commitments	**99,106**	**75,830**
Commitments received from credit Institutions	50,940	48,106
Commitments received from customers	48,166	27,724
Securities commitments	**1,474**	**976**
Other commitments received	1,474	976
Commitments received from the insurance business line	**6,140**	**6,966**

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2020	12/31/2019
Assets sold under repurchase agreements	38,784	35,716
Related liabilities	38,679	35,624

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2020	12/31/2019
Loaned securities	0	0
Security deposits on market transactions	4,652	4,186
TOTAL	**4,652**	**4,186**

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

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions and central banks*	32	-176	386	-545
Customers	9,304	-1,860	9,686	-2,163
■ of which finance and operating leases	562	-201	580	-221
■ of which lease obligations	0	-7	0	-7
Hedging derivatives	2,448	-2,215	2,837	-2,943
Financial instruments at fair value through profit or loss	607	-45	721	-16
Financial assets at fair value through other comprehensive income	360	0	460	0
Securities at amortized cost	78	0	100	0
Debt securities	0	-1,469	0	-1,879
Subordinated debt	0	-4	0	-9
TOTAL	**12,830**	**-5,769**	**14,190**	**-7,555**
Of which interest income and expense calculated at effective interest rate:	9,774	-3,509	10,633	-4,596

* *Of which a -€461 million impact of negative interest rates on income and +€260 million in expenses in 2020, and a -€330 million impact of negative interest rates on income and +€164 million in expenses in 2019.*

Note 25 Commission income and expense

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions	8	-8	19	-14
Customers	1,657	-36	1,712	-30
Securities	975	-72	866	-45
■ of which activities managed on behalf of third parties	670	0	649	0
Derivative instruments	9	-11	6	-10
Currency transactions	23	-2	20	-2
Funding and guarantee commitments	100	-3	73	-4
Services provided	1,950	-941	2,042	-1,034
TOTAL	**4,722**	**-1,072**	**4,738**	**-1,139**

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2020	12/31/2019
Trading instruments	4	294
Instruments accounted for under the fair value option	-5	8
Ineffective portion of hedges	-15	-27
On fair value hedges (FVH)	-15	-27
■ Change in the fair value of hedged items	368	865
■ Change in fair value of hedging instruments	-383	-892
Foreign exchange gains/(losses)	-33	163
Other financial instruments at fair value through profit or loss*	124	334
TOTAL CHANGES IN FAIR VALUE	**75**	**772**

* *Of which €158 million from private equity business in 2020, compared to €214 million in 2019, with the other changes corresponding to changes in fair value on the other portfolios at FVPL.*

Note 27 Net gains or losses on financial assets at fair value through shareholders' equity

	12/31/2020	12/31/2019
Dividends	8	10
Realized gains and losses on debt instruments	14	69
TOTAL	**23**	**80**

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	12/31/2020	12/31/2019
Financial assets at amortized cost	-	-
Gains/(losses) on:	0	2
■ Government securities	0	0
■ Bonds and other fixed-income securities	0	2
TOTAL	**0**	**2**

Note 29 Net income from the insurance business line

	12/31/2020	12/31/2019
INSURANCE POLICIES		
Premiums earned	9,981	11,741
Service charges	-8,726	-8,650
Change in provisions	-1,249	-5,239
Other technical and non-technical income and expenses	62	70
Net income from investments	2,334	4,696
Net income on insurance policies	**2,402**	**2,618**
Interest margin/fees	-8	-10
Net income on financial assets	**-8**	**-10**
Other net income	**-10**	**10**
NET INCOME FROM THE INSURANCE BUSINESS LINE	**2,383**	**2,617**

Note 30 Income/expenses generated by other activities

	12/31/2020	12/31/2019
INCOME FROM OTHER ACTIVITIES		
Investment property:	0	3
■ reversal of provisions/depreciation	0	0
■ capital gains on disposals	0	3
Rebilled expenses	106	95
Other income	1,845	1,832
Subtotal	**1,951**	**1,930**
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-3	-3
■ additions to provisions/depreciation	-3	-3
Other expenses	-901	-1,061
Subtotal	**-904**	**-1,064**
NET TOTAL INCOME AND EXPENSES	**1,047**	**866**

Note 31 General operating expenses

	12/31/2020	12/31/2019
Employee benefits expense	-5,281	-5,171
Other expenses	-3,586	-3,771
TOTAL	**-8,867**	**-8,942**

31a Employee benefits expense

	12/31/2020	12/31/2019
Wages and salaries	-3,388	-3,248
Social security contributions	-1,220	-1,228
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-305	-351
Payroll-based taxes	-364	-340
Other	-2	-2
TOTAL	**-5,281**	**-5,172**

WORKFORCE

Average workforce	12/31/2020	12/31/2019
Bank technical staff	38,709	38,508
Managers	26,862	26,304
TOTAL	**65,571**	**64,812**
France	53,400	52,645
Rest of the world	12,171	12,167
TOTAL	**65,571**	**64,812**
Registered workforce*	71,994	71,823

* *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

	12/31/2020	12/31/2019
Taxes and duties[1]	-536	-473
Leases	-254	-300
■ short-term asset leases	-101	-159
■ low value/substitutable asset leases[2]	-138	-130
■ other leases	-15	-11
Other external services	-1,915	-2,248
Other miscellaneous expenses	-160	-126
TOTAL	**-2,865**	**-3,146**

(1) The entry "Taxes and duties" includes a -€197 million expense as part of the contribution to the Single Resolution Fund in 2020, compared to -€155 million in 2019.
(2) Includes computer equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	12/31/2020	12/31/2019
Depreciation and amortization:	-713	-623
■ property, plant and equipment	-608	-536
including usage rights	-214	-141
■ intangible assets	-105	-87
Write-downs:	-8	0
■ property, plant and equipment	-5	0
■ intangible assets	-3	0
TOTAL	**-721**	**-623**

Note 32 Cost of counterparty risk

	12/31/2020	12/31/2019
12-month expected losses (S1)	-291	-93
expected losses at maturity (S2)	-1,063	-24
impaired assets (S3)	-1,023	-944
TOTAL	**-2,377**	**-1,061**

In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see note 1 Accounting principles.

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
■ Customer loans 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 other comprehensive income – debt securities	-5	6	-	-	-	1
■ Financial assets at fair value through other comprehensive income – 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
■ Customer loans 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 other comprehensive income – debt securities	-1	2	-	-	-	1
■ Financial assets at fair value through other comprehensive income – 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
■ Customer loans 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 other comprehensive income – debt securities	-2	2	-102	0	0	-102
■ Financial assets at fair value through other comprehensive income – 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**

12/31/2019	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)	**-382**	**289**	**-**	**-**	**-**	**-93**
■ Loans and receivables due from credit institutions at amortized cost	-2	3	-	-	-	1
■ Customer loans at amortized cost	-291	214	-	-	-	-77
of which finance leases	-28	23	-	-	-	-5
■ Financial assets at amortized cost – securities	-1	0	-	-	-	-1
■ Financial assets at fair value through other comprehensive income – debt securities	-7	3	-	-	-	-4
■ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
■ Commitments given	-81	69	-	-	-	-12
Expected losses at maturity (S2)	**-542**	**519**	**-**	**-**	**-**	**-23**
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Customer loans at amortized cost	-491	433	-	-	-	-58
of which finance leases	-20	21	-	-	-	1
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through other comprehensive income – debt securities	-2	0	-	-	-	-2
■ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
■ Commitments given	-49	86	-	-	-	37
Impaired assets (S3)	**-1,456**	**1,319**	**-651**	**-299**	**143**	**-944**
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Customer loans at amortized cost	-1,369	1,232	-646	-294	142	-935
of which finance leases	-15	21	-11	-4	3	-6
■ Financial assets at amortized cost – securities	0	2	0	0	0	2
■ Financial assets at fair value through other comprehensive income – debt securities	-3	3	0	-3	1	-2
■ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
■ Commitments given	-84	82	-5	-2	0	-9
TOTAL	**-2,380**	**2,126**	**-651**	**-299**	**143**	**-1,061**

Note 33 Gains/(losses) on disposals of other assets

	12/31/2020	12/31/2019
Property, plant and equipment and intangible assets	-2	-9
■ Capital losses on disposals	-42	-31
■ Capital gains on disposals	40	22
Net gains/(losses) on disposals of shares in consolidated entities*	587	87
TOTAL	**584**	**79**

* *Corresponds to the capital gain on the sale of EI Telecom securities for €587 million.*

Note 34 Changes in the value of goodwill

	12/31/2020	12/31/2019
Impairment of goodwill	-2	0
Negative goodwill stated in profit or loss	0	0
TOTAL	**-2**	**0**

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2020	12/31/2019
Current taxes	-1,224	-1,602
Deferred tax expense	255	-23
Adjustments in respect of prior years	1	118
TOTAL	**-968**	**-1,507**

RECONCILIATION BETWEEN THE RECOGNIZED INCOME TAX EXPENSE AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2020	12/31/2019
Taxable result	3,576	4,645
Theoretical tax rate	32.02%	34.43%
Theoretical tax expense	**-1,145**	**-1,599**
Impact of preferential “SCR” and “SICOMI” rates	39	62
Impact of reduced rate on long-term capital gains	217	83
Impact of different tax rates paid by foreign subsidiaries	28	54
Permanent differences	-55	-86
Other	-53	-21
Income tax expense	**-968**	**-1,507**
Effective tax rate	**27.07%**	**32.44%**

Note 36 Related party transactions

Balance sheet items pertaining to related party transactions

	12/31/2020		12/31/2019	
	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	36	200	24	246
Financial assets at FVOCI	20	0	0	40
Financial assets at amortized cost	11,409	4,145	3,486	3,625
Investments in insurance business line	0	449	0	555
Other assets	0	5	13	6
TOTAL	**11,465**	**4,800**	**3,522**	**4,472**
LIABILITIES				
Liabilities at fair value through profit or loss	0	23	0	36
Debt securities	0	10	0	22
Liabilities to credit institutions	1,297	916	1,029	660
Due to customers	42	501	24	517
Liabilities relative to contracts of the insurance business line	0	150	0	173
Subordinated debt	0	10	0	0
Miscellaneous liabilities	0	4	0	5
TOTAL	**1,339**	**1,616**	**1,053**	**1,413**
Financing commitments given	60	0	67	0
Guarantees given	15	0	15	142
Financing commitments received	0	0	0	10
Guarantees received	0	699	0	682

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2020		12/31/2019	
	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	-2	47	-1	97
Interest expense	3	-42	3	-85
Commission income	0	15	1	15
Commission expense	0	-4	0	-5
Net gains/(losses) on financial assets at FVOCI and FVPL	5	-9	7	12
Net income from the insurance business line	-27	-216	-18	-220
Other income and expenses	26	95	25	94
General operating expenses	1	-21	2	-24
TOTAL	**7**	**-135**	**19**	**-116**

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, 2020. They are the result of a discounting calculation for future cash flows estimated using a risk-free interest-rate curve to which, for the calculation of assets, is added a credit spread calculated overall 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), supplier accounts, 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, 2020.

	12/31/2020						
	Market value	Carrying amount	Gains and losses Unrealized	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**
Liabilities 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**
Liabilities 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

	12/31/2019						
	Market value	Carrying amount	Gains and losses Unrealized	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	**443,581**	**428,173**	**15,408**	**2,233**	**48,788**	**392,561**	**443,581**
Loans and receivables due from credit institutions	41,438	40,825	613	0	41,259	179	41,438
Loans and receivables due from customers	399,213	384,535	14,678	0	7,108	392,104	399,213
Securities	2,931	2,813	118	2,233	420	278	2,931
Investments in insurance business line at amortized cost	**15,980**	**14,980**	**1,000**	**10,066**	**5,914**	**0**	**15,980**
Loans and receivables	5,914	5,914	0	0	5,914	0	5,914
Held-to-maturity	10,066	9,066	1,000	10,066	0	0	10,066
Financial liabilities at amortized cost – IFRS 9	**512,387**	**506,294**	**6,093**	**0**	**321,474**	**190,913**	**512,387**
Liabilities to credit institutions	35,732	36,461	-729	0	35,680	52	35,732
Due to customers	339,409	336,806	2,603	0	148,569	190,840	339,409
Debt securities	128,272	124,792	3,480	0	128,251	20	128,272
Subordinated debt	8,974	8,235	739	0	8,974	0	8,974
Insurance business liabilities at amortized cost	**453**	**453**	**0**	**0**	**453**	**0**	**453**
Liabilities to credit institutions	153	153	0	0	153	0	153
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 €2,388,000 (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 €2,409,000 (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*

	12/31/2020	12/31/2019
(in € thousands)	Overall compensation	Overall compensation
Corporate officers – Management Committee – board members receiving compensation	9,735	8,143

* *See also the section on corporate governance.*

The amount of provisions for retirement benefits and long-service awards amounted to €2,499,000 as of December 31, 2020.

Note 39 Events after the reporting period and other information

The consolidated financial statements of Crédit Mutuel Alliance Fédérale, closed as of December 31, 2020, were approved by the Board of Directors as of February 17, 2021.

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

	12/31/2020			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount in €m excl.tax	%	Amount in €m excl.tax	%
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%**
of which fees paid to the Statutory Auditors in France for the statutory audit of the financial statements:	*1.519*	-	*2.700*	-
of which fees paid to the Statutory Auditors in France for services other than the statutory audit of the financial statements:	*0.298*	-	*0.051*	-

	12/31/2019			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount in €m excl.tax	%	Amount in €m excl.tax	%
AUDIT OF THE ACCOUNTS				
■ Parent entity	0.188	5%	0.158	3%
■ Fully consolidated subsidiaries	3.303	82%	3.110	55%
NON-AUDIT SERVICES				
■ Parent entity	0.005	0%	0.050	1%
■ Fully consolidated subsidiaries	0.523	13%	2.291	41%
TOTAL	**4.019**	**100%**	**5.609**	**100%**
of which fees paid to the Statutory Auditors in France for the statutory audit of the financial statements:	*1.522*	-	*2.553*	-
of which fees paid to the Statutory Auditors in France for services other than the statutory audit of the financial statements:	*0.236*	-	*0.398*	-

6.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Fiscal year ended December 31, 2020)

To the Shareholders' Meeting

CRÉDIT MUTUEL ALLIANCE FÉDÉRALE

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, 2020, 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, 2020 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 assessments

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. Indeed, 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, under the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, your attention is drawn to the following assessments which, in our professional judgment, have been the most significant in the audit of the consolidated financial statements for the fiscal year.

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 1.3, 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 1.3 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 reserves for tangible auto claims set out in note 3.2.3 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 1.2 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.

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.

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 the 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 on 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 certification or a refusal to certify;
- 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, 2021

The Statutory Auditors

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Nicolas Montillot	Hassan Baaj

Crédit Mutuel Alliance Fédérale achieved new milestones to promote environmental protection in 2020 by adopting a plan to phase out coal activities by 2030 and by committing to reduce the carbon footprint of its corporate and investment credit portfolio by 15% by 2023. These commitments are part of the review of its strategic plan: *ensemble#nouveaumonde, plus vite, plus loin !* (together#today's world, faster, further!)

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Consolidated financial statements of BFCM

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7.1 BFCM CONSOLIDATED FINANCIAL STATEMENTS

7.1.1 Balance sheet

Balance sheet (assets)

(in € millions)	12/31/2020	12/31/2019	Notes
Cash, central banks	99,110	64,764	4
Financial assets at fair value through profit or loss	27,658	31,819	5a
Hedging derivatives	3,504	3,440	6a
Financial assets at fair value through other comprehensive income	33,643	30,451	7
Securities at amortized cost	2,963	2,780	10a
Loans and receivables to credit institutions and similar at amortized cost	54,797	51,675	10b
Loans and receivables due from customers at amortized cost	270,836	250,142	10c
Revaluation adjustment on rate-hedged books	975	897	6b
Short-term investments in the insurance business line and reinsurers' share of technical provisions	116,567	115,200	13a
Current tax assets	908	1,029	14a
Deferred tax assets	1,388	1,154	14b
Accruals and other assets	6,873	8,149	15a
Non-current assets held for sale	0	726	3e
Investments in equity consolidated companies	903	727	16
Investment property	50	56	17
Property, plant and equipment[1]	2,522	2,381	18a
Intangible assets	501	509	18b
Goodwill	4,045	4,049	19
TOTAL ASSETS	**627,244**	**569,947**	**-**

Balance sheet (liabilities)

(in € millions)	12/31/2020	12/31/2019	Notes
Due to central banks	575	715	4
Financial liabilities at fair value through profit or loss	15,525	18,854	5b
Hedging derivatives	2,083	2,291	6a
Debt securities at amortized cost	127,314	125,110	11a
Due to credit and similar institutions at amortized cost	44,846	39,919	11b
Amounts due to customers at amortized cost	268,802	217,103	11c
Revaluation adjustment on rate-hedged books	27	-4	6b
Current tax liabilities	444	575	14a
Deferred tax liabilities	1,137	1,190	14b
Deferred income, accrued charges and other liabilities	10,575	8,771	15b
Debt related to non-current assets held for sale	0	725	3c
Liabilities relative to contracts of the insurance business line	112,568	111,192	13b
Provisions	2,968	2,700	20
Subordinated debt at amortized cost	7,804	8,735	21
Total shareholders' equity	**32,575**	**32,072**	**22**
Shareholders' equity attributable to the group	**28,527**	**27,802**	**22**
Capital and related reserves	6,197	6,197	22a
Consolidated reserves	20,401	18,619	22a
Gains and losses recognized directly in equity	645	704	22b
Profit/(loss) for the period	1,284	2,282	-
Shareholders' equity – Non-controlling interests	**4,048**	**4,269**	**-**
TOTAL LIABILITIES	**627,244**	**569,947**	**-**

7.1.2 Income statement

(in € millions)	12/31/2020	12/31/2019	Notes
Interest and similar income	10,342	11,674	24
Interest and similar expenses	-4,820	-6,527	24
Commissions (income)	3,511	3,612	25
Commissions (expenses)	-914	-1,024	25
Net gains on financial instruments at fair value through profit or loss	47	734	26
Net gains or losses on financial assets at fair value through shareholders' equity	23	79	27
Net gains or losses resulting from derecognition of financial assets at amortized cost	0	2	28
Net income from the insurance business line	1,763	2,102	29
Income from other activities	741	777	30
Expenses on other activities	-431	-565	30
Net banking income	**10,262**	**10,865**	**-**
Employee benefits expense	-3,300	-3,334	31a
Other general operating expenses	-2,448	-2,612	31b
Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets	-328	-280	31c
Gross operating income/(loss)	**4,185**	**4,639**	**-**
Cost of counterparty risk	-2,094	-998	32
Operating income	**2,091**	**3,641**	**-**
Share of net profit/(loss) of equity consolidated companies	145	74	16
Net gains/(losses) on disposals of other assets	-5	72	33
Changes in the value of goodwill	-2	0	34
Profit/(loss) before tax	**2,229**	**3,786**	**-**
Income tax	-721	-1,124	35
Net profit/(loss)	**1,508**	**2,663**	**-**
Net profit/(loss) – Non-controlling interests	224	380	-
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,284**	**2,282**	**-**

Statement of net profit/(loss) and profits and losses recognized directly in equity

(in € millions)	12/31/2020	12/31/2019
Net profit/(loss)	**1,508**	**2,663**
Translation adjustments	-108	35
Revaluation of financial assets at fair value through equity – capital instruments	-64	-4
Revaluation of insurance business investments	181	533
Remeasurement of hedging derivatives	-2	-1
Share of unrealized or deferred gains and losses of associates	-2	5
Total recyclable gains and losses recognized directly in equity	**4**	**568**
Revaluation of financial assets at fair value through equity – capital instruments at closing	39	67
Revaluation of financial assets at fair value through equity – capital instruments sold during the fiscal year	-	-0
Actuarial gains and losses on defined benefit plans	-57	-92
Share of non-recyclable gains and losses of equity consolidated companies	-0	-1
Total non-recyclable gains and losses recognized directly in equity	**-17**	**-27**
Net profit/(loss) and gains and (losses) recognized directly in equity	**1,494**	**3,204**
o/w attributable to the group	*1,225*	*2,637*
o/w percentage of non-controlling interests	*270*	*565*

The items relating to gains and losses recognized directly in equity are presented for the amount net of tax.

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7.1.3 Changes in shareholders' equity

(in € millions)	Capital	Premiums	Reserves[1]	Gains and losses recognized directly in equity: Translation adjustments	Gains and losses recognized directly in equity: Financial assets at fair value through other comprehensive income	Gains and losses recognized directly in equity: Hedging derivatives	Gains and losses recognized directly in equity: Actuarial gains and losses	Net profit/(loss) attributable to the group	Shareholders' equity attributable to the group	Non-controlling interests	Total consolidated shareholders' equity
Shareholders' equity as of December 31, 2018	**1,689**	**4,509**	**16,662**	**-11**	**540**	**3**	**-185**	**2,084**	**25,290**	**4,364**	**29,654**
Appropriation of earnings from previous year	-	-	2,084	-	-	-	-	-2,084	0	-	0
Capital increase	0	-	-	-	-	-	-	-	0	-	0
Distribution of dividends	-	-	-130	-	-	-	-	-	-130	-685	-815
Acquisition of additional shareholdings or partial disposals	-	-	0	-	-	-	-	-	0	0	0
Subtotal of movements related to relations with shareholders	**0**	**0**	**1,954**	**0**	**0**	**0**	**0**	**-2,084**	**-130**	**-685**	**-815**
Consolidated income for the period	-	-	-	-	-	-	-	2,282	2,282	381	2,663
Changes in gains and (losses) recognized directly in equity	-	-	-29	39	410	-1	-90	-	329	184	513
Subtotal	**0**	**0**	**-29**	**39**	**410**	**-1**	**-90**	**2,282**	**2,611**	**565**	**3,176**
Effects of acquisitions and disposals on non-controlling interests	-	-	0	-	0	-	-	-	0	0	0
Other changes	-	0	31	-	-	-	-	-	31	26	57
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	0	-	0
Capital increase	0	-	-	-	-	-	-	-	0	-	0
Distribution of dividends	-	-	-301	-	-	-	-	-	-301	-1	-302
Acquisition of additional shareholdings or partial disposals	-	-	0	-	-	-	-	-	0	-	0
Subtotal of movements related to relations with shareholders	**0**	**0**	**1,981**	**0**	**0**	**0**	**0**	**-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	-	-	0	-117	115	-2	-57	-	-60	47	-12
Subtotal	**0**	**0**	**0**	**-117**	**115**	**-2**	**-57**	**1,284**	**1,224**	**271**	**1,495**
Effects of acquisitions and disposals on non-controlling interests[2]	-	-	-163	-	0	-	-	-	-163	-498	-660
Other changes[3]	-	0	-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**

(1) As of December 31, 2020 reserves comprised the legal reserve €169 million, statutory reserves €5,127 million and other reserves for €15,105 million.
(2) Contains the additional acquisition and call option relating to Cofidis (-€161 million).
(3) contains an adjustment of -€44 million related to the deferred profit-sharing on the retained earnings of Foncière Massena SA.

7.1.4 Net cash flow statement

	12/31/2020	12/31/2019
Net profit/(loss)	1,508	2,663
Income tax	721	1,124
Profit/(loss) before tax	**2,229**	**3,786**
+/- Net depreciation and amortization of property, plant and equipment and intangible assets	319	283
- Impairment of goodwill and other fixed assets	23	-1
+/- Net provisions and impairments	1,170	386
+/- Share of income from companies consolidated using the equity method	-145	-74
+/- Net loss/gain from investing activities	6	36
+/- (Income)/expenses from financing activities	0	0
+/- Other movements	2,146	7,629
= Total non-monetary items included in net profit/(loss) before tax and other adjustments	**3,519**	**8,258**
+/- Flows related to transactions with credit institutions	1,378	-14,078
+/- Flows related to client transactions	24,699	18,087
+/- Flows related to other transactions affecting financial assets or liabilities	1,442	-5,153
+/- Flows related to other transactions affecting non-financial assets or liabilities	1,155	273
- Taxes paid	-818	-901
= Net decrease/(increase) in assets and liabilities from operating activities	**27,855**	**-1,772**
TOTAL NET CASH FLOW GENERATED BY OPERATING ACTIVITY (A)	**33,603**	**10,272**
+/- Flows related to financial assets and investments	4,700	224
+/- Flows related to investment property	-178	13
+/- Flows related to property, plant and equipment and intangible assets	-463	-227
TOTAL NET CASH FLOW GENERATED FROM INVESTING ACTIVITIES (B)	**4,059**	**9**
+/- Cash flow to or from shareholders	-314	-815
+/- Other net cash flows from financing activities	-3,655	5,680
TOTAL NET CASH FLOW GENERATED FROM FINANCING TRANSACTIONS (C)	**-3,969**	**4,865**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS (D)	**-105**	**88**
Net increase/in cash and cash equivalents (A + B+ C + D)	**33,589**	**15,235**
Net cash flow generated by operating activities (A)	33,603	10,272
Net cash flow generated from investing activities (B)	4,059	9
Net cash flow related to financing transactions (C)	-3,969	4,865
Effect of foreign exchange rate changes on cash and cash equivalents (D)	-105	88
Cash and cash equivalents at opening	**58,312**	**43,077**
Cash, central banks (assets & liabilities)	64,050	55,169
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-5,738	-12,092
Cash and cash equivalents at closing	**91,900**	**58,312**
Cash, central banks (assets & liabilities)	98,537	64,050
Accounts (assets and liabilities) with and demand loans/borrowings from credit institutions	-6,637	-5,738
CHANGE IN NET CASH POSITION	**33,589**	**15,235**

7.2 NOTES TO THE BFCM CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES

The explanatory notes are presented in millions of euros.

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Note 1 Accounting policies and principles

1.1 Accounting basis

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 have been drawn up in accordance with IFRS as adopted by the European Union on June 30, 2020.

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 advised by the *Autorité des normes comptables* (ANC – French Accounting Standards Authority) in its Recommendation No. 2017-02 relating to 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, 2020, the group has applied the amendments adopted by the European Union and the IFRIC decision:

Amendment to IAS 1 and IAS 8

It aims to modify the definition of the term "significance" in order to clarify and align it with the conceptual framework and IFRS standards. According to that amendment, information is of a significant nature (that is to say, it is relatively important) if it is reasonable to expect that its omission, inaccuracy or obfuscation would influence decisions made by primary users based on these financial statements in the general usage of such statements, which contain financial information on a given accounting entity.

Amendment to IFRS 3

This amendment clarifies the definition of an activity. It introduces a two-step analysis approach, which aims to facilitate the distinction between an acquisition of a business and an acquisition of a group of assets (the latter being accounted for in accordance with the standard applicable to it).

This amendment would have an impact on the group in the event of a change of control or the acquisition of an interest in a joint venture. The group has not carried out any such operations since January 1, 2020.

Amendment to IFRS 16 – COVID-19-related rent concessions

This amendment introduces a simplification measure for lessees receiving concessions within the context of the COVID-19 crisis.

It offers the option to dispense with analysis of lease amendments made within this context, if 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, 2021;
- 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, not recognized in the initial measurement of the liability.

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.

Benchmark rate reform and Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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.

The indices created from January 1, 2018 should now be compliant with the BMR regulation and be validated by the regulator. Existing benchmarks may continue to be used until December 31, 2021 and for some LIBOR (USD LIBOR) terms possibly until June 30, 2023 (consultation in progress). Eventually, it will no longer be possible to use the former benchmark indexes (LIBOR, EONIA, EURIBOR, 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 has listed the impacts in the legal, commercial, organizational, tools and financial/accounting areas. It therefore began the work in project mode from the first quarter of 2019, and is ensuring that the risks associated with this transition are covered.

On accounting aspects, the IASB's work on the effects of the reform of benchmark rates on financial information was divided into two phases:

- phase 1, for the preparatory period of the reform: handling any potential impact on the existing hedging relationships (due to uncertainties concerning future indexes);
- phase 2, for the period of transition towards the new indexes as soon as they are defined: notably, the handling of questions related to the derecognition and documentation of hedging relationships (notably the ineffective part).

Since January 1, 2019, the group has applied the Phase 1 amendment to IAS 39, IFRS 9 and IFRS 7, published by the IASB, meaning that existing hedging relationships could be maintained 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.

The group believes that there are still uncertainties about the Eonia, Euribor and Libor rates as long as the European Commission has not formally appointed, according to the recommendations of the US ARRC for Libor or the RFR Group for Eonia and Euribor, substitution indexes for contracts that do not have a robust fallback clause. This final position will be formalized by an amendment to the BMR Regulation ("BMR Review"), which will be published in 2021. It will establish the sustainability of the reformed Euribor and the status of the € STR as a successor to the EONIA.

Following its adoption by the European Union on January 14, 2021, the group decided to apply the Phase 2 amendment to IAS 39, IFRS 9, IFRS 7, IFRS 4 and IFRS 16 early.

This introduces a derogatory accounting treatment of financial assets/liabilities, for which the changes in the basis for determining contractual cash flows result from 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.

This amendment provides for flexible hedge accounting for changes related to the IBOR reform (after definition of proxy indexes), in particular:

- updating 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.

With regard to contracts in inventory, the group began its work on the transition to replacement rates by:

- including fallback clauses in over-the-counter derivative contracts, repurchase agreements and loans and borrowings through adherence to the ISDA protocol (the application of which will be effective on January 25, 2021) or by updating the rules books of clearing houses for cleared derivatives. However, these clauses will only be activated in the event of triggering events, in particular in the event of a permanent cessation of listing of the indexes;
- incorporating from 2021 a "technical amendment relating to benchmark events" in the FBF agreements with corporate clients or bank counterparties, thereby ensuring the compliance of unmatured rate transactions entered into prior to February 2020;
- from 2021, updating contracts by bilateral negotiations between the parties or by updating commercial terms and conditions in 2021. The switch-over to the new replacement indexes for contracts in stock is already planned for retail banking.

Lastly, as of the reporting date, the group's interest rate risk management strategy has not been impacted, as transactions processed on the new indexes represent exposures considered as marginal.

At the group level, exposures not maturing in 2021 and which will be subject to the changes related to the IBOR reform are the following:

(in € millions)	Financial assets – Carrying amounts	Financial liabilities – Carrying amounts	Derivatives – Nominal value	of which hedging derivatives
Eonia	433	2,467	671	0
Euribor	34,320	11,296	173,988	134,276
GBP – Libor	941	10	2,915	203
USD – Libor	8,813	748	14,306	3,823

IFRIC decision of November 26, 2019 on the term of leases

It recalls that a contract is no longer enforceable when either the lessee or the lessor can terminate without the other's permission, subject at most to a negligible penalty. It clarifies that the notion of penalty is not limited to contractual termination indemnities but takes into account the economic incentives of the lessee not to terminate the contract.

A work site was launched in project mode in 2020 to implement this decision.

The assumptions used to determine the terms of 3/6/9 commercial leases and contracts with automatic extension have been reviewed in order to assess the reasonable certainty of continuation of the contract beyond its non-cancellable period, with regard to the specific characteristics of the assets concerned (bank branches, press center, administrative premises).

The main impact of the IFRIC decision was an extension of the term of leases with automatic extension. The impacts of a retroactive application of the IFRIC decision would have generated additional usage rights and lease liabilities of €190 million on January 1, 2019 and €165 million on December 31, 2019.

The group has therefore not restated the comparative fiscal years.

Amendment to IFRS 4 relating to the extension of the exemption period from the application of IFRS 9 for all insurance companies

It postpones the date of temporary exemption from IFRS 9 to January 1, 2023, following the postponement of the entry into force of IFRS 17.

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

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.

This financing represents 12-month bullet loans with grace periods of one to five years.

In its initial offer, its interest rate is 0%, plus the cost of the state guarantee (rebilled *via* a commission paid by the customer, ranging from 0.25% to 0.50% over the first year, depending on the size of the company).

(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.

In the amortizing phase, the SGL may include a first annual principal repayment. Within its legal and regulatory framework, this amortization method will not represent an indicator of "unlikely to pay" or a deterioration of credit risk.

Held for the purpose of collecting cash flows and meeting the basic loan criteria, they 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.

At December 31, 2020, state guaranteed-loans issued by the group amounted to €14.0 billion, guaranteed to the tune of €12.5 billion.

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. At December 31, 2020, their impairment amounted to approximately €54 million excluding segment provisions.

Credit repayment deferral (moratorium)

In the first half of 2020, the Crédit Mutuel group embarked on general support measures for businesses and individuals.

It has therefore granted automatic deferrals of loan repayments mainly to companies for up to six months (suspension of interest payments and/or deferral of capital repayments), with no additional charges or interest.

At December 31, 2020, 99% of the suspended maturities have been repaid. 1%, *i.e.* €678 million, remain active and have been adjusted or deferred to the final maturity, with interest charged.

The group did not recognize any significant cash flow losses for the loans that benefited from these easing measures between March and September 2020.

Credit risk

The Crédit Mutuel group has reviewed the publications issued at the end of March 2020[1] by the IASB and ESMA.

It uses judgment in accounting for expected credit losses in the exceptional context of the COVID-19 crisis.

In particular, the expiry of maturities granted until September 30, 2020 under the financial market system does not automatically constitute an indicator of a significant deterioration in the credit risk of the financial assets concerned or of reclassification as restructured assets (forbone).

Extension of deadlines granted beyond this date represent individual support measures.

The transfer to status 2 or 3 or to a restructured asset could take place in compliance with group rules.

As part of the provisioning of performing loans, the Crédit Mutuel group took into account the unprecedented and brutal nature of the COVID-19 crisis on the macro-economic environment.

The weighting of the pessimistic scenario has been increased in line with the Banque de France's macroeconomic projections,[2] to calibrate the probabilities of forward looking defaults on all portfolios using the internal ratings-based method. This measure was accompanied by a hardening of the pessimistic scenario for individuals and individual business owners.

In addition to its direct impact on the amount of impairments, this increase also results in an increase in status 2 transfers linked to the increase in the probability of default at the balance sheet date.

It makes it possible to hedge against a future doubling of default rates for business customers/retail customers, a 75% increase in default rates for individuals and more than 50% for corporate customers excluding large corporates.

In accordance with the recommendations of the authorities, a lump-sum provision was made to anticipate the increase in the proven 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 nationally defined group methodology, which takes into account the impacts of successive lockdowns. It has been over-calculated on the basis of the probabilities of default on completion.

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.

Status 1 exposures to vulnerable sectors were fully transferred to status 2.

Its impact at December 31, 2020 was estimated at €650 million.

The group conducted a sensitivity test of the cost of risk (excluding segment provisions). An increase of 10 points for IRB entities and 5 points for standard model entities would lead to an additional provision of €70 million, or 6% of expected losses.

Targeted long-term refinancing operations – TLTRO III

The TLTRO III program allows 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. 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.

The banks' borrowing capacity has been increased to 50% of eligible outstandings (compared with 30% previously) and the time limit for exercising the repayment option on each operation has been shortened to 12 months.[3] The TLTRO III interest rate has been reduced by 50 bp over the period from June 2020 to June 2021[4].

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(1) They refer to the IASB communication of March 27, 2020 on IFRS 9 and COVID-19, and the ESMA statement on the accounting implications of the COVID-19 crisis on the calculation of expected credit losses under IFRS 9 (of March 25, 2020).

(2) As the group's main exposure is to France, it uses the monthly publications of the Banque de France to define its macroeconomic prospects in addition to those of the OECD.

(3) Decision (EU) 2020/407 (March 17, 2020).

(4) 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).

At December 31, 2020, the group participated in the TLTRO III refinancing operations for an amount of €17.1 billion. These represent variable rate financial instruments recognized at amortized cost.

The effective interest rate on these operations is calculated on the basis of the refinancing rate obtained following the achievement of its credit growth targets; it takes into account the spreading of the subsidy over the life of the operation and the over-subsidy of 0.50% over one year.

1.2 Scope and methods of consolidation

Consolidating entity

The parent company of the group is Banque Fédérative du Crédit Mutuel.

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.

The consolidation scope comprises:

- **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.

Consolidation methods

The consolidation methods used are the following:

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.

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.

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 capital 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.

Reporting date

The reporting date for all of the group's consolidated companies is December 31.

Elimination of intercompany transactions

Intercompany transactions and balances, as well as profits on intercompany sales that have a material impact on the consolidated financial statements, are eliminated.

Conversion of foreign currency accounts

Concerning the accounts of foreign entities expressed in foreign currencies, the balance sheet is converted based on the official exchange rate at the reporting date. 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.

Goodwill

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.

Goodwill

In accordance with IFRS 3R, when CIC acquires 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 at the lower of fair value net of selling costs and their net carrying amount. Goodwill corresponds to the amount 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 when it relates to fully-consolidated companies, and under the heading "Investments in associates" when it relates to equity consolidated companies.

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. These losses – which are 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.

1.3 Accounting policies and principles

1.3.1 Financial instruments under IFRS 9

1.3.1.1 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.

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 other comprehensive income 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 repayment[1] 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.

(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.

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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 UCIs 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 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.

Financial assets at fair value through other comprehensive income

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 or deferred gains and losses booked to equity are only recognized in the income statement when they are sold or impaired (see section 1.3.1.7 "Derecognition of financial assets and liabilities" and 1.3.1.8 "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 assets are recognized at fair value upon their initial recognition in the balance sheet and at subsequent reporting dates until their disposal (see Section 1.3.1.7 "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). Previously, this interest was presented in "Net gains or 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.

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 other comprehensive income

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 1.3.1.7 "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.

1.3.1.2 Classification and measurement of financial liabilities

Financial liabilities are classified in one of the following two categories:

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, where 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.

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.), 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.

Regulated savings contracts

Amongst the liabilities at amortized cost are the *comptes épargne logement* (CEL – mortgage saving accounts) and *plans épargne logement* (PEL – mortgage saving plans), which are regulated French products accessible to customers (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 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 PEL and CEL. The impacts on profit/(loss) are recorded as interest paid to customers.

1.3.1.3 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.

1.3.1.4 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.

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".

Non-monetary financial assets and liabilities

Foreign currency 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 other comprehensive income.

1.3.1.5 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 and vanilla options), mainly of rates and classified essentially 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.

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 own counterparty risk 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.

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 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.

– 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 outs the risk management objectives determined by senior 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 edge 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 remeasurement 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 other comprehensive income". 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 "Remeasurement adjustment 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.

1.3.1.6 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.

1.3.1.7 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 other comprehensive income: 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 other comprehensive income: the unrealized gains or losses previously recognized under other comprehensive income, 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.

1.3.1.8 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, as well as to financing 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. The scope of this category is the same as that for loans impaired individually under IAS 39.

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.

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 executive bodies 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 IRFS 9 provisions within their entities, under the responsibility and control of their respective executive and supervisory bodies.

Definition of the boundary between status 1 and 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 (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).

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 quantitative 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.

Statuses 1 and 2 – Calculating expected credit losses

Expected credit losses are measured by multiplying the outstanding amount of the loan at 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 (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

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, 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.

Status 3 – Non-performing loans

An impairment is recorded when there is objective proof, as a result of an event occurring after a loan or group of loans has been granted, that it is likely to 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 been applying the new definition of prudential default in accordance with the guidelines of the EBA and with the technical standards for the regulations on the concepts of the applicable materiality thresholds.

The main changes relating to the implementation of this new definition are as follows:

- 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;
- default is triggered when 90 consecutive days of arrears are ascertained at the level of a borrower/group of borrowers. 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 borrower arrears are reinitialized as soon as one of these two thresholds are crossed in a downwards direction;
- 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 use the new definition of default on the IRB entities according to 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 thus aligned the definitions of default in accounting terms (status 3) and regulatory terms. This change constitutes a change of estimation, for which the non-material impact is booked to profit (loss) during the period of the change.

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.

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 section 1.3.1.6 "Financial guarantees and financing commitments" and 1.3.3.2 "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.

1.3.1.9 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.

Financial instruments traded in 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.

Financial instruments not traded in an 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.

Fair value hierarchy

A three-level hierarchy is used for fair value measurement of financial instruments:

- level 1: prices listed on active markets for identical assets or liabilities; This applies in particular to debt securities listed by at least three contributors and derivatives listed on an organized market;
- 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.

1.3.2 Insurance business line

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.

1.3.2.1 Insurance business line – 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 1.3.1.9.

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 on 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 the accounting treatment would be inconsistent with that applied to another related instrument, were the fair value option not applied;
- **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".

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

a) Sustainable impairment, specific to shares and other capital 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 capital 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*".

b) 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.

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*".

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*".

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.

1.3.2.2 Insurance business line – Non-financial assets

Investment property and fixed assets follow the accounting methods outlined elsewhere.

1.3.2.3 Insurance business line – 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).

1.3.3 Non-financial instruments

1.3.3.1 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.

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.

Thus, 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 1.3.1.8 "Measurement of credit risk").

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.

1.3.3.2 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;
- social commitments;
- execution risk on signature commitments;
- litigation risk and guarantee commitments given;
- tax risks;
- risks related to mortgage saving agreements.

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1.3.3.3 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 benefits expense" except for the portion resulting from actuarial gains/(losses), which is recognized in unrealized or deferred gains and losses, under equity.

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 rate of increase in wages, 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, these are valued at fair value and their expected return impact profit (loss). Differences between actual and expected yields also constitute actuarial gains or 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.

Supplementary pensions within the pension funds

The AFB interim agreement dated September 13, 1993, modified pension plans for banking institutions. Since January 1, 1994, banks affiliate with the national plans, Arrco and Agirc. The four pension funds to which the group's banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from the mergers was converted into an IGRS (a French supplementary pension management institution) in 2009. It does not have an asset shortfall.

Other post-employment benefits under a defined benefit plan

Retirement benefits and supplementary pensions, including special schemes, are provisioned. They are assessed on the basis of the rights acquired for all active employees, based in particular on the turnover rate of the staff specific to the consolidated entities and the estimated future salary that the beneficiary will earn upon retirement plus social security contributions, where applicable. In France, retirement benefits in the banking network in France are at least 60% covered by insurance from ACM Vie – an insurance company which is part of the Crédit Mutuel group and is fully consolidated.

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. Expenses are recognized in the fiscal year in which the contribution must be paid.

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 quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in profit or loss.

Commitments for long service awards are sometimes covered by insurance policies. Only the unhedged portion of this commitment is subject to a provision.

Supplemental pension plan for employees

In addition to the mandatory pension plans, the employees of the entities covered by the group collective agreement also benefit from a supplementary defined contribution pension plan provided by ACM Vie SA.

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.

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.

An expense is recognized for these short-term benefits in the fiscal year in which the services granting entitlement to these benefits were rendered to the business.

1.3.3.4 Non-current assets

Non-current assets of which the group is owner

Fixed assets included in the balance sheet include property, plant and equipment and intangible assets, as well as investment properties. 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.

Fixed 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;
- Computer 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".

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 using the diminishing balance method.

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 €5,000). 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 contractual term. As regards commercial leases, all new contracts of this type will be capitalized for a period of nine years by default, or for a period of 12 years for contracts in exception, 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 currencies;
- the lease payment, excluding taxes. The group is marginally affected by variable lease payments.

1.3.3.5 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.

1.3.3.6 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.

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 rates known at the end of the fiscal year, and applicable in subsequent fiscal 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.

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.

1.3.3.7 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.

1.3.3.8 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".

1.3.4 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, in particular, within 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 listed 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.

1.4 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 done so under normal market conditions, at the time these transactions are conducted.

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.

1.5 Standards and interpretations not yet adopted by the European Union

IFRS 17 – Insurance Contracts

This standard will replace IFRS 4, which allows insurance companies to conserve their local accounting principles for their insurance contracts and other contracts within the scope of IFRS 4. This is detrimental to the comparability of financial statements of entities in the sector.

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. This requires increasing use of complex models and concepts similar to those of Solvency 2 for the valuation of liabilities. This changes the mechanics of the income statement, due to the contractual amortization of the insurance services margin.

As part of the amendments to IFRS 17 published by the IASB in June 2020, the date of application of IFRS 17 initially scheduled for 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.

The provisions of IFRS 17 as published in 2017 and its recent amendments are pending adoption by the European authorities.

At the end of April 2020, the IASB ruled on the requirements for the granularity of reserve calculations and the grouping of contracts by underwriting year (annual cohorts). These remain unchanged, despite an incompatibility with the principle of mutualization. On September 30, 2020, EFRAG issued a favorable draft opinion on the adoption of IFRS 17, with the exception of the topic of annual cohorts, on which there was no consensus.

The group's Insurance division is continuing its work of analysis and preparation for the implementation of the provisions of IFRS 17. The group is continuing studies on financial communication at the conglomerate level in line with the studies of the IASB on primary financial statements.

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 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;
- IAS 41 – Agriculture: makes it possible to align the measurement of fair value under IAS 41 with that of other IFRS.

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 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;
- the insurance business line is composed of Groupe des Assurances du Crédit Mutuel;
- the financing and capital 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 sectors to which they contribute.

2a Balance sheet breakdown by business

12/31/2020	Retail bank	Insurance	Financing and markets	Private banks	Capital 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 to credit institutions and similar at amortized cost*	*9,973*	-	*3,062*	*807*	*6*	*40,949*	*54,797*
■ *of which loans and receivables to customers at amortized cost*	*234,307*	-	*20,399*	*15,703*	*2*	*426*	*270,836*
Financial assets at fair value through other comprehensive income	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 credit institutions	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

12/31/2019	Retail bank	Insurance	Financing and markets	Private bank	Capital equity	Logistics and holding company services	Total
ASSETS							
Cash, central banks	3,627	0	1,662	3,151	0	56,325	64,764
Financial assets at fair value through profit or loss	188	0	26,377	123	2,880	2,546	32,113
Hedging derivatives	11	0	512	2	0	2,915	3,440
Financial assets at amortized cost	222,985	0	23,435	17,490	15	40,673	304,597
■ *of which loans and receivables to credit institutions and similar at amortized cost*	*7,828*	*0*	*2,597*	*931*	*1*	*40,318*	*51,675*
■ *of which loans and receivables to customers at amortized cost*	*214,870*	*0*	*20,321*	*14,598*	*2*	*351*	*250,142*
Financial assets at fair value through other comprehensive income	260	0	12,059	59	0	17,778	30,157
Short-term investments in the insurance business line and reinsurers' share of technical provisions	0	115,200	0	0	0	-	115,200
Investments in equity consolidated companies	92	17	0	0	0	619	727
LIABILITIES							
Central banks	0	0	5	0	0	710	715
Financial liabilities at fair value through profit or loss	2	0	18,488	129	0	235	18,854
Hedging derivatives – Liabilities	16	0	1,226	73	0	976	2,291
Liabilities to credit institutions	0	0	39,919	0	0	0	39,919
Due to customers	176,890	0	13,602	23,719	0	2,891	217,103
Debt securities	19,235	0	21,939	16	0	83,920	125,110

2b Breakdown of the income statement by business segment

12/31/2020	Retail bank	Insurance	Financing and markets	Private bank	Capital 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/(loss)	3,073	757	353	213	126	-337	0	4,185
Cost of counterparty risk	-1,791	-	-273	-32	-1	3	-	-2,094
Gains on 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/(loss) attributable to the group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,284**

* *Includes net profit/(loss) of entities accounted for using the equity method and impairment losses on goodwill (notes 16 and 19).*

12/31/2019	Retail bank	Insurance	Financing and markets	Private bank	Capital equity	Publishing, logistics and holding company services	Inter activities	Total
Net banking income	7,449	1,723	720	572	265	223	-88	10,865
General operating expenses	-4,373	-600	-347	-413	-51	-530	88	-6,226
Gross operating income/(loss)	3,077	1,123	373	159	214	-307	0	4,639
Cost of counterparty risk	-855	-	-141	6	0	-7	-	-998
Gains on other assets*	-8	97	-	2	-	55	-	145
Profit/(loss) before tax	2,214	1,220	232	166	214	-260	0	3,786
Income tax	-752	-362	-19	-33	-1	42	0	-1,124
Post-tax gains and losses on discontinued assets	0	-	-	-	-	-	-	0
Net profit/(loss)	**1,461**	**859**	**214**	**133**	**213**	**-217**	**-**	**2,663**
Non-controlling interests	-	-	-	-	-	-	-	380
Net profit/(loss) attributable to the group	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,282**

* *Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill.*

2c Balance sheet breakdown by geographic area

	12/31/2020				12/31/2019			
	France	Europe excluding France	Other country*	Total	France	Europe excluding France	Other country*	Total
ASSETS								
Cash, central banks	88,405	9,502	1,204	99,110	56,700	6,396	1,668	64,764
Financial assets at fair value through profit or loss	24,037	308	3,313	27,658	29,157	119	2,837	32,113
Hedging derivatives	3,490	8	6	3,504	3,434	2	4	3,440
Financial assets at amortized cost	269,796	49,997	8,804	328,596	247,224	48,543	8,831	304,597
of which loans and receivables to credit institutions	*51,802*	*1,084*	*1,912*	*54,797*	*48,782*	*1,156*	*1,737*	*51,675*
of which loans and receivables to customers	*217,379*	*46,565*	*6,892*	*270,836*	*198,007*	*45,042*	*7,093*	*250,142*
Financial assets at fair value through other comprehensive income	26,486	284	6,873	33,643	22,898	259	7,000	30,157
Investments in the insurance business line and reinsurers' share of technical provisions	113,087	3,480	0	116,567	111,542	3,658	0	115,200
Investment in associates	787	0	117	903	615	0	112	727
LIABILITIES								
Central banks	574	1	0	575	710	0	4	715
Financial liabilities at fair value through profit or loss	14,394	197	934	15,525	18,279	130	444	18,854
Hedging derivatives	1,987	80	16	2,083	2,208	74	8	2,291
Liabilities to credit institutions	30,994	7,526	6,325	44,846	24,979	7,179	7,761	39,919
Due to customers	215,693	51,156	1,953	268,802	167,229	47,894	1,980	217,103
Debt securities	115,018	2,544	9,752	127,314	109,338	6,709	9,064	125,110

* *USA, Canada (in 2020), Singapore, Hong Kong, Saint Martin (until 2019) and Tunisia.*

2d Breakdown of income statement items by geographic area

	12/31/2020				12/31/2019			
	France	Europe excluding France	Other country(1)	Total	France	Europe excluding France	Other country(1)	Total
Net banking income(2)	6,934	3,124	204	10,262	7,571	3,098	195	10,865
General operating expenses	-4,238	-1,742	-97	-6,077	-4,347	-1,785	-94	-6,226
Gross operating income/(loss)	2,696	1,382	107	4,185	3,224	1,313	101	4,639
Cost of counterparty risk	-1,326	-731	-37	-2,094	-542	-444	-12	-998
Gains on other assets(3)	120	3	15	138	127	-1	20	145
Profit/(loss) before tax	1,489	654	86	2,229	2,809	868	110	3,786
Total net profit/(loss)	985	446	76	1,508	1,952	605	106	2,663
NET INCOME ATTRIBUTABLE TO THE GROUP	**778**	**430**	**75**	**1,284**	**1,622**	**559**	**101**	**2,282**

(1) USA, Canada, (in 2020), Singapore, Hong Kong, Saint Martin (until 2019) and Tunisia.
(2) 32.5% of NBI (excluding logistics and holding activities) was generated abroad in 2020 (compared to 30.7% of NBI in 2019).
(3) Including net profit/(loss) from associates (companies accounted for using the equity method) and impairment losses on goodwill.

Note 3 Consolidation scope

3a Composition of the consolidation scope

The parent company of the group is Banque Fédérative du Crédit Mutuel.

Since December 31, 2019, the changes in the consolidation scope are as follows:

- newly consolidated companies: CIC Capital Deutschland GmbH, CIC Capital Suisse SA, CIC Capital Canada Inc, CIC Capital Ventures Quebec, SCI ACM Cotentin;
- merger: CIC Iberbanco with CIC, NELL with ICM Life, CIC Caymans with CIC New York;
- exit from the consolidation scope: Cessation of BECM Saint Martin, dissolution of FCT CM-CIC Home loans;
- name changes: Banque du Groupe Casino becomes FLOA.

		12/31/2020			12/31/2019		
	Country	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
BECM Saint Martin (branch of BECM)	Saint Martin	-	-	NC	100	96	FC
CIC Est	France	100	99	FC	100	99	FC
CIC Iberbanco	France	-	-	FU	100	100	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 Grand Cayman (branch of CIC)**	Cayman Islands	-	-	FU	100	99	FC
CIC Hong-Kong (branch of CIC)	Hong Kong	100	99	FC	100	99	FC
CIC Londres (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 Spain	Spain	100	100	FC	100	100	FC
B. BANKING NETWORK SUBSIDIARIES							
Bancas	France	50	50	EM	50	50	EM
Banque Européenne du Crédit Mutuel Monaco	Monaco	100	96	FC	100	96	FC
CCLS Leasing Solutions	France	100	100	FC	100	100	FC
Cofidis Belgique	Belgium	100	80	FC	100	71	FC
Cofidis France	France	100	80	FC	100	71	FC
Cofidis Espagne (branch of Cofidis France)	Spain	100	80	FC	100	71	FC
Cofidis Hongrie (branch of Cofidis France)	Hungary	100	80	FC	100	71	FC
Cofidis Portugal (branch of Cofidis France)	Portugal	100	80	FC	100	71	FC
Cofidis SA Pologne (branch of Cofidis France)	Poland	100	80	FC	100	71	FC
Cofidis SA Slovaquie (branch of Cofidis France)	Slovakia	100	80	FC	100	71	FC
Cofidis Italie	Italy	100	80	FC	100	71	FC
Cofidis République tchèque	Czech Republic	100	80	FC	100	71	FC
Creatis	France	100	80	FC	100	71	FC
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	12/31/2020			12/31/2019		
		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 Espagne (branch of Crédit Mutuel Leasing)	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 CM-CIC Home loans	France	-	-	NC	100	100	FC
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	71	FC
Paysurf	France	51	64	FC	51	51	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 Belgique (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 Londres (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 Suisse	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	-	-	NC
CIC Capital Suisse SA	Switzerland	100	99	FC	-	-	NC
CIC Capital Deutschland Gmbh	Germany	100	99	FC	-	-	NC
CIC Capital Ventures Quebec	Canada	100	99	FC	-	-	NC
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	12/31/2020			12/31/2019		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
F. LOGISTICS AND HOLDING							
Banque de Tunisie	Tunisia	35	35	EM	35	35	EM
CIC Participations	France	100	99	FC	100	99	FC
Cofidis Participations	France	80	80	FC	71	71	FC
Euro-Information	France	26	26	EM	26	26	EM
Euro Protection Surveillance	France	25	25	EM	25	25	EM
Groupe Républicain Lorrain Communication (GRLC)	France	100	100	FC	100	100	FC
L'Est Républicain	France	100	100	FC	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	100	100	FC	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	100	100	FC	100	100	FC
G. INSURANCE COMPANIES							
ACM GIE	France	100	66	FC	100	66	FC
ACM IARD	France	97	64	FC	96	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 S.A.	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 (formerly AMGEN)	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	71	FC
NELB (North Europe Life Belgium)	Belgium	100	66	FC	100	66	FC
Nord Europe Life Luxembourg (NELL)	Luxembourg	-	-	FU	100	66	FC
Partners	Belgium	100	66	FC	100	66	FC
Procourtage	France	100	66	FC	100	66	FC
Serenis Assurances	France	100	66	FC	100	66	FC
Targo seguros mediacion	Spain	90	59	FC	90	58	FC
Targopensiones, entidad gestora de fondos de pensiones, S.A.	Spain	100	63	FC	100	63	FC

	Country	12/31/2020			12/31/2019		
		Percentage Control	Percentage Interest	Method*	Percentage Control	Percentage Interest	Method*
H. OTHER COMPANIES							
Affiches d'Alsace Lorraine	France	100	99	FC	100	99	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	98	FC
EBRA Medias Lorraine Franche Comté	France	100	99	FC	100	98	FC
EBRA services	France	100	100	FC	100	100	FC
Est Bourgogne Médias	France	100	100	FC	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	71	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
Journal de la Haute Marne	France	50	50	EM	50	50	EM
La Liberté de l'Est	France	97	97	FC	97	97	FC
La Tribune	France	100	100	FC	100	100	FC
Le Dauphiné Libéré	France	100	100	FC	100	100	FC
Le Républicain Lorrain	France	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	France	99	99	FC	99	99	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
Publiprint Province n° 1	France	100	100	FC	100	100	FC
Républicain Lorrain Communication	France	100	100	FC	100	100	FC
Républicain Lorrain – TV news	France	100	100	FC	100	100	FC
SCI ACM	France	80	52	FC	78	51	FC
SCI ACM Cotentin	France	35	23	EM	-	-	NC
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.*

** *Entity included in the accounts of the New York branch, the sole purpose being to refinance the New York branch through borrowing transactions in dollars from money market funds.*

*** *Entities included in the 2019 scope at the level of their parent company accounts: Banque de Luxembourg Belgique (branch of Banque de Luxembourg), CIC Lyonnaise de Banque Monaco (branch of CIC LB).*

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 January 6, 2020.

Country	Net banking income	Income (loss) before tax	Current tax	Deferred tax	Other taxes and social security contributions	Workforce	Public subsidies
Germany	1,695	537	-152	17	-115	5,868	0
Belgium	184	57	-16	4	-8	690	0
Canada	9	5	0	0	0	3	0
Spain	427	12	-15	7	-22	2,287	0
United States of America	104	33	-6	4	-10	92	0
France	6,923	2,531	-703	198	-1,048	28,463	0
Hong Kong	8	3	-1	0	-1	19	0
Hungary	36	4	-1	0	-2	346	0
Italy	66	-7	1	0	-5	296	0
Luxembourg	296	110	-16	-0	-30	924	0
Monaco	10	6	-2	0	-0	22	0
The Netherlands	0	0	-0	0	0	1	0
Poland	3	-2	0	0	-1	75	0
Portugal	190	81	-26	0	-7	760	0
Czech Republic	10	-4	0	0	-2	148	0
United Kingdom	46	21	-3	0	-4	69	0
Saint Martin (Dutch Part)	2	-0	0	0	-0	5	0
Singapore	83	45	-7	-1	-5	137	0
Slovakia	5	-2	0	0	-1	63	0
Switzerland	167	55	-6	2	-13	378	0
Tunisia*	0	16	0	0	0	0	0
TOTAL	**10,262**	**3,503**	**-953**	**231**	**-1,274**	**40,646**	**0**

* *Entities consolidated using the equity method.*

3c Fully consolidated entities with significant non-controlling interests

12/31/2020	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
	Percentage of interest/ Percentage of voting rights	Net income (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)	Undi-closed reserves	NBI
Groupe des Assurances du Crédit Mutuel (GACM)	34%	179	3,660	-649	126,933	508	1,640	1,360
Cofidis Belgique	20%	3	NA**	0	915	13	-1	94
Cofidis France	20%	23	NA**	0	9,616	62	-7	551

* *Amounts before elimination of intercompany balances and transactions.*

** *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.*

12/31/2019	Percentage of non-controlling interests in the consolidated financial statements				Financial information regarding fully-consolidated entities*			
	Percentage of interest/ Percentage of voting rights	Net income (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)	Undi-closed reserves	NBI
Groupe des Assurances du Crédit Mutuel (GACM)	34%	304	3,299	-663	125,068	860	1,462	1,723
Cofidis Belgique	29%	4	211	0	904	13	-1	96
Cofidis France	29%	22	325	0	9,914	83	-6	555

* *Amounts before elimination of intercompany balances and transactions.*

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 risk of the group is essentially an operational risk of breach of 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.

	12/31/2020			12/31/2019		
	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	22,872	2,475	0	28,593	2,350
Carrying amounts of financial assets	0	12,848	881	0	13,381	943

(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.

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3e Non-current assets and liabilities held for sale

	12/31/2020	12/31/2019
Non-current assets held for sale	0	726
Non-current liabilities held for sale	0	725

Non-current assets and liabilities held for sale at December 31, 2019 corresponded to the NELL portfolio of our subsidiary Groupe des Assurances du Crédit Mutuel, which was sold in 2020.

Note 4 Cash, central banks (asset/liability)

	12/31/2020	12/31/2019
Cash, central banks – asset	**-**	**-**
Central banks	98,158	63,822
of which mandatory reserves	2,541	2,118
Cash	952	942
Total	**99,110**	**64,764**
Central banks – liability	**575**	**715**

Note 5 Financial assets and liabilities at fair value through profit or loss

5a Financial assets at fair value through profit or loss

	12/31/2020				12/31/2019			
	Transaction	Fair value option	Other FVPL	Total	Transaction	Fair value option	Other FVPL	Total
Securities	**11,316**	**496**	**4,316**	**16,128**	**11,376**	**437**	**4,326**	**16,139**
■ Government securities	408	0	0	408	941	0	0	941
■ Bonds and other debt securities	9,419	496	135	10,050	9,788	437	150	10,375
Listed	9,419	97	17	9,533	9,788	97	25	9,910
Non-listed	0	399	118	517	0	340	125	465
of which UCIs	128	-	0	128	133	-	1	134
■ Shares and other capital instruments	1,489	-	3,467	4,956	647	-	3,492	4,139
Listed	1,489	-	932	2,421	647	-	1,151	1,798
Non-listed	0	-	2,535	2,535	0	-	2,341	2,341
■ Long-term investments	-	-	714	714	-	-	684	684
Equity investments	-	-	174	174	-	-	193	193
Other long-term investments	-	-	296	296	-	-	260	260
Investments in associates	-	-	243	243	-	-	230	230
Other long-term investments	-	-	*1*	*1*	-	-	*1*	*1*
Derivative instruments	**2,835**	**-**	**-**	**2,835**	**3,190**	**-**	**-**	**3,190**
Loans and receivables	**8,688**	**0**	**7**	**8,695**	**12,490**	**0**	**0**	**12,490**
of which pensions	*8,688*	*0*	-	*8,688*	*12,490*	*0*	-	*12,490*
TOTAL	**22,839**	**496**	**4,323**	**27,658**	**27,056**	**437**	**4,326**	**31,819**

LIST OF MAIN NON-CONSOLIDATED EQUITY INVESTMENTS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS

		% held	fair value at 12/31/2020	Shareholders' equity	Balance sheet total	NBI or Revenues	Net profit/(loss)
Banque Marocaine du Commerce Extérieur (BMCE)[1]	Listed	< 30%	7,874	27,796	315,749	13,861	2,576
Crédit Logement	Unlisted	< 10%	78	1,566	11,385	211	103
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	84	563	26,290	2	0

The figures (except the percentage held) relate to fiscal year 2019.

(1) BMCE is not consolidated due to the absence of significant influence exercised by the group. BMCE 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

	12/31/2020	12/31/2019
Financial liabilities held for trading	15,525	18,854
Financial liabilities at fair value through profit or loss	0	0
TOTAL	**15,525**	**18,854**

FINANCIAL LIABILITIES HELD FOR TRADING

	12/31/2020	12/31/2019
Short sales of securities	1,077	979
Government securities	0	0
Bonds and other debt securities	242	357
Shares and other capital instruments	835	622
Debts in respect of securities sold under repurchase agreements	11,710	15,085
Trading derivatives	2,706	2,785
Other financial liabilities held for trading	32	5
TOTAL	**15,525**	**18,854**

5c Analysis of trading derivatives

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount[1]	Assets	Liabilities
Interest rate derivatives	159,347	1,885	1,671	194,194	1,914	1,534
Swaps	95,752	1,669	1,394	109,207	1,793	1,325
Other firm contracts	36,113	0	0	54,003	2	1
Options and conditional instruments	27,482	216	277	30,984	119	208
Foreign exchange derivatives	137,069	760	685	121,205	1,022	845
Swaps	95,584	64	59	87,027	40	38
Other firm contracts	10,759	582	513	9,460	915	740
Options and conditional instruments	30,726	114	113	24,718	67	67
Other derivatives	19,325	191	350	26,833	255	407
Swaps	7,972	78	134	11,057	112	171
Other firm contracts	6,731	64	153	11,014	12	101
Options and conditional instruments	4,622	49	63	4,762	131	135
TOTAL	**315,741**	**2,836**	**2,706**	**342,232**	**3,191**	**2,786**

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.

(1) The notional amounts of swaps and other firm contracts classified as rate instruments have been adjusted in 2019 to ensure consistency with the treatment applied in 2020.

Note 6 Hedging

6a Hedging derivatives

	12/31/2020			12/31/2019		
	Notional amount	Assets	Liabilities	Notional amount[1]	Assets	Liabilities
Fair Value Hedges	184,332	3,504	2,083	183,414	3,440	2,285
Swaps	65,474	3,505	2,083	75,288	3,442	2,285
Other firm contracts	118,112	0	0	106,933	0	0
Options and conditional instruments	746	(1)	0	1,193	(2)	0
Cash Flow Hedges	0	0	0	267	0	5
Swaps	0	0	0	267	0	5
TOTAL	**184,332**	**3,504**	**2,083**	**183,681**	**3,440**	**2,290**

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.

(1) The notional amounts of other firm contracts classified as fair value hedges have been adjusted in 2019 to ensure consistency with the treatment applied in 2020.

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	12/31/2020
Fair Value Hedges	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 adjustment on interest-risk hedged portfolios

	12/31/2020	12/31/2019
FAIR VALUE OF PORTFOLIO INTEREST RATE RISK		
■ in financial assets	975	897
■ in financial liabilities	27	-4

6c Items micro-hedged under Fair Value Hedging

ASSET ITEMS HEDGED

	12/31/2020			12/31/2019		
	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	26,985	0	0	22,745	0	0
Customer loans at amortized cost	60,944	932	3	70,753	887	6
Securities at amortized cost	1,800	64	10	1,287	54	3
Financial assets at FVOCI	19,798	906	0	18,322	868	0
TOTAL	**109,527**	**1,902**	**13**	**113,107**	**1,809**	**9**

LIABILITY ITEMS HEDGED

	12/31/2020			12/31/2019		
	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	56,021	1,688	2	54,793	1,411	2
Liabilities to credit institutions	21,086	929	2	11,831	929	2
Due to customers	29,983	24	0	27,218	27	3
TOTAL	**107,090**	**2,641**	**4**	**93,842**	**2,367**	**7**

Note 7 Financial assets at fair value through other comprehensive income

	12/31/2020	12/31/2019
Government securities	12,142	10,262
Bonds and other debt securities	20,849	19,575
■ Listed	19,274	19,166
■ Non-listed	1,575	409
Accrued interest	151	165
Debt securities subtotal, gross	**33,142**	**30,002**
Of which impaired debt securities (S3)	1	2
Impairment of performing loans (S1/S2)	-15	-17
Other impairment (S3)	-1	-1
Debt securities subtotal, net	**33,126**	**29,984**
Shares and other capital instruments	1	19
■ Listed	-2	9
■ Non-listed	3	10
Long-term investments	516	447
■ Equity investments	90	60
■ Other long-term investments	299	263
■ Investments in associates	127	124
Subtotal, capital instruments	**517**	**466**
TOTAL	**33,643**	**30,451**
Of which unrealized capital gains or losses recognized under equity	-133	3
Of which listed equity investments.	5	-1

Note 8 Fair value hierarchy of financial instruments carried at fair value

12/31/2020	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' 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 capital 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
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 capital instruments – Other FVPL[1]	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 – Transaction	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 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
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 – capital 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 capital 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**
Due to credit institutions – Fair value option	0	0	0	0
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 BUSINESS 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**

(1) Notably 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 measurement method in which all significant inputs are based on observable market information;
- Level 3: measurement 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 capital instruments – Other FVPL	2,387	758	-732	-134	123	0	133	2,535

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12/31/2019	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS IFRS 9				
Fair value through shareholders' equity	26,174	3,017	1,261	30,452
Government and equivalent securities	10,342	0	0	10,342
Bonds and other debt securities	15,627	3,014	1,000	19,642
Shares and other capital instruments	18	2	0	20
Investments and other long-term securities	187	0	136	323
Investments in subsidiaries and associates	0	0	124	124
Trading/Fair value option/Other	10,832	16,749	4,236	31,818
Government securities and similar instruments – Trading	689	201	52	941
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	8,079	1,510	199	9,788
Bonds and other debt securities – Fair value option	33	0	404	437
Bonds and other debt securities – Other FVPL	102	0	48	150
Shares and other equity instruments – Trading	647	0	0	647
Shares and other capital instruments – Other FVPL[1]	1,166	0	2,326	3,492
Investments and other long-term securities – Other FVPL	1	0	451	452
Investments in subsidiaries and associates – Other FVPL	0	0	230	230
Loans and receivables due from customers – Transaction	0	12,489	0	12,489
Loans and receivables due from customers – Other FVPL	0	0	0	0
Derivatives and other financial assets – Trading	115	2,548	526	3,190
Hedging derivatives	0	3,438	2	3,440
TOTAL	**37,006**	**23,204**	**5,499**	**65,709**
FINANCIAL ASSETS IAS 39 – INVESTMENTS OF THE INSURANCE BUSINESS LINE				
Fair value through profit or loss	20,194	5,263	0	25,457
Transaction	0	0	0	0
Fair value option – debt securities	2,321	2,273	0	4,594
Fair value option – capital instruments	17,872	2,990	0	20,862
Hedging derivatives	0	0	0	0
Available-for-sale assets	69,090	2,916	633	72,639
Government and equivalent securities	16,127	169	0	16,296
Bonds and other debt securities	40,951	448	0	41,399
Shares and other capital instruments	11,075	2,282	1	13,357
Equity investments, shares in subsidiaries and associates and other long-term investments	937	17	632	1,586
TOTAL	**89,283**	**8,179**	**633**	**98,095**
FINANCIAL LIABILITIES IFRS 9				
Trading/Fair value option	125	18,281	447	18,854
Liabilities – Trading	-	15,084	0	15,084
Derivatives and other financial liabilities – Trading	125	3,197	447	3,769
Hedging derivatives	0	2,271	19	2,291
TOTAL	**125**	**20,553**	**467**	**21,144**
FINANCIAL LIABILITIES RELATED TO IAS 39 INSURANCE BUSINESS POLICIES				
Fair value through profit or loss	1	6,435	0	6,436
Transaction	1	0	0	1
Fair value option	0	6,435	0	6,435
Hedging derivatives	0	0	0	0
TOTAL	**1**	**6,435**	**0**	**6,436**

(1) Notably 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.

The trading portfolios and the portfolios of securities at fair value through equity were valued at market price based on external data sourced from organized markets, leading brokers or, when no price was available, based on comparable securities quoted in the market.

SUMMARY

	Securities issued 12/31/2020	Securities issued 12/31/2019
RMBS	1,162	1,561
CMBS	6	662
CLO	3,448	3,561
Other ABS	2,214	2,185
TOTAL	**6,830**	**7,969**

Unless otherwise indicated, securities are not hedged by CDS.

EXPOSURES ON 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 shareholders' 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, United Kingdom	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**

EXPOSURES ON 12/31/2019

	RMBS	CMBS	CLO	Other ABS	Total
Fair value through profit or loss	487	0	65	506	1,059
Amortized cost	53	0	300	533	886
Fair value – Others	8	0	0	0	8
Fair value through shareholders' equity	1,013	662	3,196	1,145	6,016
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
France	334	0	571	606	1,511
Spain	112	0	0	188	301
United Kingdom	256	0	136	84	475
Europe excluding France, Spain, United Kingdom	470	0	247	774	1,490
USA	198	662	2,608	254	3,722
Other	190	0	-	279	468
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
US Branches	194	659	0	0	853
AAA	1,163	4	3,410	1,070	5,646
AA	168	0	96	582	846
A	17	0	44	0	60
BBB	7	0	0	25	31
BB	8	0	0	7	15
B or below	4	0	0	0	4
Not rated	0	0	11	502	513
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**
Origination 2005 and earlier	39	51	0	0	90
Origination 2006-2008	94	0	0	20	114
Origination 2009-2011	65	4	0	0	69
Origination 2012-2019	1,362	607	3,561	2,165	7,696
TOTAL	**1,561**	**662**	**3,561**	**2,185**	**7,969**

Note 10 Financial assets at amortized cost

	12/31/2020	12/31/2019
Securities at amortized cost	2,963	2,780
Loans and receivables to credit institutions	54,797	51,675
Loans and receivables to customers	270,836	250,142
TOTAL	**328,596**	**304,597**

10a Securities at amortized cost

	12/31/2020	12/31/2019
Securities	3,133	2,936
■ Government securities	1,614	1,663
■ Bonds and other debt securities	1,519	1,273
Listed	556	497
Non-listed	963	776
Accrued interest	13	12
TOTAL GROSS	**3,145**	**2,947**
of which impaired assets (S3)	*205*	*183*
Impairment of performing loans (S1/S2)	-1	-1
Other impairment (S3)	-182	-167
TOTAL NET	**2,963**	**2,780**

10b Loans and receivables due from credit institutions at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	54,592	51,448
Crédit Mutuel network accounts[1]	9,176	7,171
Other ordinary accounts	2,844	2,933
Loans	35,090	35,030
Other receivables	5,312	4,674
Pensions	2,169	1,641
Individually-impaired receivables, gross (S3)	0	0
Accrued interest	207	229
Impairment of performing loans (S1/S2)	-2	-2
Other impairment (S3)	0	0
TOTAL	**54,797**	**51,675**

(1) Mainly concerns outstanding CDC repayments (LEP, LDD, Livret bleu, Livret A).

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10c Loans and receivables due from customers at amortized cost

	12/31/2020	12/31/2019
Performing loans (S1/S2)	**252,710**	**231,929**
Commercial loans	13,195	15,240
Other customer receivables	239,114	216,275
■ home loans	93,643	87,384
■ other loans and receivables, including repurchase agreements[1]	145,471	128,891
Accrued interest	401	413
Insurance and reinsurance receivables	0	0
Individually-impaired receivables, gross (S3)	**9,962**	**9,618**
Receivables, gross	**262,672**	**241,547**
Impairment of performing loans (S1/S2)[2]	-2,390	-1,529
Other impairment (S3)	-5,390	-5,372
SUBTOTAL I	**254,892**	**234,646**
Finance leases (net investment)	15,792	15,304
■ Equipment	11,327	10,802
■ Real estate	4,465	4,502
Individually-impaired receivables, gross (S3)	489	490
Impairment of performing loans (S1/S2)	-151	-108
Other impairment (S3)	-186	-190
SUBTOTAL II	**15,944**	**15,496**
TOTAL	**270,836**	**250,142**
of which subordinated loans	13	13
of which pensions	973	912

(1) Including a €14 billion increase in 2020 for state-guaranteed loans (SGL) granted within the context of the COVID-19 crisis.
(2) In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see Note 1 – Accounting principles.

BREAKDOWN OF STATE-GUARANTEED LOANS (SGL)

	Outstandings			Write-downs		
	S1	S2	S3	S1	S2	S3
amounts at 12/31/2020	11,196	2,878	263	-7	-6	-31

FINANCE LEASE TRANSACTIONS WITH CUSTOMERS

	12/31/2019	Increase	Decrease	Other	12/31/2020
Gross carrying amount	15,794	2,563	-1,753	-323	16,281
Impairment of non-recoverable lease payments	-298	-129	91	-1	-337
Net carrying amount	15,496	2,434	-1,662	-324	15,944

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	4,198	9,566	3,181	16,945
Present value of future lease payments	4,023	9,316	3,170	16,509
UNEARNED FINANCIAL INCOME	**175**	**250**	**11**	**436**

Note 11 Financial liabilities at amortized cost

11a Debt securities at amortized cost

	12/31/2020	12/31/2019
Certificates of deposit	49	42
Interbank certificates and negotiable debt instruments	58,223	56,396
Bonds	64,035	66,833
Non-preferred senior securities	4,379	1,044
Related debt	628	795
TOTAL	**127,314**	**125,110**

11b Liabilities to credit institutions

	12/31/2020	12/31/2019
Other ordinary accounts	8,543	6,770
Borrowings	12,009	15,478
Other debt	4,264	4,458
Pensions[1]	19,970	13,172
Related debt	60	42
TOTAL	**44,846**	**39,920**

(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 €17,090 million at December 31, 2020.

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

	12/31/2020	12/31/2019
Special savings accounts	61,439	58,072
■ demand	45,316	42,386
■ term	16,123	15,686
Related liabilities on savings accounts	1	1
Subtotal	**61,440**	**58,072**
Demand accounts	154,863	112,105
Term deposits and borrowings	52,307	46,813
Pensions	89	3
Related debt	96	102
Other debt	9	7
Subtotal	**207,364**	**159,030**
TOTAL	**268,802**	**217,102**

11d Netting of financial assets and liabilities

12/31/2020	Gross value of financial assets	Gross value of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
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: Impact of master netting agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	Net amount
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**

12/31/2019	Gross value of financial assets	Gross value of financial liabilities offset on balance sheet	Net amounts shown on balance sheet	Related amounts not offset in balance sheet: Impact of master netting agreements	Financial instruments received as guarantee	Cash received (cash collateral)	Net amount
FINANCIAL ASSETS							
Derivatives	10,094	-3,452	6,642	-1,302	0	-3,131	2,209
Pensions	21,559	0	21,559	0	-21,372	-162	25
TOTAL	**31,653**	**-3,452**	**28,201**	**-1,302**	**-21,372**	**-3,293**	**2,234**

12/31/2019	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: Impact of master netting agreements	Financial instruments pledged as collateral	Cash paid (cash collateral)	Net amount
FINANCIAL LIABILITIES							
Derivatives	8,529	-3,452	5,076	-1,302	0	-2,244	1,530
Pensions	34,710	0	34,710	0	-34,532	-140	37
TOTAL	**43,238**	**-3,452**	**39,786**	**-1,302**	**-34,532**	**-2,384**	**1,568**

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 shown in the 2nd column correspond to accounting offsetting, under IAS 32, for transactions processed going through a clearing house.

The "impact of master netting agreements" column corresponds to the outstanding transaction amounts pursuant to enforceable contracts that are not subject to accounting offsetting. 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

	12/31/2019	Acquisition/ production	Sale/ repayment	Transfer	Other	12/31/2020
Financial assets at amortized cost – loans and receivables due from credit institutions, subject to	**51,677**	**96,506**	**-93,341**	**0**	**-43**	**54,799**
12-month expected losses (S1)	51,672	96,415	-93,246	0	-43	54,798
expected losses at maturity (S2)	5	91	-95	0	0	1
Financial assets at amortized cost – loans and receivables due from customers, subject to	**257,341**	**159,629**	**-138,016**	**-1**	**0**	**278,953**
12-month expected losses (S1)	232,221	155,827	-133,624	-16,208	0	238,216
expected losses at maturity (S2)	15,012	3,680	-2,987	14,581	0	30,286
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	10,108	122	-1,405	1,626	0	10,451
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at amortized cost – securities	**2,948**	**3,104**	**-2,923**	**0**	**18**	**3,146**
with 12-month expected losses (S1)	2,765	3,034	-2,855	0	-3	2,941
with expected losses at maturity (S2)	0	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	183	70	-68	0	21	205
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income – debt securities	**30,002**	**9,608**	**-6,468**	**0**	**0**	**33,142**
12-month expected losses (S1)	29,895	9,600	-6,388	-11	0	33,096
expected losses at maturity (S2)	105	8	-79	11	0	45
expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	2	0	-1	0	0	1
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0	0
TOTAL	**341,968**	**268,847**	**-240,748**	**-1**	**-25**	**370,040**

GROSS CARRYING AMOUNT OF EXPOSURES BY CATEGORY AND BY PROBABILITY OF DEFAULT INTERVAL (CUSTOMER LOANS)

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 end of the period but not credit-impaired on initial recognition (S3)
<0.1	0	53,501	1,554	0
0.1-0.25	0	60,991	919	0
0.26-0.99	0	54,691	3,284	0
1-2.99	1	40,690	6,238	0
3-9.99	4	24,147	10,702	0
> = 10	13	4,195	7,588	10,451
TOTAL	**18**	**238,216**	**30,286**	**10,451**

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CONCENTRATION OF CREDIT RISK ON SENSITIVE BUSINESS SEGMENTS

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.

	Gross outstandings			Write-downs			Net outstandings
Business segment	**S1**	**S2**	**S3**	**S1**	**S2**	**S3**	
Aeronautics	-	352	24	-	-8	-7	361
Specialized distribution	-	1	136	-	-51	-63	1,312
Hotels, restaurants	-	3,390	223	-	-384	-113	3,116
Automotive	-	1,285	57	-	-61	-34	1,243
Vehicle hire	-	1,810	73	-	-42	-17	1,823
Tourism, games, leisure	-	1,094	107	-	-80	-93	1,028
Industrial transportation	-	420	11	-	-5	-3	423
Air transport	-	364	17	-	-38	-2	342
TOTAL	**-**	**10,000**	**648**	**-**	**-669**	**-332**	**9,647**

12b Movements in impairment provisions

	12/31/2019	Addition	Reversal	Other	12/31/2020
Financial assets at amortized cost – loans and receivables due from credit institutions	**-2**	**-2**	**2**	**0**	**-2**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-2	-2	2	0	-2
Financial assets at amortized cost – loans and receivables due from customers	**-7,199**	**-2,740**	**1,783**	**39**	**-8,117**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-824	-505	241	16	-1,072
■ expected losses at maturity (S2)	-812	-988	326	4	-1,470
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-5,562	-1,247	1,216	17	-5,576
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	**-168**	**-130**	**97**	**18**	**-183**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-1	-3	3	0	-1
■ expected losses at maturity (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	-167	-127	94	18	-182
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	**-18**	**-5**	**8**	**-1**	**-16**
of which originated credit-impaired assets (S3)	0	0	0	0	0
■ 12-month expected losses (S1)	-15	-4	6	-1	-14
■ expected losses at maturity (S2)	-2	-1	2	0	-1
■ expected losses on assets credit-impaired (S3) at the end of the period but not credit-impaired on initial recognition	-1	0	0	0	-1
expected losses on assets credit-impaired (S3) at the end of the period and on initial recognition	0	0	0	0	0
TOTAL	**-7,387**	**-2,877**	**1,890**	**56**	**-8,318**

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

	12/31/2020	12/31/2019
Fair value through profit or loss	26,286	25,457
■ Transaction	0	0
■ Fair value option – debt securities	3,526	4,594
■ Fair value option – capital instruments	22,760	20,863
Available-for-sale[1]	75,337	72,638
■ Government and equivalent securities	15,378	16,296
■ Bonds and other debt securities	44,318	41,399
■ Shares and other capital instruments	14,089	13,357
■ Equity investments, shares in subsidiaries and associates and other long-term investments	1,552	1,586
Loans and receivables	4,882	5,125
Held-to-maturity	6,678	7,877
Sub-total financial assets	**113,183**	**111,097**
Investment property	**2,567**	**3,313**
Shares of reinsurers in the technical provisions and other assets	**818**	**789**
TOTAL	**116,567**	**115,199**

(1) Including SPPI assets of €58,678 million.

The fair value of buildings recognized at amortized cost is €3,539 million at December 31, 2020.

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%	450	1,096	522	164
Covivio (formerly Foncière des Régions)	Listed	< 10%	12,358	25,720	889	1,262
Covivio Hôtels (formerly Foncière des Murs)	Listed	< 10%	3,486	6,813	240	392
Desjardins	Unlisted	< 30%	2,646	13,861	5,536	259

The figures (except the percentage held) relate to fiscal year 2019.
(1) In millions of Canadian dollars.

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BREAKDOWN BY STANDARD & POOR'S RATING OF SPPI INSURANCE ASSETS

Standard & Poor's rating	SPPI insurance assets as a %
AAA	11%
AA+	2%
AA	26%
AA-	4%
A+	8%
A	7%
A-	10%
BBB+	12%
BBB	7%
BBB-	1%
BB+	0%
Not rated	11%
TOTAL	**100%**

13b Liabilities relative to contracts of the insurance business line

TECHNICAL PROVISIONS OF INSURANCE POLICIES

	12/31/2020	12/31/2019
Life	85,718	86,101
Non-life	4,953	4,408
Account units	14,562	13,093
Other	308	314
Total	**105,541**	**103,916**
Of which deferred profit sharing liabilities	15,089	15,128
Deferred profit-sharing assets	0	0
Share of reinsurers in the technical provisions	429	424
NET TECHNICAL PROVISIONS	**105,112**	**103,492**

FINANCIAL LIABILITIES

	12/31/2020	12/31/2019
Fair value through profit or loss	6,181	6,436
■ Transaction	0	1
■ Fair value option	6,181	6,435
Liabilities to credit institutions	132	153
Debt securities	0	0
Subordinated debt	300	300
Subtotal	**6,613**	**6,889**
Other liabilities	**414**	**389**
TOTAL	**7,027**	**7,278**
TOTAL LIABILITIES RELATED TO INSURANCE BUSINESS POLICIES	**112,568**	**111,194**

Note 14 Income tax

14a Current tax

	12/31/2020	12/31/2019
Assets (through profit or loss)	908	1,029
Liabilities (through profit or loss)	444	575

14b Deferred taxes

	12/31/2020	12/31/2019
Assets (through profit or loss)	1,099	896
Assets (through shareholders' equity)	289	258
Liabilities (through profit or loss)	554	612
Liabilities (through shareholders' equity)	583	578

ANALYSIS OF DEFERRED TAXES BY MAJOR CATEGORIES

	12/31/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Tax loss carried forward	-	-	-	-
Temporary differences in	-	-	-	-
■ impairment of financial assets	831	-	704	-
■ finance leasing reserve	-	350	-	396
■ revaluation of financial instruments	513	848	537	971
■ accrued expenses and accrued income	155	36	182	39
■ earnings of flow-through entities	-	-	-	-
■ insurance business line	70	85	57	116
■ other temporary differences	141	165	170	167
■ tax deficits	24	-	3	-
Offsets	-346	-346	-499	-499
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**1,388**	**1,137**	**1,154**	**1,190**

Deferred taxes are calculated according to the variable carry-forward principles.

Note 15 Accruals and other assets and liabilities

15a Accruals and other assets

	12/31/2020	12/31/2019
ACCRUALS		
Collection accounts	43	136
Currency adjustment accounts	56	385
Accrued income	539	503
Other accruals	2,861	3,468
Subtotal	**3,499**	**4,492**
OTHER ASSETS		
Securities settlement accounts	64	117
Miscellaneous receivables	3,265	3,478
Inventories and similar	21	32
Other	26	31
Subtotal	**3,376**	**3,658**
TOTAL	**6,873**	**8,150**

15b Accruals and other liabilities

	12/31/2020	12/31/2019
ACCRUALS		
Accounts unavailable due to recovery procedures	77	45
Currency adjustment accounts	969	137
Accrued expenses	959	961
Deferred income	506	602
Other accruals	4,572	4,761
Subtotal	**7,083**	**6,506**
OTHER LIABILITIES		
Lease obligations – Real estate[1]	730	582
Lease obligations – Other	1	2
Securities settlement accounts	1,234	475
Outstanding amounts payable on securities	274	52
Sundry creditors	1,253	1,155
Subtotal	**3,492**	**2,266**
TOTAL	**10,575**	**8,772**

(1) The additional usage rights recognized following the application of the IFRIC decision of November 26, 2019 amounted to €129 million at December 31, 2020. This IFRIC decision defines the enforceable term of a lease and the depreciation period for fixtures and fittings. The retroactive application of this decision would have generated an increase in usage rights of €190 million at January 1, 2019 and of €165 million at December 31, 2019.

15c Lease obligations by residual term

12/31/2020	≤ 1 year	1 year ≤ 3 years	3 years ≤ 6 years	6 years ≤ 9 years	> 9 years	TOTAL
Lease obligations	28	205	161	175	162	731
■ Real estate	27	205	161	175	162	730
■ Other	1	0	0	0	0	1

Note 16 Investments in equity consolidated companies

16a Share of net profit/(loss) of equity consolidated companies

12/31/2020	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 VENTURE						
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.*

12/31/2019	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%	17	5	1	25
Banque de Tunisie	Tunisia	35.33%	172	9	5	195
Euro-Information	France	26.36%	404	41	1	NC*
Euro Protection Surveillance	France	25.00%	41	6	0	NC*
LYF SA	France	43.75%	7	0	0	NC*
Royale Marocaine d'Assurance (formerly RMA Watanya)**	Morocco	NA	0	6	0	NC*
SCI La Tréflière	France	46.09%	10	0	0	NC*
Other equity investments	-	-	1	0	-	NC*
Total (1)	**-**	**-**	**651**	**66**	**7**	**-**
JOINT VENTURE						
Bancas	France	50.00%	1	0	0	NC*
FLOA (formerly Banque du Groupe Casino)	France	50.00%	75	7	0	NC*
Total (2)	**-**	**-**	**76**	**7**	**0**	**-**
TOTAL (1)+(2)	**-**	**-**	**727**	**74**	**7**	**-**

* *NC: Not communicated.*
** *Exit of RMA from the consolidation scope in 2019 following the sale of shares held by GACM.*

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16b Financial data published by the main equity consolidated companies

	12/31/2020					
	Balance sheet total	NBI or Revenues	GOI	Net profit/ (loss)	Reserves OCI	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 VENTURE						
FLOA (formerly Banque du Groupe Casino)	1,820	183	87	12	0	170

(1) Amounts for 2019.
(2) In millions of Tunisian Dinar.
(3) In millions of Moroccan Dirhams.
** NC: Not communicated.*

	12/31/2019					
	Balance sheet total	NBI or Revenues	GOI	Net profit/ (loss)	Reserves OCI	Shareholders' equity
ENTITIES UNDER SIGNIFICANT INFLUENCE						
ASTREE Assurance[2]	607	131	59	52	21	185
Banque de Tunisie[1][2]	5,990	328	161	111	NC*	839
Euro Information[1]	1,412	1,280	164	100	0	1,205
Euro Protection Surveillance[1]	225	172	39	25	0	174
LYF SA	19	0	-1	-1	0	16
Royale Marocaine d'Assurance (formerly RMA Watanya)	333,002	18,604	4,264	973	3,800	6,194
JOINT VENTURE						
FLOA (formerly Banque du Groupe Casino)	1,427	164	79	14	0	151

(1) Amounts for 2018.
(2) In millions of Tunisian Dinar.
(3) In millions of Moroccan Dirhams.
** NC: Not communicated.*

Note 17 Investment property

	12/31/2019	Increase	Decrease	Other	12/31/2020
Historical cost	89	2	-6	-2	83
Depreciation and impairment	-34	-2	2	1	-33
NET AMOUNT	**55**	**0**	**-4**	**-1**	**50**

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

	12/31/2019	Increase	Decrease	Other	12/31/2020
HISTORICAL COST					
Operating sites	483	1	-2	0	482
Operating buildings	3,094	47	-79	2	3,063
Usage rights – Real estate[1]	687	308	-19	1	977
Usage rights – Other	2	1	0	0	3
Other property, plant and equipment	1,158	136	-76	0	1,218
Total	**5,424**	**493**	**-176**	**3**	**5,743**
DEPRECIATION AND IMPAIRMENT					
Operating sites	-10	-2	0	0	-12
Operating buildings	-2,019	-88	68	0	-2,039
Usage rights – Real estate	-110	-151	6	1	-254
Usage rights – Other	-1	-1	0	0	-2
Other property, plant and equipment	-902	-57	50	-3	-912
Total	**-3,042**	**-299**	**124**	**-2**	**-3,219**
NET AMOUNT	**2,382**	**194**	**-52**	**1**	**2,522**

(1) The additional usage rights recognized following the application of the IFRIC decision of November 26, 2019 amounted to €129 million at December 31, 2020.
This decision defines the enforceable term of a lease and the depreciation period for fixtures and fittings. The retroactive application of this decision would have generated an increase in usage rights of €190 million at January 1, 2019 and of €165 million at December 31, 2019.

18b Non-current assets

	12/31/2019	Increase	Decrease	Other	12/31/2020
HISTORICAL COST					
Internally developed intangible assets*	0	6	0	104	110
Purchased intangible assets	1,452	23	-23	-139	1,313
■ software	547	17	0	-105	459
■ other	905	6	-23	-34	854
Total	**1,452**	**29**	**-23**	**-35**	**1,423**
DEPRECIATION AND IMPAIRMENT					
Internally developed intangible assets*	0	-5	0	-93	-98
Purchased intangible assets	-942	-24	12	129	-825
■ software	-493	-15	0	93	-415
■ other	-449	-9	12	36	-410
Total	**-942**	**-29**	**12**	**36**	**-923**
NET AMOUNT	**510**	**0**	**-11**	**1**	**500**

* *These headings correspond to software developed internally and capitalized in our subsidiaries Euro-Information and TARGOBANK AG.*

Note 19 Goodwill

	12/31/2019	Increase	Decrease	Variation in impairment	Other	12/31/2020
Gross goodwill	4,544	-	-	-	0	4,544
Write-downs	-495	-	-	-2	-2	-499
NET GOODWILL	**4,049**	**-**	**-**	**-2**	**-2**	**4,045**

Cash generating units	Value of goodwill on 12/31/2019	Increase	Decrease	Variation in impairment	Other	Value of goodwill on 12/31/2020
TARGOBANK in Germany	2,851	-	-	-	-	2,851
Crédit Industriel et Commercial (CIC)	506	-	-	-	-	506
Cofidis Participations	378	-	-	-	-	378
Cofidis France	79	-	-	-	-	79
Factofrance SA	68	-	-	-	-	68
GACM Seguros, Compañía de Seguros y Reaseguros, SAU	53	-	-	-2	-2	49
SIIC Foncière Massena	26	-	-	-	-	26
Crédit Mutuel Equity SCR	21	-	-	-	-	21
Banque de Luxembourg	13	-	-	-	-	13
Agrupació AMCI d'Assegurances i Reassegurances S.A.	12	-	-	-	-	12
Cofidis Italie	9	-	-	-	-	9
Banque Transatlantique	6	-	-	-	-	6
Dubly Transatlantique Gestion	5	-	-	-	-	5
Other	22	-	-	-	-	22
TOTAL	**4,049**	**0**	**0**	**-2**	**-2**	**4,045**

The cash generating units to which the goodwill is assigned are subject to at least one test per year of their recoverable amount. 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, 2020, and the macroeconomic uncertainties for the years 2021 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;*
- *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, 2020.*

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 in the value in use calculation 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, 2020 with:

- *7% for retail banking and leasing CGUs based in Germany;*
- *8% for retail banking, consumer credit and leasing CGUs located in France.*

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	7%	8%	8%
Effect of a variation upwards of 50 basis points in the cost of capital	-9%	-8%	-7%
Effect of the 50 basis point drop in the growth rate to infinity	-7%	-6%	-5%
Effect of a 50 basis point increase in CET1 capital requirements	-3%	-3%	-3%

If the sensitivity assumptions below were used, goodwill would not be impaired.

* *Cofidis France and Cofidis Participations.*

Note 20 Provisions and contingent liabilities

20a Provisions

	12/31/2019	Additions for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Other changes	12/31/2020
Provisions for risks	**358**	**394**	**-45**	**-205**	**41**	**543**
On guarantee commitments[2]	***195***	***274***	***0***	***-87***	***1***	***383***
■ of which 12-month expected losses (S1)	36	32	0	-26	0	42
■ of which expected losses at maturity (S2)	33	197	0	-22	1	209
■ of which provisions for execution of commitments upon signature	126	45	0	-39	0	132
On financing commitments[2]	***63***	***90***	***0***	***-70***	***-2***	***81***
■ of which 12-month expected losses (S1)	53	63	0	-49	-1	66
■ of which expected losses at maturity (S2)	10	27	0	-21	-1	15
On country risks	***0***	***0***	***0***	***0***	***0***	***0***
Provisions for taxes	***10***	***1***	***0***	***0***	***0***	***11***
Provisions for claims and litigation	***57***	***15***	***-5***	***-17***	***-2***	***48***
Provision for risk on miscellaneous receivables	***32***	***12***	***-39***	***-31***	***45***	***19***
Other provisions:	**1,320**	**181**	**-69**	**-74**	**-48**	**1,311**
■ Provisions for mortgage saving agreements	77	11	0	0	-1	87
■ Provisions for miscellaneous contingencies	872	83	-43	-54	-6	852
■ Other provisions[1]	371	87	-26	-20	-41	371
Provisions for retirement commitments	**1,022**	**75**	**-37**	**-12**	**67**	**1,115**
TOTAL	**2,700**	**650**	**-151**	**-291**	**60**	**2,969**

(1) Other provisions mainly include provisions for French economic interest groups (GIE) totaling €310 million.
(2) In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see Note 1 - Accounting principles.

20b Retirement and other employee benefits

	12/31/2019	Additions for the year	Reversals for the year	Other changes	12/31/2020
DEFINED-BENEFIT PLANS NOT COVERED BY PENSION FUNDS					
Retirement benefits	839	62	-38	65	928
Supplementary pensions	85	8	-10	3	86
Obligations for long service awards (other long-term benefits)	81	2	-2	1	82
Sub-total recognized	**1,005**	**72**	**-49**	**67**	**1,096**
SUPPLEMENTARY DEFINED-BENEFIT PENSIONS COVERED BY THE GROUP'S PENSION FUNDS					
Commitments to employees and retirees[1]	17	3	0	0	20
Fair value of assets	-	-	-	-	-
Sub-total recognized	**17**	**3**	**0**	**0**	**20**
TOTAL AMOUNT RECOGNIZED	**1,022**	**75**	**-49**	**67**	**1,115**

DEFINED-BENEFIT PLANS: MAIN ACTUARIAL ASSUMPTIONS

	12/31/2020	12/31/2019
Discount rate[2]	0.45%	0.75%
Expected increase in salaries[3]	Minimum 0.5%	Minimum 0.7%

(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 TO THE PROVISION RELATIVE TO RETIREMENT BENEFITS

	12/31/2019	Effect of discounting	Financial income	Cost of services rendered	Other, including past service cost	Actuarial difference relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other	12/31/2020
						demographics	financial					
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

Discount rate sensitivity:
Liabilities at -0.05% (-50 bp):128
Liabilities at 0.95% (+50bp): -134
Duration: 18

	12/31/2018	Effect of discounting	Financial income	Cost of services rendered	Experience-related actuarial gains and losses	Actuarial difference relating to changes in assumptions		Payment to beneficiaries	Contributions to plan	Mobility transfer	Other[1]	12/31/2019
						demographics	financial					
Commitments	1,200	17	0	39	-1	3	157	-34	-1	0	-71	1,309
Non-group insurance policies and externally-managed assets	560	1	8	3	0	-1	31	-2	-14	0	-116	470
Provisions	640	16	-8	36	-1	4	126	-32	13	0	45	839

VARIATION IN THE FAIR VALUE OF THE ASSETS OF THE PLAN

	Fair value of assets 12/31/2019	Effect of discounting	Actuarial gain and loss	Yield of plan assets	Contributions by plan members	Employer contributions	Payment to beneficiaries	Exchange rate effects	Other	Fair value of assets 12/31/2020
Fair value of plan assets	689	1	19	-9	-17	16	-17	0	-26	656

BREAKDOWN OF FAIR VALUE OF PLAN ASSETS

	Assets quoted on an active market				Assets not quoted on an active market			
	Debt securities	Capital instruments	Real estate	Other	Debt securities	Capital instruments	Real estate	Other
Composition of the assets of the plan	76%	16%	0%	6%	0%	0%	2%	0%

20c Provisions for risks arising from commitments on mortgage saving agreements

	12/31/2020	12/31/2019
Mortgage saving plans (PEL)	-	-
< 10 years old	7,202	6,745
> 10 years	4,304	4,354
Total	**11,506**	**11,099**
Amounts outstanding under mortgage saving accounts (CEL)	***695***	***656***
TOTAL MORTGAGE SAVING AGREEMENTS (ACCOUNTS AND PLANS)	**12,201**	**11,755**

LOANS UNDER MORTGAGE SAVING AGREEMENTS

	12/31/2020	12/31/2019
Loans under mortgage saving agreements for which provisions for risks have been recognized in assets	13	18

PROVISIONS ON MORTGAGE SAVING AGREEMENTS

	12/31/2019	Allowances or net reversals	Other changes	12/31/2020
On mortgage saving accounts	-	-	-	-
On mortgage saving plans	76	11	-	87
On loans under mortgage saving agreements	0	(0)	-	0
Total	**77**	**11**	**-**	**87**
PROVISIONS FOR MORTGAGE SAVING PLANS, BY MATURITY				
< 10 years old	54	7	-	62
> 10 years	22	4	-	26
TOTAL	**76**	**11**	**-**	**87**

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:

- future compensation from savings 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 PEL. The impacts on profit/(loss) are recorded as interest paid to customers.

The change in the provision mainly results from the decline in market rates.

Note 21 Subordinated debt

	12/31/2020	12/31/2019
Subordinated debt	6,200	7,119
Participating loans	20	20
Perpetual subordinated debt	1,503	1,506
Other debt	0	0
Related debt	81	90
TOTAL	**7,804**	**8,735**

PRINCIPAL SUBORDINATED DEBT

(in € millions)	Type	Date Issue	Amount Issue	Amount balance sheet date[1]	Rate	Term
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	5/21/2014	€1,000 million	€1,000 million	3.00	5/21/2024
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11/9/2015	€1,000 million	€1,000 million	3.00	11/9/2025
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	3/24/2016	€1,000 million	€1,000 million	2.375	3/24/2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	4/11/2016	€700 million	€700 million	1.875	4/11/2026
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	3/31/2017	€500 million	€500 million	2.625	3/31/2027
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	11/15/2017	€500 million	€500 million	1.625	11/15/2027
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	5/25/2018	€500 million	€500 million	2.500	5/25/2028
Banque Fédérative du Crédit Mutuel	redeemable subordinated notes	6/18/2019	€1,000 million	€1,000 million	1.875	6/18/2029
CIC	Participatory	5/28/1985	€137 million	€8 million	[2]	[3]
Banque Fédérative du Crédit Mutuel	Borrowings	12/28/2005	€500 million	€500 million	[4]	TBD
Banque Fédérative du Crédit Mutuel	TSS	12/15/2004	€750 million	€734 million	[5]	TBD
Banque Fédérative du Crédit Mutuel	TSS	2/25/2005	€250 million	€250 million	[6]	TBD

(1) Net intra-group amounts.
(2) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
(3) Non-depreciable, but reimbursable at borrower's discretion as of 05/28/1997 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)

	12/31/2020	12/31/2019
Capital and reserves related to capital	6,197	6,198
■ Capital	1,689	1,689
■ Issue premium, contribution, merger, split, conversion	4,509	4,509
Consolidated reserves	20,401	18,619
■ Regulated reserves	9	9
■ Other reserves (including effects related to initial application)	20,392	18,609
of which profit on disposal of capital instruments	-22	-25
■ Retained earnings	1	1
TOTAL	**26,599**	**24,817**

22b Unrealized or deferred gains and losses

	12/31/2020	12/31/2019
Unrealized or deferred gains or losses* relating to:	-	-
■ translation adjustments	-50	64
■ insurance business investments (assets available-for-sale)	1,093	969
■ financial assets at fair value through recyclable shareholders' equity – debt instruments	-82	-33
■ financial assets at fair value through non-recyclable shareholders' equity – capital instruments	53	14
■ hedging derivatives (CFH)	0	2
■ share of unrealized or deferred gains and losses of associates	-38	-36
■ actuarial gains and losses on defined benefit plans	-331	-274
■ Other	0	0
TOTAL	**645**	**704**

* *Balances net of corporation tax and after shadow accounting treatment.*

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22c Recycling of gains and losses directly recognized in shareholders' equity

	12/31/2020	12/31/2019
	Operations	Operations
Translation adjustments	-	-
Reclassification in income	0	0
Other movement	-114	35
Subtotal	**-114**	**35**
Revaluation of financial assets at FVOCI – debt instruments	-	-
Reclassification in income	0	0
Other movement	-49	-4
Subtotal	**-49**	**-4**
Revaluation of financial assets at FVOCI – capital instruments	-	-
Reclassification in income	0	0
Other movement	39	67
Subtotal	**39**	**67**
Revaluation of insurance business investments	-	-
Reclassification in income	0	0
Other movement	125	348
Subtotal	**125**	**348**
Remeasurement of hedging derivatives	-	-
Reclassification in income	0	0
Other movement	-2	-1
Subtotal	**-2**	**-1**
Actuarial gains and losses on defined benefit plans	-57	-90
Share of unrealized or deferred gains and losses of associates	-2	4
TOTAL	**-59**	**358**

22d Tax related to each category of gains and losses recognized directly in shareholders' equity

	12/31/2020			12/31/2019		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	-114	0	-114	35	0	35
Revaluation of financial assets at FVOCI – debt instruments	-69	20	-49	-8	3	-4
Revaluation of financial assets at FVOCI – capital instruments	43	-4	39	66	1	67
Revaluation of insurance business investments	129	-4	125	483	-135	348
Remeasurement of hedging derivatives	-2	1	-2	-1	0	-1
Actuarial gains and losses on defined benefit plans	-89	33	-57	-137	46	-90
Share of unrealized or deferred gains and losses of associates	-2	0	-2	4	0	4
TOTAL CHANGES IN GAINS AND (LOSSES) RECOGNIZED DIRECTLY IN EQUITY	**-105**	**45**	**-59**	**442**	**-84**	**358**

Note 23 Commitments given and received

COMMITMENTS GIVEN

	12/31/2020	12/31/2019
Funding commitments	**58,171**	**52,932**
Liabilities due to credit institutions	724	867
Commitments to customers	57,447	52,065
Guarantee commitments	**29,464**	**26,187**
Credit institution commitments	4,916	4,511
Customer commitments	24,548	21,676
Securities commitments	**3,636**	**2,377**
Other commitment given	3,636	2,377
Commitments pledged from the insurance business line	**4,220**	**3,514**

COMMITMENTS RECEIVED

	12/31/2020	12/31/2019
Funding commitments	**22,125**	**13,257**
Commitments received from credit Institutions	22,125	13,257
Commitments received from customers	0	0
Guarantee commitments	**86,437**	**69,121**
Commitments received from credit Institutions	49,908	46,623
Commitments received from customers	36,529	22,498
Securities commitments	**1,472**	**964**
Other commitments received	1,472	964
Commitments received from the insurance business line	**5,133**	**6,184**

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	12/31/2020	12/31/2019
Assets sold under repurchase agreements	38,033	34,755
Related liabilities	37,940	34,668

OTHER ASSETS GIVEN AS COLLATERAL FOR LIABILITIES

	12/31/2020	12/31/2019
Security deposits on market transactions	4,774	4,238
TOTAL	**4,774**	**4,238**

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

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions and central banks[1]	33	-198	418	-569
Customers	6,570	-875	6,919	-1,096
■ of which finance and operating leases	562	-201	582	-221
■ of which lease obligations	0	-6	0	-6
Hedging derivatives	2,693	-2,221	3,055	-2,951
Financial instruments at fair value through profit or loss	607	-47	722	-16
Financial assets at fair value through shareholders' equity/Assets available-for-sale	360	0	460	0
Securities at amortized cost	78	0	100	0
Debt securities	0	-1,475	0	-1,886
Subordinated debt	0	-4	0	-10
TOTAL	**10,342**	**-4,820**	**11,674**	**-6,528**
Of which interest income and expense calculated at effective interest rate:	*7,041*	*-2,552*	*7,897*	*-3,561*

(1) Of which a -€447 million impact of negative interest rates on income and +€284 million in expenses in 2020, and a -€316 million impact of negative interest rates on income and +€195 million in expenses in 2019.

Note 25 Commission income and expense

	12/31/2020		12/31/2019	
	Income	Expenses	Income	Expenses
Credit institutions	3	-7	8	-8
Customers	1,119	-17	1,164	-15
Securities	921	-82	826	-61
■ of which activities managed on behalf of third parties	650	0	630	0
Derivative instruments	9	-11	6	-10
Currency transactions	21	-2	19	-2
Funding and guarantee commitments	35	-3	51	-4
Services provided	1,403	-793	1,538	-924
TOTAL	**3,511**	**-914**	**3,613**	**-1,024**

Note 26 Net gains on financial instruments at fair value through profit or loss

	12/31/2020	12/31/2019
Trading instruments	4	293
Instruments accounted for under the fair value option	-5	8
Ineffective portion of hedges	-19	-24
On fair value hedges (FVH)	-19	-24
■ Change in the fair value of hedged items	75	158
■ Change in fair value of hedging instruments	-94	-182
Foreign exchange gains/(losses)	-47	147
Other financial instruments at fair value through profit or loss[1]	115	310
TOTAL CHANGES IN FAIR VALUE	**47**	**734**

(1) Of which €158 million from private equity business in 2020, compared to €214 million in 2019, with the other changes corresponding to changes in fair value on the other portfolios at FVPL.

Note 27 Net gains or losses on financial assets at fair value through shareholders' equity

	12/31/2020	12/31/2019
Dividends	8	10
Realized gains and losses on debt instruments	14	69
TOTAL	**23**	**79**

Note 28 Net gains or losses resulting from derecognition of financial assets at amortized cost

	12/31/2020	12/31/2019
Financial assets at amortized cost	-	-
Gains/(losses) on:	0	2
■ Government securities	0	0
■ Bonds and other fixed-income securities	0	2
TOTAL	**0**	**2**

Note 29 Net income from the insurance business line

	12/31/2020	12/31/2019
INSURANCE POLICIES		
Premiums earned	9,883	10,887
Service charges	-8,091	-8,068
Change in provisions	-1,517	-4,490
Other technical and non-technical income and expenses	63	70
Net income from investments	1,441	3,703
Net income on insurance policies	**1,779**	**2,102**
Interest margin/fees	-8	-10
Net income on financial assets	**-8**	**-10**
Other net income	**-9**	**10**
NET INCOME FROM THE INSURANCE BUSINESS LINE	**1,763**	**2,102**

Note 30 Income/expenses generated by other activities

	12/31/2020	12/31/2019
INCOME FROM OTHER ACTIVITIES		
Investment property:	0	3
■ reversal of provisions/depreciation	0	0
■ capital gains on disposals	0	3
Rebilled expenses	97	90
Other income	644	685
Subtotal	**741**	**778**
EXPENSES ON OTHER ACTIVITIES		
Investment property:	-2	-2
■ additions to provisions/depreciation	-2	-2
■ capital losses on disposals	0	0
Other expenses	-429	-563
Subtotal	**-431**	**-565**
NET TOTAL OF OTHER INCOME AND EXPENSES	**310**	**213**

Note 31 General operating expenses

	12/31/2020	12/31/2019
Employee benefits expense	-3,300	-3,333
Other expenses	-2,777	-2,891
TOTAL	**-6,077**	**-6,224**

31a Employee benefits expense

	12/31/2020	12/31/2019
Wages and salaries	-2,199	-2,170
Social security contributions	-753	-792
Short-term employee benefits	-2	-2
Employee profit-sharing and incentive schemes	-152	-185
Payroll-based taxes	-192	-187
Other	-2	3
TOTAL	**-3,300**	**-3,333**

AVERAGE WORKFORCE

	12/31/2020	12/31/2019
Bank technical staff	24,381	24,582
Managers	16,265	16,554
TOTAL	**40,646**	**41,136**
France	28,475	28,969
Rest of the world	12,171	12,167
TOTAL	**40,646**	**41,136**
Registered workforce*	46,085	47,297

* *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

	12/31/2020	12/31/2019
Taxes and duties[1]	-390	-348
Leases	-164	-201
■ short-term asset leases	-74	-117
■ low value/substitutable asset leases[2]	-78	-76
■ other leases	-12	-8
Other external services	-1,919	-2,078
Other miscellaneous expenses	24	16
TOTAL	**-2,448**	**-2,611**

(1) The entry "Taxes and duties" includes a -€159 million expense as part of the contribution to the Single Resolution Fund in 2020, compared to -€124 million in 2019.
(2) Includes computer equipment.

31c Movements in depreciation, amortization and provisions for property, plant and equipment and intangible assets

	12/31/2020	12/31/2019
Depreciation and amortization:	-320	-280
■ property, plant and equipment	-296	-253
including usage rights	*-153*	*-107*
■ intangible assets	-24	-27
Write-downs:	-8	0
■ property, plant and equipment	-5	0
■ intangible assets	-3	0
TOTAL	**-328**	**-280**

Note 32 Cost of counterparty risk

	12/31/2020	12/31/2019
12-month expected losses (S1)	-284	-89
expected losses at maturity (S2)	-844	-26
impaired assets (S3)	-966	-884
TOTAL	**-2,094**	**-998**

In 2020, the group has taken into account the effects of the COVID-19 crisis as part of the provisioning of performing loans – see Note 1 – Accounting principles.

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
■ Customer loans 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 other comprehensive income – debt securities	-5	6	-	-	-	1
■ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
■ Commitments given	-97	76	-	-	-	-21
expected losses at maturity (S2)	**-1,215**	**371**	**-**	**-**	**-**	**-844**
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Customer loans 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 other comprehensive income – debt securities	-1	2	-	-	-	1
■ Financial assets at fair value through other comprehensive income – 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
■ Customer loans 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 other comprehensive income – debt securities	0	0	-102	0	0	-102
■ Financial assets at fair value through other comprehensive income – 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**

12/31/2019	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)	**-324**	**235**	**-**	**-**	**-**	**-89**
■ Loans and receivables due from credit institutions at amortized cost	-2	3	-	-	-	1
■ Customer loans at amortized cost	-238	165	-	-	-	-73
■ of which finance leases	-28	23	-	-	-	-5
■ Financial assets at amortized cost – securities	-1	0	-	-	-	-1
■ Financial assets at fair value through other comprehensive income – debt securities	-7	3	-	-	-	-4
■ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
■ Commitments given	-76	64	-	-	-	-12
expected losses at maturity (S2)	**-383**	**357**	**-**	**-**	**-**	**-26**
■ Loans and receivables due from credit institutions at amortized cost	0	0	-	-	-	0
■ Customer loans at amortized cost	-335	293	-	-	-	-42
■ of which finance leases	-20	21	-	-	-	1
■ Financial assets at amortized cost – securities	0	0	-	-	-	0
■ Financial assets at fair value through other comprehensive income – debt securities	-2	0	-	-	-	-2
■ Financial assets at fair value through other comprehensive income – loans	0	0	-	-	-	0
■ Commitments given	-46	64	-	-	-	18
Impaired assets (S3)	**-1,269**	**1,093**	**-563**	**-283**	**138**	**-884**
■ Loans and receivables due from credit institutions at amortized cost	0	0	0	0	0	0
■ Customer loans at amortized cost	-1,192	1,020	-563	-278	137	-876
■ of which finance leases	-15	21	-11	-4	3	-6
■ Financial assets at amortized cost – securities	0	2	0	0	0	2
■ Financial assets at fair value through other comprehensive income – debt securities	0	0	0	-3	1	-2
■ Financial assets at fair value through other comprehensive income – loans	0	0	0	0	0	0
■ Commitments given	-77	71	0	-2	0	-8
TOTAL	**-1,976**	**1,686**	**-563**	**-283**	**138**	**-998**

Note 33 Gains/(losses) on disposals of other assets

	12/31/2020	12/31/2019
Property, plant and equipment and intangible assets	-5	-15
■ Capital losses on disposals	-17	-22
■ Capital gains on disposals	12	7
Gains/(losses) on disposals of shares in consolidated entities	0	86
TOTAL	**-5**	**72**

Note 34 Changes in the value of goodwill

	12/31/2020	12/31/2019
Impairment of goodwill	-2	0
Negative goodwill stated in profit or loss	0	0
TOTAL	**-2**	**0**

Note 35 Income tax

BREAKDOWN OF INCOME TAX EXPENSE

	12/31/2020	12/31/2019
Current taxes	-950	-1,202
Deferred tax expense	231	-35
Adjustments in respect of prior years	-2	113
TOTAL	**-721**	**-1,124**

RECONCILIATION BETWEEN THE RECOGNIZED INCOME TAX EXPENSE AND THE THEORETICAL INCOME TAX EXPENSE

	12/31/2020	12/31/2019
Taxable result	2,084	3,713
Theoretical tax rate	32.02%	34.43%
Theoretical tax expense	**-667**	**-1,278**
Impact of preferential “SCR” and “SICOMI” rates	39	62
Impact of reduced rate on long-term capital gains	25	83
Impact of different tax rates paid by foreign subsidiaries	28	54
Permanent differences	-41	-89
Other	-105	45
Income tax expense	**-721**	**-1,124**
Effective tax rate	**-34.60%**	**-30.26%**

Note 36 Profit (loss) per share

	12/31/2020	12/31/2019
Net income attributable to the group	1,284	2,282
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	38.02	67.58
Weighted average number of shares that may be issued	0	0
Diluted earnings per share	38.02	67.58

Note 37 Related party transactions

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2020			12/31/2019		
	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	236	0	0	270	179
Hedging derivatives	0	0	1,517	0	0	1,020
Financial assets at FVOCI	20	0	0	0	40	0
Financial assets at amortized cost	1,577	2,679	30,868	1,246	1,600	32,068
Investments in insurance business line	0	352	0	0	465	0
Other assets	0	0	0	1	1	0
TOTAL	**1,597**	**3,267**	**32,384**	**1,246**	**2,376**	**33,267**
LIABILITIES						
Liabilities at fair value through profit or loss	0	23	0	0	36	0
Debt securities	0	10	0	0	22	0
Liabilities to credit institutions	136	320	7,833	7	372	5,800
Due to customers	1,218	501	25	525	517	25
Liabilities relative to contracts of the insurance business line	0	150	0	0	173	0
Subordinated debt	0	10	0	0	0	500
Miscellaneous liabilities	27	4	0	65	5	0
TOTAL	**1,381**	**1,019**	**7,858**	**597**	**1,125**	**6,325**
Financing commitments given	60	0	0	67	0	0
Guarantees given	0	0	4,372	0	27	3,967
Financing commitments received	0	0	0	0	10	0
Guarantees received	0	699	2,516	0	682	2,196

BALANCE SHEET ITEMS PERTAINING TO RELATED PARTY TRANSACTIONS

	12/31/2020			12/31/2019		
	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	9	41	417	14	86	431
Interest expense	0	-42	-42	1	-85	-49
Commission income	12	0	4	15	-0	5
Commission expense	-34	-3	-22	-38	-5	-42
Net gains/(losses) on financial assets at FVOCI and FVPL	1	-10	0	6	12	-0
Net income from the insurance business line	-27	-216	-520	-18	-220	-467
Other income and expenses	-9	0	0	-10	0	0
General operating expenses	-630	1	-114	-630	1	-54
TOTAL	**-679**	**-229**	**-277**	**-661**	**-212**	**-177**

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, 2020. 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 assets, other liabilities and 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, 2020.

	12/31/2020						
	market value	carrying amount	unrealized gains and 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	7,514	6,678	836	7,514	0	0	7,514
Held-to-maturity	454,795	448,766	6,029	0	338,479	116,315	454,794
Financial liabilities at amortized cost – IFRS 9	**454,795**	**448,766**	**6,029**	**0**	**338,479**	**116,315**	**454,794**
Liabilities 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	8,128	500	8,629
Insurance business liabilities at amortized cost	**432**	**432**	**0**	**0**	**432**	**0**	**432**
Liabilities 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

	12/31/2019						
	market value	carrying amount	unrealized gains and losses	Level 1	Level 2	Level 3	TOTAL
Financial assets at amortized cost – IFRS 9	**313,628**	**304,597**	**9,031**	**2,233**	**58,509**	**252,887**	**313,629**
Loans and receivables due from credit institutions	51,948	51,675	273	0	51,774	175	51,949
Loans and receivables due from customers	258,782	250,142	8,640	0	6,315	252,467	258,782
Securities	2,898	2,780	118	2,233	420	245	2,898
Investments in insurance business line at amortized cost	**13,873**	**13,002**	**871**	**8,748**	**5,125**	**0**	**13,873**
Loans and receivables	5,125	5,125	0	0	5,125	0	5,125
Held-to-maturity	8,748	7,877	871	8,748	0	0	8,748
Financial liabilities at amortized cost – IFRS 9	**396,620**	**390,868**	**5,752**	**0**	**290,502**	**106,199**	**396,701**
Liabilities to credit institutions	40,271	39,919	352	0	40,254	17	40,271
Due to customers	218,287	217,103	1,184	0	112,105	106,182	218,287
Debt securities	128,588	125,110	3,477	0	128,588	0	128,588
Subordinated debt	9,474	8,735	739	0	9,555	0	9,555
Insurance business liabilities at amortized cost	**453**	**453**	**0**	**0**	**453**	**0**	**453**
Liabilities to credit institutions	153	153	0	0	153	0	153
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 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*

	12/31/2020	12/31/2019
(in € thousands)	overall compensation	overall compensation
Corporate officers – Management Committee – board members receiving compensation	9,735	8,143

* *See also the section on corporate governance.*

The amount of provisions for retirement benefits and long-service awards amounted to €2,499,000 as of December 31, 2020.

Note 40 Events after the reporting period and other information

The consolidated financial statements of BFCM, closed as of December 31, 2020, were approved by the Board of Directors as of February 17, 2021.

Note 41 Risk exposure

The information on risk exposure as required by IFRS 7 is given in section 3.

Note 42 Fees to Statutory Auditors

	12/31/2020			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount *(in € millions excl.tax)*	%	Amount *(in € millions excl.tax)*	%
AUDIT OF THE ACCOUNTS				
■ BFCM	0.220	6%	0.240	7%
■ Fully consolidated subsidiaries	3.073	77%	2.678	78%
NON-AUDIT SERVICES				
■ BFCM	0.292	7%	0.051	1%
■ Fully consolidated subsidiaries	0.397	10%	0.470	14%
TOTAL	**3.982**	**100%**	**3.439**	**100%**
of which fees paid to the Statutory Auditors in France for the statutory audit of the financial statements:	*1.333*	-	*2.480*	-
of which fees paid to the Statutory Auditors in France for services other than the statutory audit of the financial statements:	*0.298*	-	*0.051*	-

	12/31/2019			
	Ernst & Young et Autres		PricewaterhouseCoopers France	
	Amount *(in € millions excl.tax)*	%	Amount *(in € millions excl.tax)*	%
AUDIT OF THE ACCOUNTS				
■ BFCM	0.182	5%	0.17	4%
■ Fully consolidated subsidiaries	3.121	81%	2.869	65%
NON-AUDIT SERVICES				
■ BFCM	0.202	5%	0.24	5%
■ Fully consolidated subsidiaries	0.339	9%	1.126	26%
TOTAL	**3.844**	**100%**	**4.409**	**100%**
of which fees paid to the Statutory Auditors in France for the statutory audit of the financial statements:	*1.334*	-	*2.328*	-
of which fees paid to the Statutory Auditors in France for services other than the statutory audit of the financial statements:	*0.231*	-	*0.348*	-

7.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2020

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 consolidated financial statements of Banque Fédérative du Crédit Mutuel for the year ended December 31, 2020.

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 Commercial Code and the code of conduct for Statutory Auditors, during the period from January 1, 2020 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the (EU) Regulation 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 IN THE CONTEXT OF THE COVID-19 CRISIS

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, the 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 COVID-19 health crisis and its economic consequences have affected the repayment capacity of borrowers, companies and natural persons, with contrasting situations depending on the business segment.

In this uncertain context, the classification of outstandings between the various statuses provided for by IFRS 9 and the measurement of expected credit losses for customer loan portfolios require the exercise of greater judgment and the taking into account of assumptions by the BFCM group, in particular 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 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, at December 31, 2020, the total amount of gross customer loans outstanding amounted to €278,953 million and the total amount of impairment was €8,117 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 the receivables between the various statuses and assess the amount of expected credit losses in order to assess whether the estimates used were based on methods that comply with the principles described in the notes to the consolidated financial statements and with IFRS 9,
  - 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,
  - the performance of data quality tests as well as checks on the information systems used to determine expected credit losses;
- examining the conclusions of the working groups in charge of identifying 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;
- 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, 2019 and December 31, 2020 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 the context of the COVID-19 crisis. 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 bank's loan files, and check the documentation of the credit rating, taking into account, where applicable, the impact of the health 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.

Lastly, we have streamlined changes in the cost of risk and analyzed the information provided in the notes to the consolidated financial statements.

VALUATION OF GOODWILL

Identified risk	Our response
Your group has undertaken external growth operations which led to the recognition of goodwill. This goodwill stood at €4,045 million in net value terms as of December 31, 2020 and is presented on a separate line of the balance sheet for fully consolidated companies (note 19). As noted in note 1.2 to the consolidated financial statements, goodwill represents the difference between the price paid 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 business plans drafted by management for a maximum term of five years, 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 the 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 especially in the context of the COVID-19 pandemic.	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 outlined in note 19) to assess the value in use.

MEASUREMENT OF COMPLEX FINANCIAL INSTRUMENTS CLASSIFIED UNDER LEVELS 2 AND 3

Identified risk	Our response
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. These instruments are financial assets or liabilities recognized at fair value as mentioned in note 1.3.1.5 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. In our opinion, the valuation of complex financial instruments classified under Levels 2 and 3 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: ■ the determination of valuation inputs not observable on the market 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; ■ the analysis of any valuation differences with counterparties in connection with margin calls or sales of instruments.	We examined the processes and controls implemented by the Group to identify and value complex financial instruments, including: ■ the governance of valuation models and valuation 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. Our audit team included specialists in the valuation of complex financial instruments. With their assistance, we also: ■ 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; ■ reviewed the main margin call variances and the losses and/or gains on sales of complex financial instruments in order to assess their consistency with previous measurements; ■ analyzed the criteria used in the fair value hierarchy as described in note 7c "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 COMPLEX OR LEVEL 3 INVESTMENTS

Identified risk	Our response
Through its private equity subsidiaries, your group has investments classified at inception 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". 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 1.3 "Accounting policies and principles" of the notes to the consolidated financial statements. 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 complex investments or those recognized in level 3 of the private equity division constitutes a key point of the audit.	We have reviewed the processes and controls implemented by your group pertaining to the valuation of private equity securities. The work performed with our assessment and modeling based on a sampling, has consisted of: ■ 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 assess the inclusion of the COVID-19 crisis context in the data used for the valuation; ■ verifying that the valuation used by your group was comparable to the price observed during a recent transaction for lines valued on the basis of a transaction price.

VALUATION OF MATHEMATICAL PROVISIONS ON BORROWER INSURANCE POLICIES AND RESERVES FOR TANGIBLE AUTO CLAIMS (ONLY BFCM)

Identified risk	Our response
The accounting principles and valuation rules applied to the liabilities generated by insurance company policies are those of IFRS 4 in line with note 3.2.3 "Insurance activities – Non-financial liabilities" of the notes to the consolidated financial statements. As of December 31, 2020, the technical provisions of the insurance policies stood at €105,112 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.	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; ■ review the relevance of the computational assumptions used in respect of the risks insured and the applicable regulations (discount rate, regulatory tables, etc.); ■ review the actuarial formulas used; ■ analyze the level of reserves for claims that have occurred but have not yet been reported; ■ test by sampling the amount of reserves constituted for tangible Auto claims by reviewing the file.

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 section III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation No. 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code.

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.

On December 31, 2020, PricewaterhouseCoopers France was in the fifth consecutive year of its assignment and ERNST & YOUNG et Autres in its twenty-ninth 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 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 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, 2021

The Statutory Auditors

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Nicolas Montillot	Hassan Baaj

Throughout the pandemic, Crédit Mutuel Alliance Fédérale worked actively to support its customers as closely as possible to their needs. As a result, seven million customer appointments were organized in banks and branches, by phone, videoconference or email in 2020. More than 28,000 account managers were mobilized and 96% of banks and branches remained open during the first lockdown. Crédit Mutuel Alliance Fédérale demonstrated its ability to take action in order to maintain close relations with its customers.

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BFCM annual financial statements

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8.1 BFCM FINANCIAL STATEMENTS

8.1.1 Annual financial statements

Assets

(in €)	Notes	12/31/2020	12/31/2019
Cash, central banks, CCP		35,525,720,838.47	22,689,072,308.41
Government and equivalent securities	2.8, 2.15	8,631,678,558.47	7,296,574,394.00
Receivables on credit institutions	2.2, 2.3	117,147,253,272.98	114,616,942,716.30
Customer transactions	2.3, 2.4	2,047,958,493.83	2,214,885,025.18
Bonds and other fixed-income securities	2.3, 2.15	17,382,937,688.83	21,086,089,884.77
Shares and other variable-income securities	2.8, 2.15	725,528,542.14	902,158,398.93
Equity investments and other securities held long-term	2.17	394,125,603.77	410,439,239.20
Investments in associates	2.17	16,289,302,858.64	16,119,341,888.36
Finance leasing and leasing with purchase option		0.00	0.00
Operating lease		0.00	0.00
Intangible assets	2.0, 2.21	8,000,141.00	8,000,141.00
Property, plant and equipment	2.0	60,633.62	6,814,201.68
Capital subscribed not paid		0.00	0.00
Treasury shares		0.00	0.00
Other assets	2.24	4,066,431,275.49	4,485,677,774.58
Accruals	2.25	904,292,574.56	2,120,786,808.17
TOTAL ASSETS		**203,123,290,481.80**	**191,956,782,780.58**

Off-balance sheet

	Notes	12/31/2020	12/31/2019
COMMITMENTS GIVEN			
Funding commitments	3.0	1,596,650,913.67	1,880,401,242.19
Guarantee commitments	3.1	5,171,634,023.52	4,806,340,001.04
Securities commitments		304,001,481.66	0.00

Liabilities

(in €)	Notes	12/31/2020	12/31/2019
Central banks, CCP		0.00	0.00
Due to credit institutions	2.2, 2.3	82,764,466,683.41	72,924,796,736.32
Deposits from customers	2.3	9,395,182,763.37	11,155,919,466.48
Debt securities	2.3	85,994,130,851.79	83,229,862,712.37
Other liabilities	2.24	3,060,800,152.43	2,723,427,085.67
Accruals	2.25	1,317,649,566.40	723,749,930.53
Provisions for risks and expenses	2.27	569,674,326.85	547,492,676.12
Subordinated debt	2.7	7,776,740,001.69	8,786,054,473.13
Funds for general banking risks	2.20	61,552,244.43	61,552,244.43
Shareholders' equity excluding FGBR	2.20	12,183,093,891.43	11,803,927,455.53
Capital subscribed	*2.20*	*1,688,529,500.00*	*1,688,529,500.00*
Issue premiums	*2.20*	*4,508,844,923.87*	*4,508,844,923.87*
Reserves	*2.20*	*5,305,409,955.26*	*3,602,409,955.26*
Revaluation differences		*0.00*	*0.00*
Regulated provisions and investment subsidies	*2.20*	*0.00*	*0.00*
Retained earnings	*2.20*	*584,825.40*	*601,163.29*
Profit (loss) for the period	*2.20*	*679,724,686.90*	*2,003,541,913.11*
TOTAL LIABILITIES		**203,123,290,481.80**	**191,956,782,780.58**

Off-balance sheet

	Notes	12/31/2020	12/31/2019
COMMITMENTS RECEIVED			
Funding commitments	3.0	21,921,978,638.01	12,784,187,451.49
Guarantee commitments	3.1	0.00	0.00
Securities commitments		223,001,516.14	15,023,612.12

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Income statement

(in €)	Notes	12/31/2020	12/31/2019
+ Interest and similar income	4.1	3,205,656,218.98	4,150,694,067.52
- Interest and similar expenses	4.1	-3,247,333,592.17	-4,196,993,663.74
+ Income from finance leasing transactions & early exercise of options		0.00	0.00
- Expenses from finance leasing transactions & early exercise of options		0.00	0.00
+ Income from operating lease transactions		0.00	0.00
- Expenses on operating lease transactions		0.00	0.00
+ Income from variable-income securities	4.2	1,025,397,727.95	1,929,022,278.50
+ Commissions (income)	4.3	101,693,078.93	119,310,060.89
- Commissions (expenses)	4.3	-104,829,465.51	-112,966,740.71
+/- Profit/loss on trading portfolio transactions	4.4	5,420,588.92	20,273,806.41
+/- Profit/loss on transactions on short-term investment portfolio and similar	4.5	-114,527,854.61	90,137,447.32
+ Other operating income	4.6	31,213,848.13	1,274,108.65
Other operating expenses	4.6	-1,386,853.83	-2,153,553.29
Net banking income		**901,303,696.79**	**1,998,597,811.55**
- General operating expenses	4.7	-72,722,192.96	-69,304,548.21
- Additions to depreciation and provisions on property, plant and equipment and intangible assets		-7,715.98	-9,704.35
Gross operating income		**828,573,787.85**	**1,929,283,558.99**
+/- Cost of risk	4.8	-29,544,199.53	-7,207,476.44
Operating income		**799,029,588.32**	**1,922,076,082.55**
+/- Profit or loss on non-current assets	4.9	-118,901,127.46	81,915,442.77
Pre-tax profit/loss		**680,128,460.86**	**2,003,991,525.32**
+/- Non-recurring income	4.10	-474,060.46	-308,197.32
- Income tax	4.11	70,286.50	-141,414.89
+/- Allocation/reversal of FGBR and regulated provisions		0.00	**0.00**
NET PROFIT/(LOSS)		**679,724,686.90**	**2,003,541,913.11**

8.1.2 Notes to the annual financial statements

NOTES SUMMARY

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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 French Accounting Standards Authority (*Autorité des normes comptables* - ANC), 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 has never ceased to operate during lockdowns decided by the public authorities in 2020, 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 from the health and public authorities were made. On December 31, 2020, employees' work on site has partially resumed, with appropriate hygiene and distancing measures (provision of personal protective equipment, cleaning protocol for specific premises, etc.), but teleworking is preferred whenever possible.

The bank did not use state-funded short-time work or other public support schemes related to the COVID-19 crisis.

The latest estimates from INSEE on the loss of economic activity in France due to COVID-19 are a decrease of -9% of GDP in 2020. This decrease in activity could potentially have immediate or deferred repercussions on the bank's performance, but their quantitative consequences cannot be determined with relevance at this stage, due to:

- the persistence of the effects of measures to support the economy, in particular on the solvency of customers (in 2020, business failures fell and the rise in unemployment remained contained) and on the performance of the financial markets, which did not experience either stock market crisis nor interest rate tensions;
- the difficulty of objectively measuring the possible impacts of the event on the bank's various activities, which are also influenced by many other factors (monetary policy and interest rate levels, prudential constraints, the situation of the real estate market, financial hedging strategy of the institution, pricing policy for operations, etc.,);
- finally, the duration of the crisis and its potential escalation, the vaccination schedule and its effectiveness, the extent and the date of the expected economic recovery remain largely unknown.

Under these conditions, in accordance with the recommendations of the French Accounting Standards Authority (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. These installments are 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 quoted 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 receivables".

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 receivable".

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 securities (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 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 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 the 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;
- computer 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 award bonuses 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 Funds 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 (CFCM) 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. CFCM's tax consolidation group is composed of:

- CFCM, 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 25 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 CFCM, 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 Establishment in states or territories that are not cooperative in the fight against fraud and tax evasion

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 12/31/19	Acquisitions	Disposals	Transfers or Redemp	Gross amount at 12/31/20
Non-current financial assets	28,781,467	2,282,183	105,086	-6,932,715	24,025,849
Property, plant and equipment	8,327	-	28	-6,727	1,572
Intangible assets	8,000	-	-	-	8,000
TOTALS	**28,797,794**	**2,282,183**	**105,114**	**-6,939,442**	**24,035,421**

2.1 Depreciation, amortization and impairment on non-current assets

DEPRECIATION AND AMORTIZATION

	Depreciation at 12/31/19	Allowances	Reversals	Depreciation at 12/31/20
Non-current financial assets	0	-	-	-
Property, plant and equipment	1,513	8	9	1,512
Intangible assets	0	-	-	-
TOTALS	**1,513**	**8**	**9**	**1,512**

WRITE-DOWNS

	Write-downs at 12/31/19	Allowances	Reversals	Write-downs at 12/31/20
Non-current financial assets	1,287,669	95,402	35,225	1,347,846
Property, plant and equipment	0	-	-	0
Intangible assets	0	-	-	0
TOTALS	**1,287,669**	**95,402**	**35,225**	**1,347,846**

2.2 Breakdown of receivables and debts on credit institutions

A) RECEIVABLES ON CREDIT INSTITUTIONS

	Amount 2020		Amount 2019	
	On demand	In the future	On demand	In the future
Ordinary Accounts	1,135,598	-	1,152,913	-
Loans, securities received under repurchase agreements	-	111,627,571	-	109,387,404
Securities received under repurchase agreements delivered	-	497,450	-	571,450
Securities not posted	-	-	-	-
Accrued interest	-438	39,483	-240	134,265
Non-performing loans	-	-	-	-
(Write-downs)	-	-	-	-
TOTAL	**1,135,160**	**112,164,504**	**1,152,673**	**110,093,119**
Total receivables on credit institutions	**-**	**117,146,815**	**-**	**114,616,943**
of which equity loans	-	0	-	0
of which subordinated loans	-	3,847,151	-	3,371,151

B) LIABILITIES TO CREDIT INSTITUTIONS

	Amount 2020		Amount 2019	
	On demand	In the future	On demand	In the future
Ordinary Accounts	22,976,284	-	21,738,978	-
Borrowings	3,442,552	37,637,513	2,332,230	37,373,015
Securities given under repurchase agreements	-	17,092,400	-	9,994,000
Securities given under repurchase agreements delivered	-	411,027	-	256,245
Securities not posted	-	-	-	-
Related debt	8	204,473	68	186,560
Other amounts due	1,000,210	-	1,043,702	-
TOTAL	**27,419,054**	**55,345,413**	**25,114,978**	**47,809,820**
TOTAL DEBTS TO CREDIT INSTITUTIONS	**-**	**82,764,467**	**-**	**72,924,798**

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						
On demand	1,135,598	-	-	-	-	1,135,598
In the future	13,315,068	12,448,279	64,808,627	25,400,198	39,483	116,011,655
CUSTOMER LOANS						
Commercial loans	-	-	-	-	-	0
Other customer receivables	341,547	94,006	270,374	858,991	1,743	1,566,661
Non-performing loans	-	-	-	82,385	775	83,160
Overdrawn current accounts	289,576	-	-	108,350	211	398,137
BONDS & OTHER FIXED-INCOME SECURITIES	**3,239,765**	**1,368,633**	**4,833,019**	**7,875,019**	**66,502**	**17,382,938**
of which trading securities	*639*	-	-	-	-	*639*
TOTALS	**18,321,554**	**13,910,918**	**69,912,020**	**34,324,943**	**108,714**	**136,578,149**

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						
On demand	27,419,046	-	-	-	8	27,419,054
In the future	7,718,493	3,694,559	32,247,888	11,480,000	204,473	55,345,413
DEPOSITS FROM CUSTOMERS						
Special savings accounts	-	-	-	-	-	-
On demand	-	-	-	-	-	0
In the future	-	-	-	-	-	0
Other debt	-	-	-	-	-	-
On demand	8,612,978	-	-	-	1,413	8,614,391
In the future	280,000	-	500,000	-	792	780,792
DEBT SECURITIES						
Interbank market securities and negotiable debt securities	12,016,945	20,734,791	5,606,283	314,510	75,761	38,748,290
Bonds	3,272,462	3,722,391	25,782,264	9,942,024	246,731	42,965,872
Other securities	-	-	-	4,250,000	29,969	4,279,969
SUBORDINATED DEBT	**-**	**-**	**2,000,000**	**5,700,000**	**76,740**	**7,776,740**
TOTALS	**59,319,924**	**28,151,741**	**66,136,435**	**31,686,534**	**635,887**	**185,930,521**

2.4 Breakdown of customer loans

Excluding accrued interest of €2,729 thousand on gross receivables.

	Amount 2020			Amount 2019		
	Gross receivables	inc. Non-performing loans	Write-downs	Gross receivables	inc. Non-performing loans	Write-downs
BREAKDOWN BY MAIN TYPES OF COUNTERPARTY						
Companies	2,043,242	114,582	32,197	2,211,358	29,257	7,268
Individual business owners	-	-	-	-	-	-
Individuals	7	-	-	15	-	-
Public administration	1,980	-	-	212	-	-
Private non-profit institutions	-	-	-	-	-	-
Total	2,045,229	114,582	32,197	2,211,585	29,257	7,268
BREAKDOWN BY BUSINESS SEGMENTS						
Agriculture and mining industries	-	-	-	-	-	-
Retail and wholesale commerce	28,123	-	-	32,750	-	-
Industries	60,615	89,555	28,940	85,199	-	-
Services to companies and holding	71,772	25,027	3,257	332,073	25,027	3,038
Services to individuals	-	-	-	-	-	-
Financial services	1,528,269	-	-	1,445,198	-	-
Real estate services	138,443	-	-	154,968	-	-
Transport and communication	214,101	-	-	161,364	4,230	4,230
Not allocated and others	3,906	-	-	33	-	-
Total	2,045,229	114,582	32,197	2,211,585	29,257	7,268
BREAKDOWN BY GEOGRAPHICAL SEGMENTS						
France	1,716,990	114,582	32,197	1,993,283	29,257	7,268
Europe outside France	328,239	-	-	218,297	-	-
Other countries	-	-	-	5	-	-
TOTAL	**2,045,229**	**114,582**	**32,197**	**2,211,585**	**29,257**	**7,268**

In 2020, BFCM recognized allocations to provisions totalling €24,929 thousand. Non-performing loans outstanding amounted to €114,582 thousand.

None of the above loans is compromised or restructured.

2.5 Amount of commitments on equity investments and fully-consolidated subsidiaries

ASSETS

	Amount 2020	Amount 2019
RECEIVABLES ON CREDIT INSTITUTIONS		
On demand	159,277	331,599
In the future	79 154 189	77 078 545
CUSTOMER LOANS		
Commercial loans	0	0
Other customer receivables	707,320	699,531
Overdrawn current accounts	124,154	71,500
BONDS AND OTHER FIXED-INCOME SECURITIES	6,364,549	11,293,621
SUBORDINATED RECEIVABLES	4,428,527	3,935,527
TOTAL	**90,938,016**	**93,410,323**

LIABILITIES

	Amount 2020	Amount 2019
DUE TO CREDIT INSTITUTIONS		
On demand	19,239,574	17,949,568
In the future	32,244,999	31,722,745
DEPOSITS FROM CUSTOMERS		
Special savings accounts	-	-
On demand	-	-
In the future	-	-
Other debt	-	-
On demand	292,288	232,934
In the future	-	5,000,348
DEBT SECURITIES		
Certificates of deposit	-	-
Interbank market securities and negotiable debt securities	650,000	1,467,149
Bonds	3,635,781	4,104,992
Other debts represented by a security	-	-
SUBORDINATED DEBT	16,414	97,598
TOTAL	**56,079,056**	**60,575,334**

This table includes commitments received and given on equity investments and fully consolidated subsidiaries within the consolidated scope of the BFCM group.

2.6 Breakdown of subordinated assets

	Amount 2020		Amount 2019	
	Subordinated amount	Of which participatory loans	Subordinated amount	Of which participatory loans
RECEIVABLES ON CREDIT INSTITUTIONS				
In the future	3,556,151	-	3,080,151	-
TBD	291,000	-	291,000	-
CUSTOMER LOANS				
Other customer receivables	683,950	683,950	660,550	660,550
BONDS AND OTHER FIXED-INCOME SECURITIES	139,596	132,873	133,333	128,929
TOTAL	**4,670,697**	**816,823**	**4,165,034**	**789,479**

2.7 Subordinated debt

	Amount 2020			Amount 2019		
Type of loan	**Currency**	**Outstandings**	**Term**	**Currency**	**Outstandings**	**Term**
TSR 4%	-	-	-	EUR	1,000,000	22/10/2020
TSR 3%	EUR	1,000,000	05/21/2024	EUR	1,000,000	05/21/2024
TSR 2,5%	EUR	500,000	05/25/2028	EUR	500,000	05/25/2028
TSR 3%	EUR	1,000,000	09/11/2025	EUR	1,000,000	09/11/2025
TSR 2,375%	EUR	1,000,000	03/24/2026	EUR	1,000,000	03/24/2026
TSR 1,875%	EUR	700,000	11/04/2026	EUR	700,000	11/04/2026
TSR 2,625%	EUR	500,000	03/31/2027	EUR	500,000	03/31/2027
TSR 2,625%	EUR	500,000	11/15/2027	EUR	500,000	11/15/2027
TSR 1,875%	EUR	1,000,000	06/18/2029	EUR	1,000,000	06/18/2029
SUB loan	EUR	500,000	TBD	EUR	500,000	TBD
Loan Deeply subordinated notes	EUR	1,000,000	TBD	EUR	1,000,000	TBD
		7,700,000			**8,700,000**	
		76,740	Accrued interest		86,054	Accrued interest
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

	Amount 2020			Amount 2019		
	Transaction portfolio	**Investment portfolio**	**Equipment portfolio**	**Transaction portfolio**	**Investment portfolio**	**Equipment portfolio**
Government and equivalent securities	-	8,631,678	-	-	7,296,574	-
Bonds and other securities	640	11,376,255	6,006,643	20,743	10,089,514	10,975,833
Shares and CIU	-	725,529		-	902,158	-
TOTALS	**640**	**20,733,462**	**6,006,643**	**20,743**	**18,288,246**	**10,975,833**

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, 2020.

2.10 Securities portfolio: differences between purchase price and redemption price of short-term and long-term investment securities

	Net discounts/over-losses remaining to be amortized			
	Amount 2020		Amount 2019	
NATURE OF SECURITIES	Discount	Premium	Discount	Premium
Short-term investment securities				
■ Bond market	6,870	222,654	7,018	156,631
■ Money market	-	49	-	-
Long-term investment securities				
■ Bond market	3,579	0	4,204	-
■ Money market	58	0	30	-

2.11 Securities portfolio: unrealized capital gain and loss on securities

	Amount 2020	Amount 2019
Amount of unrealized capital gain on short-term investment securities	1,323,958	1,242,025
Amount of unrealized capital loss on short-term investment securities and that was subject to depreciation	497,947	342,332
Amount of unrealized capital loss on long-term investment securities	-	5,512
Amount of unrealized capital gain on long-term investment securities	13,629	15,119

2.12 Securities portfolio: amount of receivables representative of lent securities

	Amount 2020	Amount 2019
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

	Amount 2020		Amount 2019	
	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	497,450	-	571,450	-
CUSTOMER LOANS				
Other customer receivables	-	-	-	-
DUE TO CREDIT INSTITUTIONS				
On demand	-	-	-	-
In the future	-	411,027	-	256,245
DEPOSITS FROM CUSTOMERS				
Other debt	-	-	-	-
On demand	-	-	-	-
In the future	-	-	-	-
TOTAL	**497,450**	**411,027**	**571,450**	**256,245**

Assets put under repurchase agreements on 12/31/2020 correspond to:

- special purpose entity for €330,000 thousand;
- government bonds for €167,450 thousand.

2.14 Securities portfolio: breakdown of bonds and other fixed-income securities according to the issuer

	Amount 2020			Amount 2019		
	Issuer Public organizations	Other	Receivables related	Issuer Public organizations	Other	Receivables related
Government securities, bonds and other securities	11,594,024	14,291,829	128,763	10,117,480	18,130,896	134,288

2.15 Securities portfolio: breakdown according to listing

	Amount 2020			Amount 2019		
	Amount of listed securities	Amount of non-listed securities	Receivables related	Amount of listed securities	Amount of non-listed securities	Receivables related
Government and equivalent securities	8,519,369	50,049	62,261	7,230,652	-	65,922
Bonds and other securities	14,067,198	3,249,237	66,502	19,066,999	1,950,725	68,366
Shares and CIU	721,986	3,543	-	876,354	25,804	-
TOTALS	**23,308,553**	**3,302,829**	**128,763**	**27,174,005**	**1,976,529**	**134,288**

2.16 Securities portfolio: information on UCIs

	Amount 2020			Amount 2019		
	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

	Amount 2020			Amount 2019		
	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 shares in subsidiaries and associates held in credit institutions

	Amount held in credit institutions in 2020	Amount held in credit institutions in 2019
Equity investments and portfolio activity	212,168	236,713
Investments in associates	6,787,716	6,784,214
TOTAL	**6,999,884**	**7,020,927**

2.18 Securities portfolio: information on portfolio activity

On December 31, 2020, 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”

	Amount 2019	Allocation of capital	Increase income and other changes	Amount 2020
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	3,424,062	1,703,000	-	5,127,062
Regulated reserves	0	-	-	0
Other reserves	9,495	-	-	9,495
Retained earnings	601	-16	-	585
Profit (loss) for the period	2,003,542	-2,003,542	-	679,725
Distribution of dividends	-	300,558	-	-
TOTAL	**11,803,928**	**0**	**0**	**12,183,095**
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

	Amount 2020	Amount 2019
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 customer loans. At December 31, 2020, BFCM’s customer loans eligible for central bank refinancing amounted to €17,480,395 thousand out of a group outstanding amount of €29,627,953 thousand.

2.23 Accrued interest to be received or paid

ASSETS

	Interest accrued to receive	Interest accrued to pay
Cash, central banks, CCP	-	-
Government and equivalent securities	62,261	-
Receivables on credit institutions	-	-
On demand	-438	-
In the future	39,483	-
Customer loans	-	-
Commercial loans	-	-
Other customer receivables	2,046	-
Overdrawn current accounts	683	-
Bonds and other fixed-income securities	66,502	-
Shares and other variable-income securities	-	-
Equity investments and portfolio activities	-	-
Investments in associates	-	-

LIABILITIES

Central banks, CCP	-	-
Due to credit institutions	-	-
On demand	-	8
In the future	-	204,473
Deposits from customers	-	-
Special savings accounts	-	-
On demand	-	-
In the future	-	-
Other debt	-	-
On demand	-	-
In the future	-	792
Debt securities	-	-
Certificates of deposit	-	-
Interbank market securities and negotiable debt securities	-	75,760
Bonds	-	246,732
Other debts represented by a security	-	29,969
Subordinated debt	-	76,740
TOTAL	**170,537**	**634,474**

2.24 Items "Other assets" and "Other liabilities"

OTHER ASSETS

	Amount 2020	Amount 2019
Conditional instruments purchased	25,439	27,788
Securities transaction settlement accounts	7,398	14,463
Miscellaneous receivables	4,033,594	4,443,427
Carry back receivables	-	-
Other stocks and equivalents	-	-
Other	-	-
TOTAL	**4,066,431**	**4,485,678**

OTHER LIABILITIES

	Amount 2020	Amount 2019
Other securities debts	-	-
Conditional instruments sold	18,196	19,875
Trading securities debts	-	-
of which debts on borrowed securities	-	-
Securities transaction settlement accounts	708,836	337,608
Payment remaining to be made on non-paid-up securities	1,191	-
Sundry creditors	2,332,578	2,365,944
TOTAL	**3,060,801**	**2,723,427**

2.25 Accruals

ASSETS

	Amount 2020	Amount 2019
Head office and branch – network	-	-
Collection accounts	211	306
Adjustment accounts	37,549	361,880
Variation accounts	-	-
Potential losses on unhedged forward financial instruments	-	-
Losses to be recognized on hedging contracts of hedged forward financial instruments	26,830	29,129
Expenses to be distributed	252,364	255,752
Prepaid expenses	3,580	42,684
Accrued income	508,291	664,706
Other accruals	75,468	766,330
TOTAL	**904,293**	**2,120,787**

LIABILITIES

	Amount 2020	Amount 2019
Head office and branch – network	-	-
Accounts unavailable due to recovery procedures	641	76
Adjustment accounts	663,022	28,408
Variation accounts	-	-
Potential gains on unhedged forward financial instruments	-	-
Gains to be spread on hedging contracts of hedged forward financial instruments	448,923	369,789
Deferred income	38,247	29,144
Accrued expenses	85,547	158,366
Other accruals	81,270	137,967
TOTAL	**1,317,650**	**723,750**

Articles L441-6-1 and D441-4 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

	Amount 2020	Amount 2019
Issue premium of fixed-income securities	183,739	193,485
Redemption premiums of fixed-income securities	1,657	2,031

2.27 Provisions

	Amount 2020	Addition	Reversal	Amount 2019	Turnaround time
For miscellaneous eventualities	369,000	-	31,000	400,000	> 3 years
For commitment by signature	106	106	-	0	< 1 year
On swaps	6,800	-	3,937	10,737	< 1 year
For risks on long-term investments	63,400	63,400	7,345	7,345	> 3 years
For guarantee commitment	7,483	-	-	7,483	< 1 year
For taxes and adjustments	120,000	-	-	120,000	> 1 year
Other provisions	2,885	1,293	336	1,928	< 1 year
TOTAL	**569,674**	**64,799**	**42,618**	**547,493**	**-**

2.28 Equivalent value in euros of the assets and liabilities in currencies outside the Eurozone

ASSETS

	Amount 2020	Amount 2019
Cash, central banks, CCP	-	-
Governement and equivalent securities	-	-
Receivables on credit institutions	13,216,745	14,857,767
Customer loans	83,290	28,124
Bonds and other fixed-income securities	0	0
Shares and other variable-income securities	725,308	880,423
Real estate development	-	-
Subordinated loans	-	-
Equity investments and portfolio activities	189,712	202,176
Investments in associates	-	-
Intangible assets	-	-
Property, plant and equipment	-	-
Other assets	162,808	110,386
Accruals	115,421	259,540
TOTAL FOREIGN CURRENCY ACTIVITY	**14,493,285**	**16,338,416**
Percentage of total assets	**7.14%**	**8.51%**

LIABILITIES

	Amount 2020	Amount 2019
Central banks, CCP	-	-
Due to credit institutions	6,303,092	5,545,507
Deposits from customers	603,819	205,932
Debt securities	26,563,335	28,046,652
Other liabilities	206,749	330,060
Accruals	47,522	91,223
Provisions	0	0
Surplus of expenses over income	-141,193	66,377
TOTAL FOREIGN CURRENCY ACTIVITY	**33,583,324**	**34,285,751**
Percentage of total liabilities	**16.53%**	**17.86%**

Note 3 Notes to the off-balance sheet commitments

3.0 Financing commitments given and received

	Amount 2020	Amount 2019
FINANCING COMMITMENTS GIVEN		
Credit institutions	384,501	502,227
Customers	1,212,150	1,378,174
FINANCING COMMITMENTS RECEIVED		
Credit institutions	21,921,979	12,784,187
inc. BDF	*21,921,979*	*12,784,187*
Customers	0	0
TOTAL	**23,518,630**	**14,664,588**

3.1 Guarantee commitments given and received

	Amount 2020	Amount 2019
GUARANTEE COMMITMENTS GIVEN		
Credit institutions	5,025,834	4,693,706
Customers	145,800	112,634
GUARANTEE COMMITMENTS RECEIVED		
Credit institutions	0	0
Customers	0	0
TOTAL	**5,171,634**	**4,806,340**

3.2 Assets given as guarantee commitments

	Amount 2020	Amount 2019
Securities assigned under guarantee on forward market transactions	0	0
Repurchase agreement pledges given	76,770	96,350
Other securities assigned under guarantee	38,967,949	22,781,187
inc. BDF	*38,967,949*	*22,778,187*
inc. EIB	*0*	*3,000*
TOTAL	**39,044,719**	**22,877,537**

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, 2020, this dispensatory mechanism did not need to be used.

3.3 Assets received as guarantee

	Amount 2020	Amount 2019
Securities received as guarantees for forward market transactions	0	0
Other securities received under guarantee	3,000	3,000
inc. EIB	*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 L313-42 of the French Monetary and Financial Code for a total of €3,865,014 thousand at December 31, 2020. The home loans guaranteeing these promissory notes are provided by Crédit Mutuel Alliance Fédérale, of which BFCM is a subsidiary, and amounted at the same date to €5,699,555 thousand.

3.4 Forward currency transactions not yet unwound as of the balance sheet date

	Amount 2020		Amount 2019	
	Assets	Liabilities	Assets	Liabilities
Euros to be received against currencies to be delivered	5,133,408	5,104,623	5,085,007	5,101,884
of which currency SWAPS	*5,116,283*	*5,088,135*	*4,734,510*	*4,756,631*
Currencies to be received against euros to be delivered	27,453,933	28,349,661	26,025,898	25,672,915
of which currency SWAPS	*11,736,442*	*12,209,285*	*12,398,331*	*12,156,020*
Currencies to be received against currencies to be delivered	8,482,799	8,219,215	5,543,006	5,438,233
of which currency SWAPS	*0*	*0*	*0*	*0*

3.5 Other forward transactions not yet unwound as of the balance sheet date

	Amount 2020	Amount 2019
OPERATIONS CARRIED OUT IN ORGANIZED AND EQUIVALENT MARKETS ON INTEREST RATE INSTRUMENTS		
Firm hedging transactions	-	-
of which Sales of FUTURE contracts	-	-
of which Purchases of FUTURE contracts	-	-
Conditional hedging transactions	-	-
Other firm transactions	-	-
of which Sales of FUTURE contracts	-	-
OVER-THE-COUNTER TRANSACTIONS IN INTEREST RATE INSTRUMENTS		
Firm hedging transactions	196,260,843	203,536,780
of which interest-rate SWAPS	*189,731,304*	*195,069,573*
currency-rate SWAPS	*6,429,539*	*8,367,207*
Purchase of FLOOR	*100,000*	*100,000*
Sale of FLOOR	-	-
Conditional hedging transactions	-	-
of which Purchase of SWAP OPTION	-	-
Sale of SWAP OPTION	-	-
of which Purchase of CAP/FLOOR	-	-
Sale of CAP/FLOOR	-	-
Other firm transactions	1,140,000	380,000
of which interest-rate SWAPS	*1,140,000*	*380,000*
currency-rate SWAPS	-	-
Other conditional transactions	-	-
OVER-THE-COUNTER TRANSACTIONS IN FOREIGN EXCHANGE INSTRUMENTS		
Conditional hedging transactions	217,002	237,306
of which exchange-rate option purchases	*92,979*	*101,698*
Sales of exchange-rate options	*124,023*	*135,608*
OVER-THE-COUNTER TRANSACTIONS IN INSTRUMENTS OTHER THAN INTEREST RATE AND FOREIGN EXCHANGE INSTRUMENTS		
Firm hedging transactions	-	-
of which Purchases of forward commitments (NDF)	-	-
Sales of forward commitments (NDF)	-	-
Conditional hedging transactions	-	-
of which option purchases	-	-
Option sales	-	-

3.6 Breakdown of forward transactions not yet unwound according to residual maturity

	Amount 2020			Amount 2019		
	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	27,585,541	9,536,286	4,538,829	22,743,191	9,119,820	4,328,795
TRANSACTIONS ON ORGANIZED MARKETS ON INTEREST RATE INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
of which Sales of FUTURE contracts	-	-	-	-	-	-
of which Purchases of FUTURE contracts	-		-	-	-	-
Other firm transactions	-	-	-	-	-	-
of which Sales of FUTURE contracts	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON INTEREST RATE INSTRUMENTS						
Firm transactions	60,057,209	81,069,064	56,274,570	78,742,573	67,659,613	57,514,594
of which SWAPS	*60,057,209*	*81,069,064*	*56,174,570*	*78,742,573*	*67,659,613*	*57,514,594*
Purchase of FLOOR	-	-	*100,000*	-	-	*100,000*
Sale of FLOOR	-	-	-	-	-	-
Conditional hedging transactions	-	-	-	-	-	-
of which Purchase of SWAP OPTION	-	-	-	-	-	-
Sale of SWAP OPTION	-	-	-	-	-	-
of which Purchase of CAP/FLOOR	-	-	-	-	-	-
Sale of CAP/FLOOR	-	-	-	-	-	-
Other conditional transactions	-	-	-	-	-	-
OVER-THE-COUNTER TRANSACTIONS ON FOREIGN EXCHANGE INSTRUMENTS						
Conditional hedging transactions	-	217,002	-	-	237,306	-
of which exchange-rate option purchases	-	*92,979*	-	-	*101,698*	-
Sales of exchange-rate options	-	*124,025*	-	-	*135,608*	-
OVER-THE-COUNTER TRANSACTIONS ON OTHER FORWARD INSTRUMENTS						
Firm transactions	-	-	-	-	-	-
of which purchases of forward commitments (NDF)	-	-	-	-	-	-
Sales of forward commitments (NDF)	-	-	-	-	-	-
Conditional transactions	-	-	-	-	-	-
of which option purchases	-	-	-	-	-	-
Option sales	-	-	-	-	-	-

3.7 Commitments with equity investments and fully-consolidated subsidiaries

COMMITMENTS GIVEN

	Amount 2020	Amount 2019
Funding commitments	160,000	167,000
Guarantee commitments	5,062,637	4,613,991
Commitments on currency transactions	388,903	683,035
Commitments on forward financial instruments	19,696,036	37,637,513
Securities commitments	300,000	0
TOTAL	**25,607,576**	**43,101,539**

COMMITMENTS RECEIVED

	Amount 2020	Amount 2019
Funding commitments	-	-
Guarantee commitments	-	3,000
Commitments on currency transactions	299,599	684,312
Commitments on forward financial instruments	-	135,608
Securities commitments	-	-
Commitments on conditional transactions	124,023	-
TOTAL	**423,622**	**822,920**

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 derivative instruments

	Amount 2020		Amount 2019	
	Assets	Liabilities	Assets	Liabilities
RATES RISKS – HEDGE ACCOUNTING (MACRO-MICRO)				
Conditional or optional instruments	-	13,677	-	-
Firm instruments other than swaps	-	1,365	-	-
Embedded derivatives	30,471	76,393	23,863	98,265
Swaps	4,237,429	2,947,738	2,790,776	2,525,658
RATES RISKS – EXCLUDING HEDGE ACCOUNTING				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	6,536
Embedded derivatives	83,262	-	60,135	-
Swaps	38,167	141,006	3,018	83,966
FOREIGN EXCHANGE RISK				
Conditional or optional instruments	-	-	-	-
Firm instruments other than swaps	-	-	-	-
Swaps	45,025	3,122	117,641	27,720

The presentation of this appendix is the result of the application of CRC regulations no. 2004-14 à 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

	Income 2020	Income 2019
Income on transactions with credit institutions	2,752,921	3,675,351
Income on transactions with customers	8,759	10,697
Income on bonds or other fixed-income securities	379,652	409,740
Income on subordinated loans	56,508	46,071
Other income of an interest character	7,782	8,835
Reversals/allocations of provisions relative to interest on non-performing loans	34	-
Reversals/allocations of provisions of an interest character	-	-
TOTAL	**3,205,656**	**4,150,694**

	Expenses 2020	Expenses 2019
Expenses on transactions with credit institutions	1,892,819	2,698,969
Expenses on transactions with customers	29,401	69,548
Expenses on bonds or other fixed-income securities	998,019	1,087,261
Expenses on subordinated loans	182,938	188,272
Other expenses of an interest character	144,122	152,883
Reversals/allocations of provisions relative to interest on non-performing loans	-	61
Reversals/allocations of provisions of an interest character	34	-
TOTAL	**3,247,333**	**4,196,994**

4.2 Breakdown of income from variable-income securities

	Amount 2020	Amount 2019
Income from shares and other variable-income short-term investment securities	19,544	19,544
Income from investments in companies and subsidiaries	1,005,854	1,909,478
Income from securities relating to the portfolio activity	-	-
TOTAL	**1,025,398**	**1,929,022**

4.3 Commissions

	Income 2020	Income 2019
Commissions on transactions with credit institutions	167	5,783
Commissions on transactions with customers	1,312	1,043
Commissions relative to securities transactions	40	27
Commissions on foreign exchange transactions	4	5
Commissions on financial services	99,980	112,230
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	190	222
Reversal of provisions relating to commissions	-	-
TOTAL	**101,693**	**119,310**

	Expenses 2020	Expenses 2019
Commissions on transactions with credit institutions	2,161	1,512
Commissions on transactions with customers	3	5
Commissions relative to securities transactions	6,834	6,350
Commissions on foreign exchange transactions	935	778
Commissions on financial services	93,203	103,141
Commissions on off-balance sheet transactions	-	-
Miscellaneous operating commissions	1,693	1,181
Allocations to provisions relating to commissions	-	-
TOTAL	**104,829**	**112,967**

4.4 Profit or loss on the trading portfolio

	Amount 2020	Amount 2019
Trading securities	-13	-51
Currency transactions	1,608	9,121
Forward financial instruments	-111	0
Net allocations/reversals of provisions	3,937	11,204
TOTAL	**5,421**	**20,274**

4.5 Profit or loss on the short-term investment securities and equivalent portfolio

	Amount 2020	Amount 2019
Acquisition fees on short-term investment securities	-	-
Net capital gain or loss on disposal	46,791	43,476
Net allocations or reversals of provisions	-161,319	46,661
TOTAL	**-114,528**	**90,137**

In 2020, the allocations recorded an amount of €159,229 thousand related to the BMCE share. As of December 31, 2019, BFCM had reversed part of the provision made in 2019 on this BMCE share for an amount of €41,045 thousand.

4.6 Other operating income or expenses

	Amount 2020	Amount 2019
Miscellaneous operating income	31,214	1,274
Miscellaneous operating expenses	-1,387	-2,154
TOTAL	**29,827**	**-880**

As of December 31, 2019, BFCM had a stock of provisions for miscellaneous contingencies of €400,000 thousand related to its exposure on the continent of Africa. At December 31, 2020, this exposure was adjusted downward (reversal of provision) by €31,000 thousand.

4.7 General operating expenses

	Amount 2020	Amount 2019
Wages and salaries	8,722	7,861
Pensions expenses	1,064	975
Other social security contributions	3,003	2,547
Employee profit-sharing and incentive schemes	737	838
Payroll-based taxes	1,726	1,457
Other taxes and duties	9,055	10,778
External services	38,008	36,177
Allocations/reversals of provisions on general operating expenses	-	-1,820
Other miscellaneous expenses	15,153	12,145
Rebilled expenses	-4,746	-1,653
TOTAL	**72,722**	**69,305**

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 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 €9,735,155.80 in 2020 compared to €8,413,013.47 in 2019. No attendance fees were paid.

In accordance with ANC Regulation No. 2016-07, the fees paid to the Statutory Auditors are detailed below:

In thousands of euros ex VAT	PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Audit of the accounts	240	220
Non-audit services*	389	292

* *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

	Amount 2020	Amount 2019
Allocations to provisions related to receivables	-29,294	-7,207
Reversals of provisions related to receivables	4,196	-
Loan losses covered by provisions	-4,196	-
Loan losses not covered by provisions	-250	-
TOTAL	**-29,544**	**-7,207**

4.9 Profit/loss on non-current assets

	Amount 2020	Amount 2019
Profit or loss on property, plant and equipment	3	-
Profit or loss on non-current financial assets	-2,672	-4,047
Allocations/reversals of provisions on non-current assets	-60,177	76,707
Allocations/reversals of provisions for risks and expenses	-56,055	9,255
TOTAL	**-118,901**	**81,915**

In 2020, the provision on the Spanish subsidiary TARGOBANK SA was adjusted by €44,600 thousand (allocation) and on Factofrance by €30,000 thousand (reversal).

4.10 Non-recurring income

	Amount 2020	Amount 2019
Profit/loss of partnerships	-365	-597
Other extraordinary income	-	-
Allocations/reversals of provisions on partnerships	-109	289
TOTAL	**-474**	**-308**

4.11 Breakdown of corporate income tax

	Amount 2020	Amount 2019
(A) Tax on ordinary profit	-	-
(B) Tax on extraordinary items	-27	-137
(C) Tax on previous fiscal years	97	-4
(A+B+C) Income tax due pursuant to the fiscal year	**70**	**-141**
Allocations to provisions of a corporate income tax character	-	-
Reversals of provisions of a corporate income tax character	-	-
CORPORATE INCOME TAX FOR THE FISCAL YEAR	**70**	**-141**

4.12 Other information: Workforce

Average workforce (FTE)	2020	2019
Bank technical staff	20	21
Managers	53	48
TOTAL	**73**	**69**

8.2 INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS

The amounts are presented in thousands of euros.

A. DETAILED INFORMATION CONCERNING THE INVESTMENTS WITH A CARRYING AMOUNT OF GROSS OVER 1% OF OUR SHARE CAPITAL I.E.: €16,885,295

	Capital at 12/31/2019	Shareholders' equity other than capital and profit/(loss) as at 12/31/2019	Percentage of capital held as at 12/31/2020
1) SUBSIDIARIES (MORE THAN 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
MUTUELLES INVESTISSEMENT (formerly Devest 15), Strasbourg	930,000	53,915	90.00
CM Caution Habitat SA (formerly Devest 16), Strasbourg	310,037	1,748	100.00
Crédit Mutuel Home Loan SFH (formerly CM-CIC Covered Bonds), SA, Paris	220,000	1,809	100.00
Groupe Républicain Lorrain Communication, SAS, Woippy	35,512	-22,403	100.00
CIC Iberbanco, SA with Board of Directors and Supervisory Board, Paris	25,143	62,991	0.00
SIM (formerly EBRA), SAS, Houdemont	376,938	-329,304	100.00
CM IMMOBILIER (formerly ATARAXIA), SAS, Orvault	31,760	64,219	100.00
Banque Européenne du Crédit Mutuel, BECM, SAS, Strasbourg	134,049	1,148,871	96.08
Société du Journal l'Est Républicain, SA, Houdemont	32,600	-66,617	99.96
SAP L'Alsace, Mulhouse	101,710	-129,394	99.88
Crédit Industriel et Commercial, SA, Paris	608,440	13,598,000	93.18
Cofidis Participations, SA, Villeneuve d'Ascq	112,658	1,355,944	79.99
SPI (Société Presse Investissement), SA, Houdemont	39,360	-7,688	100.00
Factofrance SAS, Paris	507,452	546,399	100.00
TARGOBANK in Spain (formerly Banco Popular Hipotecario), Madrid	326,045	-83,855	100.00
TARGOBANK Deutschland GmbH, Düsseldorf	625,526	2,139,661	100.00
Groupe des Assurances du Crédit Mutuel, SA, Strasbourg	1,241,035	8,937,749	50.04
2) EQUITY INVESTMENT (FROM 10 TO 50% OF THE SHARE CAPITAL IS HELD BY OUR COMPANY)			
FLOA (formerly BANQUE DU GROUPE CASINO), SA, Saint Etienne	85,470	71,221	50.00
CM Real Estate Lease, SA, Paris	64,399	25,416	45.94
Caisse de Refinancement de l'Habitat, SA, Paris	539,995	22,598	14.85
Banque de Tunisie, Tunis	225,000[1]	633,370[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 12/31/2020		Loans and advances granted by the Bank and not redeemed at 12/31/2020	Amount of deposits and endorsements provided by the Bank at 12/31/2020	Revenue at 12/31/2019	Net profit or loss at 12/31/2019	Dividends net cash deposits by the Bank at 12/31/2020	Comments
Gross	Net						
837,000	837,000	0	0	0[3]	61,887	0	
310,037	310,037	100,000	0	15,303[4]	12,107	0	
220,000	220,000	4,256,330	0	5,715[4]	3,140	2,970	
128,514	0	52,523	0	94	-33	0	
0	0	0	0	35,396[4]	6,229	6,162	TUP with CIC
376,937	59,400	79,244	0	15,499	3,293	0	
80,986	80,986	2,654	0	5,370	5,054	5,023	
465,755	465,755	5,261,553	3,035,000	316,999[4]	118,042	0	
116,860	0	41,027	0	82,561	-15,266	0	
107,454	0	41,252	0	36,791	-5,123	0	
4,146,391	4,146,391	55,318,974	1,683,689	5,213,000[4]	1,457,000	977,887	Consolidated business
1,553,768	1,553,768	11,581,437	0	1,354,890[4]	213,965	0	Consolidated business
75,200	29,900	0	0	0[3]	-29	0	
1,460,802	1,269,402	4,454,685	400,000	147,319[4]	62,362	0	
535,548	160,098	648,191	0	76,790[4]	-37,700	0	
5,696,196	5,696,196	2,274,368	0	49,973	509,890	0	Consolidated business
1,269,111	1,269,111	500,000	0	12,230,009	885,563	0	Consolidated business
123,071	84,871	1,587,000	60,000	164,537[4]	11,313	0	Consolidated business
47,779	47,779	4,666,864	0	35,823[4]	12,155	2,792	
83,344	83,344	0	193,250	2,001[4]	0	0	
210,802	210,802	0	0	367,827[2]	134,457[2]	0	Consolidated business
	-	-	-	-	-	-	-

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B. OVERALL INFORMATION CONCERNING EQUITY INVESTMENTS

		Capital at 12/31/2019	Shareholders' equity other than capital and profit/(loss) as at 12/31/2019	Percentage of capital held as at 12/31/2020
1) SUBSIDIARIES NOT COVERED IN PARAGRAPH A				
a)	French subsidiaries (together)	-	-	-
	of which SNC Rema, Strasbourg	-	-	-
b)	foreign subsidiaries (together)	-	-	-
2) EQUITY INVESTMENT NOT INCLUDED IN PARAGRAPH A				
a)	French 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 12/31/2020		Loans and advances granted by the Bank and not redeemed at 12/31/2020	Amount of deposits and endorsements provided by the Bank at 12/31/2020	Revenue at 12/31/2019	Net profit or loss at 12/31/2019	Dividends net cash deposits by the Bank at 12/31/2020
	Gross	Net					
	60,399	37,744	57,863	0	-	-	3,179
	305	*305*	*0*	*0*	-	-	*0*
	0	0	-	-	-	-	-
	32,912	28,837	10,299	0	-	-	458
	909	780	0	0	-	-	6,050
	23,918	23,646	0	0	-	-	517
	1,049	1,049	0	0	-	-	0

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8.3 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Year ended December 31, 2020

To the shareholders 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, 2020, as attached to the present 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 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 ethics of the Statutory Auditors, during the period from January 1, 2020 to the date our report was issued, and in particular, we did not provide any services prohibited by Article 5, paragraph 1, of the (EU) Regulation 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 INVESTMENTS AND OTHER LONG-TERM SECURITIES AND SHARES IN SUBSIDIARIES AND ASSOCIATES

Identified risk	Our response
As of December 31, 2020, investments in subsidiaries and associates amounted to €394 million and €16,289 million, respectively, and are among the items with the highest balance sheet value. Where necessary, they are impaired on the basis of their value in use. 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 profitabilityThe 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. 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 shares in subsidiaries and associates constitutes a key point of the audit.	In assessing the estimate of the equity investments and shares 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. 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. For valuations based on provisional items, our work consisted of: ■ considering the minutes of governance decisions and their documentation justifying the values in use applied; ■ analyzing the methods and parameters of valuation by including our valuation experts. In addition to assessing the value in use of equity investments, our work also consisted of assessing the recoverability of the accrued interest in light of the analyses carried out on equity investments and shares in subsidiaries and associates.

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 call for the following observation: as indicated in the management report, this information does not include banking transactions and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

Board of directors' report on corporate governance

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 section III of Article 222-3 of the AMF General Regulation, the management of your company has informed us of its decision to postpone the application of the single electronic reporting format as defined by the European Delegated Regulation No. 2019/815 of December 17, 2018 to fiscal years beginning on or after January 1, 2021. Consequently, this report does not contain any conclusions on compliance with this format in the presentation of the annual financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code.

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.

On December 31, 2020, PricewaterhouseCoopers France was in the fifth consecutive year of its assignment and ERNST & YOUNG et Autres in its twenty-ninth 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 12, 2021

The Statutory Auditors

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Nicolas Montillot	Hassan Baaj

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Since 2003, CIC has been a partner of the *Musée de l'Armée des Invalides* and supports its cultural and heritage policy. This partnership is divided into four areas: the musical season at *Les Invalides*, periodic events, donations within the context of major renovations, and cultural and educational productions. In 2020, fully in line with its commitments, CIC supported the musical season of Les Invalides with an unprecedented program of concerts recorded on camera during the second lockdown.

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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 were no changes in BFCM's share capital in the last three fiscal years.

BFCM has no unissued authorized capital or exchangeable or redeemable convertible bonds granting access to capital.

Shares of Banque Fédérative du Crédit Mutuel are not listed or traded on any market.

The main shareholders of BFCM do not hold different voting rights.

9.2 SHAREHOLDING STRUCTURE

9.2.1 Distribution of BFCM's capital at December 31, 2020

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%	58,766	2,938,300
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'Ile-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 du Centre-Ouest	0.00%	1,480	74,000
CRCM du Centre	0.91%	308,726	15,436,300
CCM Centre	0.00%	1,030	51,500
CRCM Dauphiné-Vivarais	0.01%	2,470	123,500
CCM Dauphiné-Vivarais	0.00%	551	27,550
CMCR Méditerranéen	0.22%	74,480	3,724,000
CCM Méditerranéen	0.00%	1,420	71,000
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
CM 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.

9.2.2 Changes in the distribution of capital during the past three years

In 2020

CRCM Savoie-Mont Blanc sold ten BFCM shares to a local bank.

CRCM de Loire-Atlantique et du Centre-Ouest sold ten BFCM shares to a local bank.

CRCM Méditerranéen sold 30 BFCM shares to three local banks.

Caisse Fédérale de Crédit Mutuel sold ten shares to each of the 31 Crédit Mutuel Massif Central banks.

CRCM Antilles-Guyane sold ten shares to each of its 26 Crédit Mutuel Antilles-Guyane banks.

In 2019

CRCM Méditerranéen sold ten BFCM shares to a local bank.

In 2018

CRCM d'Anjou sold ten BFCM shares to a local bank.

CRCM de Normandie sold 40 BFCM shares to four local banks.

CRCM Méditerranéen sold 40 BFCM shares to four local banks.

CRCM de Loire-Atlantique et du Centre-Ouest acquired ten BFCM shares held by a local bank.

9.2.3 Individuals or legal entities exercising control over BFCM

As of December 31, 2020, Caisse Fédérale de Crédit Mutuel controls 93% of BFCM.

Regarding methods for preventing any abusive control, it should be noted that all transactions between Caisse Fédérale de Crédit Mutuel and BFCM are concluded at market conditions.

The Chairman of BFCM's Board of Directors is also the Chairman of Caisse Fédérale de Crédit Mutuel's Board of Directors, and BFCM's CEO is also Caisse Fédérale de Crédit Mutuel's CEO.

9.2.4 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 exclusively of Crédit Mutuel Alliance Fédérale entities. As such, it regular 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

	2016	2017	2018	2019	2020
Number of shares as of December 31	33,770,590	33,770,590	33,770,590	33,770,590	33,770,590
Net profit/loss *(in € per share)*	7.97	-4.81	29.36	59.33	20.14
Gross dividend *(in € per share)*	3.85	2.40*	3.85	8.90	3.02

* *By deduction from the optional reserve.*

If a dividend is not claimed, it will be subject to Article L.27-3 of the French State Property Code, which provides that "[…] 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, shall definitively vest to the State […]."

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9.4 ORDINARY SHAREHOLDERS' MEETING OF MAY 12, 2021

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, 2020, approves the said financial statements as presented, which show a profit of €679,724,686.90.

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 €679,724,686.90 plus retained earnings from the previous fiscal year of €584,825.40, *i.e.* the sum of €680,309,512.30, as follows:

- to pay a dividend of €3.02 to each of the 33,770,590 shares with dividend rights for the full year, *i.e.* a total distribution of €101,987,181.80. This dividend is eligible for the allowance pursuant to Article 158 of the French General Tax Code;
- not to pay any amount into the legal reserve, as it has reached the regulatory minimum of 10% of share capital;
- to allocate an amount of €578,000,000.00 to the optional reserve;
- to allocate the remaining €322,330.50 to retained earnings.

In accordance with the applicable legal provisions, we remind you that the dividends per share paid in respect of the past fiscal years are as follows:

Fiscal year	2017	2018	2019
Amount in euros	€2.40	€3.85	€8.90
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, 2020, 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' 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 compensation budget paid to the members of the Board of Directors of Banque Fédérative du Crédit Mutuel, pursuant to the charter on the means of performing the duties of members of the Board of Directors and members of the Supervisory Board of Crédit Mutuel Alliance Fédérale, which amounts to €900,000 for fiscal year 2021, the maximum overall amount for Caisse Fédérale de Crédit Mutuel, Banque Fédérative du Crédit Mutuel and Banque Européenne du Crédit Mutuel taken together.

Seventh resolution

The Shareholders' Meeting appoints Mrs. Bich Van Ngo as a member of the Board of Directors, replacing Mr. Dominique Trinquet, for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023.

Eighth resolution

The Shareholders' Meeting appoints Mr. Thierry Reboulet as a member of the Board of Directors, to replace Mr. Michel Vieux, for a term of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023.

Ninth resolution

The Shareholders' Meeting appoints Mr. Philippe Tuffreau 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, 2023.

Tenth resolution

The Shareholders' Meeting renews the term of office of Mr. Nicolas Habert 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, 2023.

Eleventh resolution

The Shareholders' Meeting renews the term of office of Mr. Albert Mayer 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, 2023.

Twelfth resolution

The Shareholders' Meeting renews the term of office of Mr. Francis Slingler 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, 2023.

Thirteenth resolution

The Shareholders' Meeting renews the term of office of Mr. René Schwartz 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, 2023.

Fourteenth resolution

The Shareholders' Meeting renews the term of office of Mr. Alain Tetedoie 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, 2023.

Fifteenth resolution

The Shareholders' Meeting renews the term of office of Mr. Jean-Marc Busnel as a member of the Board of Directors of Caisse Fédérale Crédit Mutuel de Maine-Anjou, Basse-Normandie for a period of three years, *i.e.* until the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2023.

9.5 SPECIAL REPORT OF THE STATUTORY AUDITORS ON REGULATED AGREEMENTS

(Shareholders' Meeting to approve the financial statements for the fiscal year ending on December 31, 2020)

To the Shareholders' Meeting of Caisse Fédérale de Crédit Mutuel

Caisse Fédérale de Crédit Mutuel,
4 rue Frédéric-Guillaume Raiffeisen,
67000 Strasbourg,
France

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.225-86 of the French Commercial Code.

Agreements already approved by the Shareholders' Meeting

Pursuant to Article R.225-57 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 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 Remuneration Committee on February 18, 2019, to set the annual fixed compensation of Nicolas Théry at €880,000, as chief executive officer from June 1, 2019.

The same Board of Directors decided, following a favorable opinion from the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration 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 Remuneration 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 12, 2021

The Statutory Auditors

PricewaterhouseCoopers France	ERNST & YOUNG et Autres
Nicolas Montillot	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: VBHFXSYT7OG62HNT8T76

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 2, 2032, unless it is dissolved or its term is extended before that date.

9.6.4 Company purpose

(Article 2 of the articles of association)

The purpose of the company is:

- 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.

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]

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, 2020.

9.6.8 Significant changes

There was no significant change in Crédit Mutuel Alliance Fédérale and BFCM's financial performance since the financial statements for the year ended December 31, 2020 were published on February 18, 2021.

(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 18, 2021 of the financial statements for the year ended December 31, 2020, 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

On January 29, 2020, the Court of Cassation overturned the judgment of the Paris Court of Appeal dated December 21, 2017 which had validated the French Competition Authority's (*Autorité de la Concurrence*) decision on September 21, 2010 to sanction a number of banks, including CIC, concerning check image transfer fees. The casewas referred back to the same Paris Court of Appeal but otherwise composed. The oral hearing was held on March 18, 2021. The Court must set a date for its decision.

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.

As a partner bank for agriculture, Crédit Mutuel is the sponsor of the Agriculture and Regions category of the “I film the job that I like” competition organized for middle school, high school and agricultural education students in particular. The aim of this sponsorship is to showcase the jobs in this key industry of the French economy and to raise awareness among young people about the working world and the different perceptions they have of these jobs.

10
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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 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 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, France

+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 UNIVERSAL REGISTRATION 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 21, 2021

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 of the French Institute of Statutory Auditors of Versailles (*Compagnie Régionale des commissaires aux comptes de Versailles*) – represented by Mr. Nicolas Montillot – 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

	Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "registration document for equity securities"	Page no. of the universal registration document filed with AMF on April 21, 2021
1	**Persons responsible**	**574**
2	**Statutory Auditors**	**575**
3	**Risk factors**	**215-222**
4	**Information about the issuer**	**570-571**
5	**Business overview**	
5.1	Main activities	6-7; 20
5.2	Main markets	6-7; 21
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5.7	Investments	NA
6.	**Organizational structure**	
6.1	Description of the group	13-37
6.2	Main subsidiaries	13-37
7	**Review of the financial position and of net profit or loss**	
7.1	Financial position	39-71
7.2	Operating income	39-71
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8.1	Information on the issuer's equity	364; 446
8.2	Source and amount of the issuer's cash flows	365; 447
8.3	Information on the borrowing conditions and the issuer's financing structure	53-56
8.4	Information concerning any restrictions on the use of equity that noticeably influences or may noticeably influence the issuer's transactions	NA
8.5	Information on the expected financing sources necessary to honor the commitments set out in point 5.7.2	NA
9	**Regulatory environment**	**41-42**
10	**Information on trends**	**58; 67**
11.	**Profit forecasts or estimates**	**NA**
12.	**Administrative, management, supervisory and executive bodies**	
12.1	Information concerning the members of BFCM's administrative and management bodies	158-173; 186-199
12.2	Conflicts of interest concerning the administrative, management, supervisory and executive bodies	175; 201
13.	**Compensation and benefits**	**182-185; 204-205; 331-337**
14.	**Operation of the administrative and management bodies**	
14.1	Expiration date of current terms of office	162-173; 190-199
14.2	Service agreements binding the members of the administrative bodies to the issuer or to one of its subsidiaries	NA
14.3	Information on the Auditing Committee and the Remuneration Committee	178-180; 177-178
14.4	Declaration indicating whether or not the issuer is in compliance with the legal corporate governance framework in force in its country of origin	159; 187
14.5	Potentially significant impacts on corporate governance	221-222

Sections of Appendix 1 of Delegated Regulation (EU) 2019/980: "registration document for equity securities"		Page no. of the universal registration document filed with AMF on April 21, 2021
15.	**Employees**	
15.1	Number of employees	430; 510; 553
15.2	Interests in the issuer's share capital and directors' stock-options	NA
15.3	Agreement providing for employee ownership of the issuer's shares	NA
16.	**Major shareholders**	
16.1	Shareholders holding more than 5% of the share capital or voting rights	564
16.2	Existence of different voting rights of the aforementioned shareholders	565
16.3	Control of the issuer	565
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18.	**Financial information on the issuer's assets and liabilities, financial position and results**	
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18.2	Interim and other financial information	NA
18.3	Verification of the annual historical financial information	438-439; 518-523; 558-560
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18.6	Legal and arbitration proceedings	571
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19.	**Additional information**	
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20.	**Major contracts**	**571**
21.	**Documents available to the public**	**574**

Sections of Appendix 2 of Delegated Regulation (EU) 2019/980: "universal registration document"		Page no. of the universal registration document filed with AMF on April 21, 2021
1	**Information to be disclosed about the issuer**	
1.1	Information required pursuant to Appendix 1 of Delegated Regulation (EU) 2019/980	See cross-reference table above
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, 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 registration document of Crédit Mutuel Alliance Fédérale – 2019 fiscal year, 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 registration document of Crédit Mutuel Alliance Fédérale – 2019 fiscal year, 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, 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, registered with the AMF on April 18, 2019 under number D.19-359;

- the consolidated financial statements, management report as well as the Statutory Auditors' reports on the consolidated financial statements as of December 31, 2017, presented respectively for the Crédit Mutuel CM11 group on pages 112 to 169, 68 to 111 and 170 to 171 of the registration document of the Crédit Mutuel CM11 group – 2017 fiscal year, registered with the AMF on April 20, 2018 under number D.18-0354;
- the consolidated financial statements, management report as well as the Statutory Auditors' reports on the consolidated financial statements as of December 31, 2017, the extract of the annual financial statements including the management report for the fiscal year ended December 31, 2017 presented respectively for Banque Fédérative du Crédit Mutuel on pages 274 to 331, 251 to 272, 332 to 333 and 338 to 368 of the registration document of the Crédit Mutuel CM11 group – 2017 fiscal year, registered with the AMF on April 20, 2018 under number D.18-0354.

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**					**574**
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; 39-71
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; 39-71
2.3	Key financial and non-financial performance indicators of the company and group	L.225-100-1 I 2°				39-71; 73-155
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				67
	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				67
	Research and development activities of the company and group	L.232-1 II, L.233-26				NA
	Existing branches	L.232-1 II				NA
	Information regarding establishments by state or territory		L.511-45, R.511-16-4			476
	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				20-37; 68-71; 554-557
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°				215-222
	Financial risks associated with the effects of climate change and implementation of a low-carbon strategy	L.225-100-1 I 4°				222
	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°				226-232
	Objectives and policy regarding hedging of each major category of transactions of the company and group	L.225-100-1 I 6°				311-314
	Exposure to price, credit, liquidity and cash risks of the company and group	L.225-100-1 I 6°				248-278; 315-324
	Expenses and charges not deductible from taxable profits paid due to said expenses and charges			223 *quater*		566-567
	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

		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
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				73-155
	Consequences on climate change of the activity and use of the goods and services produced	L 225-102-1 III, R.225-105				119
	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				92-124
	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				106-111
	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				80-81
2.7	Vigilance plan	L.225-102-4				82-92
3	**Opinion of the independent third party on the social and environmental information**	**L.225-102-1, R.225-105-2 II**				**152-154**
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)					182; 204
4.2	Compensation principles and rules for the identified population		L.511-73			182; 204
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				162-173; 190-199
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				182; 203
4.6	Composition of the Board, and conditions of preparation and organization of the Board's tasks	L.225-37-4				160; 174-181; 188; 200-203
4.7	Diversity policy	L.225-37-4				174; 200
4.8	Any restrictions that the Board of Directors imposes on the CEO's powers	L.225-37-4				182; 203
4.9	Statement indicating whether the company refers to a Corporate Governance Code	L.225-37-4				159; 187
4.10	Terms and conditions for shareholder participation in Shareholders' Meetings	L.225-37-4				566
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				564
5.2	Name of controlled companies and share in the capital of the company that they hold	L.233-13				554-557
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

		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
5.6	Report of the Statutory Auditors on regulated agreements and commitments	R.225-31				568-569
6	**Other accounting, financial and legal information**					
6.1	Information on payment terms	L.441-6-1 and D.441-4				69
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*		70
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		L511-4-2			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					525-557
	Company results over the past five fiscal years	R.225-102				71
7.2	Statutory Auditors' report on the annual financial statements					558-560
7.3	Consolidated financial statements					441-524
	Professional fees paid to the Statutory Auditors					517
7.4	Statutory Auditors' report on the consolidated financial statements					518-523

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.

ARC ***Atténuation du risque de crédit*** – Credit risk mitigation. See CRM.

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.

DTA Deferred tax assets.

EBA European Banking Authority. See EBA.

ESR European Solvency Ratio.

ETI ***Entreprise de taille intermédiaire*** – Medium-sized business.

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 Assets (level 1/level 2) High Quality Liquid Assets (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. See RWA.

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 Set of management techniques and tools aimed at measuring, controlling and analyzing overall on- 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 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 and notice relative to the procedures for calculating prudential ratios within CRD 4.

B

Banking book [1] Banking portfolio. All assets or off-balance sheet items that are not part of the trading portfolio.

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 has three complementary and interdependent pillars: – Pillar 1, the basis for minimum requirements: it aims to ensure minimum coverage of credit, market and operational risks; – Pillar 2 establishes the principle of structured dialog between institutions and supervisors; – 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.

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.

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. A dependent third-party body must be appointed to verify the execution of the missions x stated in the articles of association.

Broker Stock market intermediary who buys and sells on behalf of his or her customers.

C

CAD Capital Adequacy Directive (minimum equity requirements) European Directive imposing capital requirements on investment firms and credit institutions.

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.

CCF Credit Conversion Factor This is the ratio between (i) the unused amount of a commitment that could be drawn and at risk at the time of a default and (ii) the amount of the commitment not yet used. 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 [1] Swap 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 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.

CET1 ratio Ratio between Common Equity Tier 1 and assets weighted by risks (RWAs), according to the CRD4/CRR rules.

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 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.

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 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.

Cost of proven risk Net provisions on impaired assets (non-performing 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.

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.

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.

(1) Source: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.

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. Their indefinite term is the result of the absence of any contractual repayment commitment, which remains at the issuer's discretion.

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 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.

Insurance savings product Life insurance outstandings held by our customers – management data (insurance company).

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. Euro area 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 and notice relative to the procedures for calculating prudential ratios within CRD 4.

I

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.

IBoxx Index made up of bonds with a range of maturities.

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.

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 Measures indicating operational risks. Key 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 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/fr/secteur-bancaire-francais/lexique.

OPE 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 Company that assesses the financial solvency risk of a company, bank, national government, local government (municipality *(commune)*, department *(département)*, region *(région)*) or financial transaction. Their 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 [2] 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 Risk-Weighted 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.

Security interest in real property Guarantee that pledges specific property on which the creditor may collect payment if the debtor defaults. (e.g. pledge on movable property or mortgage on real estate property).

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: https://acpr.banque-france.fr/glossaire-acpr and notice relative to the procedures for calculating prudential ratios within CRD 4.
(2) 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 1 Ratio Ratio between Tier 1 capital and assets weighted by risks, according to the CRD4/CRR rules.

Tier 2 capital Tier 2 capital consists of subordinated debt instruments with a minimum maturity of five years. Incentives for early redemption are prohibited.

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 and notice relative to the procedures for calculating prudential ratios within CRD 4.

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